2019

AUDITED ANNUAL Results

Sanlam Wealthsmiths™

Sanlam Group Audited Annual Results 2019

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CONTENTS

FINANCIAL REVIEW
2019 ANNUAL RESULTS

Key performance indicators

Earnings

- Net result from financial services increased by 9%
- Net operational earnings increased by 14%

New business

- Net value of new covered business up 15% to R2,3 billion
- Net new covered business margin of 2,98% (2,67% in 2018)
- New business volumes increased by 12% to R249 billion
- Net fund inflows of R57 billion compared to R42 billion in 2018

Group Equity Value

- Group Equity Value per share of R64,36
- Return on Group Equity Value per share of 6,4% (2018: 11,6%)
- Adjusted Return on Group Equity Value per share of 11,9% (2018: 19,4%)

Capital management

- Net R4,5 billion raised through share issuance
- R593 million surplus unlocked from operations
- R2 billion invested in Group operations
- Discretionary capital of R220 million at 31 December 2019
- Sanlam Group SAM cover ratio of 211% (2018: 215%)

Dividend

- Dividend per share of 334 cents, up 7,1% (3% real growth)

Salient results

for the year ended 31 December 2019

		2019	2018	△
SANLAM GROUP				
Earnings				
Net result from financial services	R million	**9 674**	8 890	9%
Net operational earnings	R million	**10 798**	9 455	14%
Headline earnings	R million	**7 481**	9 162	(18%)
Weighted average number of shares(1)	million	**2 090,0**	2 077,3	1%
Adjusted weighted average number of shares(1)	million	**2 208,5**	2 098,8	5%
Net result from financial services per share	cents	**438,0**	423,6	3%
Net operational earnings per share	cents	**488,9**	450,5	9%
Basic headline earnings per share		**361,8**	445,6	(19%)
Diluted headline earnings per share	cents	**357,9**	441,1	(19%)
Basic profit attributable to the shareholders' fund per share		**345,8**	565,4	(39%)
Business volumes				
New business volumes	R million	**249 323**	223 029	12%
Net fund inflows	R million	**56 766**	41 539	37%
Net new covered business				
Value of new covered business	R million	**2 280**	1 985	15%
Covered business PVNBP(2)	R million	**76 446**	74 378	3%
New covered business margin(3)	%	**2,98**	2,67	
Group Equity Value				
Group Equity Value	R million	**143 271**	134 052	7%
Group Equity Value per share	cents	**6 436**	6 341	1%
Return on Group Equity Value per share(4)	%	**6,4**	11,6	
Adjusted Return on Group Equity Value per share(5)	%	**11,9**	19,4	
Solvency cover				
Sanlam Group	%	**211**	215	
Sanlam Life Insurance Limited	%	**253**	264	
Sanlam Life Insurance Limited covered business(6)	%	**206**	221	

Notes

(1) *Weighted average number of shares excludes Sanlam shares held directly or indirectly through consolidated investment funds in policyholder portfolios, as well as Sanlam shares held by the Group's broad-based black economic empowerment special purposes vehicle (B-BBEE SPV) that is consolidated in terms of International Financial Reporting Standards. These shares are treated as shares in issue for purposes of adjusted weighted average number of shares in issue, which is the base to determine net result from financial services per share and net operational earnings per share. Diluted headline earnings per share is based on the weighted average number of shares.*

(2) *PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, 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.*

(5) *Adjusted Return on Group Equity Value = Return on Group Equity Value excluding investment market and currency volatility, changes in interest rates and other factors outside of management's control.*

(6) *Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.*

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Constant currency information

The constant currency information included in this review has been presented to illustrate the impact of changes in the South African rand exchange rates and is the responsibility of the Group's Board of directors. It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the year to 31 December 2019 at the weighted average exchange rate for the year to 31 December 2018, which is also applied for the translation of comparative information. The major currencies contributing to the exchange rate movements are the British pound, United States dollar, Indian rupee, Angolan kwanza, Nigerian naira and the Moroccan dirham (negative movements in the table below indicate a strengthening in the rand exchange rate):

Currency	Average rand exchange rate –2019	Average rand exchange rate –2018	Change in average exchange rate
British pound	18,42	17,60	4,6%
United States dollar	14,43	13,17	9,6%
Indian rupee	0,206	0,194	6,1%
Angola kwanza	0,041	0,053	(23,6%)
Nigerian naira	0,040	0,037	9,1%
Moroccan dirham	1,52	1,42	7,0%

In respect of the Group's investment in the Saham Group, the constant currency information only allows for the impact of the change in exchange rate between the South African rand and the Moroccan dirham on the consolidated Saham Group results. No adjustment is made for exchange rate movements between the Moroccan dirham and the reporting currencies of the Saham subsidiaries.

Sanlam's external auditor, Ernst & Young Inc., issued an independent reporting accountants' assurance report in terms of ISAE 3420 (Assurance Report on the Process to Compile Pro Forma Financial Information Included in a Prospectus) in respect of the constant currency information in terms of section 8 of the JSE Listings Requirements. The independent reporting accountants' assurance report is available for inspection at Sanlam Limited's registered address.

Structural information

The Group acquired the remaining 53,4% interest in Saham Finances with an effective date of 1 October 2018, with the results of the Saham Finances Group consolidated from this date compared to an equity-accounting basis up to 30 September 2018. This impacts on the comparable growth rates for the 2019 financial year. Where relevant, structural information is provided to quantify the impact of the change in accounting treatment of Saham Finances on growth in the Group's key performance indicators. The structural information included in this results announcement is the responsibility of the Group's Board of directors. It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows.

Comments on the results

Introduction

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the year ended 31 December 2019 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are in all material respects consistent with those applied in the 2018 Integrated Report and Annual Financial Statements, apart from the following:

- First-time adoption of the new leases standard (IFRS 16). The standard requires lessees to capitalise all significant lease arrangements at recognition of the lease as a right-of-use asset with a corresponding finance lease liability. The Group applied the standard using the modified retrospective approach with effect from 1 January 2019. Right-of-use assets and corresponding finance lease liabilities of R2 billion were recognised on this date. The adoption of IFRS 16 did not have a significant impact on the Group's earnings for the 2019 financial year.
- The introduction of "Net operational earnings" as earnings metric in the shareholders' fund income statement. Net operational earnings is the aggregate of net result from financial services, net investment income, net investment surpluses and net project expenses. It incorporates the two key areas of strategic focus from an earnings perspective, namely operating profit and investment return earned on the Group's capital base (including discretionary capital), in driving our objective to optimise Return on Group Equity Value (RoGEV). Normalised headline earnings is discontinued as an earnings measure with effect from the 2019 financial year as it does not represent a key performance indicator from a strategic perspective.

The Group achieved a solid operational performance in 2019, with growth of 14% and 15% respectively in net operational earnings and the net value of new covered business (VNB) written. The 37% increase in net fund inflows is a particular highlight. RoGEV, however, did not meet our expectations for the year, impacted by currency movements, pressure on the share prices of Santam, AfroCentric and our listed businesses in India and Namibia, lower net fund inflow assumptions at the South African wealth and investment management businesses, as well as a decline in the Saham valuation to allow for the current weak claims experience in Africa and the deterioration in the Lebanese economy. A prudent approach was followed for the valuation of the Angolan and Lebanese businesses through the application of the parallel exchange rates in these countries instead of the official rates. Adjusted RoGEV, which excludes volatility in investment and currency markets, as well as other factors not under management's control, of 11,9% also lagged the target of 13,5% for the year. The integration of Saham is progressing well, with specific focus on continuously improving the financial control environment in the smaller businesses, in line with the approach elsewhere in the group.

We recognised from the outset that we will face a number of headwinds in 2019. Low economic growth in some of our key markets, heightened global geopolitical risks as well as volatility in investment and currency markets did not bode well for growth in our key performance indicators. The South African economic environment in particular disappointed. A lack of progress in addressing critical structural reforms and the sustainability of key state-owned enterprises, contributed to depressed business and investor confidence, low economic growth and increased levels of unemployment in this, our largest market. Persistently high claims experience across the SEM African general insurance businesses also impacted on our overall performance.

Our diversification across geographies, market segments and lines of business, supported by a highly motivated and skilled human capital base, allowed us to navigate these challenges to continue to deliver strategic value to Sanlam shareholders.

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Highlights and lowlights for the year include the following:

Highlights	Lowlights
Strong growth in key earnings and new business performance indicators	Adjusted RoGEV per share of 11,9% did not meet the target of 13,5%
Record net fund inflows into SIG third party asset manager	Adverse claims experience across SEM general insurance portfolio in Africa
Value through partnerships: Capitec Bank funeral business policies sold since launch in May 2018 reached 1,4 million	Deterioration in Lebanon economic environment; currency depreciation in Angola and Zimbabwe
Turnaround in Sanlam Corporate underwriting profit and Glacier new business performance since 1H19	Weak SA operating environment: • Increased credit-related provisioning in Sanfin • Pressure on Glacier and middle-income market sales
Santam underwriting margin of 7,7% at the upper end of its target range	Operational underperformance at Sanlam UK's wealth planning and advice businesses
Quality of earnings: Continued positive experience variances and resilient persistency despite difficult operating conditions	Decline in Côte d'Ivoire value of in-force covered business
7.1% increase in Sanlam dividend (real growth of 3%)	

The acquisition of the remaining interest in Saham Finances in the latter half of 2018 is the only structural activity that had a significant impact on the results for the year ended 31 December 2019.

All references to 2018 relates to the 2018 financial year, unless otherwise stated.

Operating environment

Economic conditions

Economic conditions in a number of the markets where we operate were not conducive to growth, as elaborated above.

Equity markets

The South African equity market delivered a relatively stronger performance with the FTSE/JSE Swix Index (inclusive of dividends) recording a return of 9,3% for the year to 31 December 2019, compared to a negative return of 11,7% in the comparable period in 2018. On average, the Swix was still 3% lower in 2019. The MSCI World Index total return in rand of 24,1% was well in excess of the 6,1% return in 2018. Absolute investment return earned on capital portfolios benefited from the relatively stronger performance. The lower average market levels in South Africa during 2019, however, continued to place pressure on growth in fund-based fee income. Negative equity market returns in some other key markets such as Côte d'Ivoire, also detracted from operational earnings.

Interest rates

The South African nine- and five-year interest rates decreased by 20 and 50 basis points respectively since the end of 2018. The South African All Bond Index return of 10,3% in 2019 compares to a return of 7,7% in 2018. Long-term interest rates also declined in a number of the SEM markets as well as the UK. Movements in interest rates commensurately had an overall positive impact on growth in VNB and RoGEV for the 2019 financial year.

Foreign currency exchange rates

The South African rand experienced significant volatility throughout 2018 and 2019. On an average basis, it weakened against most of the currencies where the Group operates in 2019, despite being marginally stronger at 31 December 2019 compared to 31 December 2018. The Group's translated rand operating earnings and new business metrics benefited from the weaker average exchange rates. RoGEV was, however, negatively affected by the absolute appreciation year-on-year.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Rest of Africa (weighted)
	GBP	USD	BWP	INR	MAD	AOA	
31/12/2018	18,32	14,38	1,37	0,21	1,51	0,05	
31/12/2019	18,52	13,98	1,34	0,20	1,47	0,03	
(Appreciation)/depreciation	1,1%	(2,8%)	(2,2%)	(4,9%)	(2,6%)	(37,3%)	(15,3%)
Average 2018	17,60	13,17	1,32	0,19	1,42	0,05	
Average 2019	18,42	14,43	1,36	0,21	1,52	0,04	
(Appreciation)/depreciation	4,6%	9,6%	3,3%	6,1%	7,0%	(23,6%)	(5,2%)

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Group Equity Value

GEV amounted to R143,3 billion or 6 436 cents per share at 31 December 2019. Including the dividend of 312 cents per share paid during the year, a RoGEV per share of 6,4% was achieved in 2019. Group operations yielded an overall return of 6%, the combination of 16,6% return on covered business and -1,8% on other Group operations.

Group Equity Value at 31 December 2019

	GEV		RoGEV	
R million	2019	2018		%
Group operations	**133 517**	132 658	7 970	6,0
Sanlam Personal Finance	**47 141**	43 185	8 640	20,0
Sanlam Emerging Markets	**40 731**	44 659	(3 186)	(7,1)
Sanlam Investment Group	**20 050**	18 703	1 452	7,6
Santam	**19 675**	20 102	290	1,4
Sanlam Corporate	**5 920**	6 009	774	13,4
Covered business	**60 156**	56 234	9 351	16,6
Value of in-force business	**45 179**	41 456	9 021	21,8
Adjusted net worth	**14 977**	14 778	330	2,2
Other operations	**73 361**	76 424	(1 381)	(1,8)
Group operations	**133 517**	132 658	7 970	6,0
Discretionary capital and other	**9 754**	1 394	521	65,4
Group Equity Value	**143 271**	134 052	8 491	6,3
Per share (cents)	**6 436**	6 341	407	6,4

The underperformance against a target of 13,5% for 2019 is largely attributable to the following:

- The appreciation in the rand exchange rate against most currencies where the Group operates during 2019 impacted negatively on the valuations and RoGEV of the non-South African operations in rand terms. Angola and Zimbabwe detracted most on a relative basis given the significant weakening in these currencies. In addition, the Group also applied the parallel market exchange rates of 2 200 and 620 to the US$ respectively for the valuation of the Lebanese and Angolan operations. The difference between actual and expected exchange rate movements across the Group detracted 3% from RoGEV (SEM: 10%).
- Pressure on the listed share prices of AfroCentric in South Africa, CIH in Namibia and the credit businesses in India placed a cap on the valuation of these businesses in terms of the Group's valuation methodology, resulting in some R3 billion lower valuations compared to the internal models. This had a 2% negative impact on RoGEV (SEM: 6%; Sanlam Corporate: 3%). These businesses are all included in GEV at price/earnings ratios below 10 times.
- The SEM result includes an update to modelling for Côte d'Ivoire life business. The original acquisition models have now been updated to reflect the current profitability of the in-force books, which is lower than estimated at the time of the acquisition, partly due to a reduction in future investment return assumptions following recent market performance. The weak economic environment in Lebanon and a write-down of the Zimbabwe operations to zero also impacted results. This is reflected in negative modelling and other assumption changes of R546 million being recognised in RoGEV from SEM covered business, after a partial offset of R283 million relating to overhead expenses that are now allocated to non-covered business. The current weak claims experience across the Saham general insurance portfolio was allowed for in the medium-term cash flow projections of the non-life operations, suppressing the returns from these operations. The weak economic environment in Lebanon also resulted in a sovereign credit downgrade, which required IFRS 9 credit provisioning of some R340 million after tax.
- A low return of 1,4% was earned on Santam, which is valued at its listed share price. This return is in line with the general weak performance of South African financial shares in 2019.

Adjusted RoGEV per share, which excludes the impact of variances between actual and long term assumed investment return, interest rate changes and other one-off effects not under management control, and assuming normalised exchange rate movements, amounted to 11,9%. Adjusted RoGEV also includes the valuation of AfroCentric, CIH and the Indian businesses based on the internal models before application of the cap based on the listed share prices. The underperformance against target was largely due to the following:

- Despite the Santam share price delivering a return in line with the financial services index, it substantially underperformed the Group's JSE/FTSE Swix/Capped Swix benchmark, which benefited in 2019 from strong returns on commodity shares.
- The lower net fund inflow assumptions applied in the valuation of the SIG wealth and investment management businesses in South Africa given the current challenging economic environment, as referred to above.
- Allowance for the current operational experience in the Saham portfolio in the medium-term cash flow projections used for the GEV valuations.

The return on covered business was well in excess of the hurdle rate, reflecting strong returns at SPF and Sanlam Corporate of more than 20%. The return from these clusters benefited from their new business performance (refer business volumes section below), positive operating experience variances and assumption changes as well as, for SPF, positive economic assumption changes emanating from the lower long-term interest rates. SEM's return was negatively impacted by the factors highlighted above. The return on SIG covered business was also affected by the stronger rand, aggravated by lower than expected credit spread experience variances at Sanfin due to the strengthening in credit provisions.

The main components contributing to the return on covered business at a consolidated Group level are summarised in the table below:

Return on covered business for the year ended 31 December 2019

%	2019	2018
Expected return – unwinding of the RDR	**9,4**	9,2
Value of new covered business	**4,1**	3,7
Operating experience variances	**2,4**	3,9
Operating assumption changes	**(0,4)**	0,6
Economic assumption changes	**0,5**	(1,4)
Expected investment return on capital portfolio	**1,8**	1,7
Investment variances	**(0,6)**	(5,1)
Value of in-force	**0,6**	(4,9)
Capital portfolio	**(1,2)**	(0,2)
Foreign currency translation differences and other	**(0,6)**	(1,6)
Return on covered business	**16,6**	11,0

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

- Expected return on covered business was in line with the comparable period in 2018 given comparable risk discount rates at the start of the periods.
- Return from value of new covered business increased in 2019 following strong growth at SPF and Sanlam Corporate (refer business volumes section below).
- Operating experience variances declined in 2019, attributable to the following:
  - The comparative base in 2018 included a one-off decline in cost of capital of R292 million following a reduction in the capital allocated to the Sanlam Life covered business operations.
  - Slightly lower risk claims experience variances from a high base in 2018, in particular at SPF, in line with the phasing in of best estimate risk assumptions over the past four years.
  - Weaker persistency experience at Sanlam Sky and SEM, partly offset by improved experience at Sanlam Corporate.
  - Lower credit spread experience variances in Sanfin as referred to above.
- The deterioration in operating assumption changes is largely due to the negative modelling changes in the Saham portfolio, as elaborated on above.
- The decrease in the risk discount rate in 2019 due to lower long-term interest rates in a number of markets had an overall positive impact on economic assumption changes.
- Actual investment return earned on policyholder portfolios exceeded actuarial assumptions in 2019, resulting in positive investment variances on the in-force book of covered business. The South African capital portfolio, however, marginally underperformed long-term assumptions, aggravated by the IFRS 9 charges recognised in Lebanon. This contributed to negative investment variances on adjusted net worth. The overall improvement compared to 2018 reflects the relatively stronger investment market performance in 2019.
- Foreign currency translation differences and other largely reflects the impact of movements in exchange rates on the rand-based valuations of non-South African covered business.

Other Group operations delivered a negative return of 1,8%.

- The 16% return from SPF's non-life operations reflect the combination of an overall solid underlying operational performance as well as lower risk discount rates.
- The SEM non-life operations recorded negative RoGEV of 8.7%. The largest contributors to the negative return are Saham and the credit businesses in India. The stronger rand exchange rate against the basket of Saham currencies had a significant negative impact, which included the official Angola kwanza devaluation as well as moving to the parallel exchange rates for Angola and Lebanon. The valuation of the Saham portfolio also allows for the current weak general insurance claims experience across the portfolio. The return on the Shriram Capital investment was negative 7,9% in rand terms. This is essentially due to currency translation losses and the impact of pressure on the share prices of the listed Indian credit businesses, as highlighted above. Good claims experience at Shriram General Insurance contributed positively to operational results.
- SIG achieved an overall RoGEV of 6,8% from its non-life operations. Future growth assumptions for its South African investment and wealth management operations were reduced in the current challenging operating environment, which more than offset the benefit of lower risk discount rates. Similar to SEM, the returns from non-South African operations were depressed by the stronger rand exchange rate.
- The cap applied to the AfroCentric valuation contributed to a 31% negative return for Sanlam Corporate's non-life operations. Based on the internal valuation, Sanlam Corporate's return on other operations was negative 11%, which allows for lower future cash flow assumptions in the context of the persisting difficult economic environment.
- The Santam RoGEV reflects the investment return of the listed share price.

Earnings

Shareholders' fund income statement for the year ended 31 December 2019

R million	2019	2018	Δ
Net result from financial services	**9 674**	8 890	9%
Sanlam Personal Finance	**4 265**	4 033	6%
Sanlam Emerging Markets	**2 632**	2 038	29%
Sanlam Investment Group	**1 070**	1 152	(7%)
Santam	**1 217**	1 196	2%
Sanlam Corporate	**590**	580	2%
Group office and other	**(100)**	(109)	8%
Net investment return	**1 254**	701	79%
Project expenses	**(130)**	(136)	4%
Net operational earnings	**10 798**	9 455	14%
Amortisation of intangible assets	**(766)**	(400)	
Equity participation costs	**(596)**	(5)	
(Loss)/profit on disposal of subsidiaries and associates	**(6)**	2 773	
Impairments	**(339)**	(305)	
Net non-operational equity-accounted earnings	**19**	3	
Normalised attributable earnings	**9 110**	11 521	(21%)

Net result from financial services (net operating profit) of R9,7 billion increased by 9% (up 7% in constant currency), with solid contributions from all major businesses, apart from Sanlam Investment Group's (SIG) wealth and advice businesses in the United Kingdom (UK), AfroCentric within the Sanlam Corporate portfolio and Saham.

SPF grew its net result from financial services by 6%. A prior year tax adjustment of R70 million at Sanlam Personal Loans (SPL) had a positive impact on the after-tax results, with gross result from financial services increasing by 3%. Excluding higher new business strain emanating from the strong new business growth at Sanlam Sky, BrightRock, Sanlam Indie and MiWayLife, net result from financial services increased by 10%. This is a particularly pleasing performance from a mature business operating under challenging conditions in South Africa.

SPF net result from financial services for the year ended 31 December 2019

R million	2019	2018	Δ
Sanlam Sky	**1 339**	1 268	6%
Recurring premium sub cluster	**2 511**	2 780	(10%)
Glacier	**1 566**	1 190	32%
LISP	**513**	539	(5%)
Life investments	**1 053**	651	62%
Strategic business development	**387**	374	3%
Sanlam Personal Loans	**388**	422	(8%)
Other	**(1)**	(48)	98%
Gross result from financial services	**5 803**	5 612	3%
Tax on gross result from financial services	**(1 570)**	(1 636)	4%
Non-controlling interest	**32**	57	(44%)
Net result from financial services	**4 265**	4 033	6%

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

- *Sanlam Sky* achieved 6% growth in its gross result from financial services; up 15% excluding additional new business strain incurred as a result of strong growth in its new business volumes (refer business volumes section that follows). This growth reflects the increase in the size of the in-force book over the last number of years. Improved investment and expense variances largely offset some weakening in mortality and persistency experience.
- Gross result from financial services of the *Recurring premium sub cluster* declined by 10%. This is largely attributable to higher new business strain (R120 million) and negative actuarial basis changes of R198 million (2018: positive R210 million). Excluding these, gross result from financial services increased by 10%. Growth in the size of the in-force book of risk business supported the contribution from this line of business, augmented by lower operating losses at BrightRock. The actuarial basis changes in 2019 primarily relates to a strengthening in the allowance for one-off project expenses incurred in respect of the IFRS 17 implementation programme and the roll-out of the business intelligence platform.
- *Glacier*, which incorporates single premium life investments and the Linked Investment Savings Plan platform (LISP) recorded a 32% increase in gross result from financial services, the combined effect of a 5% decline in profit from the LISP business and a 62% rise in the contribution from life investments. Earnings from the LISP business were adversely affected by below-inflation growth in fee income and lower rebates earned from investment fund managers. Market-related fee income from products where Glacier participates in actual investment return earned on the policyholder portfolios supported the increase in profit earned from life investments by some R280 million, in line with the relatively stronger investment market performance in 2019. Guaranteed plan profits benefited from mismatch profits and a release of excess expense reserves (cumulative R86 million).
- *Strategic business development* includes SPL, Sanlam Trust, Multi-Data and Sanlam Reality. SPL's gross result from financial services declined by 8% from a high base in 2018, which included one-off earnings recognised upon the introduction of IFRS 9. The performance of the book remains sound. The lower net loss from other businesses largely reflect reduced expenditure.

SEM grew its gross result from financial services by 47%. An increase in the effective tax rate and increased participation by non-controlling interests reduced growth in net result from financial services to 29%, including the Saham structural activity and exchange rate differences (11% excluding structural activity and in constant currency). The cluster's effective tax rate increased from 29% to 32%, largely attributable to a one-off reversal of deferred tax in Botswana of some R40 million and the introduction of a 2% social tax in Morocco. The increase in non-controlling interest participation is mostly attributable to the structural impact of the Saham acquisition.

SEM net result from financial services for the year ended 31 December 2019

R million	2019	2018	Δ
Southern Africa	1 776	1 491	19%
North and West Africa	1 515	884	72%
East Africa	218	40	445%
Other international	2 223	1 487	49%
Corporate costs	(184)	(129)	(43%)
Gross result from financial services	5 548	3 773	47%
Tax on gross result from financial services	(1 788)	(1 109)	(61%)
Non-controlling interest	(1 128)	(626)	(80%)
Net result from financial services	2 632	2 038	29%
Saham	730	510	43%
Other	1 902	1 528	24%

Line of business analysis

SEM's operations are managed within two sub clusters, namely Sanlam Pan Africa and Other international. The Sanlam Pan Africa portfolio is in turn managed along lines of business to ensure appropriate focus across the wide footprint. Sanlam Pan Africa Life is responsible for all life insurance, asset management and credit businesses in Africa, while Sanlam Pan Africa General manages all of the general insurance operations.

R million	2019	2018	Δ
Sanlam Pan Africa Life	1 830	1 544	19%
Sanlam Pan Africa General	1 679	871	93%
Other international	2 223	1 487	49%
Corporate costs	(184)	(129)	(43%)
Gross result from financial services	5 548	3 773	47%

Sanlam Pan Africa Life exceeded its target for the year. Botswana and Nigeria delivered solid growth in line with expectations. Namibia's results included increased new business strain and showed only marginal growth. Côte d'Ivoire results disappointed, impacted by negative investment variances caused by significant unrealised fair value losses, in particular on the equity exposure in the policyholder portfolios. The Moroccan life business delivered strong growth in operating earnings, contributing to an overall outperformance of the 2019 target by the former Saham life operations.

The Sanlam Pan Africa General portfolio had a difficult year with claims experience remaining elevated in key countries. With effect from 2019, overhead expenses incurred in South Africa and Morocco to support these businesses are allocated to the Life and General portfolios. Excluding overhead expenses, the portfolio achieved an underwriting margin of 3,2%, which compares to 3,8% in 2018. Including the allocation of overhead expenses, the underwriting margin amounts to 2% (former Saham portfolio: 2%), well below the 5% to 9% target range. Good return on insurance funds, in particular in Morocco, supported a net insurance margin of 12,9% (former Saham portfolio: 13,9%), which exceeded the lower end of the target range of 12% to 18%. The risks covered by the former Saham businesses are longer term in nature, given the exposure to third party bodily injury lines of business. Insurance fund (float) balances are commensurately high (more than 100% of premiums) with return on insurance funds forming a pronounced component of the net insurance margin (target range of 7% to 9%). This return is, however, volatile in nature given the exposure to equities and properties within the float portfolios. This exposure is appropriate to optimise RoGEV over the longer term given the nature of investment markets in West and North Africa and low interest rates in a number of countries.

Other international growth of 49% in gross result from financial services is largely reflective of strong growth in India, in particular at the general insurance business.

Further commentary is provided in the regional analysis.

Regional analysis

Southern Africa gross result from financial services increased by 19%.

- The *Namibian* businesses grew their gross result from financial services by 8%. Life insurance earnings increased marginally, with an improvement in Group life claims experience largely offset by higher new business strain. The challenging economic conditions in Namibia contributed to severe price competition in the general insurance market. Santam Namibia profit was flat on the previous year as a result. Earnings from banking operations increased by 6%.
- The *Botswana* operations' growth in gross result from financial services was 23%. Life insurance earnings increased by 9%, supported by strong growth in Group funeral business, favourable term assurance claims experience and mortality profit from the annuity book. Letshego's profit grew by 31% from a low base in 2018, benefiting from a significant increase in post-write off recoveries following increased focus on collections.
- Gross result from financial services from other Southern African countries increased by 12%. Sterling growth in Group new business volumes and favourable claims experience contributed to a more than 28% increase in Malawi's contribution. Zambia also experienced a significant improvement from a low base in 2018, which included losses relating to the previous healthcare administrator. Saham's MCI Care business manages the health book with effect from 2019.

  Angola had a weak 2019 with a combined ratio in excess of 100%. The Angolan currency collapsed following the removal of the band within which the Central Bank managed the exchange rate. The cost of imported motor parts and medical inflation soared as a result, placing significant pressure on claims experience. Repricing implemented in response provided some relief, but do not fully reflect in the 2019 earnings given the delay caused by annual renewals. The mix of business was also skewed towards the less profitable medical line of business in 2019. Further repricing and a stabilisation in the currency should improve earnings in 2020.

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

A deterioration in Saham Re's claims ratio reflected the second order impact of the elevated claims experience in Morocco, Angola and Côte d'Ivoire. Saham Re is based in Mauritius and therefore reported as part of Southern Africa.

North and West Africa gross result from financial services increased by 72% to R1,5 billion. The main contributors to this region are the former Saham operations in Morocco and Côte d'Ivoire, and FBN Insurance in Nigeria.

- High motor claims experience persisted in Morocco, in line with industry experience. Repricing and claims management improvement processes implemented during the year will take some time to reflect in the underwriting margin. The return on insurance funds exceeded targets for the year, with the equity and bond portfolios outperforming benchmarks. This contributed to a net general insurance margin of 17%, well within the target range, despite a below-par underwriting margin of 0,8%. The Moroccan life business performed well in excess of its target for the year, benefiting from good Group life mortality profit and positive investment variances.
- Operating earnings from Côte d'Ivoire disappointed. A number of mid-size fire claims, elevated medical inflation and a strengthening in reserves impacted on the Côte d'Ivoire general insurance underwriting results. The life insurance business also experienced lower than expected profitability due to negative investment variances, the combination of negative equity market returns and an underperformance against benchmark. The portfolio construction is currently under review with the assistance of Sanfin.
- A number of large claims impacted on Continental Re's underwriting margin. These included exposure to losses from the Mozambique cyclone, oil and gas claims in Lagos, fire and accident claims in Gaborone as well as marine claims and the loss of a refinery in Douala.
- FBN Insurance increased its gross result from financial services by 27% to exceed R100 million (Sanlam's 35% share) for the first time, an exceptional performance for this greenfields operation that was started in 2010. Strong new business growth supported the Nigerian results.

The East Africa 2019 earnings include a R85 million positive one-off impact (R33 million after tax and minorities) relating to a relaxation in the regulatory reserving basis in Kenya. Tanzania general insurance earnings recovered from restructuring costs and particularly negative claims experience in 2018.

Gross result from financial services from the Other international region (India, Malaysia and Lebanon) increased by 49%.

- Gross result from financial services in India increased by 72% to R2 billion. The credit businesses achieved growth of 20%. Pressure on disbursements due to liquidity constraints in the Indian market and lower new vehicle sales limited growth in the size of the loan books. This was offset by an improvement in the net interest margin at both Shriram Transport Finance Company (STFC) and Shriram City Union Finance (SCUF). SCUF's earnings were in addition supported by improved arrears collections.

  Shriram General Insurance achieved exceptional growth of 126% from R387 million in 2018 to R875 million in 2019. This is due to a major improvement in the performance of the third-party liability book. This line of business benefited from lower claims frequency (an improving trend over the last few years) as well as strategic focus on claims management that is yielding results through better fraud detection and faster settlement of claims at a lower ultimate cost per claim. This contributed to a lower reserving basis in 2019.

  Life insurance profit was negatively affected by lower new business generated from the credit businesses' client bases, in line with the lower level of disbursements.
- Gross result from financial services in Malaysia declined by 17% to R78 million. The life business had a good year, increasing its profit contribution by 32%. Diligent expense management, increased profit earned from participating business and mismatch profits more than offset high medical, disability and critical illness claims experience. High claims experience persisted at Pacific&Orient, the general insurance business. Management expenses were also elevated, due to increased marketing expenditure and system development costs incurred to support an expansion in the number of agents in pursuit of its motor strategy. This contributed to a disappointing 60% decline in general insurance gross result from financial services.
- Lebanon contributed gross result from financial services of R138 million (2018: R68 million). Operating conditions deteriorated significantly in Lebanon towards the end of 2019 in the face of a major slowdown in the economy and wide spread social unrest. Positive claims experience enabled the general insurance business, which contributes some 80% of the Lebanese profit, to outperform its target for the year, despite the economic challenges. Attractive interest rates offered by local banks, aggravated by the weak economy and severe pressure on disposable income, contributed to low new life business volumes and weak persistency. Life insurance profits were commensurately under pressure. In the context of the sovereign risks and downgrade, these results are not considered sustainable.

SIG's net result from financial services declined by 7% (10% lower in constant currency). All major businesses delivered satisfactory growth, apart from the UK wealth and advice businesses, which were impacted by lower fee income and one-off transaction and project related expenses. The effective tax rate for the cluster increased due to the consolidation of Nucleus, prior year tax adjustments and some non-deductible expenses in the UK.

SIG net result from financial services for the year ended 31 December 2019

R million	2019	2018	Δ
Sanlam Investments (3rd party business)	**536**	377	42%
Wealth Management	**186**	170	9%
International	**355**	515	(31%)
Corporate services	**(28)**	(16)	(75%)
Investment management	**1 049**	1 046	–
Sanlam Specialised Finance	**510**	496	3%
Sanlam Asset Management	**214**	204	5%
Central Credit Manager and other	**296**	292	1%
Gross result from financial services	**1 559**	1 542	1%
Tax on gross result from financial services	**(392)**	(326)	20%
Non-controlling interest	**(97)**	(64)	(52%)
Net result from financial services	**1 070**	1 152	(7%)

- The *Sanlam Investments 3rd party asset manager's* gross result from financial services increased by 42%, a stellar performance under difficult conditions. The strategic focus on alternative asset classes contributed considerable earnings in 2019. The closure of the Climate Investor One Fund at $850 million generated one-off income of R68 million in the Alternatives business. Sanlam Properties' operating profit increased by 54% from R39 million to R60 million, with the business generating strong fee income from property acquisitions and developments. Performance fees, stringent cost control and solid net fund inflows supported fee income in the other business units. The investment team had a good year, with more than 85% of portfolios exceeding their benchmarks, supporting an increase in net performance fees from R17 million in 2018 to R71 million in 2019. The Large Manager Watch Global portfolio attained a 2 out of 10 ranking.
- *Wealth Management* gross result from financial services increased by 9%. Fee income rose by some 10%, attributable to net inflows in the prior year and a favourable change in mix of business. Brokerage income, however, lagged in general due to lower overall trading levels in the uncertain environment.
- The *International* business was impacted by lower brokerage income in the wealth business, lower advice fees, bad debt provisions of some R30 million and one-off expenses incurred in respect of acquisitions, restructuring and other projects. These more than offset an otherwise strong underlying performance, with the asset management businesses benefiting from higher assets under management.
- *Sanlam Specialised Finance* (Sanfin) did well to increase its gross result from financial services by 3%, despite difficult conditions in 2019. The Sanlam Asset Management business (incorporating Sanlam Portfolio Management and Sanlam Structured Solutions) achieved 5% profit growth, a resilient performance in light of lower average equity markets and the redeployment of capital by Sanlam for corporate transactions that had a negative impact on the business' asset base. Sanlam Capital Markets (including the Central Credit Manager (CCM)) managed to increase its operating earnings by 1% despite significant corporate credit provisioning. Management of the Sanlam Corporate inflation-linked annuity portfolio was transferred to the CCM with effect from 1 January 2019, which added R38 million to the CCM profit in 2019. The CCM had to raise provisions of some R185 million against a number of South African credit exposures (excluding Mayfair), reflective of heightened credit risk. The exposure to Mayfair declined from some R800 million at the time of the collapse of the Steinhoff share price in 2017 to R381 million including interest at 31 December 2019. A provision of 25% was held against the investment at 31 December 2019, implying a net carrying value of R286 million. Including funding cost, the Mayfair exposure detracted R11 million from earnings in 2019.

Santam's net result from financial services increased by 2%.

- Santam's 2018 financial year was characterised by a particularly benign claims environment that contributed to a 9,2% underwriting margin for conventional business. The favourable claims experience did not persist in the first half of 2019, contributing to a decline in the

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

underwriting margin for conventional business to 7,7%, albeit still at the upper end of the 4% to 8% target range. The underwriting result for conventional business commensurately declined by 12%. The liability line of business recorded a strong recovery, which included claims relating to the listeriosis outbreak early in 2018 in the comparable base. The core motor book delivered growth of 1% on the high base in 2018, while engineering achieved 5% growth in underwriting profits. This growth was, however, partly offset by a significant weakening in the property and agricultural lines, which were impacted by a number of fire, flooding and hail events in 2019. The alternative risk transfer business had a good year, more than doubling its contribution to operating earnings to R64 million.

- Investment return on insurance funds (float income) increased by 15%, driven by improved investment returns as well as higher float balances.
- Santam's share of earnings from the SEM general insurance businesses increased by 77%, supported by a strong performance from Shriram General Insurance. Santam's participation in the Saham earnings increased by 22%, including the increase in Santam's effective shareholding during 2018.

Sanlam Corporate's net result from financial services increased by 2%, a major improvement since the first half of 2019 when results were under pressure. Gross result from financial services increased by 3%. Excluding from the comparable base the inflation linked annuity portfolio transferred to Sanfin and the health operations sold to AfroCentric in 2018, gross result from financial services increased by a credible 14%. Repricing in response to the elevated Group risk claims experience is yielding results, with a major improvement in this line of business despite a high level of claims persisting. Group risk profit doubled to R210 million in 2019. Good traction in the conversion of standalone funds to the Sanlam Umbrella Fund is benefiting the earnings of the administration, advice and investment units. One-off expenditure and a decline in investment return following the deployment of capital for acquisitions limited AfroCentric's profit growth to 4%.

Net operational earnings of R10,8 billion are 14% up on 2018. This is the combined effect of the 9% increase in net result from financial services, a 4% decrease in net project expenses and a 79% increase in net investment return. Net investment return includes IFRS 9 credit provisioning of some R340 million following the sovereign credit rating downgrade of Lebanon, to a large extent offsetting the benefit from relatively stronger investment market performance in a number of other countries in 2019.

Normalised attributable earnings decreased by 21%, suppressed by the following:

- Net amortisation of intangible assets increased from R400 million in 2018 to R766 million in 2019, attributable to the amortisation of the value of business acquired intangible assets recognised in 2018 upon Saham and Nucleus becoming subsidiaries.
- Net equity participation cost includes a one-off charge of R594 million in 2019 in respect of the 5% B-BBEE share issuance. The total one-off IFRS 2 charge amounted to R1 686 million. R594 million is recognised in normalised attributable earnings, representing the economic cost to Sanlam shareholders from issuing the shares at a higher-than market-related discount. The remainder is recognised in fund transfers.
- Net profit on the disposal of subsidiaries and associates of R2,8 billion was recognised in 2018 in terms of IFRS as a result of the first-time consolidation of Saham and Nucleus. These were one-off earnings that increased the comparative base.
- Impairments of R339 million were recognised in 2019 compared to R305 million in 2018. Pressure on the listed share prices of Bank Windhoek and Letshego placed a cap on the GEV valuation of Capricorn Investment Holdings (our Namibian associate that holds a stake in Bank Windhoek) and Letshego, resulting in impairments of R88 million and R74 million respectively. An impairment of R44 million was also recognised to reduce the carrying value of the Zimbabwean operations to zero. The underperformance at Pacific&Orient required an impairment of R55 million.

Headline earnings decreased by 18%. The difference between normalised attributable earnings and headline earnings relates primarily to the exclusion of impairments (R339 million; 2018: R305 million) and profit on the disposal of subsidiaries and associates (-R6 million; 2018: R2 773 million), and the inclusion of negative fund transfers of R2 billion (2018: positive R106 million) in headline earnings. Fund transfers include:

- Non-economical mismatch profits and losses recognised in terms of IFRS through the elimination of Sanlam shares held in policyholder portfolios as treasury shares and the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios (R267 million net loss).
- The difference between the R1,7 billion IFRS 2 charge recognised in respect of the B-BBEE share issuance and the R594 million recognised in normalised attributable earnings (R1 092 million expense).
- Consolidation of the B-BBEE SPV, which results in the recognition of interest paid on external funding in the SPV and administration costs incurred by the SPV in Sanlam's earnings (R601 million net expense).

The number of shares used to calculate headline earnings per share is reduced by the 5% shares held by the B-BBEE SPV, as these are treated as treasury shares on consolidation and written down to zero against reserves in the IFRS Statement of Financial Position.

Business volumes

New business volumes increased by 12% despite low investor confidence in South Africa and lower investment inflows in the UK, Namibia and Kenya. Life insurance new business volumes increased marginally, investment business inflows grew by 14% and general insurance earned premiums were 22% higher.

SPF achieved a strong second half performance, with Glacier in particular finding renewed traction. Overall new business sales increased by 1%, up 2% excluding the Capitec credit life business written in 2018 that did not repeat in 2019.

SPF new business volumes for the year ended 31 December 2019

R million	2019	2018	∆
Sanlam Sky	2 726	2 494	9%
Recurring premium sub cluster and Strategic business development	3 429	3 412	1%
Savings business	2 204	2 209	–
Risk and new initiatives	1 225	1 203	2%
Glacier	55 658	55 065	1%
Life investments	9 406	10 082	(7%)
LISP	46 252	44 983	3%
New business volumes	**61 813**	60 971	1%

- *Sanlam Sky's* new business increased by 9%, up 41% excluding the 2018 Capitec Bank credit life business of R566 million that did not repeat in 2019. The Capitec Bank funeral product, launched in May 2018, continues to exceed expectations, reaching new business sales of R1,1 billion in 2019. The newly launched African Rainbow Life business had a maiden contribution of R13 million.

  Sales through the traditional individual life intermediated channel rose by a satisfactory 10%, contributing to 50% overall growth in individual life new business inclusive of Capitec Bank funeral business. Safrican experienced a softer year, suppressing Group recurring new business growth to a marginal 1% excluding Capitec Bank credit life.
- The *Recurring premium sub cluster and Strategic business development* grew new business volumes by 1%, the combined effect of flat new business volumes in the Savings business and 2% higher sales at the other business units. Demand for single premium retirement annuities remained strong, with most other lines of business experiencing lower new business sales. This reflects the pressure on disposable income in the middle-income market and a consequential highly competitive environment. MiWayLife and Sanlam Indie contributed strong growth from a low base.
- *Glacier* found renewed traction in new business sales in the second half of the year. Investment business ended 2019 with growth of 5%, while life business declined by 3%. Overall new business sales increased by 1%. Healthy demand for discretionary savings products, guaranteed annuities and the investment linked life annuity (ILLA) was largely offset by lower volumes across other lines of business.

The low demand for single premium life business had a negative impact on SPF's net fund inflows, which decreased by 7% from R10,3 billion in 2018 to R9,6 billion in 2019.

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

SEM new business volumes increased by 33%, benefiting from the Saham structural activity (up 8% excluding structural activity and in constant currency). All of the major Saham territories exceeded their volume targets for the year, apart from Angola, Côte d'Ivoire and Lebanon. Overall general insurance new business volumes in the former Saham portfolio increased by 15% on a fully consolidated basis for both 2018 and 2019. Gross written general insurance premiums increased by 13% on a similar basis.

SEM new business volumes for the year ended 31 December 2019

R million	2019	2018	Δ
Southern Africa	15 695	13 992	12%
North and West Africa	12 666	6 979	81%
East Africa	2 362	1 868	26%
Other international	4 086	3 385	21%
New business volumes	**34 809**	**26 224**	**33%**
General insurance	15 604	9 873	58%
Life insurance	8 343	6 410	30%
Asset management	10 862	9 941	9%

Southern Africa new business volumes increased by 12% (up 11% in constant currency).

- New business volumes in Namibia declined by 14%. New life business increased by 20%, with strong growth in both entry-level and affluent market sales. New investment business, which is volatile in nature and more severely affected by the economic conditions in Namibia, decreased by 25%.
- In Botswana, a number of large mandates lifted new investment business volumes by 57%. New life business also achieved healthy growth of 16%, supported by good Group funeral scheme sales. Overall new business sales were up 43%.
- New business volumes across the other Southern Africa territories increased by 13%. Angola underperformed against its rand-based target, attributable to the impact of the weaker kwanza exchange rate and an adverse change in mix of business from motor to health. Saham Re in Mauritius's growth was impacted by lower premium flows from Angola due to the weak currency exchange rate. Zimbabwean new business declined by 59% to R158 million, the aggregate impact of the significantly weaker currency exchange rate and lower volumes in local currency under challenging economic conditions. All other countries achieved strong growth across all lines of business.

New business volumes in the North and West Africa region increased by 81%. The largest contributors to this region are (percentages indicate contribution to new business volumes): the Saham businesses in Morocco (59%), Côte d'Ivoire (9%) and Nigeria (12%) as well as FBN Insurance in Nigeria (5%). The Saham businesses achieved overall new business volumes broadly in line with the target for the year. FBN Insurance continued to grow strongly at 24%.

Within the East Africa region, all countries achieved growth in excess of 20%, apart from Kenya. Kenya's new business sales continued to disappoint, ending well down on target, albeit 17% up on 2018. Low individual life volumes are the main detractor from the new business performance.

India continues to be the main contributor to the Other international region. New business volumes in this region grew by 21%.

- New business production at the Indian life insurance business was under pressure as a result of the liquidity crunch in India and declined by 2% on 2018. The general insurance business experienced much stronger growth of 15%, contributing to overall growth of 12%.
- Malaysian new business volumes increased by 29% to R778 million. The turnaround at the life business is persisting with sterling growth of 43% in new business volumes. The mix of business also changed to the more profitable non-participating lines of business. General insurance new business increased by 11%, which was still below expectations.
- The Lebanon businesses contributed new business of R698 million under particularly difficult operating conditions. Life new business of R134 million were well down on targets for the year, impacted by the challenging conditions as highlighted above. The general insurance business did remarkedly well to end only slightly down on target, with the more affluent broker business more resilient in the challenging economic environment. This is, however, not considered sustainable.

Net fund flows increased by 31% from R8,6 billion in 2018 to R11,2 billion in 2019, with the Saham structural impact the main contributor.

SIG's new business volumes increased by a sterling 14%, the aggregate of 24% growth at the South African asset and wealth management businesses, partly offset by a lower contribution from the international portfolio. New business performance was broad based in the South African asset management business, with pleasing institutional, retail and alternative flows. The Alternative business reported strong inflows as Climate Investor One Fund had a final close in June 2019 of $850 million. Retail funds reported strong inflows across solutions and products with Implemented Consulting, with the SIM collective investment scheme range and Satrix funds all achieving good inflows. Wealth management flows improved in the second half of 2019 and ended the year with growth of 38%. Net fund inflows are a particular highlight for the year, increasing by 194% to R21,2 billion. The strong new business flows at the South African asset management businesses also reflect in their net fund flows contribution, which almost tripled. Wealth management experienced lower net inflows, down 28%, while the international business also underperformed with a 75% decline in net inflows from R2,3 billion in 2018 to R579 million in 2019.

Gross written premiums at **Santam** increased by 8%. Motor and property, which contributes 68% of total gross written premiums, increased by a combined 6% in a challenging environment of low economic growth and competitive pressures. Motor business increased by 4%. Strong growth at MiWay of 10% was tempered by marginal growth in the intermediated commercial book. Property business grew by 9%, following good growth at Santam Re, Niche and Commercial. Engineering (20%) and alternative risk business (14%) also reported strong growth.

Sanlam Corporate grew its new business volumes by a strong 14% from a high base in 2018 that included a few large mandates. Both recurring and single premium business increased strongly. The umbrella fund and non-life investment lines of business contributed most of the growth.

Overall net fund inflows of R56,8 billion in 2019 is a particularly satisfactory performance given the challenging market conditions.

Business volumes for the year ended 31 December 2019

	New business			Net inflows		
R million	2019	2018	Δ	2019	2018	Δ
Sanlam Personal Finance	61 813	60 971	1%	9 593	10 294	(7%)
Sanlam Emerging Markets	34 809	26 224	33%	11 239	8 607	31%
Sanlam Investment Group	113 236	99 696	14%	21 221	7 214	194%
Santam	24 227	22 812	6%	9 146	8 986	2%
Sanlam Corporate	15 238	13 326	14%	5 567	6 438	(14%)
Total	**249 323**	223 029	12%	**56 766**	41 539	37%
Covered business	53 927	53 815	–	15 989	16 814	(5%)
Investment business	155 565	136 529	14%	25 596	11 779	117%
General insurance	39 831	32 685	22%	15 181	12 946	17%
Total	**249 323**	223 029	12%	**56 766**	41 539	37%

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Value of new covered business

The discount rate used to determine VNB is directly linked to long-term interest rates. The 20bps and 50bps decrease in the South African nine- and five-year benchmark rates respectively in 2019 compared to the end of 2018 resulted in a commensurate decrease in the risk discount rate, with a 4.,6% positive impact on VNB growth. Changes in mix of business, good cost control and pricing initiatives supported an overall increase in VNB margins.

Net VNB increased by 15% at actual interest rates and by 10% on a comparable economic basis (CEB).

SPF achieved overall growth of 17% (12% on a comparable economic basis). Sanlam Sky VNB grew by 24% (17% on a comparable economic basis), supported by the exceptional Capitec Bank funeral business performance as well as the strong growth in individual life new business written through the traditional intermediated channel. The comparative base includes Capitec Bank credit life VNB of R36 million that did not repeat in 2019. Recurring premium cluster VNB rose by 34% (26% on a comparable economic basis), benefiting from repricing implemented in 2018, a favourable change in mix of business, a solid increase in BrightRock, MiWayLife and Sanlam Indie's contribution and some actuarial basis changes. Glacier's VNB declined by 8%, reflective of its new business performance.

Net VNB at **SEM** increased by 1% (down 2% in constant currency). Namibia, Botswana and Malaysia achieved credible growth of 9%, 20% and 64% respectively. Namibia and Malaysia's performance is largely in line with the growth in new life business volumes. Botswana's VNB growth benefited from the weaker average rand exchange rate as well as the good Group funeral business sales. Despite good growth in Kenya's life business, it still lagged expectations with a reduction in policy count placing pressure on acquisition and maintenance unit costs. Nigeria's VNB contribution was impacted by negative economic assumption changes and declined by 28%. India's 20% decline in VNB is attributable to the lower new business volumes and the inclusion of distribution expansion costs. Margins in Morocco and Côte d'Ivoire declined due to a change in mix to less profitable group business in Morocco and negative modelling changes in Côte d'Ivoire. Lebanon VNB also declined, reflective of the weak life new business performance.

Sanlam Corporate's VNB increased by 22%, the combination of strong new business growth and product mix.

Value of new covered business for the year ended 31 December 2019

R million	2019	2018	△	CEB
Net value of new covered business	2 280	1 985	15%	10%
Sanlam Personal Finance	1 763	1 504	17%	12%
Sanlam Emerging Markets	343	338	1%	(3%)
Sanlam Investment Group	–	–	–	–
Sanlam Corporate	174	143	22%	23%
Gross of non-controlling interest	2 542	2 187	16%	12%
Net present value of new business premiums	76 446	74 378	3%	3%
Sanlam Personal Finance	49 269	48 790	1%	–
Sanlam Emerging Markets	10 242	8 366	22%	21%
Sanlam Investment Group	3 410	3 334	2%	2%
Sanlam Corporate	13 525	13 888	(3%)	(3%)
Gross of non-controlling interest	81 540	78 085	4%	4%
Net new covered business margin	2,98%	2,67%		2,88%
Sanlam Personal Finance	3,58%	3,08%		3,44%
Sanlam Emerging Markets	3,35%	4,04%		3,24%
Sanlam Investment Group	–	–		–
Sanlam Corporate	1,29%	1,03%		1,30%
Gross of non-controlling interest	3,12%	2,80%		3,00%

Capital management

Discretionary capital

The Group started the year with negative discretionary capital of R3,7 billion, after payment for the Saham acquisition. A number of transactions during 2019 affected the balance of available discretionary capital, which amounted to R220 million at 31 December 2019.

Discretionary capital at 31 December 2019

R million	2019
Discretionary capital at 31 December 2018	(3 678)
Excess dividend cover	380
Excess investment return - Sanlam Life	391
Release of surplus capital	593
Sanlam Personal Finance	211
Sanlam Emerging Markets	382
Capital raised – cash component	4 450
Total capital raised	7 794
Net vendor funding	(2 997)
Dividends paid in respect of new shares	(347)
Investment return and other	51
Corporate activity	(1 967)
South Africa	(331)
Other emerging markets	(1 022)
Developed markets	(614)
Discretionary capital at 31 December 2019	**220**

FINANCIAL REVIEW 2019 ANNUAL RESULTS (continued)

Movements in discretionary capital during 2019 included the following:

- The excess cash operating earnings cover in respect of the dividend paid in 2019.
- Investment return earned on the Sanlam Life capital base was released to discretionary capital.
- Capital of R593 million was released from the SPF and SEM operations. The ongoing consolidation of Sanlam Sky business onto one life licence released R211 million. This was augmented by a R382 million release of allocated capital from SEM's Namibian operations. Capital optimisation remains a focus area within SPF and SEM, with further releases expected in 2020.
- Discretionary capital of R4,5 billion was raised through the 5% B-BBEE share issuance in the first half of 2019.
- Corporate activity utilised a total of R2 billion:
  - Investments in South Africa relate to the capitalisation of African Rainbow Life (R152 million), the acquisition of shares from BrightRock minorities (R36 million) and a number of smaller transactions within SIG.
  - The majority of the deployment in other emerging markets relate to R806 million utilised for the capitalisation of insurers in the CIMA region following an increase in minimum regulatory capital levels across the region, an increase in the effective shareholding in Angola from 60% to 70% and costs incurred in the restructuring of the Saham statutory structure to optimise future capital and dividend flows. R167 million was also utilised for a payment to Santam to reduce its economic interest in SEM's African general insurance businesses (excluding Namibia and Saham Finances) from 35% to 10%.
  - Sanlam UK concluded the following acquisitions:
    - Blackett Walker, an advice and asset management business, for R68 million in line with its strategy to grow its distribution reach and achieve economies of scale.
    - The Thesis Group's private client business, distribution network, direct support teams and Pallant, its financial planning business, for a total consideration of GBP35 million. The initial payment amounted to GBP28 million (R521 million). Thesis has a significant presence in the south of England, with GBP1,2 billion of assets under management and a team of 30 investment professionals. The transaction increased Sanlam UK's private client discretionary assets under management to GBP4,2 billion. The remaining purchase consideration is payable in two tranches within 18 months from effective date subject to assets under management retention.
    - As part of its IFA strategy, Sanlam UK acquired a 55% stake in Avidus Scott Lang & Co (ASL) for a total consideration of GBP2,2 million. The initial payment amounted to GBP1,3 million (R25 million), with the remainder payable in a number of tranches up to June 2021 based on performance targets. ASL is a financial advisory business based in Sale, to the South of Manchester.
- Investment return earned on the discretionary capital portfolio and other small movements added R51 million.

Solvency

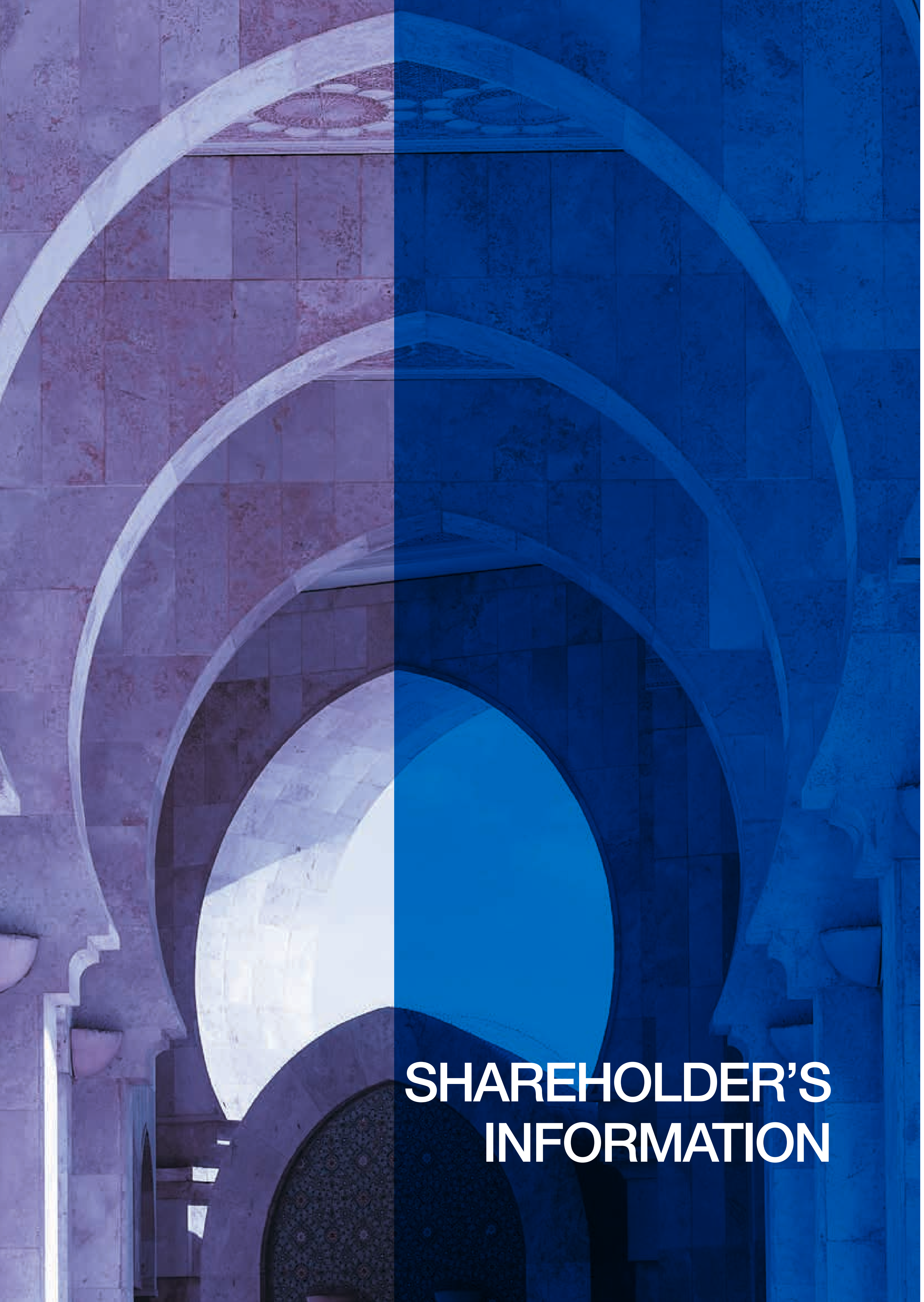
All of the major life insurance businesses within the Group were sufficiently capitalised at the end of December 2019. The Sanlam Group SCR cover ratio remained at a healthy level of 211%. The SCR cover for the Sanlam Life Insurance Limited (Sanlam Life) covered business of 206% at 31 December 2019 remained at the upper end of the target cover range of between 170% and 210%. The SCR cover ratio for the Sanlam Life entity as a whole at 253% exceeded the covered business ratio at the end of December 2019 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.

Dividend

Applying the Group's dividend policy, the Board decided to increase the normal dividend per share by 7,1% to 334 cents. This is well within our target range of 2% to 4% real growth over a three-year rolling period. 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 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 267,2 cents per share. The number of ordinary shares in issue in the Company's share capital as at the date of the declaration is 2 069 106 282 excluding treasury shares of 274 231 765 at 31 December 2019. The Company's tax reference number is 9536/346/84/5.

Shareholders are advised that the final cash dividend of 334 cents for the year ended 31 December 2019 is payable on Monday, 20 April 2020 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 17 April 2020. The last date to trade to qualify for this dividend will be Tuesday, 14 April 2020, and Sanlam shares will trade ex-dividend from Wednesday, 15 April 2020. Share certificates may not be dematerialised or rematerialised between Wednesday, 15 April 2020 and Friday, 17 April 2020, both days included.



INDEPENDENT AUDITOR’S REPORT ON THE SANLAM LIMITED SHAREHOLDERS’ INFORMATION

To the directors of Sanlam Limited

Opinion

We have audited the Sanlam Limited shareholders' information (shareholders' information) of Sanlam Limited set out on pages 27 to 96 for the year ended 31 December 2019, comprising Group Equity Value, Change in Group Equity Value, Return on Group Equity Value, Analysis of GEV earnings, Analysis of shareholders' fund at net asset value, shareholders' fund income statement, Net operating profit, Notes to the shareholders' fund information and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying shareholders' information of Sanlam Limited for the year ended 31 December 2019 is prepared, in all material respects, in accordance with the basis of accounting described on pages 27 to 35 of the shareholders' information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the shareholders' information section of our report. We are independent of Sanlam Limited in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing the audit of Sanlam Limited. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of Sanlam Limited and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to pages 27 to 35 of the shareholders' information which describes the basis of accounting. The shareholders' information is prepared to provide additional information in respect of the Group Shareholders’ Fund in a format that corresponds with that used by management in evaluating the performance of the Group and allocation of resources. As a result, the shareholders' information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the shareholders' information in accordance with the basis of accounting described on pages 27 to 35, for determining that the basis of accounting is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the shareholders' information that is free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Shareholders’ Information

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

INDEPENDENT AUDITOR'S REPORT ON THE SANLAM LIMITED SHAREHOLDERS' INFORMATION
(continued)

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

- Identify and assess the risks of material misstatement of the shareholders' information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the shareholders' information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

Other matter
Sanlam Limited has prepared a separate set of consolidated and separate annual financial statements for the year ended 31 December 2019, in accordance with International Financial Reporting Standards, on which we issued a separate auditor's report to the shareholders of Sanlam Limited, dated 11 March 2020.

ERNST & YOUNG INC.

Ernst & Young Inc.

Director: Christo du Toit
Registered Auditor
Chartered Accountant (SA)

3rd floor, Waterway House
3 Dock Road
V&A Waterfront
Cape Town

11 March 2020

BASIS OF ACCOUNTING – SHAREHOLDERS' INFORMATION

The purpose of this section is to provide additional information to users in respect of the Group shareholders' fund in a format that corresponds to that used by management in evaluating the performance of the Group and allocation of resources and should be read in conjunction with the financial statements prepared in terms of IFRS.

It includes an analysis of the Group shareholders' fund's consolidated financial position and results in a similar format to that used by the Group for internal management purposes. The Group financial statements are prepared in accordance with IFRS and include the consolidated results and financial position of both the shareholder and policyholder activities. The IFRS Annual Financial Statements also do not distinguish between the shareholders' operational and investment activities, which are separate areas of management focus and an important distinction in evaluating the Sanlam Group's financial performance. Information is presented in this section to provide this additional shareholders' fund information to users of Sanlam's financial information.

The Group also discloses Group Equity Value (GEV) information. The Group's key strategic objective is to maximise returns to shareholders. GEV has been identified by management as the primary measure of value, and Return on GEV (RoGEV) is used by the Group as the main performance measure to evaluate the success of its strategies towards sustainable value creation in excess of its cost of capital. In the directors' view, GEV more accurately reflects the performance of the Group than results presented under IFRS and provides a more meaningful basis of reporting the underlying value of the Group's operations and the related performance drivers. This basis allows more explicitly for the impact of uncertainty in future investment returns and is consistent with the Group's operational management structure.

The shareholders' information also includes the embedded value of covered business (EV), change in EV and value of new business.

Basis of accounting – shareholders' information
The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out in the online IFRS Annual Financial Statements, apart from the specific items described under separate headings in this section.

Management considers this basis of accounting applied for the shareholders' information to be suitable for the intended users of this financial information.

The preparation of the Group's audited annual results was supervised by the Chief Financial Officer, Wikus Olivier CA(SA).

The application of the basis of accounting of the shareholders' information is also consistent with that applied in the 2018 Integrated Report apart from the following:

- First-time adoption of the new leases standard (IFRS 16 – Leases). The standard requires lessees to capitalise all significant lease arrangements at recognition of the lease as a right-of-use asset with a corresponding finance lease liability. The Group applied the standard using the modified retrospective approach with effect from 1 January 2019. Right-of-use assets and corresponding finance lease liabilities of R2 billion were recognised on this date. The adoption of IFRS 16 did not have a significant impact on the Group's earnings for the 2019 financial year.
- The introduction of net operational earnings as an earnings metric in the shareholders' fund income statement. Net operational earnings are the aggregate of net result from financial services, net investment income, net investment surpluses and net project expenses. It incorporates the two key areas of strategic focus from an earnings perspective, namely operating profit and investment return earned on the Group's capital base (including discretionary capital), in driving our objective to optimise RoGEV. Normalised headline earnings are discontinued as an earnings measure with effect from the 2019 financial year as it does not represent a key performance indicator from a strategic perspective.
- Expected credit loss impairments in the shareholders' fund capital portfolio are included in investment surpluses in the shareholders fund income statement and included in impairments in the statement of comprehensive income in accordance with IFRS 9. Refer to note 21.2 in the Annual Financial Statements.

The shareholders' fund information includes the following:

- GEV (refer to page 36)
- Change in GEV (refer to page 40)
- Return on GEV (refer to page 42)
- Analysis of GEV earnings (refer to page 44)
- Shareholders' fund financial statements consisting of the shareholders' fund at net asset value (refer to page 48), shareholders' fund income statement (refer to page 50) and related notes, including EV-related disclosures

BASIS OF ACCOUNTING – SHAREHOLDERS' INFORMATION (continued)

GEV

GEV is the aggregate of the following components:

- The EV, which comprises the required capital supporting these operations (also referred to as adjusted net worth) and their net value of in-force business
- The fair value of other Group operations based on longer-term assumptions, which include the investment management, capital markets, general insurance and the non-covered wealth management operations of the Group
- The fair value of discretionary and other capital. Discretionary capital represents management's assessment of capital in excess of that required for current operations of the Group. Such capital may be used to fund future operations and acquisitions or be returned to shareholders

GEV is calculated by adjusting the shareholders' fund at fair value with the following:

- Adjustments to net worth; and
- Goodwill and the value of business acquired intangible assets relating to covered business are replaced by the value of the in-force book of covered business.

Although being a measure of value, GEV is not equivalent to the economic value of the Group as the EV does not allow for the value of future new business. An economic value may be derived by adding to the GEV an estimate of the value of the future sales of new covered business, often calculated as a multiple of the value of new covered business written during the past year.

GEV is inherently based on estimates and assumptions, as set out in this basis of preparation, and as disclosed under critical accounting estimates and judgements in the Annual Financial Statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting the reported GEV. Accordingly, sensitivity analyses are provided for changes from the base estimates and assumptions within the shareholders' information.

Fair value of businesses included in GEV

Fair values for listed businesses are determined by using stock exchange prices or directors' valuations and for unlisted businesses by using directors' valuations. Where directors' valuations are used for listed businesses, the listed values of these businesses are disclosed for information purposes.

The valuation of businesses is based on generally accepted and applied investment valuation techniques, but is subject to judgement to allow for perceived risks. Estimates and assumptions are an integral part of business valuations and, as such, have an impact on the amounts reported. Management applies judgement in determining the appropriate valuation technique to be used. In addition, in applying the valuation techniques judgement is utilised in setting assumptions of future events and experience and, where applicable, risk-adjusted discount rates.

Estimates and judgements are regularly updated to reflect latest experience. Actual outcomes in future financial years may differ from current estimates and assumptions, possibly significantly, which could require a material adjustment to the business valuations.

The appropriateness of the valuations is regularly tested through the Group's approval framework, in terms of which the valuations of investments are reviewed and recommended for approval by the Audit, Actuarial and Finance committee and Board by the Sanlam non-listed asset controlling body.

Businesses may comprise legal entities or components of legal entities as determined by the directors.

Adjustments to net worth

Present value of corporate expenses

GEV is determined by deducting the present value of corporate expenses, by applying a multiple to the after-tax corporate expenses. This adjustment is made as the EV and the fair value of other Group operations do not allow for an allocation of corporate expenses.

Share incentive schemes granted on subsidiaries' own shares

Where Group subsidiaries grant share incentives to employees on the entities' own shares, the fair value of the outstanding incentives at year-end is deducted in determining GEV. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations as appropriate.

Share incentive schemes granted on Sanlam shares

Long-term incentives granted by the Group on Sanlam shares are accounted for as dilutive instruments. The GEV is accordingly not adjusted for the fair value of these outstanding shares, but the number of issued shares used to calculate GEV per share is adjusted for the dilutionary effect of the outstanding instruments at year-end. The expected cost of future grants in respect of these incentive schemes is allowed for in the calculation of the value of in-force covered business and the fair value of other Group operations.

Change in GEV

The change in GEV consists of the embedded value earnings from covered business, earnings from other Group operations on a fair value basis, earnings on discretionary and other capital and capital transactions with shareholders.

RoGEV

The RoGEV is equal to the change in GEV during the reporting period, after adjustment for dividends paid and changes in issued share capital, as a percentage of GEV at the beginning of the period, weighted for changes in issued share capital during the year.

Shareholders' fund at net asset value, income statement and related information

The analysis of the shareholders' fund at net asset value and the related shareholders' fund income statement reflects the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those contained in IFRS Annual Financial Statements online, apart from the following:

Basis of consolidation

The shareholders' funds of Group companies are consolidated in the analysis of the Sanlam Group shareholders' fund at net asset value. The policyholders' and outside shareholders' interests in these companies are treated as non-controlling shareholders' interest on consolidation.

The segmental analysis of the shareholders' fund at net asset value is consistent with the Group's operational management structure.

Consolidation reserve

In terms of IFRS, the policyholders' fund's investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam Group IFRS statement of financial position, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities, however, includes the fair value of these investments, creating an artificial mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group's shareholders' fund and earnings. The consolidation reserve created in the Group financial statements for these mismatches is not recognised in the shareholders' fund at net asset value. The fund transfers between the shareholders' and policyholders' fund relating to movements in the consolidation reserve are commensurately also not recognised in the shareholders' fund's normalised earnings. Similar mismatches are created by the recognition of deferred tax assets in respect of assessed losses in policyholder funds. These deferred tax assets, and movements therein, are also recognised in the consolidation reserve and fund transfers, respectively. In addition, the consolidation of the broad-based black economic empowerment (B-BBEE) special purpose vehicle (SPV) to which 111 349 999 shares were issued, is treated similarly and is also recognised in the consolidation reserve and fund transfers, respectively.

This policy is applied, as these accounting mismatches do not represent economic profits and losses for the shareholders' fund.

Target shares

Strategic diversification activities between Sanlam Emerging Markets (SEM) and Santam consist of the investment in target shares issued by SEM to Santam and vice versa. These shares give the holder the right to participate in the growth of the underlying short-term insurance investments. For purposes of the Group's shareholders' fund income statement, the total return on these short-term insurance investments are therefore split between SEM and Santam, after consideration of the respective non-controlling interests.

Segregated funds

Sanlam also manages and administers assets in terms of third-party mandates, which are for the account of and at the risk of the clients. As these are not the assets of the Sanlam Group, they are not recognised in the Sanlam Group statement of financial position in terms of IFRS and are excluded from the shareholders' fund at net asset value and fair value. Fund flows relating to segregated funds are, however, included in the notes to the shareholders' fund information to reflect all fund flows relating to the Group's assets under management.

BASIS OF ACCOUNTING – SHAREHOLDERS' INFORMATION (continued)

Equity-accounted earnings

Equity-accounted earnings are presented in the shareholders' fund income statement based on the allocation of the Group's investments in associates and joint ventures between operating and non-operating entities:

- Operating associates and joint ventures include investments in strategic operational businesses, namely Sanlam Personal Loans, Shriram Capital (including the Group's direct interest in Shriram Transport Finance Company), Shriram General Insurance and Shriram Life Insurance direct investments, Pacific & Orient, Capricorn Investment Holdings, Letshego, Nico Holdings and the Group's life insurance associates in Africa. The equity-accounted operating earnings and investment return on capital from operating associates and joint ventures are included in the net result from financial services and net investment return respectively.
- Non-operating associates and joint ventures include investments held as part of the Group's balanced investment portfolio. The Santam group's equity-accounted investments are the main non-operating associates and joint ventures. The Group's shares of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

As discussed under the policy note for consolidation reserve above, the IFRS prescribed accounting treatment of the B-BBEE SPV, policyholders' fund's investments in Sanlam shares and Group subsidiaries creates artificial accounting mismatches with a consequential impact on the Group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the treasury shares held by the policyholders' fund and B-BBEE SPV. This is in the Group's opinion not a true representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period. The Group therefore calculates normalised diluted earnings per share to eliminate fund transfers relating to the investments in Sanlam shares, consolidated vehicles (B-BBEE SPV) and Group subsidiaries held by the policyholders' fund.

Fund flows

The notes to the shareholders' fund information also provide information in respect of fund flows relating to the Group's assets under management. These fund flows have been prepared in terms of the following bases:

Funds received from clients

Funds received from clients include single and recurring life and general insurance premium income from insurance and investment policy contracts, which are recognised in the financial statements. It also includes contributions to collective investment schemes and non-life insurance-linked products, as well as inflows of segregated funds, which are not otherwise recognised in the financial statements as they are funds held on behalf of and at the risk of clients. Funds received in respect of non-annuity assets under administration are excluded from funds received from clients. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated. Funds received from clients include the Group's effective share of funds received from clients by strategic operational associates and joint ventures.

New business

In the case of long-term insurance business, the annualised value of all new policies (insurance and investment contracts) that have been issued during the financial year and have not subsequently been refunded, is regarded as new business.

All segregated fund inflows (excluding those related to assets under administration), inflows to collective investment schemes and short-term insurance premiums are regarded as new business.

New business includes the Group's share of new business written by strategic operational associates and joint ventures.

Payments to clients

Payments to clients include policy benefits paid in respect of life and general insurance and investment policy contracts, which are recognised in the financial statements. It also includes withdrawals from collective investment schemes and non-life insurance-linked products as well as outflows of segregated funds, which are not otherwise recognised in the financial statements as they relate to funds held on behalf of and at the risk of clients' withdrawals of non-annuity funds under administration are excluded. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

Payments to clients include the Group's effective share of payments to clients by strategic operational associates and joint ventures.

Basis of accounting and presentation – EV

The Group's EV information is prepared in accordance with Advisory Practice Note (APN) 107 (version 8), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the Group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

The embedded value results of the Group's covered business are included in the shareholders' information, as it forms an integral part of GEV and the information used by management in evaluating the performance of the Group. The EV does not include the contribution to GEV relating to other Group operations or discretionary and other capital, which are included separately in the analysis of GEV.

The basis of presentation for the EV is consistent with that applied in the 2018 financial statements.

Covered business

Covered business includes all material long-term insurance business that is recognised in the Sanlam Group financial statements. This business includes individual stable bonus, linked and market-related business, reversionary bonus business, Group stable bonus business, annuity business and other non-participating business written by Sanlam Personal Finance, SEM, Sanlam UK and Sanlam Employee Benefits.

Acquisitions, disposals and other movements

The EV results are prepared taking cognisance of changes in the Group's effective shareholding in covered business operations.

Methodology

EV

The EV is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis taking into account current legislation and known future changes.

The EV comprises the following components:

- adjusted net worth (ANW); and
- the net value of in-force business.

ANW

ANW comprises the required capital supporting the covered business and is equal to the net value of assets allocated to covered business that does not back policy liabilities.

The required capital allocated to covered business reflects the level of capital considered sufficient to support the covered business, allowing for an assessment of the market, credit, insurance and operational risks inherent in the underlying products, subject to a minimum level of the local statutory solvency requirement for each business.

For insurance businesses regulated under the new regulatory framework as defined in the South African Insurance Act, 18 of 2017 (or similar regimes) the level of required capital for covered business is set to ensure that own funds attributable to in-force covered business maintains a SAM solvency capital requirement ratio within a specific range, e.g. between 170% and 210% for Sanlam Life, over the next 10 years. In addition, these businesses may also need to maintain statutory cover ratios above a lower minimum level, e.g. 135% for Sanlam Life covered business, 115% for Santam, even after severe but plausible stress scenarios.

The capital allocated to covered business is funded from a balanced investment portfolio, comprising investments in equities, hedged equities, fixed-interest securities, cash and subordinated debt funding. The subordinated debt funding liability is matched by ring-fenced bonds and other liquid assets held as part of the balanced investment portfolio.

Transfers are made to or from adjusted net worth on an annual basis for the following:

- Transfers of net operating profit: These transfers relate to dividends paid from covered business in terms of the Group's internal dividend policy to fund the dividend payable to Sanlam Limited shareholders
- Transfers to or from the balanced investment portfolio: Any capital in the portfolio that is in excess of the requirements of the covered business is transferred to discretionary capital in terms of the Group's capital management framework

Net value of in-force business

The net value of in-force business consists of the present value of future shareholder profits from in-force covered business (PVIF), after allowance for the cost of required capital supporting the covered business.

BASIS OF ACCOUNTING – SHAREHOLDERS' INFORMATION (continued)

Present value of future shareholder PVIF

The long-term policy liabilities in respect of covered business in the financial statements are valued based on the applicable statutory valuation method for insurance contracts and fair value for investment contracts. These liabilities include profit margins, which can be expected to emerge as profits in the future. The discounted value, using a risk-adjusted discount rate, placed on these expected future profits after taxation is the PVIF.

The PVIF excludes the cost of required capital, which is separately disclosed.

Cost of required capital

A charge is deducted from the EV for the cost of required capital supporting the Group's existing covered business. The cost is the difference between the carrying value of the required capital at the valuation date and the discounted value, using a risk-adjusted discount rate, of the projected releases of the capital allowing for the assumed after-tax investment return on the assets deemed to back the required capital over the life of the in-force business.

Value of new business

The value of new business is calculated as the discounted value, at point of sale, using a risk-adjusted discount rate, of the projected stream of after-tax profits for new covered business issued during the financial year under review. The value of new business is also reduced by the cost of required capital for new covered business.

In determining the value of new business:

- A policy is only taken into account if at least one premium, that is not subsequently refunded, is recognised in the financial statements.
- Premium increases that have been allowed for in the value of in-force covered business are not counted again as new business at inception.
- Increases in recurring premiums associated with indexation arrangements are not included, but instead allowed for in the value of in-force covered business.
- The expected value of future premium increases, resulting from premium indexation on the new recurring premium business written during the financial year under review, is included in the value of new business.
- Continuations of individual policies and deferrals of retirement annuity policies after the maturity dates in the contract are treated as new business if they have been included in policy benefit payments at their respective maturity dates.
- For employee benefits, increases in business from new schemes or new benefits on existing schemes are included and new members or salary-related increases under existing schemes are excluded and form part of the in-force value.
- Renewable recurring premiums under Group insurance contracts are treated as in-force business.
- Assumptions are consistent with those used for the calculation of the value of in-force covered business at the end of the reporting period.

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 6 on page 64, excluding white label new business.

Risk discount rates and allowance for risk

In accordance with the actuarial guidance, the underlying risks within the covered business are allowed for within the embedded value calculations through a combination of the following:

- Explicit allowances within the projected shareholder cash flows
- The level of required capital and the impact on cost of required capital
- The risk discount rates, intended to cover all residual risks not allowed for elsewhere in the valuation

The risk margins are set using a top-down approach based on Sanlam Limited's weighted average cost of capital (WACC), which is calculated based on a gross risk-free interest rate, an assumed equity risk premium, a market assessed risk factor (beta), and an allowance for subordinated debt on a market value basis. The beta provides an assessment of the market's view of the effect of all types of risk on the Group's operations, including operational and other non-economic risk.

To derive the risk discount rate assumptions for covered business, an adjusted WACC is calculated to exclude the non-covered Group operations included in Sanlam Limited's WACC and to allow for future new covered business. The covered business operations of the Group use risk margins of between 2,5% and 7,0% and the local gross risk-free rate at the valuation date.

Minimum investment guarantees to policyholders

An investment guarantee reserve is included in the reserving basis for policy liabilities, which makes explicit allowance for the best estimate cost of all material investment guarantees. This reserve is determined on a market consistent basis in accordance with actuarial guidance from the Actuarial Society (APN110). No further deduction from the EV is therefore required.

Share incentive schemes

The EV assumes the payment of long-term incentives in the future and allows for the expected cost of future grants within the value of in-force covered business and value of new business.

Sensitivity analysis

Sensitivities are determined at the risk discount rates used to determine the base values, unless stated otherwise. For each of the sensitivities, all other assumptions are left unchanged. The different sensitivities do not imply that they have a similar chance of occurring.

The risk discount rate appropriate to an investor will depend on the investor's own requirements, tax position and perception of the risk associated with the realisation of the future profits from the covered business. The disclosed sensitivities to changes in the risk discount rate provide an indication of the impact of changes in the applied risk discount rate.

Risk premiums relating to mortality and morbidity are assumed to be increased consistent with mortality and morbidity experience respectively, where appropriate.

Foreign currencies

Changes in the EV, as well as the present value of new business premiums of foreign operations, are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific changes in the EV, in which instances the exchange rate on the transaction date is used. The closing rate is used for the conversion of the EV at the end of the financial year.

Assumptions

Best estimate assumptions

The embedded value calculation is based on best estimate assumptions. The assumptions are reviewed actively and changed when evidence exists that material changes in the expected future experience are reasonably certain. The best estimate assumptions are also used as basis for the statutory valuation method, to which compulsory and discretionary margins are added for the determination of policy liabilities in the financial statements.

It is reasonably possible that outcomes in future financial years will be different to these current best estimate assumptions, possibly significantly, impacting on the reported EV. Accordingly, sensitivity analyses are provided for the value of in-force and value of new business.

Economic assumptions

The assumed investment return on assets supporting the policy liabilities and required capital is based on the assumed long-term asset mix for these funds.

Inflation assumptions for unit cost, policy premium indexation and employee benefits salary inflation are based on an assumed long-term gap relative to fixed-interest securities.

Future rates of bonuses for traditional participating business, stable bonus business and participating annuities are set at levels that are supportable by the assets backing the respective product asset funds at each valuation date.

Assets backing required capital

The assumed composition of the assets backing the required capital is consistent with Sanlam's practice and with the assumed long-term asset distribution used to calculate the statutory capital requirements and internal required capital assessments of the Group's covered business.

Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience where appropriate.

HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, using models developed by the Actuarial Society, adjusted for Sanlam's practice and product design. Premiums on individual businesses are assumed to be rerated, where applicable, in line with deterioration in mortality, with a three-year delay from the point where mortality losses would be experienced.

Expense assumptions
Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The rate of inflation is higher for businesses written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2019.

Project expenses
A best estimate of future project expenses is allowed for in the EV, in addition to the expense assumptions outlined above, in both the value of policy liabilities and the PVIF as applicable. These projects relate to regulatory compliance, administration platforms of the life insurance business and are deemed to be business imperatives by management. No allowance is made for the expected positive impact these projects may have on the future operating experience of the Group.

Investment management fees
Future investment expenses are based on the current scale of fees payable by the Group's life insurance businesses to the relevant asset managers. To the extent that this scale of fees includes profit margins for Sanlam Investment Group, these margins are not included in the value of in-force covered business and value of new business, as they are incorporated in the valuation of the Sanlam Investment Group businesses at fair value.

Taxation
Projected taxation is based on the current tax basis that applies in each country.

Allowance has been made for the impact of capital gains tax on investments in South Africa, assuming a five-year roll-over period.

Earnings from covered business
The embedded value earnings from covered business for the period are equal to the change in embedded value, after adjustment for any transfers to or from discretionary capital, and are analysed into the following main components:

- ***Value of new business***
  The value of new business is calculated at point of sale using assumptions applicable at the end of the reporting period.
- ***Net earnings from existing covered business***
  Expected return on value of covered business
  The expected return on value of covered business comprises the expected return on the starting value of in-force covered business and the accumulation of value of new business from point of sale to the valuation date.

  Operating experience variances
  The calculation of embedded values is based on assumptions regarding future experiences including discontinuance rates (how long policies will stay in force), risk (mortality and morbidity) and future expenses. Actual experience may differ from these assumptions. The impact of the difference between actual and assumed experience for the period is reported as operating experience variances.

  Operating assumption changes
  Operating assumption changes consist of the impact of changes in assumptions at the end of the reporting period (compared to those used at the end of the previous reporting period) for operating experience, excluding economic or taxation assumptions. It also includes certain model refinements.
- ***Expected investment return on adjusted net worth***
  The expected investment return on adjusted net worth attributable to shareholders is calculated using the future investment return assumed at the start of the reporting period.

  The total embedded value of earnings from covered business includes two further main items:
- ***Economic assumption changes***
  The impact of changes in external economic conditions, including the effect that changes in interest rates have on risk discount rates and future investment return assumptions, on the EV.
- ***Investment variances***
  Investment variances – value of in-force
  The impact on the value of in-force business as caused by differences between the actual investment return earned on policyholder fund assets during the reporting period and the expected return based on the economic assumptions used at the start of the reporting period.

  Investment variances – investment return on adjusted net worth
  Investment return variances as caused by differences between the actual investment return earned on shareholders' fund assets during the reporting period and the expected return based on economic assumptions used at the start of the reporting period.

GROUP EQUITY VALUE

at 31 December 2019

R million	Note	Group Equity Value 2019	Group Equity Value 2018	Value of in-force/Fair value adjustment 2019	Value of in-force/Fair value adjustment 2018	*Adjusted net asset value* 2019	*Adjusted net asset value* 2018	Elimination of goodwill and VOBA 2019	Elimination of goodwill and VOBA 2018	Shareholders' fund at net asset value 2019	Shareholders' fund at net asset value 2018
Sanlam Personal Finance		**47 141**	43 185	**40 757**	36 644	***6 384***	*6 541*	**(1 097)**	(1 145)	**7 481**	7 686
Covered business[1]	7.1	**42 970**	39 209	**37 801**	33 858	***5 169***	*5 351*	**(1 097)**	(1 145)	**6 266**	6 496
Sanlam Sky		**10 025**	8 755	**9 234**	8 057	***791***	*698*	**(403)**	(437)	**1 194**	1 135
Other		**32 945**	30 454	**28 567**	25 801	***4 378***	*4 653*	**(694)**	(708)	**5 072**	5 361
Other operations		**4 171**	3 976	**2 956**	2 786	***1 215***	*1 190*	**–**	–	**1 215**	1 190
Glacier		**2 501**	2 359	**1 984**	1 898	***517***	*461*	**–**	–	**517**	461
Sanlam Personal Loans		**1 320**	1 224	**692**	635	***628***	*589*	**–**	–	**628**	589
Other operations		**350**	393	**280**	253	***70***	*140*	**–**	–	**70**	140
Sanlam Emerging Markets		**40 731**	44 659	**7 395**	8 146	***33 336***	*36 513*	**(3 316)**	(3 610)	**36 652**	40 123
Covered business	7.2	**8 794**	9 151	**4 254**	4 894	***4 540***	*4 257*	**(3 316)**	(3 610)	**7 856**	7 867
Saham		**2 306**	2 968	**539**	1 633	***1 767***	*1 335*	**(2 677)**	(2 881)	**4 444**	4 216
Namibia		**1 997**	1 867	**1 487**	1 359	***510***	*508*	**–**	–	**510**	508
Botswana		**1 575**	1 587	**1 263**	1 124	***312***	*463*	**(3)**	(25)	**315**	488
Other African operations		**1 293**	1 274	**302**	241	***991***	*1 033*	**(11)**	(12)	**1 002**	1 045
Other International operations		**1 623**	1 455	**663**	537	***960***	*918*	**(625)**	(692)	**1 585**	1 610
Other operations		**31 937**	35 508	**3 141**	3 252	***28 796***	*32 256*	**–**	–	**28 796**	32 256
Saham		**19 400**	20 309	**1 918**	954	***17 482***	*19 355*	**–**	–	**17 482**	19 355
Shriram Capital		**9 282**	10 632	**1 222**	2 447	***8 060***	*8 185*	**–**	–	**8 060**	8 185
Other operations		**3 255**	4 567	**1**	(149)	***3 254***	*4 716*	**–**	–	**3 254**	4 716
Sanlam Investment Group		**20 050**	18 703	**10 579**	10 227	***9 471***	*8 476*	**(356)**	(356)	**9 827**	8 832
Covered business	7.3	**3 056**	2 797	**(153)**	(6)	***3 209***	*2 803*	**(356)**	(356)	**3 565**	3 159
Sanlam UK		**1 374**	1 268	**669**	617	***705***	*651*	**(356)**	(356)	**1 061**	1 007
Central Credit Manager[1]		**1 682**	1 529	**(822)**	(623)	***2 504***	*2 152*	**–**	–	**2 504**	2 152
Other operations		**16 994**	15 906	**10 732**	10 233	***6 262***	*5 673*	**–**	–	**6 262**	5 673
Investment Management SA[2]		**5 058**	4 821	**4 710**	4 569	***348***	*252*	**–**	–	**348**	252
Wealth Management[2]		**2 275**	2 647	**2 024**	2 377	***251***	*270*	**–**	–	**251**	270
International[2]		**7 997**	6 938	**2 526**	2 090	***5 471***	*4 848*	**–**	–	**5 471**	4 848
Sanlam Specialised Finance		**1 664**	1 500	**1 472**	1 197	***192***	*303*	**–**	–	**192**	303
Santam		**19 675**	20 102	**13 196**	14 284	***6 479***	*5 818*	**–**	–	**6 479**	5 818
Sanlam Corporate		**5 920**	6 009	**2 975**	2 789	***2 945***	*3 220*	**(207)**	(227)	**3 152**	3 447
Covered business[1]	7.5	**5 336**	5 077	**3 277**	2 710	***2 059***	*2 367*	**(207)**	(227)	**2 266**	2 594
Other operations		**584**	932	**(302)**	79	***886***	*853*	**–**	–	**886**	853
AfroCentric		**571**	892	**(313)**	73	***884***	*819*	**–**	–	**884**	819
Other		**13**	40	**11**	6	***2***	*34*	**–**	–	**2**	34
Dividend pool		**6 911**	6 464	**–**	–	***6 911***	*6 464*	**–**	–	**6 911**	6 464
Discretionary capital		**220**	(3 678)	**–**	205	***220***	*(3 883)*	**–**	–	**220**	(3 883)
Other capital		**4 593**	691	**–**	–	***4 593***	*691*	**(1 197)**	(1 197)	**5 790**	1 888
Present value of holding company expenses	15	**(1 970)**	(2 083)	**(1 970)**	(2 083)	***–***	*–*	**–**	–	**–**	–
Group Equity Value		**143 271**	134 052	**72 932**	70 212	***70 339***	*63 840*	**(6 173)**	(6 535)	**76 512**	70 375
Covered business	2	**60 156**	56 234	**45 179**	41 456	***14 977***	*14 778*	**(4 976)**	(5 338)	**19 953**	20 116
Other operations	5	**73 361**	76 424	**29 723**	30 634	***43 638***	*45 790*	**–**	–	**43 638**	45 790
Group operations		**133 517**	132 658	**74 902**	72 090	***58 615***	*60 568*	**(4 976)**	(5 338)	**63 591**	65 906
Discretionary and other capital		**9 754**	1 394	**(1 970)**	(1 878)	***11 724***	*3 272*	**(1 197)**	(1 197)	**12 921**	4 469
Group Equity Value		**143 271**	134 052	**72 932**	70 212	***70 339***	*63 840*	**(6 173)**	(6 535)	**76 512**	70 375
Value per share	14	**64,36**	63,41							**34,37**	33,27

[1] *Excludes subordinated debt funding of Sanlam Life. At 1 January 2019, credit risk capital of R354 million (and related cost of capital of R123 million) in respect of inflation-linked annuity investments was transferred from Sanlam Employee Benefits to the Central Credit Manager.*

[2] *Comparative information has been adjusted for the reallocation of businesses from Investment Management SA and Wealth Management to International.*

Analysis of Group Equity Value per line of business

at 31 December 2019

R million	Total 2019	Total 2018	Life business 2019	Life business 2018	General insurance 2019	General insurance 2018	Investment management 2019	Investment management 2018	Credit and structuring 2019	Credit and structuring 2018	Administration, health and other 2019	Administration, health and other 2018
Southern Africa	**99 365**	88 377	**54 028**	49 843	**20 218**	20 694	**8 544**	8 862	**4 302**	3 801	**12 273**	5 177
South Africa	**91 654**	80 193	**49 988**	45 815	**19 675**	20 102	**7 874**	8 255	**2 354**	1 860	**11 763**	4 161
Other	**7 711**	8 184	**4 040**	4 028	**543**	592	**670**	607	**1 948**	1 941	**510**	1 016
North and West Africa	**21 536**	22 554	**2 017**	2 003	**19 519**	20 379	**–**	–	**–**	–	**–**	172
East Africa	**1 039**	1 012	**583**	507	**412**	342	**207**	283	**–**	–	**(163)**	(120)
Other international	**21 331**	22 109	**3 528**	3 881	**2 230**	1 986	**8 086**	7 015	**7 382**	9 079	**105**	148
Total	**143 271**	134 052	**60 156**	56 234	**42 379**	43 401	**16 837**	16 160	**11 684**	12 880	**12 215**	5 377

CHANGE IN GROUP EQUITY VALUE

for the year ended 31 December 2019

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	43 185	8 640	(425)	(4 259)	47 141
Covered business	39 209	8 013	(425)	(3 827)	42 970
Sanlam Sky	8 755	2 258	56	(1 044)	10 025
Other	30 454	5 755	(481)	(2 783)	32 945
Other operations	3 976	627	–	(432)	4 171
Glacier	2 359	339	–	(197)	2 501
Sanlam Personal Loans	1 224	291	–	(195)	1 320
Other operations	393	(3)	–	(40)	350
Sanlam Emerging Markets	44 659	(3 186)	1 497	(2 239)	40 731
Covered business	9 151	(83)	435	(709)	8 794
Saham	2 968	(1 192)	603	(73)	2 306
Namibia	1 867	371	(67)	(174)	1 997
Botswana	1 587	372	(143)	(241)	1 575
Other African operations	1 274	147	39	(167)	1 293
Other International operations	1 455	219	3	(54)	1 623
Other operations	35 508	(3 103)	1 062	(1 530)	31 937
Saham	20 309	(1 571)	662	–	19 400
Shriram Capital	10 632	(841)	9	(518)	9 282
Other operations	4 567	(691)	391	(1 012)	3 255
Sanlam Investment Group	18 703	1 452	906	(1 011)	20 050
Covered business	2 797	359	148	(248)	3 056
Sanlam UK	1 268	139	42	(75)	1 374
Central Credit Manager	1 529	220	106	(173)	1 682
Other operations	15 906	1 093	758	(763)	16 994
Investment Management SA[1]	4 821	666	(51)	(378)	5 058
Wealth Management[1]	2 647	(283)	44	(133)	2 275
International[1]	6 938	535	655	(131)	7 997
Sanlam Specialised Finance	1 500	175	110	(121)	1 664
Santam	20 102	290	–	(717)	19 675
Sanlam Corporate	6 009	774	(286)	(577)	5 920
Covered business	5 077	1 062	(286)	(517)	5 336
Other operations	932	(288)	–	(60)	584
AfroCentric	892	(279)	–	(42)	571
Other	40	(9)	–	(18)	13
Discretionary capital	(3 678)	242	3 656	–	220
Other capital	7 155	166	11 067	(6 884)	11 504
Present value of holding company expenses	(2 083)	113	–	–	(1 970)
Elimination of inter-group dividends	–	–	(8 803)	8 803	–
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271
Covered business	56 234	9 351	(128)	(5 301)	60 156
Other operations	76 424	(1 381)	1 820	(3 502)	73 361
Group operations	132 658	7 970	1 692	(8 803)	133 517
Discretionary and other capital	1 394	521	14 723	(6 884)	9 754
Elimination of inter-group dividends	–	–	(8 803)	8 803	–
Group Equity Value	134 052	8 491	7 612	(6 884)	143 271

[1] *Comparative information has been adjusted for the reallocation of businesses from Investment Management SA and Wealth Management to International.*

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	43 401	4 832	(1 032)	(4 016)	43 185
Covered business	39 546	4 372	(1 032)	(3 677)	39 209
Sanlam Sky	7 956	1 612	89	(902)	8 755
Other	31 590	2 760	(1 121)	(2 775)	30 454
Other operations	3 855	460	–	(339)	3 976
Glacier	2 321	245	–	(207)	2 359
Sanlam Personal Loans	1 052	342	–	(170)	1 224
Other operations	482	(127)	–	38	393
Sanlam Emerging Markets	27 621	4 580	13 891	(1 433)	44 659
Covered business	6 686	417	2 714	(666)	9 151
Saham	1 265	(770)	2 570	(97)	2 968
Namibia	1 816	233	(40)	(142)	1 867
Botswana	1 333	418	67	(231)	1 587
Other African operations	1 050	292	80	(148)	1 274
Other International operations	1 222	244	37	(48)	1 455
Other operations	20 935	4 163	11 177	(767)	35 508
Saham	6 833	3 049	10 378	49	20 309
Shriram Capital	9 524	1 253	90	(235)	10 632
Other operations	4 578	(139)	709	(581)	4 567
Sanlam Investment Group	18 331	682	845	(1 155)	18 703
Covered business	2 768	305	31	(307)	2 797
Sanlam UK	1 213	90	64	(99)	1 268
Central Credit Manager	1 555	215	(33)	(208)	1 529
Other operations	15 563	377	814	(848)	15 906
Investment Management SA[1]	6 165	(941)	(234)	(169)	4 821
Wealth Management[1]	2 192	479	117	(141)	2 647
International[1]	6 410	619	289	(380)	6 938
Sanlam Specialised Finance	796	220	642	(158)	1 500
Santam	18 108	2 658	–	(664)	20 102
Sanlam Corporate	6 368	774	(595)	(538)	6 009
Covered business	5 283	839	(578)	(467)	5 077
Other operations	1 085	(65)	(17)	(71)	932
AfroCentric	1 001	(84)	–	(25)	892
Other	84	19	(17)	(46)	40
Discretionary capital	2 000	95	(5 773)	–	(3 678)
Other capital	7 550	(296)	5 981	(6 080)	7 155
Present value of holding company expenses	(1 616)	(467)	–	–	(2 083)
Elimination of inter-group dividends	–	–	(7 806)	7 806	–
Group Equity Value	121 763	12 858	5 511	(6 080)	134 052
Covered business	54 283	5 933	1 135	(5 117)	56 234
Other operations	59 546	7 593	11 974	(2 689)	76 424
Group operations	113 829	13 526	13 109	(7 806)	132 658
Discretionary and other capital	7 934	(668)	208	(6 080)	1 394
Elimination of inter-group dividends	–	–	(7 806)	7 806	–
Group Equity Value	121 763	12 858	5 511	(6 080)	134 052

RETURN ON GROUP EQUITY VALUE

for the year ended 31 December 2019

%	2019	2018
Sanlam Personal Finance	20,0	11,4
Covered business	20,4	11,3
Sanlam Sky	25,8	20,3
Other	18,9	9,0
Other operations	15,8	11,9
Glacier	14,4	10,6
Sanlam Personal Loans	23,8	32,5
Other operations	(0,8)	(26,3)
Sanlam Emerging Markets	(7,1)	14,8
Covered business	(0,9)	5,7
Saham	(40,2)	(39,5)
Namibia	19,9	12,8
Botswana	23,4	27,2
Other African operations	11,5	33,1
Other International operations	15,1	20,0
Other operations	(8,7)	17,7
Saham	(7,7)	32,3
Shriram Capital	(7,9)	13,2
Other operations	(14,6)	(7,4)
Sanlam Investment Group	7,6	3,7
Covered business	11,8	11,0
Sanlam UK	10,9	7,4
Central Credit Manager	12,5	13,8
Other operations	6,8	2,3
Investment Management SA[(1)]	13,7	(16,8)
Wealth Management[(1)]	(10,6)	21,0
International[(1)]	7,5	9,6
Sanlam Specialised Finance	11,7	(12,5)
Santam	1,4	14,7
Sanlam Corporate	13,4	12,8
Covered business	21,9	16,8
Other operations	(30,9)	(6,0)
AfroCentric	(31,3)	(8,4)
Other	(22,5)	22,6
Discretionary and other capital	65,4	(12,3)
Group Equity Value	6,3	10,6
Covered business	16,6	11,0
Other operations	(1,8)	12,2
Group operations	6,0	11,6
Discretionary and other capital	12,4	(12,3)
Group Equity Value	6,3	10,6
RoGEV per share	6,4	11,6
Sanlam Group hurdle rate	*13,5*	*13,0*

[(1)] *Comparative information has been adjusted for the reallocation of businesses from Investment Management SA and Wealth Management to International.*

Cumulative average RoGEV

for the year ended 31 December 2019

%	Cumulative average RoGEV up to 31 December 2019: 3 years	4 years	5 years
Sanlam Personal Finance	16,2	17,8	16,7
Sanlam Emerging Markets	6,0	3,8	8,6
Sanlam Investment Group	8,4	5,7	9,2
Santam	11,1	16,0	10,7
Sanlam Corporate	15,6	14,1	14,3
Sanlam Group	**10,5**	**10,9**	**11,1**

ANALYSIS OF GEV EARNINGS

for the year ended 31 December 2019

Covered business[1]

R million	Total 2019	Total 2018	Value of in-force 2019	Value of in-force 2018	Cost of capital 2019	Cost of capital 2018	Adjusted net asset value 2019	Adjusted net asset value 2018
Operational earnings	**8 691**	9 374	**3 573**	3 699	**(138)**	47	**5 256**	5 628
Value of new life insurance business[2]	**2 280**	1 985	**5 302**	4 758	**(220)**	(206)	**(2 802)**	(2 567)
Unwinding of discount rate	**5 285**	4 937	**5 080**	4 760	**205**	177	**–**	–
Expected profit	**–**	–	**(7 099)**	(6 831)	**–**	–	**7 099**	6 831
Operating experience variances	**1 361**	2 114	**506**	374	**(94)**	251	**949**	1 489
Risk experience	**454**	535	**131**	138	**(1)**	3	**324**	394
Persistency	**(22)**	147	**328**	202	**(70)**	–	**(280)**	(55)
Maintenance expenses	**83**	43	**(6)**	(6)	**(4)**	–	**93**	49
Working capital management	**527**	507	**–**	–	**–**	–	**527**	507
Credit spread	**294**	437	**(1)**	–	**–**	–	**295**	437
Other	**25**	445	**54**	40	**(19)**	248	**(10)**	157
Operating assumption changes	**(235)**	338	**(216)**	638	**(29)**	(175)	**10**	(125)
Risk experience	**208**	177	**27**	201	**7**	3	**174**	(27)
Persistency	**(98)**	66	**260**	140	**(30)**	4	**(328)**	(78)
Maintenance expenses	**255**	20	**210**	108	**–**	(1)	**45**	(87)
Modelling changes and other	**(600)**	75	**(713)**	189	**(6)**	(181)	**119**	67
Net investment return	**330**	796	**–**	–	**–**	–	**330**	796
Expected return on adjusted net asset value	**1 025**	921	**–**	–	**–**	–	**1 025**	921
Investment variances on adjusted net asset value	**(695)**	(125)	**–**	–	**–**	–	**(695)**	(125)
Valuation and economic basis	**347**	(2 965)	**325**	(2 587)	**(23)**	42	**45**	(420)
Investment variances on in-force business	**337**	(2 603)	**282**	(2 265)	**1**	89	**54**	(427)
Economic assumption changes	**318**	(755)	**380**	(773)	**(53)**	11	**(9)**	7
Investment yields	**164**	(717)	**152**	(743)	**49**	19	**(37)**	7
Long-term asset mix assumptions and other	**154**	(38)	**228**	(30)	**(102)**	(8)	**28**	–
Foreign currency translation differences	**(308)**	393	**(337)**	451	**29**	(58)	**–**	–
Change in tax basis	**–**	(36)	**–**	(19)	**–**	(1)	**–**	(16)
Net project expenses	**–**	(13)	**–**	–	**–**	–	**–**	(13)
Goodwill and VOBA from business combinations	**(17)**	(1 223)	**(17)**	(1 212)	**–**	–	**–**	(11)
GEV earnings: covered business	**9 351**	5 933	**3 881**	(119)	**(161)**	88	**5 631**	5 964
Acquired value of in-force	**128**	3 124	**5**	2 243	**(2)**	(1)	**125**	882
Transfers from covered business	**(5 557)**	(7 106)	**–**	–	**–**	–	**(5 557)**	(7 106)
Embedded value of covered business at the beginning of the year	**56 234**	54 283	**44 744**	42 620	**(3 288)**	(3 375)	**14 778**	15 038
Embedded value of covered business at the end of the year	**60 156**	56 234	**48 630**	44 744	**(3 451)**	(3 288)	**14 977**	14 778

(1) *Refer to note 7 for an analysis per cluster.*
(2) *Refer to note 1 for further information.*

Covered business per cluster

R million	Total 2019	Total 2018	Value of in-force 2019	Value of in-force 2018	Cost of capital 2019	Cost of capital 2018	Adjusted net asset value 2019	Adjusted net asset value 2018
Sanlam Personal Finance	**42 970**	39 209	**39 050**	35 086	**(1 249)**	(1 228)	**5 169**	5 351
Sanlam Emerging Markets	**8 794**	9 151	**4 871**	5 501	**(617)**	(607)	**4 540**	4 257
Sanlam Investment Group	**3 056**	2 797	**816**	781	**(969)**	(787)	**3 209**	2 803
Sanlam Corporate	**5 336**	5 077	**3 893**	3 376	**(616)**	(666)	**2 059**	2 367
Sanlam Group	**60 156**	56 234	**48 630**	44 744	**(3 451)**	(3 288)	**14 977**	14 778

ANALYSIS OF GEV EARNINGS
for the year ended 31 December 2019 (continued)

Other operations

	Total		Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group		Santam		Sanlam Corporate	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Earnings from operations valued at listed share prices	**608**	2 814	**–**	–	**–**	–	**318**	156	**290**	2 658	**–**	–
Earnings from operations valued at net asset value	**(156)**	(76)	**–**	–	**(122)**	(111)	**(34)**	35	**–**	–	**–**	–
Earnings from operations valued based on discounted cash flows	**(1 833)**	4 855	**627**	460	**(2 981)**	4 274	**809**	186	**–**	–	**(288)**	(65)
Unwinding of discount rate	**7 852**	5 821	**728**	681	**4 739**	3 125	**2 229**	1 829	**–**	–	**156**	186
Operating experience variances	**(596)**	135	**124**	(3)	**(545)**	237	**(133)**	(67)	**–**	–	**(42)**	(32)
General insurance	**(583)**	(32)	**–**	–	**(583)**	(32)	**–**	–	**–**	–	**–**	–
Investment management	**(87)**	(13)	**–**	–	**46**	54	**(133)**	(67)	**–**	–	**–**	–
Credit and banking	**97**	163	**116**	(9)	**(19)**	172	**–**	–	**–**	–	**–**	–
Administration, health and other	**(23)**	17	**8**	6	**11**	43	**–**	–	**–**	–	**(42)**	(32)
Assumption changes	**(7 660)**	(2 588)	**(305)**	(15)	**(4 395)**	(1 540)	**(2 546)**	(852)	**–**	–	**(414)**	(181)
General insurance	**(459)**	413	**–**	–	**(459)**	413	**–**	–	**–**	–	**–**	–
Investment management	**(2 755)**	(913)	**–**	–	**(209)**	(61)	**(2 546)**	(852)	**–**	–	**–**	–
Credit and banking	**(3 217)**	(1 218)	**(83)**	188	**(3 134)**	(1 406)	**–**	–	**–**	–	**–**	–
Administration, health and other	**(1 229)**	(870)	**(222)**	(203)	**(593)**	(486)	**–**	–	**–**	–	**(414)**	(181)
Economic assumption changes	**2 612**	(1 725)	**80**	(203)	**1 158**	(109)	**1 362**	(1 375)	**–**	–	**12**	(38)
Foreign currency translation differences	**(4 041)**	3 212	**–**	–	**(3 938)**	2 561	**(103)**	651	**–**	–	**–**	–
GEV earnings: other operations	**(1 381)**	7 593	**627**	460	**(3 103)**	4 163	**1 093**	377	**290**	2 658	**(288)**	(65)

Discretionary and other capital

	Total	
R million	**2019**	**2018**
Investment return	**456**	(172)
Corporate expenses	**13**	(576)
Net corporate expenses	**(100)**	(109)
Change in present value of holding company expenses	**113**	(467)
Share-based payment transactions	**52**	80
GEV earnings: discretionary and other capital	**521**	(668)

Reconciliation of Group Equity Value earnings

R million	**2019**	**2018**
IFRS earnings (excluding fund transfers)	**5 448**	13 186
Normalised attributable earnings	**9 110**	11 521
Earnings recognised directly in equity		
Foreign currency translation differences	**(3 890)**	1 726
Net cost of treasury shares delivered	**(338)**	(231)
Share-based payments	**391**	359
Change in ownership of subsidiaries	**(112)**	(103)
IFRS 9 transitional provisions	**–**	(429)
Other comprehensive income	**287**	343
Fair value adjustments	**2 605**	189
Change in fair value adjustments: non-life	**(1 115)**	220
Earnings from covered business: VIF	**3 720**	(31)
Adjustments to net worth	**438**	(517)
Present value of holding company expenses	**113**	(467)
Movement in book value of treasury shares: non-life subsidiaries	**(11)**	(56)
Change in goodwill/VOBA less VIF acquired	**336**	6
Group Equity Value earnings	**8 491**	12 858

ANALYSIS OF SHAREHOLDERS' FUND AT NET ASSET VALUE

at 31 December 2019

R million	Note	Sanlam Life[1] 2019	Sanlam Life[1] 2018	Sanlam Emerging Markets[2] 2019	Sanlam Emerging Markets[2] 2018[5]	Sanlam Investment Group 2019	Sanlam Investment Group 2018	Santam 2019	Santam 2018	Group office[3] 2019	Group office[3] 2018	Consolidation entries[4] 2019	Consolidation entries[4] 2018	Shareholders fund at net asset value 2019	Shareholders fund at net asset value 2018
Assets															
Equipment		432	382	707	690	103	110	291	298	–	–	–	–	1 533	1 480
Right-of-use assets		433	–	212	–	346	–	861	–	–	–	–	–	1 852	–
Owner-occupied properties		477	470	1 061	1 250	120	117	25	25	–	–	–	–	1 683	1 862
Goodwill		769	816	13 598	15 434	2 466	2 091	944	854	–	–	1 197	1 197	18 974	20 392
Value of business acquired		858	951	5 947	7 172	1 963	987	–	–	–	–	–	–	8 768	9 110
Other intangible assets		27	25	637	816	188	204	74	37	–	–	–	–	926	1 082
Deferred acquisition costs		2 572	2 631	269	142	24	43	–	–	–	–	–	–	2 865	2 816
Investments		13 912	12 135	39 432	39 492	5007	4 747	24 145	21 397	5 707	1 400	(4 517)	(4 524)	83 686	74 647
Properties		–	–	6 815	7 122	–	–	–	–	–	–	–	–	6 815	7 122
Associated companies	8.1	1 011	904	15 380	14 960	280	242	4 508	4 168	–	–	(4 489)	(3 953)	16 690	16 321
Joint ventures	8.2	874	828	–	–	89	2	49	53	–	–	–	–	1 012	883
Equities and similar securities		462	376	7 199	2 926	348	345	2 089	1 721	367	367	4 310	(547)	14 775	5 188
Interest-bearing investments		2 766	2 217	3 477	4 252	596	644	11 919	10 829	5 340	1 033	(4 458)	(144)	19 640	18 831
Structured transactions		177	472	14	24	137	133	400	509	–	–	–	–	728	1 138
Investment funds		7 676	6 453	4 996	8 179	3 170	2 890	4 480	3 202	–	–	120	120	20 442	20 844
Cash, deposits and similar securities		946	885	1 551	2 029	387	491	700	915	–	–	–	–	3 584	4 320
Deferred tax		192	214	735	697	212	176	107	154	–	–	(15)	(2)	1 231	1 239
Assets of disposal groups classified as held for sale		–	–	127	138	–	–	–	–	–	–	–	–	127	138
General insurance technical assets		–	–	2 641	2 428	–	–	7 525	7 112	–	–	–	–	10 166	9 540
Working capital assets		8 456	8 389	17 347	16 156	14 923	15 389	14 654	13 675	3 897	3 497	(1 251)	(1 609)	58 026	55 497
Trade and other receivables		534	1 568	11 106	10 065	11 504	12 160	6 632	6 317	3 643	3 153	(1 386)	(1 809)	32 033	31 454
Taxation		6	3	842	980	3	3	16	10	–	–	–	–	867	996
Cash, deposits and similar securities		7 916	6 818	5 399	5 111	3 416	3 226	8 006	7 348	254	344	135	200	25 126	23 047
Total assets		28 128	26 013	82 713	84 415	25 352	23 864	48 626	43 552	9 604	4 897	(4 586)	(4 938)	189 837	177 803
Equity and liabilities															
Shareholders' fund		13 167	9 580	38 473	40 612	10 952	9 778	6 479	5 818	4 260	245	3 181	4 342	76 512	70 375
Non-controlling interest		150	143	11 538	11 331	650	241	4 405	3 882	–	–	(4 716)	(3 998)	12 027	11 599
Total equity		13 317	9 723	50 011	51 943	11 602	10 019	10 884	9 700	4 260	245	(1 535)	344	88 539	81 974
Term finance		1 013	1 013	545	537	882	974	2 080	2 072	2 954	2 704	–	–	7 474	7 300
Lease liabilities		478	–	223	–	370	–	978	–	–	–	–	–	2 049	–
Structured transactions liabilities		58	24	–	–	–	–	–	–	–	–	–	–	58	24
Cell owners' interest		–	–	–	–	–	–	3 935	3 305	–	–	–	–	3 935	3 305
Deferred tax		826	895	3 499	3 893	262	62	39	62	–	–	–	–	4 626	4 912
General insurance technical provisions		–	–	17 696	16 929	–	–	23 636	21 104	–	–	–	–	41 332	38 033
Working capital liabilities		12 436	14 358	10 739	11 113	12 236	12 809	7 074	7 309	2 390	1 948	(3 051)	(5 282)	41 824	42 255
Trade and other payables		12 298	13 324	9 720	10 130	11 692	12 418	6 585	6 793	2 378	1 918	(3 074)	(5 296)	39 599	39 287
Provisions		52	46	152	130	90	81	174	132	10	20	18	17	496	426
Taxation		86	988	867	853	454	310	315	384	2	10	5	(3)	1 729	2 542
Total equity and liabilities		28 128	26 013	82 713	84 415	25 352	23 864	48 626	43 552	9 604	4 897	(4 586)	(4 938)	189 837	177 803
Analysis of shareholders' fund															
Covered business		8 532	9 090	7 856	7 867	3 565	3 159	–	–	–	–	–	–	19 953	20 116
Other operations		2 101	2 043	28 796	32 256	6 262	5 673	6 479	5 818	–	–	–	–	43 638	45 790
Discretionary and other capital		2 534	(1 553)	1 821	489	1 125	946	–	–	4 260	245	3 181	4 342	12 921	4 469
Shareholders' fund at net asset value		13 167	9 580	38 473	40 612	10 952	9 778	6 479	5 818	4 260	245	3 181	4 342	76 512	70 375
Consolidation reserve		641	1 010	62	–	–	–	–	–	–	–	(9 898)	(1 879)	(9 195)	(869)
Shareholders' fund per Group statement of financial position on page 98		13 808	10 590	38 535	40 612	10 952	9 778	6 479	5 818	4 260	245	(6 717)	2 463	67 317	69 506

[1] *Includes the operations of Sanlam Personal Finance and Sanlam Corporate (which includes Sanlam Health and Sanlam Employee Benefits) as well as discretionary capital held by Sanlam Life.*
[2] *Includes discretionary capital held by Sanlam Emerging Markets.*
[3] *Group office and other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.*
[4] *Elimination of inter-company balances, other investments and term finance between companies within the Group.*
[5] *Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.*

SHAREHOLDERS' FUND INCOME STATEMENT

for the year ended 31 December 2019

R million	Note	Sanlam Personal Finance 2019	Sanlam Personal Finance 2018	Sanlam Emerging Markets 2019	Sanlam Emerging Markets 2018	Sanlam Investment Group 2019	Sanlam Investment Group 2018	Santam 2019	Santam 2018	Sanlam Corporate 2019	Sanlam Corporate 2018	Group office and other[1] 2019	Group office and other[1] 2018	Total 2019	Total 2018
Financial services income	9	**21 068**	19 136	**25 367**	11 526	**6 800**	6 396	**25 396**	23 693	**5 989**	5 622	**(370)**	156	**84 250**	66 529
Sales remuneration	10	**(3 737)**	(3 334)	**(3 345)**	(1 568)	**(547)**	(408)	**(2 882)**	(2 635)	**(70)**	(67)	**–**	–	**(10 581)**	(8 012)
Income after sales remuneration		**17 331**	15 802	**22 022**	9 958	**6 253**	5 988	**22 514**	21 058	**5 919**	5 555	**(370)**	156	**73 669**	58 517
Underwriting policy benefits		**(5 441)**	(4 542)	**(10 043)**	(3 230)	**–**	–	**(15 080)**	(13 827)	**(3 511)**	(3 254)	**–**	–	**(34 075)**	(24 853)
Administration costs	11	**(6 087)**	(5 648)	**(6 431)**	(2 955)	**(4 694)**	(4 446)	**(4 382)**	(4 253)	**(1 582)**	(1 497)	**(302)**	(321)	**(23 478)**	(19 120)
Result from financial services before tax		**5 803**	5 612	**5 548**	3 773	**1 559**	1 542	**3 052**	2 978	**826**	804	**(672)**	(165)	**16 116**	14 544
Tax on result from financial services		**(1 570)**	(1 636)	**(1 789)**	(1 109)	**(392)**	(326)	**(898)**	(877)	**(236)**	(224)	**214**	56	**(4 671)**	(4 116)
Result from financial services after tax		**4 233**	3 976	**3 759**	2 664	**1 167**	1 216	**2 154**	2 101	**590**	580	**(458)**	(109)	**11 445**	10 428
Non-controlling interest		**32**	57	**(1 127)**	(626)	**(97)**	(64)	**(937)**	(905)	**–**	–	**358**	–	**(1 771)**	(1 538)
Net result from financial services		**4 265**	4 033	**2 632**	2 038	**1 070**	1 152	**1 217**	1 196	**590**	580	**(100)**	(109)	**9 674**	8 890
Net investment income		**256**	234	**299**	207	**82**	45	**120**	114	**55**	81	**232**	(43)	**1 044**	638
Investment income	12	**310**	379	**568**	319	**89**	52	**263**	220	**60**	93	**106**	(40)	**1 396**	1 023
Tax on investment income		**(49)**	(139)	**(174)**	(119)	**(9)**	(7)	**(64)**	(26)	**(5)**	(12)	**87**	(3)	**(214)**	(306)
Non-controlling interest		**(5)**	(6)	**(95)**	7	**2**	–	**(79)**	(80)	**–**	–	**39**	–	**(138)**	(79)
Net investment surpluses		**102**	27	**(136)**	27	**53**	(9)	**152**	68	**49**	(11)	**(10)**	(39)	**210**	63
Investment surpluses		**117**	24	**48**	52	**81**	(6)	**379**	173	**62**	(11)	**(75)**	(39)	**612**	193
Tax on investment surpluses		**(15)**	3	**(152)**	(27)	**(28)**	(3)	**(125)**	(50)	**(13)**	–	**37**	–	**(296)**	(77)
Non-controlling interest		**–**	–	**(32)**	2	**–**	–	**(102)**	(55)	**–**	–	**28**	–	**(106)**	(53)
Project expenses		**(2)**	–	**(89)**	(74)	**(39)**	(56)	**–**	–	**–**	–	**–**	(6)	**(130)**	(136)
Net operational earnings		**4 621**	4 294	**2 706**	2 198	**1 166**	1 132	**1 489**	1 378	**694**	650	**122**	(197)	**10 798**	9 455
Net amortisation of value of business acquired and other intangibles		**(58)**	(54)	**(437)**	(193)	**(211)**	(126)	**(40)**	(10)	**(20)**	(17)	**–**	–	**(766)**	(400)
Equity participation costs[1]		**–**	–	**–**	–	**–**	–	**(2)**	(5)	**–**	–	**(594)**	–	**(596)**	(5)
Net non-operational equity-accounted earnings		**–**	–	**(1)**	–	**–**	–	**29**	11	**(9)**	(8)	**–**	–	**19**	3
Non-operational equity-accounted earnings		**–**	–	**2**	2	**–**	–	**48**	18	**(9)**	(8)	**–**	–	**41**	12
Tax on non-operational equity-accounted headline earnings		**–**	–	**(2)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(2)**	–
Non-controlling interest		**–**	–	**(1)**	(2)	**–**	–	**(19)**	(7)	**–**	–	**–**	–	**(20)**	(9)
Net profit/(loss) on disposal of subsidiaries and associated companies		**–**	–	**(4)**	1 808	**1**	718	**–**	235	**(3)**	12	**–**	–	**(6)**	2 773
Profit/(loss) on disposal of subsidiaries and associated companies		**–**	–	**(7)**	2 190	**1**	718	**–**	450	**(3)**	16	**–**	(262)	**(9)**	3 112
Tax on profit on disposal of subsidiaries and associated companies		**–**	–	**–**	(118)	**–**	–	**–**	(39)	**–**	(4)	**–**	–	**–**	(161)
Non-controlling interest		**–**	–	**3**	(264)	**–**	–	**–**	(176)	**–**	–	**–**	262	**3**	(178)
Impairments		**(4)**	(22)	**(314)**	(252)	**(5)**	(31)	**(16)**	–	**–**	–	**–**	–	**(339)**	(305)
Normalised attributable earnings		**4 559**	4 218	**1 950**	3 561	**951**	1 693	**1 460**	1 609	**662**	637	**(472)**	(197)	**9 110**	11 521
Fund transfers[1]		**(370)**	(190)	**(27)**	–	**–**	–	**–**	–	**–**	–	**(1 563)**	296	**(1 960)**	106
Attributable earnings per Group statement of comprehensive income		**4 189**	4 028	**1 923**	3 561	**951**	1 693	**1 460**	1 609	**662**	637	**(2 035)**	99	**7 150**	11 627
Net profit on disposal of subsidiaries and associated companies		**–**	–	**4**	(1 808)	**(1)**	(718)	**–**	(235)	**3**	(12)	**–**	–	**6**	(2 773)
Impairments		**4**	22	**314**	252	**5**	31	**16**	–	**–**	–	**–**	–	**339**	305
Net equity-accounted non-headline earnings		**–**	–	**–**	–	**–**	–	**–**	–	**(14)**	3	**–**	–	**(14)**	3
Headline earnings		**4 193**	4 050	**2 241**	2 005	**955**	1 006	**1 476**	1 374	**651**	628	**(2 035)**	99	**7 481**	9 162
Diluted earnings per share															
Weighted average number of shares for operational earnings per share (million)														**2 208,5**	2 098,8
Net result from financial services (cents)	13	**193,1**	192,2	**119,2**	97,1	**48,4**	54,9	**55,1**	57,0	**26,7**	27,6	**(4,5)**	(5,2)	**438,0**	423,6

[1] The B-BBEE transaction gives rise to a non-recurring share-based payment charge of R1,686 billion. The market-related discount of R594 million is recognised as equity participation cost in the Shareholders' fund income statement, with the remainder recognised in fund transfers.

NET OPERATING PROFIT

for the year ended 31 December 2019

Analysis per line of business

	Life business		General insurance		Investment management		Credit and structuring		Administration, health and other		Total	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Southern Africa	**4 981**	4 765	**1 162**	1 216	**683**	613	**447**	338	**84**	19	**7 357**	6 951
South Africa	**4 517**	4 352	**1 035**	1 088	**648**	565	**205**	156	**74**	46	**6 479**	6 207
Other	**464**	413	**127**	128	**35**	48	**242**	182	**10**	(27)	**878**	744
North and West Africa	**112**	124	**586**	400	**–**	–	**(26)**	–	**(107)**	–	**565**	524
East Africa	**59**	35	**18**	(14)	**4**	–	**–**	–	**22**	(20)	**103**	1
Other International	**149**	193	**585**	300	**153**	305	**753**	592	**9**	24	**1 649**	1 414
Emerging markets	**74**	94	**585**	300	**(1)**	(1)	**753**	592	**9**	24	**1 420**	1 009
Developed markets	**75**	99	**–**	–	**154**	306	**–**	–	**–**	–	**229**	405
Total	**5 301**	5 117	**2 351**	1 902	**840**	918	**1 174**	930	**8**	23	**9 674**	8 890

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019

1. Value of new covered business

R million	Note	Total 2019	Total 2018	Sanlam Personal Finance 2019	Sanlam Personal Finance 2018	Sanlam Emerging Markets 2019	Sanlam Emerging Markets 2018	Sanlam Investment Group 2019	Sanlam Investment Group 2018	Sanlam Corporate 2019	Sanlam Corporate 2018
Value of new covered business (at point of sale)											
Gross value of new covered business		2 807	2 426	1 899	1 630	670	592	7	7	231	197
Cost of capital		(262)	(239)	(89)	(95)	(109)	(83)	(7)	(7)	(57)	(54)
Value of new covered business		2 545	2 187	1 810	1 535	561	509	–	–	174	143
Value of new business attributable to:											
Shareholders' fund	3	2 280	1 985	1 763	1 504	343	338	–	–	174	143
Non-controlling interest		265	202	47	31	218	171	–	–	–	–
Value of new covered business		2 545	2 187	1 810	1 535	561	509	–	–	174	143
Analysis of new business profitability											
Before non-controlling interest											
Present value of new business premiums		81 540	78 085	50 144	49 764	14 461	11 099	3 410	3 334	13 525	13 888
New business margin		3,12%	2,80%	3,61%	3,08%	3,88%	4,59%	0,00%	0,00%	1,29%	1,03%
After non-controlling interest:											
Present value of new business premiums		76 446	74 378	49 269	48 790	10 242	8 366	3 410	3 334	13 525	13 888
New business margin		2,98%	2,67%	3,58%	3,08%	3,35%	4,04%	0,00%	0,00%	1,29%	1,03%
Capitalisation factor – recurring premiums		4,1	4,1	4,4	4,2	3,0	3,2	4,2	4,1	5,5	5,3

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019 (continued)

1. Value of new covered business (continued)

Geographical analysis

R million	Value of new covered business 2019	Value of new covered business 2018	Present value of new business premiums 2019	Present value of new business premiums 2018	New business margin 2019	New business margin 2018
Before non-controlling interest						
Southern Africa	**2 371**	2 005	**70 233**	69 398	**3,37%**	2,89%
South Africa	**1 983**	1 678	**63 669**	63 652	**3,11%**	2,64%
Sanlam Sky	**769**	606	**8 561**	7 685	**8,98%**	7,89%
Glacier	**419**	451	**27 478**	28 216	**1,52%**	1,60%
Other SPF	**621**	478	**14 105**	13 863	**4,40%**	3,45%
Sanlam Corporate	**174**	143	**13 525**	13 888	**1,29%**	1,03%
Other Southern Africa	**388**	327	**6 564**	5 746	**5,91%**	5,69%
North and West Africa	**58**	64	**3 098**	1 540	**1,87%**	4,16%
East Africa	**(8)**	3	**1 185**	933	**(0,68%)**	0,32%
Other International	**124**	115	**7 024**	6 214	**1,77%**	1,85%
Total	**2 545**	2 187	**81 540**	78 085	**3,12%**	2,80%
After non-controlling interest						
Southern Africa	**2 166**	1 839	**67 203**	66 707	**3,22%**	2,76%
South Africa	**1 937**	1 647	**62 794**	62 678	**3,08%**	2,63%
Sanlam Sky	**767**	606	**8 559**	7 685	**8,96%**	7,89%
Glacier	**419**	451	**27 478**	28 216	**1,52%**	1,60%
Other SPF	**577**	447	**13 232**	12 889	**4,36%**	3,47%
Sanlam Corporate	**174**	143	**13 525**	13 888	**1,29%**	1,03%
Other Southern Africa	**229**	192	**4 409**	4 029	**5,19%**	4,77%
North and West Africa	**45**	60	**2 346**	1 477	**1,92%**	4,06%
East Africa	**(13)**	–	**832**	651	**(1,56%)**	–
Other international	**82**	86	**6 065**	5 543	**1,35%**	1,55%
Total	**2 280**	1 985	**76 446**	74 378	**2,98%**	2,67%

2. Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business 2019	Gross value of in-force business 2018	Cost of capital 2019	Cost of capital 2018	Net value of in-force business 2019	Net value of in-force business 2018	Change from base value (%) 2019	Change from base value (%) 2018
Base value	**48 630**	44 744	**(3 451)**	(3 288)	**45 179**	41 456		
Risk discount rate increase by 1%	**45 944**	42 475	**(3 862)**	(3 708)	**42 082**	38 767	**(7)**	(6)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	**49 876**	45 812	**(3 508)**	(3 342)	**46 368**	42 470	**3**	2
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	**47 153**	43 504	**(3 428)**	(3 231)	**43 725**	40 273	**(3)**	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	**49 292**	45 377	**(3 052)**	(2 981)	**46 240**	42 396	**2**	2
Rand exchange rate depreciates by 10%	**49 042**	45 227	**(3 519)**	(3 356)	**45 523**	41 871	**1**	1
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	**50 525**	46 571	**(3 453)**	(3 316)	**47 072**	43 255	**4**	4
Discontinuance rates decrease by 10%	**50 349**	46 147	**(3 548)**	(3 364)	**46 801**	42 783	**4**	3
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	**50 706**	46 641	**(3 446)**	(3 287)	**47 260**	43 354	**5**	5
Mortality and morbidity decrease by 5% for annuity business	**48 367**	44 492	**(3 454)**	(3 285)	**44 913**	41 207	**(1)**	(1)
Gross value of in-force business profile (%)								
Years 1 – 5	**55**	56						
Year 1	**17**	18						
Year 2	**12**	12						
Year 3	**10**	10						
Year 4	**9**	9						
Year 5	**7**	7						
Years 6 – 10	**24**	23						
Years 11 – 20	**17**	17						
Years 20+	**4**	4						

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

3. Value of new covered business sensitivity analysis

R million	Gross value of new business 2019	Gross value of new business 2018	Cost of capital 2019	Cost of capital 2018	Net value of new business 2019	Net value of new business 2018	Change from base value (%) 2019	Change from base value (%) 2018
Base value	**2 500**	2 191	**(220)**	(206)	**2 280**	1 985		
Risk discount rate increase by 1%	**2 214**	1 945	**(246)**	(235)	**1 968**	1 710	**(14)**	(14)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	**2 652**	2 316	**(221)**	(205)	**2 431**	2 111	**7**	6
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	**2 706**	2 396	**(222)**	(208)	**2 484**	2 188	**9**	10
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	**2 725**	2 405	**(222)**	(208)	**2 503**	2 197	**10**	11
Discontinuance rates decrease by 10%	**2 820**	2 477	**(233)**	(219)	**2 587**	2 258	**13**	14
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	**2 760**	2 441	**(222)**	(207)	**2 538**	2 234	**11**	13
Mortality and morbidity decrease by 5% for annuity business	**2 484**	2 183	**(224)**	(208)	**2 260**	1 975	**(1)**	(1)

4. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

%	2019	2018
Sanlam Life[1]		
Point used on the relevant yield curve	**9 year**	9 year
Fixed-interest securities	**9,3**	9,5
Equities	**12,8**	13,0
Offshore investments	**11,8**	12,0
Hedged equity	**8,3**	8,9
Property	**10,3**	10,5
Cash	**8,3**	8,5
Inflation rate[1]	**7,3**	7,5
Risk discount rate	**11,8**	12,0

[1] *Expense inflation of 11,3% (2018: 11,5%) assumed for retail business administered on old platforms.*

%	2019	2018
Sanlam Developing Markets[1]		
Point used on the relevant yield curve	**5 year**	5 year
Fixed-interest securities	**8,1**	8,6
Equities and offshore investments	**11,6**	12,1
Hedged equities	**7,1**	7,6
Property	**9,1**	9,6
Cash	**7,1**	7,6
Inflation rate	**6,1**	6,6
Risk discount rate	**10,6**	11,1

[1] *Excludes the Sanlam Life products written on the SDM licence.*

%	2019	2018
Botswana Life Insurance		
Point used on the relevant yield curve	**n/a**	n/a
Fixed-interest securities	**6,5**	7,0
Equities and offshore investments	**10,0**	10,5
Hedged equities	**n/a**	n/a
Property	**7,5**	8,0
Cash	**5,5**	6,0
Inflation rate	**3,5**	4,0
Risk discount rate	**10,0**	10,5
Saham Assurance Maroc		
Point used on the relevant yield curve	**n/a**	n/a
Fixed-interest securities	**2,8**	3,2
Equities and offshore investments	**6,3**	6,7
Hedged equities	**n/a**	n/a
Property	**3,8**	4,2
Cash	**1,8**	2,2
Inflation rate	**0,0**	0,2
Risk discount rate	**6,8**	7,2
Sanlam Investments and Pensions		
Point used on the relevant yield curve	**15 year**	15 year
Fixed-interest securities	**1,2**	1,6
Equities and offshore investments	**4,4**	4,8
Hedged equities	**n/a**	n/a
Property	**4,4**	4,8
Cash	**1,2**	1,6
Inflation rate	**3,0**	3,3
Risk discount rate	**4,9**	5,3

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

4. Economic assumptions – covered business (continued)

Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 70bps (2018: 25bps and 70bps) for non-participating annuities, between 25bps and 75bps (2018: 25bps and 75bps) for inflation-linked annuities and capped at 120bps (2018: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

Asset mix of the assets supporting adjusted net asset value – covered business

	R million		Fixed-interest securities		Equities		Hedged equities		Property		Cash		Total	
%[1]	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Required capital														
South Africa[2]	9 676	9 861	–	–	3	3	91	91	–	–	6	6	100	100
Namibia	510	508	6	6	36	36	–	–	–	–	58	58	100	100
Botswana Life	312	463	–	–	–	–	–	–	50	50	50	50	100	100
Saham	903	804	95	–	5	–	–	–	–	–	–	100	100	100
Sanlam Life Insurance (Kenya)	111	134	100	100	–	–	–	–	–	–	–	–	100	100
Other African Operations	521	415	39	53	4	6	–	–	4	6	53	35	100	100
Shriram Life Insurance (India)	277	255	85	85	10	10	–	–	–	–	5	5	100	100
MCIS (Malaysia)	402	356	69	69	18	18	–	–	–	–	13	13	100	100
Sanlam Investments and Pensions (UK)	541	533	80	–	–	–	–	–	–	–	20	100	100	100
Total required capital	13 253	13 329												
Free Surplus	1 724	1 449												
Adjusted net asset value	14 977	14 778												

[1] *The 31 December 2018 asset mix percentages have been restated to reflect the assets backing required capital and do not include free surplus.*
[2] *The 31 December 2019 asset mix backing the Sanlam Life required capital is 100% hedged (2018: 80%).*

Assumed long-term expected return on required capital

	Gross return on required capital		Net return on required capital	
%	2019	2018	2019	2018
Sanlam Life	8,3	9,1	6,9	7,4
Sanlam Developing Markets	8,0	8,5	6,2	6,6
Sanlam Namibia	10,3	10,3	9,2	9,2
Sanlam Namibia Holdings	8,5	9,0	7,4	7,9
Botswana Life Insurance	6,5	7,0	4,9	5,3
Saham Assurance Maroc	2,8	3,2	2,8	3,2
Sanlam Life Insurance (Kenya)	10,7	11,3	7,5	7,9
Shriram Life Insurance (India)	7,8	8,6	6,1	7,0
MCIS (Malaysia)	4,1	4,9	3,8	4,5
Sanlam Investments and Pensions (UK)	1,6	1,6	1,2	1,3

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

5. Value of other Group operations sensitivity analysis
5.1 Valuation methodology

R million	Total 2019	Total 2018
Listed share price	**20 973**	21 082
Santam	**19 675**	20 102
Sanlam Investment Group: Nucleus	**1 298**	980
Discounted cash flows	**50 003**	52 722
Sanlam Personal Finance	**4 171**	3 976
Glacier	**2 501**	2 359
Sanlam Personal Loans	**1 320**	1 224
Other operations	**350**	393
Sanlam Emerging Markets	**31 556**	34 248
Saham	**19 400**	20 309
Shriram Capital	**9 282**	10 632
Letshego	**935**	889
Pacific & Orient	**330**	433
Capricorn Investment Holdings	**936**	968
Other operations	**673**	1 017
Sanlam Investment Group	**13 692**	13 566
Investment Management SA	**5 058**	4 822
Wealth Management	**2 275**	2 709
International	**5 085**	4 925
Sanlam Specialised Finance	**1 274**	1 110
Sanlam Corporate	**584**	932
AfroCentric	**571**	892
Other	**13**	40
Net asset value	**2 385**	2 620
Sanlam Investment Group	**2 004**	1 360
International	**1 614**	970
Sanlam Specialised Finance	**390**	390
Sanlam Emerging Markets	**381**	1 260
Total	**73 361**	76 424

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value 2019	Base value 2018	Risk discount rate +1% 2019	Risk discount rate +1% 2018	Perpetuity growth rate +1% 2019	Perpetuity growth rate +1% 2018
Sanlam Personal Finance	**4 171**	3 976	**3 832**	3 652	**4 323**	4 117
Glacier	**2 501**	2 359	**2 275**	2 151	**2 610**	2 457
Sanlam Personal Loans	**1 320**	1 224	**1 234**	1 138	**1 352**	1 256
Other operations	**350**	393	**323**	363	**361**	404
Sanlam Emerging Markets	**31 556**	34 248	**26 957**	30 188	**35 613**	37 778
Saham	**19 400**	20 309	**16 752**	18 195	**21 638**	22 197
Shriram Capital	**9 282**	10 632	**7 805**	9 071	**10 773**	11 990
Letshego	**935**	889	**805**	791	**1 033**	946
Pacific & Orient	**330**	433	**286**	378	**361**	477
Capricorn Investment Holdings	**936**	968	**817**	891	**1 026**	1 025
Other operations	**673**	1 017	**492**	862	**782**	1 143
Sanlam Investment Group	**13 692**	13 566	**11 990**	12 024	**14 781**	14 382
Investment Management SA	**5 058**	4 822	**4 558**	4 365	**5 304**	5 057
Wealth Management	**2 275**	2 709	**2 059**	2 397	**2 386**	2 772
International	**5 085**	4 925	**4 198**	4 243	**5 772**	5 398
Sanlam Specialised Finance	**1 274**	1 110	**1 175**	1 019	**1 319**	1 155
Sanlam Corporate	**584**	932	**540**	863	**604**	962
AfroCentric	**571**	892	**527**	825	**591**	921
Other	**13**	40	**13**	38	**13**	41
	50 003	52 722	**43 319**	46 727	**55 321**	57 239
Weighted average assumption			**14,6%**	14,5%	**2 – 5%**	2 – 5%

R million	Equities and properties -10% 2019	Equities and properties -10% 2018	Risk discount rate -1% 2019	Risk discount rate -1% 2018	Rand exchange rate depreciation +10% 2019	Rand exchange rate depreciation +10% 2018
Sanlam Personal Finance	**4 173**	3 801	**4 570**	4 354	**4 171**	3 976
Glacier	**2 503**	2 184	**2 770**	2 606	**2 501**	2 359
Sanlam Personal Loans	**1 320**	1 224	**1 420**	1 321	**1 320**	1 224
Other operations	**350**	393	**380**	427	**350**	393
Sanlam Emerging Markets	**31 556**	34 216	**38 131**	40 050	**34 618**	37 628
Saham	**19 400**	20 309	**23 189**	23 428	**21 340**	22 340
Shriram Capital	**9 282**	10 632	**11 452**	12 774	**10 209**	11 695
Letshego	**935**	889	**1 107**	1 010	**1 029**	978
Pacific & Orient	**330**	433	**392**	509	**363**	476
Capricorn Investment Holdings	**936**	936	**1 092**	1 068	**936**	968
Other operations	**673**	1 017	**899**	1 261	**741**	1 171
Sanlam Investment Group	**11 775**	12 758	**15 880**	15 367	**14 223**	14 073
Investment Management SA	**3 963**	4 422	**5 658**	5 373	**5 071**	4 822
Wealth Management	**1 930**	2 545	**2 538**	2 948	**2 284**	2 655
International	**4 686**	4 731	**6 294**	5 825	**5 594**	5 486
Sanlam Specialised Finance	**1 196**	1 060	**1 390**	1 221	**1 274**	1 110
Sanlam Corporate	**584**	932	**636**	1 015	**584**	932
AfroCentric	**571**	892	**623**	972	**571**	892
Other	**13**	40	**13**	43	**13**	40
	48 088	51 707	**59 217**	60 786	**53 596**	56 609

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019 (continued)

6. Business volumes

6.1 Analysis of new business and total funds received

R million	Life business(1) 2019	Life business(1) 2018	General insurance 2019	General insurance 2018	Investment business(2) 2019	Investment business(2) 2018	Total 2019	Total 2018
Sanlam Personal Finance	33 505	34 112	–	–	28 308	26 859	61 813	60 971
Recurring premium sub-cluster	3 308	3 282	–	–	121	130	3 429	3 412
Recurring	2 317	2 263	–	–	121	130	2 438	2 393
Single	991	1 019	–	–	–	–	991	1 019
Sky	2 726	2 494	–	–	–	–	2 726	2 494
Glacier	27 471	28 336	–	–	28 187	26 729	55 658	55 065
Sanlam Emerging Markets	8 343	6 410	15 604	9 873	10 862	9 941	34 809	26 224
Southern Africa	4 365	3 641	1 206	1 025	10 124	9 326	15 695	13 992
Recurring	927	744	1 206	1 025	–	–	2 133	1 769
Single	3 438	2 897	–	–	10 124	9 326	13 562	12 223
North and West Africa	1 901	1 042	10 765	5 937	–	–	12 666	6 979
Recurring	738	464	10 765	5 937	–	–	11 503	6 401
Single	1 163	578	–	–	–	–	1 163	578
East Africa	774	636	850	617	738	615	2 362	1 868
Recurring	246	177	850	617	–	–	1 096	794
Single	528	459	–	–	738	615	1 266	1 074
Other International	1 303	1 091	2 783	2 294	–	–	4 086	3 385
Recurring	965	747	2 783	2 294	–	–	3 748	3 041
Single	338	344	–	–	–	–	338	344
Sanlam Investment Group	3 289	3 219	–	–	109 947	96 477	113 236	99 696
Investment Management SA	–	–	–	–	88 857	72 100	88 857	72 100
Wealth Management	–	–	–	–	6 890	4 985	6 890	4 985
International	3 289	3 219	–	–	14 200	19 392	17 489	22 611
Recurring	37	37	–	–	3	8	40	45
Single	3 252	3 182	–	–	14 197	19 384	17 449	22 566
Santam	–	–	24 227	22 812	–	–	24 227	22 812
Sanlam Corporate	8 790	10 074	–	–	6 448	3 252	15 238	13 326
Recurring	1 045	888	–	–	95	–	1 140	888
Single	7 745	9 186	–	–	6 353	3 252	14 098	12 438
Total new business	53 927	53 815	39 831	32 685	155 565	136 529	249 323	223 029

(1) *Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.*
(2) *Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.*

R million	Life business(1) 2019	Life business(1) 2018	General insurance 2019	General insurance 2018	Investment business(2) 2019	Investment business(2) 2018	Total 2019	Total 2018
Recurring premiums on existing funds:								
Sanlam Personal Finance	20 732	18 467	–	–	161	171	20 893	18 638
Recurring premium sub-cluster	14 623	13 485	–	–	161	171	14 784	13 656
Sky	5 992	4 879	–	–	–	–	5 992	4 879
Glacier	117	103	–	–	–	–	117	103
Sanlam Emerging Markets	8 615	5 873	–	–	644	252	9 259	6 125
Southern Africa	3 199	3 072	–	–	–	–	3 199	3 072
North and West Africa	2 184	191	–	–	–	–	2 184	191
East Africa	535	539	–	–	644	252	1 179	791
Other International	2 697	2 071	–	–	–	–	2 697	2 071
Sanlam Investment Group	340	361	–	–	48	49	388	410
International	340	361	–	–	48	49	388	410
Sanlam Corporate	6 555	5 492	–	–	2 852	3 862	9 407	9 354
Total funds received	90 169	84 008	39 831	32 685	159 270	140 863	289 270	257 556

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

6. Business volumes (continued)

6.2 Analysis of payments to clients

R million	Life business(1) 2019	Life business(1) 2018	General insurance 2019	General insurance 2018	Investment business(2) 2019	Investment business(2) 2018	Total 2019	Total 2018
Sanlam Personal Finance	47 220	43 860	–	–	25 893	25 455	73 113	69 315
Recurring premium sub-cluster	19 893	18 936	–	–	392	487	20 285	19 423
Surrenders	2 234	2 366	–	–	–	–	2 234	2 366
Other	17 659	16 570	–	–	392	487	18 051	17 057
Sanlam Sky	4 237	3 748	–	–	–	–	4 237	3 748
Surrenders	476	455	–	–	–	–	476	455
Other	3 761	3 293	–	–	–	–	3 761	3 293
Glacier	23 090	21 176	–	–	25 501	24 968	48 591	46 144
Surrenders	4 397	3 426	–	–	–	–	4 397	3 426
Other	18 693	17 750	–	–	25 501	24 968	44 194	42 718
Sanlam Emerging Markets	11 007	8 057	9 569	5 913	12 253	9 772	32 829	23 742
Southern Africa	4 691	4 383	570	386	11 743	9 334	17 004	14 103
Surrenders	788	526	–	–	–	–	788	526
Other	3 903	3 857	570	386	11 743	9 334	16 216	13 577
North and West Africa	1 645	515	6 930	3 441	–	–	8 575	3 956
Surrenders	6	2	–	–	–	–	6	2
Other	1 639	513	6 930	3 441	–	–	8 569	3 954
East Africa	885	807	445	334	510	438	1 840	1 579
Surrenders	37	35	–	–	–	–	37	35
Other	848	772	445	334	510	438	1 803	1 544
Other international	3 786	2 352	1 624	1 752	–	–	5 410	4 104
Surrenders	651	599	–	–	–	–	651	599
Other	3 135	1 753	1 624	1 752	–	–	4 759	3 505
Sanlam Investment Group	4 586	3 968	–	–	87 817	88 924	92 403	92 892
Investment Management SA	–	–	–	–	68 778	67 967	68 778	67 967
Wealth Management	–	–	–	–	6 327	4 200	6 327	4 200
International	4 586	3 968	–	–	12 712	16 757	17 298	20 725
Santam	–	–	15 081	13 826	–	–	15 081	13 826
Sanlam Corporate	11 367	11 309	–	–	7 711	4 933	19 078	16 242
Surrenders	2 178	1 899	–	–	1 279	1 036	3 457	2 935
Other	9 189	9 410	–	–	6 432	3 897	15 621	13 307
Total payments to clients	74 180	67 194	24 650	19 739	133 674	129 084	232 504	216 017

(1) *Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.*
(2) *Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.*

6.3 Analysis of net inflow/(outflow) of funds

R million	Life business(1) 2019	Life business(1) 2018	General insurance 2019	General insurance 2018	Investment business(2) 2019	Investment business(2) 2018	Total 2019	Total 2018
Sanlam Personal Finance	7 017	8 719	–	–	2 576	1 575	9 593	10 294
Recurring premium sub-cluster	(1 962)	(2 169)	–	–	(110)	(186)	(2 072)	(2 355)
Sky	4 481	3 625	–	–	–	–	4 481	3 625
Glacier	4 498	7 263	–	–	2 686	1 761	7 184	9 024
Sanlam Emerging Markets	5 951	4 226	6 035	3 960	(747)	421	11 239	8 607
Southern Africa	2 873	2 330	636	479	(1 619)	(8)	1 890	2 801
North and West Africa	2 440	718	3 835	2 803	–	–	6 275	3 521
East Africa	424	368	405	252	872	429	1 701	1 049
Other international	214	810	1 159	426	–	–	1 373	1 236
Sanlam Investment Group	(957)	(388)	–	–	22 178	7 602	21 221	7 214
Investment Management SA	–	–	–	–	20 079	4 133	20 079	4 133
Wealth Management	–	–	–	–	563	785	563	785
International	(957)	(388)	–	–	1 536	2 684	579	2 296
Santam	–	–	9 146	8 986	–	–	9 146	8 986
Sanlam Corporate	3 978	4 257	–	–	1 589	2 181	5 567	6 438
Total funds received	15 989	16 814	15 181	12 946	25 596	11 779	56 766	41 539

(1) *Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.*
(2) *Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.*

7. Cluster information

7.1 Sanlam Personal Finance

Analysis of earnings

R million	Life business 2019	Life business 2018	Non-life operations 2019	Non-life operations 2018	Total 2019	Total 2018
Net result from financial services	3 827	3 677	438	356	4 265	4 033
Recurring premium sub-cluster	1 803	2 042	9	(14)	1 812	2 028
Sanlam Sky	974	897	–	–	974	897
Glacier	963	658	176	196	1 139	854
SBD and other	87	80	253	174	340	254
Net investment return	274	162	84	99	358	261
Net other earnings	(18)	(36)	(46)	(40)	(64)	(76)
Normalised attributable earnings	4 083	3 803	476	415	4 559	4 218

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.1 Sanlam Personal Finance (continued)

Analysis of change in GEV – covered business

	Total		Value of in-force		Cost of capital		Net asset value	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Operational earnings	**7 087**	7 459	**3 301**	3 150	**25**	127	**3 761**	4 182
Value of new life insurance business	**1 763**	1 504	**4 076**	3 644	**(86)**	(95)	**(2 227)**	(2 045)
Unwinding of discount rate	**4 109**	3 895	**4 017**	3 816	**92**	79	**–**	–
Expected profit	**–**	–	**(5 452)**	(5 298)	**–**	–	**5 452**	5 298
Operating experience variances	**952**	1 499	**354**	376	**(3)**	171	**601**	952
Risk experience	**455**	575	**134**	139	**1**	–	**320**	436
Persistency	**(91)**	(45)	**141**	105	**(2)**	–	**(230)**	(150)
Maintenance expenses	**82**	38	**(2)**	(4)	**–**	–	**84**	42
Working capital management	**380**	405	**–**	–	**–**	–	**380**	405
Credit spread	**83**	137	**(1)**	–	**–**	–	**84**	137
Other	**43**	389	**82**	136	**(2)**	171	**(37)**	82
Operating assumption changes	**263**	561	**306**	612	**22**	(28)	**(65)**	(23)
Risk experience	**154**	262	**26**	260	**2**	1	**126**	1
Persistency	**(23)**	54	**313**	120	**(11)**	12	**(325)**	(78)
Maintenance expenses	**339**	150	**272**	148	**–**	–	**67**	2
Modelling changes and other	**(207)**	95	**(305)**	84	**31**	(41)	**67**	52
Net investment return	**274**	162	**–**	–	**–**	–	**274**	162
Expected return on adjusted net asset value	**382**	354	**–**	–	**–**	–	**382**	354
Investment variances on adjusted net asset value	**(108)**	(192)	**–**	–	**–**	–	**(108)**	(192)
Valuation and economic basis	**669**	(3 187)	**648**	(2 737)	**(45)**	38	**66**	(488)
Investment variances on in-force business	**173**	(2 456)	**109**	(2 037)	**(2)**	67	**66**	(486)
Economic assumption changes	**496**	(731)	**539**	(700)	**(43)**	(29)	**–**	(2)
Investment yields	**308**	(720)	**315**	(689)	**5**	(29)	**(12)**	(2)
Long-term asset mix assumptions and other	**188**	(11)	**224**	(11)	**(48)**	–	**12**	–
Change in tax basis	**–**	(37)	**–**	(20)	**–**	–	**–**	(17)
Goodwill and VOBA from business combinations	**(17)**	(25)	**(17)**	(14)	**–**	–	**–**	(11)
GEV earnings: covered business	**8 013**	4 372	**3 932**	379	**(20)**	165	**4 101**	3 828
Acquired value of in-force	**138**	26	**32**	25	**(1)**	(1)	**107**	2
Transfers from/(to) other Group operations	**–**	177	**–**	–	**–**	–	**–**	177
Transfers from covered business	**(4 390)**	(4 912)	**–**	–	**–**	–	**(4 390)**	(4 912)
Embedded value of covered business at the beginning of the year	**39 209**	39 546	**35 086**	34 682	**(1 228)**	(1 392)	**5 351**	6 256
Embedded value of covered business at the end of the year	**42 970**	39 209	**39 050**	35 086	**(1 249)**	(1 228)	**5 169**	5 351

Assets under management

R million	**2019**	**2018**
Sanlam Sky: Life business	**5 267**	5 291
Recurring premium sub-cluster	**160 643**	154 268
Life business	**158 816**	152 459
Investment operations	**1 827**	1 809
Glacier	**349 091**	312 769
Life business	**201 775**	181 986
Investment operations	**147 316**	130 783
Total	**515 001**	472 328
Life business	**365 858**	339 736
Investment operations	**149 143**	132 592
Sanlam Personal Loans		
Gross size of loan book (R million)	**5 633**	4 931
Interest margin (%)	**16,5**	16,7
Bad debt ratio (%)	**5,6**	5,6
Administration cost as % of net interest (%)	**29,9**	28,5

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)
7.2 Sanlam Emerging Markets
Analysis of net result from financial services

R million	Life business 2019	Life business 2018[1]	General insurance 2019	General insurance 2018[1]	Investment management 2019	Investment management 2018[1]	Credit and structuring 2019	Credit and structuring 2018[1]	Corporate and other 2019	Corporate and other 2018[1]	Total 2019	Total 2018[1]
Southern Africa	**815**	720	**213**	186	**97**	114	**596**	487	**55**	(16)	**1 776**	1 491
North and West Africa	**224**	180	**1 436**	705	**–**	(1)	**(20)**	–	**(125)**	–	**1 515**	884
East Africa	**138**	95	**30**	(20)	**27**	7	**–**	–	**23**	(42)	**218**	40
Other international	**139**	168	**989**	407	**(1)**	(1)	**1 061**	887	**35**	26	**2 223**	1 487
Corporate costs	**–**	–	**–**	–	**–**	–	**–**	–	**(184)**	(129)	**(184)**	(129)
Gross result from financial services	**1 316**	1 163	**2 668**	1 278	**123**	119	**1 637**	1 374	**(196)**	(161)	**5 548**	3 773
Tax on result from financial services	**(293)**	(213)	**(873)**	(330)	**(41)**	(39)	**(559)**	(527)	**(22)**	–	**(1 788)**	(1 109)
Non-controlling interests	**(314)**	(284)	**(661)**	(242)	**(44)**	(33)	**(109)**	(73)	**–**	6	**(1 128)**	(626)
Net result from financial services	**709**	666	**1 134**	706	**38**	47	**969**	774	**(218)**	(155)	**2 632**	2 038
Southern Africa	**464**	413	**125**	118	**35**	48	**242**	182	**10**	(27)	**876**	734
North and West Africa	**112**	124	**546**	368	**–**	–	**(26)**	–	**(107)**	–	**525**	492
East Africa	**59**	35	**16**	(15)	**4**	–	**–**	–	**22**	(20)	**101**	–
Other international	**74**	94	**447**	235	**(1)**	(1)	**753**	592	**9**	24	**1 282**	944
Corporate costs	**–**	–	**–**	–	**–**	–	**–**	–	**(152)**	(132)	**(152)**	(132)
Saham	**73**	106	**905**	435	**–**	–	**–**	–	**(248)**	(31)	**730**	510
Other	**636**	560	**229**	271	**38**	47	**969**	774	**30**	(124)	**1 902**	1 528
Net result from financial services	**709**	666	**1 134**	706	**38**	47	**969**	774	**(218)**	(155)	**2 632**	2 038

[1] Comparatives have been adjusted to reflect corporate cost allocation on a separate line.

Analysis of general insurance and reinsurance gross result from financial services

R million	Gross written premiums 2019	Gross written premiums 2018	Net earned premiums 2019	Net earned premiums 2018	Claims ratio (%) 2019	Claims ratio (%) 2018	Underwriting margin (%)[1] 2019	Underwriting margin (%)[1] 2018	Investment return on insurance funds (%) 2019	Investment return on insurance funds (%) 2018	Net insurance result (%)[1] 2019	Net insurance result (%)[1] 2018
Southern Africa	**3 499**	2 053	**1 766**	1 216	**51,9**	42,9	**11,8**	16,5	**3,1**	8,4	**14,9**	24,9
North and West Africa	**12 914**	6 114	**10 220**	5 751	**65,0**	64,4	**0,8**	2,0	**12,7**	6,6	**13,5**	8,6
East Africa	**1 445**	1 033	**834**	626	**53,0**	59,3	**(1,4)**	(9,4)	**5,3**	8,0	**3,9**	(1,4)
Other international	**3 424**	2 773	**2 779**	2 257	**58,8**	78,1	**13,4**	(0,7)	**23,2**	28,2	**36,6**	27,5
Total General insurance and reinsurance	**21 282**	11 973	**15 599**	9 850	**61,6**	64,4	**4,0**	2,0	**13,2**	11,2	**17,2**	13,2
Saham	**16 312**	7 915	**12 248**	6 932	**63,3**	61,5	**2,0**	4,1	**11,9**	8,1	**13,9**	12,2
Other	**4 970**	4 058	**3 351**	2 918	**55,5**	72,7	**11,7**	(2,4)	**17,7**	18,7	**29,4**	16,3
Total General insurance and reinsurance	**21 282**	11 973	**15 599**	9 850	**61,6**	64,4	**4,0**	2,0	**13,2**	11,2	**17,2**	13,2

[1] The 2019 values include the allocation of SEM group costs to the general insurance portfolio, comparatives have not been adjusted to reflect this. Excluding the SEM group cost allocation, the 2019 underwriting margin is 5,1% for SEM and 2,8% for the Saham group.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of insurance funds

			Asset allocation							
			Equities and similar securities (%)		Investment properties (%)		Interest-bearing securities (%)		Cash, deposits and similar securities (%)	
R million	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Southern Africa	**673**	758	**50**	57	**2**	2	**14**	13	**34**	28
North and West Africa	**12 518**	8 318	**44**	19	**45**	65	**11**	16	**–**	–
East Africa	**424**	441	**–**	6	**5**	2	**55**	43	**40**	49
Other international	**1 951**	1 524	**15**	10	**–**	–	**56**	40	**29**	50
Total insurance funds	**15 566**	11 041	**39**	20	**37**	49	**18**	20	**6**	11
Saham	**13 686**	9 739	**44**	21	**41**	56	**11**	16	**4**	7
Other subsidiaries	**309**	292	**–**	–	**–**	–	**45**	27	**55**	73
Total subsidiaries	**13 995**	10 031	**42**	20	**41**	55	**12**	16	**5**	9
Associated companies[1]	**1 571**	1 010	**9**	13	**–**	–	**74**	57	**17**	30
Total insurance funds	**15 566**	11 041	**39**	20	**37**	49	**18**	20	**6**	11

[1] *Sanlam's effective share.*

Analysis of net investment return

	Life business		General insurance		Investment management		Credit and banking		Corporate and other		Total	
R million	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Southern Africa	**137**	303	**(59)**	20	**(2)**	40	**(2)**	(9)	**70**	(13)	**144**	341
North and West Africa	**50**	(39)	**257**	300	**2**	–	**–**	–	**(67)**	(19)	**242**	242
East Africa	**42**	(129)	**32**	20	**(1)**	(1)	**–**	–	**(18)**	(144)	**55**	(254)
Other international	**(3)**	19	**132**	(80)	**–**	(1)	**(7)**	22	**65**	82	**187**	42
Corporate	**–**	–	**–**	–	**–**	(1)	**–**	–	**(12)**	1	**(12)**	–
Gross investment return	**226**	154	**362**	260	**(1)**	37	**(9)**	13	**38**	(93)	**616**	371
Tax on investment return	**(70)**	(1)	**(178)**	(107)	**(7)**	(5)	**1**	(7)	**(72)**	(26)	**(326)**	(146)
Non-controlling interests	**(32)**	12	**(125)**	(54)	**9**	(15)	**–**	–	**21**	66	**(127)**	9
Net investment return	**124**	165	**59**	99	**1**	17	**(8)**	6	**(13)**	(53)	**163**	234
Saham	**20**	4	**58**	161	**–**	–	**–**	–	**(60)**	(9)	**18**	156
Other	**104**	161	**1**	(62)	**1**	17	**(8)**	6	**47**	(44)	**145**	78
Net investment return	**124**	165	**59**	99	**1**	17	**(8)**	6	**(13)**	(53)	**163**	234

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)
7.2 Sanlam Emerging Markets (continued)
Analysis of capital portfolio

			Asset allocation							
			Equities and similar securities (%)		Investment properties (%)		Interest-bearing securities (%)		Cash, deposits and similar securities (%)	
R million	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Southern Africa	2 462	3 018	39	23	4	5	32	40	25	32
North and West Africa	13 421	10 101	45	20	45	62	12	18	(2)	0
East Africa	1 793	1 878	10	9	42	42	33	29	15	20
Other international	3 824	3 257	18	17	0	0	51	48	31	35
Total capital portfolio	21 500	18 254	36	19	32	38	23	29	9	14
Saham	15 703	11 726	45	22	38	53	12	19	5	6
Other subsidiaries	3 294	4 486	5	6	24	19	49	46	22	29
Total subsidiaries	18 997	16 212	38	17	36	44	18	26	8	13
Associated companies[1]	2 503	2 042	28	30	0	1	59	47	13	22
Total capital portfolio	21 500	18 254	36	19	32	38	23	29	9	14

[1] *Sanlam's effective share.*

Assets under management

	Southern Africa		North and West Africa		East Africa		Other International		Total	
R million	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Life business	32 115	29 800	13 157	12 679	3 590	3 320	16 326	16 154	65 188	61 953
Investment operations	40 621	36 316	–	–	40 855	37 633	–	–	81 476	73 949
Total assets under management	72 736	66 116	13 157	12 679	44 445	40 953	16 326	16 154	146 664	135 902

Credit and structuring

	Size of loan books (Sanlam share)		Net interest margin (%)		Bad debt ratio (%)		Administration cost as % of net interest margin	
R million	2019	2018	2019	2018	2019	2018	2019	2018
Shriram Transport Finance Company	20 811	21 158	7,3	6,5	2,2	2,0	22,7	25,0
Shriram City Union Finance	5 158	5 426	12,3	10,2	2,3	3,4	40,6	35,6
Capricorn Investment Holdings	9 219	8 726	2,9	4,8	0,1	0,2	95,1	93,1
Letshego	2 201	2 063	21,1	21,6	1,7	3,8	52,7	47,5

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

R million	Total 2019	Total 2018	Value of in-force 2019	Value of in-force 2018	Cost of capital 2019	Cost of capital 2018	Net asset value 2019	Net asset value 2018
Operational earnings	485	918	(204)	382	(62)	(182)	751	718
Value of new life insurance business	343	338	840	776	(71)	(49)	(426)	(389)
Unwinding of discount rate	680	536	621	499	59	37	–	–
Expected profit	–	–	(1 043)	(924)	–	–	1 043	924
Operating experience variances	8	206	14	13	(28)	(2)	22	195
Risk experience	18	50	16	18	(3)	2	5	30
Persistency	(66)	99	12	8	(20)	(5)	(58)	96
Maintenance expenses	2	16	(4)	(2)	(4)	–	10	18
Working capital management	57	35	–	–	–	–	57	35
Credit spread	5	15	–	–	–	–	5	15
Other	(8)	(9)	(10)	(11)	(1)	1	3	1
Operating assumption changes	(546)	(162)	(636)	18	(22)	(168)	112	(12)
Risk experience	45	50	3	38	5	4	37	8
Persistency	(74)	7	(55)	9	(16)	(2)	(3)	–
Maintenance expenses	(105)	(66)	(110)	(59)	–	1	5	(8)
Modelling changes and other	(412)	(153)	(474)	30	(11)	(171)	73	(12)
Net investment return	(180)	437	–	–	–	–	(180)	437
Expected return on adjusted net asset value	317	240	–	–	–	–	317	240
Investment variances on adjusted net asset value	(497)	197	–	–	–	–	(497)	197
Valuation and economic basis	(388)	272	(399)	294	53	(44)	(42)	22
Investment variances on in-force business	33	(51)	43	(73)	6	(2)	(16)	24
Economic assumption changes	(106)	(11)	(96)	(11)	16	2	(26)	(2)
Investment yields	(118)	15	(97)	6	5	11	(26)	(2)
Long-term asset mix assumptions and other	12	(26)	1	(17)	11	(9)	–	–
Foreign currency translation differences	(315)	334	(346)	378	31	(44)	–	–
Change in tax basis	–	1	–	1	–	(1)	–	1
Goodwill and VOBA from business combinations	–	(1 198)	–	(1 198)	–	–	–	–
Net project expenses	–	(13)	–	–	–	–	–	(13)
GEV earnings: covered business	(83)	417	(603)	(521)	(9)	(227)	529	1 165
Acquired value of in-force	(10)	2 810	(27)	1 977	(1)	–	18	833
Transfers from covered business	(264)	(762)	–	–	–	–	(264)	(762)
Embedded value of covered business at the beginning of the year	9 151	6 686	5 501	4 045	(607)	(380)	4 257	3 021
Embedded value of covered business at the end of the year	8 794	9 151	4 871	5 501	(617)	(607)	4 540	4 257

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019 (continued)

7. Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of Saham (100%)

	Life business		General insurance[1]		Consolidation[2] and other		Saham total	
R million	2019	2018	2019	2018	2019	2018	2019	2018
Financial services income	1 229	1 038	14 085	12 121	283	–	15 597	13 159
Long-term insurance contracts	1 139	987	–	–	–	–	1 139	987
General insurance contracts	–	–	12 248	10 666	–	–	12 248	10 666
Investment return on insurance funds	70	14	1 454	860	–	–	1 524	874
Other	20	37	383	595	283	–	686	632
Sales remuneration	(212)	(176)	(1 617)	(1 295)	–	–	(1 829)	(1 471)
Underwriting policy benefits	(376)	(553)	(7 757)	(6 559)	–	–	(8 133)	(7 112)
Administration costs	(468)	(369)	(2 947)	(2 699)	(460)	(153)	(3 875)	(3 221)
Gross result from Financial services	173	(60)	1 764	1 568	(177)	(153)	1 760	1 355
Tax	(61)	6	(504)	(306)	17	15	(548)	(285)
Profit after tax	112	(54)	1 260	1 262	(160)	(138)	1 212	1 070
Non-controlling interest	(38)	24	(354)	(338)	(6)	(10)	(398)	(324)
Net result from financial services	74	(30)	906	924	(166)	(148)	814	746
Net investment return on shareholders' funds	(101)	42	(108)	(4)	(2)	(26)	(211)	12
Amortisation of intangibles	(5)	(7)	(24)	(34)	(10)	(15)	(39)	(56)
Foreign currency translation differences	–	(1)	(76)	(100)	(40)	(23)	(116)	(124)
Attributable Earnings	(32)	4	698	786	(218)	(212)	448	578

[1] *General insurance includes the following lines of business: namely, general insurance, health, property, reinsurance and Elite broker company.*

[2] *Consolidation and other includes the following: central corporate costs, withholding tax incurred by holding companies in the structure and Netis group.*

Statement of financial position at 31 December 2019 – SAN JV/Saham consolidated

R million	2019	2018[1]
Assets	59 209	61 459
Equipment	525	521
Right-of-use assets	74	–
Owner-occupied properties	830	1 011
Goodwill	14 106	16 563
Value of business acquired	5 439	6 572
Other intangible assets	542	629
Deferred acquisition costs	265	130
Investments	19 511	19 610
Investment properties	6 023	6 251
Equity-accounted investments	7	229
Equities and similar securities	7 017	2 537
Interest-bearing investments	1 748	2 202
Investment funds	4 143	7 655
Cash, deposits and similar securities	573	736
Deferred tax	669	628
General insurance technical assets	2 281	2 088
Working capital assets	14 967	13 707
Trade and other receivables	9 584	8 155
Cash, deposits and similar securities	4 596	4 633
Taxation	787	919
Liabilities	29 218	28 374
Term finance	534	417
Lease liabilities	76	–
Deferred tax	3 220	3 638
General insurance technical provisions	16 843	16 121
Working capital liabilities	8 545	8 198
Trade and other payables	7 410	7 056
Provisions	152	131
Taxation	983	1 011
Net asset value	29 991	33 085
Non-controlling interest	4 848	4 924
Shareholders' fund	25 143	28 161

[1] *Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.*

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster Information (continued)

7.3 Sanlam Investment Group

Analysis of net result from financial services

R million	Investment Management SA 2019	Investment Management SA 2018	Wealth Management 2019	Wealth Management 2018	International 2019	International 2018	Sanfin 2019	Sanfin 2018	Consolidation 2019	Consolidation 2018	Total 2019	Total 2018
Financial services income[1]	2 020	1 995	862	808	2 701	2 538	1 090	1 029	(46)	(48)	6 627	6 322
Sales remuneration	–	–	–	–	(547)	(408)	–	–	–	–	(547)	(408)
Income after sales remuneration	2 020	1 995	862	808	2 154	2 130	1 090	1 029	(46)	(48)	6 080	5 914
Administration cost[1]	(1 616)	(1 655)	(679)	(638)	(1 791)	(1 608)	(585)	(544)	46	48	(4 625)	(4 397)
Result from financial services before performance fees	404	340	183	170	363	522	505	485	–	–	1 455	1 517
Net performance fees[1]	104	21	3	–	(8)	(7)	5	11	–	–	104	25
Gross result from financial services	508	361	186	170	355	515	510	496	–	–	1 559	1 542
Tax on result from financial services	(138)	(105)	(56)	(45)	(66)	(44)	(132)	(132)	–	–	(392)	(326)
Non-controlling interest	(37)	2	–	–	(60)	(66)	–	–	–	–	(97)	(64)
Net result from financial services	333	258	130	125	229	405	378	364	–	–	1 070	1 152
Covered	–	–	–	–	75	99	173	208	–	–	248	307
Non covered	333	258	130	125	154	306	205	156	–	–	822	845
Net investment return	(22)	(42)	(5)	(2)	39	4	123	76	–	–	135	36
Covered	–	–	–	–	5	(2)	126	82	–	–	131	80
Non covered	(22)	(42)	(5)	(2)	34	6	(3)	(6)	–	–	4	(44)
Project expenses	(37)	(42)	–	–	(2)	(14)	–	–	–	–	(39)	(56)
Net operational earnings	274	174	125	123	266	395	501	440	–	–	1 166	1 132
Amortisation of intangible assets	(19)	(21)	(20)	(11)	(172)	(94)	–	–	–	–	(211)	(126)
Profit on disposal of associates	–	–	–	–	1	718	–	–	–	–	1	718
Other	–	(31)	–	–	(5)	–	–	–	–	–	(5)	(31)
Normalised attributable earnings	255	122	105	112	90	1 019	501	440	–	–	951	1 693

[1] *Financial services income and administration costs on page 50 include performance fees and the related administration costs.*

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

R million	Total 2019	Total 2018	Value of in-force 2019	Value of in-force 2018	Cost of capital 2019	Cost of capital 2018	Net asset value 2019	Net asset value 2018
Operational earnings	**148**	154	**(23)**	(60)	**(60)**	(82)	**231**	296
Value of new life insurance business	**–**	–	**52**	53	**(6)**	(7)	**(46)**	(46)
Unwinding of discount rate	**72**	86	**42**	52	**30**	34	**–**	–
Expected profit	**–**	–	**(113)**	(124)	**–**	–	**113**	124
Operating experience variances	**141**	141	**(10)**	(6)	**(19)**	(24)	**170**	171
Risk experience	**16**	6	**(1)**	(1)	**–**	–	**17**	7
Persistency	**–**	4	**1**	6	**(1)**	(2)	**–**	–
Maintenance expenses	**(10)**	(6)	**–**	–	**–**	–	**(10)**	(6)
Credit spread	**172**	201	**–**	–	**–**	–	**172**	201
Other	**(37)**	(64)	**(10)**	(11)	**(18)**	(22)	**(9)**	(31)
Operating assumption changes	**(65)**	(73)	**6**	(35)	**(65)**	(85)	**(6)**	47
Risk experience	**9**	46	**(2)**	(12)	**–**	2	**11**	56
Persistency	**6**	5	**9**	11	**(3)**	(6)	**–**	–
Maintenance expenses	**(40)**	(44)	**(33)**	(35)	**–**	–	**(7)**	(9)
Modelling changes and other	**(40)**	(80)	**32**	1	**(62)**	(81)	**(10)**	–
Net investment return	**135**	128	**–**	–	**–**	–	**135**	128
Expected return on adjusted net asset value	**178**	146	**–**	–	**–**	–	**178**	146
Investment variances on adjusted net asset value	**(43)**	(18)	**–**	–	**–**	–	**(43)**	(18)
Valuation and economic basis	**76**	23	**58**	13	**1**	(1)	**17**	11
Investment variances on in-force business	**44**	(70)	**44**	(69)	**–**	(1)	**–**	–
Economic assumption changes	**25**	34	**5**	9	**3**	14	**17**	11
Investment yields	**40**	34	**5**	9	**34**	14	**1**	11
Long-term asset mix assumptions and other	**(15)**	–	**–**	–	**(31)**	–	**16**	–
Foreign currency translation differences	**7**	59	**9**	73	**(2)**	(14)	**–**	–
GEV earnings: covered business	**359**	305	**35**	(47)	**(59)**	(83)	**383**	435
Transfers from/(to) other covered business Group operations	**231**	42	**–**	–	**(123)**	–	**354**	42
Transfers from covered business	**(331)**	(318)	**–**	–	**–**	–	**(331)**	(318)
Embedded value of covered business at the beginning of the year	**2 797**	2 768	**781**	828	**(787)**	(704)	**2 803**	2 644
Embedded value of covered business at the end of the year	**3 056**	2 797	**816**	781	**(969)**	(787)	**3 209**	2 803

Assets under management

R million	Assets under management 2019	Assets under management 2018	Fee income (%) 2019	Fee income (%) 2018	Administration cost (%) 2019	Administration cost (%) 2018
Investment Management SA[1]	**663 705**	595 616	**0,31**	0,30	**0,22**	0,22
Wealth Management	**80 738**	72 885	**1,12**	1,11	**0,88**	0,88
International	**152 717**	128 950	**1,30**	1,50	**1,10**	1,15
Intra-cluster eliminations	**(39 314)**	(38 646)				
Asset management operations	**857 846**	758 805				
Covered business	**85 746**	81 631				
Sanlam UK	**51 668**	47 283				
Central Credit Manager	**34 078**	34 348				
Assets under management	**943 592**	840 436				

[1] *Includes Sanlam assets of R215,4 billion (2018: R194,4 billion).*

Asset mix of assets under management

R million	Fixed Interest	Equities	Offshore	Properties	Cash	Total
2019						
Investment Management SA	**111 329**	**311 003**	**93 332**	**37 692**	**110 349**	**663 705**
Wealth Management	**–**	**46 163**	**32 666**	**–**	**1 909**	**80 738**
International	**–**	**–**	**152 717**	**–**	**–**	**152 717**
Intra-cluster consolidation						**(39 314)**
Assets under management – Asset management	**111 329**	**357 166**	**278 715**	**37 692**	**112 258**	**857 846**
2018						
Investment Management SA	109 268	281 819	77 826	25 350	101 353	595 616
Wealth Management	–	41 604	27 288	–	3 993	72 885
International	–	–	128 950	–	–	128 950
Intra-cluster consolidation						(38 646)
Assets under management – Asset management	109 268	323 423	234 064	25 350	105 346	758 805

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)
7.4 Santam

R million	2019	2018
Business volumes		
Gross written premiums	35 852	33 109
Net earned premiums	24 227	22 812
Net fund flows	9 146	8 986

Insurance activities

	Gross written premiums		Underwriting result	
R million	2019	2018	2019	2018
Conventional insurance				
Motor	13 340	12 801	1 201	1 176
Property	10 974	10 031	212	519
Engineering	1 601	1 335	312	296
Liability	1 310	1 250	159	(20)
Transportation	762	721	50	29
Accident and health	585	535	24	82
Guarantee	246	301	(58)	(69)
Other	907	737	(80)	53
Alternative risk (ART)	6 127	5 398	62	31
Total	35 852	33 109	1 882	2 097

Ratios (%)	2019	2018
Administration cost ratio[1]	17,7	18,1
Claims ratio[1]	62,1	60,3
Underwriting margin[1]	7,7	9,2
Investment return on insurance funds margin[1]	2,4	2,4

R million	2019	2018
Conventional Insurance		
Net earned premiums	23 673	22 370
Net claims incurred	(14 711)	(13 499)
Net commission	(2 950)	(2 764)
Management expenses	(4 192)	(4 042)
Underwriting result: Conventional insurance	1 820	2 065
Investment return on insurance funds	579	532
Net insurance result	2 399	2 597
Net other income:	173	97
Alternative Risk[2]	171	97
Other	2	–
Strategic participations	483	284
Saham[3]	162	157
SEM target shares[4]	321	127
Santam BEE cost	(3)	–
Gross result from financial services	3 052	2 978
Tax and non-controlling interest	(1 835)	(1 782)
Net result from financial services	1 217	1 196

[1] *Ratios are calculated as a percentage of net earned premiums for the conventional business. Comparatives have been adjusted.*
[2] *Includes operating income and expenses relating to ART business.*
[3] *Includes SEM cluster cost allocation of R14 million (2018: R36 million).*
[4] *Certain holdings within the target share portfolio have been reduced from 35% to 10% effective 1 January 2019. (India and Malaysia shareholding remains unchanged.)*

7.5 Sanlam Corporate
Sanlam Employee Benefits

	Life business		Investment business		Total	
R million	2019	2018	2019	2018	2019	2018
New business volumes	8 790	10 074	6 448	3 252	15 238	13 326
Recurring premiums	1 045	888	95	–	1 140	888
Guaranteed	689	520	–	–	689	520
Risk	356	368	–	–	356	368
Other	–	–	95	–	95	–
Single premiums	7 745	9 186	6 353	3 252	14 098	12 438
Guaranteed	3 007	3 559	–	–	3 007	3 559
Risk	–	11	–	–	–	11
Retirement	2 874	2 578	–	–	2 874	2 578
Annuity	498	219	–	–	498	219
Special structures	1 366	2 819	–	–	1 366	2 819
Other	–	–	6 353	3 252	6 353	3 252

Analysis of earnings

	Life business		Non-life operations		Total	
R million	2019	2018	2019	2018	2019	2018
Net result from financial services	517	467	73	113	590	580
Sanlam Employee Benefits	478	428	–	–	478	428
ACA Employee Benefits	39	39	–	–	39	39
Healthcare and other	–	–	73	113	73	113
Net investment return	101	70	3	–	104	70
Net investment income	55	81	–	–	55	81
Net investment surpluses	46	(11)	3	–	49	(11)
Net non-operational equity-accounted earnings	(20)	(15)	11	7	(9)	(8)
Net other earnings	–	–	(23)	(5)	(23)	(5)
Normalised attributable earnings	598	522	64	115	662	637

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

7. Cluster information (continued)

7.5 Sanlam Corporate (continued)

Analysis of change in GEV – covered business

	Total		Value of in-force		Cost of capital		Net asset value	
R million	2019	2018	2019	2018	2019	2018	2019	2018
Operational earnings	971	843	499	227	(41)	184	513	432
Value of new life insurance business	174	143	334	285	(57)	(55)	(103)	(87)
Unwinding of discount rate	424	420	400	393	24	27	–	–
Expected profit	–	–	(491)	(485)	–	–	491	485
Operating experience variances	260	268	148	(9)	(44)	106	156	171
Risk experience	(35)	(96)	(18)	(18)	1	1	(18)	(79)
Persistency	135	89	174	83	(47)	7	8	(1)
Maintenance expenses	9	(5)	–	–	–	–	9	(5)
Working capital management	90	67	–	–	–	–	90	67
Credit spread	34	84	–	–	–	–	34	84
Other	27	129	(8)	(74)	2	98	33	105
Operating assumption changes	113	12	108	43	36	106	(31)	(137)
Risk experience	–	(181)	–	(85)	–	(4)	–	(92)
Persistency	(7)	–	(7)	–	–	–	–	–
Maintenance expenses	61	(20)	81	54	–	(2)	(20)	(72)
Modelling changes and other	59	213	34	74	36	112	(11)	27
Net investment return	101	69	–	–	–	–	101	69
Expected return on adjusted net asset value	148	181	–	–	–	–	148	181
Investment variances on adjusted net asset value	(47)	(112)	–	–	–	–	(47)	(112)
Valuation and economic basis	(10)	(73)	18	(157)	(32)	49	4	35
Investment variances on in-force business	87	(26)	86	(86)	(3)	25	4	35
Economic assumption changes	(97)	(47)	(68)	(71)	(29)	24	–	–
Investment yields	(66)	(46)	(71)	(69)	5	23	–	–
Long-term asset mix assumptions and other	(31)	(1)	3	(2)	(34)	1	–	–
GEV earnings: covered business	1 062	839	517	70	(73)	233	618	536
Acquired value of in-force	–	288	–	241	–	–	–	47
Transfers from/(to) other Group operations	(231)	(219)	–	–	123	–	(354)	(219)
Transfers from covered business	(572)	(1 114)	–	–	–	–	(572)	(1 114)
Embedded value of covered business at the beginning of the year	5 077	5 283	3 376	3 065	(666)	(899)	2 367	3 117
Embedded value of covered business at the end of the year	5 336	5 077	3 893	3 376	(616)	(666)	2 059	2 367

7.6 Group office

Analysis of earnings

	Group office and other		Consolidation[1]		Total	
R million	2019	2018	2019	2018	2019	2018
Financial services income	162	156	(532)	–	(370)	156
Administration cost	(302)	(321)	–	–	(302)	(321)
Results from financial services	(140)	(165)	(532)	–	(672)	(165)
Tax on result from financial services	40	56	174	–	214	56
Non-controlling interest	–	–	358	–	358	–
Net result from financial services	(100)	(109)	–	–	(100)	(109)
Net investment income	232	(43)	–	–	232	(43)
Net investment surpluses	(10)	(39)	–	–	(10)	(39)
Project expenses	–	(6)	–	–	–	(6)
Net operational earnings	122	(197)	–	–	122	(197)
Net equity participation costs	(594)	–	–	–	(594)	–
Normalised attributable earnings	(472)	(197)	–	–	(472)	(197)

[1] *Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results. Comparatives have not been adjusted.*

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

8. Value of other Group operations sensitivity analysis
8.1 Investment in associated companies

R million	2019	2018
Shriram Capital	7 381	7 132
Shriram Transport Finance Company – direct investment	1 497	1 422
Shriram General Insurance – direct investment	1 150	1 008
Shriram Life Insurance – direct investment	501	495
Pacific & Orient	503	651
Capricorn Investment Holdings	1 097	1 123
Letshego	1 522	1 494
AfroCentric	1 043	931
Other associated companies	1 996	2 065
Total investment in associated companies	16 690	16 321

Details of the investments in the material associated companies are reflected in note 8.2.3 on page 81 of the Sanlam Annual Financial Statements online.

8.2 Investment in joint ventures

R million	2019	2018
Sanlam Personal Loans	811	819
Other joint ventures	201	64
Total investment in joint ventures	1 012	883

Details of the investments in the material joint ventures are reflected in note 8.2.4 on page 85 of the Sanlam Annual Financial Statements online.

8.3 Investments include the following offshore investments

R million	2019	2018
Investment properties	6 828	7 121
Equities	9 023	4 875
Structured transactions	9	–
Interest-bearing investments	4 626	5 575
Investment funds	5 648	8 821
Cash, deposits and similar securities	2 869	2 959
Total offshore investments	29 003	29 351

9. Financial services income

R million	2019	2018
Equity-accounted earnings included in financial services income		
Sanlam Personal Finance	240	280
Sanlam Emerging Markets	3 047	2 784
Santam	483	284
Sanlam Investment Group	159	56
Sanlam Corporate	166	160
	4 095	3 564
10. Sales remuneration		
Life business	4 934	4 631
Non-life operations	5 647	3 381
	10 581	8 012
11. Administration costs		
Life business	9 059	7 976
Non-life operations	14 419	11 144
	23 478	19 120
Depreciation included in administration costs:		
Sanlam Personal Finance	318	132
Sanlam Emerging Markets	320	86
Santam	257	103
Sanlam Investment Group	107	35
Sanlam Corporate	15	1
	1 017	357
12. Investment Income		
Equities and similar securities	915	327
Interest-bearing, preference shares and similar securities	444	682
Properties	37	14
Rental income	49	23
Rental-related expenses	(12)	(9)
Total investment income	1 396	1 023
Interest expense netted off against investment income	974	949

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

13. Normalised diluted earnings per share

Cents	2019	2018
Normalised diluted earnings per share		
Net result from financial services	438,0	423,6
Operational earnings	488,9	450,5
Profit attributable to shareholders' fund	412,5	548,9

R million	2019	2018
Analysis of operational earnings (refer shareholders' fund income statement on page 50):		
Net result from financial services	9 674	8 890
Operational earnings	10 798	9 455
Profit attributable to shareholders' fund	9 110	11 521
Reconciliation of operational earnings:		
Headline earnings per note 23 on page 117 of the Sanlam Annual Financial Statements online	7 481	9 162
Add/(less):	3 317	293
Fund transfers	1 960	(106)
Net equity-accounted earnings	(5)	(6)
Net amortisation of value of business acquired and other intangibles	766	400
Equity participation costs	596	5
Operational earnings	10 798	9 455
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 23 on page 117 of the Sanlam Annual Financial Statements online)	2 090,0	2 077,3
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	118,5	21,5
Adjusted weighted average number of shares for normalised diluted earnings per share	2 208,5	2 098,8

14. Value per share

Net asset value per share is calculated on the Group shareholders' fund at net asset value of R76 512 million (2018: R70 375 million), divided by 2226,2 million (2018: 2115,3 million) shares.

Equity value per share is calculated based on the Group Equity Value of R143 271 million (2018: R134 052 million), divided by 2226,2 million (2018: 2115,3 million) shares.

R million	2019	2018
Number of shares for value per share		
Number of ordinary shares in issue	2 343,3	2 232,0
Shares held by subsidiaries in shareholders' fund	(139,2)	(137,7)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	22,1	21,0
Adjusted number of shares for value per share	2 226,2	2 115,3

15. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,8 (2018: 8,9) to the after tax recurring corporate expenses.

16. Shares issued

During 2019, Sanlam Limited issued 111 349 000 shares at a price of R70 per share. The shares issued represent approximately 5,0% of the Company's issued ordinary share capital of 2 231 989 047 prior to the issuance.

17. Shares repurchases

Sanlam shareholders granted general authorities to the Group at the 2019 and 2018 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in 2019.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

18. Reconciliations
18.1 Reconciliation between Group statement of comprehensive income and shareholders' fund income statement

	2019				2018			
R million	Total	Shareholder activities	Policyholder activities(1)	IFRS adjustments(2)	Total	Shareholder activities	Policyholder activities(1)	IFRS adjustments(2)
Net income	147 796	86 263	58 952	2 581	77 721	70 854	5 081	1 786
Financial services income	95 520	84 250	–	11 270	73 619	66 529	–	7 090
Reinsurance premiums paid	(15 893)	–	–	(15 893)	(11 262)	–	–	(11 262)
Reinsurance commission received	2 676	–	–	2 676	2 166	–	–	2 166
Investment income	33 003	1 396	22 595	9 012	31 208	1 023	21 369	8 816
Investment surpluses	43 064	617	36 357	6 090	(16 447)	3 302	(16 288)	(3 461)
Finance cost – margin business	(242)	–	–	(242)	(164)	–	–	(164)
Change in fair value of external investors liability	(10 332)	–	–	(10 332)	(1 399)	–	–	(1 399)
Net insurance and investment contract benefits and claims	(91 526)	(34 075)	(57 458)	7	(29 524)	(24 853)	(4 677)	6
Long-term insurance contract benefits	(30 802)	(11 304)	(17 952)	(1 546)	(18 566)	(11 026)	(7 676)	136
Long-term investment contract benefits	(39 506)	–	(39 506)	–	2 999	–	2 999	–
General insurance claims	(29 646)	(22 771)	–	(6 875)	(20 662)	(13 827)	–	(6 835)
Reinsurance claims received	8 428	–	–	8 428	6 705	–	–	6 705
Expenses	(41 051)	(34 785)	–	(6 266)	(31 701)	(27 273)	–	(4 428)
Sales remuneration	(13 246)	(10 581)	–	(2 665)	(10 139)	(8 012)	–	(2 127)
Administration costs	(27 805)	(24 204)	–	(3 601)	(21 562)	(19 261)	–	(2 301)
Impairments	(742)	(339)	–	(403)	(449)	(305)	–	(144)
Amortisation of intangibles	(1 405)	(766)	–	(639)	(659)	(400)	–	(259)
Net operating result	13 072	16 298	1 494	(4 720)	15 388	18 023	404	(3 039)
Equity-accounted earnings	2 989	27	–	2 962	2 424	15	–	2 409
Finance cost – other	(1 500)	–	–	(1 500)	(846)	–	–	(846)
Profit before tax	14 561	16 325	1 494	(3 258)	16 966	18 038	404	(1 476)
Tax expense	(5 756)	(5 183)	(1 494)	921	(4 164)	(4 660)	(404)	900
Shareholders' fund	(4 017)	(5 183)	–	1 166	(3 510)	(4 660)	–	1 150
Policyholders' fund	(1 739)	–	(1 494)	(245)	(654)	–	(404)	(250)
Profit from continuing operations	8 805	11 142	–	(2 337)	12 802	13 378	–	(576)
Profit for the year	8 805	11 142	–	(2 337)	12 802	13 378	–	(576)
Attributable to:								
Shareholders' fund	7 150	9 110	–	(1 960)	11 627	11 521	–	106
Non-controlling interest	1 655	2 032	–	(377)	1 175	1 857	–	(682)
	8 805	11 142	–	(2 337)	12 802	13 378	–	(576)

(1) *Policyholder activities relate to the inclusion of policyholders' after-tax investment return, and the allocation thereof to policy liabilities, in the Group Statement of Comprehensive Income.*
(2) *IFRS adjustments relate to amounts that have been set off in the shareholders' fund income statement that is not permitted in terms of IFRS, and fund transfers relating to investments in treasury shares and subsidiaries held by the policyholders' fund.*

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the year ended 31 December 2019 (continued)

18. Reconciliations
18.2 Reconciliation between Group statement of financial position and shareholders' fund at net asset value

R million	2019 Total	2019 Shareholder activities	2019 Policyholder activities[1]	2019 Consolidation reserve	2018[2] Total	2018[2] Shareholder activities	2018[2] Policyholder activities[1]	2018[2] Consolidation reserve
Assets								
Equipment	1 655	1 533	122	–	1 587	1 480	107	–
Rights-of-use assets	1 912	1 852	60	–	–	–	–	–
Owner-occupied properties	1 794	1 683	111	–	2 010	1 862	148	–
Goodwill	18 974	18 974	–	–	20 392	20 392	–	–
Value of business acquired	8 768	8 768	–	–	9 553	9 110	443	–
Other intangible assets	926	926	–	–	1 082	1 082	–	–
Deferred acquisition costs	3 505	2 865	640	–	3 446	2 816	630	–
Long-term reinsurance assets	2 042	–	2 042	–	1 971	–	1 971	–
Investments	770 995	83 686	697 145	(9 836)	690 744	74 647	617 976	(1 879)
Properties	21 565	6 815	14 750	–	21 349	7 122	14 227	–
Associated companies	16 690	16 690	–	–	16 321	16 321	–	–
Joint ventures	1 992	1 012	980	–	2 040	883	1 157	–
Equities and similar securities	201 501	14 775	196 562	(9 836)	184 787	5 188	181 478	(1 879)
Interest-bearing investments	234 509	19 640	214 869	–	211 770	18 831	192 939	–
Structured transactions	23 090	728	22 362	–	21 341	1 138	20 203	–
Investment funds	222 141	20 442	201 699	–	190 005	20 844	169 161	–
Cash, deposits and similar securities	49 507	3 584	45 923	–	43 131	4 320	38 811	–
Deferred tax	1 872	1 231	–	641	2 249	1 239	–	1 010
Assets of disposal groups classified as held for sale	159	127	32	–	139	138	1	–
General insurance technical assets	10 166	10 166	–	–	9 540	9 540	–	–
Working capital assets	77 461	58 026	19 435	–	72 863	55 497	17 366	–
Trade and other receivables	46 180	32 033	14 147	–	43 653	31 454	12 199	–
Taxation	912	867	45		1 059	996	63	
Cash, deposits and similar securities	30 369	25 126	5 243	–	28 151	23 047	5 104	–
Total assets	900 229	189 837	719 587	(9 195)	815 576	177 803	638 642	(869)
Equity and liabilities								
Shareholders' fund	67 317	76 512	–	(9 195)	69 506	70 375	–	(869)
Non-controlling interest	12 043	12 027	16	–	12 111	11 599	512	–
Long-term policy liabilities	591 168	–	591 168	–	543 785	–	543 785	–
Insurance contracts	189 687	–	189 687	–	188 448	–	188 448	–
Investment contracts	401 481	–	401 481	–	355 337	–	355 337	–
Term finance	11 187	7 474	3 713	–	7 413	7 300	113	–
Lease liabilities	2 110	2 049	61	–	–	–	–	–
Structured transactions liabilities	19 272	58	19 214	–	15 629	24	15 605	–
External investors in consolidated funds	85 187	–	85 187	–	66 146	–	66 146	–
Cell owners' interest	3 935	3 935	–	–	3 305	3 305	–	–
Deferred tax	5 766	4 626	1 140	–	5 352	4 912	440	–
General insurance technical provisions	41 332	41 332	–	–	38 033	38 033	–	–
Working capital liabilities	60 912	41 824	19 088	–	54 296	42 255	12 041	–
Trade and other payables	58 062	39 599	18 463	–	50 761	39 287	11 474	–
Provisions	523	496	27	–	450	426	24	–
Taxation	2 327	1 729	598	–	3 085	2 542	543	–
Total equity and liabilities	900 229	189 837	719 587	(9 195)	815 576	177 803	638 642	(869)

(1) *Includes the impact of IFRS adjustments.*
(2) *Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.*

19. Geographical analysis

R million	Per shareholders fund' income statement on page 50	IFRS adjustments (refer note 18.1)	Total
Financial services income			
Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
2019	**84 250**	**11 270**	**95 520**
South Africa	**55 020**	**11 075**	**66 095**
Other African operations	**22 941**	**2 238**	**25 179**
Other international[(1)]	**6 289**	**(2 043)**	**4 246**
2018	66 529	7 090	73 619
South Africa[(2)]	51 420	8 481	59 901
Other African operations	10 418	(505)	9 913
Other international[(1)]	4 691	(886)	3 805

R million	Per analysis of shareholders' fund on page 48	Policy-holders' fund	Total
Non-current assets[(2)]			
2019	**36 728**	**965**	**37 693**
South Africa	**24 767**	**456**	**25 223**
Other African operations	**7 606**	**250**	**7 856**
Other international[(1)]	**4 355**	**259**	**4 614**
2018[(3)]	36 880	1 329	38 209
South Africa	26 741	448	27 189
Other African operations	7 203	242	7 445
Other international[(1)]	2 936	639	3 575

R million	2019	2018
Attributable earnings (per shareholders' fund income statement on page 50)	**7 150**	11 627
South Africa	**4 150**	8 319
Other African operations	**1 519**	2 158
Other international[(1)]	**1 481**	1 150

(1) *Other international comprises businesses in the Europe, United Kingdom, Australia, India, Malaysia and Lebanon.*
(2) *Non-current assets include property and equipment, owner-occupied properties, goodwill, value of business acquired right-of-use assets, other intangible assets, non-current assets held for sale and deferred acquisition costs.*
(3) *Comparatives have been adjusted for the reallocation of value of business acquired to goodwill, amounting to R407 million. Refer to note 4 of the Sanlam Annual Financial Statements online for additional information.*

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of presentation

Introduction

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

The following new or revised IFRS and interpretations became effective on 1 January 2019 and have therefore been applied:

- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12, and IAS 23)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

IFRS 16 – Leases has been applied by using the modified retrospective approach. The Group has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. There was no impact on retained earnings at the beginning of the current period. The reclassifications and adjustments arising on transition are recognised in the opening balance sheet on 1 January 2019 and are reflected in note 36.1 of the annual financial statements.

The Group has elected to apply the interpretation, IFRIC 23 – Uncertainty over Income Tax Treatments, retrospectively with the cumulative effect of initially applying the interpretation as an adjustment to the opening retained earnings balance. Therefore, the Group has not restated comparatives for the 2018 reporting period. There was however no impact on the statement of financial position or opening retained earnings as at 1 January 2019. Refer to note 36.2 of the annual financial statements online.

The other amendments listed above did not have a significant impact on the amounts recognised in prior or current period(s) and are not expected to significantly affect the current or future periods. No further disclosures have accordingly been made.

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

- Effective 1 January 2020:
  - Amendments to References to Conceptual Framework in IFRS Standards
  - Definition of a Business (Amendments to IFRS 3)
  - Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 – Insurance Contracts (effective 1 January 2022)

IFRS 17 – Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The granular level of modelling and accounting required to meet the requirements of IFRS 17 will have a significant impact on the underlying valuation models, systems and processes. The Group's assessment of the requirements of the standard against current data, processes and valuation models is largely complete, as well as the overall design of the future actuarial and financial reporting processes and architecture. Solution build activities are tracking in line with the Group-wide programme.

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

GROUP STATEMENT OF FINANCIAL POSITION

at 31 December 2019

R million	2019	Restated[(1)] 2018
ASSETS		
Equipment	**1 655**	1 587
Right-of-use assets	**1 912**	–
Owner-occupied properties	**1 794**	2 010
Goodwill[(1)]	**18 974**	20 392
Value of business acquired[(1)]	**8 768**	9 553
Other intangible assets	**926**	1 082
Deferred acquisition costs	**3 505**	3 446
Long-term reinsurance assets	**2 042**	1 971
Investments	**770 995**	690 744
Properties	**21 565**	21 349
Investments in associates and joint ventures	**18 682**	18 361
Equities and similar securities	**201 501**	184 787
Interest-bearing investments	**234 509**	211 770
Structured transactions	**23 090**	21 341
Investment funds	**222 141**	190 005
Cash, deposits and similar securities	**49 507**	43 131
Deferred tax	**1 872**	2 249
Assets of disposal groups classified as held for sale	**159**	139
General insurance technical assets	**10 166**	9 540
Working capital assets	**77 461**	72 863
Trade and other receivables[(1)]	**46 180**	43 653
Taxation[(1)]	**912**	1 059
Cash, deposits and similar securities	**30 369**	28 151
Total assets	**900 229**	815 576
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	**13 452**	5 657
Treasury shares	**(4 127)**	(3 934)
Other reserves	**(1 859)**	10 495
Retained earnings	**59 851**	57 288
Shareholders' fund	**67 317**	69 506
Non-controlling interest	**12 043**	12 111
Total equity	**79 360**	81 617
Long-term policy liabilities	**591 168**	543 785
Term finance	**11 187**	7 413
Margin business	**3 614**	3 654
Other interest-bearing liabilities	**7 573**	3 759
Lease liabilities	**2 110**	–
Structured transactions liabilities	**19 272**	15 629
External investors in consolidated funds	**85 187**	66 146
Cell owners' interest	**3 935**	3 305
Deferred tax[(1)]	**5 766**	5 352
General insurance technical provisions[(1)]	**41 332**	38 033
Working capital liabilities	**60 912**	54 296
Trade and other payables	**58 062**	50 761
Provisions	**523**	450
Taxation	**2 327**	3 085
Total equity and liabilities	**900 229**	815 576

[(1)] *Refer to note 9 for more information.*

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

R million	2019	2018
Net income	**147 796**	77 721
Financial services income	**95 520**	73 619
Reinsurance premiums paid	**(15 893)**	(11 262)
Reinsurance commission received	**2 676**	2 166
Investment income	**33 003**	31 208
Investment surpluses	**43 064**	(16 447)
Finance cost – margin business	**(242)**	(164)
Change in fair value of external investors' liability	**(10 332)**	(1 399)
Net insurance and investment contract benefits and claims	**(91 526)**	(29 524)
Long-term insurance contract benefits	**(30 802)**	(18 566)
Long-term investment contract benefits	**(39 506)**	2 999
General insurance claims	**(29 646)**	(20 662)
Reinsurance claims received	**8 428**	6 705
Expenses	**(41 051)**	(31 701)
Sales remuneration	**(13 246)**	(10 139)
Administration costs	**(27 805)**	(21 562)
Impairments	**(742)**	(449)
Amortisation of intangibles	**(1 405)**	(659)
Net operating result	**13 072**	15 388
Equity-accounted earnings	**2 989**	2 424
Finance cost – other	**(1 500)**	(846)
Profit before tax	**14 561**	16 966
Taxation	**(5 756)**	(4 164)
Shareholders' fund	**(4 017)**	(3 510)
Policyholders' fund	**(1 739)**	(654)
Profit for the year	**8 805**	12 802
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods		
Movement in foreign currency translation reserve	**(4 707)**	2 002
Other comprehensive income of equity accounted investments	**(335)**	126
Movement in cashflow hedge	**–**	166
Other comprehensive income: not to be recycled through profit or loss in subsequent periods		
Employee benefits re-measurement profit	**25**	4
Comprehensive income for the year	**3 788**	15 100
Allocation of comprehensive income:		
Profit for the year	**8 805**	12 802
Shareholders' fund	**7 150**	11 627
Non-controlling interest	**1 655**	1 175
Comprehensive income for the year	**3 788**	15 100
Shareholders' fund	**2 951**	13 698
Non-controlling interest	**837**	1 402
Earnings attributable to shareholders of the company (cents):		
Profit for the year:		
Basic earnings per share	**345,8**	565,4
Diluted earnings per share	**342,1**	559,7

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

R million	Share capital	Share premium	Treasury shares	Non-distributable reserve[5]	Foreign currency translation reserve	Retained earnings	Subtotal: equity	Consolidation reserve	Shareholders' fund	Non-controlling interest	Total equity
Balance at 1 January 2018	21	1	(3 811)	9 976	(492)	52 125	57 820	(400)	57 420	6 017	63 437
IFRS transitional adjustments[4]	–	–	–	–	–	(429)	(429)	–	(429)	(12)	(441)
Comprehensive income	–	–	–	–	1 717	11 981	13 698	–	13 698	1 402	15 100
Profit for the year	–	–	–	–	–	11 627	11 627	–	11 627	1 175	12 802
Other comprehensive income[3]	–	–	–	–	1 717	354	2 071	–	2 071	227	2 298
Shares issued	1	5 634	–	–	–	–	5 635	–	5 635	–	5 635
Net (acquisition)/disposal of treasury shares[2]	–	–	(123)	–	–	(289)	(412)	(610)	(1 022)	(29)	(1 051)
Share-based payments	–	–	–	–	–	358	358	–	358	26	384
Transfer to non-distributable reserve	–	–	–	178	–	(178)	–	–	–	–	–
Transfer (from)/to consolidation reserve	–	–	–	–	–	(141)	(141)	141	–	–	–
Dividends paid[1]	–	–	–	–	–	(6 053)	(6 053)	–	(6 053)	(867)	(6 920)
Acquisitions, disposals and other movements in interests	–	–	–	–	(15)	(86)	(101)	–	(101)	5 574	5 473
Balance at 31 December 2018	**22**	**5 635**	**(3 934)**	**10 154**	**1 210**	**57 288**	**70 375**	**(869)**	**69 506**	**12 111**	**81 617**
Comprehensive income	**–**	**–**	**–**	**–**	**(3 888)**	**6 839**	**2 951**	**–**	**2 951**	**837**	**3 788**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**7 150**	**7 150**	**–**	**7 150**	**1 655**	**8 805**
Other comprehensive income	**–**	**–**	**–**	**–**	**(3 888)**	**(311)**	**(4 199)**	**–**	**(4 199)**	**(818)**	**(5 017)**
Shares issued	**1**	**7 794**	**–**	**–**	**–**	**–**	**7 795**	**–**	**7 795**	**–**	**7 795**
Net (acquisition)/disposal of treasury shares[2]	**–**	**–**	**(193)**	**–**	**–**	**(338)**	**(531)**	**(7 871)**	**(8 402)**	**1**	**(8 401)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**391**	**391**	**–**	**391**	**33**	**424**
B-BBEE IFRS 2 costs[5]	**–**	**–**	**–**	**–**	**–**	**1 686**	**1 686**	**–**	**1 686**	**–**	**1 686**
Transfer from non-distributable reserve	**–**	**–**	**–**	**(173)**	**–**	**173**	**–**	**–**	**–**	**–**	**–**
Transfer (from)/to consolidation reserve	**–**	**–**	**–**	**–**	**–**	**456**	**456**	**(456)**	**–**	**–**	**–**
Dividends paid[1]	**–**	**–**	**–**	**–**	**–**	**(6 500)**	**(6 500)**	**–**	**(6 500)**	**(1 095)**	**(7 595)**
Acquisitions, disposals and other movements in interests	**–**	**–**	**–**	**(2)**	**36**	**(144)**	**(110)**	**–**	**(110)**	**156**	**46**
Balance at 31 December 2019	**23**	**13 429**	**(4 127)**	**9 979**	**(2 642)**	**59 851**	**76 513**	**(9 196)**	**67 317**	**12 043**	**79 360**

(1) *A dividend of 334 cents per share (2018: 312 cents per share) was declared in 2020 in respect of the 2019 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R6,5 billion (after allowing for treasury shares), but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.*

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

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

(4) *During the prior year IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers were adopted.*

(5) *A one-off expense of R1 686 million was recognised in terms of International Financial Reporting Standards (IFRS) 2 Share-Based Payment in respect of the Broad-Based Black Economic Empowerment (B-BBEE) share issuance to the new B-BBEE special purpose vehicle (SPV).*

GROUP STATEMENT OF CASH FLOW

for the year ended 31 December 2019

R million	Notes	2019	2018
Cash flow from operating activities		**6 645**	10 760
Cash utilised in operations	3.1	**(9 910)**	(7 286)
Interest and preference share dividends received		**17 541**	18 199
Interest paid		**(1 094)**	(1 136)
Dividends received		**13 198**	12 307
Dividends paid		**(7 433)**	(6 844)
Taxation paid		**(5 657)**	(4 480)
Cash flow from investment activities		**(509)**	(6 764)
Acquisition of subsidiaries and associated companies		**(685)**	(7 254)
Disposal of subsidiaries and associated companies		**176**	490
Cash flow from financing activities		**2 503**	4 052
Shares issued		**7 795**	5 635
Movement in treasury shares		**(8 401)**	(1 051)
Disposal of non-controlling interest		**–**	90
Term finance raised		**3 998**	2 455
Term finance repaid		**(299)**	(3 077)
Lease liabilities repaid		**(590)**	–
Net increase in cash and cash equivalents		**8 639**	8 048
Net foreign exchange difference		**(325)**	(124)
Cash and cash equivalents at beginning of the year		**63 343**	55 419
Cash and cash equivalents at end of the year	3.2	**71 657**	63 343

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 Earnings per share

For **basic earnings per share** the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries, consolidated investment funds and policyholders. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

For **diluted earnings per share** the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme and treasury shares held by subsidiaries, consolidated investment vehicles (including the B-BBEE SPV) and policyholders. The shares held by the B-BBEE SPV is seen as an option for dilutive earnings per share purposes that will have an impact on the dilution as the Sanlam share price increases. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Cents	2019	2018
Basic earnings per share:		
Headline earnings	**361,8**	445,6
Profit attributable to shareholders' fund	**345,8**	565,4
Diluted earnings per share:		
Headline earnings	**357,9**	441,1
Profit attributable to shareholders' fund	**342,1**	559,7
R million		
Analysis of earnings:		
Profit attributable to shareholders' fund	**7 150**	11 627
Plus/(less): Net profit on disposal of subsidiaries	**6**	(13)
Profit on disposal of subsidiaries	**9**	(17)
Tax on profit on disposal of subsidiaries	**–**	4
Non-controlling interest	**(3)**	–
Less: Net profit on disposal of associated companies	**–**	(2 760)
Profit on disposal of associated companies	**–**	(3 095)
Tax on profit on disposal of associated companies	**–**	157
Non-controlling interest	**–**	178
Less: Equity-accounted non-headline earnings	**–**	(17)
Plus: Impairments	**325**	325
Gross Impairments	**395**	449
Tax on impairment	**–**	(3)
Non-controlling interest	**(70)**	(121)
Headline earnings	**7 481**	9 162

Million	2019	2018
Number of shares:		
Weighted number of ordinary shares in issue	**2 324,8**	2 215,6
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds (including policyholders)	**(256,9)**	(159,3)
Adjusted weighted average number of shares for basic earnings per share	**2 067,9**	2 056,3
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	**22,1**	21,0
Adjusted weighted average number of shares for diluted earnings per share	**2 090,0**	2 077,3

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

2. Fair value disclosures

Financial instruments

Financial instruments carried on the statement of financial position include investments (excluding investment properties, associates and joint ventures), receivables, cash, deposits and similar securities, investment policy contracts, term finance liabilities, liabilities in respect of external investors in consolidated funds and payables.

Recognition and derecognition

Financial instruments are recognised when the Group becomes party to a contractual arrangement that constitutes a financial asset or financial liability for the Group that is not subject to suspensive conditions. Regular way investment transactions are recognised by using trade date accounting.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or when the asset is transferred. On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation to deliver cash or other resources in terms of the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Collateral placed at counter-parties as part of the Group's capital market activities are not derecognised. No transfer of ownership takes place in respect of collateral other than cash and any such collateral accepted by counter-parties may not be used for any purpose other than being held as security for the trades to which such security relates. In respect of cash security, ownership transfers in law. However, the counterparty has an obligation to refund the same amount of cash, together with interest, if no default has occurred in respect of the trades to which such cash security relates. Cash collateral is accordingly also not derecognised.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through profit or loss (either mandatory or designated); or
- Fair value through other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are mandatorily measured at fair value through profit or loss. In addition, the group designates certain financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

On initial recognition, the Group classifies its financial liabilities into one of the following categories:

- Amortised cost; or
- Fair value through profit or loss (either mandatory or designated)

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed. Financial liabilities classified as at fair value through profit or loss comprise held-for-trading liabilities, including derivatives (mandatory fair value through profit or loss) as well as financial liabilities designated as at fair value through profit or loss.

On initial recognition the Group designates a financial liability as at fair value through profit or loss when doing so results in more relevant information either because:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis; or
- a Group of financial liabilities; or a group of financial assets and liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the entity's key management personnel.

The Group designates financial instruments as at fair value through profit or loss in line with its risk management policies and procedures that are based on the management of the Group's capital and activities on a fair value basis. The Group's internal management reporting basis is consistent with the classification of its financial instruments.

Initial measurement

A financial asset or financial liability is initially measured at fair value, plus for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment surpluses.

Subsequent measurement

Financial instruments classified as at fair value through profit or loss are measured at fair value after initial recognition. Net gains and losses (on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss. Changes in fair value are recognised in the statement of comprehensive income as investment surpluses. The particular valuation methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments classified as at amortised cost are measured at amortised cost using the effective interest method. Interest income, interest expense, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss or derecognition is also measured in profit or loss.

2. Fair value disclosures (continued)

Impairment

The Group recognises loss allowances for expected credit losses on:

- Financial assets measured at amortised cost (including contract assets/contract receivables); and
- Financial guarantee contracts

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12 month expected credit losses if:

- The credit risk on a financial instrument has not increased significantly since initial recognition; or
- Financial instruments are determined to have a low credit risk at the reporting date.

The Group determines whether the credit risk on a financial instrument has increased significantly by comparing this risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition together with reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the loss allowances are measured at an amount equal to the 12 month expected credit losses if the credit risk on a financial instrument has not increased significantly since initial recognition. Financial instruments that are determined to have a low credit risk at the reporting date are assumed to have no significant increase in credit risk.

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses, measured as the present value of all cash short falls (the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of loss allowances in the statement of financial position

Loss allowances for expected credit losses are presented as a deduction from the gross carrying amounts of the financial assets.

Write-offs

The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Other financial liabilities

Other financial liabilities include:

- Term finance liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost;
- Other term finance liabilities measured at stock exchange prices or amortised cost as applicable;
- Investment contract liabilities measured at fair value, determined on the bases as disclosed in the section on Policy Liabilities and Profit Entitlement; and
- External investors in consolidated funds measured at the attributable net asset value of the respective funds.

Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these 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**.

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
31 December 2019				
Non-financial instruments	–	–	21 565	21 565
Properties	–	–	21 565	21 565
Financial instruments	478 583	255 866	2 808	737 257
Equities and similar securities	195 603	4 764	1 134	201 501
Interest-bearing investments	77 456	147 811	498	225 765
Investment in joint ventures	–	–	400	400
Structured transactions	862	22 228	–	23 090
Investment funds	200 354	21 073	714	222 141
Trade and other receivables	4 308	7 971	62	12 341
Cash deposits and similar securities: Investments	–	48 504	–	48 504
Cash deposits and similar securities: Working capital assets	–	3 515	–	3 515
Total assets at fair value	478 583	255 866	24 373	758 822
Financial instruments	84 903	434 493	2 184	521 580
External investors in consolidated funds	84 247	397	543	85 187
Investment contract liabilities	–	399 840	1 641	401 481
Term finance		3 314	–	3 314
Structured transactions liabilities	–	19 272	–	19 272
Trade and other payables	656	11 670	–	12 326
Total liabilities at fair value	84 903	434 493	2 184	521 580

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
31 December 2018 (Restated)				
Non-financial instruments	–	–	21 349	21 349
Properties	–	–	21 349	21 349
Financial instruments	406 689	249 119	1 844	657 652
Equities and similar securities	179 365	4 918	504	184 787
Interest-bearing investments	30 137	174 617	69	204 823
Investment in joint ventures	–	–	539	539
Structured transactions	8 013	13 328	–	21 341
Investment funds	182 926	6 347	732	190 005
Trade and other receivables[(1)]	6 248	5 653	–	11 901
Cash deposits and similar securities: Investments[(2)]	–	41 897	–	41 897
Cash deposits and similar securities: Working capital assets	–	2 359	–	2 359
Total assets at fair value	406 689	249 119	23 193	679 001
Financial instruments	62 621	387 434	2 278	452 333
External investors in consolidated funds	61 573	3 960	613	66 146
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[(1)]	1 048	11 088	–	12 136
Total liabilities at fair value	62 621	387 434	2 278	452 333

[(1)] *Trading account assets and liability to the amounts of R4 607 million and R4 547 million has been reclassified to amortised cost respectively.*
[(2)] *Cash deposits and similar securities to the amount of R1 234 million has been reclassified to amortised cost.*

2. Fair value disclosures (continued)

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

R million	Properties	Investment in joint ventures	Equities and similar securities	Interest-bearing investments	Investment funds	Trade and other receivables	Total assets
2019							
Assets							
Balance at 1 January 2019	**21 349**	**539**	**504**	**69**	**732**	**–**	**23 193**
Net gains/(losses) in statement of comprehensive income	**847**	**(139)**	**100**	**(2)**	**(68)**	**–**	**738**
Acquired through business combinations	**71**	**–**	**–**	**–**	**–**	**–**	**71**
Acquisitions	**469**	**–**	**175**	**437**	**56**	**–**	**1 137**
Disposals	**(698)**	**–**	**(86)**	**(6)**	**(5)**	**–**	**(795)**
Foreign exchange movements	**(263)**	**–**	**(15)**	**–**	**(1)**	**–**	**(279)**
Reclassified from disposal groups classified as held for sale	**(2)**	**–**	**–**	**–**	**–**	**–**	**(2)**
Transfers from owner-occupied property	**(208)**	**–**	**–**	**–**	**–**	**–**	**(208)**
Transfers from level 2	**–**	**–**	**456**	**–**	**–**	**62**	**518**
Balance at 31 December 2019	**21 565**	**400**	**1 134**	**498**	**714**	**62**	**24 373**
2018							
Balance at 1 January 2018	11 505	359	433	30	330	–	12 657
Net gains in statement of comprehensive income	309	180	20	3	33	–	545
Acquired through business combinations	7 446	–	–	–	–	–	7 446
Acquisitions	2 165	–	131	36	368	–	2 700
Disposals	(171)	–	(100)	–	–	–	(271)
Foreign exchange movements	224	–	20	–	1	–	245
Reclassified from disposal groups classified as held for sale	(128)	–	–	–	–	–	(128)
Transfers to owner-occupied properties	(1)	–	–	–	–	–	(1)
Balance at 31 December 2018	21 349	539	504	69	732	–	23 193

R million	Investment contract liabilities	External investors in consolidated funds	Total liabilities
2019			
Liabilities			
Balance at 1 January 2019	**1 665**	**613**	**2 278**
Net loss/(gains) in statement of comprehensive income	**49**	**(55)**	**(6)**
Acquisitions	**50**	**-**	**50**
Disposals	**(141)**	**-**	**(141)**
Foreign exchange movements	**18**	**(15)**	**3**
Balance at 31 December 2019	**1 641**	**543**	**2 184**
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

R million	2019	2018
Gains and losses (realised and unrealised) included in profit or loss		
Total gains or losses included in profit or loss for the period	**(804)**	519
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	**(112)**	89

Transfers between levels

R million	Equities and similar securities	Interest-bearing investments[1]	Structured transactions	Cash, deposits and similar securities	Total assets
2019					
Assets					
Transfer from level 1 to level 2	**(172)**	**(2 043)**	**(4 291)**	**–**	**(6 506)**
2018					
Transfer from level 1 to level 2	–	142	–	–	142

[1] *Instruments that were not actively traded in the market have been transferred from level 1 to level 2. Conversely, instruments that have become actively traded in the market have been transferred from level 2 to level 1.*

2. Fair value disclosures (continued)

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

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input
Properties	3	Recently contracted prices, discounted cash flow model (DCF), Earnings multiple	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)
Equities and similar securities	2 and 3	Discounted cash flow model (DCF), Earnings multiple	Cost of Capital, Consumer price index	Cost of Capital Adjusted earnings multiple Budgets Forecasts
Interest-bearing investments	2 and 3	DCF, Quoted put/surrender price by issuer	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Discount rate
Structured transactions assets and liabilities	2	Option pricing models DCF	Bond and interbank swap interest rate curve. Forward equity and currency rates Volatility risk adjustments	n/a
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	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index Bond interest rate curve	Earnings multiple
Trade and other receivables/payables	2 and 3	DCF, Earnings multiple, Quoted put/surrender price by issuer, Option pricing models	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index, Forward rate, Credit risk spread, Liquidity spread	n/a
Cash, deposits and similar securities	2	Mark-to-market Yield curve	Bond and interbank swap interest rate curve Credit spread	n/a
Investment in joint ventures	3	Earnings multiple	Earnings Multiple Country risk, size of the business and marketability	Adjusted earnings multiple Sustainable EBITDA
Term finance	2	DCF	Bond & forward rate Credit ratings of issuer Liquidity spread Agreement interest curves	n/a
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index Unit prices	Based on underlying assets

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	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
Properties						
2019						
Cash flow risk adjustments	**21 565**	**(2 157)**	**2 157**	**–**	**–**	**–**
Base rate	**–**	**–**	**–**	**11 464**	**(436)**	**473**
Capitalisation	**–**	**–**	**–**	**11 464**	**(479)**	**582**

R million	Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
2019			
Earnings multiple	**10 101**	**936**	**(930)**

R million	Carrying amount	Effect of a 10% increase in risk adjustments	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
2018						
Cash flow risk adjustments	21 349	(2 135)	2 135	–	–	–
Base rate	–	–	–	9 864	(240)	258
Capitalisation	–	–	–	9 864	(297)	364

R million	Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
2018			
Earnings multiple	11 477	1 002	(969)

2. Fair value disclosures (continued)

R million	Carrying amount	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
Other investments						
2019						
Equities and similar securities	**1 134**	**113**	**(113)**	**–**	**–**	**–**
Interest bearing investments	**–**	**–**	**–**	**498**	**(23)**	**14**
Investment funds	**714**	**71**	**(71)**	**–**	**–**	**–**
Investment in joint ventures[3]	**400**	**40**	**(40)**	**–**	**–**	**–**
Trade and other receivables	**–**	**–**	**–**	**62**	**(20)**	**21**
Total	**2 248**	**224**	**(224)**	**560**	**(43)**	**35**
Other investments						
2018						
Equities and similar securities	504	50	(50)	–	–	–
Interest bearing investments	–	–	–	69	(1)	2
Investment funds	732	73	(73)	–	–	–
Investment in joint ventures[3]	–	–	–	539	(44)	50
Total	1 236	123	(123)	608	(45)	52

Liabilities

R million	Carrying amount[2]	Effect of a 10% increase in value	Effect of a 10% decrease in value
2019			
Investment contract liabilities	**1 641**	**164**	**(164)**
External investors in consolidated funds	**543**	**54**	**(54)**
Total liabilities	**2 184**	**218**	**(218)**
2018			
Investment contract liabilities	1 665	167	(167)
External investors in consolidated funds	613	61	(61)
Total liabilities	2 278	228	(228)

(1) *Investment Properties comprise 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) *The valuation methodology applied to the underlying investment changed from a discounted cash flow based methodology to an earnings multiple methodology.*

3. Notes to the cash flow statement
3.1 Cash generated/(utilised) in operations

R million	2019	2018
Profit before tax per statement of comprehensive income	**14 561**	16 966
Net movement in policy liabilities	**48 780**	(2 655)
Non-cash flow items	**(40 459)**	16 017
Depreciation	**1 024**	357
Bad debts written off	**313**	145
Share-based payments	**424**	385
Profit on disposal of subsidiaries and associates	**8**	(3 112)
Fair value adjustments	**(43 072)**	19 558
Impairment of investments and goodwill	**742**	449
Amortisation of intangibles	**1 405**	659
Equity-accounted earnings	**(2 989)**	(2 424)
IFRS 2 B-BBEE cost	**1 686**	–
Items excluded from cash utilised in operations	**(30 151)**	(29 205)
Interest and preference share dividends received	**(18 695)**	(18 034)
Interest paid	**1 742**	1 136
Dividends received	**(13 198)**	(12 307)
Net acquisition of investments	**(18 815)**	(7 323)
Increase/(decrease) in net working capital assets and liabilities	**16 174**	(1 086)
Cash utilised in operations	**(9 910)**	(7 286)

3. Notes to the cash flow statement (continued)
3.2 Cash and cash equivalents

R million	2019	2018
Working capital: Cash and cash equivalents	**30 369**	28 151
Investment cash	**43 319**	36 156
Bank overdrafts	**(2 031)**	(964)
Total cash and cash equivalents	**71 657**	63 343

Included in cash and cash equivalents are restricted cash balances of R1 740 million (2018: R3 136 million) relating mainly to Credit Support Agreements (CSA) with derivative counterparties as well as initial margins with JSE in respect of exchange traded derivatives.

4. Share repurchases
The Sanlam shareholders granted general authorities to the Group at the 2019 and 2018 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in terms of these general authorities.

5. Contingent liabilities
Shareholders are referred to the contingent liabilities disclosure in the 2019 annual financial statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

6. Subsequent events

The outbreak of the coronavirus during mid-January has disrupted the Global economic markets. In making their estimates and judgements as at 31 December 2019 (as disclosed in note 25 of the annual financial statements online) management took into consideration the economic conditions and forecasts as at that date. Management will continue to consider the potential impact of the outbreak on significant estimates and judgements going forward.

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 2019 as reflected in these financial statements.

7. Business combinations

There were no material business combinations during 2019.

8. Sanlam B-BBEE transaction

During 2019, Sanlam Limited issued 111 349 000 shares at a price of R70 per share to a new Broad-Based Black Economic Empowerment (B-BBEE) special purpose vehicle (SPV). The shares were issued at a price of R70 per share, representing a discount of some 10% to the three-day volume-weighted average price (VWAP) at the time. Sanlam provided vendor funding to the amount of R3.7 billion to the B-BBEE entity. Sanlam's empowerment partner, Ubunto Botho (UB) and Sanlam Ubuntu-Botho Community Development trust participate in 20% of the B-BBEE SPV and five other targeted beneficiary groups sharing the remaining 80%. A one-off expense of R1,686 billion was recognised in terms of International Financial Reporting Standards (IFRS) 2 Share-Based Payment in respect of the B-BBEE share issuance.

9. Restatements of Statement of Financial Position

9.1 Saham Finances business acquisition

During the 2019 financial year additional information came to light on the purchase price allocation performed for Saham in 2018. The Statement of Financial Position and relevant notes have been restated to reflect the changes in measurement. The restatement has no impact on the Statement of Comprehensive Income.

The acquisition balances for Saham has been restated in the Group Statement of Financial position by amending each of the financial statement line items for the prior period as follows:

	2018		
R million	**Previously reported**	**Adjustments**	**Restated**
ASSETS			
Goodwill	19 985	407	20 392
Value of business acquired	9 985	(432)	9 553
Other assets	785 631	–	785 631
Total assets	815 601	(25)	815 576
EQUITY AND LIABILITIES			
Capital and reserves	81 617	–	81 617
Deferred tax	5 460	(108)	5 352
General insurance technical provisions	37 950	83	38 033
Other liabilities	690 574	–	690 574
Total liabilities	733 984	(25)	733 959
Total equity and liabilities	815 601	(25)	815 576

9.2 Current tax

IAS 1 requires current tax assets to be disclosed on the face of the statement of financial position. The Group has reclassified current tax receivable to the amount of R1 059 million from Trade and Other receivables to Taxation in the Group Statement of financial position in the current financial statements for the comparative period.