2022

SANTAM LIMITED AND ITS SUBSIDIARIES REVIEWED INTERIM REPORT AND ORDINARY DIVIDEND DECLARATION

for the six months ended 30 June 2022

CONTENTS

SALIENT FEATURES

Conventional insurance gross written premium growth
7%

Conventional insurance net underwriting margin
2.3%

Group gross claims paid
R14.2 billion

KZN flood gross claims
R4.4 billion

Economic capital coverage ratio
157%

Return on shareholders' funds
7.4%

Headline earnings (cents per share)
409 cents
(June 2021: 863 cents)

Earnings (cents per share)
425 cents
(June 2021: 863 cents)

Interim dividend (cents per share)
462 cents
(June 2021: 432 cents)

FINANCIAL REVIEW

The first half of 2022 was one of the most challenging underwriting periods in Santam's history, combined with a turbulent market environment. Despite these headwinds, the Santam group reported satisfactory gross written premium growth and maintained an economic capital coverage ratio well within the target range.

The group's conventional insurance business achieved gross written premium growth of 7%. A net underwriting margin of 2.3% (June 2021: 6.7%) was reported, below the group's target range of 5% to 10%. Adverse weather conditions in the first three months of the year and the devastating floods in the KwaZulu-Natal province (KZN floods) during early April 2022 significantly impacted the underwriting results. Other contributing factors to the below target underwriting results were increased claims inflation, which escalated ahead of premium increases, more than expected large fire losses and an increase in power surge and crime related claims. These were offset to some extent by a reduction in the COVID-19 related contingent business interruption (CBI) claims provisions. The alternative risk transfer (ART) business reported satisfactory operating results, net of non-controlling interests, of R111 million (June 2021: R140 million), positively impacted by excellent growth in fee income despite weaker investment performance. The net insurance result from Santam's share of Sanlam Emerging Markets (SEM) general insurance businesses (excluding the investment in SAN JV (RF) (Pty) Ltd (SAN JV) increased by 18% to R85 million (June 2021: R72 million).

Net investment income attributable to shareholders, inclusive of the investment return on insurance funds, amounted to R225 million (June 2021: R355 million). Local and foreign bond market volatility and lower equity markets were the key contributors to the weaker investment performance, partly offset by gains from a weaker rand exchange rate and increased dividends from Shriram General Insurance Company (SGI).

Equity-accounted income from associates and joint ventures amounted to R27 million (June 2021: R72 million) following lower underwriting and negative investment results reported by SAN JV.

Cash generated from operations increased to R4.6 billion (June 2021: R2 billion), mainly due to growth in premiums received on ART business and dividends received during this period.

Headline earnings decreased to 409 cps compared to 863 cps for the period ended 30 June 2021 due to weaker operating results and lower investment income attributable to shareholders.

A return on capital (ROC) of 7.4% was achieved, below the ROC target of 24%. The reduced earnings negatively impacted the ROC. The economic capital coverage ratio at 30 June 2022 was 157% (December 2021: 169%) – well within the target range of 145% to 165%. On 30 June 2022, the group entered into a zero-cost collar over listed equities to the value of R1.4 billion, to provide capital protection under the continued volatile market conditions and the below target underwriting results.

CONVENTIONAL INSURANCE

The conventional insurance business achieved strong gross written premium growth of 7% in this challenging economic environment and reported a net underwriting margin of 2.3% compared to 6.7% for the period ended 30 June 2021.

Adverse weather conditions and the devastating KZN floods negatively impacted the underwriting results in the current period. The current estimate of Santam's gross exposure to the KZN floods is R4.4 billion. However, significant adjustments to gross exposures may still occur. Santam's reinsurance programme provided effective protection against this natural catastrophe, limiting the net impact to R566 million, including reinsurance reinstatement premiums. The KZN floods were the most significant natural catastrophe in Santam's history.

Santam has made good progress in finalising the remaining CBI claims and associated reinsurance recoveries relating to the COVID-19 lockdown. Santam reviewed its provisions for CBI claims at the end of June 2022, considering the claims payment experience to date, the level of claims aggregating for reinsurance recovery purposes and expected recoveries from applicable reinsurance contracts. Following this review, Santam has reduced its net provision for CBI claims by R397 million. The reduction is mainly due to the actual claims to date being lower than initial estimates, as well as the support from all of Santam's catastrophe reinsurers, who are meeting their obligations. There remains some uncertainty about the ultimate liability, which will only be eliminated once the process has been finalised.

Gross written premium growth

The Santam Commercial and Personal intermediated business reported improved growth in gross written premiums compared to 2021, specifically in commercial lines and Santam Direct.

The Santam Specialist business achieved overall good growth with the liability and the travel insurance businesses the main contributors. The corporate property business recovered from a slow start to the year and recorded improved gross written premiums compared to 2021.

MiWay achieved subdued growth of 3%, following an increase in premium defaults and lower new business volumes. The impact of low premium increases during 2021 also contributed to lower growth in the existing book of business. Management is maintaining a strong focus on growth initiatives.

Santam Re achieved excellent growth in its third-party business, positively impacted by new business written during the reporting period and an increase in reinsurance premium rates.

Gross written premiums from outside South Africa, written on the Santam Ltd and Santam Namibia Ltd licences grew by 8% to R2 976 million (June 2021: R2 766 million). Strong growth was achieved by Santam Re in the Middle East, offset to some extent by lower engineering business flows from the rest of Africa.

The specialist Pan-African insurance business with Sanlam Pan-Africa (SPA) contributed gross written premiums of more than R193 million (June 2021: R70 million), following solid growth achieved during the first half of 2022 and some policy renewal timing differences. Santam Namibia recorded strong growth of 8%.

Gross written premiums in the property class grew by 8% due to strong growth by Santam Re, as well as solid contributions from the corporate property business as well as the Santam Personal and Commercial intermediated business.

The motor class reported growth of 7% following excellent growth achieved by Santam Re, offset to some extent by subdued growth from MiWay and the Santam Commercial and Personal intermediated business.

The liability and accident and health classes achieved strong growth, supported by the Santam Specialist businesses and Santam Re. The travel business benefitted from increased local and international travel trends.

However, gross written premiums in the engineering class contracted by 7%, due to a slowdown in business flows from outside South Africa. The transportation class also contracted, mainly due to lower marine and aviation business written by Santam Re.

FINANCIAL REVIEW

Underwriting result

Adverse weather conditions significantly impacted the underwriting results.

Claims trends for the motor class have normalised with an increase in vehicle accidents compared to the experience during the various levels of lockdown in 2021. The higher motor claims ratio was also impacted by the adverse weather conditions, an increase in the severity of motor claims combined with higher instances of vehicle theft and claims inflation. Underwriting actions to address the increase in claims frequency and claims inflation have been implemented since the start of 2022 and include procurement efficiencies, segmented premium increases, and higher claim excesses.

MiWay recorded a loss ratio of 61.3% (June 2021: 58.2%) and an underwriting profit, net of catastrophe claims recoveries, of R122 million (June 2021: R159 million). The necessary underwriting actions to improve the loss ratio are being implemented.

The KZN floods severely impacted the underwriting performance of the property class. It was partially offset by the release of CBI claims provisions of R397 million, resulting in an underwriting loss of R328 million (June 2021: loss of R109 million).

The engineering class delivered excellent underwriting results compared to 2021, following fewer large individual claims during the period. The liability class also continued to deliver excellent underwriting results with limited adverse claims developments. Crop insurance delivered strong underwriting results despite the adverse weather events, while the transportation class was negatively impacted by underwriting losses in the Santam Marine business.

The net acquisition cost ratio excluding reinstatement premiums reduced to 29.0% (June 2021: 29.9%) although the net commission ratio increased to 14.3% (June 2021: 13.4%). The key drivers of the increased net commission ratio were the lower reinsurance commissions received following the hardening of the reinsurance market compared to 2021, as well as the higher commission rates paid by Santam Re.

The management expense ratio excluding reinstatement premiums reduced to 14.7% (June 2021: 16.5%) on the back of focussed cost containment efforts and a decrease in variable incentive costs compared to 2021.

Strategic project costs, included as part of management expenses, accounted for 1.6% (June 2021: 1.3%) of net earned premiums. These costs relate mainly to the development of a new claims management platform, the IFRS 17 implementation project, data enhancements and other digital solutions.

Investment return on insurance funds

The investment return on insurance funds of 0.2% (June 2021: 1.5%) of net earned premium was adversely impacted by local and global bond market volatility. The higher US dollar component of the investments backing the insurance reserves incurred significant fair value losses following rising international bond yields.

ALTERNATIVE RISK TRANSFER (ART) BUSINESS

The ART business reported satisfactory operating results, net of non-controlling interests, of R111 million (June 2021: R140 million). The operating results in the prior period benefited from COVID-19 related reserve releases. Income from clients decreased by 11% to R201 million (June 2021: R224 million), due to lower investment results, partially offset by excellent growth in fee income. Management expenses were well contained. Significant new gross written premiums in the mining rehabilitation business contributed to the growth in the group's operating cash flows.

SEM GENERAL INSURANCE BUSINESSES

Restatement of SAN JV

On 4 May 2022, Santam announced that it entered into an agreement with Allianz Europe BV (Allianz), in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. As a result, equity-accounted earnings from SAN JV have been classified as discontinued operations. In addition, Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments.

Gross written premium growth

In India, SGI was impacted by lower sales through Shriram channels. Third-party premium increases in India were implemented from 1 June 2022, which will bring some relief to SGI's third-party portfolio, despite being lower than the historical average.

Net insurance result

SGI's net insurance result increased by 21% due to improved claims experience and higher investment returns.

INVESTMENT RESULTS

Santam's listed equity portfolio achieved a negative return of 5.1% for the six months ended 30 June 2022, in line with the SWIX benchmark (60% SWIX and 40% capped SWIX).

On 30 June 2022, the group entered into a zero-cost collar over listed equities to the value of R1.4 billion, based on the SWIX 40, to provide capital protection under the continued volatile market conditions and the below target underwriting results. The structure offers full downside protection from the implementation level of 11 789, with upside participation (excluding dividends) of 0.78% and it expires on 15 December 2022.

The Santam group's interest-earning investments are managed in enhanced cash, active income and global fixed income portfolios. The fixed income portfolios were negatively affected by the poor local and global bond market performance for the first half of 2022 and underperformed against their benchmarks.

Foreign currency gains of R66 million (June 2021: losses of R121 million) were recorded. This included unrealised foreign currency losses of R54 million (June 2021: R66 million) on Santam's investments in SEM's general insurance businesses in Africa, India and Southeast Asia.

FINANCIAL REVIEW

Net losses on financial assets and liabilities of R464 million (June 2021: net gains of R77 million) include fair value losses on listed equities and local and foreign bonds partly offset by realised gains on derivatives. Positive fair value movements (excluding the impact of currency movements) of R22 million (June 2021: R5 million) were recorded on Santam's interest in SEM's general insurance businesses in Africa, India and Southeast Asia.

Net income from associated companies of R27 million (June 2021: R72 million) included SAN JV's net loss of R14 million (June 2021: operating profit of R32 million) following lower underwriting results and negative investment returns on insurance funds. The net loss from SAN JV has been classified as a discontinued operation. The carrying value of SAN JV at 30 June 2022 was R1 768 million (December 2021: R1 848 million). Following Santam's announcement on 4 May 2022 to dispose of its interest in SAN JV (refer to Corporate Transactions section below), the investment has been reclassified as a non-current asset held for sale as at 30 June 2022.

CORPORATE TRANSACTIONS

In April 2022, KKR, a leading global investment fund acquired a 9.99% stake in SGI from the Shriram Group. KKR's investment will position SGI for continued growth in India's fast-growing general insurance industry. Prior to the transaction, Santam held a 15% economic participatory interest in SGI by way of a target share issued by SEM, which target share references SEM's effective shareholding in SGI. The transaction diluted SEM's effective shareholding in SGI, resulting in a dilution of Santam's economic interest in SGI from 15% to 14.1%. The enterprise value attributed to SGI for purposes of the transaction was around R38 billion (Rs 18 000 crore) and exceeded Santam's internal valuation of SGI at 31 December 2021 of R9 billion (Rs 4 400 crore) for the 100% stake. Pursuant to the transaction, Santam received a distribution in respect of the SGI target share at the end of May 2022 amounting to R217 million.

In another transaction in April 2022, the group increased its stake in Indwe Broker Holdings (Pty) Ltd by acquiring the additional 76% shareholding for R125 million, making it a wholly owned subsidiary of the group.

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. On the same day Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the rand strengthening against the euro. The structure provides full downside protection below a EUR / ZAR exchange rate of R16.66 and entitles Santam to share in rand weakness against the euro up to a cap of R19.16. The fair value of this derivative structure on 30 June 2022 was an unrealised valuation loss of R32 million.

CAPITAL AND SUBORDINATED DEBT

On 16 May 2022, Santam issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes is equivalent to the three-month JIBAR plus a spread of 159 basis points. The notes have an optional redemption date of 16 May 2027 with a final maturity date of 16 May 2032.

The issuance proceeds were used to redeem floating-rate subordinated debt issued in June 2017 to the value of R1 billion (with an interest rate equal to the three-month JIBAR plus a spread of 210 basis points) which became callable on 27 June 2022. Santam's issued subordinated notes therefore remained at the current target level of R2.5 billion.

Based on the internal model, the group economic capital requirement at 30 June 2022 amounted to R7.9 billion (December 2021: R8.3 billion) compared to the actual capital of R12.5 billion (December 2021: R13.9 billion). This equates to an economic capital coverage ratio of 157% (December 2021: 169%), well within the capital target range of 145% to 165%.

PROSPECTS

Trading conditions in South Africa and globally remain very competitive. Higher interest rates and significant inflationary pressures continue to decrease disposable income in South Africa.

It is expected that economic activity will, in the short to medium term, be constrained by weak consumer spending. The high inflation environment also puts pressure on claims costs, while the ongoing loadshedding results in increased power surge claims. In addition, there has been a significant increase in reinsurance premium rates, following several large global and local catastrophe events. Underwriting actions to address the impact of increased claims costs and reinsurance rates are being implemented and include procurement efficiencies, segmented premium increases, and higher claim excesses. These actions should start to positively impact underwriting performance during the latter half of 2022.

Investment markets are likely to remain uncertain and volatile. Santam's investment income is expected to benefit from the higher interest rate environment. The non-rand denominated investments expose the group to foreign currency volatility. However, it does also provide a hedge against the operational impact of a weakening rand.

The group has kicked off a strategy refresh process to ensure our FutureFit strategy remains optimal in the current and medium-term environment. Ecosystems and partnerships with non-traditional players are key to growth and accessing new markets. We continue to partner with Sanlam and other industry innovators to unlock cross-selling opportunities and to meet our clients' evolving needs. The growth of cyber insurance and the shift to digital distribution channels are key drivers for insurance growth, with increasing global investment into InsureTech. We will continue to invest in improving our digital end-to-end insurance offering, internal efficiencies, intermediary enablement, and creating excellent, intuitive client experiences. This will enable us to deliver on our brand promise of ***Insurance Good and Proper.***

The migration of applicable business functions onto our digital platform to maintain and improve on our high standards of operational efficiency remains on track. This platform also aids new product innovation. Santam has an expanding portfolio of digital assets and innovation is mainly driven at a business unit level. New products and innovations focus on improved self-service capabilities for clients and intermediaries, cyber security solutions and MiWay Blink, the group's first end-to-end digital offering.

Extending our leadership position in South Africa and building a specialist Pan-African insurance business with SPA remain priorities. The framework cooperation agreement that governs the relationship between Santam and SPA in respect of specialist business will endure in all material respects post implementation of the disposal of Santam's 10% interest in SAN JV to Allianz. Furthermore, the arrangement will incorporate Allianz's African business (excluding South Africa), from which Santam will also benefit. The transaction is expected to be completed within the next 12 months.

FINANCIAL REVIEW

Climate change poses a key risk to the group which potentially threatens the insurability of a range of risks where losses become increasingly prevalent. In this regard, Santam continues to address the climate-related risks and the implications for the business in line with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. We continuously seek ways to play an active role in managing climate-related risks and contributing towards the low carbon economy, which will also impact our underwriting strategy. Through our Partnership for Risk and Resilience (P4RR), we support selected district municipalities and metros with climate change adaptation planning. Our Specialist business provides insurance cover for the renewable energy sector in South Africa and across the rest of Africa. Furthermore, our Santam Resilient Investment Fund (SRI) managed by Sanlam Investments provides funding to companies that address environmental, social or governance needs.

The group continues to prioritise and focus on its transformation initiatives. Santam will drive actions to maintain its level 1 BBBEE status and will continue to promote transformation to the ultimate benefit of the economy at both a Santam and an industry level.

EVENTS AFTER THE REPORTING PERIOD

There have been no material changes in the affairs or financial position of the group since the statement of financial position date.

CHANGE IN DIRECTORS AND BOARD COMMITTEES

The following changes took place on the company's board of directors during the period, following the formal retirement of MJ Reyneke due to his long tenure on the board and L Lambrechts' decision to formally retire as chief executive officer (CEO) and executive director:

TC Madzinga – Appointed to the board (risk and investment committees) on 1 April 2022, and as CEO on 1 July 2022

MJ Reyneke – Retired from the board (audit, risk and investment committees) on 1 June 2022

L Lambrechts – Retired as CEO and from the board (risk and investment committees) on 30 June 2022

The board committees are therefore now as follows:

Committee memberships	Risk committee	Audit committee	Human resources and remuneration committee	Nominations committee	Social, ethics and sustainability committee	Investment committee
Non-executive directors						
M Chauke	✓	✓			✓	
CD da Silva	✓				✓	
MP Fandeso	✓	✓				✓
PB Hanratty			✓	✓		
DEH Loxton	✓	✓				✓
MLD Marole			✓	✓	✓	
NT Moholi (chairperson)			✓	✓		
AM Mukhuba	✓					✓
JJ Ngulube					✓	
PE Speckmann	✓	✓				
Executive directors						
TC Madzinga (chief executive officer)	✓					✓
HD Nel (chief financial officer)	✓					✓

CHANGE IN COMPANY SECRETARY

R Eksteen was appointed as company secretary on 1 July 2022 pursuant to the resignation of T Moshakga, effective 30 April 2022, for personal family circumstances.

DECLARATION OF ORDINARY DIVIDEND (NUMBER 135)

Notice is hereby given that the board has declared a gross interim dividend of 462.00 cents per share (June 2021: 432.00 cents per share), 369.60 cents net of dividend withholding taxation, where applicable, per ordinary share for the six months ended 30 June 2022 to those members registered on the record date, being Friday 23 September 2022. The dividend has been declared from income reserves. A dividend withholding taxation of 20% will be applicable to all shareholders who are not exempt.

Share code:	SNT
ISIN:	ZAE000093779
Company registration number:	1918/001680/06
Company tax reference number:	9475/144/71/4
Gross cash dividend amount per share:	462.00 cents
Net dividend amount per share:	369.60 cents
Issued shares at 1 September 2022:	115 131 417
Declaration date:	Thursday, 1 September 2022
Last day to trade cum dividend:	Tuesday, 20 September 2022
Shares trade ex dividend:	Wednesday, 21 September 2022
Record date:	Friday, 23 September 2022
Payment date:	Monday, 26 September 2022

FINANCIAL REVIEW

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 September 2022, and Friday, 23 September 2022, both days inclusive.

In terms of the dividends tax legislation, the dividends tax amount due will be withheld and paid over to the South African Revenue Service (SARS) by a nominee company, stockbroker or Central Securities Depository Participant (CSDP) (collectively Regulated Intermediary) on behalf of shareholders. Shareholders should seek their own advice on the tax consequences associated with the dividend and are particularly encouraged to ensure their records are up to date so that the correct withholding tax is applied to their dividend.

APPRECIATION

The board would like to extend its gratitude to Santam's management, employees, intermediaries and other business partners for their efforts and contributions during the six months. A special word of appreciation to Machiel Reyneke for his valuable contribution to the board over many years and to Lizé Lambrechts for her leadership and inspiration. She left Santam in a strong position to execute on its strategy.

PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The preparation of the reviewed interim financial statements was supervised by the chief financial officer of Santam Ltd, HD Nel CA(SA).

NT Moholi
Chairperson

TC Madzinga
Chief executive officer

31 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SANTAM LIMITED

We have reviewed the condensed consolidated interim financial statements of Santam Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2022 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Santam Limited for the six months ended 30 June 2022 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C van den Heever
Registered Auditor
Cape Town, South Africa

31 August 2022

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the review of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Reviewed at 30 June 2022 R million	Audited at 31 December 2021 R million
ASSETS			
Intangible assets		**1 099**	989
Property and equipment		**674**	702
Investment in associates and joint ventures		**441**	2 284
Strategic investment – unquoted SEM target shares	7	**1 569**	1 691
Deferred income tax		**86**	78
Deposit with cell owners		**75**	90
Cell owners' and policyholders' interest		**4**	11
Financial assets at fair value through income	7	**32 688**	31 047
Reinsurance assets	8	**17 026**	14 892
Deferred acquisition costs		**944**	961
Non-current assets held for sale	9	**1 768**	–
Loans and receivables including insurance receivables	7	**9 786**	8 312
Current income tax		**20**	5
Cash and cash equivalents		**4 469**	4 496
Total assets		**70 649**	65 558
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital		**103**	103
Treasury shares		**(643)**	(570)
Other reserves		**(60)**	37
Distributable reserves		**10 517**	11 862
		9 917	11 432
Non-controlling interest		**646**	630
Total equity		**10 563**	12 062
LIABILITIES			
Deferred income tax		**91**	85
Cell owners' and policyholders' interest		**5 184**	4 908
Reinsurance liability relating to cell owners		**75**	90
Financial liabilities at fair value through income			
Debt securities	7	**2 541**	2 552
Investment contracts	7	**1 803**	1 970
Derivatives	7	**32**	1
Lease liabilities		**742**	764
Financial liabilities at amortised cost			
Repo liability		**729**	926
Collateral guarantee contracts		**135**	155
Insurance liabilities	8	**41 890**	36 040
Deferred reinsurance acquisition revenue		**473**	561
Provisions for other liabilities and charges		**162**	188
Trade and other payables including insurance payables	7	**6 066**	4 851
Current income tax		**163**	405
Total liabilities		**60 086**	53 496
Total shareholders' equity and liabilities		**70 649**	65 558

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Reviewed Six months ended 30 June 2022 R million	Restated[1] Reviewed Six months ended 30 June 2021 R million	Change
Gross written premium		**24 743**	20 070	23%
Less: reinsurance written premium		**8 671**	7 196	
Net written premium		**16 072**	12 874	25%
Less: change in unearned premium				
Gross amount		**3 221**	188	
Reinsurers' share		**(549)**	(504)	
Net insurance premium revenue		**13 400**	13 190	2%
Interest income on amortised cost instruments	10	**110**	96	
Interest income on fair value through income instruments	10	**674**	630	
Other investment income	10	**496**	18	
Income from reinsurance contracts ceded		**1 021**	1 017	
Net (losses)/gains on financial assets and liabilities at fair value through income	10	**(760)**	192	
Other income		**264**	158	
Net income		**15 205**	15 301	(1%)
Insurance claims and loss adjustment expenses				
Gross amount		**17 003**	12 115	
Recovered from reinsurers		**(7 963)**	(3 784)	
Net insurance benefits and claims		**9 040**	8 331	9%
Expenses for the acquisition of insurance contracts		**2 942**	2 742	
Expenses for marketing and administration		**2 295**	2 330	
Expenses for investment-related activities		**59**	39	
Amortisation and impairment of intangible assets		**32**	35	
Investment return allocated to cell owners and structured insurance products		**109**	414	
Total expenses		**14 477**	13 891	4%
Results of operating activities		**728**	1 410	(48%)
Finance costs		**(163)**	(158)	
Net income from associates and joint ventures		**41**	40	
Income tax recovered from cell owners and structured insurance products	11	**303**	254	
Profit before tax		**909**	1 546	(41%)
Tax expense allocated to shareholders	11	**(100)**	(322)	
Tax expense allocated to cell owners and structured insurance products		**(303)**	(254)	
Total tax expense		**(403)**	(576)	(30%)
Profit from continuing operations		**506**	970	(48%)
(Loss)/profit from discontinued operations	9.2	**(14)**	32	(144%)
Profit for the period		**492**	1 002	
Other comprehensive income, net of tax				
Items that may subsequently be reclassified to income:				
Exchange differences on translation of discontinued operations		**(57)**	(107)	
Total comprehensive income for the period		**435**	895	(51%)
Profit attributable to:				
– equity holders of the company		**465**	952	(51%)
– non-controlling interest		**27**	50	(46%)
		492	1 002	
Total comprehensive income attributable to:				
– equity holders of the company		**408**	845	(52%)
– non-controlling interest		**27**	50	(46%)
		435	895	
Total comprehensive income for the period arises from:				
Continuing operations		**506**	970	(48%)
Discontinued operations		**(71)**	(75)	(5%)
		435	895	
Earnings attributable to equity shareholders				
Earnings per share (cents)	13			
Basic earnings per share		**425**	863	(51%)
Diluted earnings per share		**421**	859	(51%)

[1] *Refer to note 2 for detail of restatement.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company						
	Share capital R million	Treasury shares R million	Other reserves R million	Distributable reserves R million	Total R million	Non-controlling interest R million	Total R million
Balance as at 1 January 2021	103	(527)	19	9 761	9 356	736	10 092
Profit for the year	–	–	–	2 745	2 745	99	2 844
Other comprehensive income:							
Exchange differences on translation of discontinued operations	–	–	18	–	18	–	18
Total comprehensive income for the year ended 31 December 2021	–	–	18	2 745	2 763	99	2 862
Issue of treasury shares in terms of share option schemes	–	77	–	(77)	–	–	–
Purchase of treasury shares	–	(120)	–	–	(120)	–	(120)
Share-based payment costs	–	–	–	86	86	–	86
Equity interest issued in cell captive	–	–	–	–	–	22	22
Dividends paid	–	–	–	(477)	(477)	(227)	(704)
Non-controlling interest acquired	–	–	–	(176)	(176)	–	(176)
Balance as at 31 December 2021	**103**	**(570)**	**37**	**11 862**	**11 432**	**630**	**12 062**
Profit for the period	**–**	**–**	**–**	**465**	**465**	**27**	**492**
Other comprehensive income:							
Exchange differences on translation of discontinued operations	**–**	**–**	**(57)**	**–**	**(57)**	**–**	**(57)**
Total comprehensive income for the period ended 30 June 2022	**–**	**–**	**(57)**	**465**	**408**	**27**	**435**
Issue of treasury shares in terms of share option schemes	**–**	**89**	**–**	**(89)**	**–**	**–**	**–**
Purchase of treasury shares	**–**	**(162)**	**–**	**–**	**(162)**	**–**	**(162)**
Share-based payment costs	**–**	**–**	**–**	**42**	**42**	**–**	**42**
Hedging reserve movement	**–**	**–**	**(32)**	**–**	**(32)**	**–**	**(32)**
Share of associates' other movements in retained earnings	**–**	**–**	**(8)**	**–**	**(8)**	**–**	**(8)**
Equity interest issued in cell captive	**–**	**–**	**–**	**–**	**–**	**25**	**25**
Dividends paid	**–**	**–**	**–**	**(1 759)**	**(1 759)**	**(34)**	**(1 793)**
Non-controlling interest acquired	**–**	**–**	**–**	**(4)**	**(4)**	**(2)**	**(6)**
Balance as at 30 June 2022	**103**	**(643)**	**(60)**	**10 517**	**9 917**	**646**	**10 563**
Balance as at 1 January 2021	103	(527)	19	9 761	9 356	736	10 092
Profit for the period	–	–	–	952	952	50	1 002
Other comprehensive income:							
Exchange differences on translation of discontinued operations	–	–	(107)	–	(107)	–	(107)
Total comprehensive income for the period ended 30 June 2021	–	–	(107)	952	845	50	895
Issue of treasury shares in terms of share option schemes	–	66	–	(66)	–	–	–
Purchase of treasury shares	–	(118)	–	–	(118)	–	(118)
Share-based payment costs	–	–	–	38	38	–	38
Equity interest issued in cell captive	–	–	–	–	–	15	15
Dividends paid	–	–	–	–	–	(112)	(112)
Non-controlling interest acquired	–	–	–	(176)	(176)	–	(176)
Balance as at 30 June 2021	103	(579)	(88)	10 509	9 945	689	10 634

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Reviewed Six months ended 30 June 2022 R million	Reviewed Six months ended 30 June 2021 R million
Cash flows from operating activities			
Cash generated from operations[1]		**4 558**	1 963
Interest paid		**(121)**	(136)
Income tax paid		**(350)**	(201)
Acquisition of financial assets		**(16 474)**	(16 355)
Proceeds from sale of financial assets		**14 364**	15 958
Net cash from operating activities		**1 977**	1 229
Cash flows from investing activities			
Acquisition of financial assets		**–**	(1)
Acquisition of subsidiaries, net of cash acquired	**12**	**31**	–
Purchases of equipment		**(28)**	(4)
Purchases of intangible assets		**(12)**	(3)
Proceeds from sale of intangible assets		**11**	–
Acquisition of associates and joint ventures	**12**	**(2)**	–
Net cash used in investing activities		**–**	(8)
Cash flows from financing activities			
Purchase of treasury shares		**(162)**	(118)
Purchase of non-controlling interest in subsidiaries	**12**	**(6)**	(176)
Proceeds from issue of unsecured subordinated callable notes		**1 000**	–
Redemption of unsecured subordinated callable notes		**(1 000)**	(500)
Dividends paid to company's shareholders		**(1 759)**	–
Dividends paid to non-controlling interest		**(34)**	(112)
Equity interest issued in cell captive		**25**	15
Payment of principal element of lease liabilities		**(74)**	(71)
Net cash used in financing activities		**(2 010)**	(962)
Net (decrease)/increase in cash and cash equivalents		**(33)**	259
Cash and cash equivalents at beginning of period		**4 496**	4 383
Exchange gains/(losses) on cash and cash equivalents		**6**	(67)
Cash and cash equivalents at end of period		**4 469**	4 575

[1] Refer to note 10 for disclosure of interest and dividends received in cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings and Debt Listings Requirements for summary financial statements, and the requirements of the Companies Act 71 of 2008, as amended, applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements have been prepared on a going concern basis. In adopting the going concern basis, the board has reviewed the group's ongoing commitments for the next 12 months and beyond. The board's review included the group's strategic plans and updated financial forecasts including capital position, liquidity and credit facilities, and investment portfolio.

In the context of the current challenging environment, a range of downside scenarios have been considered. These include scenarios which reflect subdued economic activity, market volatility and increased climate-related claim events.

As a result, the board believes that the group is well placed to meet future capital requirements and liquidity demands. Based on this review, no material uncertainties, that would require disclosure, have been identified in relation to the ability of the group to remain a going concern for at least the next 12 months, from the date of the approval of the condensed consolidated interim financial statements.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for those referred to below:

Restatement of SAN JV

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. As a result, equity-accounted earnings from SAN JV have been classified as discontinued operations, with a corresponding restatement of the statement of comprehensive income. The completion of the sale is subject to various regulatory approvals that are expected to be obtained by 30 June 2023. The investment in SAN JV of R1.768 billion (previously included in "Investment in associates and joint ventures") has therefore been reclassified as "Non-current assets held for sale" on 30 June 2022. In addition Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments, but instead has been reclassified to the investments reportable segment. The June 2021 consolidated segment report was restated as a result. Refer to notes 6 and 9 for more detail.

Standards effective in 2022

The following new IFRSs and/or IFRICs were effective for the first time from 1 January 2022:

- Amendment to IFRS 3 *Business combinations*
- Amendments to IAS 16 *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37 *Onerous contracts: Cost of fulfilling a contract*

No material impact on the condensed consolidated interim financial statements, resulting from the adoption of these amendments made to IFRS, was identified.

Standards not yet effective in 2022

The group did not early adopt any of the IFRS standards. Of the standards that are not yet effective, management expects IFRS 17 to have a future impact on the group.

IFRS 17 INSURANCE CONTRACTS

In May 2017, the IASB issued the IFRS 17 *Insurance contracts* standard, with further amendments issued during June 2020. As of 1 January 2023, IFRS 17 will be effective for annual reporting. The standard will be applied retrospectively.

In contrast to the IFRS 4 requirements, IFRS 17 provides a comprehensive model, also known as general measurement model, (GMM) for the measurement of insurance contracts, supplemented by the variable fee approach (VFA) for contracts with direct participation features and the premium allocation approach (PAA) applicable mainly for short-duration contracts.

Both the group's audit committee and the IFRS 17 steering committee provide oversight and governance over the implementation of the IFRS 17 project. The steering committee is comprised of executive management as well as senior management from various functions including finance, risk, information technology, operations, and group internal audit.

Accounting policy papers, actuarial methodologies and disclosure requirements have been defined and are being implemented throughout the group. The IFRS 17 project team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments. Where applicable, the policy and methodology papers are updated to reflect any changes in requirements. The implementation of IFRS 17 will likely have tax implications, therefore representatives from the group actively take part in industry discussions to understand and inform tax requirements.

IFRS 17 requires a company to determine the level of aggregation at which to apply the standard. The standard requires that when insurance contracts are valued, they are grouped together with other contracts that are managed together and that have similar risk profiles. Each business within the group manages insurance contracts issued within product lines, therefore the IFRS17 portfolios are allocated at a business unit, class of insurance level.

Portfolios are further divided into groups of insurance contracts, based on whether:

- contracts are onerous at initial recognition; and
- groups of remaining contracts.

2. ACCOUNTING POLICIES (continued)

Standards not yet effective in 2022 (continued)

IFRS 17 INSURANCE CONTRACTS (continued)

Where the group cedes business to the reinsurance market, the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

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

For the vast majority of insurance contracts issued by the group, the group has the practical ability to reassess the risks of a policyholder and set an appropriate premium to reflect those risks at least annually.

As for outwards reinsurance contracts, it has been assessed that most boundaries will align with the contract boundary of the underlying gross insurance contract. However, for some outwards reinsurance contracts (risk attaching), the underlying gross business incepts throughout the year, resulting in the coverage period of these reinsurance contracts to be more than one year.

The main features of the GMM for insurance contracts are that the profitability groups of contracts identified:

- Be measured at the present value of future cash flows within the contract boundary incorporating an explicit risk adjustment and remeasured every reporting period (the fulfilment cash flows).
- A contractual service margin that is equal and opposite to any day-one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts, is recognised in profit or loss over the service period (coverage period).

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage (fulfilment cash flows related to future service and the contractual service margin) and the liability for incurred claims (fulfilment cash flows related to past service).

Where the requirements are met to measure a group of insurance contracts using the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs. However, the GMM remains applicable for the measurement of the liability for incurred claims.

The group will apply the PAA to measure a group of insurance contracts if, at inception, the coverage period of each contract in the group of insurance contracts is one year or less; or it is reasonably expected that the PAA would produce a measurement of the liability for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the GMM requirements. Where the group could demonstrate that a group of insurance contracts are eligible for PAA, the group will apply the PAA to simplify the measurement of most of its insurance contracts and outwards reinsurance contracts.

The insurance revenue to be recognised under IFRS 17 measured using the PAA is not expected to be significantly different from earned premium recognised under IFRS 4. For insurance contracts measured under the PAA, the liability for remaining coverage is not discounted as no insurance contracts issued have a significant financing component. However, when measuring liabilities for incurred claims, the group will discount cash flows and include an explicit risk adjustment for non-financial risk. The group intends to consistently maintain the reserving approach currently used under IFRS 4 as far as possible under IFRS 17.

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. For the non-life business, the group will apply the 10-year government bond risk-free rates as at reporting date for the liability of incurred claims. Given the nature of the liabilities, no liquidity adjustment will be made to the risk-free rate. The discount rate used for cash flows will be based on the most current rates reflecting that variability.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

The group will use a confidence level approach (value at risk) under IFRS 17. The reinsurance risk adjustment will make allowance for the credit risk arising from the potential default of reinsurance counterparties at the defined confidence level.

Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the concept of services provided during the period. The standard also recognises losses earlier on contracts that are expected to be onerous. For insurance contracts measured under the PAA, the group will assume that these contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the board considers appropriate.

The standard requires a full retrospective approach unless this is impractical. To the extent that this is impractical, the modified retrospective approach or the fair value approach is applied. The group will apply a fully retrospective approach, except for the group's life insurance contracts, to which the fair value approach will be applied. Under the full retrospective approach, at 1 January 2022 the group will:

- Identify, recognise and measure each group of insurance and reinsurance contracts as if IFRS 17 had always been applied.
- Derecognised previously reported balances that would not have existed if IFRS 17 had always been applied.
- Recognise any resulting net difference in equity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

Standards not yet effective in 2022 (continued)

IFRS 17 INSURANCE CONTRACTS (continued)

The group external auditors are reviewing the transition to IFRS 17 and the financial impact assessment, as at 1 January 2022. The impact of transitioning to the new standard is not expected to have a material impact on the net asset value as at 1 January 2022.

The key focus areas of the IFRS 17 project team for the remainder of the year are:

- Completing any remaining system development and key controls required to implement IFRS 17.
- Commence with an IFRS 4 and IFRS 17 dual reporting run.
- Produce and request business sign-off, as well as external audit sign-off of transition balances.
- Update the budgeting process to ensure alignment to IFRS 17.
- Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements.
- Finalise the management reporting and key performance measures.
- Continue engaging with the executive committee and business through various training initiatives.
- Finalise and implement future financial and data governance processes and accountabilities.

A combined assurance approach is being followed whereby group internal audit and external audit are incrementally testing the new IFRS 17 landscape.

3. ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated annual financial statements for the year ended 31 December 2021. Estimates and their underlying assumptions continue to be reviewed on an ongoing basis with revisions to estimates being recognised prospectively.

4. CLIMATE-RELATED CLAIM EVENTS IN 2022

The underwriting results for the period were significantly impacted by adverse weather conditions in the first three months and the devastating floods in the KwaZulu-Natal province (KZN floods) during early April 2022. The claims are currently at various stages of being processed. The current estimate of Santam's gross exposure to the KZN floods is R4.4 billion. However, significant adjustments to gross exposures may still occur. Santam's reinsurance programme provided effective protection against this natural catastrophe, limiting the net impact to approximately R566 million, including reinsurance reinstatement premiums. The KZN floods were the most significant natural catastrophe in Santam's history.

5. RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk, foreign currency risk and derivatives risk), credit risk and liquidity risk. Insurance activities expose the group to insurance risk (including pricing risk, reserving risk, accumulation risk and reinsurance risk). The group is also exposed to operational risk and legal risk.

The capital risk management philosophy is to maximise the return on shareholders' capital within an appropriate risk framework.

The condensed consolidated interim financial statements do not include all risk management information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements for the year ended 31 December 2021.

There have been no material changes to the risk management policies since 31 December 2021.

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer, supported by the group executive committee.

The group conducts mainly insurance and investment activities.

Insurance activities

The group presents its insurance results in the following segments:

- Conventional insurance business written on insurance licences controlled by the group, consisting of Santam Commercial and Personal, Santam Specialist, Santam Re and MiWay;
- Alternative risk transfer (ART) insurance business written on the insurance licences of Centriq and SSI; and
- Santam's share of the insurance results of the Sanlam Emerging Markets (SEM) general insurance businesses.

Conventional insurance is further analysed by insurance class. Operating segments are aggregated based on quantitative and/or qualitative significance. The performance of insurance activities is based on gross written premium as a measure of growth, with operating result as measure of profitability.

6. SEGMENT INFORMATION (continued)

Insurance activities (continued)

Growth is measured for SEM general insurance businesses based on the gross written premium generated by the underlying businesses. With regard to the SEM insurance business, this information is considered to be a reallocation of fair value movements recognised on the SEM target shares. It is also included as reconciling items in order to reconcile to the condensed consolidated statement of comprehensive income. Overall profitability is measured based on net investment income and fair value movements from SEM target share investments.

Insurance business denominated in foreign currencies is covered by foreign-denominated bank accounts and investment portfolios. Foreign exchange movements on underwriting activities are therefore offset against the foreign exchange movements recognised on the bank accounts and investment portfolios.

The investment return on insurance funds is calculated based on the day-weighted effective return realised by the group on the assets held to cover the group's net insurance working capital requirements.

Investment activities

Investment activities are all investment-related activities undertaken by the group. Due to the nature of the activities conducted, investment activities are considered to be one operating segment. Investment activities are measured based on net investment income. Revenue is earned from the various investment portfolios managed in the form of interest, dividends and fair value gains or losses, as well as income from associates and joint ventures that are not considered to be strategic investments.

All activities

Given the nature of the operations, there is usually no single external client that provides 10% or more of the group's revenues. However, during the period R2.6 billion (10.5%) was received from a single client and is included in the ART operating segment.

The Santam BEE transaction costs are unrelated to the core underwriting and investment performance of the group. Therefore, these costs are disclosed as unallocated activities.

Santam Ltd is domiciled in South Africa. Geographical analysis of the gross written premium and non-current assets and liabilities is based on the countries in which the business is underwritten or managed. Non-current assets comprise goodwill and intangible assets, property and equipment, investments in associates and joint ventures, SEM target shares and non-current assets held for sale.

6.1 Restatement of segment report

Since the group reported its segmental results for the year ended 31 December 2021, the group entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. As a result, Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments, but instead has been reclassified to the investments reportable segment. The June 2021 consolidated segment report was restated as a result. Additional information on Santam's share of SAN JV is also no longer disclosed. The restatement had no impact on net income, profit after tax, earnings per share or headline earnings per share. It also has no impact on the statements of financial position, changes in equity or cash flows. Detail of the restatement is as follows:

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (PUBLISHED)

	Insurance							
Business activity	**Conventional R million**	**Alternative risk transfer R million**	**Santam's share of SAN JV and SEM businesses R million**	**Total R million**	**Investment R million**	**Total R million**	**Reconciling and unallocated R million**	**IFRS total R million**
Revenue	15 498	4 572	1 563	21 633	315	21 948	(1 878)	20 070
External	15 428	4 572	1 563	21 563	315	21 878	(1 878)	20 000
Intersegment	70	–	–	70	–	70	–	70
Operating result before non-controlling interest and tax	1 050	153	211	1 414	–	1 414	(211)	1 203
Reallocation of operating result	–	–	(211)	(211)		(211)	211	–
Investment income net of investment-related fees	–	436	(71)	365	236	601	–	601
Investment return allocated to cell owners and structured insurance products	–	(414)	–	(414)	–	(414)	–	(414)
Finance costs	–	(22)	–	(22)	(106)	(128)	–	(128)
Income from associates and joint ventures	–	–	32	32	40	72	–	72
Santam BEE costs	–	–	–	–	–	–	(1)	(1)
Amortisation and impairment of intangible assets	(9)	–	–	(9)	–	(9)	–	(9)
Income tax recovered from cell owners and structured insurance products	–	254	–	254	–	254	–	254
Profit before tax from continuing and discontinued operations	1 041	407	(39)	1 409	170	1 579	(1)	1 578

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (continued)

6.1 Restatement of segment report (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (RESTATEMENT)

	Insurance							
Business activity	**Conventional R million**	**Alternative risk transfer R million**	**Santam's share of SEM businesses R million**	**Total R million**	**Investment R million**	**Total R million**	**Reconciling and unallocated R million**	**IFRS total R million**
Revenue	–		(1 006)	(1 006)	32	(974)	974	–
External	–	–	(1 006)	(1 006)	32	(974)	974	–
Operating result before non-controlling interest and tax	–	–	(139)	(139)	–	(139)	139	–
Reallocation of operating result	–	–	139	139	–	139	(139)	–
Income from associates and joint ventures	–	–	(32)	(32)	–	(32)	–	(32)
Profit from discontinued operations (equity-accounted income from SAN JV)	–	–	–	–	32	32	–	32
Profit before tax from continuing and discontinued operations	–	–	(32)	(32)	32	–	–	–

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (RESTATED)

	Insurance							
Business activity	**Conventional R million**	**Alternative risk transfer R million**	**Santam's share of SEM businesses R million**	**Total R million**	**Investment R million**	**Total R million**	**Reconciling and unallocated R million**	**IFRS total R million**
Revenue	15 498	4 572	557	20 627	347	20 974	(904)	20 070
External	15 428	4 572	557	20 557	347	20 904	(904)	20 000
Intersegment	70	–	–	70	–	70	–	70
Operating result before non-controlling interest and tax	1 050	153	72	1 275	–	1 275	(72)	1 203
Reallocation of operating result	–	–	(72)	(72)	–	(72)	72	–
Investment income net of investment-related fees	–	436	(71)	365	236	601	–	601
Investment return allocated to cell owners and structured insurance products	–	(414)	–	(414)	–	(414)	–	(414)
Finance costs	–	(22)	–	(22)	(106)	(128)	–	(128)
Income from associates and joint ventures	–	–	–	–	40	40	–	40
Profit from discontinued operations (equity-accounted income from SAN JV)	–	–	–	–	32	32	–	32
Santam BEE costs	–	–	–	–	–	–	(1)	(1)
Amortisation and impairment of intangible assets	(9)	–	–	(9)	–	(9)	–	(9)
Income tax recovered from cell owners and structured insurance products	–	254	–	254	–	254	–	254
Profit before tax from continuing and discontinued operations	1 041	407	(71)	1 377	202	1 579	(1)	1 578

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (continued)

6.2 Segment report

FOR THE SIX MONTHS ENDED 30 JUNE 2022 (REVIEWED)

Business activity	Insurance: Conventional R million	Insurance: Alternative risk transfer R million	Insurance: Santam's share of SEM businesses R million	Insurance: Total R million	Investment R million	Total R million	Reconciling and unallocated[4] R million	IFRS total R million
Revenue	16 543	8 200	538	25 281	192	25 473	(730)	24 743
External	16 301	8 200	538	25 039	192	25 231	(730)	24 501
Intersegment[5]	242	–	–	242	–	242	–	242
Operating result before non-controlling interest and tax[1]	326	103	85	514	–	514	(85)	429
Reallocation of operating result	–	–	(85)	(85)	–	(85)	85	–
Investment income net of investment-related fees	–	127	157	284	106	390	–	390
Investment return allocated to cell owners and structured insurance products	–	(109)	–	(109)	–	(109)	–	(109)
Finance costs[2]	–	(18)	–	(18)	(116)	(134)	–	(134)
Income from associates and joint ventures	–	–	–	–	41	41	–	41
Loss from discontinued operations (equity-accounted loss from SAN JV)	–	–	–	–	(14)	(14)	–	(14)
Santam BEE costs	–	–	–	–	–	–	(1)	(1)
Amortisation and impairment of intangible assets[3]	(10)	–	–	(10)	–	(10)	–	(10)
Income tax recovered from cell owners and structured insurance products	–	303	–	303	–	303	–	303
Profit before tax from continuing and discontinued operations	316	406	157	879	17	896	(1)	895

[1] *Includes depreciation of R104 million for Conventional and R6 million for ART.*

[2] *Finance costs relating to lease liabilities have been included in operating results.*

[3] *Amortisation of computer software is included as part of operating result. Santam's share of the costs to manage the SEM portfolio of R3 million has been included in operating result.*

[4] *Reconciling items consist of the reallocation of net operating results relating to the underlying investments of the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income), and the reallocation of investment revenue for IFRS purposes.*

[5] *Intersegment revenue includes revenue earned from the Santam's share of the SEM businesses segment.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (continued)

6.2 Segment report (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (REVIEWED AND RESTATED)

	Insurance							
Business activity	**Conventional R million**	**Alternative risk transfer R million**	**Santam's share of SEM businesses[6] R million**	**Total R million**	**Investment[6] R million**	**Total R million**	**Reconciling and unallocated[4,6] R million**	**IFRS total R million**
Revenue	15 498	4 572	557	20 627	347	20 974	(904)	20 070
External	15 428	4 572	557	20 557	347	20 904	(904)	20 000
Intersegment[5]	70	–	–	70	–	70	–	70
Operating result before non-controlling interest and tax[1]	1 050	153	72	1 275	–	1 275	(72)	1 203
Reallocation of operating result	–	–	(72)	(72)		(72)	72	–
Investment income net of investment-related fees	–	436	(71)	365	236	601	–	601
Investment return allocated to cell owners and structured insurance products	–	(414)	–	(414)	–	(414)	–	(414)
Finance costs[2]	–	(22)	–	(22)	(106)	(128)	–	(128)
Income from associates and joint ventures	–	–	–	–	40	40	–	40
Profit from discontinued operations (equity-accounted income from SAN JV)	–	–	–	–	32	32	–	32
Santam BEE costs	–	–	–	–	–	–	(1)	(1)
Amortisation and impairment of intangible assets[3]	(9)	–	–	(9)	–	(9)	–	(9)
Income tax recovered from cell owners and structured insurance products	–	254	–	254	–	254	–	254
Profit before tax from continuing and discontinued operations	1 041	407	(71)	1 377	202	1 579	(1)	1 578

[1] *Includes depreciation of R101 million for Conventional and R8 million for ART.*

[2] *Finance costs relating to lease liabilities have been included in operating results.*

[3] *Amortisation of computer software is included as part of operating result. Santam's share of the costs to manage the SEM portfolio of R2 million has been included in operating result.*

[4] *Reconciling items consist of the reallocation of net operating results relating to the underlying investments of the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income), and the reallocation of investment revenue for IFRS purposes.*

[5] *Intersegment revenue includes revenue earned from the Santam's share of SEM businesses segment.*

[6] *Refer to note 6.1 for detail of restatement.*

ADDITIONAL INFORMATION ON CONVENTIONAL INSURANCE ACTIVITIES

	Reviewed Six months ended 30 June 2022 R million	**Reviewed Six months ended 30 June 2021 R million**
Revenue	**16 543**	15 498
Net earned premium	**13 018**	12 791
Net claims incurred	**8 817**	8 109
Net commission	**1 920**	1 721
Management expenses (excluding BEE costs)[1, 2]	**1 983**	2 108
Net underwriting result	**298**	853
Investment return on insurance funds	**30**	200
Net insurance result	**328**	1 053
Other income	**63**	110
Other expenses	**(65)**	(113)
Operating result before non-controlling interest and tax	**326**	1 050

[1] *Amortisation of computer software has been included in management expenses.*

[2] *Finance costs relating to lease liabilities have been included in operating results.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (continued)

6.2 Segment report (continued)

The group's conventional insurance activities are spread over various classes of general insurance.

	Reviewed Six months ended 30 June 2022		Reviewed Six months ended 30 June 2021	
	Gross written premium R million	Underwriting result R million	Gross written premium R million	Underwriting result R million
Accident and health	**349**	**59**	284	48
Crop	**81**	**63**	93	75
Engineering	**857**	**225**	923	91
Guarantee	**42**	**15**	59	25
Liability	**785**	**258**	675	83
Miscellaneous	**30**	**(14)**	20	(4)
Motor	**7 633**	**109**	7 129	620
Property	**6 206**	**(328)**	5 731	(109)
Transportation	**560**	**(89)**	584	24
Total	**16 543**	**298**	15 498	853
Comprising:				
Commercial insurance	**9 421**	**345**	8 809	323
Personal insurance	**7 122**	**(47)**	6 689	530
Total	**16 543**	**298**	15 498	853

ADDITIONAL INFORMATION ON ALTERNATIVE RISK TRANSFER INSURANCE ACTIVITIES

The group's alternative risk insurance activities can be analysed as follows:

	Reviewed Six months ended 30 June 2022 R million	Reviewed Six months ended 30 June 2021 R million
Income from clients	**201**	224
Participation in underwriting results[1]	**30**	58
	231	282
Administration expenses	**(128)**	(129)
Operating result before non-controlling interest and tax	**103**	153
Non-controlling interest	**8**	(13)
Operating result before tax	**111**	140

[1] *This relates to Centriq and SSI's selective participation in underwriting risk across the portfolios of traditional insurance business.*

ADDITIONAL INFORMATION ON SANTAM'S SHARE OF SEM BUSINESSES

	Reviewed Six months ended 30 June 2022 R million	Reviewed Six months ended 30 June 2021 R million
Revenue	**538**	557
Net earned premium	**384**	415
Net claims incurred	**237**	327
Net acquisition cost	**160**	116
Net underwriting result	**(13)**	(28)
Investment return on insurance funds	**98**	100
Operating result before non-controlling interest and tax	**85**	72

6. SEGMENT INFORMATION (continued)

6.2 Segment report (continued)

ADDITIONAL INFORMATION ON INVESTMENT ACTIVITIES

The group's return on investment-related activities can be analysed as follows:

	Reviewed Six months ended 30 June 2022 R million	Restated[1] Reviewed Six months ended 30 June 2021 R million
Investment income	**677**	187
Net (losses)/gains on financial assets and liabilities at fair value through income	**(512)**	88
Income from associates and joint ventures	**41**	40
(Loss)/profit from discontinued operations	**(14)**	32
Investment-related revenue	**192**	347
Expenses for investment-related activities	**(59)**	(39)
Finance costs	**(116)**	(106)
Net total investment-related transactions	**17**	202

[1] *Refer to note 6.1 for detail of restatement.*

For a detailed analysis of investment activities, refer to notes 7 and 9.

6.3 Geographical analysis

	Gross written premium		Non-current assets	
	Reviewed Six months ended 30 June 2022 R million	Restated[3] Reviewed Six months ended 30 June 2021 R million	Reviewed at 30 June 2022 R million	Audited at 31 December 2021 R million
South Africa	**21 767**	17 304	**2 206**	2 117
Rest of Africa[1,2]	**1 266**	1 251	**1 905**	1 980
Southeast Asia, India and Middle East[2]	**2 115**	1 854	**1 440**	1 346
Other	**133**	218	**–**	–
	25 281	20 627	**5 551**	5 443
Reconciling items[2]	**(538)**	(557)	**–**	–
Group total	**24 743**	20 070	**5 551**	5 443

[1] *Includes gross written premium relating to Santam Namibia Ltd of R513 million (June 2021: R476 million).*

[2] *Reconciling items relate to the underlying investments included in the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income).*

[3] *Refer to note 6.1 for detail of restatement.*

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES)

The group's financial assets and liabilities, including insurance receivables and payables, are summarised below by measurement category.

	Reviewed at 30 June 2022 R million	Audited at 31 December 2021 R million
Financial assets		
Strategic investment – unquoted SEM target shares	**1 569**	1 691
Financial assets at fair value through income	**32 688**	31 047
	34 257	32 738
Expected to be realised after 12 months[1]	**25 575**	25 978
Expected to be realised within 12 months	**8 682**	6 760

[1] *Including unquoted SEM target share amounting to R1 569 million (December 2021: R1 691 million).*

	Reviewed at 30 June 2022 R million	Audited at 31 December 2021 R million
Loans and receivables including insurance receivables	**9 786**	8 312
Receivables arising from insurance and reinsurance contracts	**7 190**	6 421
Loans and receivables excluding insurance receivables	**2 596**	1 891

Loans and receivables including insurance receivables are expected to be realised within 12 months.

	Reviewed at 30 June 2022 R million	Audited at 31 December 2021 R million
Financial liabilities		
Financial liabilities at fair value through income	**4 376**	4 523
Expected to be settled after 12 months	**3 850**	3 217
Expected to be settled within 12 months	**526**	1 306
Trade and other payables including insurance payables	**6 066**	4 851
Payables arising from insurance and reinsurance contracts	**3 226**	2 498
Trade and other payables excluding insurance payables	**2 840**	2 353

Trade and other payables including insurance payables are expected to be settled within 12 months.

7.1 Financial instruments measured at fair value on a recurring basis

The table below analyses financial instruments, carried at fair value through income, by valuation method. There were no significant changes in the valuation methods applied since 31 December 2021. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, by prices) or indirectly (that is, derived from prices). The fair value of level 2 instruments are determined as follows:
  - Listed equity securities are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market.
  - Unlisted equity securities are valued using the discounted cash flow (DCF) or net asset value method based on market input.
  - Interest-bearing investments:
    - Quoted interest-bearing investments are valued using yield of benchmark bond, DCF benchmarked against similar instruments with the same issuer, price quotations of JSE interest rate market or issue price of external valuations based on market input.[1]
    - Unquoted interest-bearing investments are valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input.
  - Structured transactions: valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input.
  - Investment funds:
    - Quoted investment funds with underlying equity securities are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market.
    - Quoted investment funds with underlying debt securities are valued using DCF, external valuations and published price quotations on the JSE equity and interest rate market or external valuations that are based on published market input with the main assumptions being market input, uplifted with inflation.[1]
  - Derivatives are valued using the Black-Scholes model, net present value of estimated floating costs less the performance of the underlying index over contract term, DCF (using fixed contract rates and market related variable rates adjusted for credit risk, credit default swap premiums, offset between strike price and market projected forward value, yield curve of similar market-traded instruments) with the main assumptions being market input, credit spreads and contract inputs.

Level 3: Input for the asset or liability that is not based on observable data (that is, unobservable input).

There were no significant transfers between level 1 and level 2 during the current or prior period. The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

[1] *These investments are classified as level 2 as the markets that they trade on are not considered to be active.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (continued)

7.1 Financial instruments measured at fair value on a recurring basis (continued)

Reviewed at 30 June 2022	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
Equity securities				
Listed equities and similar securities	2 517	–	–	2 517
Unlisted equities and similar securities	–	–	1 643	1 643
Interest-bearing investments				
Government interest-bearing investments	–	5 341	–	5 341
Corporate interest-bearing investments	–	14 047	60	14 107
Mortgages and loans	–	80	–	80
Structured transactions				
Structured notes	–	255	–	255
Derivative assets	–	–	6	6
Investment funds	–	8 803	–	8 803
Cash, deposits and similar securities	–	1 505	–	1 505
Financial assets at fair value through income	2 517	30 031	1 709	34 257
Debt securities	–	2 541	–	2 541
Investment contracts	–	1 803	–	1 803
Derivative liabilities	–	–	32	32
Financial liabilities at fair value through income	–	4 344	32	4 376

Audited at 31 December 2021	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
Equity securities				
Listed equities and similar securities	3 061	–	–	3 061
Unlisted equities and similar securities	–	–	1 765	1 765
Interest-bearing investments				
Government interest-bearing investments	–	5 666	–	5 666
Corporate interest-bearing investments	–	14 742	60	14 802
Mortgages and loans	–	84	–	84
Structured transactions				
Structured notes	–	216	–	216
Investment funds	–	6 113	–	6 113
Cash, deposits and similar securities	–	1 031	–	1 031
Financial assets at fair value through income	3 061	27 852	1 825	32 738
Debt securities	–	2 552	–	2 552
Investment contracts	–	1 970	–	1 970
Derivative liabilities	–	–	1	1
Financial liabilities at fair value through income	–	4 522	1	4 523

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (continued)

7.1 Financial instruments measured at fair value on a recurring basis (continued)

The following table presents the changes in level 3 instruments:

	Equity securities R million	Interest-bearing investments R million	Derivative liabilities R million	Total R million
30 June 2022 (reviewed)				
Opening balance	**1 765**	**60**	**(1)**	**1 824**
Losses recognised in profit or loss	**(122)**	**–**	**(25)**	**(147)**
Closing balance	**1 643**	**60**	**(26)**	**1 677**
31 December 2021 (audited)				
Opening balance	1 609	60	(80)	1 589
Acquisitions	1	–	–	1
Settlements	–	–	132	132
Gains/(losses) recognised in profit or loss	155	–	(53)	102
Closing balance	1 765	60	(1)	1 824

The unquoted equity instruments recognised as level 3 instruments consist mainly of the participation target shares issued by SEM.

Of the R122 million loss (December 2021: R155 million gain) recognised on equity securities, R90 million relates to a dilution loss on the SGI target shares (refer detail below). The remaining R32 million loss (December 2021: R152 million gain) consists of R54 million that relates to foreign exchange losses (December 2021: R100 million foreign exchange gains), and R22 million (December 2021: R52 million) to an increase in fair value in local currency terms.

The key driver of the fair value movements of Santam's share of the SEM investment portfolio was: In April 2022, KKR, a leading global investment fund acquired a 9.99% stake in SGI from the Shriram Group. KKR's investment will position SGI for continued growth in India's fast-growing general insurance industry. Prior to the transaction, Santam held a 15% economic participatory interest in SGI. The transaction diluted SEM's effective shareholding in SGI, resulting in a dilution of Santam's economic interest in SGI from 15% to 14.1%. The enterprise value attributed to SGI for purposes of the transaction was around R38 billion (Rs 18 000 crore) and exceeded Santam's internal valuation of SGI at 31 December 2021 of R9 billion (Rs 4 400 crore) for the 100% stake. Pursuant to the transaction, Santam received a distribution in respect of the SGI target share at the end of May 2022 amounting to R217 million.

Fair value (excluding SEM target shares) is determined based on valuation techniques where the input is determined by management, e.g. multiples of net asset value, and is not readily available in the market or where market observable input is significantly adjusted. Valuations are generally based on multiples of net asset value ranging from 0.4 to 1.0 (December 2021: Based on price/earnings range from 2.3 to 8.5). The value of unlisted equity instruments (excluding SEM target shares) is not material.

The fair value of the SEM target shares is determined using predominantly DCF models, with the remainder valued at or within close proximity of the latest available net asset value of the underlying company. The most significant investment relates to the target share which provides a participatory interest in SGI to the value of R1 311 million (December 2021: R1 419 million). No other individual target share is material.

The fair value of the SGI target share is determined through using a DCF model, and significant assumptions are tested with local management as well as Santam's representative on the SGI board of directors. The 10-year DCF model discounts expected cash flows and a perpetual value (after providing for regulatory capital requirements) at an appropriate risk-adjusted discount rate. The most significant unobservable inputs used in this DCF model are the discount rate of 15.2% (December 2021: 14.3%). A rand/Indian rupee exchange rate of 0.207 (December 2021: 0.214) was used to translate the DCF valuation result in Indian rupee to rand. An average net insurance margin over a 10-year period of 26% (December 2021: 24%) was incorporated. Should the discount rate increase or decrease by 10%, the investment would decrease by R249 million (December 2021: R265 million) or increase by R393 million (December 2021: R436 million), respectively. If the relative foreign exchange rate increases or decreases by 10%, the fair value will increase or decrease by R131 million (December 2021: R142 million). Should the net insurance margin profile (projected over a period of 10 years) increase or decrease by 10%, the fair value will increase or decrease by R105 million (December 2021: R110 million). The remaining target shares are mostly impacted by changes in exchange rates.

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (continued)

7.2 Debt securities

During April 2016, the company issued unsecured subordinated callable notes to the value of R1 billion in two equal tranches of fixed and floating rate notes. The effective rate for the floating rate notes represents the three-month JIBAR plus 245 basis points, while the rate for the fixed rate notes amounted to 11.77%. The floating rate notes of R500 million have all been redeemed on the optional redemption date on 12 April 2021, and the fixed rate notes have an optional redemption date of 12 April 2023 with a final maturity date of 12 April 2028.

During June 2017, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion in anticipation of the redemption of the R1 billion subordinated debt issued in 2007 and redeemed in September 2017. The effective interest rate for the floating rate notes represented the three-month JIBAR plus 210 basis points. The notes have all been redeemed on the optional redemption date of 27 June 2022.

During November 2020, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 198 basis points. The notes have an optional redemption date of 30 November 2025 with a final maturity date of 30 November 2030.

During May 2022, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 159 basis points. The notes have an optional redemption date of 16 May 2027 with a final maturity date of 16 May 2032.

Per the conditions set by the Prudential Authority, Santam is required to maintain liquid assets equal to the value of the callable notes until maturity. The callable notes are therefore measured at fair value to minimise undue volatility in the statement of comprehensive income. The fair value of the fixed rate notes is calculated using the yield provided by JSE and adding accrued interest. The fair value of the floating rate notes is calculated using the price provided by JSE and adding accrued interest.

Santam's international credit rating was downgraded by one notch from BB+ to BB in May 2020. The rating was reaffirmed in December 2020. No reviewed credit rating has been issued since. The movement in the fair value of the unsecured subordinated callable notes is considered immaterial and mainly represents the market movement.

7.3 Derivatives

On 6 August 2020, the company entered into a zero-cost collar over equities to the value of R1 billion, based on the SWIX 40 to provide capital protection in the current volatile market conditions. The structure offered full downside protection from the implementation level of 10 858, with upside participation (excluding dividends) of 0.275%. The structure was rolled on 3 November 2020, realising a profit of R50 million. The new structure entered into on 3 November 2020 provided full downside protection from the market level at the date of rolling of 10 307 with upside participation (excluding dividends) of 0.85% and expired on 3 February 2021. The final loss on the contract was R142 million (R77 million of the loss was recognised at 31 December 2020).

On 3 February 2021, the company rolled the collar structure. The structure offered almost full downside protection from the implementation level 11 857 and expired on 3 May 2021 and realised a loss of R31 million. On 3 May 2021, the company rolled the collar again until expiry on 3 August 2021, at an implementation level of 12 223. The structure was not renewed on 3 August 2021 and a final gain of R15 million was realised (inclusive of the fair value gain of R19 million at 30 June 2021).

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. On the same day Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the rand strengthening against the euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in rand weakness against the euro up to a cap of R19.16. On 30 June 2022 the fair value of the structure amounted to a R32 million liability. The collar was designated as a cash flow hedge instrument on 4 May 2022. The impact of this was that foreign currency losses of R32 million recognised on the collar since implementation date were not recognised in the statement of comprehensive income, but were accounted for as a hedging reserve.

On 30 June 2022, the group entered into a zero-cost collar over listed equities to the value of R1.4 billion, based on the SWIX 40, to provide capital protection under continued volatile market conditions. The structure offers full downside protection from the implementation level of 11 789, with upside participation (excluding dividends) of 0.78% and expires on 15 December 2022.

At 30 June 2022, the group also had interest rate swaps as part of the international bond portfolio. The fair value of the swap is disclosed on a net basis in the statement of financial position as well as the statement of comprehensive income due to the contractual right to settle the instrument on a net basis. They are classified as level 3 per the fair value hierarchy. The gross exposure asset and liability amounted to R41 million (December 2021: R11 million) and R41 million (December 2021: R11 million) respectively.

At 30 June 2022, the group also had exchange traded futures with an exposure value of R1 112 million (December 2021: R1 223 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	Reviewed at 30 June 2022 R million	Audited at 31 December 2021 R million
Gross insurance liabilities		
Long-term insurance contracts		
– claims reported and loss adjustment expenses	**177**	163
– claims incurred but not reported	**140**	123
General insurance contracts		
– claims reported and loss adjustment expenses	**20 544**	17 779
– claims incurred but not reported	**3 660**	3 884
– unearned premiums	**17 369**	14 091
Total gross insurance liabilities	**41 890**	36 040
Expected to be settled after 12 months	**2 448**	2 328
Expected to be settled within 12 months	**39 442**	33 712
Recoverable from reinsurers		
Long-term insurance contracts		
– claims reported and loss adjustment expenses	**9**	6
– claims incurred but not reported	**16**	11
General insurance contracts		
– claims reported and loss adjustment expenses	**14 200**	11 926
– claims incurred but not reported	**441**	704
– unearned premiums	**2 360**	2 245
Total reinsurers' share of insurance liabilities	**17 026**	14 892
Expected to be realised after 12 months	**531**	489
Expected to be realised within 12 months	**16 495**	14 403
Net insurance liabilities		
Long-term insurance contracts		
– claims reported and loss adjustment expenses	**168**	157
– claims incurred but not reported	**124**	112
General insurance contracts		
– claims reported and loss adjustment expenses	**6 344**	5 853
– claims incurred but not reported	**3 219**	3 180
– unearned premiums	**15 009**	11 846
Total net insurance liabilities	**24 864**	21 148

8. INSURANCE LIABILITIES AND REINSURANCE ASSETS (continued)

Insurance liability estimates

Estimation methodologies and reserving processes remained consistent for the period ended 30 June 2022 and are discussed in note 3 of the group's annual financial statements for the year ended 31 December 2021. The ultimate costs of claims are always uncertain. Materially different outcomes to those assumed are possible.

Details of the group accounting policies in respect of insurance contract liabilities can be found in note 4 of the group's annual financial statements for the year ended 31 December 2021.

COVID-19-related claim estimates

Santam has made good progress in finalising the remaining contingent business interruption (CBI) claims relating to the COVID-19 lockdown and associated reinsurance recoveries. Judgement is however still applied in the determination of the best estimate of the remaining insurance liability and reinsurance asset associated with the group's exposure to CBI claims. The judgement applied includes:

Insurance liabilities:

- The assumptions used to determine the underlying exposure at a policy level
- The impact of the claims payment experience to date

Reinsurance assets:

- The proportion of CBI claims which aggregate as a single loss occurrence under Santam's catastrophe reinsurance treaty
- Expected recoveries from applicable reinsurance contracts

The group's projected ultimate net insurance exposure at 30 June 2022 was R2.2 billion (December 2021: R2.55 billion). This comprised gross claims payments of R4.3 billion (December 2021: R3.2 billion), a gross liability provision of R1.6 billion (December 2021: R3.2 billion) for open claims, a reinsurance recovery net of reinstatement premiums of R2.2 billion (December 2021: R0.6 billion) and a reinsurance asset of R1.5 billion (December 2021: R3.2 billion).

There are a number of interdependent judgements applied in the measurement of the insurance liability and reinsurance asset in relation to this exposure, and therefore when assessing the potential impact on the group, consideration should be applied to the ultimate net impact.

Santam has reviewed its provisions for CBI claims at 30 June 2022, considering the claims payment experience to date, the level of claims aggregating for reinsurance recovery purposes, as well as expected recoveries from applicable reinsurance contracts. Following this review, Santam's projected net ultimate exposure for CBI claims has reduced by R397 million. The reduction is mainly due to the actual claims experience to date being lower compared to initial estimates and positive feedback from Santam's reinsurance panel on its catastrophe reinsurance claim.

There is still, however, uncertainty in relation to the ultimate exposure which will only be eliminated once the process has been finalised. A sensitivity analysis on the unsettled claims within the net CBI provision of R2.2 billion (December 2021: R2.55 billion) has been performed by assuming a 10% positive and negative combined impact on the assumptions used to derive the provision. A 10% positive movement in the combined assumptions used would result in a decrease in the net provision of 4% (December 2021: 6%). A 10% negative movement in the assumptions used would result in an increase in the net provision of 4% (December 2021: 6%).

9. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

9.1 Non-current assets held for sale

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. The completion of the sale is subject to various regulatory approvals that are expected to be obtained by 30 June 2023. The investment in SAN JV of R1.768 billion (previously included in "Investment in associates and joint ventures") has therefore been reclassified as "Non-current assets held for sale" on 30 June 2022.

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets held for sale were recognised at their carrying value as at 30 June 2022, being lower than the fair value less costs to sell. This is a non-recurring fair value based on the net asset value of the business. It is therefore also recognised within level 3 of the fair value hierarchy.

On 4 May 2022, Santam also entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the rand strengthening against the euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in rand weakness against the euro up to a cap of R19.16. On 30 June 2022 the fair value of the structure amounted to a R32 million liability.

9.2 Discontinued operations

Financial information relating to the discontinued operations for the period is set out below.

	Reviewed Six months ended 30 June 2022 R million	Reviewed Six months ended 30 June 2021 R million
(Loss)/income from associate	**(24)**	67
Tax on Income from associate	**10**	(35)
(Loss)/profit from discontinued operations	**(14)**	32
Exchange differences on translation of discontinued operations	**(57)**	(107)
Other comprehensive loss from discontinued operations	**(57)**	(107)

The prior period statement of comprehensive income was restated by transferring R32 million from "Net income from associates and joint ventures" to "Profit from discontinued operations".

10. INVESTMENT INCOME AND NET (LOSSES)/GAINS ON FINANCIAL ASSETS AND LIABILITIES

	Reviewed Six months ended 30 June 2022 R million	Reviewed Six months ended 30 June 2021 R million
Investment income	**1 280**	744
Interest income derived from[1]	**784**	726
Financial assets measured at amortised cost	**110**	96
Financial assets mandatorily measured at fair value through income	**674**	630
Other investment income	**496**	18
Dividend income[1]	**351**	88
Foreign exchange differences	**145**	(70)
Net (losses)/gains on financial assets and liabilities at fair value through income	**(760)**	192
Net fair value (losses)/gains on financial assets mandatorily at fair value through income	**(853)**	310
Net realised gains on financial assets excluding derivative instruments	**19**	34
Net fair value (losses)/gains on financial assets excluding derivative instruments	**(944)**	342
Net realised fair value gains/(losses) on derivative instruments	**72**	(66)
Net fair value gains/(losses) on financial liabilities designated as at fair value through income	**93**	(118)
Net fair value gains on debt securities	**19**	18
Net realised gains/(losses) on investment contracts	**74**	(136)
	520	936

[1] *Includes interest income of R682 million (June 2021: R642 million) and dividend income of R335 million (June 2021: R87 million) received in cash.*

11. INCOME TAX

	Reviewed Six months ended 30 June 2022 R million	Reviewed Six months ended 30 June 2021 R million
Normal taxation		
Current period	**390**	501
Prior period	**1**	(1)
Other taxes	**1**	3
Foreign taxation – current period	**16**	20
Total income taxation for the period	**408**	523
Deferred taxation		
Current period	**(5)**	53
Total deferred taxation for the period	**(5)**	53
Total taxation as per statement of comprehensive income	**403**	576
Income tax recovered from cell owners and structured insurance products	**(303)**	(254)
Total tax expense attributable to shareholders	**100**	322
Profit before taxation per statement of comprehensive income from continuing and discontinued operations	**895**	1 578
Adjustment for income tax recovered from cell owners and structured insurance products	**(303)**	(254)
Total profit before tax attributable to shareholders from continuing and discontinued operations	**592**	1 324
Reconciliation of taxation rate (%)		
Normal South African taxation rate	**28.0**	28.0
Adjusted for:		
Disallowable expenses	**0.8**	0.2
Foreign tax differential	**0.4**	(0.1)
Exempt income	**(15.2)**	(1.3)
Investment results	**4.6**	(0.6)
Income from associates and joint ventures	**(1.3)**	(1.5)
Previous years' overprovision	**(0.2)**	–
Other permanent differences	**(0.3)**	(0.8)
Other taxes	**0.1**	0.4
Net reduction	**(11.1)**	(3.7)
Effective rate attributable to shareholders (%)	**16.9**	24.3

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. CORPORATE TRANSACTIONS

2022

ACQUISITIONS

Indwe Broker Holdings Group (Pty) Ltd

In May 2022, the group acquired the remaining 76% shareholding in Indwe Broker Holdings Group (Pty) Ltd for R125 million in cash. Goodwill relates to synergies expected to be received.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	66
Property and equipment	30
Deferred income tax assets	8
Loans and receivables including insurance receivables	36
Current income tax	9
Cash and cash equivalents	156
Deferred income tax liabilities	(17)
Lease liabilities	(30)
Trade and other payables including insurance payables	(159)
Net asset value acquired	99
Goodwill	66
Investment in joint venture	(34)
Gain on remeasurement to subsidiary	(6)
Purchase consideration paid	125

JaSure Financial Services (Pty) Ltd

The Santam group purchased the 49% non-controlling interest effective 1 June 2022 for R6 million in cash.

Ctrl Investment Holdings (Pty) Ltd

The Santam group purchased additional shares in Ctrl Investment Holdings (Pty) Ltd, effective 1 June 2022 for R2 million in cash, increasing the effective holding from 20.41% to 21.97%. The investment continues to be accounted for as an investment in associate.

DISPOSALS

SAN JV (RF) (Pty) Ltd

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. On the same day Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the rand strengthening against the euro. The structure provides full downside protection below a EUR / ZAR exchange rate of R16.66 and entitles Santam to share in rand weakness against the euro up to a cap of R19.16. The investment in SAN JV has been reclassified as "Non-current assets held-for-sale" on 30 June 2022 and equity-accounted earnings from SAN JV as discontinued operations. Refer to note 9.

2021

ACQUISITIONS

Mirabilis Holding Company (Pty) Ltd

During April 2021, the Santam Group acquired a shareholding of 100% in Mirabilis Holding Company (Pty) Ltd for R176 million in cash. Mirabilis Holding Company (Pty) Ltd own 45% shareholding in Mirabilis Engineering Underwriting Managers (Pty) Ltd. As a result of this transaction, the Santam Group now effectively owns 100% shareholding in Mirabilis Engineering Underwriting Managers (Pty) Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. EARNINGS PER SHARE

	Reviewed Six months ended 30 June 2022	Reviewed Six months ended 30 June 2021
Basic earnings per share		
Profit attributable to the company's equity holders (R million)	**465**	952
Weighted average number of ordinary shares in issue (million)	**109.52**	110.26
Earnings per share (cents)	**425**	863
Continuing operations	**437**	834
Discontinued operations	**(12)**	29
Diluted earnings per share		
Profit attributable to the company's equity holders (R million)	**465**	952
Weighted average number of ordinary shares in issue (million)	**109.52**	110.26
Adjusted for share options	**0.92**	0.52
Weighted average number of ordinary shares for diluted earnings per share (million)	**110.44**	110.78
Diluted basic earnings per share (cents)	**421**	859
Continuing operations	**433**	830
Discontinued operations	**(12)**	29
Headline earnings per share		
Profit attributable to the company's equity holders (R million)	**465**	952
Adjusted for:		
Profit on disposal of intangible assets	**(15)**	–
Tax on profit on disposal of intangible assets	**4**	–
Gain on remeasurement to subsidiary	**(6)**	–
Headline earnings (R million)	**448**	952
Weighted average number of ordinary shares in issue (million)	**109.52**	110.26
Headline earnings per share (cents)	**409**	863
Continuing operations	**421**	834
Discontinued operations	**(12)**	29
Diluted headline earnings per share		
Headline earnings (R million)	**448**	952
Weighted average number of ordinary shares for diluted headline earnings per share (million)	**110.44**	110.78
Diluted headline earnings per share (cents)	**406**	859
Continuing operations	**418**	830
Discontinued operations	**(12)**	29

14. DIVIDEND PER SHARE

Interim dividend per share (cents)[1]	**462**	432

[1] *2022: Proposed (June 2021: Paid).*

15. RELATED PARTIES

During the first half of 2022, there have been no related party transactions that have materially affected the financial position or the results for the period. There have also been no changes in the nature of the related party transactions as disclosed in note 27 of the group's annual financial statements for the year ended 31 December 2021.

16. SUBSEQUENT EVENTS

There have been no material changes in the affairs or financial position of the group since the statement of financial position date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS

This note provides information on cell owner/policyholder versus shareholder statement of financial position and statement of comprehensive income. Cell owner/policyholder activities relates mainly to alternative risk transfer insurance business written on the insurance licences of Centriq and SSI.

17.1 Analysis of policyholder/shareholder statement of financial position

	Group Reviewed at 30 June 2022 R million	Shareholder Reviewed at 30 June 2022 R million	Policyholder/ cell owner Reviewed at 30 June 2022 R million
ASSETS			
Intangible assets	1 099	1 099	–
Property and equipment	674	674	–
Investment in associates and joint ventures	441	441	–
Strategic investment – unquoted SEM target shares	1 569	1 569	–
Deferred income tax	86	86	–
Deposit with cell owner	75	–	75
Cell owners' and policyholders' interest	4	–	4
Financial assets at fair value through income	32 688	15 518	17 170
Reinsurance assets	17 026	15 877	1 149
Deferred acquisition costs	944	758	186
Non-current assets held for sale	1 768	1 768	–
Loans and receivables including insurance receivables	9 786	5 906	3 880
Current income tax	20	20	–
Cash and cash equivalents	4 469	2 942	1 527
Total assets	**70 649**	**46 658**	**23 991**
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(643)	(643)	–
Other reserves	(60)	(60)	–
Distributable reserves	10 517	10 517	–
	9 917	9 917	–
Non-controlling interest	646	446	200
Total equity	**10 563**	**10 363**	**200**
LIABILITIES			
Deferred income tax	91	70	21
Cell owners' and policyholders' interest	5 184	–	5 184
Reinsurance liability relating to cell owners	75	–	75
Financial liabilities at fair value through income			
Debt securities	2 541	2 541	–
Investment contracts	1 803	–	1 803
Derivatives	32	32	–
Lease liabilities	742	742	–
Financial liabilities at amortised cost			
Repo liability	729	–	729
Collateral guarantee contracts	135	–	135
Insurance liabilities	41 890	27 270	14 620
Deferred reinsurance acquisition revenue	473	400	73
Provisions for other liabilities and charges	162	162	–
Trade and other payables including insurance payables	6 066	4 879	1 187
Current income tax	163	199	(36)
Total liabilities	**60 086**	**36 295**	**23 791**
Total shareholders' equity and liabilities	**70 649**	**46 658**	**23 991**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS (continued)

17.1 Analysis of policyholder/shareholder statement of financial position (continued)

	Group Audited at 31 December 2021 R million	Shareholder Audited at 31 December 2021 R million	Policyholder/ cell owner Audited at 31 December 2021 R million
ASSETS			
Intangible assets	989	989	–
Property and equipment	702	702	–
Investment in associates and joint ventures	2 284	2 284	–
Strategic investment - unquoted SEM target shares	1 691	1 691	–
Deferred income tax	78	78	–
Deposit with cell owner	90	–	90
Cell owners' and policyholders' interest	11	–	11
Financial assets at fair value through income	31 047	16 590	14 457
Reinsurance assets	14 892	13 793	1 099
Deferred acquisition costs	961	805	156
Loans and receivables including insurance receivables	8 312	5 117	3 195
Current income tax	5	5	–
Cash and cash equivalents	4 496	3 144	1 352
Total assets	65 558	45 198	20 360
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(570)	(570)	–
Other reserves	37	37	–
Distributable reserves	11 862	11 862	–
	11 432	11 432	–
Non-controlling interest	630	447	183
Total equity	12 062	11 879	183
LIABILITIES			
Deferred income tax	85	61	24
Cell owners' and policyholders' interest	4 908	–	4 908
Reinsurance liability relating to cell owners	90	–	90
Financial liabilities at fair value through income			
Debt securities	2 552	2 552	–
Investment contracts	1 970	–	1 970
Derivatives	1	1	–
Lease liabilities	764	764	–
Financial liabilities at amortised cost			
Repo liability	926	–	926
Collateral guarantee contracts	155	–	155
Insurance liabilities	36 040	25 116	10 924
Deferred reinsurance acquisition revenue	561	478	83
Provisions for other liabilities and charges	188	188	–
Trade and other payables including insurance payables	4 851	3 732	1 119
Current income tax	405	427	(22)
Total liabilities	53 496	33 319	20 177
Total shareholders' equity and liabilities	65 558	45 198	20 360

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS (continued)

17.2 Analysis of policyholder/shareholder statement of comprehensive income

	Group Reviewed Six months ended 30 June 2022 R million	Shareholder Reviewed Six months ended 30 June 2022 R million	Policyholder/ cell owner Reviewed Six months ended 30 June 2022 R million
Gross written premium	24 743	16 920	7 823
Less: reinsurance written premium	8 671	3 998	4 673
Net written premium	16 072	12 922	3 150
Less: change in unearned premium			
Gross amount	3 221	(89)	3 310
Reinsurers' share	(549)	(162)	(387)
Net insurance premium revenue	13 400	13 173	227
Interest income on amortised cost instruments	110	110	–
Interest income on fair value through income instruments	674	431	243
Other investment income	496	470	26
Income from reinsurance contracts ceded	1 021	764	257
Net losses on financial assets and liabilities at fair value through income	(760)	(611)	(149)
Other income	264	264	–
Net income	15 205	14 601	604
Insurance claims and loss adjustment expenses			
Gross amount	17 003	14 656	2 347
Recovered from reinsurers	(7 963)	(5 787)	(2 176)
Net insurance benefits and claims	9 040	8 869	171
Expenses for the acquisition of insurance contracts	2 942	2 640	302
Expenses for marketing and administration	2 295	2 283	12
Expenses for investment-related activities	59	59	–
Amortisation and impairment of intangible assets	32	32	–
Investment return allocated to cell owners and structured insurance products	109	–	109
Expenses	14 477	13 883	594
Results of operating activities	728	718	10
Finance costs	(163)	(145)	(18)
Net income from associates and joint ventures	41	41	–
Income tax recovered from cell owners and structured insurance products	303	–	303
Profit before tax	909	614	295
Income tax expense	(403)	(100)	(303)
Profit from continuing operations	506	514	(8)
Loss from discontinued operations	(14)	(14)	–
Profit for the period	492	500	(8)
Profit attributable to:			
– equity holders of the company	465	465	–
– non-controlling interest	27	35	(8)
	492	500	(8)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS (continued)

17.2 Analysis of policyholder/shareholder statement of comprehensive income (continued)

	Restated[1] Group Reviewed Six months ended 30 June 2021 R million	Restated[1] Shareholder Reviewed Six months ended 30 June 2021 R million	Policyholder/ cell owner Reviewed Six months ended 30 June 2021 R million
Gross written premium	20 070	15 707	4 363
Less: reinsurance written premium	7 196	3 307	3 889
Net written premium	12 874	12 400	474
Less: change in unearned premium			
Gross amount	188	(555)	743
Reinsurers' share	(504)	35	(539)
Net insurance premium revenue	13 190	12 920	270
Interest income on amortised cost instruments	96	96	–
Interest income on fair value through income instruments	630	393	237
Other investment income	18	5	13
Income from reinsurance contracts ceded	1 017	792	225
Net gains on financial assets and liabilities at fair value through income	192	6	186
Other income	158	158	–
Net income	15 301	14 370	931
Insurance claims and loss adjustment expenses			
Gross amount	12 115	9 889	2 226
Recovered from reinsurers	(3 784)	(1 763)	(2 021)
Net insurance benefits and claims	8 331	8 126	205
Expenses for the acquisition of insurance contracts	2 742	2 474	268
Expenses for marketing and administration	2 330	2 321	9
Expenses for investment-related activities	39	39	–
Amortisation and impairment of intangible assets	35	35	–
Investment return allocated to cell owners and structured insurance products	414	–	414
Expenses	13 891	12 995	896
Results of operating activities	1 410	1 375	35
Finance costs	(158)	(136)	(22)
Net income from associates and joint ventures	40	40	–
Income tax recovered from cell owners and structured insurance products	254	–	254
Profit before tax	1 546	1 279	267
Income tax expense	(576)	(322)	(254)
Profit from continuing operations	970	957	13
Profit from discontinued operations	32	32	–
Profit for the period	1 002	989	13
Profit attributable to:			
– equity holders of the company	952	952	–
– non-controlling interest	50	37	13
	1 002	989	13

[1] *Refer to note 2 for detail of restatement.*

ADMINISTRATION

NON-EXECUTIVE DIRECTORS
M Chauke, CD Da Silva, MP Fandeso, PB Hanratty, DEH Loxton, MLD Marole, NT Moholi (chairperson), AM Mukhuba, JJ Ngulube, PE Speckmann

EXECUTIVE DIRECTORS
TC Madzinga (chief executive officer)
HD Nel (chief financial officer)

COMPANY SECRETARY
R Eksteen

TRANSFER SECRETARIES
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www.santam.co.za

Registration number 1918/001680/06
ISIN ZAE000093779
JSE share code: SNT
NSX share code: SNM
A2X share code: SNT
Debt company code: BISAN

SPONSORS
Equity sponsor: Investec Bank Ltd
Debt sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

A copy of the set of condensed consolidated interim financial statements with the signatures of the directors is available at the company's registered office.

Santam is an authorised financial services provider (licence number 3416).

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