



Sanlam

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Audited Annual RESULTS

2022

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Basis of preparation

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the 12 months ended 31 December 2022 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are, in all material respects, consistent with those applied in the 2021 Integrated Report and Annual Financial Statements.

All references to 2022 and 2021, and commentary relate to the full 12 months period, unless otherwise stated.

Forward-looking statements

In this report we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, amongst others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this announcement has not been reviewed and reported on by Sanlam's external auditors.

Constant currency information

The constant currency information included in this report has been presented to illustrate the impact of changes in the South African rand exchange rates and is the responsibility of the Board of directors.

It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the 12 months to 31 December 2022 at the weighted average exchange rate for the 12 months to 31 December 2021, which is also applied for the translation of comparative information.

The major currencies contributing to the exchange rate movements are the British pound, United States dollar, Indian rupee, Angolan kwanza, Malaysian ringgit and the Moroccan dirham.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Malaysia
31/12/2021	21,62	15,96	1,36	0,21	1,72	0,03	3,82
31/12/2022	20,47	17,02	1,31	0,21	1,60	0,03	3,85
(Strengthening)/Weakening	(5,3%)	6,6%	(3,3%)	(4,2%)	(6,9%)	16,5%	0,8%
Average 2021	20,32	14,76	1,33	0,20	1,64	0,02	3,57
Average 2022	20,16	16,31	1,32	0,21	1,60	0,04	3,72
(Strengthening)/Weakening	(0,8%)	10,5%	(1,3%)	4,2%	(2,6%)	50,7%	4,2%

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

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STRATEGIC AND FINANCIAL REVIEW

Overview 2020 to 2022

The Board and management team is delighted with the Group's performance over the last three years, the strength with which the Group has emerged from this period, and the strategic platform developed for future growth.

The period 2020 to 2022 has been one of the most challenging ever in the Group's history. The Covid-19 pandemic had very significant impacts on life insurance claims over the period, while first the pandemic, and then the global economic turmoil resulting from the Russia-Ukraine conflict, has had a very negative impact on the value of assets managed by the Group. The global economy has seen a surge in inflation and interest rates not seen for many years.

The pandemics impact on many of our clients' businesses, which resulted in material contingent business interruption (CBI) claims at our South African general insurance operations (Santam), followed by disastrous floods in KwaZulu-Natal, South Africa, meant that Santam experienced its two largest catastrophes in history in consecutive periods, resulting in a scale of impact that we would typify as a one-in-25/100 years impact.

In line with its mandate of ensuring that clients live a life of confidence, the Group was uncompromisingly focused on servicing clients and delivering value to clients and all other stakeholders throughout this very difficult three-year period. At the same time the Group has been successfully focusing on the delivery of its new ambitious strategy, which was adopted in 2020, despite the external challenges posed during the period.

The Group's financial strength, prudent financial management, diversity and strong competitive positioning across all key product lines and market segments, meant that despite the most challenging period in our Group's history, we were able to deliver value to clients and shareholders over the period. Some highlights from this period are:

For clients:

- Death claims paid of R50 billion.
- Contingent business interruption claims of R4,7 billion.
- KwaZulu-Natal flood claims of R4,4 billion.

All gross of reinsurance

For shareholders:

- Dividends over the three years representing a total return of 13% on the value of a share on 1 January 2020.
- Growth in net result from financial services of 11% from 2019 to 2022 on a consistent basis of comparison.
- Growth in Group Equity Value on an adjusted basis of R43 billion over the three years.
- Growth in the value of new business⁽¹⁾ by 20% and life insurance new business volumes by 28% from 2019 to 2022 on a consistent basis of comparison.
- 2022 new business margins at 3,06%⁽¹⁾ vs 2,98% in 2019.

In the most recent of these last three years, Sanlam again produced excellent results for 2022 in a challenging environment. Although the worst of the pandemic receded, the year was characterised by significant investment market volatility, the far-reaching impacts of the Russia-Ukraine conflict, surging inflation and energy prices, supply chain disruptions and hardship for consumers. Our operational performance again proved the robustness of our business and our ability to deliver value for all our stakeholders even in the most complex of environments. The Group delivered positively against our key value creation metric, adjusted Return on Group Equity Value and we are on track to deliver within our long-term dividend target of real growth of 2% to 4% over a rolling three-year period, from the base set in 2020.

During 2022, the Group recorded growth of 8% in our key earnings metric, net results from financial services (NRFFS), with dividend growth of 8% and adjusted Return on Group Equity Value of 15,1%, above our hurdle rate of 14,3% for 2022. We also sharpened our focus on the Group's impact on the communities in which we operate, with an emphasis on financial inclusion and education; and ensuring our vast capital resources are invested for the good of our continent and its people.

The Group made excellent progress on our "Winning as One" culture journey, and we are seeing the business results of achieving a more united set of values and aspirations. Our Group-wide culture assessment showed a culture score in line with 2021 and significantly higher than the industry average.

When the Group entered 2020 it carried a specific pandemic reserve of R547 million (net of tax) to provide support in the event of a pandemic. The Group weathered the pandemic storm, releasing the pandemic and other discretionary reserves to mitigate the impact of the pandemic on the Group's earnings. By the end of 2022 the Group restored reserves of some R2 billion (net of tax) for future pandemics, part of which is a retrospective reserve, impacting 2022 earnings. This strengthening of the balance sheet for the future is in the interest of both our clients who need Sanlam to be secure under all conditions, and for our shareholders.

⁽¹⁾ 2022 on constant economic basis.

The Group has made considerable progress in implementing the next phase of our strategy during the last three years. The Group has redeployed its capital in the process of implementing the strategy announced in 2020. Capital has been redeployed from the UK to strengthen the South African businesses through a series of investments. Our partners have been important in the achievement of much of the strategic progress within South Africa.

Capital has also been released from the exit from a number of smaller businesses across the African continent. The African portfolio will be considerably expanded and diversified, with reasonable cost, capital and revenue synergies, through the creation of a joint venture (JV) with Allianz SE (Allianz) (subject to regulatory approvals). The creation of this JV has not required any further capital deployment by the Group.

The Group's capital has been redeployed over the last three years to areas where the Group has competitive advantage and where we believe future returns will be superior to the returns achieved on previously deployed capital, and above our hurdle rates. Although the Group has executed transactions over the three years, we have been careful to ensure that the operational focus of the business has remained strong. Indeed, the competitive performance of our businesses has improved over the three years, so that the demands of the strategic restructuring have not affected our underlying performance.

The Group remains focused on disciplined and value enhancing deployment of capital, in line with our capital allocation framework. *See more in our capital and solvency section on page 13.*

Strategic development highlights since 2020:

- Created one of South Africa's largest black-owned asset managers, with net new monies of R50,6 billion invested by clients from 2020 to 2022.
- Asset management business moved from fourth largest South African asset manager by assets under management to second largest.
- Moved to largest group risk underwriter in South Africa.
- Umbrella fund provider moved from fifth largest to fourth largest and is expected to be third largest in 2023.
- Establishment of leading wills and trusts business with Capital Legacy (subject to regulatory approval).
- Moved from second to first position in the (linked investment service provider) LISP market.
- Establishment of the largest insurance group on the African continent (excluding South Africa) in partnership with the world's largest insurer Allianz (subject to regulatory approvals).
- Merger of the Shriram credit businesses in India created one of the largest non-banking financial institutions in India which bodes well for increased cross-selling and other synergies with the insurance operations.
- Completion of the MTN aYo transaction giving Sanlam access to the MTN Group's large and growing client base across Africa.

Despite the focus on strategic reallocation of capital, the Group has not lost its focus on serving clients and our South African market position has improved or remained steady in most lines of business and market segments.

Market competitiveness improvements since 2020:

- South African life insurance new business market share moved from 25% to 27%.⁽²⁾
- Share of total group risk business moved from 22% to 27%.⁽³⁾
- LISP market share increased from 15% to 23%.⁽⁴⁾
- Asset management market share increased from 9,7% to 11%.⁽⁵⁾
- General insurance market share maintained at 23%.⁽⁵⁾
- Our Pan-African general insurance operations are in the top three market position in 13 countries and life in 10 countries across our portfolio.⁽⁵⁾

Having made good strategic progress over 2020 to 2022, weathered the incredibly tough conditions and having maintained or improved our competitive position in all business lines and market segments, the Group will have a slightly different focus over the next few years. We will focus on:

- Fully executing on each transaction, integrating the operations concerned fully into the Sanlam Group and realising the synergies and growth potential created.
- Sticking to doing the basics well so that we continue to maintain or improve our competitive position.

As a result of the actions taken to reallocate our capital strategically, we have a small amount of surplus capital, over and above the capital required to fund organic growth and small complementary business development. The Group has sufficient resources set aside to fund the modernisation of our technology, to develop our fintech businesses and to finance small capital demands which may arise in South Africa or Pan-Africa. In the absence of any compelling new significant opportunities, the Group will look to return this small excess capital in due course in the most efficient manner.

⁽²⁾ UBS market share monitor June 2022.

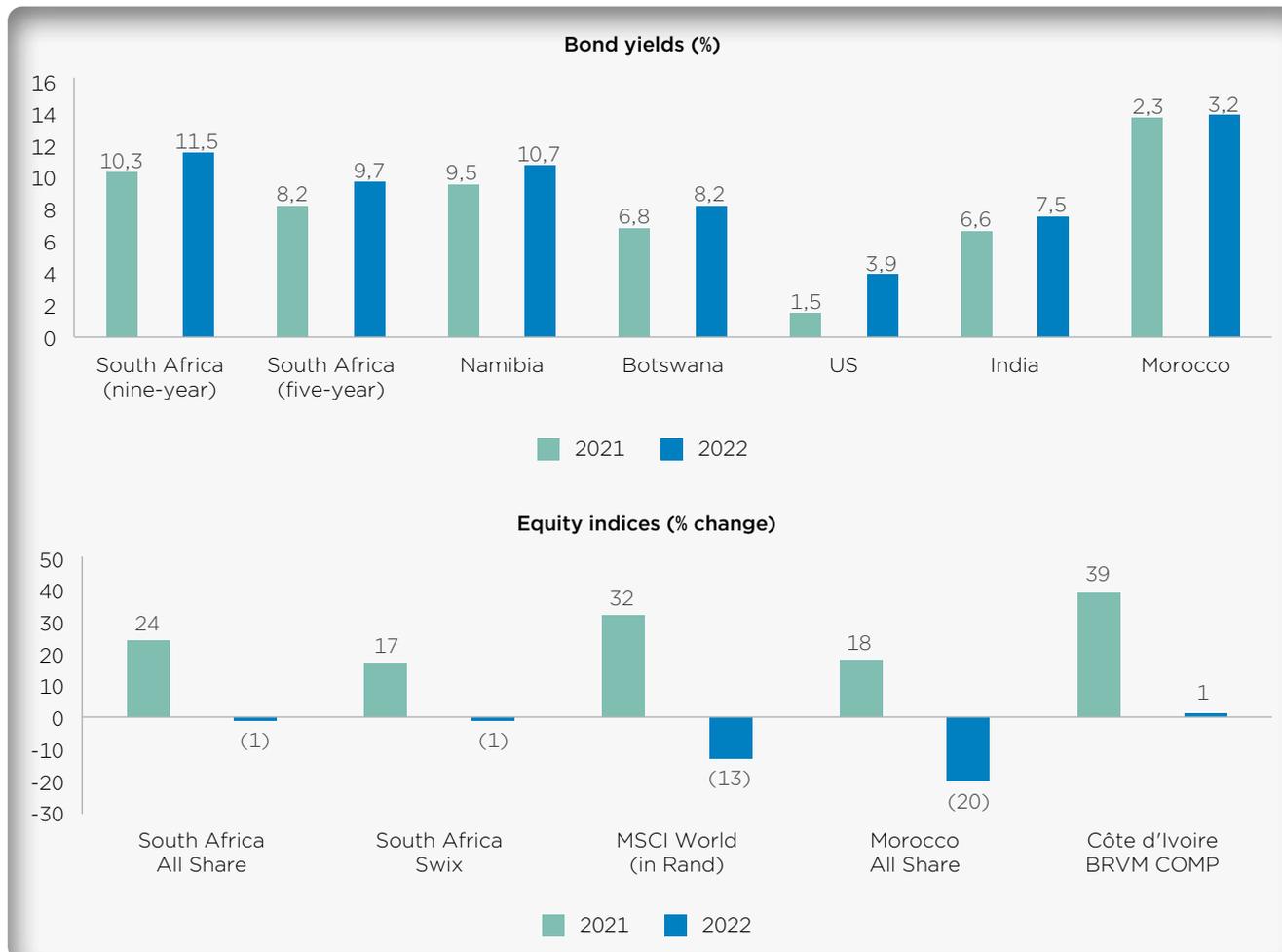
⁽³⁾ Swiss RE group volume survey 2021 (including Alexforbes Life).

⁽⁴⁾ Estimated market share including Alexforbes and Absa LISP (subject to regulatory approval).

⁽⁵⁾ Management estimates based on available public disclosure.

Review of key performance indicators

Market and interest rate information



Operating context

South African equity markets ended the year marginally lower than where they started, but performance through the year was volatile. The JSE Swix index recorded gains in the first quarter of the year but then declined rapidly, bottoming in October, and subsequently recovering strongly into year-end. International markets ended the year at weaker levels, with the MSCI world index declining 13% in rand terms. Moroccan equity markets declined significantly, with the market index recording a 20% decline for 2022, relative to a gain of 18% in 2021. Equity market weakness suppressed asset-based fee income and shareholder investment returns across our portfolio, while the decline in Moroccan equity markets had a large negative impact on the investment return earned on insurance funds in our Pan-African general insurance operations (SPA GI).

Bond markets were also volatile over the period, impacting not only investment income, but also the valuation of our operations on 31 December 2022. Higher bond yields, which result in discounting future cash flows at a higher rate, negatively impacted valuations and the value of new life insurance business written. The rand strengthened against most major currencies in our portfolio, which had a negative impact on our earnings and the valuations of our non-South African operations.

Although the South African economy remained relatively resilient for 2022, supported by buoyant commodity prices, economic activity was impacted by the significant KwaZulu-Natal flooding in April and the most severe electricity supply disruptions on record. The surge in inflation over the period had a more severe impact on clients with lower incomes, who spend a larger proportion of their incomes on food and transport, impacting their ability to retain payments on existing policies.

The economies in our emerging markets portfolio experienced similar economic headwinds, but the diversity of the Group's portfolio assisted, with resource producing countries across our portfolio, including Nigeria, Angola and some of the Southern African countries benefiting from higher commodity prices. Morocco's economy expanded at a modest pace in 2022, while the Indian economy recorded robust growth.

Key performance indicators

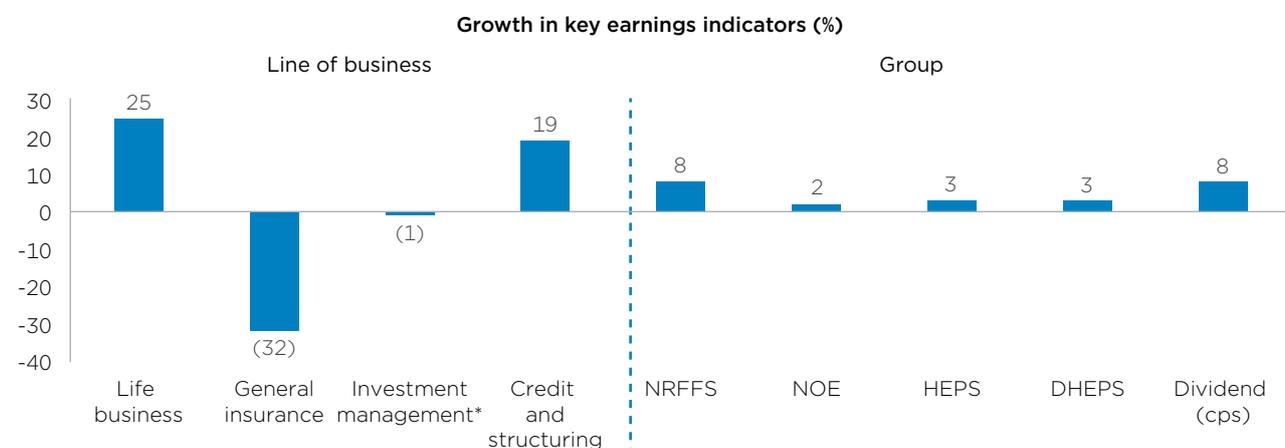
Against a difficult backdrop, the Group's performance was positive across most key metrics. Where new business volumes and net client cash flows were lower than 2021, this was due to elevated bases from the exceptional 2021 performance which was supported by increased savings. Absolute new business volumes remained satisfactory in 2022.

Earnings

Performance indicator for the year ended 31 December	Unit	2022	2021	Δ	Δcc
Earnings and dividend					
Net result from financial services	R million	10 191	9 469	8%	6%
Net operational earnings	R million	10 532	10 288	2%	1%
Headline earnings	R million	9 294	9 041	3%	1%
Weighted average number of shares	million	2 078	2 088		
Adjusted weighted average number of shares	million	2 210	2 224		
Net result from financial services per share	cents	461	426	8%	7%
Net operational earnings per share	cents	477	463	3%	2%
Diluted headline earnings per share	cents	447	433	3%	2%
Dividend per share	cents	360	334	8%	

CC = constant currency.

The Group's net results from financial services reached a new historic high, exceeding R10 billion for the first time. The excellent performance of our life insurance, investment management and credit and structuring operations contributed to Group performance. Our general insurance operations detracted from earnings growth, including the negative impact of weaker unrealised investment returns on insurance funds in SPA GI of negative (losses) R362 million in 2022, relative to a positive (gains) of R325 million in 2021. Life insurance earnings were strong despite the creation of reserves to mitigate the impact of any future material adverse mortality, morbidity and other experience.



* Investment management business is 18% higher excluding UK disposals.

Life insurance earnings rebounded strongly due to lower mortality claims relative to 2021, as the impacts of Covid-19 diminished. *Credit and structuring* earnings growth was driven by our Indian operations where performance was underpinned by continued healthy economic recovery in that country. Our *investment management* operations performed well despite significant investment market volatility, supported by a diverse business model that includes revenue streams that benefit from market volatility (retail brokerage) and that are not correlated to investment market returns (alternatives), as well as satisfactory performance from traditional asset management.

Our *general insurance* operations were impacted by weaker underwriting performance from Santam and negative investment return on insurance funds in SPA GI. The latter is a marked-to-market impact and not reflective of the underlying operational performance and does not impact cash operating earnings. SPA GI recorded good performance of net earned premiums which increased 13%. The underwriting margin of SPA GI was satisfactory at 5.6%, within the target range of 5% to 9%, despite the impacts of claims inflation, benefiting from consistent management actions.

Strategic and financial review *continued*

Santam's performance was impacted by claims inflation, investment market volatility, elevated levels of electrical power-surge and vehicle theft-related claims, in addition to the adverse weather conditions and the catastrophic floods in KwaZulu-Natal. The corrective and mitigating actions implemented are having a positive impact, with underwriting results improving in the second half of the year. The 2022 results were also supported by the release of CBI reserves. The improved second half performance resulted in Santam's conventional insurance business recording an underwriting margin of 5,1% for 2022 (target range of 5% to 10%), from 2,3% for the first half of the year.

Net operational earnings (NOE) of R10,5 billion increased by 2%. The lower growth relative to net result from financial services is due to reduced investment return of R882 million, from R1,3 billion in 2021, and increased investment into the future growth of our business. The Group is currently undergoing a period of significant investment in strategic initiatives and our net project expenses have consequently increased by 10%. The Group expects an elevated level of project expenses in the short-term which will reduce in due course as transactions complete.

Headline earnings (HEPS) and diluted headline earnings per share (DHEPS) increased by 3%, in line with the performance from net operational earnings. **Attributable earnings** increased by 25% to R11,9 billion from R9,5 billion in the comparative period. The increase is mainly due to the inclusion of profit on disposal of the UK businesses of R1,4 billion net of costs, the partial disposal of Shriram General Insurance (SGI) to a third party (KKR) contributing R629 million and the inclusion of fund transfers of positive R699 million (2021: negative R387 million).

The Board has declared a **final gross cash dividend of 360 cents per share** (2021: 334 cents per share) 1,0 times cover of cash operating earnings (2021: 1,0) for the financial year ended 31 December 2022. The Group maintains 1,0 to 1,2 times cash operating earnings cover.

New business volumes and net client cash flows

Performance indicator for the year ended 31 December	Unit	2022	2021	Δ	ΔCC
Business volumes and NCCF					
Life insurance new business volumes	R million	64 812	71 747	(10%)	(10%)
Net new covered business					
Value of new covered business	R million	2 388	2 764	(14%)	(14%)
Covered business PVNBP	R million	87 814	96 182	(9%)	(9%)
New covered business margin	%	2,72	2,87		(16bps)
New covered business margin (CEB*)	%	3,06	2,87		19bps
Life insurance net client cash flows	R million	21 615	12 696	70%	69%
General insurance new business volumes	R million	45 250	42 222	7%	7%
General insurance net client cash flows	R million	16 384	15 955	3%	3%
Investment management net client cash flows	R million	21 976	49 671	(56%)	(56%)

CC = constant currency.
* Constant economic basis.

Life insurance new business volumes remained at satisfactory levels, albeit slightly lower than the comparative period. The R64,8 billion written in 2022 was 5% below 2021 adjusting for the UK disposals. The 2021 year was exceptional due to high savings rates as a result of Covid-19 lockdowns, and the business has done well to broadly sustain this performance in 2022. Not only have our life insurance operations retained strong volumes, but the profitability of new business written (as measured by the net value of new business (VNB)) has remained solid at R2,4 billion, with SEM's contribution growing more than 20% on a constant economic basis. On a like-for-like or constant economic basis (excluding the impact of higher interest rates), our net value of new business was only 1% lower than 2021, with the business written at a margin of 3,06%, higher than 2,87% in 2021, also on a constant economic basis. Life insurance net client cash inflows (NCCF) of R21,6 billion, increased 70% due to lower mortality claims and continued strong absolute levels of new business.

General insurance new business volume growth was also robust, with Santam recording growth of 7% (ex-reinstatement premiums) and SPA GI growing 13%. India recorded relatively weaker performance mainly as a result of lower sales through Shriram channels and lower prescribed tariff increases on its third party portfolio relative to the historical average. General insurance net client cash inflows were 3% higher, despite the significant claim payments related to the KwaZulu-Natal flooding.

Investment management net client cash inflows were R22,0 billion over the year, albeit lower than 2021 which was an exceptional year. The South African investment management, retail affluent and corporate operations recorded strong inflows, while the international business recorded outflows.

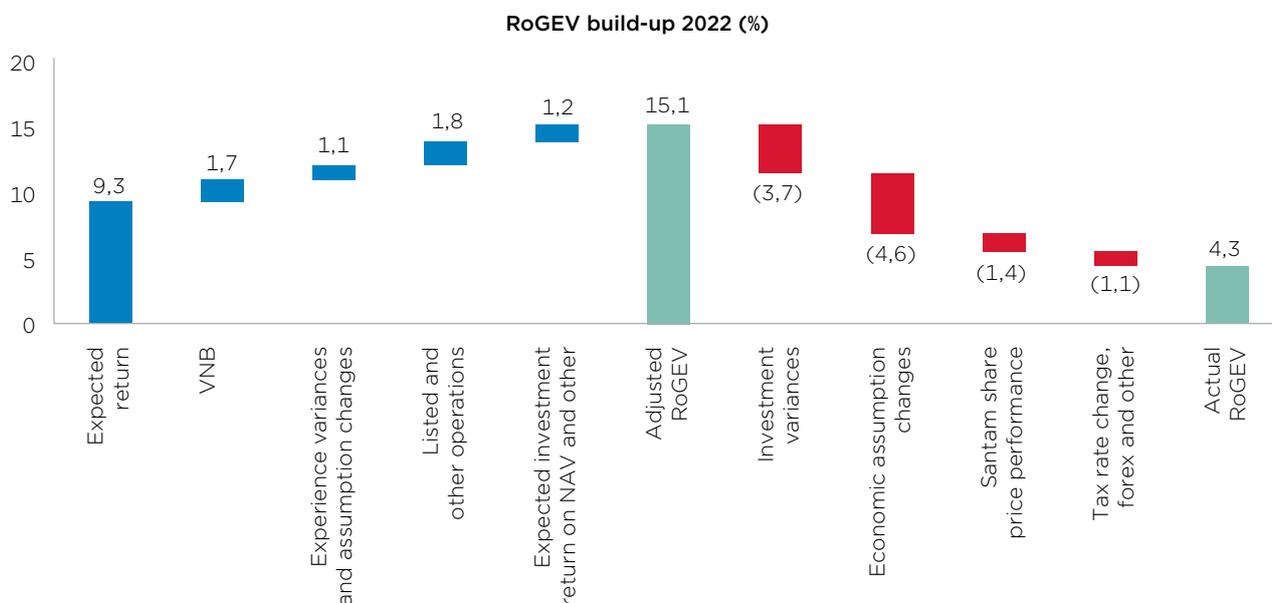
Group Equity Value

Performance indicator for the year ended 31 December

	Unit	2022	2021
Group Equity Value			
Group Equity Value	R million	140 776	142 390
Group Equity Value per share	cents	6 380	6 444
Return on Group Equity Value per share	%	4,2	13,9
Adjusted Return on Group Equity Value per share	%	14,9	14,6

Group Equity Value (GEV) amounted to R141 billion or 6 380 cents per share on 31 December 2022, with a RoGEV of 4,3% for the year (4,2% per share). RoGEV for the covered business was 11,6%, with non-covered business (including discretionary capital and other) at negative 0,9%.

Adjusted RoGEV, which excludes the impact of actual investment return relative to long-term assumptions, interest rate changes, other one-off effects not under management control, tax changes and currency exchange rate movements, amounted to 15,1% (14,9% per share), above the 14,3% hurdle for 2022. The covered business adjusted RoGEV was 17,4%, and the non-covered business (including discretionary capital and other) recorded an adjusted RoGEV of 13,3%.



The main components contributing to RoGEV are:

- VNB contributed 1,7% as the absolute level of VNB remained strong. The emerging markets operations recorded solid VNB growth partially offset by weaker contributions from the Southern African operations. The retail affluent and corporate businesses in South Africa had relatively weaker contributions due to lower volumes from the single premium business and product mix changes respectively (*refer to page 44 for more information*).
- Operating experience variances and assumption changes contributed 1,1% driven by the following key items:
 - *Experience variances*
 - Positive risk experience variances of R1,7 billion in the covered business relative to negative R4,2 billion in 2021 which was significantly impacted by Covid-19 related excess mortality claims. All clusters contributed positively to risk experience.
 - Persistency in the covered business weakened over the year as the economic environment deteriorated, with negative experience variances of R596 million relative to positive R712 million in 2021. The difficult consumer environment from higher food and transport inflation was more evident in the lower income market segments, impacting retail mass most severely. Corporate was impacted by the loss of two large group risk schemes. Persistency experience in retail affluent was positive and continues to benefit from data analytics and client engagement.
 - In the non-covered business, the general insurance and credit operations both reported positive experience variances, benefiting from better performance on SPA GI new business volumes and the credit businesses in India respectively.
 - Uplift from the proceeds from the SGI and KKR transaction at higher than GEV which were reinvested in the Shriram credit businesses, as well as the synergy benefits from the merger of the Shriram credit entities, contributing to a return of more than 20% from the non-life businesses in India.

Strategic and financial review *continued*

Assumption changes

- Risk assumption changes in the covered business were negative R178 million (2021: negative R867 million) relating largely to strengthening the retail mass mortality basis to align with the retail affluent mortality basis which was strengthened in 2021.
- Persistency assumption changes were positive R133 million relative to positive R1,5 billion in 2021. The 2021 amount reflected the release of half of the 5% mass lapse assumption created in 2020. The 2022 amount reflects the net impact of the release of the remaining mass lapse provision and the strengthening of lapse assumptions in the South African retail businesses. The larger portion of the assumption change relates to the retail affluent business that strengthened assumptions relating to long-duration persistency which has improved. The retail mass change also reflects strengthening of lapse rates due to the weaker economic environment but is relatively smaller due to management actions that are expected to positively impact future persistency.
- Modelling and other assumption changes amounted to negative R218 million (2021: positive R965 million). The 2021 amount was boosted by the release of discretionary reserves to offset the impact of Covid-19 on risk experience. The 2022 experience relates to the net impact of the creation of reserves to mitigate the impact of any future material adverse mortality, morbidity and other experience, as well as other basis changes.
- In the non-covered business, operating assumption changes relate mostly to higher maintenance expenses and other modelling changes in certain emerging markets general insurance operations.
- Investment variances contributed negative 3,7% for 2022 reflecting weak market returns for 2022.
- Economic assumption changes had a negative impact of 4,6% due to increases in long-term interest rates over 2022. Increases in reference yields impacted the valuations of most non-covered entities, particularly the Pan-African operations. Certain of the Pan-African operations are valued using reference yields that are linked to the US dollar risk-free rate, which increased substantially over the year. The Moroccan risk-free rate also increased over the year.
- The remaining items relate mainly to the impact of currency translation differences from a stronger closing rand exchange rate against the significant valuation currencies, weaker share price performance from Santam over the period and the incremental increase of the corporate tax rate in Morocco from 37% in 2022 to 40% by 2026, partly offset by the lowering of the corporate tax rate in South Africa from 28% to 27%.

Line of business analysis

Life insurance

Earnings

Life insurance net result from financial services increased strongly as a result of a rebound in all operations.

Net result from financial services for the year ended 31 December
(R million)

	2022	2021	Δ	Δcc
Life insurance line of business	6 159	4 929	25%	25%
South Africa	5 390	4 453	21%	21%
Retail Mass	1 297	769	69%	69%
Retail Affluent	3 255	2 011	62%	62%
Corporate*	631	(1 548)		
Discretionary reserve release*	-	3 047		
SanFin	207	174	19%	19%
Emerging markets	769	478	61%	56%
SPA Life	656	475	38%	35%
India*	67	(31)		
Malaysia	46	34	35%	26%
International (Sanlam UK)*	-	(2)		

* Percentage changes are greater than plus or minus 100%.

South Africa refers to the Sanlam Life and Savings and Sanlam Investment Group businesses in South Africa. Emerging markets refers to Sanlam Emerging Markets.

South Africa recorded a solid performance relative to 2021 with lower mortality claims resulting in a rebound in risk experience profits in the retail and corporate businesses, augmented by overall book growth. This more than offset the dampening impacts of weak equity markets, higher new business strain and net negative assumption changes relating mostly to creation of reserves to mitigate any future material adverse mortality, morbidity and other experience. Risk experience profits were positive in 2022 relative to close to zero in 2021 (net of discretionary reserve releases) which was significantly impacted by Covid-19 related excess mortality claims.

Weaker persistency had a negative impact on earnings from the individual life business in retail mass as the tough economic environment continues to impact clients with lower incomes more severely. Management actions are expected to have a more meaningful impact in 2023. Persistency trends in retail affluent remained positive and continue to benefit from data analytics and client engagement initiatives.

SanFin benefited from the contraction of the credit spreads on offshore and international listed bonds during November and December 2022, as a result the full year spread loss was reduced. This was augmented by higher margin income, lower bad debt provisions relative to 2021, and strong management of operational costs.

Emerging Markets also recorded solid growth with SPA life benefiting from lower mortality claims in the Southern and East Africa regions which more than offset lower earnings in Morocco due to weaker investment market returns. India's earnings were supported by lower mortality claims as well as overall book growth. Malaysia benefited from overall book growth as well as positive mortality basis changes.

New business volumes, value of new business and net client cash flows

Life insurance new business volumes declined by 10% (5% lower excluding UK disposals) due to lower single premium sales in the South African retail affluent business and lower recurring premium sales in the corporate business.

New business volumes for the year ended 31 December
(R million)

	2022	2021	Δ	ΔCC
Life insurance line of business	64 812	71 747	(10%)	(10%)
South Africa	53 640	57 337	(6%)	(6%)
Retail Mass – recurring premiums	3 983	3 850	3%	3%
Retail Affluent	40 269	45 252	(11%)	(11%)
recurring premiums	2 080	2 069	0%	0%
single premiums	38 189	43 183	(12%)	(12%)
Corporate	9 388	8 235	14%	14%
recurring premiums	480	883	(46%)	(46%)
single premiums	8 908	7 352	21%	21%
Emerging markets	11 172	10 871	3%	1%
SPA Life	9 258	9 042	2%	1%
India	1 031	868	19%	14%
Malaysia	883	961	(8%)	(12%)
International (Sanlam UK)	–	3 539	(100%)	(100%)

In **South Africa**, the retail mass business continued its strong new business growth trajectory, with the individual life business performing particularly well, recording growth of 29%, despite the strong focus on the quality of new business. Capitec Bank funeral sales increased by 7%, while the group businesses recorded lower sales due to the ZCC scheme benefit increase in 2021 which did not repeat in 2022. Excluding the ZCC scheme, retail mass new business volumes increased by 8%.

In the retail affluent segment, new business volumes were dampened by lower single premium sales of international products on the Glacier platform. Sales of guaranteed annuities however improved in the second half of 2022 and ended the year in line with 2021, while guaranteed plan sales also recorded robust growth.

Strategic and financial review *continued*

Recurring premium sales were in line with 2021 due to growth of retirement annuity and endowment sales in the savings business, which offset lower risk sales in BrightRock and the direct channels. The direct channels come off a period of rapid growth over the past few years. Individual life risk sales were in line with 2021, with sales trends improving in the second half of 2022. Sales in broker channels showed solid growth while the tough economic environment reflected in agency channel sales, where lower average premium sizes were recorded.

Corporate's new business volumes increased due to good sales of single premium investment products while recurring premium volumes were lower, on the back of lower group risk sales. The hardening of pricing in the group risk business in 2021 resulted in lower new recurring sales in the first half of 2022. A pickup in sales was experienced in the second half of the year. The 2021 year also benefited from the take-on of a single large group risk scheme.

In the **emerging markets** business, SPA life insurance sales improved as growth across the portfolio compensated for muted performances from Botswana due to lower sales of group business and Morocco due to lower group and single premium bancassurance sales. India benefited from stronger performance through direct channels, while Malaysia was impacted by underperformance of individual life business in the second half of the year.

Net VNB decreased by 14% due to the rise in long bond yields used to value the new business but was only 1% lower on a constant economic basis, reflecting continued solid sales volumes at profitable margins.

South Africa VNB was 21% lower (down 6% on a constant economic basis). Retail affluent was impacted by lower single premium volumes, with corporate impacted by mix changes to lower margin products. Retail mass VNB was 8% lower but increased 6% on a constant economic basis due to volume growth.

Emerging markets VNB increased by 17% (up 21% on a constant economic basis), with strong contributions across the portfolio. Botswana and Morocco, due to lower volumes and Nigeria, due to product mix changes, were the only notable detractors.

The Group covered business net VNB margin of 2,72% was lower than the 2,87% recorded in 2021 due to the rise in long bond yields. VNB margin was 3,06% on a constant economic basis, ahead of 2021.

South Africa recorded a margin of 2,38% (2,77% on a constant economic basis) relative to 2,82% in 2021. Emerging market's margin improved strongly to 4,59% (4,66% on a constant economic basis) from 4,01% in 2021.

Net client cash inflows improved by 70% due to lower mortality claim payments and continued strong levels of new business inflows, at both South Africa and emerging markets businesses.

General insurance

Earnings

General insurance net result from financial services was impacted by lower earnings from Santam, SPA GI and India.

Net result from financial services for the year ended 31 December
(R million)

	2022	2021	Δ	Δcc
General insurance line of business	1 728	2 538	(32%)	(33%)
South Africa	1 026	1 378	(26%)	(26%)
Santam	1 026	1 378	(26%)	(26%)
Emerging markets	702	1 160	(39%)	(41%)
SPA GI	525	918	(43%)	(45%)
India	182	220	(17%)	(20%)
Other*	(5)	22		

* Percentage changes are less than or greater than 100%.

In **South Africa**, Santam was impacted by adverse weather conditions and the devastating floods in the KwaZulu-Natal province. The underwriting result was additionally impacted by increased claims inflation, which escalated ahead of premium increases, some large fire losses and an increase in power surge and motor theft related claims. These were offset to some extent by a reduction in the Covid-19 related CBI claims provisions. Following the implementation of focused underwriting actions, the underwriting results for the second half of 2022 showed a significant improvement. The conventional insurance business net underwriting margin ended at 5,1% for 2022 (2021: 8,0%), within Santam's target range of 5% to 10%.

The investment return on insurance funds was adversely impacted by local and global bond market volatility, particularly during the first half of 2022. The second half of the year showed a marked improvement compared to the first half as actions taken to reduce volatility had a positive impact. Santam recorded an overall float margin of positive 1,3% (2021: positive 1,5%). Shareholders are referred to Santam's annual results released on 2 March 2023 for more information (www.santam.com).

Emerging markets general insurance net result from financial services decreased 39%. The Pan-Africa portfolio was impacted by lower investment return on insurance funds which softened to negative 2,0% for the year from positive 11,9% for 2021 (as a percentage of net earned premiums).

The net underwriting margin of the Pan-African portfolio was 5,6% (2021: 4,4%), within the target range of 5% to 9%. The underwriting performance benefited from management actions over the past few years, focused on improving the quality of the underlying book, as well as repricing in response to inflationary pressures.

India's net result from financial services decreased due to lower sales volumes through Shriram channels and lower prescribed tariff increases relative to the historical average. Although the business benefited from an improved claims ratio and higher investment returns on insurance funds, higher distribution costs from non-Shriram channels detracted from the result. Malaysia recorded a weaker performance due to higher claims frequencies, lower volumes and lower investment return on insurance funds.

New business volumes and net client cash flows

General insurance new business volumes increased by 7% (8% excluding reinstatement premiums at Santam).

In **South Africa**, Santam achieved strong gross written premium growth of 8% (2021: 5%) in the conventional insurance business. The commercial and personal intermediated business reported good growth while the specialist business benefited from strong contributions from the crop, travel, liability, marine and corporate property insurance businesses. MiWay recorded subdued growth following deliberate focus on profitability while Santam Re achieved acceptable growth in its third party business and a general increase in reinsurance premium rates globally. Growth in net earned premiums was impacted by reinsurance reinstatement premiums due to the impact of catastrophe events over the period.

Emerging markets new business volumes (net earned premiums) increased by 10%. The Pan-Africa portfolio recorded solid performance, increasing by 13%, supported by good growth in motor business. In India, SGI was impacted by lower sales through Shriram channels as well as lower prescribed tariff increases on its third party portfolio relative to the historical average. New business sales trends did however improve through the year, driven by group and broker distribution channels. Malaysia recorded weaker growth in gross premiums which were impacted by significant competitive pricing in the market.

Net client cash flows increased due to good premium growth which compensated for the impact of the significant claim payments at Santam due to the adverse weather conditions and KwaZulu-Natal floods.

Strategic and financial review *continued*

Investment management

Earnings

Investment management earnings improved strongly excluding UK disposals, a satisfactory outcome in the context of significant volatility in global investment markets, driven by solid performance from the South African operations.

Net result from financial services for the year ended 31 December (R million)	2022	2021	Δ	Δcc
Investment management line of business	869	875	(1%)	(6%)
South Africa	585	446	31%	28%
Sanlam Investments	375	266	41%	36%
Wealth Management	210	180	17%	16%
International	213	362	(41%)	(49%)
Emerging Markets (SPA)	71	67	6%	(1%)

The **South African** operations benefited from robust performance from Sanlam Investments where the diversity of revenue streams, including alternatives, passive and retail implemented consulting, as well as strong recent net client cash inflows contributed to earnings growth.

Performance fees in the active asset management business as well as fund-establishment and private-equity carry fees in the alternatives business supported the growth. Wealth management was buoyed by robust growth in brokerage income which benefited from increased market volatility.

International recorded a 7% decline, excluding the impact of UK disposals. Lower fee income as a result of weaker international equity markets was the main reason for the decline.

Emerging markets (Pan-Africa operations) net result from financial services from the investment management portfolio increased due to higher fee income from increased assets under management, supported by strong net fund inflows in 2021.

Net client cash flows

Net client cash flows reduced off a high base from 2021. South Africa recorded net client cash inflows of R28,3 billion, 18% lower than 2021. Investment business in the South African life and savings business increased by 96% driven by the strong performance in the corporate business.

Sanlam Investments recorded net client cash inflows of R13,9 billion, which was lower than 2021 as a result of institutional clients rebalancing of portfolios and the unusually good experience of 2021. Institutional business, experienced lower inflows at Satrix and Sanlam Multi-Manager, which more than offset strong inflows in the Alternatives business. Wealth net flows were 25% higher than 2021.

The emerging markets and international business recorded net outflows due to fewer mandates awarded over the period and the impact of investment market volatility respectively.

Credit and structuring

Earnings

Credit and structuring net result from financial services increased due to improved earnings in India.

Net result from financial services for the year ended 31 December
(R million)

	2022	2021	Δ	Δcc
Credit and structuring line of business	1 660	1 392	19%	16%
South Africa	404	497	(19%)	(19%)
SanFin	234	318	(26%)	(26%)
Sanlam Personal Loans (SPL)	170	179	(5%)	(5%)
Emerging markets	1 256	895	40%	36%
India	1 039	654	59%	53%
SPA	217	241	(10%)	(10%)

In **South Africa**, SanFin's net result from financial services from the credit and structuring businesses declined off a high base, as a result of the impact of exceptional equity market returns on equity-linked financing structures coupled with recovery from the listed preference share prices in the comparative period. The current year was also impacted by lower transaction volumes. SPL net result from financial services decreased due to a reduced average gross loan book size as a result of lower repeat business from the existing clients on book.

Emerging markets net result from financial services from the credit and structuring businesses increased strongly due to an improved performance in **India** where higher net interest income was supported by the stronger loan book growth and good collections. However, Pan-Africa earnings decreased due to lower earnings contribution from Botswana which was impacted by lower loan book growth.

Capital and solvency

Discretionary capital

The Group held additional discretionary capital as a temporary measure to provide a buffer against potential future Covid-19 impacts and market volatility. With the creation of reserves to mitigate any future material adverse mortality, morbidity and other experience and an additional margin provided for long-term Covid-19 mortality impacts, the Group will revert to a discretionary capital level of between R1 billion and R3 billion. This provides the Group with flexibility to deal with small potential investments that may arise.

The Group's discretionary capital increased from R2,9 billion on 31 December 2021 to R5,3 billion on 31 December 2022. The increase is due to R2,6 billion in net proceeds from the UK disposals, some R900 million from the return of seed capital investments in our international asset management operations, Sanlam's share of the Santam special dividend of R542 million and positive investment return on Sanlam Life capital.

This was reduced by a share repurchase of R1 billion during the fourth quarter of 2022 at an average price of 4 962 cents per share, R845 million paid to finalise the aYo transaction and smaller transactions across the portfolio.

Capital allocation

Looking forward, the Group has announced a further three transactions that in aggregate are likely to utilise around R2,3 billion of discretionary capital in 2023.

(R million)

Discretionary capital balance on 31 December 2022	5 274
AfroCentric (indicative cash funding)	(1 200)
Capital Legacy and BrightRock	(1 119)
Discretionary capital balance post announced transactions	2 955

Strategic and financial review *continued*

The Group continues to apply its capital allocation framework. The Group will continue to seek opportunities to grow and develop the business but will only deploy new capital if such investment is likely to achieve risk adjusted returns ahead of our hurdle. The Group will continue to consider both discretionary capital levels and solvency levels in determining whether further capital can be deployed or returned to shareholders.

The Group has made significant progress with its strategic development. The current focus is on bedding down recent transactions. As a result of this execution focus, within both South Africa and across our Pan-African operations we do not anticipate significant further investment in the short term. The Group has sufficient capital to fund the organic growth and information technology (IT) investment that is planned. Our IT modernisation programme has been fully reserved for and will not impact discretionary capital.

This means that unless new significant opportunities arise, the Group will return a small amount of available discretionary capital to shareholders in due course including implementing an odd-lot offer to shareholders.

Solvency

The capital and solvency position of the Group and its main operating entities remained strong and within target ranges on 31 December 2022.

Solvency cover	Unit	2022	2021	Δ
Sanlam Group	%	169	173	
Sanlam Life Insurance Limited	%	230	214	
Sanlam Life Insurance Limited covered business	%	176	178	

The Group solvency cover ratio decreased slightly from 31 December 2021 due to the impact of higher bond yields and poor investment market performance which was partly offset by lower prescribed equity stresses, operating experience and assumption changes together with the unwind of the discount rate, profits net of foreseeable dividends and VNB.

The Group's solvency target range has served the Group well, demonstrating the Group's resilience through the Covid-19 pandemic, as well as current and historic economic and market volatility. Sanlam has traditionally pursued prudent policies for reserving and earnings recognition for life insurance products. This resulted in the build-up of significant reserves over time, as part of assets backing policyholder liabilities.

Under the new accounting standard, IFRS 17, implemented from 1 January 2023, some of these reserves will be recognised as part of IFRS shareholder capital. The regulatory solvency position of the Group and its insurance regulated entities will continue to be assessed under the Prudential Authority's Solvency Assessment and Management (SAM) regime prudential standards.

As part of the preparation for the introduction of the new insurance accounting standard, the Group has reassessed its various capital targets as well as the composition of its capital base considering the resilience of the balance sheet to shocks. Under the new standard the Group's shareholder capital base will consist of more tangible, and consequently higher quality, capital assets than under the previous standard.

The make-up of the Group's capital base is prudent, with low levels of debt.

The current solvency range was set by the Board at a time when the Group was less diversified and the South African life insurance operations were a more significant part of the overall Group balance sheet. The historic experience of the Group in the light of the current solvency assessment regime, the progressive diversification of the Group balance sheet, the changes under IFRS 17 and the capital structure and reserving, have been considered by the Board. In the light of these changes the Board has adopted new solvency target ranges.

Solvency cover	New target range	Previous target range
Sanlam Group	140% to 180%	150% to 190%
Sanlam Life Insurance Limited covered business	150% to 200%	170% to 210%

Summary of the impact of IFRS 17 on the Group

The expected IFRS 17 impact on the Group is summarised below post effective date:

Statement of Financial Position	Increase in total IFRS shareholders' equity of between R12 billion and R15 billion (net of tax) on 1 January 2022. This increase does not change total own funds under SAM, it is merely a transfer from value of in-force to net asset value.
Statement of Comprehensive Income	Profit after tax attributable to Shareholders is expected to accelerate marginally for life insurance businesses. The overall impact will depend on the mix and volume of future new business relative to the in-force book. Limited impact is expected for general insurance businesses.
Shareholders' fund income statement	Attributable earnings in the Shareholders' fund income statement will continue to be equal to profit after tax attributable to Shareholders in the IFRS income statement. There will be new adjustments between the IFRS financial statements and Shareholders' Information.
Tax changes for South African insurers	Limited impact on earnings – the accelerated tax payments for life insurance businesses will be funded from the balance sheet.

For more detailed information on the impacts of IFRS 17, please refer to the Annual Financial Statements.

Dividend

The Group declared a dividend of 360 cents per share (2021:334 cents per share) within its normal dividend policy range of real growth of 2% to 4% over a rolling three-year period, without having significant impact on the ability of the Group to deal with further financial stresses.

The declaration of a dividend by Sanlam reflects the continued resilience of the Group and the Board's confidence in the underlying strength of the business.

Shareholders are advised that a final gross cash dividend of 360 cents per share was declared for the year ended 31 December 2022, an increase of 8% on the prior year dividend. The dividend is payable on Tuesday, 11 April 2023 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Thursday, 6 April 2023. The last date to trade to qualify for this dividend will be Monday, 3 April 2023, and Sanlam shares will trade ex-dividend from Tuesday, 4 April 2023. Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, both days included. Shareholders who have not yet provided their banking details for dividend payments are requested to do so by contacting Sanlam's transfer secretary, Computershare, at 0861 100 913 or +27 (0)11 370 5000.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend in full will be subject to the 20% withholding tax, where applicable, which result in a net dividend, to the shareholders who are not exempt from paying dividend tax, of 288 cents per share. The number of ordinary shares in issue in the company's share capital as at the date of the declaration is 2 042 914 874 excluding treasury shares of 184 059 534. The company's tax reference number is 9536/346/84/5.

Outlook

As we look forward to 2023, we remain focused on the successful integration of the completed transactions, while ensuring the outstanding transactions progress smoothly through their respective approval processes. Approvals for the Allianz JV remain on track, and we expect implementation around mid-2023. The AfroCentric, BrightRock and Capital Legacy transactions are also expected to close around this time.

The Absa and Alexforbes transactions that closed in 2022 and 2023 are contributing positively and are expected to continue to contribute positively to the Group's earnings and RoGEV in 2023.

The Group expects the consumer environment to remain challenging, however, historically, personal disposable income growth has usually exceeded inflation, especially once wage demands lift in response to higher prices. The Group therefore expects personal disposable incomes as well as insurance premiums to adjust to higher rates of inflation. Clients are therefore likely to restore levels of cover which will support premium growth in the medium term. We expect corrective actions implemented in 2022 to have more positive impacts on persistency in 2023.

Strategic and financial review *continued*

We have restored reserves in our life insurance operations that position us well for any future adverse events impacting mortality, morbidity and other experience. Life insurance earnings in 2022 benefited from strong experience in the corporate business in South Africa. We expect this to normalise in 2023 as the pricing cycle softens as Covid-19 has become endemic.

Our general insurance operations have shown an improved performance in the second half of 2022, as the corrective actions implemented take effect. We expect this to continue into 2023.

We expect continued robust performance from our Indian operations, benefiting from strong economic growth in that country and the vesting of synergy benefits after the merger of the credit businesses.

The general economic uncertainty and the impact it has on market volatility remain the largest variable in the outlook for 2023. The positive start to the year bodes well for our performance but we remain susceptible to any weakness in these markets.

The Group will continue to invest strongly as we are positive about the outlook for the Group, but there is also a great deal of focus on efficiency within existing operations. Some of the acquisitions to create scale will take several years to fully yield efficiency benefit, but these are receiving focus from management.

We believe that the Sanlam Group has proven its strength and resilience during volatile and challenging times. The Group has expanded its platform for growth during this difficult period, as well as improving its competitive position. Although the global economic conditions, high inflation and volatile markets are still a concern at the start of 2023, we do anticipate a global recovery in late 2023 or 2024. The Group is particularly well placed to perform strongly when this recovery takes place.

SHAREHOLDERS' INFORMATION

Confidence Rule 55:

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TO BE A FINANCIAL
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Basis of accounting – shareholders' information

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

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

The Group also discloses Group Equity Value (GEV) information. The Group's key strategic objective is to maximise returns to shareholders. GEV has been identified by management as the primary measure of value, and return on GEV (RoGEV) is used by the Group as the main performance measure to evaluate the success of its strategies towards sustainable value creation in excess of its cost of capital. For the purpose of internal monitoring, the directors make use of GEV to reflect the performance of the Group. This is considered to provide meaningful basis of reporting the underlying value of the Group's operations and the related performance drivers. This basis allows explicitly for the impact of uncertainty in future investment returns and is consistent with the Group's operational management structure.

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

A glossary containing explanations of technical terms used in these financial statements is presented on page 264 in the Annual Financial Statements.

Basis of accounting – shareholders' information

The basis of accounting and accounting policies in respect of the financial information of the shareholders' fund are the same as those set out in the online IFRS Annual Financial Statements, apart from the specific items described under separate headings in this section. Management considers this basis of accounting applied for the shareholders' information to be suitable for the intended users of this financial information.

The application of the basis of accounting of the shareholders' information is also consistent with that applied in the 2021 annual report apart from the following:

- Disposal related transaction costs are allocated to the proceeds of the sale
- The relevant per line of business disclosures have been expanded from administration, health & other into two categories namely, administration & health and corporate & other (GEV is split between administration & health and discretionary capital & other)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Annual Improvements to IFRS Standards 2018-2020, pertaining to IFRS 9 and IFRS 16.

These amendments did not have a significant impact on the shareholders information and no further disclosures have therefore been made.

The shareholders' fund information includes the following:

- Group Equity Value (refer page 26)
- Change in Group Equity Value (refer page 29)
- Return on Group Equity Value (refer page 31)
- Analysis of Group Equity Value earnings (refer page 32)
- Shareholders' fund financial statements consisting of:
 - Shareholders fund at net asset value (refer page 38)
 - Shareholders' fund income statement (refer page 40)
 - Related notes, including embedded value of covered business related disclosures.

Group Equity Value

GEV is the aggregate of the following components:

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

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

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

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

The GEV is inherently based on estimates and assumptions, as set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the annual financial statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting on the reported GEV. Accordingly, sensitivity analysis are provided for changes from the base estimates and assumptions (refer to note 2 for covered operations and note 5 for non-covered operations).

Fair value of businesses included in GEV

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

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

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

The appropriateness of the valuations is regularly tested through the Group's approval framework, in terms of which the valuations of investments is reviewed and recommended for approval by the Audit, Actuarial and Finance Committee and Board by the Sanlam Non-Listed Asset Controlling Body.

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

Adjustments to net worth

Present value of corporate expenses

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

Share incentive schemes granted on subsidiaries' own shares

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

Share incentive schemes granted on Sanlam shares

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

Change in Group Equity Value

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

Return on Group Equity Value

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

Basis of accounting – Shareholders' information *continued*

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

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

Basis of consolidation

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

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

Consolidation reserve

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

In addition, the consolidation of the Broad-Based Black Economic Empowerment (B-BBEE) special purpose vehicle (SPV) to which 111 349 999 shares were issued, is treated similarly and is also recognised in the consolidation reserve and fund transfers, respectively. The SPV was funded 50% by a loan issued by Sanlam to the SPV, and 50% by external debt. For IFRS purposes:

- the SPV is consolidated,
- the shares held within the SPV are treated as treasury shares
- the loan to the SPV is eliminated, and
- the external debt is shown on the balance sheet

Given that the shares will be sold in the market should the SPV not be able to repay the loan, management has for Shareholders Information purposes recognised the full share issue in the Shareholders' Fund and has not consolidated the SPV. Given the close relationship between the valuation of the loan and the Sanlam share price, this balance is classified as equities in the Shareholders' Fund at NAV. Management tests the recoverability of this loan semi-annually and has, as a result of this recoverability assessment, recognised a further impairment of R1.1 billion for the year ended 31 December 2022 (31 December 2021: R145 million). As this is not necessarily reflective of the longer-term value of the SPV, this impairment can continue to reverse in future periods based on the movement in the Sanlam share price.

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

Target shares

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

Segregated funds

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

Equity-accounted earnings

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

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

Normalised earnings per share

In accordance with the JSE Listings Requirement the Group Annual Financial Statements set out, fairly present in all material respects the financial position, financial performance and cash flows of Sanlam in terms of IFRS.

As discussed under the policy note for 'Consolidation reserve' above, the IFRS prescribed accounting treatment of the B-BBEE SPV, policyholders' fund's investments in Sanlam shares and Group subsidiaries creates artificial accounting mismatches with a consequential impact on the Group's IFRS earnings. In addition, the number of shares in issue used for the calculation of IFRS basic and diluted earnings per share must also be reduced with the treasury shares held by the policyholders' fund and B-BBEE SPV. However, the Group calculates normalised diluted earnings per share (a non-IFRS measure) to eliminate fund transfers relating to the investments in Sanlam shares Group subsidiaries held by the policyholders' fund, as well as consolidated vehicles, including B-BBEE SPV. This is in the Group's opinion a better representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund change significantly during the reporting period.

Fund flows

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

Funds received from clients

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

New business

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

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

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

Payments to clients

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

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

Basis of accounting – Shareholders' information *continued*

Embedded value of covered business

The Group's embedded value of covered business information is prepared in accordance with APN107 (version 8), the guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa (Actuarial Society). Covered business represents the Group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders.

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

The basis of presentation for the embedded value of covered business is consistent with that applied in the 2021 financial statements.

Covered business

Covered business includes all material long-term insurance business that is recognised in the Sanlam Group financial statements. This business includes individual stable bonus, linked and market-related business, group stable bonus business, annuity business and other non-participating business written by Sanlam Retail Affluent, Sanlam Retail Mass, Sanlam Corporate, Sanlam Emerging Markets and Sanlam UK.

Acquisitions, disposals and other movements

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

Methodology

Embedded value of covered business

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

The embedded value of covered business comprises the following components:

- Adjusted net worth (ANW); and
- The net value of in-force business.

Adjusted net worth

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

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

For South African insurance businesses (and businesses with similar regulatory regimes) the level of required capital for covered business is set to ensure that Own Funds attributable to in-force covered business maintains a solvency cover ratio within a specific range, e.g. between 150% and 200% for Sanlam Life, over the next 10 years. In addition, these businesses may also need to maintain statutory cover ratios above a lower minimum level.

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

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

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

Net value of in-force business

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

Present value of future shareholder profits from in-force covered business

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

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

Cost of required capital

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

Value of new business

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

In determining the value of new business:

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

Profitability of new covered business is measured by the ratio of the net value of new business to the present value of new business premiums (PVNBP). The PVNBP is defined as new single premiums plus the discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business. The premiums used for the calculation of PVNBP are based on the life insurance new business premiums disclosed in note 6 on page 54, excluding white label new business.

Risk discount rates and allowance for risk

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

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

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

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

Minimum investment guarantees to policyholders

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

Basis of accounting – Shareholders' information *continued*

Share incentive schemes

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

Sensitivity analysis

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

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

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

Foreign currencies

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

Assumptions

Best estimate assumptions

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

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

Economic assumptions

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

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

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

Assets backing required capital

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

Demographic assumptions

Future mortality, morbidity and discontinuance rates are based on recent experience, adjusted for expected future trends where appropriate. The mortality experience since the onset of the coronavirus pandemic has been excluded when considering future expected experience.

HIV/Aids

Allowance is made, where appropriate, for the impact of expected HIV/Aids-related claims, using models developed by the Actuarial Society, adjusted for Sanlam's practice and product design.

Expense assumptions

Future expense assumptions reflect the expected level of expenses required to manage the in-force covered business, including investment in systems required to support that business, and allow for future inflation. The rate of inflation is higher for business written on legacy systems. The allocation between acquisition and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred in 2021.

Project expenses

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

Investment management fees

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

Taxation

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

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

Earnings from covered business

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

Value of new business

The value of new business is calculated at point of sale using assumptions applicable at the end of the reporting period.

Net earnings from existing covered business

Expected return on value of covered business

The expected return on value of covered business comprises the expected return on the starting value of in-force covered business and the accumulation of value of new business from point of sale to the valuation date.

Operating experience variances

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

Operating assumption changes

Operating assumption changes consist of the impact of changes in assumptions at the end of the reporting period (compared to those used at the end of the previous reporting period) for operating experience, excluding economic or taxation assumptions. It also includes certain model refinements.

Expected investment return on adjusted net worth

The expected investment return on adjusted net worth attributable to shareholders is calculated using the future investment return assumed at the start of the reporting period.

The total embedded value earnings from covered business include two further main items:

Economic assumption changes

The impact of changes in external economic conditions, including the effect that changes in interest rates have on risk discount rates and future investment return assumptions, on the embedded value of covered business.

Investment variances

Investment variances – value of in-force

The impact on the value of in-force business caused by differences between the actual investment return earned on policyholder fund assets during the reporting period and the expected return based on the economic assumptions used at the start of the reporting period.

Investment variances – investment return on adjusted net worth

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

Group Equity Value

at 31 December

R million	Note	Group Equity Value		Value of in-force/Fair value adjustment	
		2022	2021	2022	2021
Sanlam Life and Savings		54 415	54 159	46 172	45 942
Covered business ⁽¹⁾	7.1.3	49 386	48 937	43 296	42 997
SA Retail Affluent		31 863	31 849	29 078	28 998
SA Retail Mass		11 682	11 761	10 253	10 548
Sanlam Corporate		5 841	5 327	3 965	3 451
Non-Covered business		5 029	5 222	2 876	2 945
SA Retail Affluent		4 163	4 319	3 125	3 095
Glacier		2 647	2 736	2 294	2 321
Other operations		1 516	1 583	831	774
Sanlam Corporate: Health		866	903	(249)	(150)
Sanlam Emerging Markets ⁽²⁾		42 302	40 354	7 342	7 493
Covered business	7.2.8	9 025	9 026	4 039	3 801
SPA Life		6 777	6 923	3 123	2 947
India		1 203	1 092	534	491
Malaysia		1 045	1 011	382	363
Non-Covered business		33 277	31 328	3 303	3 692
SPA GI ⁽³⁾		18 088	18 875	1 770	3 570
India		14 200	11 749	2 464	826
Other operations ⁽³⁾		989	704	(931)	(704)
Sanlam Investment Group		13 752	19 583	7 506	10 234
Covered business ⁽⁴⁾	7.3.2	1 747	2 614	(957)	(894)
Non-Covered business		12 005	16 969	8 463	11 128
Sanlam Investments		3 137 ⁽⁵⁾	3 209	1 010	1 844
Wealth Management		3 138	3 273	2 909	3 026
International ⁽⁶⁾		4 201	8 917	3 205	4 896
Sanlam Specialised Finance		1 529	1 570	1 339	1 362
Santam		17 391	18 241	10 436	10 587
Dividend pool		7 315	6 887	-	-
Discretionary capital		5 274	2 936	-	-
Other capital		2 855	2 718	-	-
Present value of holding company expenses	15	(2 528)	(2 488)	(2 528)	(2 488)
Group Equity Value		140 776	142 390	68 928	71 768
Covered business	2	60 158	60 577	46 378	45 904
Non-Covered business	5	67 702	71 760	25 078	28 352
Group operations		127 860	132 337	71 456	74 256
Discretionary and other capital		12 916	10 053	(2 528)	(2 488)
Group Equity Value		140 776	142 390	68 928	71 768
Value per share	14	63,80	64,44		

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life.

⁽²⁾ Sanlam Emerging Markets is disclosed on the current structure before taking into account the proposed joint venture transaction with Allianz.

⁽³⁾ Santam Namibia has been reclassified from other operations to SPA GI.

⁽⁴⁾ Sanlam disposed of its interest in Sanlam Life and Pensions in the UK in April 2022 (2021: R804 million).

⁽⁵⁾ Includes Sanlam share (66%; 31 December 2021: 75%) of the third party asset management business of R3 466 million (31 December 2021: R3 763 million).

⁽⁶⁾ Sanlam disposed of its stake in UK Wealth and Financial Planning businesses in May 2022 (2021: R2 562 million).

<i>Adjusted net asset value</i>		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
2022	2021	2022	2021	2022	2021
8 243	8 217	(1 033)	(1 020)	9 276	9 237
6 090	5 940	(1 033)	(1 020)	7 123	6 960
2 785	2 851	(628)	(662)	3 413	3 513
1 429	1 213	(165)	(189)	1 594	1 402
1 876	1 876	(240)	(169)	2 116	2 045
2 153	2 277	-	-	2 153	2 277
1 038	1 224	-	-	1 038	1 224
353	415	-	-	353	415
685	809	-	-	685	809
1 115	1 053	-	-	1 115	1 053
34 960	32 861	(2 893)	(3 089)	37 853	35 950
4 986	5 225	(2 893)	(3 089)	7 879	8 314
3 654	3 976	(2 321)	(2 469)	5 975	6 445
669	601	(308)	(322)	977	923
663	648	(264)	(298)	927	946
29 974	27 636	-	-	29 974	27 636
16 318	15 305	-	-	16 318	15 305
11 736	10 923	-	-	11 736	10 923
1 920	1 408	-	-	1 920	1 408
6 246	9 349	-	-	6 246	9 349
2 704	3 508	-	-	2 704	3 508
3 542	5 841	-	-	3 542	5 841
2 127	1 365	-	-	2 127	1 365
229	247	-	-	229	247
996	4 021	-	-	996	4 021
190	208	-	-	190	208
6 955	7 654	-	-	6 955	7 654
7 315	6 887	-	-	7 315	6 887
5 274	2 936	-	-	5 274	2 936
2 855	2 718	(1 197)	(1 197)	4 052	3 915
-	-	-	-	-	-
71 848	70 622	(5 123)	(5 306)	76 971	75 928
13 780	14 673	(3 926)	(4 109)	17 706	18 782
42 624	43 408	-	-	42 624	43 408
56 404	58 081	(3 926)	(4 109)	60 330	62 190
15 444	12 541	(1 197)	(1 197)	16 641	13 738
71 848	70 622	(5 123)	(5 306)	76 971	75 928
				34,88	34,36

Analysis of Group Equity Value by line of business

at 31 December

R million	Total		Life Business		General Insurance	
	2022	2021	2022	2021	2022	2021
Southern Africa	102 304	99 005	55 474	54 960	19 053	19 017
South Africa	92 503	90 577	51 133	50 747	17 391	18 241
Other	9 801	8 428	4 341	4 213	1 662	776
North and West Africa	15 752	18 277	1 682	2 197	15 467	17 414
East Africa	1 701	1 144	753	519	959	685
Other International	21 019	23 964	2 249	2 901	2 914	2 786
Total	140 776	142 390	60 158	60 577	38 393	39 902

R million	Investment Management		Credit and Structuring		Administration and Health	
	2022	2021	2022	2021	2022	2021
Southern Africa	7 533	7 744	4 491	4 340	3 967	4 134
South Africa	6 777	6 975	2 177	2 196	3 810	3 974
Other	756	769	2 314	2 144	157	160
East Africa	160	183	-	-	-	-
Other International	4 270	9 046	11 586	9 231	-	-
Total	11 963	16 973	16 077	13 571	3 967	4 134

Discretionary capital and Other		
R million	2022	2021
Southern Africa	11 786	8 810
South Africa	11 215	8 444
Other	571	366
North and West Africa	(1 397)	(1 334)
East Africa	(171)	(243)
Total	10 218	7 233

Change in Group Equity Value

at 31 December 2022

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	54 159	5 932	(115)	(5 561)	54 415
Covered business	48 937	5 676	(44)	(5 183)	49 386
SA Retail Affluent	31 849	3 453	(184)	(3 255)	31 863
SA Retail Mass	11 761	1 080	138	(1 297)	11 682
Sanlam Corporate	5 327	1 143	2	(631)	5 841
Non-Covered business	5 222	256	(71)	(378)	5 029
SA Retail Affluent	4 319	274	(71)	(359)	4 163
Glacier	2 736	120	(30)	(179)	2 647
Other operations	1 583	154	(41)	(180)	1 516
Sanlam Corporate: Health	903	(18)	-	(19)	866
Sanlam Emerging Markets	40 354	1 431	2 272	(1 755)	42 302
Covered business	9 026	1 016	(248)	(769)	9 025
SPA Life	6 923	837	(330)	(653)	6 777
India	1 092	110	68	(67)	1 203
Malaysia	1 011	69	14	(49)	1 045
Non-Covered business	31 328	415	2 520	(986)	33 277
SPA GI ⁽¹⁾	18 875	(2 072)	1 350	(65)	18 088
India	11 749	2 501	217	(267)	14 200
Other operations ⁽¹⁾	704	(14)	953	(654)	989
Sanlam Investment Group	19 583	(1 067)	(3 611)	(1 153)	13 752
Covered business	2 614	256	(916)	(207)	1 747
Non-Covered business	16 969	(1 323)	(2 695)	(946)	12 005
Sanlam Investments	3 209	369	4	(445)	3 137
Wealth Management	3 273	70	-	(205)	3 138
International	8 917	(1 848)	(2 699)	(169)	4 201
Sanlam Specialised Finance	1 570	86	-	(127)	1 529
Santam	18 241	542	-	(1 392)	17 391
Discretionary capital	2 936	237	2 101	-	5 274
Other capital	9 605	(844)	8 783	(7 374)	10 170
Present value of holding company expenses	(2 488)	(40)	-	-	(2 528)
Elimination of intergroup dividends	-	-	(9 861)	9 861	-
Group Equity Value	142 390	6 191	(431)	(7 374)	140 776
Covered business	60 577	6 948	(1 208)	(6 159)	60 158
Non-Covered business	71 760	(110)	(246)	(3 702)	67 702
Group operations	132 337	6 838	(1 454)	(9 861)	127 860
Discretionary and other capital	10 053	(647)	10 884	(7 374)	12 916
Elimination of intergroup dividends	-	-	(9 861)	9 861	-
Group Equity Value	142 390	6 191	(431)	(7 374)	140 776

⁽¹⁾ Santam Namibia has been reclassified from other operations to SPA GI.

Change in Group Equity Value

at 31 December 2021

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Life and Savings	52 278	7 913	(1 339)	(4 693)	54 159
Covered business	47 597	6 958	(1 339)	(4 279)	48 937
SA Retail Affluent ⁽¹⁾	32 043	5 434	(1 360)	(4 268)	31 849
SA Retail Mass	10 596	1 637	297	(769)	11 761
Sanlam Corporate	4 958	(113)	(276)	758	5 327
Non-Covered business	4 681	955	-	(414)	5 222
SA Retail Affluent	4 035	623	-	(339)	4 319
Glacier	2 553	362	-	(179)	2 736
Other operations	1 482	261	-	(160)	1 583
Sanlam Corporate: Health	646	332	-	(75)	903
Sanlam Emerging Markets	35 323	5 618	638	(1 225)	40 354
Covered business	8 638	906	(40)	(478)	9 026
SPA Life	6 793	646	(44)	(472)	6 923
India	1 002	156	(97)	31	1 092
Malaysia	843	104	101	(37)	1 011
Non-Covered business	26 685	4 712	678	(747)	31 328
SPA GI ⁽²⁾	17 182	1 761	224	(292)	18 875
India	8 954	2 856	64	(125)	11 749
Other operations ⁽²⁾	549	95	390	(330)	704
Sanlam Investment Group	19 003	2 764	(1 034)	(1 150)	19 583
Covered business	3 091	(374)	69	(172)	2 614
Non-Covered business	15 912	3 138	(1 103)	(978)	16 969
Sanlam Investments	2 949	553	-	(293)	3 209
Wealth Management	2 588	847	3	(165)	3 273
International	8 928	1 292	(1 106)	(197)	8 917
Sanlam Specialised Finance	1 447	446	-	(323)	1 570
Santam	17 277	1 257	-	(293)	18 241
Discretionary capital	636	109	2 191	-	2 936
Other capital	9 782	(452)	6 890	(6 615)	9 605
Present value of holding company expenses	(2 487)	(1)	-	-	(2 488)
Elimination of intergroup dividends	-	-	(7 361)	7 361	-
Group Equity Value	131 812	17 208	(15)	(6 615)	142 390
Covered business	59 326	7 490	(1 310)	(4 929)	60 577
Non-Covered business	64 555	10 062	(425)	(2 432)	71 760
Group operations	123 881	17 552	(1 735)	(7 361)	132 337
Discretionary and other capital	7 931	(344)	9 081	(6 615)	10 053
Elimination of intergroup dividends	-	-	(7 361)	7 361	-
Group Equity Value	131 812	17 208	(15)	(6 615)	142 390

⁽¹⁾ The release of discretionary reserves against excess risk claims experience is reported under SA Retail Affluent in Change in Group Equity value, but shown separately in the detailed information as reported in Note 7.1 on page 58.

⁽²⁾ Santam Namibia has been reclassified from other operations to SPA GI.

Return on Group Equity Value

at 31 December

%	2022	2021
Sanlam Life and Savings	11,0	15,1
Covered business	11,6	14,6
SA Retail Affluent	10,8	17,0
SA Retail Mass	9,2	15,4
Sanlam Corporate	21,5	(2,3)
Non-Covered business	4,9	20,4
SA Retail Affluent	6,3	15,4
Glacier	4,4	14,2
Other operations	9,9	17,6
Sanlam Corporate: Health	(2,0)	51,4
Sanlam Emerging Markets	3,5	15,9
Covered business	11,3	10,4
SPA Life	12,1	9,5
India	10,1	15,6
Malaysia	6,8	12,3
Non-Covered business	1,3	17,6
SPA GI ⁽¹⁾	(10,9)	10,2
India	21,3	31,9
Other operations ⁽¹⁾	(2,0)	17,3
Sanlam Investment Group	(6,0)	14,6
Covered business	12,2	(12,1)
Non-Covered business	(8,4)	19,7
Sanlam Investments	11,5	18,8
Wealth Management	2,1	32,7
International	(24,0)	14,5
Sanlam Specialised Finance	5,5	30,8
Santam	3,0	7,3
Discretionary capital and other	(5,6)	(4,3)
Group Equity Value⁽²⁾	4,3	13,1
Covered business	11,6	12,6
Non-Covered business	(0,2)	15,6
Group operations	5,2	14,2
Discretionary and other capital	(5,6)	(4,3)
Group Equity Value	4,3	13,1
RoGEV per share	4,2	13,9
Sanlam Group hurdle rate	14,3	13,6
South African risk free rate (9 year bond yield)	10,3	9,6
Plus margin	4,0	4,0

⁽¹⁾ Santam Namibia has been reclassified from other operations to SPA GI.

⁽²⁾ Refer to the financial review on page 7 for adjusted RoGEV information.

Analysis of Group Equity Value Earnings

for the year ended 31 December

Covered business⁽¹⁾

R million	Total		Gross value of in-force	
	2022	2021	2022	2021
Operational earnings	9 548	7 100	3 283	2 672
Value of new life insurance business ⁽²⁾	2 388	2 764	5 718	5 836
Unwinding of discount rate	6 129	5 538	5 935	5 296
Expected profit	-	-	(8 268)	(7 677)
Operating experience variances	1 504	(2 742)	(496)	107
Risk experience	1 695	(4 205)	246	(232)
Persistency	(596)	712	(251)	908
Maintenance expenses	(13)	150	-	(4)
Working capital management	432	365	-	-
Credit spread	347	295	-	-
Other	(361)	(59)	(491)	(565)
Operating assumption changes	(473)	1 540	394	(890)
Risk experience	(178)	(867)	(319)	(2 072)
Persistency	133	1 533	1 255	1 769
Maintenance expenses	(210)	(91)	(171)	77
Modelling changes and other	(218)	965	(371)	(664)
Net investment return	476	925	-	-
Expected return on adjusted net asset value	1 007	956	-	-
Investment variances on adjusted net asset value	(531)	(31)	-	-
Valuation and economic basis	(3 588)	211	(3 389)	(240)
Investment variances on in-force business	(1 910)	1 402	(1 485)	999
Economic assumption changes	(1 615)	(1 310)	(1 820)	(1 399)
Investment yields	(1 631)	(1 303)	(1 837)	(1 399)
Long-term asset mix assumptions and other	16	(7)	17	-
Foreign currency translation differences	(63)	119	(84)	160
Change in tax basis	551	(80)	545	(78)
Net project expenses	(8)	(10)	-	-
Revaluation of business held for sale	-	(595)	-	(804)
Net loss on disposal of subsidiaries	(31)	(61)	-	-
GEV earnings: covered business	6 948	7 490	439	1 550
Acquired value of in-force	268	84	175	19
Disposal of businesses	(798)	-	(23)	-
Transfers to other Group operations	(127)	(920)	-	(29)
Transfers from covered business	(6 710)	(5 403)	-	-
Embedded value of covered business at the beginning of the period	60 577	59 326	49 427	47 887
Embedded value of covered business at the end of the period	60 158	60 577	50 018	49 427

⁽¹⁾ Refer to note 7 for an analysis per cluster.

⁽²⁾ Refer to note 1 for additional information.

Covered business by cluster at 31 December

R million	Total		Gross value of in-force	
	2022	2021	2022	2021
Sanlam Life and Savings	49 386	48 937	45 135	44 697
Sanlam Emerging Markets	9 025	9 026	4 881	4 705
Sanlam Investment Group	1 747	2 614	2	25
Sanlam Group	60 158	60 577	50 018	49 427

Cost of capital		Adjusted net asset value	
2022	2021	2022	2021
(276)	69	6 541	4 359
(267)	(282)	(3 063)	(2 790)
194	242	-	-
-	-	8 268	7 677
(91)	(94)	2 091	(2 755)
(43)	1	1 492	(3 974)
(23)	(68)	(322)	(128)
(2)	(3)	(11)	157
-	-	432	365
-	-	347	295
(23)	(24)	153	530
(112)	203	(755)	2 227
(7)	8	148	1 197
(80)	(54)	(1 042)	(182)
4	-	(43)	(168)
(29)	249	182	1 380
-	-	476	925
-	-	1 007	956
-	-	(531)	(31)
173	(119)	(372)	570
69	(85)	(494)	488
83	7	122	82
84	11	122	85
(1)	(4)	-	(3)
21	(41)	-	-
16	(2)	(10)	-
-	-	(8)	(10)
-	209	-	-
-	-	(31)	(61)
(87)	157	6 596	5 783
(39)	(5)	132	70
9	-	(784)	-
-	-	(127)	(891)
-	-	(6 710)	(5 403)
(3 523)	(3 675)	14 673	15 114
(3 640)	(3 523)	13 780	14 673

Cost of capital		Adjusted net asset value	
2022	2021	2022	2021
(1 839)	(1 700)	6 090	5 940
(842)	(904)	4 986	5 225
(959)	(919)	2 704	3 508
(3 640)	(3 523)	13 780	14 673

Analysis of Group Equity Value Earnings *continued*

Non-covered business

R million	Total		Sanlam Life and Savings	
	2022	2021	2022	2021
Earnings from operations valued at listed share prices	542	1 260	-	-
Earnings from operations valued at net asset value	16	159	45	-
Earnings from operations valued based on discounted cash flows	(668)	8 643	211	955
Unwinding of discount rate	7 071	5 881	980	912
Operating experience and investment variances ⁽¹⁾	(1 912)	225	(439)	160
General insurance	514	(313)	-	-
Investment management	(3 655)	227	-	-
Credit and banking	1 591	18	(59)	(88)
Administration, health and other	(362)	293	(380)	248
Operating assumption changes ⁽²⁾	(396)	1 917	(71)	130
General insurance	(826)	53	-	-
Investment management	471	760	-	-
Credit and banking	50	1 204	10	210
Administration, health and other	(91)	(100)	(81)	(80)
Economic assumption changes	(4 757)	(1 562)	(342)	(247)
Change in tax basis	(122)	-	83	-
Foreign currency translation differences	(552)	2 182	-	-
GEV earnings: non-covered operations	(110)	10 062	256	955

R million	Total		Sanlam Life and Savings	
	2022	2021	2022	2021
⁽¹⁾ Operating experience and investment variances	(1 912)	225	(439)	160
General insurance business	514	(313)	-	-
Risk experience	(181)	(111)	-	-
Premium income	1 189	(133)	-	-
Investment return	(20)	130	-	-
Maintenance expenses	(206)	(380)	-	-
Other	(268)	181	-	-
Investment management	(3 655)	227	-	-
Investment return and net fund flows	(2 567)	175	-	-
Other	(1 088)	52	-	-
Credit business	1 591	18	(59)	(88)
Income	118	(264)	32	(153)
Other	1 473	282	(91)	65
Administration, health and other	(362)	293	(380)	248
Income	(356)	380	(349)	346
Other	(6)	(87)	(31)	(98)
⁽²⁾ Operating assumption changes	(396)	1 917	(71)	130
General insurance business	(826)	53	-	-
Risk experience	(142)	(756)	-	-
Premium income	(65)	544	-	-
Maintenance expenses	(463)	70	-	-
Modelling and other assumption changes	(156)	195	-	-
Investment management	471	760	-	-
Net fund flows	(786)	(66)	-	-
Other	1 257	826	-	-
Credit business	50	1 204	10	210
Income	298	321	32	474
Bad debts	(497)	5	23	(227)
Other	249	878	(45)	(37)
Administration, health and other	(91)	(100)	(81)	(80)
Maintenance expenses	62	(43)	64	(56)
Other	(153)	(57)	(145)	(24)

Sanlam Emerging Markets		Sanlam Investment Group		Santam	
2022	2021	2022	2021	2022	2021
-	-	-	3	542	1 257
(151)	(53)	122	212	-	-
566	4 765	(1 445)	2 923	-	-
4 090	3 096	2 001	1 873	-	-
2 230	(127)	(3 703)	192	-	-
514	(313)	-	-	-	-
48	35	(3 703)	192	-	-
1 650	106	-	-	-	-
18	45	-	-	-	-
(784)	1 042	459	745	-	-
(826)	53	-	-	-	-
12	15	459	745	-	-
40	994	-	-	-	-
(10)	(20)	-	-	-	-
(3 933)	(938)	(482)	(377)	-	-
(295)	-	90	-	-	-
(742)	1 692	190	490	-	-
415	4 712	(1 323)	3 138	542	1 257

Sanlam Emerging Markets		Sanlam Investment Group	
2022	2021	2022	2021
2 230	(127)	(3 703)	192
514	(313)	-	-
(181)	(111)	-	-
1 189	(133)	-	-
(20)	130	-	-
(206)	(380)	-	-
(268)	181	-	-
48	35	(3 703)	192
(2)	5	(2 565)	170
50	30	(1 138)	22
1 650	106	-	-
86	(111)	-	-
1 564	217	-	-
18	45	-	-
(7)	34	-	-
25	11	-	-
(784)	1 042	459	745
(826)	53	-	-
(142)	(756)	-	-
(65)	544	-	-
(463)	70	-	-
(156)	195	-	-
12	15	459	745
1	38	(787)	(104)
11	(23)	1 246	849
40	994	-	-
266	(153)	-	-
(520)	232	-	-
294	915	-	-
(10)	(20)	-	-
(2)	13	-	-
(8)	(33)	-	-

Analysis of Group Equity Value Earnings *continued*

Discretionary and other capital

R million	Note	2022	2021
Investment return and other		594	(11)
B-BBEE SPV Impairment		(1 105)	(145)
Corporate expenses		(339)	(241)
Net group office expenses		(299)	(240)
Change in present value of holding company expenses	15	(40)	(1)
Share-based payment transactions		203	53
GEV earnings: discretionary and other capital		(647)	(344)

Reconciliation of Group Equity Value earnings

R million	2022	2021
Earnings (excluding fund transfers)	8 937	11 164
Normalised attributable earnings per shareholders' fund income statement	11 164	9 860
Earnings recognised directly in equity		
Foreign currency translation differences	(1 964)	1 495
Net cost of treasury shares delivered	(282)	(415)
Share-based payments	485	468
Change in ownership of subsidiaries	-	(127)
Other comprehensive income and other	(466)	(117)
Fair value adjustments	(2 922)	5 493
Change in fair value adjustments: non-life	(3 274)	3 786
Earnings from covered business: VIF	352	1 707
Adjustments to net worth	176	551
Present value of holding company expenses	(40)	(1)
Movement in book value of treasury shares: non-life subsidiaries	(89)	(74)
Change in goodwill/VOBA less VIF acquired	305	626
Group Equity Value earnings	6 191	17 208

Analysis of Shareholders' Fund Net Asset Value

at 31 December

R million	Note	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾⁽³⁾		Sanlam Investment Group	
		2022	2021	2022	2021	2022	2021
Assets							
Equipment		491	454	601	660	82	59
Rights-of-use assets		277	366	171	204	161	258
Owner-occupied properties		453	453	1 887	1 906	139	125
Goodwill		718	718	11 539	12 399	1 976	1 171
Value of business acquired		563	533	3 459	3 947	213	238
Other intangible assets		229	15	517	444	203	232
Deferred acquisition costs		2 326	2 362	277	249	21	22
Investments		19 925	20 330	47 347	48 020	4 825	5 210
Properties		19	19	5 836	6 138	-	-
Associated companies	8.1	1 183	1 144	20 242	18 501	364	356
Joint ventures	8.2	844	976	-	-	146	47
Equities and similar securities		489	481	6 925	7 888	102	348
Interest-bearing investments		5 511	5 460	7 474	5 842	588	143
Structured transactions		232	162	5	5	4	-
Investment funds		7 057	9 059	5 642	7 570	3 310	3 972
Cash, deposits and similar securities		4 590	3 029	1 223	2 076	311	344
Deferred tax		585	1 195	918	761	259	206
Assets of disposal groups classified as held for sale		-	-	878	715	-	2 439
General insurance technical assets		-	-	4 436	3 685	-	-
Working capital assets		7 668	7 289	21 396	18 997	25 160	25 674
Trade and other receivables		60	1 334	14 292	12 417	20 883	21 717
Taxation receivable		13	318	804	822	5	20
Cash, deposits and similar securities		7 595	5 637	6 300	5 758	4 272	3 937
Total assets		33 235	33 715	93 426	91 987	33 039	35 634
Equity and liabilities							
Shareholders' fund		17 310	18 044	39 658	37 410	7 280	10 291
Non-controlling interest		15	49	11 873	12 431	1 139	472
Total equity		17 325	18 093	51 531	49 841	8 419	10 763
Term finance		2 031	1 992	2 947	2 925	1 050	560
Lease liabilities		344	446	188	216	249	298
Structured transactions liabilities		187	220	-	-	7	49
Cell owners' interest		-	-	-	-	-	-
Deferred tax		1 011	107	3 001	3 346	12	117
Liabilities of disposal groups classified as held for sale		-	-	266	465	-	558
General insurance technical provisions		-	-	21 727	21 088	-	-
Working capital liabilities		12 337	12 857	13 766	14 106	23 302	23 289
Trade and other payables		11 273	11 973	12 285	13 100	22 751	22 789
Provisions		41	43	600	332	1	27
Taxation payable		1 023	841	881	674	550	473
Total equity and liabilities		33 235	33 715	93 426	91 987	33 039	35 634
Analysis of shareholders' fund							
Covered business		7 123	6 960	7 879	8 314	2 704	3 508
Non-covered business		2 153	2 277	29 974	27 636	3 542	5 841
Discretionary and other capital		8 034	8 807	1 805	1 460	1 034	942
Shareholders' fund at net asset value							
Consolidation reserve		700	941	62	62	-	-
Shareholders' fund per Group statement of financial position on page 86		18 010	18 985	39 720	37 472	7 280	10 291

⁽¹⁾ Includes the operations of SA Retail Affluent, SA Retail Mass, Sanlam Corporate and discretionary capital held by Sanlam Life.

⁽²⁾ Includes discretionary capital held by Sanlam Emerging Markets.

⁽³⁾ In line with how we manage the business, individual line items include the assets and liabilities held for sale that differs from the statement of financial position on page 86. Upon the successful completion of the Allianz transaction, the investment in the joint venture will be equity accounted.

⁽⁴⁾ Elimination of intercompany balances, other investments and term finance between companies within the Group.

Santam		Group Office		Consolidation adjustments ⁽⁴⁾		Shareholders' fund at net asset value	
2022	2021	2022	2021	2022	2021	2022	2021
373	363	-	-	-	-	1 547	1 536
505	569	-	-	-	-	1 114	1 397
17	19	-	-	-	-	2 496	2 503
1 004	946	-	-	1 197	1 197	16 434	16 431
-	-	-	-	-	-	4 235	4 718
82	40	-	-	-	-	1 031	731
-	-	-	-	-	-	2 624	2 633
33 643	29 377	9 548	6 955	(6 339)	(5 519)	108 949	104 373
-	-	-	-	-	-	5 855	6 157
3 537	4 294	-	-	(3 378)	(4 196)	21 948	20 099
-	35	-	-	-	-	990	1 058
2 296	2 702	-	-	1 904	3 115	11 716	14 534
17 817	16 875	6 965	6 955	(4 985)	(4 558)	33 370	30 717
238	215	-	-	-	-	479	382
7 707	4 923	-	-	120	120	23 836	25 644
2 048	333	2 583	-	-	-	10 755	5 782
84	84	-	-	(40)	(33)	1 806	2 213
-	-	-	-	-	-	878	3 154
14 672	15 840	-	-	-	-	19 108	19 525
19 760	16 783	3 115	2 950	(3 112)	(2 562)	73 987	69 131
11 170	8 328	2 937	2 760	(3 302)	(2 754)	46 040	43 802
96	5	-	-	-	-	918	1 165
8 494	8 450	178	190	190	192	27 029	24 164
70 140	64 021	12 663	9 905	(8 294)	(6 917)	234 209	228 345
6 955	7 654	7 847	5 241	(2 079)	(2 712)	76 971	75 928
4 504	5 234	-	-	(4 227)	(4 724)	13 304	13 462
11 459	12 888	7 847	5 241	(6 306)	(7 436)	90 275	89 390
2 539	2 552	3 350	3 470	-	-	11 917	11 499
677	744	-	-	-	-	1 458	1 704
35	1	-	-	-	-	229	270
7 123	4 900	-	-	-	-	7 123	4 900
72	63	-	-	-	-	4 096	3 633
-	-	-	-	-	-	266	1 023
40 383	36 471	-	-	-	-	62 110	57 559
7 852	6 402	1 466	1 194	(1 988)	519	56 735	58 367
7 467	5 837	1 254	1 190	(2 005)	502	53 025	55 391
138	174	3	4	17	17	800	597
247	391	209	-	-	-	2 910	2 379
70 140	64 021	12 663	9 905	(8 294)	(6 917)	234 209	228 345
-	-	-	-	-	-	17 706	18 782
6 955	7 654	-	-	-	-	42 624	43 408
-	-	7 847	5 241	(2 079)	(2 712)	16 641	13 738
6 955	7 654	7 847	5 241	(2 079)	(2 712)	76 971	75 928
-	-	-	-	(6 200)	(7 552)	(5 438)	(6 549)
6 955	7 654	7 847	5 241	(8 279)	(10 264)	71 533	69 379

Shareholders' Fund Income Statement

for the year ended 31 December

Sanlam Life and Savings

R million	Note	SA Retail Affluent ⁽¹⁾		SA Retail Mass		Sanlam Corporate	
		2022	2021	2022	2021	2022	2021
Financial services income	9	16 359	19 635	11 655	10 509	6 938	7 285
Sales remuneration	10	(2 512)	(2 463)	(1 806)	(1 645)	(103)	(80)
Income after sales remuneration		13 847	17 172	9 849	8 864	6 835	7 205
Underwriting policy benefits		(3 532)	(4 928)	(6 172)	(6 162)	(3 810)	(7 385)
Administration costs	11	(5 433)	(4 786)	(1 878)	(1 663)	(1 991)	(1 767)
Result from financial services before tax		4 882	7 458	1 799	1 039	1 034	(1 947)
Tax on result from financial services		(1 285)	(2 051)	(502)	(276)	(286)	556
Result from financial services after tax		3 597	5 407	1 297	763	748	(1 391)
Non-controlling interest		48	21	-	6	-	-
Net result from financial services		3 645	5 428	1 297	769	748	(1 391)
Net investment income		249	83	64	46	79	44
Investment income	12	305	92	72	52	81	45
Tax on investment income		(56)	(9)	(8)	(6)	(2)	(1)
Non-controlling interest		-	-	-	-	-	-
Net investment surpluses		51	111	10	54	24	57
Investment surpluses		54	149	8	75	17	77
Tax on investment surpluses		(3)	(38)	2	(21)	7	(20)
Non-controlling interest		-	-	-	-	-	-
Project expenses		(14)	(58)	-	-	(1)	(4)
Net operational earnings		3 931	5 564	1 371	869	850	(1 294)
Net amortisation of value of business acquired and other intangibles		(53)	(191)	(6)	(7)	(20)	(11)
Equity participation costs		-	-	-	-	-	-
Net non-operational equity-accounted earnings		-	-	-	-	(20)	(32)
Non-operational equity-accounted earnings		-	-	-	-	(20)	(32)
Tax		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Net profit on disposal of subsidiaries, associated companies and operations		-	16	-	-	85	-
Profit on disposal of subsidiaries, associated companies and operations		-	21	-	-	85	-
Tax		-	(5)	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
(Impairment charges)/reversals		(31)	(5)	(18)	-	-	(8)
Normalised attributable earnings		3 847	5 384	1 347	862	895	(1 345)
Fund transfers		14	(9)	(240)	120	(5)	(11)
Attributable earnings per Group statement of comprehensive income		3 861	5 375	1 107	982	890	(1 356)
Net profit on disposal of subsidiaries and associated companies and operations ⁽³⁾		-	(16)	-	-	(85)	-
Impairments		31	5	18	-	-	8
Net equity-accounted non-headline earnings		-	-	-	-	(2)	8
Headline earnings		3 892	5 364	1 125	982	803	(1 340)
Diluted earnings per share	13						
Weighted average number of shares for operational earnings per share (million)		165	244	59	35	34	(63)
Net result from financial services (cents)							

⁽¹⁾ The release of discretionary reserves against excess risk claims experience is reported under SA Retail Affluent in the income statement but shown separately in the detailed information as reported in Note 71.

⁽²⁾ Includes discontinued operations.

⁽³⁾ For shareholder fund purposes only, wind-down and transaction related costs are set off against the proceeds on disposal which is not taken into account for headline earnings.

Sanlam Emerging Markets ⁽²⁾		Sanlam Investment Group		Santam		Group office and other		Total	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
27 569 (4 441)	27 370 (3 893)	6 350 (114)	7 558 (327)	28 789 (3 678)	27 549 (3 473)	(54) -	(274) -	97 606 (12 654)	99 632 (11 881)
23 128 (12 179) (6 473)	23 477 (11 791) (6 519)	6 236 - (4 376)	7 231 - (5 383)	25 111 (18 034) (4 679)	24 076 (16 405) (4 481)	(54) - (556)	(274) - (458)	84 952 (43 727) (25 386)	87 751 (46 671) (25 057)
4 476 (1 161)	5 167 (1 839)	1 860 (431)	1 848 (427)	2 398 (670)	3 190 (836)	(610) 168	(732) 229	15 839 (4 167)	16 023 (4 644)
3 315 (780)	3 328 (1 101)	1 429 (190)	1 421 (123)	1 728 (702)	2 354 (976)	(442) 143	(503) 263	11 672 (1 481)	11 379 (1 910)
2 535 120	2 227 186	1 239 111	1 298 76	1 026 140	1 378 96	(299) 436	(240) 235	10 191 1 199	9 469 766
421 (249) (52)	400 (153) (61)	119 (11) 3	78 - (2)	345 (90) (115)	230 (54) (80)	366 38 32	175 27 33	1 709 (378) (132)	1 072 (196) (110)
(237)	(56)	(98)	280	(69)	180	2	(82)	(317)	544
(432) 119 76	(159) 45 58	(130) 46 (14)	365 (85) -	(152) 41 42	397 (102) (115)	155 (36) (117)	(31) (10) (41)	(480) 176 (13)	873 (231) (98)
(255)	(189)	(61)	(100)	(46)	(28)	(164)	(112)	(541)	(491)
2 163 (181) -	2 168 (394) -	1 191 (55) -	1 554 (97) -	1 051 (31) (1)	1 626 (38) (1)	(25) - -	(199) - -	10 532 (346) (1)	10 288 (738) (1)
635	3	-	-	42	45	-	-	657	16
856 (218) (3)	8 (2) (3)	- - -	- - -	68 - (26)	73 - (28)	- - -	- - -	904 (218) (29)	49 (2) (31)
4	10	1 411	206	-	(3)	-	-	1 500	229
4 - -	10 - -	1 411 - -	206 - -	- - -	(4) - 1	- - -	- - -	1 500 - -	233 (5) 1
-	616	(6)	(386)	(18)	(6)	(1 105)	(145)	(1 178)	66
2 621 (41)	2 403 (13)	2 541 (5)	1 277 (2)	1 043 (12)	1 623 1	(1 130) 988	(344) (473)	11 164 699	9 860 (387)
2 580	2 390	2 536	1 275	1 031	1 624	(142)	(817)	11 863	9 473
(4) -	(10) (616)	(1 924) 6	(206) 386	- 18	3 6	- -	- -	(2 013) 73	(229) (211)
(627)	-	-	-	-	-	-	-	(629)	8
1 949	1 764	618	1 455	1 049	1 633	(142)	(817)	9 294	9 041
115	100	56	58	46	62	(14)	(11)	2 210,4 461	2 224,0 426

Net Result from Financial Services

for the year ended 31 December

Geographical analysis by line of business⁽¹⁾

R million	Life Business		General Insurance		Investment Management	
	2022	2021	2022	2021	2022	2021
Southern Africa	5 916	4 674	770	1 598	648	503
South Africa	5 390	4 453	883	1 230	585	446
Other	526	221	(113)	368	63	57
North and West Africa	45	246	708	619	(2)	(2)
East Africa	85	8	(8)	(3)	11	13
Other International	113	1	258	324	212	361
Emerging Markets	113	3	258	324	(1)	(1)
Developed Markets	-	(2)	-	-	213	362
Total	6 159	4 929	1 728	2 538	869	875

⁽¹⁾ Refer to Note 7 for an analysis per cluster.

Credit and Structuring		Administration and Health		Corporate expenses and Other		Total	
2022	2021	2022	2021	2022	2021	2022	2021
621	738	337	348	(471)	(695)	7 821	7 166
404	497	337	348	(299)	(240)	7 300	6 734
217	241	-	-	(172)	(455)	521	432
-	-	-	-	(195)	44	556	907
-	-	-	-	(9)	(15)	79	3
1 039	654	-	-	113	53	1 735	1 393
1 039	654	-	-	113	53	1 522	1 033
-	-	-	-	-	-	213	360
1 660	1 392	337	348	(562)	(613)	10 191	9 469

Notes to the Shareholders' Fund Information

for the year ended 31 December

1 Value of new covered business

R million	Note	Total	
		2022	2021
Value of new covered business (at point of sale)			
Gross value of new covered business		3 046	3 416
Cost of capital		(317)	(339)
Value of new covered business			
<hr/>			
Value of new business attributable to Shareholders' fund	3	2 388	2 764
Non-controlling interest		341	313
Value of new covered business			
<hr/>			
Analysis of new business profitability			
<i>Before non-controlling interest</i>			
Present value of new business premiums		93 726	102 285
New business margin		2,91%	3,01%
<i>After non-controlling interest:</i>			
Present value of new business premiums		87 814	96 182
New business margin		2,72%	2,87%
Capitalisation factor - recurring premiums			
		3,7	3,8

⁽¹⁾ Sanlam Life and Pensions was disposed of in April 2022

Sanlam Life and Savings

SA Retail Affluent		SA Retail Mass		Corporate		Sanlam Emerging Markets		Sanlam Investment Group	
2022	2021	2022	2021	2022	2021	2022	2021	2022 ⁽¹⁾	2021
995 (71)	1 312 (90)	798 (43)	863 (39)	135 (46)	272 (50)	1 118 (157)	961 (152)	- -	8 (8)
924	1 222	755	824	89	222	961	809	-	-
923 1	1 192 30	755 -	821 3	89 -	222 -	621 340	529 280	- -	- -
924	1 222	755	824	89	222	961	809	-	-
50 041 1,85%	55 437 2,20%	12 764 5,92%	11 705 7,04%	11 971 0,74%	12 965 1,71%	18 950 5,07%	18 502 4,37%	- -	3 676 -
49 538 1,86%	54 675 2,18%	12 764 5,92%	11 668 7,04%	11 971 0,74%	12 965 1,71%	13 541 4,59%	13 198 4,01%	- -	3 676 -
5,7	5,9	3,2	3,1	6,4	6,4	2,9	2,8	-	4,3

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

1 Value of new covered business *continued*

Geographical analysis

R million	Value of new covered business		Present value of new business premiums		New business margin	
	2022	2021	2022	2021	2022	2021
Before non-controlling interest						
Southern Africa	2 292	2 733	82 350	87 604	2,78%	3,12%
South Africa	1 768	2 268	74 776	80 107	2,36%	2,83%
SA Retail Affluent	924	1 222	50 041	55 437	1,85%	2,20%
SA Retail Mass	755	824	12 764	11 705	5,92%	7,04%
Sanlam Corporate	89	222	11 971	12 965	0,74%	1,71%
Other Southern Africa	524	465	7 574	7 497	6,92%	6,20%
North and West Africa	90	155	4 135	4 527	2,18%	3,42%
East Africa	87	3	2 235	1 680	3,89%	0,18%
Other International	260	186	5 006	8 474	5,19%	2,19%
Total	2 729	3 077	93 726	102 285	2,91%	3,01%
After non-controlling interest						
Southern Africa	2 091	2 524	79 366	84 410	2,63%	2,99%
South Africa	1 767	2 235	74 273	79 308	2,38%	2,82%
SA Retail Affluent	923	1 192	49 538	54 675	1,86%	2,18%
SA Retail Mass	755	821	12 764	11 668	5,92%	7,04%
Sanlam Corporate	89	222	11 971	12 965	0,74%	1,71%
Other Southern Africa	324	289	5 093	5 102	6,36%	5,66%
North and West Africa	65	124	3 360	3 660	1,93%	3,39%
East Africa	47	(6)	1 475	1 088	3,19%	(0,55%)
Other International	185	122	3 613	7 024	5,12%	1,74%
Total	2 388	2 764	87 814	96 182	2,72%	2,87%

2 Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business		Cost of capital		Net value of in-force business		Change from base value %	
	2022	2021	2022	2021	2022	2021	2022	2021
Base value	50 018	49 427	(3 640)	(3 523)	46 378	45 904	-	-
Risk discount rate increase by 1%	47 510	47 000	(4 078)	(3 951)	43 432	43 049	(6)	(6)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	51 215	50 647	(3 735)	(3 613)	47 480	47 034	2	2
Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	48 522	48 150	(3 599)	(3 492)	44 923	44 658	(3)	(3)
Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	50 568	50 078	(3 266)	(3 162)	47 302	46 916	2	2
Rand exchange rate depreciates by 10%	50 333	49 733	(3 716)	(3 605)	46 617	46 128	1	-
<i>Expenses and persistency</i>								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	52 122	51 450	(3 648)	(3 531)	48 474	47 919	5	4
Discontinuance rates decrease by 10%	51 685	51 170	(3 739)	(3 603)	47 946	47 567	3	4
<i>Insurance risk</i>								
Mortality and morbidity decrease by 5% for life assurance business	52 693	52 230	(3 640)	(3 516)	49 053	48 714	6	6
Mortality and morbidity decrease by 5% for annuity business	49 773	49 232	(3 652)	(3 535)	46 121	45 697	(1)	-
Gross value of in-force business profile								
Year 1-5	59%	58%						
Year 1	17%	18%						
Year 2	14%	13%						
Year 3	11%	11%						
Year 4	9%	9%						
Year 5	8%	7%						
Year 6 - 10	23%	23%						
Year 11 - 20	15%	16%						
Year 20+	3%	3%						

Notes to the Shareholders' Fund Information for the year ended
31 December *continued*

3 Value of new covered business sensitivity analysis

R million	Gross value of new business		Cost of capital		Net value of new business		Change from base value %	
	2022	2021	2022	2021	2022	2021	2022	2021
Base value	2 655	3 046	(267)	(282)	2 388	2 764		
Risk discount rate increase by 1%	2 382	2 751	(300)	(319)	2 082	2 432	(13)	(12)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	2 770	3 230	(270)	(293)	2 500	2 937	5	6
<i>Expenses and persistency</i>								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	2 900	3 297	(273)	(291)	2 627	3 006	10	9
Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	2 942	3 285	(273)	(292)	2 669	2 993	12	8
Discontinuance rates decrease by 10%	2 984	3 361	(281)	(302)	2 703	3 059	13	11
<i>Insurance risk</i>								
Mortality and morbidity decrease by 5% for life assurance business	2 952	3 408	(271)	(290)	2 681	3 118	12	13
Mortality and morbidity decrease by 5% for annuity business	2 626	3 005	(273)	(291)	2 353	2 714	(1)	(2)

4 Economic assumptions – covered business

4.1 Gross investment return, risk discount rate and inflation

%	2022	2021
Sanlam Life⁽¹⁾		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	11,5%	10,3%
Equities	15,0%	13,8%
Offshore investments	14,0%	12,8%
Hedged equity	10,5%	9,3%
Property	12,5%	11,3%
Cash	10,5%	9,3%
Inflation rate ⁽¹⁾	9,5%	8,3%
Risk discount rate	14,0%	12,8%
Sanlam Developing Markets⁽²⁾		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	9,7%	8,1%
Equities and offshore investments	13,2%	11,6%
Hedged equities	8,7%	7,1%
Property	10,7%	9,1%
Cash	8,7%	7,1%
Inflation rate	7,7%	6,1%
Risk discount rate	12,2%	10,6%
Botswana Life Insurance		
Fixed-interest securities	8,2%	6,8%
Equities and offshore investments	11,7%	10,3%
Hedged equities	n/a	n/a
Property	9,2%	7,8%
Cash	7,2%	5,8%
Inflation rate	5,2%	3,8%
Risk discount rate	11,7%	10,3%

⁽¹⁾ Expense inflation of 13,5% (2021: 11,8%) assumed for retail business administered on old platforms.

⁽²⁾ Excludes the Sanlam Life products written on the SDM licence.

Illiquidity premiums

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

Assumed illiquidity premiums for 2022 and 2021 generally amount to between 25bps and 70bps for non-participating annuities, between 0bps and 70bps (2021: zero bps) for individual risk business, between 25bps and 75bps (2021: 25bps and 75bps) for inflation-linked annuities and capped at 120bps (2021: 120bps), reflecting both illiquidity premiums and credit risk premium for guarantee plans.

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

4 Economic assumptions – covered business *continued*

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

	R million		Fixed-interest securities %		Equities %	
	2022	2021	2022	2021	2022	2021
Required capital						
South Africa ⁽¹⁾	8 812	8 660	-	-	3	3
Namibia	496	522	7	6	35	36
Botswana Life	351	387	-	-	-	-
Morocco	898	1 111	93	95	7	5
Sanlam Life insurance (Kenya)	101	100	85	85	-	-
Other African operations	873	1 131	72	74	3	3
Shriram Life Insurance (India)	459	416	100	90	-	10
MCIS (Malaysia)	632	619	67	68	18	17
Sanlam Investments and Pensions (UK)	-	620	-	80	-	-
Total required capital	12 622	13 566				
Free Surplus	1 158	1 107				
Adjusted net asset value	13 780	14 673				

⁽¹⁾ The 31 December 2022 asset mix backing the Sanlam Life required capital is 96% hedged (31 December 2021: 98%).

4.3 Assumed long-term expected return on required capital

	Gross %		Net %	
	2022	2021	2022	2021
Sanlam Life	10,5	9,3	8,8	7,8
Sanlam Developing Markets	9,6	8,0	7,5	6,7
Sanlam Namibia	12,5	11,3	11,3	10,2
Sanlam Namibia Holdings	10,5	9,4	9,2	8,2
Botswana Life Insurance	8,2	6,8	6,3	5,1
Saham Assurance Maroc	4,1	2,3	4,1	2,3
Sanlam Life insurance (Kenya)	14,2	11,9	9,9	8,3
Shriram Life Insurance (India)	7,7	7,3	6,6	6,2
MCIS (Malaysia)	4,8	4,4	4,5	4,1
Sanlam Investments and Pensions (UK)	1,6	1,6	1,2	1,2

Hedged Equities %		Property %		Cash %		Total %	
2022	2021	2022	2021	2022	2021	2022	2021
90	91	-	-	7	6	100	100
-	-	-	-	58	58	100	100
-	-	50	50	50	50	100	100
-	-	-	-	-	-	100	100
-	-	-	-	15	15	100	100
-	-	3	3	22	20	100	100
-	-	-	-	-	-	100	100
-	-	-	-	15	15	100	100
-	-	-	-	-	20	-	100

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

5 Value of non-covered operations sensitivity analysis

5.1 Valuation methodology

R million	Total	
	2022	2021
Listed share price – Santam	17 391	18 241
Discounted cash flows	49 041	53 091
Sanlam Life and Savings	4 984	5 222
Glacier	2 647	2 736
Sanlam Personal Loans	1 219	1 248
Sanlam Corporate: Health	821	903
Other operations	297	335
Sanlam Emerging Markets	32 622	32 325
SPA GI	18 088	18 875
SPA Life	3 387	3 256
India	12 699	11 749
Other operations	(1 552)	(1 555)
Sanlam Investment Group	11 435	15 544
Sanlam Investments	3 064	3 114
Wealth Management	3 138	3 273
International	4 094	7 977
Sanlam Specialised Finance	1 139	1 180
Net asset value	1 270	428
Sanlam Investment Group	570	1 425
Sanlam Investments	73	95
International	107	940
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	655	(997)
Sanlam Life and Savings	45	-
Total	67 702	71 760

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	2022	2021	2022	2021	2022	2021
Sanlam Life and Savings	4 984	5 222	4 605	4 800	5 132	5 397
Glacier	2 647	2 736	2 425	2 496	2 740	2 844
Sanlam Personal Loans	1 219	1 248	1 143	1 165	1 243	1 275
Sanlam Corporate: Health	821	903	760	828	845	934
Other operations	297	335	277	311	304	344
Sanlam Emerging Markets	32 622	32 325	28 611	27 867	35 815	36 479
SPA GI	18 088	18 875	16 410	16 555	19 187	20 967
SPA Life	3 387	3 256	3 099	2 945	3 545	3 447
India	12 699	11 749	10 654	9 922	14 635	13 620
Other operations	(1 552)	(1 555)	(1 552)	(1 555)	(1 552)	(1 555)
Sanlam Investment Group	11 435	15 544	10 208	14 038	11 666	16 507
Sanlam Investments ⁽¹⁾	3 064	3 114	2 827	2 802	3 165	3 258
Wealth Management	3 138	3 273	2 876	3 005	3 249	3 400
International	4 094	7 977	3 446	7 139	4 081	8 630
Sanlam Specialised Finance	1 139	1 180	1 059	1 092	1 171	1 219
	49 041	53 091	43 424	46 705	52 613	58 383
Weighted average assumption			16,0%	14,5%	2-7%	2-7%

R million	Equities and properties -10%		Risk discount rate -1%		Rand exchange rate depreciation +10%	
	2022	2021	2022	2021	2022	2021
Sanlam Life and Savings	4 725	4 977	5 421	5 712	4 984	5 222
Glacier	2 388	2 491	2 905	3 017	2 647	2 736
Sanlam Personal Loans	1 219	1 248	1 305	1 342	1 219	1 248
Sanlam Corporate: Health	821	903	891	990	821	903
Other operations	297	335	320	363	297	335
Sanlam Emerging Markets	32 622	32 325	38 177	38 873	35 765	35 446
SPA GI	18 088	18 875	20 371	22 306	19 897	20 762
SPA Life	3 387	3 256	3 739	3 645	3 606	3 471
India	12 699	11 749	15 619	14 477	13 969	12 924
Other operations	(1 552)	(1 555)	(1 552)	(1 555)	(1 707)	(1 711)
Sanlam Investment Group	9 739	13 825	12 355	17 482	11 510	16 078
Sanlam Investments ⁽¹⁾	2 690	2 711	3 344	3 487	3 094	3 137
Wealth Management	2 779	2 911	3 443	3 591	3 066	3 286
International	3 212	7 109	4 335	9 119	4 211	8 475
Sanlam Specialised Finance	1 058	1 094	1 233	1 285	1 139	1 180
	47 086	51 127	55 953	62 067	52 259	56 746

⁽¹⁾ Includes third party asset management business based on the following main assumptions:
- Weighted average discount rate: 18,7% (2021: 17,8%)
- Weighted average perpetuity growth rate: 5% (December 2021: 5,0%)

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

6 Business volumes

6.1 Analysis of new business and total funds received

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Sanlam Life and Savings	53 640	57 337	-	-	56 300	51 415	109 940	108 752
SA Retail Affluent	40 269	45 252	-	-	43 912	45 725	84 181	90 977
Recurring	2 080	2 069	-	-	13	14	2 093	2 083
Single	38 189	43 183	-	-	43 899	45 711	82 088	88 894
SA Retail Mass - Recurring	3 983	3 850	-	-	-	-	3 983	3 850
Sanlam Corporate	9 388	8 235	-	-	12 388	5 690	21 776	13 925
Recurring	480	883	-	-	165	7	645	890
Single	8 908	7 352	-	-	12 223	5 683	21 131	13 035
Sanlam Emerging Markets	11 172	10 871	17 174	15 639	15 762	22 289	44 108	48 799
Southern Africa	4 686	4 978	981	1 769	10 328	15 137	15 995	21 884
Recurring	984	1 083	981	1 769	-	-	1 965	2 852
Single	3 702	3 895	-	-	10 328	15 137	14 030	19 032
North and West Africa	2 809	2 771	13 536	11 055	-	-	16 345	13 826
Recurring	1 667	1 664	13 536	11 055	-	-	15 203	12 719
Single	1 142	1 107	-	-	-	-	1 142	1 107
East Africa	1 763	1 293	903	875	5 434	7 152	8 100	9 320
Recurring	256	380	903	875	-	-	1 159	1 255
Single	1 507	913	-	-	5 434	7 152	6 941	8 065
Other International	1 914	1 829	1 754	1 940	-	-	3 668	3 769
Recurring	1 274	1 169	1 754	1 940	-	-	3 028	3 109
Single	640	660	-	-	-	-	640	660
Sanlam Investment Group	-	3 539	-	-	153 077	168 213	153 077	171 752
Investment Management SA	-	-	-	-	125 846	120 156	125 846	120 156
Wealth Management	-	-	-	-	9 558	9 795	9 558	9 795
International	-	3 539	-	-	17 673	38 262	17 673	41 801
Recurring	-	43	-	-	-	2	-	45
Single	-	3 496	-	-	17 673	38 260	17 673	41 756
Santam	-	-	28 076	26 583	-	-	28 076	26 583
Total new business	64 812	71 747	45 250	42 222	225 139	241 917	335 201	355 886

⁽¹⁾ Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

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

6.1 Analysis of new business and total funds received *continued*

R million	Life business		General insurance		Investment business ⁽²⁾		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Recurring premiums on existing business:								
Sanlam Life and Savings	35 047	31 418	-	-	4 242	4 415	39 289	35 833
SA Retail Affluent	16 140	15 490	-	-	145	142	16 285	15 632
SA Retail Mass	9 080	7 809	-	-	-	-	9 080	7 809
Sanlam Corporate	9 827	8 119	-	-	4 097	4 273	13 924	12 392
Sanlam Emerging Markets	9 036	8 313	-	-	-	597	9 036	8 910
Southern Africa	3 897	3 551	-	-	-	-	3 897	3 551
North and West Africa	1 802	1 578	-	-	-	-	1 802	1 578
East Africa	643	652	-	-	-	597	643	1 249
Other International	2 694	2 532	-	-	-	-	2 694	2 532
Sanlam Investment Group	-	375	-	-	-	27	-	402
Total funds received	108 895	111 853	45 250	42 222	229 381	246 956	383 526	401 031

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

6 Business volumes *continued*

6.2 Analysis of payments to clients

R million	Life business ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Sanlam Life and Savings	73 354	79 680	-	-	48 401	49 648	121 755	129 328
SA Retail Affluent	50 595	53 828	-	-	38 491	37 351	89 086	91 179
Surrenders	8 939	8 952	-	-	-	-	8 939	8 952
Other	41 656	44 876	-	-	38 491	37 351	80 147	82 227
SA Retail Mass	7 492	7 562	-	-	-	-	7 492	7 562
Surrenders	516	467	-	-	-	-	516	467
Other	6 976	7 095	-	-	-	-	6 976	7 095
Sanlam Corporate	15 267	18 290	-	-	9 910	12 297	25 177	30 587
Surrenders	3 305	2 945	-	-	1 724	1 149	5 029	4 094
Other	11 962	15 345	-	-	8 186	11 148	20 148	26 493
Sanlam Emerging Markets	13 926	13 752	10 832	9 862	16 568	14 255	41 326	37 869
Southern Africa	6 579	7 240	600	741	11 698	11 571	18 877	19 552
Surrenders	1 188	800	-	-	-	-	1 188	800
Other	5 391	6 440	600	741	11 698	11 571	17 689	18 752
North and West Africa	3 137	2 745	8 419	7 115	-	-	11 556	9 860
Surrenders	2 103	1 593	-	-	-	-	2 103	1 593
Other	1 034	1 152	8 419	7 115	-	-	9 453	8 267
East Africa	1 158	1 101	597	531	4 870	2 684	6 625	4 316
Surrenders	130	162	-	-	-	-	130	162
Other	1 028	939	597	531	4 870	2 684	6 495	4 154
Other International	3 052	2 666	1 216	1 475	-	-	4 268	4 141
Surrenders	735	569	-	-	-	-	735	569
Other	2 317	2 097	1 216	1 475	-	-	3 533	3 572
Sanlam Investment Group	-	5 725	-	-	142 436	133 382	142 436	139 107
Investment Management SA	-	-	-	-	111 993	93 804	111 993	93 804
Wealth Management	-	-	-	-	7 226	7 933	7 226	7 933
International	-	5 725	-	-	23 217	31 645	23 217	37 370
Santam	-	-	18 034	16 405	-	-	18 034	16 405
Total payments to clients	87 280	99 157	28 866	26 267	207 405	197 285	323 551	322 709

⁽¹⁾ Life business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

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

6.3 Analysis of net inflow/(outflow) of funds

R million	Life business		General insurance		Investment business		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Sanlam Life and Savings	15 333	9 075	-	-	12 141	6 182	27 474	15 257
SA Retail Affluent	5 814	6 914	-	-	5 566	8 516	11 380	15 430
SA Retail Mass	5 571	4 097	-	-	-	-	5 571	4 097
Sanlam Corporate	3 948	(1 936)	-	-	6 575	(2 334)	10 523	(4 270)
Sanlam Emerging Markets	6 282	5 432	6 342	5 777	(806)	8 631	11 818	19 840
Southern Africa	2 004	1 289	381	1 028	(1 370)	3 566	1 015	5 883
North and West Africa	1 474	1 604	5 117	3 940	-	-	6 591	5 544
East Africa	1 248	844	306	344	564	5 065	2 118	6 253
Other International	1 556	1 695	538	465	-	-	2 094	2 160
Sanlam Investment Group	-	(1 811)	-	-	10 641	34 858	10 641	33 047
Investment Management SA	-	-	-	-	13 853	26 352	13 853	26 352
Wealth Management International	-	-	-	-	2 332	1 862	2 332	1 862
	-	(1 811)	-	-	(5 544)	6 644	(5 544)	4 833
Sanlam	-	-	10 042	10 178	-	-	10 042	10 178
Total net fund inflows	21 615	12 696	16 384	15 955	21 976	49 671	59 975	78 322

Notes to the Shareholders' Fund Information for the year ended
31 December *continued*

7 Cluster Information

7.1 Sanlam Life and Savings

7.1.1 Analysis of earnings

R million	Life business		Credit and Structuring		Administration and Health		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net result from financial services	5 183	4 279	170	179	337	348	5 690	4 806
SA Retail Affluent	3 255	2 011	170	179	220	191	3 645	2 381
Recurring premium business	2 308	950	-	-	18	(2)	2 326	948
Glacier	916	1 029	-	-	171	169	1 087	1 198
Other	31	32	170	179	31	24	232	235
SA Retail Mass	1 297	769	-	-	-	-	1 297	769
Sanlam Corporate	631	(1 548)	-	-	117	157	748	(1 391)
Reserve release	-	3 047	-	-	-	-	-	3 047
Net investment return	323	385	-	-	154	10	477	395
Net other earnings	(12)	(277)	-	-	(66)	(23)	(78)	(300)
Normalised attributable earnings	5 494	4 387	170	179	425	335	6 089	4 901

7.1.2 Assets under management

R million	SA Retail Affluent									
	Recurring premium business		Glacier		SA Retail Mass		Sanlam Corporate		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Life business	168 074	176 529	257 512	253 490	5 518	5 630	139 225	127 385	570 329	563 034
Investment operations	1 697	1 859	201 485	194 189	-	-	-	-	203 182	196 048
Total assets under management	169 771	178 388	458 997	447 679	5 518	5 630	139 225	127 385	773 511	759 082

Credit business

R million	Gross size of loan book (R million)		Interest margin		Bad debt ratio		Administration cost as % of net interest	
	2022	2021	2022	2021	2022	2021	2022	2021
Sanlam Personal Loans	5 198	5 173	15,3%	15,5%	3,6%	4,3%	39,1%	35,5%

7.1.3 Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2022	2021	2022	2021	2022	2021	2022	2021
Operational earnings	8 237	6 737	2 827	2 577	(198)	246	5 608	3 914
Value of new life insurance business	1 767	2 235	4 673	4 833	(158)	(169)	(2 748)	(2 429)
Unwinding of discount rate	5 385	4 818	5 330	4 726	55	92	-	-
Expected profit	-	-	(7 325)	(6 579)	-	-	7 325	6 579
Operating experience variances	1 212	(2 269)	(495)	130	(39)	(21)	1 746	(2 378)
Risk experience	1 551	(3 560)	251	(200)	(41)	5	1 341	(3 365)
Persistency	(557)	742	(257)	890	17	(22)	(317)	(126)
Maintenance expenses	44	131	-	-	-	-	44	131
Working capital management	396	318	-	-	-	-	396	318
Credit spread	97	113	-	-	-	-	97	113
Other	(319)	(13)	(489)	(560)	(15)	(4)	185	551
Operating assumption changes	(127)	1 953	644	(533)	(56)	344	(715)	2 142
Risk experience	(153)	(764)	(305)	(2 019)	(7)	18	159	1 237
Persistency	211	1 626	1 316	1 796	(77)	(47)	(1 028)	(123)
Maintenance expenses	(80)	35	(59)	111	-	(1)	(21)	(75)
Modelling changes and other	(105)	1 056	(308)	(421)	28	374	175	1 103
Net investment return	323	385	-	-	-	-	323	385
Expected return on adjusted net asset value	441	480	-	-	-	-	441	480
Investment variances on adjusted net asset value	(118)	(95)	-	-	-	-	(118)	(95)
Valuation and economic basis	(3 456)	(103)	(3 105)	(385)	74	(83)	(425)	365
Investment variances on in-force business	(1 897)	1 159	(1 422)	946	54	(70)	(529)	283
Economic assumption changes	(1 559)	(1 262)	(1 683)	(1 331)	20	(13)	104	82
Investment yields	(1 562)	(1 261)	(1 687)	(1 331)	21	(12)	104	82
Long-term asset mix assumptions and other	3	(1)	4	-	(1)	(1)	-	-
Change in tax basis	572	-	556	-	16	-	-	-
Goodwill and VOBA from business combinations	-	(61)	-	-	-	-	-	(61)
GEV earnings: covered business	5 676	6 958	278	2 192	(108)	163	5 506	4 603
Acquired value of in-force	268	96	175	29	(39)	(6)	132	73
Disposal of businesses	(7)	-	(15)	-	8	-	-	-
Transfers to other Group operations	-	(1 200)	-	-	-	-	-	(1 200)
Transfers from covered business	(5 488)	(4 514)	-	-	-	-	(5 488)	(4 514)
Embedded value of covered business at the beginning of the period	48 937	47 597	44 697	42 476	(1 700)	(1 857)	5 940	6 978
Embedded value of covered business at the end of the period	49 386	48 937	45 135	44 697	(1 839)	(1 700)	6 090	5 940

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

7 Cluster Information *continued*

7.2 Sanlam Emerging Markets

7.2.1 Analysis of net result from financial services

R million	Life business		General Insurance	
	2022	2021	2022	2021
SPA Life	1 155	875	-	-
SPA GI	-	-	764	2 287
Other International	211	64	365	480
Corporate costs	-	-	-	-
Gross result from financial services	1 366	939	1 129	2 767
Tax on result from financial services	(311)	(257)	(120)	(902)
Non-controlling interests	(286)	(204)	(307)	(705)
Net result from financial services	769	478	702	1 160
SPA Life	656	475	-	-
SPA GI	-	-	525	918
Other International ⁽¹⁾	113	3	177	242
Corporate costs	-	-	-	-

⁽¹⁾ Earnings exclude cost allocation.

7.2.2 Analysis of General insurance and reinsurance gross result from financial services

R million	Gross written premiums		Net earned premiums ⁽¹⁾	
	2022	2021	2022	2021
SPA GI	23 900	21 123	15 442	13 699
Southern Africa	4 461	3 905	2 040	1 794
North and West Africa	17 970	15 775	12 479	11 055
East Africa	1 469	1 443	923	850
Other International	2 180	2 149	1 754	1 945
Total General insurance and reinsurance	26 080	23 272	17 196	15 644

⁽¹⁾ Net earned premiums consists of General insurance, Reinsurance and Health business before consolidation.

Investment Management		Credit and Structuring		Corporate and other		Total	
2022	2021	2022	2021	2022	2021	2022	2021
202	183	492	591	135	116	1 984	1 765
-	-	-	-	(169)	(253)	595	2 034
(1)	(1)	1 382	875	168	153	2 125	1 571
-	-	-	-	(228)	(203)	(228)	(203)
201	182	1 874	1 466	(94)	(187)	4 476	5 167
(62)	(52)	(521)	(445)	(147)	(183)	(1 161)	(1 839)
(68)	(63)	(97)	(126)	(22)	(3)	(780)	(1 101)
71	67	1 256	895	(263)	(373)	2 535	2 227
72	68	217	241	19	11	964	795
-	-	-	-	(179)	(236)	346	682
(1)	(1)	1 039	654	113	53	1 441	951
-	-	-	-	(216)	(201)	(216)	(201)

Claims ratio (%)		Underwriting margin (%)		Investment return on insurance funds (%)		Net insurance result (%)	
2022	2021	2022	2021	2022	2021	2022	2021
61,6	61,1	5,6	4,4	(2,0)	11,9	3,6	16,3
40,8	43,3	19,7	17,9	1,6	2,6	21,3	20,5
65,1	63,9	4,0	3,8	(3,5)	14,5	0,5	18,3
60,3	61,8	(4,6)	(14,3)	10,1	(1,5)	5,5	(15,8)
69,4	76,1	(9,9)	(5,1)	30,8	29,9	20,9	24,8
62,4	63,0	4,0	3,2	1,3	14,2	5,3	17,4

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

7 Cluster Information *continued*

7.2 Sanlam Emerging Markets *continued*

7.2.3 Analysis of insurance funds

	R million	
	2022	2021
SPA GI	13 663	13 785
Other International	8 141	9 120
Total insurance funds	21 804	22 905
Total Subsidiaries	13 375	13 545
Associated companies ⁽¹⁾	8 429	9 360
Total insurance funds	21 804	22 905

⁽¹⁾ Sanlam's effective share.

7.2.4 Analysis of net investment return

R million	Life business		General Insurance	
	2022	2021	2022	2021
SPA Life	258	180	-	-
SPA GI	-	-	210	(54)
Other International	40	63	(333)	10
Corporate	-	-	-	-
Gross investment return	298	243	(123)	(44)
Tax on investment return	(58)	(38)	(25)	9
Non-controlling interests	(33)	(24)	54	(9)
Net investment return	207	181	(94)	(44)

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2022	2021	2022	2021	2022	2021	2022	2021
43	44	31	36	20	15	6	5
4	6	-	-	95	92	1	2
28	29	20	22	48	46	4	3
44	45	32	37	20	15	4	3
4	6	-	-	92	90	4	4
28	29	20	22	48	46	4	3

Investment Management		Credit and Structuring		Corporate and other		Total	
2022	2021	2022	2021	2022	2021	2022	2021
85	5	(5)	14	(110)	(72)	228	127
-	-	-	-	(122)	(147)	88	(201)
-	-	(70)	21	4	(12)	(359)	82
-	-	-	-	32	233	32	233
85	5	(75)	35	(196)	2	(11)	241
(3)	(4)	19	6	(63)	(81)	(130)	(108)
(35)	-	-	-	38	30	24	(3)
47	1	(56)	41	(221)	(49)	(117)	130

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

7 Cluster Information *continued*

7.2 Sanlam Emerging Markets *continued*

7.2.5 Analysis of capital portfolio

	R million	
	2022	2021
SPA Life	4 392	4 714
SPA GI	16 068	16 038
Other International	12 321	13 691
Total capital portfolio⁽¹⁾	32 781	34 443
Total subsidiaries	21 450	21 733
Associated companies ⁽²⁾	11 331	12 710
Total capital portfolio⁽¹⁾	32 781	34 443

⁽¹⁾ Includes float assets

⁽²⁾ Sanlam's effective share.

7.2.6 Assets under management

R million	Southern Africa	
	2022	2021
Life business	34 446	34 588
Investment operations	48 328	49 977
Total assets under management	82 774	84 565

7.2.7 Credit and structuring

R million	Size of loan books (Sanlam share)	
	2022	2021
Shriram Transport Finance Company ⁽¹⁾	28 873	24 599
Shriram City Union Finance ⁽¹⁾	6 984	5 729
Capricorn Investment Holdings	10 099	9 807
Letshego	2 762	2 683

⁽¹⁾ During December 2022, Shriram Transport Finance Company, Shriram City Union Finance Limited and Shriram Capital Limited were merged into one entity, Shriram Finance Limited. Due to lag reporting, the new structure will be reflected in the 2023 results.

Asset allocation (%)

Equities and similar securities		Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
2022	2021	2022	2021	2022	2021	2022	2021
13	14	18	18	50	51	19	17
41	45	32	33	25	19	2	3
8	8	-	-	88	81	4	11
24	26	18	18	52	48	6	8
32	36	27	28	35	27	6	9
10	8	-	-	85	85	5	7
24	26	18	18	52	48	6	8

North and West Africa		East Africa		Other International		Total	
2022	2021	2022	2021	2022	2021	2022	2021
21 600	21 053	5 161	4 611	13 946	14 818	75 153	75 070
-	-	53 534	54 740	-	-	101 862	104 717
21 600	21 053	58 695	59 351	13 946	14 818	177 015	179 787

Net interest margin		Bad debt ratio		Administration cost as % of net interest margin	
2022	2021	2022	2021	2022	2021
7,3%	6,9%	2,4%	2,9%	23,6%	25,3%
12,0%	12,3%	2,4%	2,7%	45,0%	39,5%
6,1%	5,7%	0,7%	1,0%	89,4%	84,6%
13,3%	17,6%	0,4%	0,2%	80,5%	54,7%

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

7 Cluster Information *continued*

7.2 Sanlam Emerging Markets *continued*

7.2.8 Analysis of change in GEV – covered business

R million	Total	
	2022	2021
Operational earnings	1 162	365
Value of new life insurance business	621	529
Unwinding of discount rate	732	648
Expected profit	-	-
Operating experience variances	84	(571)
Risk experience	144	(656)
Persistency	(39)	(26)
Maintenance expenses	(57)	22
Working capital management	36	47
Credit spread	32	8
Other	(32)	34
Operating assumption changes	(275)	(241)
Risk experience	(25)	(103)
Persistency	(78)	(109)
Maintenance expenses	(130)	(91)
Modelling changes and other	(42)	62
Net investment return	11	374
Expected return on adjusted net asset value	372	299
Investment variances on adjusted net asset value	(361)	75
Valuation and economic basis	(127)	203
Investment variances on in-force business	23	152
Economic assumption changes	(87)	(25)
Investment yields	(100)	(22)
Long-term asset mix assumptions and other	13	(3)
Foreign currency translation differences	(63)	76
Change in tax basis	(21)	(26)
Net loss on disposal of subsidiaries	(1)	-
Net project expenses	(8)	(10)
GEV earnings: covered business	1 016	906
Acquired value of in-force	-	(12)
Disposal of businesses	(17)	-
Transfers (to)/from non-covered Group business	(127)	95
Transfers from covered business	(873)	(601)
Embedded value of covered business at the beginning of the period	9 026	8 638
Embedded value of covered business at the end of the period	9 025	9 026

Value of in-force		Cost of capital		Net asset value	
2022	2021	2022	2021	2022	2021
458	139	(7)	(53)	711	279
1 045	944	(109)	(105)	(315)	(310)
602	532	130	116	-	-
(938)	(982)	-	-	938	982
(1)	(16)	(43)	(51)	128	(504)
(5)	(32)	(2)	(4)	151	(620)
6	21	(40)	(45)	(5)	(2)
-	(4)	(2)	(3)	(55)	29
-	-	-	-	36	47
-	-	-	-	32	8
(2)	(1)	1	1	(31)	34
(250)	(339)	15	(13)	(40)	111
(14)	(53)	-	(10)	(11)	(40)
(61)	(48)	(3)	(2)	(14)	(59)
(112)	(13)	4	1	(22)	(79)
(63)	(225)	14	(2)	7	289
-	-	-	-	11	374
-	-	-	-	372	299
-	-	-	-	(361)	75
(263)	18	68	(14)	68	199
(42)	(31)	15	(15)	50	198
(137)	(53)	32	27	18	1
(150)	(53)	32	30	18	1
13	-	-	(3)	-	-
(84)	102	21	(26)	-	-
(11)	(26)	-	-	(10)	-
-	-	-	-	(1)	-
-	-	-	-	(8)	(10)
184	131	61	(67)	771	842
-	(10)	-	1	-	(3)
(8)	-	1	-	(10)	-
-	(29)	-	-	(127)	124
-	-	-	-	(873)	(601)
4 705	4 613	(904)	(838)	5 225	4 863
4 881	4 705	(842)	(904)	4 986	5 225

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

7 Cluster Information *continued*

7.3 Sanlam Investment Group

7.3.1 Analysis of net result from financial services

R million	Sanlam Investments		Wealth Management		International	
	2022	2021	2022	2021	2022	2021
Financial services income ⁽¹⁾	2 557	2 135	1 197	1 050	1 306	2 920
Sales remuneration	-	-	-	-	(114)	(327)
Income after sales remuneration	2 557	2 135	1 197	1 050	1 192	2 593
Administration cost ⁽¹⁾	(1 893)	(1 618)	(907)	(820)	(957)	(2 166)
Gross result from financial services before performance fees	664	517	290	230	235	427
Net performance fees ⁽¹⁾	128	91	12	17	-	(14)
Gross result from financial services	792	608	302	247	235	413
Tax on result from financial services	(196)	(186)	(92)	(67)	(20)	(50)
Non-controlling interest	(188)	(120)	-	-	(2)	(3)
Net result from financial services	408	302	210	180	213	360
Life	-	-	-	-	-	(2)
Investment management	408	302	210	180	213	362
Credit and structuring	-	-	-	-	-	-
Net investment return	9	(21)	3	3	(161)	262
Life	-	-	-	-	-	(3)
Investment management	9	(21)	3	3	(161)	265
Project expenses	(39)	(28)	-	-	(18)	(72)
Net operational earnings	378	253	213	183	34	550
Amortisation of intangible assets	-	(19)	(19)	(19)	(11)	(54)
Profit on disposal of subsidiaries and associate companies	-	-	-	-	1 411	206
Impairments and other	-	-	-	-	(6)	(386)
Normalised attributable earnings	378	234	194	164	1 428	316

⁽¹⁾ Financial services income and administration costs on page 40 includes performance fees and the related administration costs.

SanFin		Corporate Services		Consolidation		Total	
2022	2021	2022	2021	2022	2021	2022	2021
1 186	1 289	-	-	(140)	(42)	6 106	7 352
-	-	-	-	-	-	(114)	(327)
1 186	1 289	-	-	(140)	(42)	5 992	7 025
(602)	(660)	(51)	(51)	140	42	(4 270)	(5 273)
584	629	(51)	(51)	-	-	1 722	1 752
(2)	2	-	-	-	-	138	96
582	631	(51)	(51)	-	-	1 860	1 848
(141)	(139)	18	15	-	-	(431)	(427)
-	-	-	-	-	-	(190)	(123)
441	492	(33)	(36)	-	-	1 239	1 298
207	174	-	-	-	-	207	172
-	-	(33)	(36)	-	-	798	808
234	318	-	-	-	-	234	318
142	112	20	-	-	-	13	356
142	112	-	-	-	-	142	109
-	-	20	-	-	-	(129)	247
-	-	(4)	-	-	-	(61)	(100)
583	604	(17)	(36)	-	-	1 191	1 554
-	-	(25)	(5)	-	-	(55)	(97)
-	-	-	-	-	-	1 411	206
-	-	-	-	-	-	(6)	(386)
583	604	(42)	(41)	-	-	2 541	1 277

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

7 Cluster Information *continued*

7.3 Sanlam Investment Group *continued*

7.3.2 Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2022	2021	2022	2021	2022	2021	2022	2021
Operational earnings	149	(2)	(2)	(44)	(71)	(124)	222	166
Value of new life insurance business	-	-	-	59	-	(8)	-	(51)
Unwinding of discount rate	12	72	3	38	9	34	-	-
Expected profit	-	-	(5)	(116)	-	-	5	116
Operating experience variances	208	98	-	(7)	(9)	(22)	217	127
Risk experience	-	11	-	-	-	-	-	11
Persistency	-	(4)	-	(3)	-	(1)	-	-
Maintenance expenses	-	(3)	-	-	-	-	-	(3)
Credit spread	218	174	-	-	-	-	218	174
Other	(10)	(80)	-	(4)	(9)	(21)	(1)	(55)
Operating assumption changes	(71)	(172)	-	(18)	(71)	(128)	-	(26)
Persistency	-	16	-	21	-	(5)	-	-
Maintenance expenses	-	(35)	-	(21)	-	-	-	(14)
Modelling changes and other	(71)	(153)	-	(18)	(71)	(123)	-	(12)
Net investment return	142	166	-	-	-	-	142	166
Expected return on adjusted net asset value	194	177	-	-	-	-	194	177
Investment variances on adjusted net asset value	(52)	(11)	-	-	-	-	(52)	(11)
Valuation and economic basis	(5)	111	(21)	127	31	(22)	(15)	6
Investment variances on in-force business	(36)	91	(21)	84	-	-	(15)	7
Economic assumption changes	31	(23)	-	(15)	31	(7)	-	(1)
Investment yields	31	(20)	-	(15)	31	(7)	-	2
Long-term asset mix assumptions and other	-	(3)	-	-	-	-	-	(3)
Foreign currency translation differences	-	43	-	58	-	(15)	-	-
Change in tax basis	-	(54)	-	(52)	-	(2)	-	-
Net loss on disposal of subsidiaries	(30)	-	-	-	-	-	(30)	-
Revaluation of business held for sale	-	(595)	-	(804)	-	209	-	-
GEV earnings: covered business	256	(374)	(23)	(773)	(40)	61	319	338
Disposal value of in-force	(774)	-	-	-	-	-	(774)	-
Transfers from non-covered Group business	-	185	-	-	-	-	-	185
Transfers from covered business	(349)	(288)	-	-	-	-	(349)	(288)
Embedded value of covered business at the beginning of the period	2 614	3 091	25	798	(919)	(980)	3 508	3 273
Embedded value of covered business at the end of the period	1 747	2 614	2	25	(959)	(919)	2 704	3 508

7.3.3 Assets under management

	Assets under management		Fee Income		Administration cost	
	2022 R million	2021 R million	2022 %	2021 %	2022 %	2021 %
Sanlam Investments ⁽¹⁾⁽²⁾	763 481	748 968	0,31	0,30	0,21	0,21
Wealth Management	109 830	109 253	1,09	1,05	0,83	0,82
International ⁽³⁾	160 006	282 002	0,49	0,91	0,39	0,73
Intra-cluster eliminations	(30 887)	(33 938)				
Asset management operations	1 002 430	1 106 285				
Covered business	60 809	117 575				
Sanlam UK	-	62 418				
SanFin	60 809	55 157				
Assets under management	1 063 239	1 223 860				

⁽¹⁾ Includes Sanlam assets of R187 billion (2021: R183 billion).

⁽²⁾ Excludes the Absa investment management businesses acquired on 1 December 2022 of R131bn on 31 December 2022.

⁽³⁾ Includes Sanlam assets of R70 billion (2021: R75 billion).

7.3.4 Asset mix of assets under management

R million	Fixed Interest	Equities	Offshore	Properties	Cash	Total
2022						
Sanlam Investments	141 031	327 355	159 461	27 712	107 922	763 481
Wealth Management	-	55 512	50 578	-	3 740	109 830
International	-	-	160 006	-	-	160 006
Intra-cluster consolidation						(30 887)
Assets under management - Asset management operations	141 031	382 867	370 045	27 712	111 662	1 002 430
2021						
Sanlam Investments	149 215	326 844	149 594	31 232	92 083	748 968
Wealth Management	-	53 230	54 011	-	2 012	109 253
International	-	-	282 002	-	-	282 002
Intra-cluster consolidation						(33 938)
Assets under management - Asset management operations	149 215	380 074	485 607	31 232	94 095	1 106 285

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

7 Cluster Information *continued*

7.4 Santam

7.4.1 Business volumes

R million	2022	2021
Gross written premiums	49 627	42 129
Net earned premiums	28 076	26 583
Net fund flows	10 042	10 178

7.4.2 Insurance activities

R million	Gross written premiums		Underwriting Result	
	2022	2021	2022	2021
Conventional insurance	35 418	32 745	1 549	2 129
Motor	15 124	14 412	452	1 216
Property	13 194	12 177	(232)	259
Engineering	1 759	1 730	526	316
Liability	1 743	1 550	383	255
Transportation	1 174	994	23	96
Accident and health	719	572	90	61
Guarantee	50	127	25	(5)
Crop	1 556	1 130	301	(89)
Other	99	53	(19)	20
Alternative risk transfer (ART)	14 209	9 384	136	95
Total	49 627	42 129	1 685	2 224

Ratios ⁽¹⁾	2022	2021
Administration cost ratio	16,8%	16,6%
Claims ratio	64,6%	62,0%
Underwriting margin	5,1%	8,0%
Investment return on insurance funds margin	1,3%	1,5%

R million	2022	2021
Conventional Insurance		
Net earned premiums	27 221	25 858
Net claims incurred	(17 588)	(16 023)
Net commission	(3 661)	(3 458)
Management expenses (excluding BEE costs)	(4 423)	(4 248)
Underwriting result: Conventional insurance	1 549	2 129
Investment return on insurance funds	341	400
Net insurance result	1 890	2 529
Net Other Income	354	307
Alternative Risk ⁽²⁾	355	306
Other	(1)	1
Strategic participations	154	356
Saham	28	204
SEM target shares	126	152
Santam BEE cost	-	(2)
Gross result from financial services	2 398	3 190
Tax and Non-controlling interest	(1 372)	(1 812)
Net result from financial services	1 026	1 378

⁽¹⁾ Ratios are calculated as a percentage of net earned premiums for the conventional business.

⁽²⁾ Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

7.5 Group Office analysis of earnings

R million	Corporate expenses and Other		Consolidation ⁽¹⁾		Total	
	2022	2021	2022	2021	2022	2021
Financial services income	132	115	(186)	(389)	(54)	(274)
Administration cost	(556)	(458)	-	-	(556)	(458)
Results from financial services	(424)	(343)	(186)	(389)	(610)	(732)
Tax on result from financial services	125	103	43	126	168	229
Non-controlling interest	-	-	143	263	143	263
Net result from financial services	(299)	(240)	-	-	(299)	(240)
Net investment income	436	235	-	-	436	235
Net investment surpluses	2	(82)	-	-	2	(82)
Project expenses	(164)	(112)	-	-	(164)	(112)
Net operational earnings	(25)	(199)	-	-	(25)	(199)
Impairment ⁽²⁾	(1 105)	(145)	-	-	(1 105)	(145)
Normalised attributable earnings	(1 130)	(344)	-	-	(1 130)	(344)

⁽¹⁾ Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results.

⁽²⁾ An impairment charge of R1 105 million in respect of the Broad-Based Black Economic Empowerment Special Purpose Vehicle (B-BBEE SPV) has been recognised in 2022 (2021: R145 million). The impairment charge in 2022 is mainly due to the impact of the decrease in the Sanlam share price from 31 December 2021, higher interest rates and inflation assumptions applied in the recoverability assessment.

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

8 Investments

8.1 Investment in associated companies

R million	2022	2021
Shriram Capital ⁽¹⁾	10 496	9 571
Shriram Transport Finance Company ⁽¹⁾	2 075	1 955
Shriram General Insurance	1 210	1 442
Shriram Life Insurance	571	542
Pacific & Orient	437	439
Capricorn Investment Holdings	1 162	1 079
Letshego	1 898	1 806
Afrocentric	1 185	1 210
aYo Holdings	750	-
Other associated companies	2 164	2 055
Total investment in associated companies	21 948	20 099

⁽¹⁾ During December 2022, Shriram Transport Finance Company, Shriram City Union Finance Limited and Shriram Capital Limited were merged into one entity, Shriram Finance Limited. Due to lag reporting, the new structure will be reflected in the 2023 results.

Details of the investments in the material associated companies are reflected in note 9.2.3 on page 83 in the Annual Financial Statements.

8.2 Investment in joint ventures

R million	2022	2021
Sanlam Personal Loans	754	815
Other joint ventures	236	243
Total investment in joint ventures	990	1 058

Details of the investments in the material joint ventures are reflected in note 9.2.4 on page 86 in the Annual Financial Statements.

8.3 Investments include the following offshore investments

R million	2022	2021
Investment properties	5 830	6 166
Equities	9 139	10 277
Structured transactions	55	49
Interest-bearing investments	10 199	8 544
Investment funds	6 329	10 318
Cash, deposits and similar securities	2 228	2 978
Total offshore investments	33 780	38 332

9 Equity-accounted earnings included in financial services income

R million	2022	2021
Equity-accounted earnings included in financial services income		
Sanlam Life and Savings	432	482
SA Retail Affluent	240	255
Sanlam Corporate	192	227
Sanlam Emerging Markets	2 932	2 475
Santam	154	356
Sanlam Investment Group	181	126
	3 699	3 439

10 Sales remuneration

Life business	6 802	6 398
Non-life operations	5 852	5 483
	12 654	11 881

11 Administration costs

Life business	11 072	10 289
Non-life operations	14 314	14 768
	25 386	25 057

Depreciation included in administration costs:

Sanlam Life and Savings	81	167
SA Retail Affluent ⁽¹⁾	36	124
SA Retail Mass	41	43
Sanlam Corporate	4	-
Sanlam Emerging Markets	225	221
Santam	108	99
Sanlam Investment Group	18	48
Group Office ⁽¹⁾	91	2
	523	537

⁽¹⁾ Sanlam Group Technology was moved from SA Retail Affluent to Group Office during the year. The comparative information has not been adjusted.

12 Investment Income

Equities and similar securities	1 409	1 018
Interest-bearing, preference shares and similar securities	270	22
Properties	30	32
Rental income	41	42
Rental-related expenses	(11)	(10)
Total investment income	1 709	1 072
Interest expense netted off against investment income	771	622

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

13 Normalised diluted earnings per share

Cents	2022	2021
Normalised diluted earnings per share:		
Net result from financial services	461,0	425,8
Operational earnings	476,5	462,6
Profit attributable to shareholders' fund	505,1	443,3
R million		
Analysis of operational earnings (refer to shareholders' fund income statement on page 40):		
Net result from financial services	10 191	9 469
Operational earnings	10 532	10 288
Normalised Profit attributable to shareholders' fund	11 164	9 860
Reconciliation of operational earnings:		
Headline earnings per note 1 on page 91	9 294	9 041
Add:	1 238	1 247
<i>Fund transfers</i>	(699)	387
<i>B-BBEE SPV Impairment</i>	1 105	145
<i>Net equity-accounted earnings</i>	(28)	(24)
<i>Net amortisation of value of business acquired and other intangibles</i>	346	738
<i>Cost included in profit on disposal of subsidiaries⁽¹⁾</i>	513	-
<i>Equity participation costs</i>	1	1
Operational earnings	10 532	10 288
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer to note 1 on page 91)	2 077,9	2 087,8
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	132,5	136,2
Adjusted weighted average number of shares for normalised diluted earnings per share	2 210,4	2 224,0

⁽¹⁾ For shareholder fund purposes only, wind-down and transaction related costs are set off against the proceeds on disposal, as indicated in the strategic and financial review on page 77 of the Integrated Report.

14 Value per share

	2022	2021
	R million	R million
Net asset value per share is calculated on the Group shareholders' fund at net asset value	76 971	75 928
Equity value per share is calculated based on the Group Equity Value	140 776	142 390
Number of shares for value per share	Million	Million
Number of ordinary shares in issue	2 226,9	2 226,9
Shares held by subsidiaries in shareholders' fund	(49,1)	(43,0)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	28,8	25,7
Adjusted number of shares for value per share	2 206,6	2 209,6

15 Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 7,7 (2021: 8,2) to the after tax recurring corporate expenses.

16 Share transactions

16.1 Forfeited shares

Seventeen (17) million Sanlam shares were forfeited because the holders of the demutualised shares of 1998 were unknown and untraceable. These shares were transferred to the Sanlam Share Account nominee company (SSA) and were sold during November and December 2022.

16.2 Share repurchase

Sanlam shareholders granted general authorities to the Group at the 2022 and 2021 annual general meetings to repurchase Sanlam shares in the market.

Twenty (20) million shares were repurchased in the market during December 2022.

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

17 Reconciliations

17.1 Reconciliation between Group Statement of Comprehensive Income and shareholders' fund income statement

R million	2022			
	Total	Shareholder activities	Policyholder activities ⁽²⁾	IFRS adjustments ⁽³⁾
Continuing operations				
Net income	89 034	100 964	8 254	(20 184)
Financial services income	91 270	97 606	-	(6 336)
Reinsurance premiums paid	(17 373)	-	-	(17 373)
Reinsurance commission received	2 336	-	-	2 336
Investment income	32 965	1 709	25 129	6 127
Investment surpluses	(16 142)	1 649	(16 875)	(916)
Finance cost – margin business	(305)	-	-	(305)
Change in fair value of external investors liability	(3 717)	-	-	(3 717)
Net insurance and investment contract benefits and claims	(39 851)	(43 727)	(7 297)	11 173
Long-term insurance contract benefits	(18 833)	(16 990)	(735)	(1 108)
Long-term investment contract benefits	(6 562)	-	(6 562)	-
General insurance claims	(29 294)	(26 737)	-	(2 557)
Reinsurance claims received	14 838	-	-	14 838
Expenses	(35 498)	(38 582)	-	3 084
Sales remuneration	(11 235)	(12 654)	-	1 419
Administration costs	(24 263)	(25 928)	-	1 665
Impairments	(16)	(1 178)	(43)	1 205
Amortisation of intangibles	(311)	(346)	-	35
Net operating result	13 358	17 131	914	(4 687)
Equity-accounted earnings	2 642	275	-	2 367
Finance cost – other	(821)	-	-	(821)
Net monetary loss	-	-	-	-
Profit before tax	15 179	17 406	914	(3 141)
Taxation	(3 297)	(4 587)	(914)	2 204
Shareholders' fund	(3 022)	(4 587)	-	1 565
Policyholders' fund	(275)	-	(914)	639
Profit for the year from continuing operations	11 882	12 819	-	(937)
Profit for the year from discontinued operations	1 399	-	-	1 399
Profit for the year	13 281	12 819	-	462
Attributable to:				
Shareholders' fund	11 863	11 164	-	699
Non-controlling interest	1 418	1 655	-	(237)
	13 281	12 819	-	462

⁽¹⁾ Prior year re-presented due to discontinued operations. Refer to note 32.3 for additional information.

⁽²⁾ Policyholder activities relate to the inclusion of policyholders' after-tax investment return, and the allocation thereof to policy liabilities, in the Group Statement of Comprehensive Income.

⁽³⁾ IFRS adjustments relate to amounts that have been set-off in the shareholders' fund income statement that is not permitted in terms of IFRS, and fund transfers relating to investments in treasury shares and subsidiaries held by the policyholders' fund.

	Re-represented ⁽¹⁾ 2021			
Total	Shareholder activities	Policyholder activities ⁽²⁾	IFRS adjustments ⁽³⁾	
177 807	101 802	94 564	(18 559)	
91 322	99 632	-	(8 310)	
(14 704)	-	-	(14 704)	
2 085	-	-	2 085	
28 701	1 072	22 516	5 113	
86 238	1 098	72 048	13 092	
(249)	-	-	(249)	
(15 586)	-	-	(15 586)	
(128 883)	(46 671)	(92 876)	10 664	
(42 059)	(22 634)	(19 109)	(316)	
(73 224)	-	(73 767)	543	
(31 810)	(24 037)	-	(7 773)	
18 210	-	-	18 210	
(34 340)	(37 430)	-	3 090	
(10 790)	(11 881)	-	1 091	
(23 550)	(25 549)	-	1 999	
213	66	45	102	
(470)	(738)	-	268	
14 327	17 029	1 733	(4 435)	
1 727	57	-	1 670	
(714)	-	-	(714)	
(2)	-	-	(2)	
15 338	17 086	1 733	(3 481)	
(5 352)	(5 078)	(1 733)	1 459	
(2 907)	(5 078)	-	2 171	
(2 445)	-	(1 733)	(712)	
9 986	12 008	-	(2 022)	
1 364	-	-	1 364	
11 350	12 008	-	(658)	
9 473	9 860	-	(387)	
1 877	2 148	-	(271)	
11 350	12 008	-	(658)	

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

17 Reconciliations *continued*

17.2 Reconciliation between Group Statement of Financial Position and shareholders' fund at net asset value

R million	2022			
	Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve
Assets				
Equipment	1 090	1 547	(457)	-
Rights-of-use assets	1 036	1 114	(78)	-
Owner-occupied properties	686	2 496	(1 810)	-
Goodwill	5 001	16 434	(11 433)	-
Value of business acquired	876	4 235	(3 359)	-
Other intangible assets	612	1 031	(419)	-
Deferred acquisition costs	2 984	2 624	360	-
Long-term reinsurance assets	2 469	-	2 469	-
Investments	787 100	108 949	684 289	(6 138)
Investment property	10 436	5 855	4 581	-
Investment in associates and joint ventures	20 721	22 938	(2 217)	-
Equities and similar securities	184 358	11 716	178 780	(6 138)
Interest-bearing investments	242 176	33 370	208 806	-
Structured transactions	17 991	479	17 512	-
Investment funds	264 490	23 836	240 654	-
Cash, deposits and similar securities	46 928	10 755	36 173	-
Deferred tax	1 600	1 806	(906)	700
Non-current assets classified as held for sale	119 073	878	118 195	-
General insurance technical assets	14 672	19 108	(4 436)	-
Working capital assets	69 387	73 987	(4 600)	-
Trade and other receivables	45 256	46 040	(784)	-
Tax receivable	574	918	(344)	-
Cash, deposits and similar securities	23 557	27 029	(3 472)	-
Total assets	1 006 586	234 209	777 815	(5 438)
Equity and liabilities				
Shareholders' fund	71 533	76 971	-	(5 438)
Non-controlling interest	13 409	13 304	105	-
Long-term policy liabilities	607 380	-	607 380	-
Insurance contracts	150 642	-	150 642	-
Investment contracts	456 738	-	456 738	-
Term finance	14 654	11 917	2 737	-
Lease liabilities	1 371	1 458	(87)	-
Structured transactions liabilities	10 972	229	10 743	-
External investors in consolidated funds	89 214	-	89 214	-
Cell owners' interest (third party)	7 123	7 123	-	-
Deferred tax	2 185	4 096	(1 911)	-
Non-current liabilities classified as held for sale	83 420	266	83 154	-
General insurance technical provisions	40 383	62 110	(21 727)	-
Working capital liabilities	64 942	56 735	8 207	-
Trade and other payables	62 866	53 025	9 841	-
Provisions	232	800	(568)	-
Tax payable	1 844	2 910	(1 066)	-
Total equity and liabilities	1 006 586	234 209	777 815	(5 438)

⁽¹⁾ Includes the impact of IFRS adjustments.

2021

Total	Shareholder activities	Policyholder activities ⁽¹⁾	Consolidation reserve
1 730	1 536	194	-
1 481	1 397	84	-
2 582	2 503	79	-
16 431	16 431	-	-
4 718	4 718	-	-
746	731	15	-
3 225	2 633	592	-
2 188	-	2 188	-
834 287	104 373	737 404	(7 490)
17 980	6 157	11 823	-
22 755	21 157	1 598	-
191 958	14 534	184 914	(7 490)
271 840	30 717	241 123	-
12 434	382	12 052	-
278 145	25 644	252 501	-
39 175	5 782	33 393	-
3 154	2 213	-	941
81 386	3 154	78 232	-
19 525	19 525	-	-
84 725	69 131	15 594	-
55 806	43 802	12 004	-
1 218	1 165	53	-
27 701	24 164	3 537	-
1 056 178	228 345	834 382	(6 549)
69 379	75 928	-	(6 549)
13 517	13 462	55	-
641 196	-	641 196	-
186 658	-	186 658	-
454 538	-	454 538	-
15 116	11 499	3 617	-
1 789	1 704	85	-
8 898	270	8 628	-
85 506	-	85 506	-
4 900	4 900	-	-
7 311	3 633	3 678	-
78 700	1 023	77 677	-
57 559	57 559	-	-
72 307	58 367	13 940	-
69 123	55 391	13 732	-
628	597	31	-
2 556	2 379	177	-
1 056 178	228 345	834 382	(6 549)

Notes to the Shareholders' Fund Information for the year ended 31 December *continued*

18 Geographical analysis

R million	Per analysis of shareholders' fund on page 38	Policyholders' fund	Total
Non-current assets⁽¹⁾			
2022			
South Africa	30 359	100 999	131 358
Other African operations	21 708	262	21 970
Other international ⁽²⁾	7 572	100 425	107 997
	1 079	312	1 391
2021			
South Africa	33 103	79 195	112 298
Other African operations	18 663	397	19 060
Other international ⁽²⁾	10 282	318	10 600
	4 158	78 480	82 638
R million		2022	2021
Attributable earnings (per shareholders' fund income statement on page 40)		11 863	9 473
South Africa		8 904	7 545
Other African operations		1 525	1 432
Other international ⁽²⁾		1 434	496

⁽¹⁾ Non-current assets include property and equipment, right-of-use assets, owner-occupied properties, goodwill, value of business acquired, other intangible assets, non-current assets held for sale and deferred acquisition costs.

⁽²⁾ Other international comprises of business in Europe, the United Kingdom, Australia, India, Malaysia and Lebanon.

ANNUAL FINANCIAL STATEMENTS

Confidence Rule 28:

**YOUR
GREATEST
ASSET IS YOUR
ABILITY TO EARN.
PROTECT IT.**

Basis of presentation and accounting policies

Basis of presentation

Introduction

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

The following new or revised IFRS and interpretations became effective on 1 January 2022 and have therefore been applied:

- Effective 1 January 2022:
 - Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
 - Reference to the Conceptual Framework (Amendments to IFRS 3)
 - Annual Improvements to IFRS Standards 2018-2020, pertaining to IFRS 9 and IFRS 16.

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

- Effective 1 January 2023:
 - IFRS 17 – Insurance contracts
 - Definition of Accounting Estimate (Amendments to IAS 8)
 - Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)
 - Amendments regarding deferred tax on leases and decommissioning obligations (Amendments to IAS 12)

- Effective 1 January 2024:
 - Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
 - Classification of liabilities as current or non-current (Amendments to IAS 1)
 - Non-current liabilities with covenants (Amendments to IAS 1)

The Group does not expect any of the above new or revised IFRS and interpretations issued by the IASB, but not yet effective, to have a material impact, except for IFRS 17 – Insurance contracts, please refer to note 9 for additional information.

External audit

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

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

Group Statement of Financial Position

at 31 December

R million	2022	2021
ASSETS		
Equipment	1 090	1 730
Right-of-use assets	1 036	1 481
Owner-occupied properties	686	2 582
Goodwill	5 001	16 431
Value of business acquired	876	4 718
Other intangible assets	612	746
Deferred acquisition costs	2 984	3 225
Long-term reinsurance assets	2 469	2 188
Deferred tax asset	1 600	3 154
Investments	787 100	834 287
Investment properties	10 436	17 980
Investments in associates and joint ventures	20 721	22 755
Equities and similar securities	184 358	191 958
Interest-bearing investments	242 176	271 840
Structured transactions	17 991	12 434
Investment funds	264 490	278 145
Cash, deposits and similar securities	46 928	39 175
Non-current assets classified as held for sale	119 073	81 386
General insurance technical assets	14 672	19 525
Working capital assets	69 387	84 725
Trade and other receivables	45 256	55 806
Tax receivable	574	1 218
Cash, deposits and similar securities	23 557	27 701
Total assets	1 006 586	1 056 178
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	12 784	12 784
Treasury shares	(2 888)	(1 671)
Other reserves	5 159	6 078
Retained earnings	56 478	52 188
Shareholders' fund	71 533	69 379
Non-controlling interest	13 409	13 517
Total equity	84 942	82 896
Long-term policy liabilities	607 380	641 196
Insurance contracts	150 642	186 658
Investment contracts	456 738	454 538
Term finance	14 654	15 116
Margin business	5 413	5 330
Other interest-bearing liabilities	9 241	9 786
Lease liabilities	1 371	1 789
Structured transactions liabilities	10 972	8 898
External investors in consolidated funds	89 214	85 506
Cell owners' interest (third party)	7 123	4 900
Deferred tax liability	2 185	7 311
Non-current liabilities classified as held for sale	83 420	78 700
General insurance technical provisions	40 383	57 559
Working capital liabilities	64 942	72 307
Trade and other payables	62 866	69 123
Provisions	232	628
Tax payable	1 844	2 556
Total equity and liabilities	1 006 586	1 056 178

Group Statement of Comprehensive Income

for the year ended 31 December

R million	2022	Re-presented ⁽¹⁾ 2021
Continuing operations		
Net income	89 034	177 807
Financial services income	91 270	91 322
Reinsurance premiums paid	(17 373)	(14 704)
Reinsurance commission received	2 336	2 085
Investment income	32 965	28 701
Investment (deficits)/surpluses	(16 142)	86 238
Finance cost - margin business	(305)	(249)
Change in fair value of external investors' liability	(3 717)	(15 586)
Net insurance and investment contract benefits and claims	(39 851)	(128 883)
Long-term insurance contract benefits	(18 833)	(42 059)
Long-term investment contract benefits	(6 562)	(73 224)
General insurance claims	(29 294)	(31 810)
Reinsurance claims received	14 838	18 210
Expenses	(35 498)	(34 340)
Sales remuneration	(11 235)	(10 790)
Administration costs	(24 263)	(23 550)
Impairments	(16)	213
Net impairment gains/(losses) on financial assets	60	(17)
Other (impairments)/reversal of other impairments	(76)	230
Amortisation of intangibles	(311)	(470)
Net operating result	13 358	14 327
Equity-accounted earnings	2 642	1 727
Finance cost - other	(821)	(714)
Net monetary loss	-	(2)
Profit before tax from continuing operations	15 179	15 338
Taxation	(3 297)	(5 352)
Shareholders' fund	(3 022)	(2 907)
Policyholders' fund	(275)	(2 445)
Profit for the year from continuing operations	11 882	9 986
Profit for the year from discontinued operations	1 399	1 364
Profit for the year	13 281	11 350
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods		
Movement in foreign currency translation reserve	(2 560)	2 082
Other comprehensive income of equity-accounted investments	(170)	17
Movement in cashflow hedge	(35)	-
Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods		
Employee benefits re-measurement loss	(21)	(81)
Comprehensive income for the year	10 495	13 368
Allocation of profit for the year:	13 281	11 350
Profit for the year from continuing operations	11 882	9 986
Shareholders' fund	11 153	9 026
Non-controlling interest	729	960
Profit for the year from discontinued operations	1 399	1 364
Shareholders' fund	710	447
Non-controlling interest	689	917
Allocation for comprehensive income for the year:	10 495	13 368
Shareholders' fund	9 692	10 886
Non-controlling interest	803	2 482
Earnings attributable to shareholders (cents):		
Profit for the year		
Basic earnings per share	578,9	459,4
Diluted earnings per share	570,9	453,7
Earnings attributable to shareholders (cents) of continuing operations:		
Profit for the year from continuing operations:		
Basic earnings per share from continuing operations	544,3	437,7
Diluted earnings per share from continuing operations	536,7	432,3

⁽¹⁾ Prior year re-presented due to discontinued operations. Refer to note 7 for additional information.

Group Statement of Changes in Equity

for the year ended 31 December

R million	Share capital	Share premium	Treasury shares	Non-distributable reserve
Balance at 1 January 2021	22	12 762	(1 633)	10 045
Comprehensive income	-	-	-	-
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods				
Movement in foreign currency translation reserve	-	-	-	-
Other comprehensive income of equity accounted investments	-	-	-	-
Other comprehensive loss (net of tax): not to be recycled through profit or loss in subsequent periods				
Employee benefits re-measurement loss	-	-	-	-
Shares issued	-	-	-	-
Net (acquisition)/disposal of treasury shares	-	-	(44)	-
Share-based payments	-	-	-	-
Transfer (from)/to non-distributable reserve	-	-	-	(13)
Transfer (from)/to consolidation reserve	-	-	-	-
Dividends	-	-	-	-
Acquisitions, disposals and other movements in interests ⁽⁴⁾	-	-	6	2
Balance at 1 January 2022	22	12 762	(1 671)	10 034
Hyperinflation	-	-	-	-
Comprehensive income	-	-	-	(22)
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	(22)
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods				
Movement in foreign currency translation reserve	-	-	-	-
Other comprehensive income of equity accounted investments	-	-	-	-
Movement in cashflow hedge	-	-	-	(22)
Other comprehensive income (net of tax): not to be recycled through profit or loss in subsequent periods				
Employee benefits re-measurement loss	-	-	-	-
Shares issued	-	-	-	-
Net (acquisition)/disposal of treasury shares ⁽¹⁾	-	-	(1 217)	-
Share-based payments	-	-	-	-
Transfer from non-distributable reserve	-	-	-	(17)
Transfer (from)/to contingency reserve	-	-	-	6
Transfer (from)/to consolidation reserve	-	-	-	-
Dividends ⁽²⁾	-	-	-	-
Acquisitions, disposals and other movements in interests ⁽⁴⁾	-	-	-	(29)
Balance at 31 December 2022	22	12 762	(2 888)	9 972

⁽¹⁾ Comprises movement in cost of shares held by subsidiaries, the share incentive trust, other consolidated funds and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV).

⁽²⁾ A dividend of 360 cents per share (2021: 334 cents per share) was declared in 2023 in respect of the 2022 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R7,8 billion (after allowing for treasury shares), but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.

⁽³⁾ Refer to note 13 in the Annual Financial Statements for additional information.

⁽⁴⁾ In 2022 additional shares of Sanlam Investment Holdings (SIH) were issued to Absa (R603 million), refer to note 6.2 for additional information. Movement line in the prior year mostly relates to the disposal of Nucleus (R519 million), the change of ownership of Centres Asset Management (R105 million) and African Rainbow Life (R79 million) as well as the acquisition of the remaining interest in Mirabilis Engineering (R174 million).

Foreign currency translation reserve	Retained earnings	Subtotal: equity	Consolidation reserve ⁽³⁾	Shareholders' fund	Non- controlling interest	Total equity
1 094	49 178	71 468	(6 756)	64 712	12 512	77 224
1 495	9 391	10 886	-	10 886	2 482	13 368
-	9 473	9 473	-	9 473	1 877	11 350
1 495	(82)	1 413	-	1 413	605	2 018
1 481	-	1 481	-	1 481	601	2 082
14	(1)	13	-	13	4	17
-	(81)	(81)	-	(81)	-	(81)
-	-	-	-	-	-	-
-	(461)	(505)	176	(329)	(44)	(373)
-	468	468	-	468	38	506
-	13	-	-	-	-	-
-	(31)	(31)	31	-	-	-
-	(6 233)	(6 233)	-	(6 233)	(752)	(6 985)
4	(137)	(125)	-	(125)	(719)	(844)
2 593	52 188	75 928	(6 549)	69 379	13 517	82 896
-	-	-	-	-	-	-
(1 958)	11 672	9 692	-	9 692	803	10 495
-	11 863	11 863	-	11 863	1 418	13 281
(1 958)	(191)	(2 171)	-	(2 171)	(615)	(2 786)
(1 964)	-	(1 964)	-	(1 964)	(596)	(2 560)
6	(172)	(166)	-	(166)	(4)	(170)
-	-	(22)	-	(22)	(13)	(35)
-	(19)	(19)	-	(19)	(2)	(21)
-	-	-	-	-	-	-
-	185	(1 032)	(56)	(1 088)	(91)	(1 179)
-	485	485	-	485	46	531
-	17	-	-	-	-	-
-	(6)	-	-	-	-	-
-	(1 170)	(1 170)	1 170	-	-	-
-	(6 959)	(6 959)	-	(6 959)	(1 491)	(8 450)
(9)	66	28	(4)	24	625	649
626	56 478	76 972	(5 439)	71 533	13 409	84 942

Group Statement of Cash Flow

for the year ended 31 December

R million	2022	2021
Cash flow from operating activities	6 814	(1 450)
Cash utilised in operations	(7 799)	(15 499)
Interest and preference share dividends received	17 322	15 514
Interest paid	(1 018)	(858)
Dividends received	11 758	10 887
Dividends paid	(8 449)	(6 965)
Taxation paid	(5 000)	(4 529)
Cash flow from investment activities	(1 153)	695
Payments made for the acquisition of equipment	(574)	(586)
Proceeds in respect of the disposal of equipment	71	48
Payments made for the acquisition of owner-occupied properties	(225)	(175)
Proceeds in respect of the disposal of owner-occupied properties	227	18
Acquisition of subsidiaries and associated companies	(303)	(93)
Disposal of subsidiaries and associated companies	149	1 483
Payments made for the acquisition of other intangible assets	(656)	-
Proceeds in respect of the sale of other intangible assets	158	-
Cash flow from financing activities	(1 128)	172
Acquisition of treasury shares	(1 703)	(632)
Disposal of treasury shares	755	261
Acquisition/(disposal) of non-controlling interest	50	(326)
Term finance raised	1 378	3 136
Term finance repaid	(1 271)	(1 848)
Lease liabilities repaid	(337)	(419)
Net increase/(decrease) in cash and cash equivalents	4 533	(583)
Effect of exchange rate movements on cash balances	162	2 251
Cash and cash equivalents at the beginning of the year	50 078	48 410
Cash and cash equivalents at the end of the year	54 773	50 078

Notes to the Group financial statements

for the year ended 31 December

1 Earnings per share

For **basic earnings per share** the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries (including Sanlam Share Account Nominee Pty Ltd (SSA)), consolidated investment funds, policyholders. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

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

Cents	2022	Re-presented ⁽¹⁾ 2021
Basic earnings per share:		
Headline earnings	453,6	438,4
Profit attributable to shareholders' fund	578,9	459,4
Diluted earnings per share:		
Headline earnings	447,3	433,0
Profit attributable to shareholders' fund	570,9	453,7
Basic earnings per share from continuing operations:		
Headline earnings	418,8	415,6
Profit attributable to shareholders' fund	544,3	437,7
Diluted earnings per share from continuing operations:		
Headline earnings	413,0	410,5
Profit attributable to shareholders' fund	536,7	432,3
Basic earnings per share from discontinued operations:		
Headline earnings	34,8	22,8
Profit attributable to shareholders' fund	34,6	21,7
Diluted earnings per share from discontinued operations:		
Headline earnings	34,8	22,8
Profit attributable to shareholders' fund	34,2	21,4

⁽¹⁾ Prior year re-presented due to discontinued operations. Refer to note 7 for additional information.

Notes to the Group financial statements *continued*

1 Earnings per share *continued*

R million	2022			Re-presented ⁽¹⁾ 2021		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Analysis of earnings:						
Profit attributable to shareholders' fund	11 153	710	11 863	9 026	447	9 473
Less: Net (profit)/loss on disposal of subsidiaries	(2 017)	3	(2 014)	(222)	-	(222)
Profit	(2 017)	3	(2 014)	(227)	-	(227)
Tax	-	-	-	5	-	5
Less: Net profit on disposal of associated companies	-	-	-	(7)	-	(7)
Profit	-	-	-	(6)	-	(6)
Non-controlling interest	-	-	-	(1)	-	(1)
Less: Equity-accounted non-headline earnings	(628)	-	(628)	8	-	8
Plus: Impairments	73	-	73	(235)	24	(211)
Gross	101	-	101	(231)	22	(209)
Tax	(17)	-	(17)	-	-	-
Non-controlling interest	(11)	-	(11)	(4)	2	(2)
Headline earnings	8 581	713	9 294	8 570	471	9 041

⁽¹⁾ Prior year re-presented due to discontinued operations. Refer to note 7 for additional information.

Million	2022	2021
Number of shares:		
Weighted number of ordinary shares in issue	2 226,9	2 226,9
Less: Weighted Sanlam shares held by subsidiaries and consolidated vehicles (including policyholders and B-BBEE SPV)	(177,8)	(164,8)
Adjusted weighted average number of shares for basic earnings per share	2 049,1	2 062,1
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	28,8	25,7
Adjusted weighted average number of shares for diluted earnings per share	2 077,9	2 087,8

2 Fair value disclosures

Financial instruments

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

Recognition and derecognition

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

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

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

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

Financial assets

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

- amortised cost,
- fair value through profit or loss (either mandatory or designated); or
- fair value through other comprehensive income.

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

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

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

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

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

Financial liabilities

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

- amortised cost, or
- fair value through profit or loss (either mandatory or designated)

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

Notes to the Group financial statements *continued*

2 Fair value disclosures *continued*

Recognition and derecognition *continued*

Financial liabilities continued

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

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

Initial measurement

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

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

Subsequent measurement

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

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

Impairment

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost (including contract assets/contract receivables)

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of loss allowances in the Statement of Financial Position

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

Write-offs

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

Offsetting

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

Other financial liabilities

Other financial liabilities include:

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

Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover assets and liabilities measured at fair value.

Included in **level 1** category are assets and liabilities that are measured by reference to unadjusted, quoted prices in an active market for identical assets and liabilities.

Included in **level 2** category are assets and liabilities measured using inputs other than quoted prices and quoted prices in an inactive market included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Assets and liabilities measured using inputs that are not based on observable market data are categorised as **level 3**.

Notes to the Group financial statements *continued*

2 Fair value disclosures *continued*

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
31 December 2022				
Non-financial instruments				
Investment properties	-	-	10 436	10 436
Financial instruments	518 394	246 311	4 308	769 013
Equities and similar securities	182 678	758	922	184 358
Investment in joint ventures	-	-	471	471
Interest-bearing investments	76 614	158 922	543	236 079
Structured transactions	540	17 451	-	17 991
Investment funds	247 043	15 185	2 262	264 490
Trade and other receivables	11 519	7 081	110	18 710
Cash deposits and similar securities: Investments	-	44 261	-	44 261
Cash deposits and similar securities: Working capital	-	2 653	-	2 653
Total assets at fair value	518 394	246 311	14 744	779 449
Financial instruments				
Investment contract liabilities	-	489 597	401	578 230
External investors in consolidated funds	88 232	489 597	401	578 230
Term finance	-	4 570	-	4 570
Structured transactions liabilities	65	10 907	-	10 972
Trade and other payables	1 674	15 062	-	16 736
Total liabilities at fair value	88 232	489 597	401	578 230
Recurring fair value measurements				
31 December 2021				
Non-financial instruments				
Investment properties	-	-	17 980	17 980
Financial instruments	561 338	235 583	4 225	801 146
Equities and similar securities	186 401	3 220	2 337	191 958
Investment in joint ventures	-	-	444	444
Interest-bearing investments	102 744	156 051	550	259 345
Structured transactions	585	11 849	-	12 434
Investment funds	261 685	15 752	708	278 145
Trade and other receivables	9 923	8 911	186	19 020
Cash deposits and similar securities: Investments	-	37 846	-	37 846
Cash deposits and similar securities: Working capital	-	1 954	-	1 954
Total assets at fair value	561 338	235 583	22 205	819 126
Financial instruments				
Investment contract liabilities	86 689	486 799	360	573 848
External investors in consolidated funds	86 689	486 799	360	573 848
Term finance	10	4 534	-	4 544
Structured transactions liabilities	3	8 895	-	8 898
Trade and other payables	3 366	16 996	-	20 362
Total liabilities at fair value	86 689	486 799	360	573 848

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

R million	Investment properties	Equities and similar securities	Investment in joint ventures	Interest-bearing investments	Investment funds ⁽²⁾	Trade and other receivables	Total assets
2022							
Assets							
Balance at 1 January 2022	17 980	2 337	444	550	708	186	22 205
Net gains/(loss) in Statement of Comprehensive Income ⁽¹⁾	1 182	(18)	27	20	(402)	(24)	785
Acquired through business combinations	50	-	-	-	-	-	50
Acquisitions	315	1 018	-	(27)	2 123	11	3 440
Disposals/settlements	(323)	(2 009)	-	-	(47)	(53)	(2 432)
Foreign exchange movements	(216)	(207)	-	-	-	(10)	(433)
Reclassified to non-current assets held for sale	(8 561)	(199)	-	-	(19)	-	(8 779)
Other movements	9	-	-	-	-	-	9
Transfer out of level 3	-	-	-	-	(101)	-	(101)
Balance at 31 December 2022	10 436	922	471	543	2 262	110	14 744
2021							
Balance at 1 January 2021	20 302	1 146	427	542	617	398	23 432
Net (loss)/gains in Statement of Comprehensive Income ⁽¹⁾	(371)	(178)	17	43	(377)	(226)	(1 092)
Acquisitions	720	1 543	-	1	528	1	2 793
Disposals/settlements	(955)	(72)	-	(36)	(59)	(46)	(1 168)
Foreign exchange movements	116	(69)	-	-	(1)	(5)	41
Reclassified to non-current assets held for sale	(2 193)	(33)	-	-	-	-	(2 226)
Transfer from owner-occupied property	361	-	-	-	-	-	361
Transfers into level 3	-	-	-	-	-	64	64
Balance at 31 December 2021	17 980	2 337	444	550	708	186	22 205

⁽¹⁾ Net gains/(loss) in Statement of Comprehensive Income forms part of investment (deficits)/surpluses.

⁽²⁾ Investment funds are priced on a more regular basis and have been transferred from level 3 to level 1.

Notes to the Group financial statements *continued*

2 Fair value disclosures *continued*

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

R million	Investment contract liabilities	External investors in consolidated funds	Structured transaction liabilities	Total liabilities
2022				
Liabilities				
Balance at 1 January 2022	-	360	-	360
Net loss in Statement of Comprehensive Income ⁽¹⁾	-	16	-	16
Foreign exchange movements	-	25	-	25
Balance at 31 December 2022	-	401	-	401
2021				
Liabilities				
Balance at 1 January 2021	1 698	446	12	2 156
Net loss/(gains) in Statement of Comprehensive Income ⁽¹⁾	38	(115)	-	(77)
Acquisitions	29	-	-	29
Disposals	(154)	-	(12)	(166)
Foreign exchange movements	20	29	-	49
Reclassified to non-current liabilities held for sale	(1 631)	-	-	(1 631)
Balance at 31 December 2021	-	360	-	360

⁽¹⁾ Net loss/(gains) in Statement of Comprehensive Income forms part of (deficits).

R million	2022	2021
Gains or losses (realised and unrealised) in respect of level 3 financial instruments included in Statement of Comprehensive Income⁽¹⁾		
Total losses included in Statement of Comprehensive Income for the period	(1 108)	(2 015)
Total unrealised gains/(losses) included in Statement of Comprehensive Income for the period for assets held at the end of the reporting period	1 202	(623)

⁽¹⁾ Total realised and unrealised losses included in Statement of Comprehensive Income forms part of investment (deficits)/surpluses.

Transfers between levels

R million	Interest-bearing investments ⁽¹⁾	Total assets
Assets		
2022		
Transfer from level 2 to level 1	(111)	(111)
2021		
Transfer from level 1 to level 2	7 329	7 329
Transfer from level 2 to level 1	(211)	(211)

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

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

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

Notes to the Group financial statements *continued*

2 Fair value disclosures *continued*

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

Assets

R million	Carrying amount	Effect of a 10% increase in risk adjustments	Effect of a 10% decrease in risk adjustments	Carrying amount	Effect of a 1% increase in base/capitalisation rate	Effect of a 1% decrease in base/capitalisation rate
Investment properties						
2022						
Cashflow risk adjustments ⁽¹⁾	10 436	(1 044)	1 044			
Base rate ⁽²⁾				9 979	n/a	n/a
Capitalisation				9 979	(429)	516

R million	Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
Earnings multiple ⁽³⁾	457	46	(46)

R million	Carrying amount	Effect of a 10% increase in risk adjustments	Effect of a 10% decrease in risk adjustments	Carrying amount	Effect of a 1% increase in base/capitalisation rate	Effect of a 1% decrease in base/capitalisation rate
2021						
Cashflow risk adjustments ⁽¹⁾	17 980	(1 798)	1 798			
Base rate				9 111	(344)	371
Capitalisation				9 111	(429)	516

R million	Carrying amount	Effect of a 10% increase in earnings	Effect of a 10% decrease in earnings
Earnings multiple ⁽³⁾	8 869	887	(887)

⁽¹⁾ Investment properties comprise of Sanlam Life properties valued using capitalisation and discount rates, with sensitivities based on these two unobservable inputs.

⁽²⁾ The base rate has been replaced by using capitalisation rates determined by independent body South African Property Owners Association (SAPOA).

⁽³⁾ Investment properties also comprises of Sanlam Pan Africa properties valued using a multiple of earnings.

R million	Carrying amount	Effect of a 10% increase in price multiple	Effect of a 10% decrease in price multiple	Carrying amount	Effect of a 1% increase discount rate	Effect of a 1% decrease discount rate
Other investments						
2022						
Equities and similar securities	922	92	(92)			
Investment in joint ventures	471	47	(47)			
Interest-bearing investments				543	(28)	28
Investment funds	2 262	226	(226)			
Trade and other receivables				110	(1)	1
Total	3 655	365	(365)	653	(29)	29

2021						
Equities and similar securities	2 337	234	(234)			
Investment in joint ventures	444	44	(44)			
Interest-bearing investments				550	(31)	31
Investment funds	708	71	(71)			
Trade and other receivables				186	(14)	14
Total	3 489	349	(349)	736	(45)	45

Liabilities

R million	Carrying amount ⁽¹⁾	Effect of a 10% increase in price multiple	Effect of a 10% decrease in price multiple
2022			
External investors in consolidated funds	401	40	(40)
Total liabilities	401	40	(40)
2021			
External investors in consolidated funds	360	36	(36)
Total liabilities	360	36	(36)

⁽¹⁾ Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.

Notes to the Group financial statements *continued*

3 Notes to the cash flow statement

3.1 Cash utilised in operations

R million	2022	2021
Profit before tax per Statement of Comprehensive Income	17 017	17 502
Profit before tax from continuing operations	15 179	15 338
Profit before tax from discontinued operations	1 838	2 164
Net movement in policy liabilities	7 540	75 774
Non-cash flow items	21 375	(68 174)
Depreciation	927	1 032
Bad debts written off	127	140
Share-based payments	531	506
Profit on disposal of subsidiaries and associates	(2 014)	(234)
Fair value adjustments and change in external investors' liability	24 148	(68 716)
Net monetary loss	27	2
Impairment of investments and goodwill	108	88
Amortisation of intangibles	657	1 248
Equity-accounted earnings	(3 136)	(2 240)
Items excluded from cash utilised in operations	(34 470)	(29 728)
Interest and preference share dividends received	(21 957)	(18 486)
Interest accrued	1 202	1 012
Dividend accrued	(13 715)	(12 254)
Net acquisition of investments	(25 999)	(13 125)
Increase in net working capital assets and liabilities	6 738	2 252
Cash utilised in operations	(7 799)	(15 499)

3.2 Acquisition of subsidiaries

R million	2022	2021
During the year, various interests in subsidiaries were acquired within the Group.		
Investments in associated companies	(845)	-
The fair value of assets acquired via business combinations is as follows:		
Equipment	(6)	-
Right-of-use assets	(24)	-
Goodwill	(887)	(36)
Value of business acquired	(135)	-
Other intangible assets	(73)	(106)
Long-term reinsurance assets	(642)	-
Investments	(74)	-
Deferred tax assets	(16)	-
Trade and other receivables	(245)	-
Taxation	(10)	-
Cash, deposits and similar securities	(675)	-
Long-term policy liabilities	900	-
Lease liabilities	30	-
Deferred tax liabilities	53	-
Trade and other payables	416	-
Provisions	27	-
Total purchase consideration	(2 206)	(142)
Plus: Previously held interest at fair value	81	-
Plus: Deferred consideration payable	256	-
Plus: Share Capital and preference shares issued	891	-
Cash element consideration	(978)	(142)
Plus: Cash, deposits and similar securities acquired	675	-
Plus: Contingent liability	-	49
Cash component of acquisition of subsidiaries	(303)	(93)

The acquisitions during the current period relate to a 50% holding in aYo Holdings Limited (investment in associate) for a consideration of R845 million, acquisition of the 51% remaining shareholding of Indwe Broker Holdings Group (Pty) Ltd from ARC Financial Services Investments (Pty) Ltd for a consideration of R83 million, acquisition of Alexander Forbes Life risk business for a consideration of R100 million as well as ABSA Investments for a total purchase consideration of R1 097 million. Refer to note 6 for additional information.

4. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosure in the 2022 Annual Financial Statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

5. Subsequent events

In February 2023 the Group agreed to combine the fiduciary operations of Sanlam Trust Proprietary Limited with those of Capital Legacy Solutions Proprietary Limited. The Group agreed to acquire the remaining shares in BrightRock Holdings Proprietary Limited (BrightRock) from its minorities.

During December 2022, the Group released a combined circular detailing the acquisition of Afrocentric Investment Corporation Limited ("Afrocentric"). This will be implemented through a Partial Offer to the Afrocentric Shareholders and subsequently an asset for share transaction in which Sanlam will exchange its 28.7% stake in ACT Healthcare Assets Proprietary Limited for a 28.7% stake in Afrocentric. On 14 February 2023, an announcement was made to confirm the level of acceptance received from Afrocentric Shareholders which resulted in the partial offer being unconditional only to the extent relating to acceptances. The Proposed Transaction remains subject to the remaining Partial Offer Conditions Precedent detailed in Section B Paragraph 6.2 of the Combined Circular.

South Africa was grey-listed by the Financial Action Task Force (FATF). We expect that this development may have a negative impact on capital flows. This could in turn impact the currency and local bond and equity markets over time. More importantly, investors should know that much of this impact has likely been priced into our markets already, when considering current valuations.

To mitigate against these concerns, Sanlam initiated a group-wide programme in 2021 to further enhance its already robust internal processes to combat money laundering, the financing of terrorism and proliferation financing (AML/CFT/CPF) processes and controls and will continue with this programme as part of its ongoing risk management processes.

Sanlam has and will continue to focus on managing and mitigating any potential indirect fall-out of the FATF MER observations and the grey-listing by engaging with international counterparties to show them the robustness of Sanlam's internal AML/CFT/CPF processes and controls.

Sanlam will monitor and respond to direct and indirect impacts across various transmission channels – financial market volatility (equities, credit, bonds, interest rates, currency, derivatives, etc); cross-border transaction flows; business performance impacts arising from the decision to grey-list the country.

No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affects the financial position of the Sanlam Limited Group at 31 December 2022 as reflected in these financial statements.

Notes to the Group financial statements *continued*

6 Business combinations

Material acquisitions of the Group consolidated in the 2022 financial year

6.1 Alexander Forbes Life

Effective 31 March 2022, the Sanlam Group acquired Alexander Forbes's group risk and retail life businesses through a Section 50 transfer for a consideration of R100 million of which R50 million is still payable.

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	Total
Assets	
Equipment	1
Value of business acquired	135
Long-term reinsurance assets	642
Working capital assets- Cash, deposits and similar securities	258
Total identifiable assets	1 036
Liabilities	
Long-term policy liabilities	900
Deferred tax liability	35
Working capital liabilities- Provisions	1
Total identifiable liabilities	936
Total equity and liabilities	936
Total identifiable net assets	100
Net purchase consideration	100
Less: Deferred consideration	(50)
Net consideration	50

The revenue and other comprehensive income since acquisition date included in the consolidated Statement of Comprehensive Income as at 31 December 2022 is, R692 million and R74 million, respectively.

6.2 Absa Investments

In October 2021 Sanlam and Absa announced that an agreement was reached to combine investment management businesses in a transaction which will result in an asset management company with assets under management, administration and advice greater than R1 trillion. Absa Financial Services Limited (AFS) exchanged its investment business, Absa Investments, for a stake of up to 17.5% in Sanlam Investment Holdings Propriety Limited (SIH) for an acquisition value of approximately R890 million. Absa Investments comprises of Absa Asset Management (Pty) Ltd, Absa Alternative Asset Management (Pty) Ltd, Absa Fund Managers RF (Pty) Ltd (excluding the Absa Prudential Money Market Fund) and Absa Multi Managers. The acquisition date is 1 December 2022. The acquisition accounting of the above acquisition has been based on provisional estimates, which might result in adjustments to goodwill, value of business acquired, other intangibles, as well as deferred tax during the next 12 months.

The goodwill arising on the acquisition is attributable to synergies and future opportunities expected.

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	Total
Assets	
Goodwill	7
Investments	74
Deferred tax	8
Working capital assets	
Trade and other receivables	209
Cash, deposits and similar securities	262
Tax assets	1
Total identifiable assets	561
Liabilities	
Deferred tax liability	1
Working capital liabilities	
Trade and other payables	257
Provisions	27
Total identifiable liabilities	285
Total equity and liabilities	285
Total identifiable net assets	276
Goodwill arising on acquisition	821
Net purchase consideration	1 097
Less: Deferred consideration	(206)
Less: Share capital issued by SIH	(604)
Less: Preference shares issued by SIH	(287)
Net consideration	-

The revenue and other comprehensive income of Absa Asset Management (Pty) Ltd, Absa Alternative Asset Management (Pty) Ltd, Absa Multi Managers and Absa Fund Managers RF (Pty) Ltd since acquisition date included in the consolidated Statement of Comprehensive Income as at 31 December 2022 is R43 million and R13 million respectively. The revenue and other comprehensive income of the combined entity for the current reporting period as though the acquisition date occurred at the beginning of the reporting period is R2 672 million and R518 million respectively.

Trade Receivables had a fair value of R188 million at acquisition date, it comprised of loans and advances to banks R138 million, accounts receivables R39 million and loans and advances R11 million. The gross amount is R188 million and it is expected that the full contractual amount will be collected.

Notes to the Group financial statements *continued*

6 Business combinations *continued*

6.3 Immaterial business combinations

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	Total
Assets	
Equipment	30
Value of business acquired	66
Deferred tax	8
Working capital assets	201
Trade and other receivables	45
Cash, deposits and similar securities	156
Taxation	-
Total identifiable assets	305
Liabilities	
Lease liability	30
Deferred tax liability	17
Working capital liabilities- Trade and other payables	159
Total identifiable liabilities	206
Total equity and liabilities	206
Total identifiable net assets	99
Goodwill arising on acquisition	66
Net purchase consideration	165
<i>Purchase consideration</i>	165
<i>Less: Previously held at fair value</i>	(40)
Net consideration	125

7 Disposal groups, discontinued operations and assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These assets are measured at the lower of their carrying value and their fair value less costs to sell, unless they are specifically excluded from the measurement provisions of IFRS 5: Non-current Assets Held For Sale and Discontinued Operations, in which case they are measured in accordance with the applicable IFRS. Immediately before initial classification as held for sale, the assets to be reclassified are measured in accordance with applicable IFRS.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Below is a summary of non-current assets and disposal groups held for sale:

R million	Segment	Valuation methodology	Fair value hierarchy	Note	Non-current assets held for sale	Non-current liabilities held for sale	Net	
31 December 2022								
Assets						865	-	865
Investment properties	Sanlam Life and Savings	Fair value	Level 3	7.1	860	-	860	
Owner-occupied properties	Sanlam Emerging Markets	Carrying value			5	-	5	
Disposal groups						340	(330)	10
LIA	Sanlam Emerging Markets	Carrying value		7.2.4	340	(330)	10	
Discontinued operation						117 868	(83 090)	34 778
Sanlam Pan Africa	Sanlam Emerging Markets	Carrying value		7.3.1	117 868	(83 090)	34 778	
Total						119 073	(83 420)	35 653
31 December 2021								
Assets						582	-	582
Investment properties	Sanlam Life and Savings	Fair value	Level 3		539	-	539	
	Sanlam Emerging Markets	Fair value	Level 3		43	-	43	
Disposal groups						80 804	(78 700)	2 104
Sanlam Life and Pensions UK	Sanlam Investments Group	Fair value less costs to sell	Level 3	7.2.1	78 325	(77 857)	468	
Sanlam UK Wealth Management operations	Sanlam Investments Group	Carrying value	n/a	7.2.2	1 690	(277)	1 413	
NSIA Participation (NSIA)	Sanlam Emerging Markets	Carrying value	n/a	7.2.3	789	(566)	223	
Total						81 386	(78 700)	2 686

Notes to the Group financial statements *continued*

7 Disposal groups, discontinued operations and assets classified as held for sale *continued*

7.1 Investment Properties

During 2022, the Sanlam Property Committee approved the sale of 7 South African Properties. Potential buyers for all 7 properties have been identified and the purchase prices are equivalent to the valuation prices performed by an independent valuer. The sale and purchase agreements have been initiated. The sales are expected to be finalised during 2023.

7.2 Disposal groups

7.2.1 Sanlam Life and Pensions UK (Sanlam Investment Group)

Sanlam Life and Pensions (SLP) was reclassified as a disposal group held for sale at 30 June 2021 following the Sanlam Board decision to sell the investment. The transaction was concluded on the 27th of April 2022, resulting in a profit on sale of R334 million on group level.

7.2.2 Sanlam UK Wealth Management operations (Sanlam Investment Group)

Sanlam Private Investments and Sanlam Wealth Planning and their subsidiaries have been reclassified as a disposal group held for sale at 31 October 2021 following the Sanlam Board decision to sell the investment. The transaction was concluded on the 6th May 2022, resulting in a profit on sale of R1 591 million on a group level.

7.2.3 NSIA (Sanlam Emerging Markets)

Sanlam entered into a share purchase agreement to sell all the shares held in Sanlam Guinea, Sanlam Congo, Sanlam Gabon Vie and Sanlam Togo Vie (subsidiaries of San JV) to NSIA Participation (NSIA). The transaction was concluded on the 16th of June 2022 after all conditions precedent relating to the sale were met including receipt of regulatory approvals. The total consideration was XOF 7 869 million (approximately R202 million) of which XOF 3 793 million (approximately R96 million) is only payable within a year's time.

7.2.4 LIA (Sanlam Emerging Markets)

In August 2022 Sanlam Emerging Markets entered into a share purchase agreement to sell all the shares it holds in LIA ASSUREX SAL and its subsidiary, Total Care Lebanon (TCL) to MARIUS SARADAR HOLDING, pending regulatory approvals. LIA ASSUREX SAL owns 70% shareholding in TCL. The asset and liabilities of these Sanlam subsidiaries have been reclassified to disposal group held for sale as at 31 December 2022. The transaction's effective date is only expected during the first half of 2023.

Assets and liabilities of disposal group:

The following assets and liabilities were reclassified as held for sale as at 31 December 2022.

R million	2022
Assets of disposal group classified as held for sale:	
Deferred acquisition costs	9
Long-term reinsurance assets	4
Investments	32
Equities and similar securities	2
Interest-bearing investments	14
Cash, deposits and similar securities	16
General insurance technical assets	71
Working capital assets	224
Trade and other receivables	215
Cash, deposits and similar securities	9
Total assets	340
Liabilities of disposal group classified as held for sale	
Long-term policy liabilities – Insurance contracts	64
General insurance technical provisions	98
Working capital liabilities	168
Trade and other payables	160
Provisions	4
Tax payable	4
Total liabilities	330

7.3 Discontinued operations

7.3.1 Sanlam Pan Africa (Sanlam Emerging Markets)

Sanlam Pan Africa (SPA) have been reclassified as a discontinued operation held for sale at 30 June 2022 following entering into a definitive agreement in respect of a long-term strategic joint venture arrangement regarding Sanlam's operations on the African continent, outside of South Africa with Allianz. Sanlam and Allianz will contribute their respective African operations into a newly incorporated joint venture company, creating a leading Pan-African financial services group with an extensive footprint across the African continent.

SPA is considered to be a separate major geographical area of operations based on its contribution to the Sanlam Emerging Markets. The SPA operations and cash flows can be clearly distinguished operationally and for financial reporting purposes, from the rest of the group. The classification as a discontinued operation is considered to be met.

The transaction is expected to be finalised mid 2023, whereafter, all else being equal, the incorporated joint venture will be equity-accounted by Sanlam as shareholder unanimous consent is required over relevant activities. If regulatory approval are not obtained and for any reason the transaction is not successful, the treatment prior to classification as held for sale would apply.

An impairment test was conducted prior to the reclassification as a disposal group. The expected proceeds are in line with the fair value less costs to sell. Fair value less cost to sell was higher than the carrying value and thus no impairment was recognised.

Financial performance relating to the discontinued operation for the year is set out below:

R million	2022	2021
Net income	24 485	22 318
Financial services income	28 794	25 565
Reinsurance premiums paid	(6 498)	(5 377)
Reinsurance commission received	916	730
Investment income	3 548	3 103
Investment surpluses	(2 040)	(1 521)
Change in fair value of external investors' liability	(235)	(182)
Net insurance and investment contract benefits and claims	(12 809)	(10 709)
Long-term insurance contract benefits	(3 560)	(2 281)
Long-term investment contract benefits	(185)	(543)
General insurance claims	(10 764)	(9 238)
Reinsurance claims received	1 700	1 353
Expenses	(9 793)	(8 830)
Sales remuneration	(4 662)	(3 934)
Administration costs	(5 131)	(4 896)
Impairments	(92)	(301)
Net impairment losses on financial assets	(92)	(279)
Other impairments	-	(22)
Amortisation of intangibles	(346)	(778)
Net operating result	1 445	1 700
Equity-accounted earnings	494	513
Finance cost - other	(76)	(49)
Net monetary loss	(25)	-
Profit before tax from discontinued operations	1 838	2 164
Taxation	(439)	(800)
Shareholders' fund	(443)	(787)
Policyholders' fund	4	(13)
Profit for the period from discontinued operations	1 399	1 364

Notes to the Group financial statements *continued*

7 Disposal groups, discontinued operations and assets classified as held for sale *continued*

7.3 Discontinued operations *continued*

7.3.1 Sanlam Pan Africa (Sanlam Emerging Markets) *continued*

Assets and liabilities of discontinued operations:

The following assets and liabilities were reclassified as held for sale as at 31 December 2022.

R million	2022
Assets of discontinued operations classified as held for sale:	
Equipment	573
Right-of-use assets	147
Owner-occupied properties	1 887
Goodwill	12 035
Value of business acquired	3 357
Other intangible assets	516
Deferred acquisition costs	277
Long-term reinsurance assets	564
Investments	72 304
Investment properties	8 240
Investments in associates and joint ventures	4 051
Equities and similar securities	9 918
Interest-bearing investments	29 577
Investment funds	13 456
Cash, deposits and similar securities	7 062
Deferred tax asset	911
General insurance technical assets	4 436
Working capital assets	20 861
Trade and other receivables	13 368
Tax receivable	777
Cash, deposits and similar securities	6 716
Total assets	117 868
Liabilities of discontinued operations classified as held for sale	
Long-term policy liabilities	41 311
Insurance contracts	35 089
Investment contracts	6 222
Term finance – Other interest-bearing liabilities	880
Lease liabilities	159
External investors in consolidated funds	3 754
Deferred tax liability	2 863
General insurance technical provisions	21 727
Working capital liabilities	12 396
Trade and other payables	10 655
Provisions	601
Tax payable	1 140
Total liabilities	83 090

The foreign exchange losses and employee benefits re-measurement gain recognised in other comprehensive income in relation to the discontinued operations for the year is R941 million (2021: R669 million) and R1 million respectively. The foreign currency translation reserve for the discontinued operating is R135 million as at 31 December 2022.

Cash flow information from discontinued operations

R million	2022	2021
Cash flow from operating activities	1 945	4 906
Cash flow from investment activities	(263)	(467)
Cash flow from financing activities	34	124
Net increase in cash and cash equivalents generated by discontinued operations	1 716	4 563

Classification of financial instruments of discontinued operations

R million	Fair value through profit or loss		Total fair value	Amortised cost gross	Expected credit loss allowance	Amortised cost net	Non financial instruments	Total
	Mandatorily	Designated						
Instruments	23 374	26 415	49 789	10 710	(486)	10 224	-	60 013
Equities and similar securities	9 918	-	9 918	-	-	-	-	9 918
Interest-bearing investments	-	20 807	20 807	9 172	(402)	8 770	-	29 577
Structured transactions	-	-	-	-	-	-	-	-
Investment funds	13 456	-	13 456	-	-	-	-	13 456
Cash, deposits and similar securities	-	5 608	5 608	1 538	(84)	1 454	-	7 062
Working capital assets	-	-	-	21 047	(2 257)	18 790	1 294	20 084
Trade and other receivables	-	-	-	14 326	(2 252)	12 074	1 294	13 368
Cash, deposits and similar securities	-	-	-	6 721	(5)	6 716	-	6 716
Total financial assets	23 374	26 415	49 789	31 757	(2 743)	29 014	1 294	80 097
External investors in consolidated funds	-	3 754	3 754			-	-	3 754
Investment contracts liabilities	-	6 222	6 222			-	-	6 222
Term finance	-	-	-			880	-	880
Trade and other payables	-	-	-			10 446	209	10 655
Total financial liabilities	-	9 976	9 976			11 326	209	21 511

Notes to the Group financial statements *continued*

7 Disposal groups, discontinued operations and assets classified as held for sale *continued*

7.3 Discontinued operations *continued*

7.3.1 Sanlam Pan Africa (Sanlam Emerging Markets) *continued*

Fair value information on discontinued operations

Recurring fair value measurements (financial instruments)

R million	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3	Total
31 December 2022				
Non-financial instruments				
Investment properties	-	-	8 240	8 240
Financial instruments				
Equities and similar securities	26 921	22 515	353	49 789
Interest-bearing investments	8 600	981	337	9 918
Investment funds	10 809	9 998	-	20 807
Cash deposits and similar securities: Investments	7 512	5 928	16	13 456
	-	5 608	-	5 608
Total assets at fair value	26 921	22 515	8 593	58 029
Financial instruments				
Investment contracts liabilities	3 754	6 222	-	9 976
External investors in consolidated funds	-	6 222	-	6 222
	3 754	-	-	3 754
Total liabilities at fair value	3 754	6 222	-	9 976

⁽¹⁾ There were no transfers between level 1 and 2 in the current period.

Unobservable inputs on discontinued operations

	2022	2021
Investment property – International portfolio		
<i>Comparison</i>		
Majority of the properties are valued by applying the comparison methodology (in line with RICS global valuation standards). As part of the comparison method, the value of the property is determined by reference to the sales or offers of goods that are identical or equivalent to the valued property and to the activity of the corresponding market. The value of the property is determined by the product of the weighted area and the unit price retained by comparison.		
Office buildings		
Weighted area	133m ² – 1 137m ²	224m ² – 4 461m ²
Annual rental income per m ²	R12 892 – R41 899	R21 383 – R236 855
Retail buildings		
Weighted area	26m ² – 1 402m ²	38m ² – 1 632m ²
Annual rental income per m ²	R17 727 – R304 574	R15 603 – R43 253
Other (domestic, including land and parking)		
Weighted area	196m ² – 710 142m ²	166m ² – 710 142m ²
Annual rental income per m ²	R820 – R354 530	R5 734 – R263 509
<i>Capitalisation of income</i>		
A number of properties are valued in accordance with the income method. The income method has several variations, but is mainly based on the income that the property is likely to generate over its remaining life or a given period. This estimate is determined by reference to past recorded results and forecasts. When such data is not available, the capitalisation method over a single representative period is then applied.		
Capitalisation rates		
Office buildings	10,25% – 11,25%	8,25% – 9,50%
Retail buildings	4,75% – 12,37%	8,25% – 9,50%
Other (domestic, including land and parking)	4,5% – 10,02%	4,50% – 9,75%

8 Related parties

8.1 Major shareholders

Sanlam Limited is the ultimate holding company in the Group.

By virtue of its relationship with Sanlam Limited, Ubuntu-Botho Investments is considered to be a related party to the Group. Apart from Ubuntu-Botho Investments' (UBI) role as the Group's Broad-Based Black Economic Empowerment (B-BBEE) partner and jointly pursuing investments in complimentary financial services businesses, the Group does not enter into transactions with UBI in the normal course of business. During 2017, the Group provided preference share funding of R500 million (carrying value at 31 December 2022: R688 million and 31 December 2021: R644 million) to a Special Purpose Vehicle (SPV) co-owned by UBI and the Sanlam Ubuntu-Botho Community Development Trust on arms' length terms. Refer to note 24 in the Annual Financial Statements for additional information. The preference shares are redeemable after 10 years, carry a dividend rate of 72,5% of the prime lending rate and are secured by Sanlam shares at a minimum of 1,25 times cover ratio. The preference shares will participate in 10% of the net asset value of the SPV at the time of redemption.

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

African Rainbow Capital Financial Services Holdings (Pty) Ltd (ARC FS), has purchased 25% of the shares in Sanlam Investment Holdings Capital (Pty) Ltd (a investment company that holds the 3rd party asset management business of Sanlam Investment Holdings (SIH)). ARC is a wholly-owned subsidiary of UBI which is, a material shareholder in Sanlam and accordingly deemed a related party.

Sanlam Life is a 25% non-controlling shareholder of ARC Financial Services Investments Proprietary Limited with African Rainbow Capital Financial Services Holdings (Pty) Ltd (ARC FS) retaining the majority a 75% shareholding. ARC FS is owned 50,1% by African Rainbow Capital Pty Ltd (ARC) and 49,9% by the ARC Fund.

No other Sanlam shareholders have a significant influence and thus no other shareholder is a related party. The shares are widely held by public and non-public shareholders.

Details of transactions between the policyholders' and shareholders' funds of the Sanlam Group are disclosed in note 15 in the Annual Financial Statements.

8.2 Transactions with post-employment benefit plans

Contributions to the post-employment benefit plans were R853 million in 2022 (2021: R807 million).

The trustees of the Sanlam Office Personnel Fund insured the pension fund obligations through a policy with Sanlam Life Insurance Limited during 2017 (refer to note 26 in the Annual Financial Statements).

Notes to the Group financial statements *continued*

8 Related parties *continued*

8.3 Transactions with directors

Remuneration is paid to directors in the form of fees to non-executive directors and remuneration to executive directors of the Company. All directors of Sanlam Limited have notified that they did not have a material interest in any contract of significance with the Company or any of its subsidiaries, which could have given rise to a conflict of interest during the year. Details relating to directors' emoluments and their shareholdings and share participation in the Company are disclosed as part of the Remuneration Report.

8.4 Transactions with entities in the Group

During the year the Company and its subsidiaries, in the ordinary course of business, entered into various transactions with other Group companies, associated companies, joint ventures and other stakeholders.

Included in note 9.3.2 in the Annual Financial Statements under Corporate interest-bearing investment is R28 million (2021: R804 million) which relates to the corporate interest-bearing investments in Bank Windhoek Limited and Letshego Holdings Limited.

The Group provides loans to Sanlam Personal Loans. The carrying value of these loans amounts to R3 097 million. Most of these loans earn interest of the asset swap rate plus a premium of between 1,4% and 1,92% and will mature in tranches over a period of 3 years up to 30 September 2025.

Sanlam authorised funding of up to R2 billion to Sanlam Private Wealth (SPW) to facilitate funding for equity-backed loans provided to SPW clients. Utilisation at 31 December 2022 amounted to R1 334 million (2021: R1 293 million).

8.5 Policy administration

Certain companies in the Group carry out third-party policy and other administration activities for other related parties in the Group. These transactions are entered into in the normal course of business. Policies held by key management personnel are not viewed as material.

8.6 Key management personnel compensation

R million	2022	2021
Compensation paid to the Group's key management personnel is as follows:		
Short-term employee benefits	782	826
Share-based payments ⁽¹⁾	133	128
Termination benefits	36	4
Other long-term benefits and incentive schemes	33	55
Total key management personnel compensation	984	1 013

⁽¹⁾ Consists of redemption of shares in respect of share-based payment schemes.

9. Standards issued but not yet effective: IFRS 17 – Insurance contracts

9.1 Background

IFRS 17 – Insurance Contracts replaces *IFRS 4 – Insurance Contracts* for annual periods beginning on or after 1 January 2023. The Group commenced with the application of the Standard on 1 January 2023 and will restate 2022 comparatives when reporting on 2023 financial periods.

The Group applies *IFRS 17 – Insurance Contracts* to insurance and reinsurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participation features (DPF) it issues. All references to insurance contracts apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and aims to ensure that the Group provides relevant information that faithfully represents the insurance contracts of the Group. This will provide a basis for users of the financial statements to assess the effect that the insurance contracts have on the Group's financial position, performance and cash flows.

IFRS 17 requires new disclosures about the amounts recognised in the financial statements, including detailed reconciliations of insurance liabilities, the measurement impact of recognising new contracts, and disclosures about significant estimates and judgements made when applying the Standard. Disclosures will be expanded with additional detail on the nature and extent of risks related to insurance contracts.

The Group has disclosed known or reasonably estimable information relevant to assessing the possible impact that the application of IFRS 17 will have on its financial statements in the period of initial application that was available when the 2022 financial statements were authorised for issue. The Group has assessed the expected impact of the initial application of IFRS 17 on the Statement of Financial Position as at 31 December 2021. Based on the calculations performed to date, the Group expects the total IFRS equity to increase by between R12 billion and R15 billion (net of tax) on 1 January 2022. Refer to section 9.7 for further details.

In addition to IFRS disclosures, Sanlam also publishes Shareholders Information in line with how the Group manages the business. The Group does not expect significant changes to the non-IFRS key performance indicators and segmental analysis that are currently presented in the Shareholders Information reporting. There will be different reconciling items between the IFRS financial statements and Shareholders' Information under IFRS 17 compared to the current reconciliation under IFRS 4. These differences are explained in more detail in section 9.8.

9.2 Readiness for IFRS 17

9.2.1 Progress

The Group has progressed well with the activities required for the adoption of IFRS 17. In the initial stages of the centrally driven Group IFRS 17 implementation Programme ("the Programme"), a blueprint was developed which included systems design, data requirements and policy and methodology decisions. All implementation is aligned to this blueprint.

Group policy and methodology decisions, key judgements and significant estimations and assumptions relating to products were finalised in 2022, and transition values calculated on this basis.

Full end-to-end testing of the IFRS 17 policies and systems/models was carried out by running year-to-date June 2022 results. Tests highlighted some system and data quality issues which have since been addressed, in preparation for a subsequent parallel run of the December 2022 results. Regular training of all impacted stakeholders was carried out in parallel to equip stakeholders with the understanding of the expected impact of IFRS 17 on financial results, and to refine and embed the new reporting processes, including the on-boarding of management teams, audit committees and boards across the Group.

9.2.2 Further developments in 2023

The Programme is closed, with the IFRS 17 policies and systems/models handed over to the businesses. In 2023, the following activities will be completed for the Group:

- Comparative results and disclosures, including the audit thereof.
- Operational updates comparative information restatement.
- Ongoing combined assurance reviews of IFRS 17 systems and models.

Notes to the Group financial statements *continued*

9. Standards issued but not yet effective: IFRS 17 – Insurance contracts *continued*

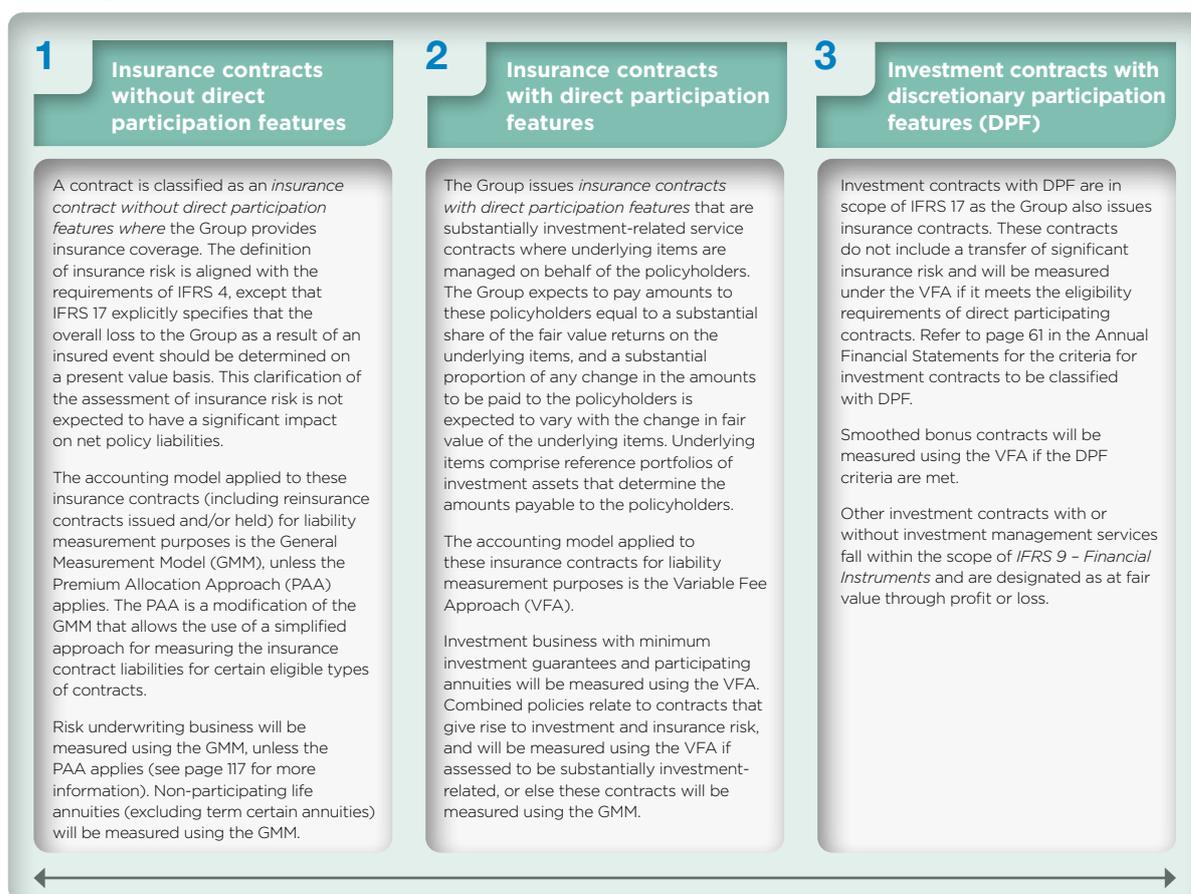
9.3 Accounting policies relating to insurance liabilities and profit entitlement

9.3.1 Introduction

The nature of the impending changes in accounting policies relating to insurance liabilities and profit entitlement is covered in the sections below.

9.3.2 Classification of insurance contracts

The Group's insurance contracts are classified as follows:



The application of IFRS 17 will result in some reclassification of contracts between insurance contracts and investment contracts. This is not expected to have a significant impact on the net policyholder liabilities presented in the balance sheet.

9.3.3 Aggregation of insurance contracts

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

The portfolios are further divided into the groups of insurance contracts required by IFRS 17 based on recognition date (refer to section 9.4 for further details) and expected profitability.

Portfolios of insurance contracts issued will be divided into groups of insurance contracts at initial recognition based on whether contracts are expected to be profitable or loss-making, where relevant. Groups of insurance contracts are loss-making (onerous) if the fulfilment cash flows allocated to each contract at initial recognition in total are a net outflow. For insurance contracts measured under the PAA, the Group has assumed that these contracts are not onerous at initial recognition. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

Each group of contracts does not include contracts issued more than one year apart in the same group.

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

9.3.4 Measurement of insurance contracts

The Group measures insurance contracts by performing year-to-date estimates of the carrying amount of the insurance liabilities.

IFRS 17 is not expected to have a significant impact on the initial recognition date or contract boundaries of insurance contracts issued and reinsurance contracts held for the material lines of insurance business within the Group.

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

Recognition

The Group recognises insurance contracts issued or reinsurance contracts held from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due or actually received for insurance contracts issued.

Contract boundaries

Sanlam includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the Group:

- can compel the policyholder to pay premiums; or
- has a substantive obligation to provide the policyholder with insurance contract services.

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

The Group considers the legal rights and the commercial substance of the contracts in this assessment.

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

Notes to the Group financial statements *continued*

9. Standards issued but not yet effective: IFRS 17 – Insurance contracts *continued*

9.3 Accounting policies relating to insurance liabilities and profit entitlement *continued*

9.3.4 Measurement of insurance contracts *continued*

Initial measurement (excluding PAA)

On initial recognition, the Group will measure a group of insurance contracts as the total of the:

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

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary. Fulfilment cash flows are determined separately for insurance contracts (including reinsurance contracts) issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude expense cash flows not directly attributable to the fulfilment of the insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. This risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For reinsurance contracts held, the risk adjustment reflects that some of this uncertainty will be ceded to the reinsurer. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Refer to page 61 in the Annual Financial Statements for more information on the determination of the best estimate of future experience.

Risk adjustment

The main sources of non-financial risk are the estimates related to decrement rates for mortality and morbidity, persistency rates and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk will be excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

IFRS 17 does not require a specific technique to estimate the risk adjustment, with the confidence level technique highlighted as a possible approach. The material lines of business in Sanlam Life and Savings (SLS) and Santam adopt a confidence level technique, whereas the businesses in SEM use a margins approach. The confidence level is determined based on each cluster's level of risk appetite for bearing the non-financial risk arising from the uncertain amount and timing of cash flows.

The confidence level technique is determined with reference to a particular target confidence level. A distribution of fulfilment cash flows is required, from which the risk adjustment is determined based on the standard deviation around the mean for the target confidence level. The standard deviation is estimated assuming the same risk distribution used for solvency purposes.

The margins approach requires the calibration of margins based on historic decrement/expense experience and fitting a statistical distribution to the data. Margins are initially calibrated on an independent basis for each risk type based on a specified confidence level. The margins are applied as percentage changes to the best estimate assumptions. The direction of each margin is tested independently and the direction that increases the best estimate liability (BEL) is adopted. The increase in the BEL resulting from these margins represent the risk adjustment.

Contractual service margin (CSM)

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

- If a group of insurance contracts is not onerous at initial recognition, the CSM will be measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows. This results in no income or expenses arising on initial recognition.
- If a group of insurance contracts is onerous at initial recognition, the Group will immediately recognise this net outflow in profit or loss. Following this, a loss component will be created to represent these losses recognised in profit or loss. Subsequently an increase or reversal of losses on onerous groups of insurance contracts will be presented in profit or loss.

For reinsurance arrangements a loss recovery component is established when underlying onerous groups of insurance contracts are recognised, which will offset the insurance losses for the portion of the contracts being reinsured.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows.

Cash flows will be divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items will be discounted using rates that reflect that variability. The discount rates applied to cash flows that vary based on the returns on underlying items are consistent with the future investment return assumptions.

A zero-coupon yield curve, adjusted to reflect the illiquidity of the group of insurance contracts where applicable, will be applied to cash flows that do not vary based on the returns on underlying items. Insurance contracts such as non-participating life annuities that cannot be surrendered or lapsed, are illiquid.

Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts at each reporting date will be the sum of:

- the liability for remaining coverage, comprising:
 - the fulfilment cash flows related to service to be provided under the contract in future periods; and
 - the remaining CSM of the group at that date.
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims and expenses not paid, including claims that have been incurred but not reported.

Fulfilment cash flows

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

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

Contractual service margin

For groups of insurance contracts measured under the GMM, the CSM at the start of the period is explicitly accreted with interest based on the discount rates applied to the fulfilment cash flows at initial recognition.

For groups of insurance contracts measured under the VFA, the CSM at the start of the period is implicitly accreted with interest equal to the effect of the time value of money on the variable fee in each period.

The impact of changes in estimates of the fulfilment cash flows on the measurement of the CSM depends on whether the changes are related to current (or past) or future service:

- changes that relate to current or past service are recognised in profit or loss; and
- changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which give rise to a loss on a group of insurance contracts, as well as any changes which adjust the loss recovery component on a group of reinsurance contracts.

For groups of insurance contracts measured under the GMM, changes in fulfilment cash flows related to future service are based on the discount rates applied to the fulfilment cash flows at initial recognition. Changes in the estimates that relate to the effect of the time value of money and the effect of financial risk and changes therein, do not adjust the CSM and are recognised in profit or loss.

For groups of insurance contracts measured under the VFA, the fulfilment cash flows will be determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services. Changes in the fair value of the underlying items do not adjust the CSM. The Group has chosen not to apply the risk mitigation option and therefore changes in the cost of minimum investment guarantees will adjust the CSM.

In general, premium-related experience adjustments are related to current or past service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule.

An amount of the CSM is recognised in insurance revenue in profit or loss in each reporting period based on the insurance contract services provided under the group of contracts (refer to the next sub-section for further details).

Notes to the Group financial statements *continued*

9. Standards issued but not yet effective: IFRS 17 – Insurance contracts *continued*

9.3 Accounting policies relating to insurance liabilities and profit entitlement *continued*

9.3.4 Measurement of insurance contracts *continued*

Subsequent measurement (excluding PAA) continued

Coverage units

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

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

Contracts measured under the PAA

The PAA will be applied to all contracts with a contract boundary of one year or less. In some scenarios, the PAA will also be applied where the Group expects that the measurement under the PAA model would produce a measurement of the liabilities that would not differ materially from the one that would be produced by applying the GMM.

The liability of remaining coverage under the PAA represents the portion of the premiums related to future service. IFRS 17 is not expected to have a significant impact on the insurance liabilities for contracts measured under PAA, except for general insurance business due to the impact of discounting incurred claims.

A risk adjustment is determined for the liabilities for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the future cash flows.

Derecognition

The Group derecognises a contract when the rights and obligations relating to the contract are extinguished, i.e. expired, discharged, or cancelled.

If a contract modification results in derecognition, a new contract is recognised on the modified terms. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

9.3.5 Explanation of recognised insurance amounts in profit or loss

IFRS 17 will significantly change how insurance contracts are presented and disclosed in the Group's consolidated financial statements.

Insurance revenue

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

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

- expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- amount of the CSM recognised in profit or loss;
- release of the risk adjustment for risk expired (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- premium experience adjustments relating to current service (including experience adjustments arising from related cash flows such as insurance acquisition cash flows); and
- amortisation of insurance acquisition cash flows.

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

Insurance service expenses

The main components of insurance profits recognised in insurance service expenses are:

- the actual incurred claims and administration expense cash flows (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- actual incurred acquisition expense cash flows on insurance contracts measured under the PAA (where businesses do not elect to include these cash flows in the liability for remaining coverage);
- expected future losses on onerous groups of contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows for contracts not measured under the PAA.

The expense cash flows refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses will be recognised separately in profit or loss.

The combined impact of insurance revenue and insurance service expenses will be presented as the insurance service result in profit or loss.

Income or expenses from reinsurance contracts

The Group will present income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount.

Insurance finance income and expense

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

Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses. For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses.

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

9.4 Transition

The IFRS 17 Standard is applicable to annual periods beginning on or after 1 January 2023. However, the requirement for 2022 comparative information means that the IFRS 17 transition statement of financial position is required at 1 January 2022.

When determining the insurance liabilities at transition, the IFRS 17 Standard should be applied retrospectively as if it had always applied unless it is "impracticable" to do so based on the requirements in *IAS 8: Accounting policies, Changes in Accounting Estimates and Errors*. This retrospective approach is referred to as the full retrospective approach (FRA). Where it is impracticable to apply IFRS 17 retrospectively, various simplifications are permitted when adopting the modified retrospective approach (MRA) or fair value approach (FVA) provided that certain criteria have been met. The FVA has to be applied if there is no reasonable and supportable information to apply the MRA.

The transition approach will be determined at a group of insurance contracts level. The high-level distribution of transition approaches across the Group is summarised below:

- The FRA will be applied to groups of contracts measured under the PAA;
- For contracts measured under the GMM or VFA, the FRA is not expected to be applied to any groups of contracts issued before 1 January 2016. The retrospective calculation start date will vary depending on the availability of historic data, assumptions and models.
- The FVA will be applied to the remaining groups of contracts, including closed books of business.

Notes to the Group financial statements *continued*

9. Standards issued but not yet effective: IFRS 17 – Insurance contracts *continued*

9.4 Transition *continued*

Full retrospective approach

It is impracticable to adopt the FRA for groups of contracts at the date of transition if:

- the approach cannot be applied retrospectively after a reasonable effort was made by businesses to demonstrate that it will not be possible to collect the required information or create information where the required data is unavailable (for example, due to system migrations, data retention policies, and changes in requirements in terms of IFRS 17); or
- hindsight is needed to determine the estimates at prior periods, i.e. the measurement of the fulfilment cash flows and CSM should apply management's estimates at that point in time, with only the information that would have been available at that point in time (for example, assessing the level of aggregation of contracts at the inception date, and if the estimates needed to determine the risk adjustment during periods where solvency information on the latest regulatory framework was not available).

Fair value approach

The FVA is applied if retrospective application is impracticable or if the MRA is not applied. Under this approach the CSM (or loss component) is calculated as the difference between the fair value of the group of insurance contracts and the IFRS 17 fulfilment cash flows. The fair value will be determined in accordance with *IFRS 13: Fair Value Measurement*.

IFRS 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The transaction price is therefore based on a general market participant's view of the fair value of the group of insurance contracts.

The fair value is forward-looking and therefore future cash flows within the contract boundary will be included in the fair value estimation, including non-attributable expenses. No other material adjustments are made to the future expected cash flows when compared to the IFRS 17 estimates of future cash flows.

The income approach will be used in determining the fair value of the insurance contracts. This approach converts a stream of future expected cash flows to a current single amount, reflecting market participants' expectations of the future amounts.

There will be an initial capital outlay for the buyer of the insurance contracts based on the transaction price agreed between the buyer and the seller on the transaction date, and the total required capital that the buyer expects to set up on the transaction date. The transaction price is determined such that the buyer earns the required rate of return (hurdle rate) on the initial capital outlay.

The requirements in sections 9.2 and 9.3 will be assessed based on what the business would have determined given the terms of the contract and the market conditions at the date of initial recognition.

9.5 Summary of impact of IFRS 17 on the Group

The expected IFRS 17 impact on the Group is summarised below post effective date:

Statement of Financial Position	Increase in total IFRS equity of between R12 billion and R15 billion (net of tax) on 1 January 2022.
Statement of Comprehensive Income	Profit after tax attributable to Shareholders is expected to accelerate marginally for life insurance businesses. The overall impact will depend on the mix and volume of future new business relative to the in-force book. Limited impact is expected for general insurance businesses.
Shareholders' fund income statement	Attributable earnings in the Shareholders' fund income statement will continue to be equal to profit after tax attributable to Shareholders in the IFRS income statement. There will be new adjustments between the IFRS financial statements and Shareholders' Information.
Tax changes for South African insurers	Limited impact on earnings - the additional tax payments for life insurance businesses will be funded from the balance sheet.

The detail behind the summary is elaborated on below.

9.6 Impact on the Statement of Financial Position

The increase in total shareholders' equity is largely driven by the impact of the:

- net reduction in policyholder liabilities (increase in equity):
 - The best estimate of future cash flows is expected to be lower than under IFRS 4. This is mainly driven by the exclusion of non-attributable expense cash flows and the impact of discounting incurred claims on general insurance business.
 - There will be differences in the calibration of the compulsory margins under IFRS 4 compared to the risk adjustment for non-financial risk in terms of IFRS 17. For example, the inclusion of margins for financial risk was permitted under IFRS 4.
 - Implicit discretionary margins (such as liability zeroisation margins) will be released and replaced by the CSM which represents unearned future insurance profits. The CSM is expected to be less than the implicit discretionary margins on initial application of IFRS 17. Other explicit discretionary reserves held under IFRS 4 will also be released, for example the asset mismatch reserve (AMR) will be released from insurance liabilities and held as new shareholders' fund reserves.
- treatment of treasury shares (increase in equity):
 - For the purposes of transition to IFRS 17, Sanlam has elected not to eliminate the investment in Sanlam Limited shares held by policyholder portfolios (where the Group promises to generate investment returns under the insurance contracts based on the underlying assets) and related consolidated IFRS 10 vehicles, resulting in an increase of investments in equity instruments.
- derecognition of the value of business acquired (VOBA) that relates to existing insurance contracts (decrease in equity):
 - IFRS 4 allowed the recognition of an intangible asset (VOBA), however this is no longer an option under IFRS 17 and will be derecognised on transition.

Presentation

Portfolios of insurance/reinsurance contracts that are assets and those that are liabilities, will be presented separately in the Statement of Financial Position under IFRS 17.

9.7 Impact on the Statement of Comprehensive Income

The Group is performing assessments to determine the overall impact of IFRS 17 on profit after tax for the year ended 31 December 2022. IFRS 17 will introduce consistent principles for recognising profits as insurance contract services are provided, therefore impacting the timing of profit recognition.

The following changes are expected to impact profit recognition under IFRS 17:

- The net reduction in policy liabilities at transition will reduce subsequent profits from the in-force book.
- There will be an initial net acceleration in profits on new business sold after the initial application of IFRS 17 which is mainly due to the deferral of acquisition costs. The overall net impact will depend on the mix and volume of new business relative to the margins released from the in-force book.
- The impact of certain changes in best estimate assumptions will be deferred over the lifetime of the contracts via the CSM, whereas these impacts are taken through profit or loss in each period under IFRS 4.
- The release of the asset mismatch reserve (AMR) from the policyholder liabilities (as covered in the previous section) will increase the volatility of investment variances related to insurance contracts. This impact of short-term volatility in markets will continue to be absorbed by the AMR in the shareholders' fund income statement under IFRS 17 (refer to section 9.8 for further details).
- The pattern of CSM recognition and risk adjustment release is expected to be more predictable and based on when services are provided.

In line with past practices and previous market communications, as allowed by IFRS 4, Sanlam re-established a pandemic reserve in 2022. IFRS 17 does not allow the continuation of existing prudent practices related to these reserves which will lead to an increase in profits recognised under IFRS 17 compared to IFRS 4 for the comparative 2022 period. However, the assets released from policyholder funds are expected to be retained in shareholders' fund reserves under IFRS 17 to allow for the impact of any future pandemic events.

Notes to the Group financial statements *continued*

9.8 Impact on the Shareholders' fund income statement

This section provides further details on expected changes to shareholders' fund income statement (segmental reporting in terms of IFRS 8). In line with past practice, the Group will continue to prepare Shareholders Information in addition to the IFRS financials, including the Shareholders' fund income statement.

The Shareholders' fund income statement will continue to be representative of Sanlam's financial performance from operational and investment activities. Attributable earnings in the Shareholders' fund income statement will continue to be equal to profit after tax attributable to Shareholders in the IFRS income statement, with a reconciliation between the IFRS and Shareholders' fund income statements.

As covered in section 9.6 the AMR will be held as new shareholders' fund reserves under IFRS 17. In line with past practice, the AMR will continue to absorb the impact of short-term volatility in markets in net result from financial services (NRFFS) in the Shareholders' fund income statement. This will require a new line in the Shareholders' fund income statement to offset any adjustments in NRFFS against the net movement in AMR.

IFRS 17 will introduce artificial accounting mismatches related to the measurement impact of locking in discount rates at the inception of contracts measured under the GMM. These mismatches will be removed from NRFFS by including offsetting amounts as Fund transfers.

Dividends/cash earnings

Under IFRS 17, adjustments will be applied to NRFFS in the Shareholders' fund income statement to remove non-cash earnings for dividend purposes. For example, a proportion of retained earnings is non-cash due to the deferral of acquisition costs under IFRS 17 and will therefore not be distributable as dividends. Cash earnings will not be presented on the face of the income statement, but will be disclosed as a note to the Shareholders' fund income statement which includes a reconciliation between NRFFS and cash earnings.

9.9 Impact of changes in tax legislation in South Africa

Changes to section 29A of the South African Income Tax Act have been enacted to cater for the implementation of IFRS 17. The phasing-in period for dealing with the income tax impact of the transition amount will be 6 years. This phasing-in period is in line with the transition phasing-in period when the new solvency regime was introduced in South Africa in 2018.

The main impact on Sanlam of the proposed tax amendments is accelerated tax payments for South African life insurance businesses on the net reduction in liabilities with a corresponding increase in deferred tax liabilities at transition. However, this acceleration in tax payments will be provided for in current reserves with no impact on earnings. The changes in tax legislation are expected to have limited impact on the timing of tax payments for South African general insurance businesses.

ADMINISTRATION

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(Tax reference number: 9536/346/84/5)
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NSX share code: SLA
A2X share code: SLM
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