Sanlam

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Interim results

for the six months
ended 30 June

23

Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

Basis of preparation

The Sanlam group's International Financial Reporting Standards (IFRS) financial statements for the six months ended 30 June 2023 are presented based on and in compliance with IFRS. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' fund information are, in all material respects, consistent with those applied in the 2022 integrated report and annual financial statements, except for the adoption of IFRS 17 and restatements detailed in note 13 of the interim condensed consolidated financial statements.

All references to 2023 and 2022, and commentary relate to the six 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, among others, on the financial results, to new business volumes and investment returns (including exchange-rate fluctuations). 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", "expect" 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 document 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 six months to 30 June 2023 at the weighted average exchange rate for the six months to 30 June 2023, 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 Moroccan dirham.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Malaysia
31/12/2022	20,47	17,02	1,33	0,21	1,62	0,03	3,85
30/06/2023	24,02	18,89	1,40	0,23	1,90	0,02	4,03
(Strengthening)/Weakening	17,3%	11,0%	5,4%	11,8%	16,9%	(32,3%)	4,7%
Average first six months 2022	19,99	15,40	1,31	0,20	1,59	0,03	3,61
Average first six months 2023	22,42	18,20	1,38	0,22	1,79	0,03	4,09
Weakening	12,2%	18,2%	5,6%	9,5%	12,4%	1,5%	13,2%

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SANLAM GROUP SALIENT RESULTS

Sanlam achieves strong operating performance in the first half of 2023

- **Net result from financial services** (NRFFS)[1] increased by 26% and cash net result from financial services by 30%, with strong contributions across clusters and lines of business.
- **Net operational earnings**[1] of R7,5 billion grew by 64%, benefiting from the recovery in local and international investment markets over the period.
- **Return on group equity value** (RoGEV) for the six month period of 11,3% (12,0% per share) and adjusted RoGEV of 7,9% (8,5% per share) were both ahead of the hurdle rate of 7,5%.
- **New business volumes** increased by 19% to R191 billion.
- **Life insurance new business volumes**[2] increased by 4% on a present value of new business premiums (PVNBP) basis, with **value of new covered business**[2] (VNB) of R1,3 billion, 21% higher than 2022, benefiting from expense efficiency and product mix shifts, to more profitable lines.
- **Net client cash inflows** of R11,4 billion remained solid, albeit lower than the first six months of 2022, due to higher outflows from savings products in life insurance as well as the investment management operations.
- The **solvency position** of the group and its main operating entities remained strong and within target ranges on 30 June 2023, with a group solvency cover ratio of 167%.

The group delivered strong financial performance for the first six months of 2023, with the earnings pattern back on track after the series of what the group classifies as one-in-25/100-year events during the period from 2020 to 2022. The group has shown compound annual growth in NRFFS[4] (7%), life new business volumes (7%), total new business volumes (14%) and the value of new covered business (8%) since the first six months of 2019, on a comparable basis. This growth from the pre-pandemic basis indicates that the underlying growth engine of the group remains intact.

Growth in net result from financial services over the first six months of 2023 was broad-based, with life insurance increasing by 28%, general insurance by 38% and credit and structuring by 36%. Investment management increased by 9% on a comparable basis[3].

The group's main value creation metric of RoGEV was above the hurdle rate, and was supported by the following factors:
- In the life insurance operations: robust contributions from value of new business, as well as positive risk and credit spread experience, dampened by weaker persistency and a one-off reduction from the taxation impact of the introduction of IFRS 17.
- In the non-life operations: an increase in the valuation of Shriram Finance Limited due to improved performance and outlook, and a strong contribution from Santam, having outperformed its return on capital target over the period.

Improvements in investment markets and a weakening of the rand relative to the main valuation currencies in the non-South African operations also contributed to the higher return for the first six months of 2023.

Adjusted RoGEV 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.

Strategic delivery positioning for future growth

In the first six months of 2023, Sanlam completed the acquisition of 60% of AfroCentric, a leading health insurance and solution provider. This transaction has filled in a product line in our South African offering that is essential to our customer base. Although AfroCentric has experienced difficult trading conditions in its current financial year, Sanlam will now be able to support the growth and development of this business into the future.

Sanlam has also concluded a transaction that results in the group owning a 26% interest in the enlarged Capital Legacy, that will include Sanlam Trust. This transaction will allow the group to provide innovative wills and estate solutions to our South African clients, further extending our range of client solutions. Sanlam also concluded the buyout of the remaining shareholders in BrightRock in the first half of 2023, an innovative insurer in the affluent market in South Africa. We expect significant synergies to emerge over time within this business.

We are delighted to have finally concluded the agreed transaction with Allianz to form an Africa-wide insurance joint venture during September 2023, having now received all the necessary regulatory approvals. Sanlam and Allianz have high expectations for the new SanlamAllianz business and believe that this business will grow strongly and profitably over time. The business is well positioned to benefit from Africa's economic growth, rising incomes and consequent increase in penetration rates, as well as from the technical and financial support of both Sanlam and Allianz.

[1] The 2023 earnings and the restated earnings for the comparable period in 2022 are based on the new IFRS 17 accounting standard, after allowing for Sanlam specific shareholders' fund adjustments (see page 10 for further detail).
[2] Constant economic basis.
[3] Excluding the UK operations sold in the first six months of 2022.
[4] 1H19 on IFRS 4 basis.

Capital management and allocation

Discretionary capital decreased from R5,3 billion on 31 December 2022 to R3,2 billion on 30 June 2023, due to corporate action and share repurchases. The group repurchased shares to the value of R737 million in the first six months of 2023 and allocated a combined R1,5 billion to the AfroCentric transaction and acquisition of the remaining interest in BrightRock. The AfroCentric transaction closed on 26 May 2023 and BrightRock on 5 June 2023.

The Capital Legacy transaction closed on 1 August 2023, with a cash outflow of R904 million, financed from discretionary capital.

In August 2023, the group acquired from the Standard Bank of South Africa Limited (SBSA) the senior ranking preference shares issued by the SPV structure established as part funding for the broad-based black economic empowerment (B-BBEE) transaction in 2019. The purchase consideration of R2,4 billion was funded from discretionary capital. Sanlam now effectively owns the junior and senior ranking preference shares in the structure, which are backed by 85 million Sanlam shares. This transaction creates flexibility in managing the exposure to volatility in the Sanlam share price in the short-term and mitigates the negative impact of a potential forced disposal of a large block of Sanlam shares, should the SPV be forced to wind up in March 2024.

Post these transactions, the group's discretionary capital is temporarily diminished.

The capital and solvency position of the group and its main operating entities remained strong and within target ranges on 30 June 2023. The group solvency cover ratio was 167%, Sanlam Life solo solvency cover ratio was 240% and Sanlam Life covered business solvency cover ratio was 173%.

The group solvency cover ratio reduced marginally over the period as the positive impact of operating and economic experience variances and assumptions changes; and the Santam subordinated debt issuance, was offset by the impact of the AfroCentric and BrightRock transactions; as well as the B-BBEE SPV transaction (net of impairment reversal).

In October 2023, Sanlam Life plans to issue subordinated debt of up to R2 billion.

Line of business analysis

In the line of business analysis, all references to South Africa refer to the Sanlam Life and Savings, Sanlam Investment Group and Santam businesses in South Africa. Emerging markets refers to the Sanlam Emerging Markets operations in Africa outside of South Africa (also referred to as Pan-Africa), and in India and Malaysia. Commentary relating to 2023 and 2022 refers to the first six months of the year, unless otherwise indicated.

Life insurance: strong profitability

Net result from financial services for the group's life insurance operations increased by 28%.

South Africa recorded 26% growth due to strong positive risk experience across the portfolio, higher asset-based fee income from improved local and international investment market performance, and higher earnings from the credit portfolio backing life insurance liabilities. Credit portfolio earnings were driven by mark-to-market gains from the narrowing of credit spreads over the period, relative to widening in 2022, and lower hedging costs. The emerging markets operations earnings recorded a strong performance, increasing by 47%, benefiting from favourable risk experience across the portfolio and improved asset-based income in certain countries.

Persistency trends remain stable in the retail affluent business. In the retail mass business, management actions have had a positive impact on early duration persistency, which has stabilised. Longer duration persistency continues to show stress, reflecting the difficult economic climate and its impact on lower-income market segments. Persistency in the corporate segment was impacted by lower-than-expected fees due to scheme terminations and increased affordability constraints. Emerging markets was impacted by weaker experience in Botswana.

Sanlam group salient results *continued*

New business volumes increased by 4% on a PVNBP basis, benefiting from improved sales growth in recurring premium products. In South Africa, the retail mass business increased sales by 10% with good growth in the group businesses and the Capitec Bank JV. In the retail affluent segment, recurring premium sales increased by 5% as strong growth in intermediated risk product sales was dampened by muted growth in savings product sales and weaker sales from direct channels. Single premium sales were in line with 2022, with a significant increase in guaranteed life annuity sales offset by lower sales of international and discretionary savings products on the Glacier platform. The corporate business benefited from a substantial increase in group risk sales but recorded a decline in single premium sales as the business experienced a higher client take-up of non-life single premium products over the period.

In the emerging markets operations, good growth was recorded in the North and West Africa region and in India, but was dampened by weaker sales of credit life and savings business in the Southern and East Africa regions as a result of weak credit extension by banks in these markets. Malaysia experienced weaker sales, impacted by the non-repeat of large group scheme deals in the prior period.

Net VNB increased by 21% on a constant economic basis. The retail affluent business increased its contribution by 32% on a constant economic basis, benefiting from strong sales of higher margin risk and guaranteed annuity products. The retail mass contribution increased by 13%, corporate by 67% and emerging markets by 14%. All major regions benefited from good recurring premium volume growth and a shift in mix to higher margin products.

Net VNB margin of 2,91% on a constant economic basis was higher than the 2,50% recorded in 2022. South Africa recorded a margin of 2,58% and emerging markets 4,68% on a constant economic basis.

Net client cash flows remained strongly positive at R7,5 billion for the period, albeit 46% lower than 2022. The decline is due to lower single premium inflows and increased terminations in corporate and increased outflows from maturities and early retirements, as well as increased withdrawals from discretionary savings products in retail affluent.

General insurance: steady recovery

Net result from financial services increased by 38%, with rebounds in performance from all major businesses.

In South Africa, Santam's net result from financial services increased by 83%, with an improved underwriting performance and a strong recovery in investment return on insurance funds. A net underwriting margin of 3,8% was reported in the conventional insurance business, below target range of 5% to 10%, but improving from 3% in 2022 (restated for the adoption of IFRS 17). Excluding large one-off items, an underwriting margin of 7,5% was achieved, well up on the comparable 5,6% in 2022. Investment market conditions were more favourable than the first half of 2022, which together with an outperformance of benchmarks, contributed to an investment return on insurance funds equal to 2,2% of net earned premiums compared to 0,2% in 2022.

The Pan-Africa portfolio grew net result from financial services by 10%, benefiting from continued book growth, improved investment return on insurance funds and a strong underwriting performance. The net underwriting margin of positive 7,3% benefited from improved performance from the specialist businesses. The investment return on insurance funds was positive 2,2% (as a percentage of net earned premiums) (refer to additional information below for the impacts of IFRS 17 and the application of the asset mismatch reserve).

India's net results from financial services increased by 33% due to book growth and reserve releases from better than expected claims experience following good claims management.

New business volumes (net earned premiums) increased by 10%.

Santam achieved new business volume growth of 7% in the conventional insurance business. Gross written premiums in the conventional insurance business also increased 7% as risk management actions, including the pruning of underperforming business at Santam Re and broker solutions, as well as limiting concentration risk in selected portfolios, reduced gross written premiums by R800 million. Excluding the impact of these actions, gross written premiums grew by 12%. These actions are in line with Santam's strategy of focusing on profitable growth.

Pan-Africa recorded robust performance increasing by 16% (10% in constant currency), supported by good growth in Morocco and Saham Re. India's new business volumes increased by 16% (6% in constant currency), benefiting from recovery in Shriram distribution channels and strong direct channel performance.

Investment management: benefiting from diverse revenue streams

Net result from financial services increased by 2% (9% excluding UK operations sold in 2022).

In South Africa, asset management posted a satisfactory result despite lower performance fees in the active asset manager and lower fund establishment fees in the alternatives business over the period. The diversity of revenue streams, including passive and retail implemented consulting, as well as strong earnings contribution from the recently acquired Absa asset management business underpinned earnings growth. Wealth management benefited from robust brokerage income from increased trading activity over the period.

The international business recorded lower earnings, impacted by lower fee income as a result of outflows experienced in 2022.

New business volumes increased by 28% to R134 billion, with the South African corporate and investment management operations as well as the Pan-African operations recording solid growth.

Despite the robust inflows over the period, the group's investment management operations recorded **net client cash outflows** of R4,8 billion. Some R4 billion of these net outflows were recorded in the international business due to withdrawals by a single advisory business, the closure of a fund and withdrawals from the international platform relating to the challenging economic environment.

The South African asset management operations recorded net outflows of R460 million due to a single large institutional withdrawal from the multi-manager, and the inclusion of the Absa asset management net outflows. Excluding Absa asset management, positive net flows where recorded, albeit lower than 2022. Management actions have been implemented to curtail the Absa asset management outflows, with lower net outflows recorded in the second quarter of 2023. Wealth management net flows were positive while Pan-Africa net flows were impacted by a large single outflow in Kenya.

The retail affluent business recorded positive net flows for the period, albeit lower than 2022, due to higher outflows on the Glacier platform. Corporate recorded a strong improvement in net inflows as a result of improved non-life new business sales.

Credit and structuring: India operations performing well

Net result from financial services increased by 36%.

South Africa's contribution to credit and structuring earnings declined due to higher bad debt provisions raised in the institutional and retail credit businesses in response to the current challenging economic environment. This was further impacted by lower earnings in the equity structuring business.

Pan-Africa increased its contribution in these product lines due to an improved performance in Namibia, while India's rapid growth of 65% was due to continued strong performance from Shriram Finance Limited. This business benefited from a larger advances book, improved collections and unfolding synergy benefits post the merger of Shriram City Union Finance and Shriram Transport Finance.

Outlook

The group performed well for the first six months of 2023 and the outlook for RoGEV and dividend growth for the full year is positive. The cash net result from financial services growth rate in the first half should not be extrapolated to the full year, with second half earnings expected to be similar to first half earnings. The first half performance in 2022 was negatively impacted by weak investment markets and weak performance from the group's general insurance operations, while the second half of 2022 saw a significant turnaround in earnings. As a result, the growth in the second half of 2023 is unlikely to be as strong as the first half growth rate.

The transactions to fortify our position in South Africa are progressing well. The Absa asset management and AlexForbes transactions completed in 2022 and 2023 have contributed positively to earnings and new business volume growth over the period. The Absa asset management integration has progressed well, with synergy benefits realised sooner than expected. Management will continue to implement actions focused on improving the Absa asset management net client cash flows.

BrightRock and Capital Legacy will begin contributing to returns in the second half of the year. BrightRock has shown an improving trend in sales growth over the first half of the year and the business is now fully focused on its core individual life business in the affluent market. Capital Legacy continues to show strong growth with volumes of the company's flagship product, the Legacy Protection Plan, recording growth of 15% over the comparative period. The company's in-force customer base has grown by 34% since June 2022.

AfroCentric has experienced difficult trading conditions in current financial year. The business is strategically important for Sanlam and the group is now able to direct and support its growth and development.

In our Pan-African operations, the SanlamAllianz business is newly established and management is now focused on integrating the operations and realising revenue and cost synergies. The long-term growth prospects for the portfolio remain very attractive.

The efforts in South Africa to improve the energy supply situation, to improve the country's logistics performance and to improve levels of crime and corruption are welcomed by the group. It remains important that there is a continued turnaround in these areas to support a recovery in South Africa's economic growth rate.

We remain positive about the medium to long-run prospects for the other African countries in which we operate, with the short-term economic challenges set to reverse over time and the continent likely to achieve good income growth, which is supportive of our operations.

The Indian economy has recovered well from the Covid-19 pandemic and we are very positive about the medium and long-run prospects of our Indian operations.

Sanlam group salient results *continued*

Additional information

Key performance indicators

For the six months ended 30 June	Unit	2023	2022	Δ
Earnings			Restated	
Shareholders' fund information				
Net result from financial services[1]	R million	6 177	4 895	26%
Cash net results from financial services[2]	R million	6 256	4 828	30%
Net operational earnings	R million	7 486	4 557	64%
Headline earnings	R million	6 902	3 185	117%
Weighted average number of shares	million	2 068	2 076	
Adjusted weighted number of shares	million	2 204	2 209	
Net result from financial services per share	cents	280	222	26%
Net operational earnings per share	cents	340	206	65%
Headline earnings per share	cents	339	156	118%
Diluted headline earnings per share	cents	334	154	117%
IFRS information				
Basic profit attributable to shareholders' fund per share	cents	389	250	56%
Diluted profit attributable to shareholders' fund per share	cents	383	246	55%
Business volumes				
Total new business volumes	R million	190 793	159 887	19%
Total net client cash flows	R million	11 357	37 074	(69%)
Life insurance				
New business volumes (PVNBP)[3]	R million	44 751	43 032	4%
Value of new covered business[4]	R million	1 305	1 076	21%
Value of new covered business	R million	1 265	1 076	18%
New covered business margin	%	2,83	2,50	
New covered business margin[4]	%	2,91	2,50	
Life insurance net client cash flows	R million	7 465	13 762	(46%)
General insurance				
New business volumes	R million	24 039	21 765	10%
Net client cash flows	R million	8 698	7 491	16%
Investment management				
New business volumes	R million	134 317	104 891	28%
Net client cash flows[5]	R million	(4 806)	15 821	
Group equity value				
Group equity value[6]	R million	143 544	140 776	
Group equity value per share[6]	cents	6 785	6 380	
Return on group equity value per share (six-month period)	%	12,0	(2,8)	
Adjusted return on group equity value per share (six-month period)	%	8,5	6,8	
Solvency cover				
Sanlam group[6]	%	167	169	
Sanlam Life Insurance Limited[6]	%	240	230	
Sanlam Life insurance Limited covered business[6]	%	173	176	

Notes

(1) The 2023 earnings and the restated earnings for the comparable period in 2022 are based on the new IFRS 17 accounting standard, after allowing for Sanlam specific shareholders' fund adjustments.

(2) Cash NRFFS represents NRFFS as adjusted for the reversal of specific non-cash items: amortisation of capitalised IT projects and IFRS 17 specific and other non-cash adjustments.

(3) Present value of new business premiums.

(4) Constant economic basis.

(5) Percentage changes are greater than plus or minus 100%.

(6) Comparative figures on 31 December 2022.

Net result from financial services of R6,2 billion increased by 26%. The group performed well across all lines of business, with life insurance increasing 28%, general insurance 38% and credit and structuring 36%. Investment management increased 2% and would be 9% higher on a comparable basis.

Net operational earnings of R7,5 billion increased by 64%. The higher growth relative to net result from financial services is due to increased investment return of R1,5 billion (2022: negative R120 million) that benefited from the recovery in local and international investment markets over the period.

Headline earnings and diluted headline earnings per share increased by 118% and 117% respectively, with the higher growth relative to net operational earnings due to non-economic and accounting mismatch profits and losses recognised in terms of IFRS, lower amortisation of value of business acquired as well as the reversal of the specific shareholders' fund adjustments made to net result from financial services.

Attributable earnings per share increased by 56% to R7,9 billion from R5,1 billion in the comparative period. The lower increase relative to headline earnings is mainly due to a profit of R1,2 billion in 2023 on the sale of the Lebanon operations relative to the profit of R1,7 billion on the sale of the UK wealth businesses in 2022. The profit reported on the sale of the Lebanon business is essentially due to the recycling of the foreign currency translation reserve created in the past due to the hyperinflationary accounting. This was partly offset by an impairment in respect of aYo (the joint venture with MTN) of R241 million due to currency devaluations in Nigeria.

Group equity value

Group equity value (GEV) amounted to R143,5 billion or 6,785 cents per share on 30 June 2023, with a RoGEV of 11,3% for the six-month period. RoGEV for the covered business was 7,0%, with non-covered business (including discretionary capital and other) at 14,5%.

Adjusted RoGEV amounted to 7,9%, above the 7,5% hurdle for the first six months of 2023. The covered business adjusted RoGEV was 8,9%, and the non-covered business (including discretionary capital and other) recorded an adjusted RoGEV of 7,2%.

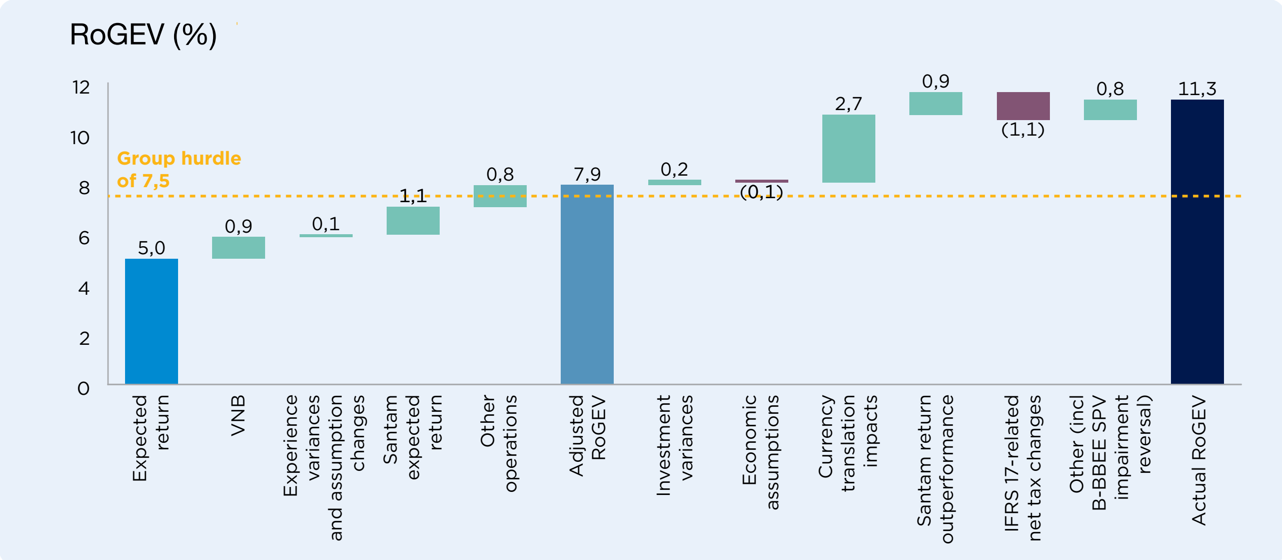
On a per share basis, RoGEV is 12,0% and adjusted RoGEV is 8,5% for the six months. The uplift to the RoGEV metrics on a per share basis is due to the 85 million Sanlam shares held by the B-BBEE SPV, which are now treated as treasury shares for GEV per share purposes post the acquisition of the senior ranking preference shares from SBSA.

Analysis of RoGEV for the six months ended 30 June 2023

	Total	%	Covered	%	Non-covered	%
GEV at 31 December 2022 (R million)	**140 776**		**60 158**		**80 618**	
Expected return	6 988	5,0%	3 370	5,6%	3 618	4,5%
Value of new covered business	1 265	0,9%	1 265	2,1%	–	0,0%
Operating experience variances	(117)	(0,1%)	332	0,6%	(449)	(0,6%)
Operating assumption changes	242	0,2%	(193)	(0,3%)	435	0,5%
Santam expected return	1 517	1,1%	–	(0,0%)	1 517	1,9%
Expected return on net asset value	701	0,5%	583	1,0%	118	0,1%
Other earnings (including expected currency movements)	524	0,3%	(6)	0,0%	530	0,7%
Adjusted RoGEV	**11 120**	**7,9%**	**5 351**	**8,9%**	**5 769**	**7,2%**
Investment variances	278	0,2%	261	0,4%	17	0,0%
Economic assumption changes	(191)	(0,1%)	(52)	(0,1%)	(139)	(0,2%)
Foreign currency translation differences	3 836	2,7%	153	0,3%	3 683	4,6%
Santam return outperformance	1 263	0,9%	–	0,0%	1 263	1,6%
IFRS 17 related net tax changes	(1 486)	(1,1%)	(1 486)	(2,5%)		(0,0%)
Other	1 063	0,8	–	0,0%	1 063	1,3%
Actual RoGEV	**15 883**	**11,3%**	**4 227**	**7,0%**	**11 656**	**14,5%**

Sanlam group salient results *continued*

The main components contributing to RoGEV are:



- VNB contributed 0,9% benefiting from satisfactory levels of new business volumes with increased sales of higher margin products. The South African retail affluent business and the emerging markets operations contributed to the strong performance (refer to page 44 for more information).
- Operating experience variances and assumption changes together contributed positive 0,1%, the combination of a negative 0,1% from experience variances and positive 0,2% from assumption changes. The key items are as follows:

Experience variances

- Positive risk experience variances of R630 million in the covered business relative to positive R475 million in 2022. All clusters contributed positively to risk experience.
- Persistency experience in the covered business was negative R647 million relative to negative R298 million in 2022. Persistency was weaker in the retail mass, corporate and emerging markets operations. Persistency experience in retail affluent remained positive, benefiting from a range of proactive management interventions. In the retail mass business, management actions have had a positive impact on early duration persistency, which has stabilised. Longer duration persistency continues to show stress, reflecting the difficult economic climate and its impact on lower-income market segments. Corporate was impacted by lower-than-expected fees due to scheme terminations and increased affordability constraints. Emerging markets was impacted by weaker experience in Botswana.
- Higher positive credit spread and working capital profits due to increased margin income in the credit portfolio and the impact of higher interest rates on working capital.
- Negative experience variances in the non-covered business were mainly due to higher outflows than expected in the international investment management operations.

Assumption changes

- Positive assumption changes in the non-covered operations due to an improved growth outlook in the Shriram Finance credit operations in India and the realisation of synergy benefits from the Absa asset management integration.
- The covered business recorded small negative changes across the main assumption sets.

- Investment variances contributed positive 0,2% for the first six months of 2023 reflecting improved investment returns and the impact of the weakening of the rand on adjusted net worth.
- Positive impact from currency translation due to the rand weakening against most of the valuation currencies.
- Positive contribution from Santam due to outperformance of its return on capital target over the period.
- IFRS 17 related net tax changes negatively impacted RoGEV by 1,1% due to accelerated tax payable on transition, and the additional tax on the investment return earned on the IFRS discretionary margins that were transferred from the policyholder funds to the shareholders' funds on transition.

Impact of IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts became effective 1 January 2023. Sanlam has restated the 2022 comparatives on this new standard to enable comparison to 2023. The fundamentals of our business, including our strategy, are not changed by its implementation. Our key financial performance focus remains on value creation, as measured by RoGEV, and on dividend growth. Free cash flow generation for dividend purposes is not impacted. Sanlam's overall financial strength and solvency position are not impacted.

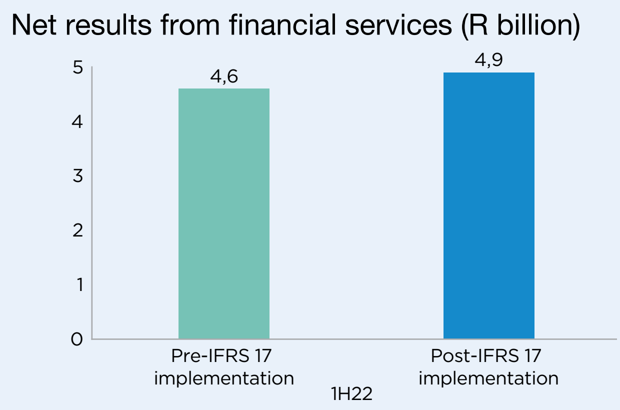
In line with past practice, the group will continue to prepare shareholders' fund information in addition to the IFRS information, including the shareholders' fund income statement, which is a different presentation form of the IFRS income statement and represents Sanlam's operational and investment activities in the manner that the Sanlam board assesses the group's performance. A reconciliation between the IFRS and shareholders' fund income statements is provided in note 13 on page 74.

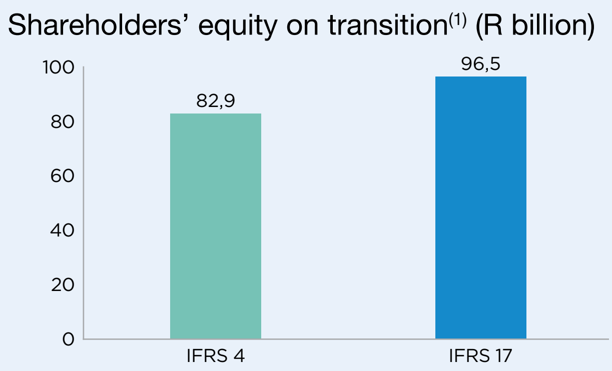
The IFRS numbers (previously IFRS 4 and now IFRS 17) are a base upon which Sanlam specific shareholder fund adjustments are made to derive the net result from financial services and the underlying cash net result from financial services as disclosed. These shareholder fund adjustments do not impact attributable earnings or total IFRS profit after tax.

To this end, the following key metrics are defined and used by Sanlam:

- NRFFS represents IFRS earnings adjusted for specific shareholders' fund adjustments.
- Cash NRFFS represents NRFFS as adjusted for the reversal of specific non-cash items: amortisation of capitalised IT projects and IFRS 17 specific and other non-cash adjustments.
- Cash earnings generated represents cash NRFFS adjusted for project costs not capitalised or funded from discretionary capital. This earnings measure forms the base for dividend declarations.

The metrics of net result from financial services and shareholders' equity for 2022 are higher under IFRS 17 than under the previous standard, IFRS 4, reflecting the benefit of Sanlam's historically prudent financial management.





(1) 1 January 2022

For more detail on the transition to IFRS 17, refer to note 13 on page 126 of the 2023 interim financial statements.

Shareholders' fund reserves

On transition to IFRS 17, discretionary margins held under IFRS 4 are released, which are now held as new shareholders' fund reserves in shareholders' equity. These shareholders' fund reserves include an asset mismatch reserve and other shareholders' fund reserves for specific future events such as pandemics and digital transformation (future fit) projects related to insurance business. The establishment of these shareholders' fund reserves retains the overall prudence inherent in Sanlam's financial management. Net shareholders' fund reserves of R12,8 billion were held on 30 June 2023 (refer to note 8 on page 71 of the 2023 interim financial statements).

The asset mismatch reserve will absorb the impact of short-term volatility in investment markets on net result from financial services in the shareholders' fund income statement (for more detail on the asset mismatch reserve and other shareholders' fund reserves, see pages 18 and 19 of the 2023 interim financial statements).

IFRS 17 had a relatively sizable impact on the Pan-African and Indian general insurance operations due to the predominance of long-tail business in their portfolios. Claims liabilities are now discounted under IFRS 17, which has the effect of reducing the liabilities and consequently increasing the underwriting margin and lowering the investment return on insurance funds (as a percentage of net earned premiums).

Sanlam group salient results *continued*

The discounting of liabilities introduces another level of volatility to the underwriting margin due to changes in the market related discount rate. This is in addition to the volatility already experienced in investment return on insurance funds in the Pan-African operations due to equity and bond exposure. The group has therefore introduced an asset mismatch reserve (AMR) which impacts both the underwriting margin and investment return on insurance funds in the Pan-African operations, to absorb the effects of short-term market volatility. A similar methodology has been applied in the Indian general insurance operations.

The table below shows a comparison of key metrics for the Pan-African general insurance operations on an IFRS 4 and IFRS 17 basis, as well as after implementation of the AMR. The AMR was applied to the 2023 underwriting margin and investment return on insurance funds. The application of the AMR in 2023 had the effect of dampening the underwriting margin and investment return on insurance funds (as a percentage of net earned premiums), as the actual investment return outperformed expected returns, and the positive variance was absorbed by the AMR.

Underwriting margin	IFRS 4	IFRS 17	IFRS 17 (after AMR)
2022	5,0%	8,1%	
2023	7,2%	9,7%	7,3%

Investment return on insurance funds (as a % of net earned premiums)	IFRS 4	IFRS 17	IFRS 17 (after AMR)
2022	(1,5%)	(0,7%)	
2023	11,3%	5,0%	2,2%

Reconciliation of IFRS and shareholders' fund NRFFS

R million	2023	Restated 2022	%
IFRS profit after tax attributable to SHF	7 916	5 117	55%
Items outside of NRFFS	(1 732)	(898)	
Investment return	(1 538)	120	
Project expenses	229	218	
Net other earnings	(423)	(1 236)	
Net result from financial services (before SHF adjustments)	6 184	4 219	47%
Specific shareholders' fund adjustments	(7)	676	
Impact of adjusting CSM at locked-in interest rates	88	(12)	
Insurance contracts economic impacts	(143)	237	
AMR movements	37	443	
Other adjustments	11	8	
Net result from financial services (after SHF adjustments)	6 177	4 895	26%
Investment return	1 538	(120)	
Project expenses	(229)	(218)	
Net operational earnings	7 486	4 557	64%

SHAREHOLDERS' FUND INFORMATION

Confidence Rule 45:

ALL GOOD THINGS COME TO THOSE WHO WAIT. LIKE COMPOUND INTEREST.

Contents

Report on the review of the interim shareholders' fund information report of Sanlam Limited

To the directors of Sanlam Limited

Introduction

We have reviewed the shareholders' fund information report of Sanlam Limited for the six months ended 30 June 2023, as set out on pages 14 to 75. The shareholders' fund information report is prepared for the purpose of providing 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 condensed consolidated interim financial statements. Our responsibility is to express a conclusion on this shareholders' fund information report based on our review.

Directors' responsibility for the shareholders' fund information report

The directors of Sanlam Limited are responsible for the preparation and presentation of the shareholders' fund information report in accordance with the equity value basis set out in the section "basis of accounting - shareholders' fund information" to the shareholders' fund information report and for determining that the basis of preparation is acceptable in the circumstances.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the shareholders' fund information is not prepared, in all material respects, in accordance with the basis set out in the note "basis of accounting - shareholders' fund information" to the shareholders' fund information report.

Basis of accounting and restriction on use

Without modifying our conclusion, we draw attention to the section "basis of accounting - shareholders' fund information" to the shareholders' fund information report, which describes the basis of accounting. The shareholders' fund information report is prepared 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 condensed consolidated interim financial statements prepared in terms of IFRS (previously reported as segmental reporting). As a result, the shareholders' fund information report may not be suitable for another purpose. Our report is intended solely for the directors of Sanlam Limited and should not be used by any other parties. We agree to the publication of our report in the Interim Results for the six months ended 30 June 2023 of Sanlam Limited provided it is clearly understood by the recipients of the Interim Results for the six months ended 30 June 2023 that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our report.

KPMG Inc

KPMG Inc.
Director: Pierre Fourie
Registered Auditor
KPMG Crescent
85 Empire Road
Parktown

6 September 2023

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Alsue du Preez
Registered Auditor
5 Silo Square
V&A Waterfront
Cape Town

6 September 2023

Basis of accounting – shareholders' fund information

The purpose of this section is to provide additional information to users 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 Sanlam condensed consolidated interim financial statements prepared in terms of IFRS.

It includes an analysis of the group shareholders' fund 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 additional shareholders' fund information to users of Sanlam's financial information.

The group also discloses group equity value (GEV) information in accordance with the requirements of Actuarial Practice Note (APN 107). 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 toward 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 a meaningful basis of reporting the underlying value of the group's operations and the related performance drivers. This basis explicitly allows for the impact of uncertainty in future investment returns and is consistent with the group's operational management structure.

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

Basis of accounting – shareholders' fund 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 condensed consolidated interim financial statements, apart from the specific items described under separate headings in this section. Management considers this basis of accounting applied for the shareholders' fund information to be suitable for the intended users of this financial information.

The application of the basis of accounting of the shareholders' fund information is also consistent with that applied in the 2022 annual report apart from impacts relating to IFRS 17 that became effective 1 January 2023. 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)
- Financial statements consisting of:
  - Net asset value (refer page 38)
  - Income statement (refer page 40)
  - Related notes, including embedded value of covered business-related disclosures.

IFRS 17 impact on shareholders' fund information

IFRS 17 Insurance Contracts became effective 1 January 2023. Sanlam has restated the 2022 financial statement comparatives on this new standard to enable comparison to 2023. The detail of the change is included in note 13 of the condensed consolidated interim financial statements.

The fundamentals of Sanlam's business, including our strategy, are not changed by its implementation. Sanlam's key financial performance focus remains on value creation, as measured by RoGEV, and on dividend growth. Free cash flow generation for dividend purposes is not impacted. Sanlam's overall financial strength and solvency position are not impacted.

To this end, the following key metrics as defined and used by Sanlam in internal and external communication remain:

- Net result from financial services (NRFFS) represents IFRS earnings adjusted for specific shareholders' fund adjustments.
- Cash NRFFS represents NRFFS as adjusted for the reversal of specific non-cash items: amortisation of capitalised IT projects and the reversal of changes in insurance contract assets (ie negative liabilities).
- Cash earnings generated represents cash NRFFS adjusted for project costs not capitalised or funded from discretionary capital. This earnings measure forms the base for dividend declarations.

In line with past practice, the group will continue to prepare shareholders' fund information in addition to the IFRS information, including the shareholders' fund income statement, which represents Sanlam's operational and investment activities in the manner that the Sanlam board assesses the group's performance.

Transition and specific shareholders' fund reserves

The transition to IFRS 17 resulted in a reduction in policyholder liabilities with a corresponding increase in net asset value. The increase in net asset value attributable to covered business was classified as specific shareholders' fund reserves within retained earnings to manage short-term volatility, as before. As a result, these specific shareholders' fund reserves are written down for group equity value (elimination of specific shareholders' fund reserves) purposes and replaced with value of in force. The recognition and measurement of shareholders' fund reserves are included in the basis of preparation.

Shareholders' fund adjustments in the income statement

Sanlam's dividend policy is supported by sustainable operating performance. Consequently, net result from financial services is adjusted for short-term market volatility (eg as a result of investment variances), accounting mismatches (locked in rates vs current rates). These adjustments are reversed in the shareholders' fund income statement outside of operational earnings to have a zero impact in the IFRS income statement. Additional disclosures are provided in note 1 on the specific shareholders' fund income statement adjustments.

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 net asset value with the following:

- Adjustments in respect of covered business:
  - Elimination of goodwill and other intangible assets in respect of investment contracts are measured under IFRS 9 Financial Instruments, as these assets are replaced by the value of the in-force book.
  - Elimination of insurance contract assets recognised in terms of IFRS 17 Insurance Contracts, as these assets are included in the calculation of the value of the in-force book.
  - Elimination of the asset mismatch reserve and other specific shareholders' fund reserves held as part of the capital allocated to contracts measured under IFRS 17 and IFRS 9, as these reserves are included in the calculation of the value of the in-force book.
  - Adding the value of the in-force book.
- Adjustments in respect of other operations:
  - Adding the fair value adjustment for other operations, comprising of the difference between the fair value of these operations and the corresponding net asset value included in the shareholders' fund at net asset value.
  - Adjustments to net worth, including allowance for the present value of holding company expenses.

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 set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the condensed consolidated interim 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 analyses are provided for changes from the base estimates and assumptions (refer to note 3 for covered operations and note 5 for non-covered operations).

Basis of accounting – shareholders' fund information *continued*

Fair value of businesses included in GEV

Fair values for listed businesses are determined by using stock exchange prices or directors' valuations, and 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 period 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 period 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.

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 reflect the consolidated financial position and earnings of the shareholders' fund, based on accounting policies consistent with those contained in the Sanlam condensed consolidated financial statements, apart from the ones discussed below.

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

Consolidation reserve

A consolidation reserve is created as part of shareholders' equity in the group statement of financial position for the IFRS accounting mismatches outlined below that are regarded as non-economical in management's view. The consolidation reserve 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 attributable earnings.

- In terms of IFRS, deferred tax assets are recognised in respect of assessed tax losses in policyholder funds, which increases the group's equity value, whereas the policy liabilities are not increased correspondingly. This leads to an artificial mismatch, with a consequential impact on the group's shareholders' fund and earnings.
- 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 recognised in the consolidation reserve and fund transfers, respectively. Initially, the SPV was funded 50% by a loan issued by Sanlam to the SPV, and 50% by external debt, consisting of A-preference shares funding and collar loan funding. Effective 30 June 2023, Sanlam acquired the A-preference shares funding as announced on 18 August 2023. The collar loan funding was ringfenced with 26 million Sanlam shares with the remaining 85,1 million shares backing the A-preference shares and B-preference shares funding. 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 reflected on the balance sheet

Historically, the SPV was not consolidated in the shareholders' fund as it was 50% funded by an external funder and therefore no value was recognised for shareholders reporting. Following the transaction announced in August 2023, Sanlam now owns all the preferences shares that is backed by the 85 million Sanlam shares. Effective 30 June 2023, the SPV will be consolidated for shareholders' fund information purposes due to the change in Sanlam intent to buy back the Sanlam shares backing the preference shares from the SPV within the next 12 months. The net impact of the consolidation of the SPV and treatment of the Sanlam shares held within the SPV as treasury shares amount to an increase of R4.8 billion with a zero impact on group equity value earnings.

- For insurance contracts measured under the General Measurement Model (GMM) in terms of IFRS 17, changes in estimates of the fulfilment cash flows related to future service (for example, changes due to non-financial assumption changes) are reflected in the contractual service margin (CSM). However, these changes are measured at the locked-in interest rates that applied at the initial recognition date of each group of insurance contracts, which results in a mismatch between the movements in the fulfilment cash flows and the adjustments to the CSM.

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

Basis of accounting – shareholders' fund information *continued*

Specific shareholders' fund reserves

Asset mismatch reserve

An asset mismatch reserve is created in the group statement of financial position for investment variances emanating from insurance and investment contracts measured under IFRS 17 and IFRS 9 respectively. Although the group follows a policy of matching insurance and investment contract cash flows on a duration-matched basis, complete matching is not possible for all lines of business given unique product features and/or the availability of matching assets. This results in mismatch profits or losses being recognised in earnings as changes in the measurement of insurance and investment contract liabilities and the underlying matching assets will not fully offset. In addition, investments in corporate credit instruments measured at fair value also result in earnings volatility due to movements in market spreads and credit default provisions. Differences between the assumed and actual investment return earned on asset classes is another source of mismatched profits and losses. Changes in the cost of investment guarantees is another source of earnings volatility, with these variances being mainly driven by economic impacts such as changes in equity market levels, interest rates and equity volatility. Excess claims related to the payment of investment guarantees and/or any capital injections due to shortfalls arising from inadequate funding levels, will be recognised as losses in earnings. Changes in the estimates of the future cost of investment guarantees are absorbed by the CSM and deferred over the lifetime of the insurance contracts, impacting the:

- amount of CSM recognised in net result from financial services in the current reporting period; and
- the amounts of CSM expected to be recognised in net result from financial services in future reporting periods.

The asset mismatch reserve is utilised to absorb the earnings volatility described above, supporting the group's strategic objective of increasing dividends to shareholders by between 2% and 4% in real terms over a three-year rolling basis.

The asset mismatch reserve is recognised in the shareholders' fund at net asset value. Movements in the asset mismatch reserve are recognised in a separate line item in the shareholders' fund's income statement, outside of net operational earnings.

The asset mismatch reserve is increased or reduced for insurance contracts by allowing for the following:

- economic mismatch profits or losses due to duration mismatching of the assets backing the fulfilment cash flows and CSM;
- investment variances arising from actual investment returns on the assets backing the liabilities being different from those expected, including the risk-free rate component of corporate credit exposures;
- movements in credit spreads and default provisions relating to corporate credit exposures;
- mismatch profits or losses due to changes in the cost of investment guarantees for insurance contracts measured under the VFA; and
- net investment return earned on the assets backing the asset mismatch reserve.

For insurance contracts measured under the variable fee approach (VFA), the investment variances described above are only adjusted for in the asset mismatch reserve if they arise from holding assets not related to the underlying items.

The asset mismatch reserve is increased or reduced for investment contracts in SLS by allowing for economic mismatched profit or loss and investment variances (as described above) specifically related to the assets backing the contract cash flows for vesting bonuses and tax credits.

The asset mismatch reserve is recycled (released) to net result from financial services based on the reserve and a rate of release of approximately 10% per annum, which considers:

- the expected volatility of the items that will be transferred to the asset mismatch reserve driven by the underlying asset mix and the general economic environment that the relevant business operates in;
- the prevailing interest rate environment and the underlying asset mix, and therefore the expected growth in the asset mismatch reserve from the investment returns on the backing assets (before allowing for the release in the asset mismatch reserve);
- the mix and duration of the insurance business (for example, general insurance business relative to life insurance business); and
- the projected solvency cover level compared to target ranges based on a specified release pattern.

Other shareholders' fund reserves

Other shareholders' fund reserves were created on transition to IFRS 17 for specific future events such as pandemics and digital transformation (future fit) projects related to insurance business. These shareholders' fund reserves are held in addition to the insurance liabilities.

Similar to the asset mismatch reserve above, other shareholders' fund reserves are recognised in the shareholders' fund at net asset value. Movements in these reserves are recognised in a separate line item in the shareholders' fund income statement, outside of net operational earnings with a corresponding adjustment to net result from financial services.

The future release pattern of the reserves for future project expenses is consistent with the related expenses incurred over time. These reserves will also absorb excess claims in a future pandemic. The purpose of these reserves is therefore to manage volatility in cash earnings available for dividend distribution.

Reserves in respect of future-fit projects originated on transition to IFRS 17 where specific policyholder reserves were released to equity, and investment return on the assets backing this reserve will also be used to fund these project expenses. This reserve is used to absorb costs directly expensed in the income statement and expenses capitalised to manage the impact on dividend volatility. The utilisation of this reserve is presented in the shareholders' fund income statement by reducing the related expenses included in net result from financial services, with a corresponding adjustment in net movement in other shareholders' fund reserves (outside of operational earnings), resulting in a decrease in the reserve. Future fit expenses capitalised are also funded from this reserve to manage the impact on dividend distribution.

Sanlam re-established a pandemic reserve in 2022, presented as a reduction in net result from financial services with a corresponding increase in the net movement in other shareholders' fund reserves (outside of operational earnings), with a zero impact on attributable earnings. The utilisation of this reserve is presented in the shareholders' fund income statement on a similar basis, resulting in a decrease in the reserve. Investment returns on the assets backing the pandemic reserves will be released to net result from financial services over time.

Target shares

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

Segregated funds

Sanlam also manages and administers assets in terms of third-party mandates, which are for the account of and at the risk of the clients. As these are not the assets of the Sanlam group, they are not recognised in the Sanlam group statement of financial position in terms of IFRS and are 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.

Net result from financial services

Net result from financial services is a measure of operating performance of the Sanlam group that is better aligned to cash earnings which drive dividend distribution. Investment return on assets held in the capital portfolio are excluded from net result from financial services. The specific shareholders' fund adjustments described below are included in net result from financial services to reflect earnings that are closely aligned to cash earnings for dividend distribution:

- Asset mismatch reserve movements; and
- Other shareholders' fund reserve movements related to:
  - Pandemic events; and
  - Future-fit project expenses.

Further adjustments are made to net result from financial services to remove remaining components of non-cash related earnings. These adjustments are not presented in the shareholders' fund income statement, instead being disclosed in a note which shows the reconciliation between net result from financial services and cash earnings (see note 1 on page 42 for further details).

Basis of accounting – shareholders' fund information *continued*

Equity-accounted earnings

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

- Operating associates and joint ventures include investments in strategic operational businesses, namely Sanlam Personal Loans, aYo Holdings group, Shriram Finance Limited (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 share of earnings from these entities are reflected as equity-accounted earnings.

Normalised earnings per share

In accordance with the JSE Listings Requirements, 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 up to 30 June 2023 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 shares held by the B-BBEE SPV. However, the group calculates normalised diluted earnings per share (a non-IFRS measure) to eliminate fund transfers relating to the 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 according to the group's embedded value assumptions 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 client withdrawals of non-annuity funds under administration are excluded. Transfers between the various types of business, other than those resulting from a specific client instruction, are eliminated.

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

Basis of accounting and presentation – 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' fund 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 2022 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 and Sanlam Emerging Markets.

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, asset mismatch reserves or other shareholders' fund reserves (refer to page 26).

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, eg 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, eg 135% for Sanlam Life covered business, 115% for Santam Limited, even after severe but plausible stress scenarios.

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

Transfers are made to or from adjusted net worth on an annual basis for the following:
- Transfers of net operating profit. These transfers relate to dividends paid from covered business in terms of the group's internal dividend policy to fund the dividend payable to Sanlam Limited shareholders; 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.

Basis of accounting – shareholders' fund information *continued*

Net value of in-force business

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

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

The policy liabilities are valued based on IFRS 17 for life insurance contracts and IFRS 9 for investment contracts. The adjusted net worth incorporates certain adjustments from the shareholders' fund at net asset value as outlined above. The policy liabilities include profit margins, which can be expected to emerge as profits in future. For insurance contracts measured under the GMM and VFA, these profit margins mainly comprise of the CSM and the risk adjustment for non-financial risk. The assets backing the asset mismatch reserves can be expected to emerge as profits in the future, excluding the portion of the assets earmarked to absorb variances in the cost of investment guarantees. This investment guarantee surplus included in the asset mismatch reserves will absorb the variances in the estimates of the future cost of investment guarantees as described on page 18, where relevant. If the estimates of the future cost of investment guarantees are higher than expected, therefore reducing the CSM and PVIF, the PVIF on the asset mismatch reserves will be increased to offset this variance by reducing the investment guarantee surplus (and vice versa if the estimates of the future cost of investment guarantees are lower than expected). The investment returns on the assets backing the other shareholders' fund reserves (excluding future-fit project reserves) can also be expected to emerge as profit. For investment contracts measured under IFRS 9, future fund-based charges less expenses will emerge as profit margins. 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 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 52, 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. A stochastic modelling approach is used to provide for the possible cost of minimum investment return guarantees on insurance contracts, where relevant. These reserves are determined on a 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.

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.

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.

Basis of accounting – shareholders' fund information *continued*

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, however term dependent inflation assumptions are used where market observable data is available.

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. Future mortality rates also include an allowance for the impact of future pandemics.

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 2022. Expense assumptions include those expenses deemed to be not directly attributable to the fulfilment of insurance contracts under IFRS 17.

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 and inflation 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 30 June

R million	Notes	Group equity value Reviewed June 2023	Group equity value Restated Reviewed December 2022	Value of in-force/ Fair value adjustment Reviewed June 2023	Value of in-force/ Fair value adjustment Restated Reviewed December 2022
Sanlam Life and Savings	7.1.3	56 278	54 415	45 990	46 172
Covered business[1]		49 461	49 386	43 382	43 296
SA Retail Mass		11 431	11 682	9 989	10 253
SA Retail Affluent		31 532	31 863	28 771	29 078
Sanlam Corporate		6 498	5 841	4 622	3 965
Non-covered business		6 817	5 029	2 608	2 876
SA Retail Affluent		4 438	4 163	2 896	3 125
Glacier		2 755	2 647	1 912	2 294
Other operations		1 683	1 516	984	831
Sanlam Corporate		2 379	866	(288)	(249)
Sanlam Emerging Markets		48 487	42 302	10 327	6 997
Covered business	7.2.8	9 766	9 025	4 236	4 039
SPA Life		7 200	6 777	3 159	3 123
India		1 442	1 203	665	534
Malaysia		1 124	1 045	412	382
Non-covered business		38 721	33 277	6 091	2 958
SPA GI[2]		19 611	17 305	2 460	1 849
India		17 959	14 200	4 896	1 987
Other operations[2]		1 151	1 772	(1 265)	(878)
Sanlam Investment Group		14 874	13 752	8 125	7 506
Covered business	7.3.2	1 785	1 747	(919)	(957)
Non-covered business		13 089	12 005	9 044	8 463
Sanlam Investments		3 418[3]	3 137	805	1 010
Wealth Management		3 550	3 138	3 339	2 909
International		4 478	4 201	3 407	3 205
Sanlam Specialised Finance		1 643	1 529	1 493	1 339
Santam		19 598	17 391	12 329	10 472
Discretionary capital		3 184	5 274	–	–
Other capital		3 664	10 170	–	–
Present value of holding company expenses	11	(2 541)	(2 528)	(2 541)	(2 528)
Group equity value		143 544	140 776	74 230	68 619
Covered business	3	61 012	60 158	46 699	46 378
Non-covered business	5.1	78 225	67 702	30 072	24 769
Group operations		139 237	127 860	76 771	71 147
Discretionary, other capital and PV of holding company expenses		4 307	12 916	(2 541)	(2 528)
Group equity value		143 544	140 776	74 230	68 619
Value per share	10	67,85	63,80		

(1) Excludes subordinated debt funding of Sanlam Life.
(2) aYo has been reclassified from SPA GI to other operations.
(3) Includes Sanlam 66% share of the third party asset management business of R3 836 million (31 December 2022: R3 466 million).

Adjusted net asset value		Elimination of specific shareholders' fund reserves		Elimination of goodwill		Shareholders' fund at net asset value	
Reviewed June 2023	*Restated Reviewed December 2022*	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022
10 288	*8 243*	(11 369)	(10 922)	(697)	(1 033)	22 354	20 198
6 079	*6 090*	(11 369)	(10 922)	(697)	(1 033)	18 145	18 045
1 442	*1 429*	(5 018)	(4 097)	(18)	(165)	6 478	5 691
2 761	*2 785*	(6 351)	(6 825)	(444)	(628)	9 556	10 238
1 876	*1 876*	–	–	(235)	(240)	2 111	2 116
4 209	*2 153*	–	–			4 209	2 153
1 542	*1 038*	–	–	–	–	1 542	1 038
843	*353*	–	–	–	–	843	353
699	*685*	–	–	–	–	699	685
2 667	*1 115*	–	–	–	–	2 667	1 115
38 160	*35 305*	(984)	(799)	(1 927)	(2 893)	41 071	38 997
5 530	*4 986*	(984)	(799)	(1 927)	(2 893)	8 441	8 678
4 041	*3 654*	(984)	(799)	(1 387)	(2 321)	6 412	6 774
777	*669*	–	–	(344)	(308)	1 121	977
712	*663*	–	–	(196)	(264)	908	927
32 630	*30 319*	–	–	–	–	32 630	30 319
17 151	*15 456*	–	–	–	–	17 151	15 456
13 063	*12 213*	–	–	–	–	13 063	12 213
2 416	*2 650*	–	–	–	–	2 416	2 650
6 749	*6 246*	–	–	–	–	6 749	6 246
2 704	*2 704*	–	–	–	–	2 704	2 704
4 045	*3 542*	–	–	–	–	4 045	3 542
2 613	*2 127*	–	–	–	–	2 613	2 127
211	*229*	–	–	–	–	211	229
1 071	*996*	–	–	–	–	1 071	996
150	*190*	–	–	–	–	150	190
7 269	*6 919*	–	–	–	–	7 269	6 919
3 184	*5 274*	–	–	–	–	3 184	5 274
3 664	*10 170*	–	–	(1 197)	(1 197)	4 861	11 367
–	*–*	–	–	–	–	–	–
69 314	*72 157*	(12 353)	(11 721)	(3 821)	(5 123)	85 488	89 001
14 313	*13 780*	(12 353)	(11 721)	(2 624)	(3 926)	29 290	29 427
48 153	*42 933*	–	–	–	–	48 153	42 933
62 466	*56 713*	(12 353)	(11 721)	(2 624)	(3 926)	77 443	72 360
6 848	*15 444*	–	–	(1 197)	(1 197)	8 045	16 641
69 314	*72 157*	(12 353)	(11 721)	(3 821)	(5 123)	85 488	89 001
						40,41	40,33

Analysis of group equity value per line of business

at 30 June 2023 (reviewed)

R million	Total Reviewed June 2023	Total Restated Reviewed December 2022	Life business Reviewed June 2023	Life business Restated Reviewed December 2022	General insurance Reviewed June 2023	General insurance Restated Reviewed December 2022
Southern Africa	98 555	102 304	56 073	55 474	21 072	19 053
South Africa	88 555	92 503	51 246	51 133	19 598	17 391
Other	10 000	9 801	4 827	4 341	1 474	1 662
North and West Africa	17 637	15 752	1 541	1 682	17 570	15 467
East Africa	1 913	1 701	832	753	1 097	959
Other International	25 439	21 019	2 566	2 249	3 506	2 914
Total	143 544	140 776	61 012	60 158	43 245	38 393

R million	Investment management Reviewed June 2023	Investment management Restated Reviewed December 2022	Credit and structuring Reviewed June 2023	Credit and structuring Restated Reviewed December 2022	Administration and health Reviewed June 2023	Administration and health Restated Reviewed December 2022
Southern Africa	8 369	7 533	4 607	4 491	5 616	3 967
South Africa	7 492	6 777	2 179	2 177	5 616	3 810
Other	877	756	2 428	2 314	–	157
East Africa	155	160	–	–	–	–
Other International	4 619	4 270	14 748	11 586	–	–
Total	13 143	11 963	19 355	16 077	5 616	3 967

R million	Discretionary capital and other Reviewed June 2023	Discretionary capital and other Restated Reviewed December 2022
Southern Africa	2 818	11 786
South Africa	2 424	11 215
Other	394	571
North and West Africa	(1 474)	(1 397)
East Africa	(171)	(171)
Total	1 173	10 218

Change in group equity value

for the six months ended 30 June 2023 (reviewed)

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	54 415	3 214	1 836	(3 187)	56 278
Covered business	49 386	2 943	126	(2 994)	49 461
SA Retail Mass	11 682	531	(34)	(748)	11 431
SA Retail Affluent	31 863	1 222	243	(1 796)	31 532
Sanlam Corporate	5 841	1 190	(83)	(450)	6 498
Non-covered business	5 029	271	1 710	(193)	6 817
SA Retail Affluent	4 163	358	160	(243)	4 438
Glacier	2 647	262	–	(154)	2 755
Other operations	1 516	96	160	(89)	1 683
Sanlam Corporate	866	(87)	1 550	50	2 379
Sanlam Emerging Markets	42 302	6 685	320	(820)	48 487
Covered business	9 025	935	247	(441)	9 766
SPA Life	6 777	580	224	(381)	7 200
India	1 203	297	(2)	(56)	1 442
Malaysia	1 045	58	25	(4)	1 124
Non-covered business	33 277	5 750	73	(379)	38 721
SPA GI[1]	17 305	2 319	–	(13)	19 611
India	14 200	3 912	–	(153)	17 959
Other operations[1]	1 772	(481)	73	(213)	1 151
Sanlam Investment Group	13 752	1 885	(84)	(679)	14 874
Covered business	1 747	349	(116)	(195)	1 785
Non-covered business	12 005	1 536	32	(484)	13 089
Sanlam Investments	3 137	327	32	(78)	3 418
Wealth Management	3 138	555	–	(143)	3 550
International	4 201	405	–	(128)	4 478
Sanlam Specialised Finance	1 529	249	–	(135)	1 643
Santam	17 391	2 780	–	(573)	19 598
Discretionary capital	5 274	83	(2 173)	–	3 184
Other capital	10 170	1 249	115	(7 870)	3 664
Present value of holding company expenses	(2 528)	(13)	–	–	(2 541)
Elimination of intergroup dividends	–	–	(5 259)	5 259	–
Group equity value	140 776	15 883	(5 245)	(7 870)	143 544
Covered business	60 158	4 227	257	(3 630)	61 012
Non-covered business	67 702	10 337	1 815	(1 629)	78 225
Group operations	127 860	14 564	2 072	(5 259)	139 237
Discretionary and other capital	12 916	1 319	(2 058)	(7 870)	4 307
Elimination of intergroup dividends	–	–	(5 259)	5 259	–
Group equity value	140 776	15 883	(5 245)	(7 870)	143 544

[1] aYo has been reclassified from SPA GI to other operations.

Change in group equity value

for the six months ended 30 June 2022 (reviewed)

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	52	16	(2 635)	51 592
Covered business	48 937	216	87	(2 458)	46 782
SA Retail Mass	11 761	254	168	(660)	11 523
SA Retail Affluent	31 849	(282)	(149)	(1 538)	29 880
Sanlam Corporate	5 327	244	68	(260)	5 379
Non-covered business	5 222	(164)	(71)	(177)	4 810
SA Retail Affluent	4 319	(98)	(71)	(176)	3 974
Glacier	2 736	(170)	(30)	(87)	2 449
Other operations	1 583	72	(41)	(89)	1 525
Sanlam Corporate	903	(66)	–	(1)	836
Sanlam Emerging Markets	40 354	(1 763)	770	(756)	38 605
Covered business	9 026	25	(190)	(322)	8 539
SPA Life	6 923	40	(213)	(303)	6 447
India	1 092	17	21	(20)	1 110
Malaysia	1 011	(32)	2	1	982
Non-covered business	31 328	(1 788)	960	(434)	30 066
SPA GI	18 875	(1 998)	269	19	17 165
India	11 749	382	232	(86)	12 277
Other operations	704	(172)	459	(367)	624
Sanlam Investment Group	19 583	(1 850)	(3 077)	(239)	14 417
Covered business	2 614	(184)	(820)	44	1 654
Non-covered business	16 969	(1 666)	(2 257)	(283)	12 763
Sanlam Investments	3 209	137	–	(241)	3 105
Wealth Management	3 273	(173)	–	(81)	3 019
International	8 917	(1 415)	(2 257)	(55)	5 190
Sanlam Specialised Finance	1 570	(215)	–	94	1 449
Santam	18 241	(94)	–	(1 078)	17 069
Discretionary capital	2 936	72	3 616	–	6 624
Other capital	9 605	(270)	3 116	(7 374)	5 077
Present value of holding company expenses	(2 488)	(199)	–	–	(2 687)
Elimination of intergroup dividends	–	–	(4 708)	4 708	–
Group equity value	142 390	(4 052)	(267)	(7 374)	130 697
Covered business	60 577	57	(923)	(2 736)	56 975
Non-covered business	71 760	(3 712)	(1 368)	(1 972)	64 708
Group operations	132 337	(3 655)	(2 291)	(4 708)	121 683
Discretionary and other capital	10 053	(397)	6 732	(7 374)	9 014
Elimination of intergroup dividends	–	–	(4 708)	4 708	–
Group equity value	142 390	(4 052)	(267)	(7 374)	130 697

Return on group equity value

for the six months ended 30 June (reviewed)

%	June 2023	June 2022
Sanlam Life and Savings	5,9	0,1
Covered business	6,0	0,4
SA Retail Mass	4,5	2,2
SA Retail Affluent	3,8	(0,9)
Sanlam Corporate	20,4	4,6
Non-covered business	5,0	(3,1)
SA Retail Affluent	8,4	(2,3)
Glacier	9,9	(6,2)
Other operations	6,0	4,5
Sanlam Corporate	(7,7)	(7,3)
Sanlam Emerging Markets	15,8	(4,4)
Covered business	10,4	0,3
SPA Life	8,6	0,6
India	24,7	1,6
Malaysia	5,6	(3,2)
Non-covered business	17,3	(5,7)
SPA GI	13,3	(10,6)
India	27,5	3,3
Other operations	(26,5)	(24,4)
Sanlam Investment Group	13,7	(9,1)
Covered business	20,0	(7,0)
Non-covered business	12,8	(9,4)
Sanlam Investments	10,1	4,3
Wealth Management	17,7	(5,3)
International	9,8	(14,6)
Sanlam Specialised Finance	16,3	(13,7)
Santam	16,0	(0,5)
Discretionary capital and other	10,5	(4,3)
Group equity value[1]	11,3	(2,8)
Covered business	7,0	0,1
Other operations	15,2	(5,1)
Group operations	11,4	(2,7)
Discretionary and other capital	10,5	(4,3)
Group equity value	11,3	(2,8)
RoGEV per share	12,0	(2,8)
Sanlam group hurdle rate	7,5	6,9

[1] Refer to the financial review on page 7 for adjusted RoGEV information.

Analysis of group equity value earnings

for the six months ended 30 June

Covered business[1]

R million	Total Reviewed June 2023	Total Reviewed June 2022	Gross value of in-force Reviewed June 2023	Gross value of in-force Reviewed June 2022
Operational earnings	4 774	3 716	1 255	781
Value of new life insurance business[2]	1 265	1 076	2 473	2 734
Unwinding of discount rate	3 370	2 979	3 269	2 914
Expected profit	–	–	(4 278)	(4 302)
Operating experience variances	332	314	(199)	(107)
Risk experience	630	475	122	171
Persistency	(647)	(298)	(441)	(64)
Maintenance expenses	(111)	7	–	(2)
Working capital management	236	180	–	–
Credit spreads	195	8	–	–
Other	29	(58)	120	(212)
Operating assumption changes	(193)	(653)	(10)	(458)
Risk experience	(20)	(31)	(12)	(33)
Persistency	(65)	(580)	(46)	2
Maintenance expenses	(39)	44	(51)	(10)
Modelling changes and other	(69)	(86)	99	(417)
Net investment return	670	(21)	–	–
Expected return on adjusted net asset value	583	497	–	–
Investment variances on adjusted net asset value	87	(518)	–	–
Valuation and economic basis	280	(4 226)	267	(4 020)
Investment variances on in-force business	174	(2 336)	197	(1 992)
Economic assumption changes	(52)	(1 790)	(88)	(1 899)
Investment yields	(52)	(1 789)	(88)	(1 902)
Long-term asset mix assumptions and other	–	(1)	–	3
Foreign currency translation differences	158	(100)	158	(129)
IFRS 17 and related tax changes	(1 486)	621	(1 206)	604
Profit on disposal of subsidiaries and associated companies	–	(30)	–	–
Net project expenses	(11)	(3)	–	–
GEV earnings: covered business	4 227	57	316	(2 635)
Acquired value of in-force	395	100	394	130
Disposal of businesses	–	(784)	–	–
Transfers from/(to) other group operations	–	(119)	–	–
Transfers from covered business	(3 768)	(2 856)	–	–
Embedded value of covered business at the beginning of the period	60 158	60 577	50 018	49 427
Embedded value of covered business at the end of the period	61 012	56 975	50 728	46 922

[1] Refer to note 7 for an analysis per cluster.
[2] Refer to note 2 for additional information.

Covered business per cluster

R million	Total Reviewed June 2023	Total Reviewed June 2022	Gross value of in-force Reviewed June 2023	Gross value of in-force Reviewed June 2022
Sanlam Life and Savings	49 461	46 782	45 287	42 510
Sanlam Emerging Markets	9 766	8 539	5 417	4 540
Sanlam Investment Group	1 785	1 654	24	(128)
Sanlam group	61 012	56 975	50 728	46 922

Cost of capital		Adjusted net asset value	
Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
(112)	(138)	3 631	3 073
(128)	(139)	(1 080)	(1 519)
101	65	–	–
–	–	4 278	4 302
(14)	9	545	412
12	(2)	496	306
(26)	(13)	(180)	(221)
(1)	3	(110)	6
–	–	236	180
–	–	195	8
1	21	(92)	133
(71)	(73)	(112)	(122)
(1)	1	(7)	1
(3)	(19)	(16)	(563)
(2)	(2)	14	56
(65)	(53)	(103)	384
–	–	670	(21)
–	–	583	497
–	–	87	(518)
14	131	(1)	(337)
(21)	61	(2)	(405)
35	41	1	68
35	45	1	68
–	(4)	–	–
–	29	–	–
(280)	17	–	–
–	–	–	(30)
–	–	(11)	(3)
(378)	10	4 289	2 682
(11)	(30)	12	–
–	–	–	(784)
–	–	–	(119)
–	–	(3 768)	(2 856)
(3 640)	(3 523)	13 780	14 673
(4 029)	(3 543)	14 313	13 596

Cost of capital		Adjusted net asset value	
Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
(1 905)	(1 743)	6 079	6 015
(1 181)	(878)	5 530	4 877
(943)	(922)	2 704	2 704
(4 029)	(3 543)	14 313	13 596

Analysis of group equity value earnings *continued*

Non-covered business

R million	Total: Reviewed June 2023	Total: Reviewed June 2022	Sanlam Life and Savings: Reviewed June 2023	Sanlam Life and Savings: Reviewed June 2022
Earnings from operations valued at listed share prices	2 780	(94)	–	–
Earnings from operations valued at net asset value	118	(70)	–	–
Earnings from operations valued based on discounted cash flows	7 439	(3 548)	271	(164)
Unwinding of discount rate	3 618	3 307	480	468
Operating experience and investment variances[1]	(410)	(2 565)	40	(266)
General insurance	(323)	43	–	–
Investment management	(368)	(2 949)	–	–
Credit and banking	225	559	(16)	(31)
Administration, health and other	56	(218)	56	(235)
Operating assumption changes[2]	434	229	(142)	(46)
General insurance	(183)	(268)	–	–
Investment management	382	804	–	–
Credit and banking	346	(174)	(31)	80
Administration, health and other	(111)	(133)	(111)	(126)
Economic assumption changes	156	(3 517)	(107)	(383)
Change in tax basis	–	150	–	63
Foreign currency translation differences	3 641	(1 152)	–	–
GEV earnings: non-covered operations	**10 337**	(3 712)	**271**	(164)

R million	*Total: Reviewed June 2023*	*Total: Reviewed June 2022*	*Sanlam Life and Savings: Reviewed June 2023*	*Sanlam Life and Savings: Reviewed June 2022*
(1) Operating experience and investment variances	*(410)*	*(2 565)*	*40*	*(266)*
General insurance business	*(323)*	*43*	*–*	*–*
Risk experience	*103*	*(57)*	*–*	*–*
Premium income	*46*	*602*	*–*	*–*
Investment return	*11*	*14*	*–*	*–*
Maintenance expenses	*(77)*	*(288)*	*–*	*–*
Other	*(406)*	*(228)*	*–*	*–*
Investment management	*(368)*	*(2 949)*	*–*	*–*
Credit business	*225*	*559*	*(16)*	*(31)*
Administration, health and other	*56*	*(218)*	*56*	*(235)*
(2) Operating assumption changes	*434*	*229*	*(142)*	*(46)*
General insurance business	*(183)*	*(268)*	*–*	*–*
Risk experience	*(74)*	*(174)*	*–*	*–*
Premium income	*(6)*	*(85)*	*–*	*–*
Maintenance expenses	*(119)*	*(364)*	*–*	*–*
Modelling and other assumption changes	*16*	*355*	*–*	*–*
Investment management	*382*	*804*	*–*	*–*
Credit business	*346*	*(174)*	*(31)*	*80*
Income	*485*	*(68)*	*(29)*	*75*
Bad debts	*(104)*	*(440)*	*(13)*	*14*
Other	*(35)*	*334*	*11*	*(9)*
Administration, health and other	*(111)*	*(133)*	*(111)*	*(126)*

	Sanlam Emerging Markets		Sanlam Investment Group		Santam	
	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
	–	–	–	–	2 780	(94)
	9	(20)	109	(50)	–	–
	5 741	(1 768)	1 427	(1 616)	–	–
	2 266	1 888	872	951	–	–
	(30)	700	(420)	(2 999)	–	–
	(323)	43	–	–	–	–
	52	50	(420)	(2 999)	–	–
	241	590	–	–	–	–
	–	17	–	–	–	–
	185	(566)	391	841	–	–
	(183)	(268)	–	–	–	–
	(9)	(37)	391	841	–	–
	377	(254)	–	–	–	–
	–	(7)	–	–	–	–
	168	(2 679)	95	(455)	–	–
	–	(2)	–	89	–	–
	3 152	(1 109)	489	(43)	–	–
	5 750	(1 788)	1 536	(1 666)	2 780	(94)

	Sanlam Emerging Markets		*Sanlam Investment Group*	
	Reviewed June 2023	*Reviewed June 2022*	*Reviewed June 2023*	*Reviewed June 2022*
	(30)	700	(420)	(2 999)
	(323)	*43*	–	–
	103	*(57)*	–	–
	46	*602*	–	–
	11	*14*	–	–
	(77)	*(288)*	–	–
	(406)	*(228)*	–	–
	52	*50*	*(420)*	*(2 999)*
	241	*590*	–	–
	–	*17*	–	–
	185	(566)	391	841
	(183)	*(268)*	–	–
	(74)	*(174)*	–	–
	(6)	*(85)*	–	–
	(119)	*(364)*	–	–
	16	*355*	–	–
	(9)	*(37)*	*391*	*841*
	377	*(254)*	–	–
	514	*(143)*	–	–
	(91)	*(454)*	–	–
	(46)	*343*	–	–
	–	*(7)*	–	–

Analysis of group equity value earnings *continued*

Discretionary and other capital

R million	Total Reviewed June 2023	 Reviewed June 2022
Investment return and other	176	79
B-BBEE SPV impairment reversal/(charge)	948	(399)
Corporate expenses	(67)	(290)
Net group office expenses	(54)	(91)
Change in present value of holding company expenses	(13)	(199)
Share-based payment transactions	262	213
GEV earnings: discretionary and other capital	**1 319**	(397)

Reconciliation of group equity value earnings

R million	Reviewed June 2023	Reviewed June 2022
Earnings (excluding fund transfers)	9 731	3 089
Normalised attributable earnings per shareholders' fund income statement	9 567	5 056
Earnings recognised directly in equity		
Foreign currency translation differences	2 510	(2 002)
Net cost of treasury shares delivered	(213)	(239)
Share-based payments	261	216
Change in ownership of subsidiaries	(777)	(104)
Other comprehensive income and other	(1 617)	162
Fair value adjustments	5 241	(7 215)
Change in fair value adjustments: non-life	5 303	(4 590)
Earnings from covered business: Value of In-Force	(62)	(2 625)
Adjustments to net worth	911	74
Present value of holding company expenses	(13)	(199)
Movement in book value of treasury shares: non-life subsidiaries	(136)	(45)
Change in goodwill/Value Of Business Acquired less Value of In-Force acquired	1 060	318
Group equity value earnings	**15 883**	(4 052)

Analysis of shareholders' fund at net asset value

at 30 June

R million	Sanlam Life(1) Reviewed June 2023	Sanlam Life(1) Restated Reviewed December 2022	Sanlam Emerging Markets(2) Reviewed June 2023	Sanlam Emerging Markets(2) Restated Reviewed December 2022
Assets				
Goodwill	2 257	718	12 510	11 204
Equipment	1 132	492	607	601
Rights-of-use assets	498	277	204	171
Owner-occupied properties	453	453	1 966	1 887
Intangible assets	2 226	345	3 291	3 427
Deferred acquisition costs	2 286	2 454	116	58
Insurance contract assets	–	–	1 176	1 789
Reinsurance contract assets	–	–	5 230	5 623
Deferred tax	410	588	598	937
Investments	28 990	29 025	53 761	49 298
Properties	1 060	19	6 157	5 836
Associated companies	60	1 184	21 980	20 727
Joint ventures	693	844	–	–
Equities and similar securities	1 968	1 468	8 757	6 987
Interest-bearing investments	12 008	6 572	8 590	8 867
Structured transactions	638	285	4	5
Investment funds	8 215	7 920	6 361	5 642
Cash, deposits and similar securities	4 348	10 733	1 912	1 234
Assets of disposal groups classified as held for sale	–	–	6	938
Working capital assets	8 809	9 593	16 595	11 176
Trade and other receivables	4 127	1 929	7 173	4 072
Taxation	23	13	1 007	804
Cash, deposits and similar securities	4 659	7 651	8 415	6 300
Total assets	47 061	43 945	96 060	87 109
Equity and liabilities				
Shareholders' fund	28 110	28 605	43 170	40 416
Non-controlling interest	778	227	13 991	12 609
Total equity	28 888	28 832	57 161	53 025
Insurance contract liabilities	–	–	20 219	17 746
Reinsurance contract liabilities	–	–	1 243	1 636
Collateral guarantee contracts	–	–	–	–
Term finance	3 000	2 031	3 020	2 947
Lease liabilities	605	344	244	188
Structured transactions liabilities	228	187	–	–
Deferred tax	5 291	5 330	3 638	3 230
Liabilities of disposal groups classified as held for sale	–	–	–	266
Working capital liabilities	9 049	7 221	10 535	8 071
Trade and other payables	8 422	6 157	8 787	6 589
Provisions	26	41	772	601
Taxation	601	1 023	976	881
Total equity and liabilities	47 061	43 945	96 060	87 109
Analysis of shareholders' fund				
Covered business	18 145	18 045	8 441	8 678
Other operations	4 209	2 153	32 630	30 319
Discretionary and other capital	5 756	8 407	2 099	1 419
Shareholders' fund at net asset value	28 110	28 605	43 170	40 416
Consolidation reserve	608	700	62	62
Shareholders' fund per group statement of financial position on page 80	28 718	29 305	43 232	40 478

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

Sanlam Investment Group		Santam		Group office		Consolidation entries[3]		Shareholders’ fund at net asset value	
Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022
1 941	1 976	1 004	1 004	–	–	1 197	1 197	18 909	16 099
100	82	353	373	–	–	–	–	2 192	1 548
85	161	508	505	–	–	–	–	1 295	1 114
151	139	17	17	–	–	–	–	2 587	2 496
470	416	73	82	–	–	–	–	6 060	4 270
–	21	–	–	–	–	–	–	2 402	2 533
–	–	242	696	–	–	–	–	1 418	2 485
–	–	11 204	13 472	–	–	–	–	16 434	19 095
288	259	186	139	–	–	(43)	(37)	1 439	1 886
4 833	4 825	31 200	29 011	4 100	9 676	(5 381)	(6 403)	117 503	115 432
–	–	–	–	–	–	–	–	7 217	5 855
401	364	4 002	3 536	–	–	(3 835)	(3 382)	22 608	22 429
210	146	–	–	–	–	–	–	903	990
93	102	2 419	2 519	–	–	451	1 973	13 688	13 049
531	588	18 138	17 817	4 100	7 093	(2 117)	(5 112)	41 250	35 825
(37)	4	302	238	–	–	–	–	907	532
3 384	3 310	3 711	3 316	–	–	120	118	21 791	20 306
251	311	2 628	1 585	–	2 583	–	–	9 139	16 446
–	–	–	–	–	–	–	–	6	938
26 971	25 160	12 409	12 262	3 422	3 115	(1 023)	(2 768)	67 183	58 538
22 582	20 883	4 143	3 672	3 255	2 937	(2 304)	(3 300)	38 976	30 193
6	5	70	96	–	–	392	409	1 498	1 327
4 383	4 272	8 196	8 494	167	178	889	123	26 709	27 018
34 839	33 039	57 196	57 561	7 522	12 791	(5 250)	(8 011)	237 428	226 434
7 294	7 282	7 269	6 919	2 580	7 975	(2 935)	(2 196)	85 488	89 001
1 153	1 139	4 649	4 489	–	–	(4 761)	(4 228)	15 810	14 236
8 447	8 421	11 918	11 408	2 580	7 975	(7 696)	(6 424)	101 298	103 237
–	–	33 960	35 828	–	–	–	–	54 179	53 574
–	–	2 945	2 725	–	–	–	–	4 188	4 361
–	–	120	129	–	–	–	–	120	129
1 050	1 050	3 026	2 539	3 350	3 350	–	–	13 446	11 917
112	249	654	677	–	–	–	–	1 615	1 458
–	7	37	35	–	–	–	–	265	229
98	12	138	78	–	–	5	5	9 170	8 655
–	–	–	–	–	–	–	–	–	266
25 132	23 300	4 398	4 142	1 592	1 466	2 441	(1 592)	53 147	42 608
24 527	22 749	4 090	3 757	1 580	1 254	2 015	(2 018)	49 421	38 488
1	1	164	138	3	3	18	17	984	801
604	550	144	247	9	209	408	409	2 742	3 319
34 839	33 039	57 196	57 561	7 522	12 791	(5 250)	(8 011)	237 428	226 434
2 704	2 704	–	–	–	–	–	–	29 290	29 427
4 045	3 542	7 269	6 919	–	–	–	–	48 153	42 933
545	1 036	–	–	2 580	7 975	(2 935)	(2 196)	8 045	16 641
7 294	7 282	7 269	6 919	2 580	7 975	(2 935)	(2 196)	85 488	89 001
–	–	–	–	–	–	(1 168)	(4 939)	(498)	(4 177)
7 294	7 282	7 269	6 919	2 580	7 975	(4 103)	(7 135)	84 990	84 824

Shareholders' fund income statement

for the six months ended 30 June

R million	Sanlam Life and Savings					
	SA Retail Affluent		SA Retail Mass		Sanlam Corporate	
	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022
Result from life insurance operations	1 656	1 596	1 163	1 045	596	271
Insurance revenue	7 879	7 454	6 182	5 322	4 653	4 372
Insurance service expenses	(5 953)	(6 187)	(4 960)	(4 264)	(4 084)	(4 801)
Income or expense from reinsurance contracts	(285)	45	(9)	2	(38)	763
Insurance investment result	71	290	7	28	100	(27)
Other expenses relating to insurance operations	(56)	(6)	(57)	(43)	(35)	(36)
Result from general insurance operations	–	–	–	–	–	–
Insurance revenue	–	–	–	–	–	–
Insurance service expenses	–	–	–	–	–	–
Income or expense from reinsurance contracts	–	–	–	–	–	–
Insurance investment result	–	–	–	–	–	–
Other expenses relating to insurance operations	–	–	–	–	–	–
Result from other operations	1 006	939	(131)	(201)	96	150
Revenue	2 803	2 481	(15)	(54)	1 235	664
Net other income	42	123	–	–	70	123
Sales remuneration	(434)	(490)	(46)	(60)	–	–
Administration costs	(1 405)	(1 175)	(70)	(87)	(1 209)	(637)
Result from financial services before tax	2 662	2 535	1 032	844	692	421
Tax on result from financial services	(730)	(589)	(284)	(239)	(197)	(116)
Non-controlling interest	13	(15)	–	–	(4)	–
Net result from financial services	1 945	1 931	748	605	491	305
Net investment income	126	110	38	29	51	37
Net investment surpluses	26	–	8	(20)	35	(5)
Project expenses	(45)	(2)	–	–	(4)	–
Net operational earnings	2 052	2 039	794	614	573	337
Net movement in asset mismatch reserve	(219)	(222)	27	(328)	–	–
Net movement in specific shareholders' fund reserves	36	(8)	97	10	–	–
Net amortisation of value of business acquired and other intangibles	(4)	(2)	–	1	(5)	(5)
Impairments	–	(2)	(8)	–	–	–
Net equity-accounted earnings	–	–	–	–	(7)	(14)
Net profit on disposal of subsidiaries and associated companies	–	(29)	–	–	(134)	–
Normalised attributable earnings	1 865	1 776	910	297	427	318
Fund transfers	(81)	13	(87)	(246)	(16)	8
Attributable earnings per group statement of comprehensive income	1 784	1 789	823	51	411	326
Diluted earnings per share						
Weighted average number of shares for normalised earnings per share (million)						
Net result from financial services (cents)	88,3	87,4	33,9	27,4	22,3	13,8

Sanlam Emerging Markets		Sanlam Investment Group		Santam		Group office and other		Total	
Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022
940	305	251	(55)					4 606	3 162
7 378	7 205	53	21	–	–	–	–	26 145	24 374
(6 612)	(7 017)	(259)	(127)	–	–	–	–	(21 868)	(22 396)
(253)	(169)	–	–	–	–	–	–	(585)	641
435	288	457	51	–	–	–	–	1 070	630
(8)	(2)	–	–	–	–	–	–	(156)	(87)
774	803	–	–	1 031	611	–	–	1 805	1 414
11 577	10 099	–	–	22 492	20 416	–	–	34 069	30 515
(8 856)	(5 992)	–	–	(17 248)	(21 494)	–	–	(26 104)	(27 486)
(1 991)	(3 411)	–	–	(4 102)	1 940	–	–	(6 093)	(1 471)
44	107	–	–	245	(8)	–	–	289	99
–	–	–	–	(356)	(243)	–	–	(356)	(243)
1 462	1 272	893	767	180	89	(270)	(268)	3 236	2 748
515	776	2 965	2 861	–	–	199	120	7 702	6 848
2 035	1 422	61	71	180	89	(203)	(107)	2 185	1 721
(144)	(113)	(7)	(105)	–	–	–	–	(631)	(768)
(944)	(813)	(2 126)	(2 060)	–	–	(266)	(281)	(6 020)	(5 053)
3 176	2 380	1 144	712	1 211	700	(270)	(268)	9 647	7 324
(1 032)	(587)	(282)	(127)	(302)	(201)	59	77	(2 768)	(1 782)
(370)	(442)	(132)	(87)	(366)	(203)	157	100	(702)	(647)
1 774	1 351	730	498	543	296	(54)	(91)	6 177	4 895
74	36	62	56	160	149	146	79	657	496
534	(261)	72	(144)	206	(186)	–	–	881	(616)
(72)	(65)	(27)	(34)	(4)	(27)	(77)	(90)	(229)	(218)
2 310	1 061	837	376	905	232	15	(102)	7 486	4 557
217	–	–	–	–	–	–	–	25	(550)
–	–	–	–	–	–	–	–	133	2
–	(141)	(31)	(28)	(17)	(14)	–	–	(57)	(189)
(253)	–	–	–	–	–	948	(399)	687	(401)
(3)	–	–	–	28	23	–	–	18	9
1 310	(4)	14	1 661	85	–	–	–	1 275	1 628
3 581	916	820	2 009	1 001	241	963	(501)	9 567	5 056
(18)	(24)	–	(2)	(5)	(6)	(1 444)	318	(1 651)	61
3 563	892	820	2 007	996	235	(481)	(183)	7 916	5 117
								2 203,7	2 208,8
80,5	61,2	33,1	22,5	24,6	13,4	(2,5)	(4,1)	280,2	221,6

Net results from financial services

for the six months ended 30 June

Geographic analysis by line of business[1]

R million	Life business Reviewed June 2023	Life business Restated Reviewed June 2022	General insurance Reviewed June 2023	General insurance Restated Reviewed June 2022
Southern Africa	3 356	2 690	561	556
South Africa	3 158	2 508	438	240
Other	198	182	123	316
North and West Africa	147	31	295	130
East Africa	36	50	86	(10)
Other International	60	37	218	164
Emerging Markets	60	37	218	164
Developed Markets	–	–	–	–
Total	**3 599**	2 808	**1 160**	840
Net results from financial services before SHF adjustments	3 567	2 132	1 199	840
SHF adjustments	32	676	(39)	–
Impact of adjusting the CSM at locked-in interest rates	88	(12)	–	–
Insurance contracts economic impact	(143)	237	–	–
Asset mismatch reserve movements	76	443	(39)	–
Other adjustments	11	8	–	–
Total	**3 599**	2 808	**1 160**	840

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

Notes to the shareholders' fund information

for the six months ended 30 June

1 Cash earnings

R million	Reviewed June 2023	Reviewed June 2022
Net result from financial services before shareholders' fund adjustments	6 184	4 219
Shareholders' fund adjustments	(7)	676
Net result from financial services	6 177	4 895
Add/(Less):		
Amortisation of capitalised IT projects	62	19
IFRS 17 specific and other non-cash adjustments	17	(86)
Cash net result from financial services	6 256	4 828
Add/(Less):		
Project expenses not included in net results from financial services	(154)	(127)
Project expenses capitalised:	(184)	(187)
Release from specific shareholders' fund reserves	170	175
Cash earnings available for dividend distribution	6 088	4 689

Investment management		Credit and structuring		Administration and health		Corporate expenses and other		Total	
Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022
376	304	265	296	190	203	(199)	(472)	4 549	3 577
344	273	125	194	190	203	(54)	(91)	4 201	3 327
32	31	140	102	–	–	(145)	(381)	348	250
(1)	(1)	–	–	–	–	(32)	225	409	385
9	8	–	–	–	–	2	(7)	133	41
97	161	757	458	–	–	(46)	72	1 086	892
–	–	757	458	–	–	(46)	72	989	731
97	161	–	–	–	–	–	–	97	161
481	472	1 022	754	190	203	(275)	(182)	6 177	4 895
481	472	1 022	754	190	203	(275)	(182)	6 184	4 219
–	–	–	–	–	–	–	–	(7)	676
–	–	–	–	–	–	–	–	88	(12)
–	–	–	–	–	–	–	–	(143)	237
–	–	–	–	–	–	–	–	37	443
–	–	–	–	–	–	–	–	11	8
481	472	1 022	754	190	203	(275)	(182)	6 177	4 895

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

2 Value of new covered business

R million	Note	Total Reviewed June 2023	Total Reviewed June 2022
Value of new covered business (at point of sale)			
Gross value of new covered business		1 600	1 396
Cost of capital		(169)	(167)
Value of new covered business		1 431	1 229
Value of new business attributable to			
Shareholders' fund	3	1 265	1 076
Non-controlling interest		166	153
Value of new covered business		1 431	1 229
Analysis of new business profitability			
Before non-controlling interest			
Present value of new business premiums		47 499	46 177
New business margin		3,01%	2,66%
After non-controlling interest:			
Present value of new business premiums		44 751	43 032
New business margin		2,83%	2,50%
Capitalisation factor – recurring premiums		3,7	3,5

Geographical analysis

R million	Value of new covered business Reviewed June 2023	Value of new covered business Reviewed June 2022	Present value of new business premiums Reviewed June 2023	Present value of new business premiums Reviewed June 2022	New business margin Reviewed June 2023	New business margin Reviewed June 2022
Before non-controlling interest						
Southern Africa	1 150	991	40 991	39 795	2,81%	2,49%
South Africa	931	793	37 520	36 202	2,48%	2,19%
SA Retail Mass	376	348	6 224	5 406	6,04%	6,44%
SA Retail Affluent	535	433	25 935	25 363	2,06%	1,71%
Sanlam Corporate	20	12	5 361	5 433	0,37%	0,22%
Other Southern Africa	219	198	3 471	3 593	6,31%	5,51%
North and West Africa	97	74	2 711	2 383	3,58%	3,11%
East Africa	19	19	842	885	2,26%	2,15%
Other International	165	145	2 955	3 114	5,58%	4,66%
Total	1 431	1 229	47 499	46 177	3,01%	2,66%

Sanlam Life and Savings							
SA Retail Affluent		SA Retail Mass		Corporate		Sanlam Emerging Markets	
Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
575	468	396	370	34	33	595	525
(40)	(35)	(20)	(22)	(14)	(21)	(95)	(89)
535	433	376	348	20	12	500	436
532	425	376	348	20	12	337	291
3	8	–	–	–	–	163	145
535	433	376	348	20	12	500	436
25 935	25 363	6 224	5 406	5 361	5 433	9 979	9 975
2,06%	1,71%	6,04%	6,44%	0,37%	0,22%	5,01%	4,37%
25 845	25 105	6 224	5 406	5 361	5 433	7 321	7 088
2,06%	1,69%	6,04%	6,44%	0,37%	0,22%	4,60%	4,11%
5,8	5,4	3,0	2,9	6,4	5,7	2,9	2,9

Geographical analysis

	Value of new covered business		Present value of new business premiums		New business margin	
R million	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
After non-controlling interest						
Southern Africa	1 057	910	39 774	38 367	2,66%	2,37%
South Africa	928	785	37 430	35 944	2,48%	2,18%
SA Retail Mass	376	348	6 224	5 406	6,04%	6,44%
SA Retail Affluent	532	425	25 845	25 105	2,06%	1,69%
Sanlam Corporate	20	12	5 361	5 433	0,37%	0,22%
Other Southern Africa	129	125	2 344	2 423	5,50%	5,16%
North and West Africa	69	58	2 146	1 881	3,22%	3,08%
East Africa	10	6	570	591	1,75%	1,02%
Other International	129	102	2 261	2 193	5,71%	4,65%
Total	1 265	1 076	44 751	43 032	2,83%	2,50%

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

3 Covered business sensitivity analysis

	Gross value of in-force business		Cost of capital		Net value of in-force business		Change from base value %	
R million	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
Value of in-force covered business sensitivity analysis								
Base value	50 728	50 018	(4 029)	(3 640)	46 699	46 378		
Risk discount rate increase by 1%	48 111	47 510	(4 526)	(4 078)	43 585	43 432	(7)	(6)
Gross value of in-force business profile								
Year 1 – 5	60%	59%						
Year 1	16%	17%						
Year 2	14%	14%						
Year 3	12%	11%						
Year 4	10%	9%						
Year 5	8%	8%						
Year 6 – 10	25%	23%						
Year 11 – 20	14%	15%						
Year 20+	1%	3%						
Value of new covered business sensitivity analysis								
Base value	1 393	2 655	(128)	(267)	1 265	2 388		
Risk discount rate increase by 1%	1 286	2 382	(145)	(300)	1 141	2 082	(10)	(13)

4 Economic assumptions – covered business

4.1 Gross investment return, risk discount rate and inflation

%	Reviewed June 2023	Audited December 2022
Sanlam Life[1]		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	11,9%	11,5%
Equities	15,4%	15,0%
Offshore investments	14,4%	14,0%
Hedged equity	10,9%	10,5%
Property	12,9%	12,5%
Cash	10,9%	10,1%
Inflation rate[1]	9,9%	9,5%
Risk discount rate	14,4%	14,0%
Sanlam Developing Markets[2]		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	10,4%	9,7%
Equities and offshore investments	13,9%	13,2%
Hedged equities	9,4%	8,7%
Property	11,4%	10,7%
Cash	9,4%	8,7%
Inflation rate	8,4%	7,7%
Risk discount rate	12,9%	12,2%
Botswana Life Insurance		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	8,2%	8,2%
Equities and offshore investments	11,7%	11,7%
Hedged equities	n/a	n/a
Property	9,2%	9,2%
Cash	7,2%	7,2%
Inflation rate	5,2%	5,2%
Risk discount rate	11,7%	11,7%

(1) Expense inflation of 13.9% (2022: 13.5%) 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 (including an allowance for credit risk where relevant) due to matching assets being held to maturity.

Assumed illiquidity premiums for 2023 and 2022 generally amount to between 25bps and 70bps for non-participating annuities, between 25bps and 75bps for inflation-linked annuities and capped at 120bps for guarantee plans.

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

4 Economic assumptions – covered business

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

	R million		Fixed-interest securities %		Equities %	
	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
Required capital						
South Africa[1]	8 836	8 812	–	–	3	3
Namibia	1 173	496	12	7	27	35
Botswana Life	380	351	–	–	–	–
Morocco	785	898	98	93	1	7
Sanlam Life insurance (Kenya)	106	101	85	85	–	–
Other African Operations	542	873	62	72	4	3
Shriram Life Insurance (India)	565	459	100	100	–	–
MCIS (Malaysia)	707	632	67	67	18	18
Total required capital	13 094	12 622				
Free Surplus	1 219	1 158				
Adjusted net asset value	14 313	13 780				

(1) At 30 June 2023 asset mix backing the Sanlam Life required capital is 98% hedged (31 December 2022: 96%).

4.3 Assumed long-term expected return on required capital

	Gross %		Net %	
	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
Sanlam Life	10,9	10,5	9,1	8,8
Sanlam Developing Markets	10,3	9,6	8,0	7,5
Sanlam Namibia	12,9	12,5	11,6	11,3
Sanlam Namibia Holdings	11,0	10,5	9,6	9,2
Botswana Life Insurance	8,2	8,2	6,3	6,3
Saham Assurance Maroc	4,2	4,1	2,8	4,1
Sanlam Life insurance (Kenya)	14,8	14,2	10,3	9,9
Shriram Life Insurance (India)	7,7	7,7	6,6	6,6
MCIS (Malaysia)	4,7	4,8	4,3	4,5

Offshore %		Hedged Equities %		Property %		Cash %		Total %	
Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
–	–	90	90	–	–	7	7	100	100
–	–	–	–	–	–	61	58	100	100
–	–	–	–	50	50	50	50	100	100
–	–	–	–	1	–	–	–	100	100
–	–	–	–	–	–	15	15	100	100
–	–	–	–	4	3	30	22	100	100
–	–	–	–	–	–	–	–	100	100
–	–	–	–	–	–	15	15	100	100

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

5 Value of non-covered operations sensitivity analysis

5.1 Valuation methodology

R million	Total Reviewed June 2023	Total Audited December 2022
Listed share price – Santam	**19 598**	17 391
Discounted cash flows	**57 480**	49 041
Sanlam Life and Savings	6 817	4 984
Glacier	2 755	2 647
Sanlam Personal Loans	1 201	1 219
Sanlam Corporate	2 379	821
Other operations	482	297
Sanlam Emerging Markets	38 306	32 622
SPA GI[1]	19 611	17 305
SPA Life	3 460	3 387
India	16 459	12 699
Other operations[1]	(1 224)	(769)
Sanlam Investment Group	12 357	11 435
Sanlam Investments	3 340	3 064
Wealth Management	3 550	3 138
International	4 214	4 094
Sanlam Specialised Finance	1 253	1 139
Net asset value	**1 147**	1 270
Sanlam Investment Group	732	570
Sanlam Investments	78	73
International	264	107
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	415	655
Sanlam Life and Savings	–	45
Total	**78 225**	67 702

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

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
Sanlam Life and Savings	6 817	4 984	6 432	4 605	6 954	5 132
Glacier	2 755	2 647	2 527	2 425	2 844	2 740
Sanlam Personal Loans	1 201	1 219	1 124	1 143	1 223	1 243
Sanlam Corporate	2 379	821	2 316	760	2 400	845
Other operations	482	297	465	277	487	304
Sanlam Emerging Markets	38 306	32 622	33 595	28 611	42 082	35 815
SPA GI[1]	19 611	17 305	17 908	15 627	20 737	18 404
SPA Life	3 460	3 387	3 186	3 099	3 608	3 545
India	16 459	12 699	13 725	10 654	18 961	14 635
Other operations[1]	(1 224)	(769)	(1 224)	(769)	(1 224)	(769)
Sanlam Investment Group	12 357	11 435	11 314	10 208	12 847	11 666
Sanlam Investments[2]	3 340	3 064	3 095	2 827	3 432	3 165
Wealth Management	3 550	3 138	3 250	2 876	3 674	3 249
International	4 214	4 094	3 803	3 446	4 455	4 081
Sanlam Specialised Finance	1 253	1 139	1 166	1 059	1 286	1 171
	57 480	49 041	51 341	43 424	61 883	52 613
Weighted average assumption			15,9%	16,0%	2–7%	2–7%

R million	Equities and properties -10%		Risk discount rate -1%		Rand exchange rate depreciation +10%	
	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
Sanlam Life and Savings	6 549	4 725	7 256	5 421	6 816	4 984
Glacier	2 488	2 388	3 020	2 905	2 755	2 647
Sanlam Personal Loans	1 201	1 219	1 288	1 305	1 201	1 219
Sanlam Corporate	2 378	821	2 447	891	2 378	821
Other operations	482	297	501	320	482	297
Sanlam Emerging Markets	38 306	32 622	44 732	38 177	42 009	35 765
SPA GI	19 611	17 305	21 902	19 588	21 572	19 036
SPA Life	3 460	3 387	3 792	3 739	3 678	3 606
India	16 459	12 699	20 262	15 619	18 105	13 969
Other operations	(1 224)	(769)	(1 224)	(769)	(1 346)	(846)
Sanlam Investment Group	10 881	9 739	13 614	12 355	12 808	11 510
Sanlam Investments[2]	2 992	2 690	3 624	3 344	3 369	3 094
Wealth Management	3 157	2 779	3 902	3 443	3 564	3 066
International	3 566	3 212	4 733	4 335	4 621	4 211
Sanlam Specialised Finance	1 166	1 058	1 355	1 233	1 254	1 139
	55 736	47 086	65 602	55 953	61 633	52 259

[2] Includes third-party asset management business based on the following main assumptions:
- Weighted average discount rate: 17,3% (2022: 18,7%)
- Weighted average perpetuity growth rate: 5% (2022: 5%)

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

6 Business volumes

6.1 Analysis of new business and total funds received

R million	Life business[1]		General insurance		Investment business[2]		Total	
	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
Sanlam Life and Savings	26 926	27 480	–	–	28 424	26 161	55 350	53 641
SA Retail Affluent	20 888	20 906	–	–	24 118	23 109	45 006	44 015
Recurring	1 050	1 002	–	–	9	8	1 059	1 010
Single	19 838	19 904	–	–	24 109	23 101	43 947	43 005
SA Retail Mass	2 045	1 851	–	–	–	–	2 045	1 851
Sanlam Corporate	3 993	4 723	–	–	4 306	3 052	8 299	7 775
Recurring	252	151	–	–	95	30	347	181
Single	3 741	4 572	–	–	4 211	3 022	7 952	7 594
Sanlam Emerging Markets	5 511	5 751	9 662	8 365	8 961	5 267	24 134	19 383
Southern Africa	2 141	2 235	645	1 165	5 190	4 648	7 976	8 048
Recurring	513	472	645	1 165	–	–	1 158	1 637
Single	1 628	1 763	–	–	5 190	4 648	6 818	6 411
North and West Africa	1 611	1 485	7 473	5 848	–	–	9 084	7 333
Recurring	999	879	7 473	5 848	–	–	8 472	6 727
Single	612	606	–	–	–	–	612	606
East Africa	670	735	572	473	3 771	619	5 013	1 827
Recurring	118	110	572	473	–	–	690	583
Single	552	625	–	–	3 771	619	4 323	1 244
Other International	1 089	1 296	972	879	–	–	2 061	2 175
Recurring	736	799	972	879	–	–	1 708	1 678
Single	353	497	–	–	–	–	353	497
Sanlam Investment Group	–	–	–	–	96 932	73 463	96 932	73 463
Investment Management SA	–	–	–	–	84 063	56 922	84 063	56 922
Wealth Management	–	–	–	–	5 466	5 366	5 466	5 366
International	–	–	–	–	7 403	11 175	7 403	11 175
Santam	–	–	14 377	13 400	–	–	14 377	13 400
Total new business	32 437	33 231	24 039	21 765	134 317	104 891	190 793	159 887

[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[1] Reviewed June 2023	Life business[1] Reviewed June 2022	General insurance Reviewed June 2023	General insurance Reviewed June 2022	Investment business[2] Reviewed June 2023	Investment business[2] Reviewed June 2022	Total Reviewed June 2023	Total Reviewed June 2022
Recurring premiums on existing funds:								
Sanlam Life and Savings	18 454	17 266	–	–	2 396	1 997	20 850	19 263
SA Retail Mass	5 184	4 516	–	–	–	–	5 184	4 516
SA Retail Affluent	8 290	7 802	–	–	70	73	8 360	7 875
Sanlam Corporate	4 980	4 948	–	–	2 326	1 924	7 306	6 872
Sanlam Emerging Markets	5 028	4 673	–	–	–	(144)	5 028	4 529
Southern Africa	2 034	1 880	–	–	–	–	2 034	1 880
North and West Africa	938	915	–	–	–	–	938	915
East Africa	432	369	–	–	–	(144)	432	225
Other International	1 624	1 509	–	–	–	–	1 624	1 509
Total funds received	55 919	55 170	24 039	21 765	136 713	106 744	216 671	183 679

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

6 Business volumes *continued*

6.2 Analysis of payments to clients

R million	Life business[1] Reviewed June 2023	Life business[1] Reviewed June 2022	General insurance Reviewed June 2023	General insurance Reviewed June 2022	Investment business[2] Reviewed June 2023	Investment business[2] Reviewed June 2022	Total Reviewed June 2023	Total Reviewed June 2022
Sanlam Life and Savings	41 223	34 506	–	–	29 755	23 833	70 978	58 339
SA Retail Mass	3 994	3 608	–	–	–	–	3 994	3 608
Surrenders	253	256	–	–	–	–	253	256
Other	3 741	3 352	–	–	–	–	3 741	3 352
SA Retail Affluent	27 514	24 197	–	–	23 374	19 002	50 888	43 199
Surrenders	5 817	3 766	–	–	–	–	5 817	3 766
Other	21 697	20 431	–	–	23 374	19 002	45 071	39 433
Sanlam Corporate	9 715	6 701	–	–	6 381	4 831	16 096	11 532
Surrenders	1 976	1 609	–	–	1 216	952	3 192	2 561
Other	7 739	5 092	–	–	5 165	3 879	12 904	8 971
Sanlam Emerging Markets	7 231	6 902	5 850	5 234	10 834	5 362	23 915	17 498
Southern Africa	3 128	3 396	277	424	5 906	4 735	9 311	8 555
Surrenders	409	666	–	–	–	–	409	666
Other	2 719	2 730	277	424	5 906	4 735	8 902	7 889
North and West Africa	1 740	1 473	4 719	3 905	–	–	6 459	5 378
Surrenders	346	980	–	–	–	–	346	980
Other	1 394	493	4 719	3 905	–	–	6 113	4 398
East Africa	648	561	247	350	4 928	627	5 823	1 538
Surrenders	48	61	–	–	–	–	48	61
Other	600	500	247	350	4 928	627	5 775	1 477
Other International	1 715	1 472	607	555	–	–	2 322	2 027
Surrenders	445	336	–	–	–	–	445	336
Other	1 270	1 136	607	555	–	–	1 877	1 691
Sanlam Investment Group	–	–	–	–	100 930	61 728	100 930	61 728
Investment Management SA	–	–	–	–	84 523	45 009	84 523	45 009
Wealth Management	–	–	–	–	5 104	4 643	5 104	4 643
International	–	–	–	–	11 303	12 076	11 303	12 076
Santam	–	–	9 491	9 040	–	–	9 491	9 040
Total payments to clients	48 454	41 408	15 341	14 274	141 519	90 923	205 314	146 605

[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[1]		General insurance		Investment business[2]		Total	
	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
Sanlam Life and Savings	4 157	10 240	–	–	1 065	4 325	5 222	14 565
SA Retail Mass	3 235	2 759	–	–	–	–	3 235	2 759
SA Retail Affluent	1 664	4 511	–	–	814	4 180	2 478	8 691
Sanlam Corporate	(742)	2 970	–	–	251	145	(491)	3 115
Sanlam Emerging Markets	3 308	3 522	3 812	3 131	(1 873)	(239)	5 247	6 414
Southern Africa	1 047	719	368	741	(716)	(87)	699	1 373
North and West Africa	809	927	2 754	1 943	–	–	3 563	2 870
East Africa	454	543	325	123	(1 157)	(152)	(378)	514
Other International	998	1 333	365	324	–	–	1 363	1 657
Sanlam Investment Group	–	–	–	–	(3 998)	11 735	(3 998)	11 735
Investment Management SA	–	–	–	–	(460)	11 913	(460)	11 913
Wealth Management	–	–	–	–	362	723	362	723
International	–	–	–	–	(3 900)	(901)	(3 900)	(901)
Santam	–	–	4 886	4 360	–	–	4 886	4 360
Total net fund inflows	7 465	13 762	8 698	7 491	(4 806)	15 821	11 357	37 074

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information

7.1 Sanlam Life and Savings

7.1.1 Analysis of earnings

R million	Life business Reviewed June 2023	Life business Restated Reviewed June 2022	Credit and structuring Reviewed June 2023	Credit and structuring Restated Reviewed June 2022	Administration and health Reviewed June 2023	Administration and health Restated Reviewed June 2022	Total Reviewed June 2023	Total Restated Reviewed June 2022
Net result from financial services[1]	2 963	2 552	31	86	190	203	3 184	2 841
SA Retail Affluent	1 765	1 722	31	86	149	123	1 945	1 931
Recurring premium business	1 260	1 444	-	-	7	17	1 267	1 461
Glacier	456	248	-	-	121	89	577	337
Other	49	30	31	86	21	17	101	133
SA Retail Mass	748	605	-	-	-	-	748	605
Sanlam Corporate	450	225	-	-	41	80	491	305
Net investment return	248	88	-	-	36	63	284	151
Net other earnings	(89)	(554)	-	-	(177)	(47)	(266)	(601)
Normalised attributable earnings	3 122	2 086	31	86	49	219	3 202	2 391

[1] For life business, this includes non-cash items (eg amortisation of project expenses, impacts related to insurance contract assets) and will therefore not reconcile to embedded value adjusted net asset earnings which only includes cash earnings.

7.1.2 Assets under management

R million	SA Retail Mass Reviewed June 2023	SA Retail Mass Restated Reviewed December 2022	SA Retail Affluent – Recurring premium business Reviewed June 2023	SA Retail Affluent – Recurring premium business Restated Reviewed December 2022	SA Retail Affluent – Glacier Reviewed June 2023	SA Retail Affluent – Glacier Restated Reviewed December 2022	Sanlam Corporate Reviewed June 2023	Sanlam Corporate Restated Reviewed December 2022	Total Reviewed June 2023	Total Restated Reviewed December 2022
Life business	4 838	4 413	167 522	168 074	283 387	257 512	147 165	138 465	602 912	568 464
Investment operations	-	-	1 721	1 697	217 234	201 485	-	-	218 955	203 182
Total assets under management	4 838	4 413	169 243	169 771	500 621	458 997	147 165	138 465	821 867	771 646

Credit business

R million	Gross size of loan book Reviewed June 2023	Gross size of loan book Audited December 2022	Interest margin Reviewed June 2023	Interest margin Audited December 2022	Bad debt ratio Reviewed June 2023	Bad debt ratio Audited December 2022	Administration cost as % of net interest Reviewed June 2023	Administration cost as % of net interest Audited December 2022
Sanlam Personal Loans	5 209	5 198	15,4%	15,3%	7,2%	3,6%	40,6%	39,1%

7.1.3 *Analysis of change in GEV – covered business*

R million	Total		Gross value of in-force		Cost of capital		Adjusted net asset value	
	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
Operational earnings	4 156	3 326	1 181	634	(35)	(89)	3 010	2 781
Value of new life insurance business	928	785	1 951	2 208	(63)	(76)	(960)	(1 347)
Unwinding of discount rate	2 913	2 630	2 887	2 633	26	(3)	-	-
Expected profit	-	-	(3 709)	(3 824)	-	-	3 709	3 824
Operating experience variances	317	429	(80)	(30)	10	39	387	420
Risk experience	560	414	84	148	3	(4)	473	270
Persistency	(412)	(161)	(284)	10	2	15	(130)	(186)
Maintenance expenses	(66)	28	-	-	-	-	(66)	28
Working capital management	196	150	-	-	-	-	196	150
Credit spread	-	46	-	-	-	-	-	46
Other	39	(48)	120	(188)	5	28	(86)	112
Operating assumption changes	(2)	(518)	132	(353)	(8)	(49)	(126)	(116)
Persistency	-	(548)	-	31	-	(20)	-	(559)
Maintenance expenses	4	56	(4)	(4)	-	-	8	60
Modelling changes and other	(6)	(26)	136	(380)	(8)	(29)	(134)	383
Net investment return	246	88	-	-	-	-	246	88
Expected return on adjusted net asset value	249	216	-	-	-	-	249	216
Investment variances on adjusted net asset value	(3)	(128)	-	-	-	-	(3)	(128)
Valuation and economic basis	(167)	(3 819)	(145)	(3 555)	(6)	59	(16)	(323)
Investment variances on in-force business	(29)	(2 137)	(2)	(1 795)	(8)	42	(19)	(384)
Economic assumption changes	(138)	(1 682)	(143)	(1 760)	2	17	3	61
IFRS 17 and related tax changes	(1 292)	621	(1 278)	604	(14)	17	-	-
GEV earnings: covered business	2 943	216	(242)	(2 317)	(55)	(13)	3 240	2 546
Acquired value of in-force	395	100	394	130	(11)	(30)	12	-
Transfers from covered business	(3 263)	(2 471)	-	-	-	-	(3 263)	(2 471)
Embedded value of covered business at the beginning of the period	49 386	48 937	45 135	44 697	(1 839)	(1 700)	6 090	5 940
Embedded value of covered business at the end of the period	49 461	46 782	45 287	42 510	(1 905)	(1 743)	6 079	6 015

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information *continued*

7.2 Sanlam Emerging Markets

7.2.1 Analysis of net result from financial services

R million	Life business Reviewed June 2023	Life business Restated Reviewed June 2022	General insurance Reviewed June 2023	General insurance Restated Reviewed June 2022	Investment management Reviewed June 2023	Investment management Restated Reviewed June 2022
SPA Life	704	470	–	–	108	103
SPA GI	–	–	767	706	–	–
Other International	117	37	302	247	–	–
Corporate costs	–	–	–	–	–	–
Gross result from financial services	821	507	1 069	953	108	103
Tax on result from financial services	(250)	(95)	(319)	(167)	(31)	(29)
Non-controlling interests	(130)	(112)	(133)	(242)	(37)	(36)
Net result from financial services	441	300	617	544	40	38
SPA Life	381	263	–	–	40	38
SPA GI	–	–	459	418	–	–
Other International	60	37	158	126	–	–
Corporate costs	–	–	–	–	–	–

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

R million	Gross written premiums Reviewed June 2023	Gross written premiums Restated Reviewed June 2022	Insurance revenue Reviewed June 2023	Insurance revenue Restated Reviewed June 2022	Underwriting result Reviewed June 2023	Underwriting result Restated Reviewed June 2022
SPA GI	14 655	11 482	13 500	11 138	638	606
Southern Africa	3 168	2 274	2 960	2 208	427	310
North and West Africa	10 654	8 475	9 771	8 194	206	334
East Africa	833	733	769	736	5	(38)
Other International	1 405	1 117	1 342	1 066	(29)	(36)
Total General insurance and Reinsurance	16 060	12 599	14 842	12 204	609	570

Credit and structuring		Corporate and other		Total	
Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022
241	229	(24)	40	1 029	842
–	–	(35)	(43)	732	663
1 045	597	100	102	1 564	983
–	–	(149)	(108)	(149)	(108)
1 286	826	(108)	(9)	3 176	2 380
(359)	(213)	(73)	(83)	(1 032)	(587)
(30)	(53)	(40)	1	(370)	(442)
897	560	(221)	(91)	1 774	1 351
140	102	(119)	(3)	442	400
–	–	(27)	(56)	432	362
757	458	68	72	1 043	693
–	–	(143)	(104)	(143)	(104)

Claims ratio (%)		Underwriting margin (%)		Investment return on insurance funds margin (%)		Net insurance result (%)	
Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022
60,2	58,3	7,3	8,1	2,2	(0,7)	9,5	7,4
33,1	34,6	28,9	26,9	2,9	1,1	31,7	28,0
66,8	62,4	3,0	5,7	1,7	(1,5)	4,7	4,2
50,5	66,4	1,2	(8,1)	7,8	5,2	9,0	(3,0)
58,8	63,3	(3,3)	(4,1)	33,9	32,7	30,6	28,6
60,0	58,8	6,2	6,8	5,4	2,8	11,6	9,6

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information *continued*

7.2 Sanlam Emerging Markets *continued*

7.2.3 Analysis of insurance funds

R million	Reviewed June 2023	Restated Reviewed December 2022	Equities and similar securities Reviewed June 2023	Equities and similar securities Restated Reviewed December 2022
SPA GI	11 265	9 919	36	31
Other International	8 244	7 300	4	4
Total insurance funds	**19 509**	**17 219**	**22**	**19**
Total Subsidiaries	11 076	9 631	36	32
Associated companies[(1)]	8 433	7 588	3	4
Total insurance funds	**19 509**	**17 219**	**22**	**19**

(1) Sanlam's effective share.

7.2.4 Analysis of net investment return

R million	Life business Reviewed June 2023	Life business Restated Reviewed June 2022	General insurance Reviewed June 2023	General insurance Restated Reviewed June 2022
SPA Life	254	100	–	–
SPA GI	–	–	1 095	(208)
Other International	61	13	32	(39)
Corporate	–	–	–	–
Gross investment return	**315**	**113**	**1 127**	**(247)**
Tax on investment return	(30)	(24)	22	9
Non-controlling interests	(49)	(13)	(597)	113
Net investment return	**236**	**76**	**552**	**(125)**

7.2.5 Analysis of capital portfolio

R million	Reviewed June 2023	Restated Reviewed December 2022	Equities and similar securities Reviewed June 2023	Equities and similar securities Restated Reviewed December 2022
SPA Life	5 873	5 814	8	11
SPA GI	18 134	16 068	47	40
Other International	13 877	12 313	9	8
Total capital portfolio[(1)]	**37 884**	**34 195**	**27**	**24**
Total subsidiaries	25 040	22 873	35	30
Associated companies[(2)]	12 844	11 322	10	10
Total capital portfolio[(1)]	**37 884**	**34 195**	**27**	**24**

(1) Includes float assets.
(2) Sanlam's effective share.

Asset allocation (%)

Investment properties		Interest-bearing securities		Cash, deposits and similar securities		Working capital cash	
Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022
35	36	21	25	4	4	4	4
–	–	96	95	–	1	–	–
20	19	53	57	3	3	2	2
35	37	22	26	4	3	3	2
–	–	94	91	2	2	1	3
20	19	53	57	3	3	2	2

Investment management		Credit and banking		Corporate and other		Total	
Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022	Reviewed June 2023	Restated Reviewed June 2022
33	47	2	(1)	(101)	(12)	188	134
–	–	–	–	11	(82)	1 106	(290)
–	–	5	(35)	–	–	98	(61)
–	–	–	–	(37)	(97)	(37)	(97)
33	47	7	(36)	(127)	(191)	1 355	(314)
(1)	(1)	(2)	9	(105)	(3)	(116)	(10)
(14)	(19)	–	–	29	18	(631)	99
18	27	5	(27)	(203)	(176)	608	(225)

Asset allocation (%)

Investment properties		Interest-bearing securities		Cash, deposits and similar securities	
Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022	Reviewed June 2023	Restated Reviewed December 2022
13	13	60	62	19	14
30	32	21	25	2	3
–	–	88	88	3	4
16	17	52	54	5	5
25	26	34	39	6	5
–	–	86	85	4	5
16	17	52	54	5	5

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information *continued*

7.2 Sanlam Emerging Markets *continued*

7.2.6 Assets under management

	Southern Africa		North and West Africa	
R million	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
Life business	41 922	34 446	19 880	21 600
Investment operations	32 688	48 328	–	–
Total assets under management	**74 610**	**82 774**	**19 880**	**21 600**

7.2.7 Credit and structuring

	Size of loan books (Sanlam share)		Net interest margin	
R million	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
Shriram Transport Finance Company	–	28 873	–	7,3%
Shriram City Union Finance	–	6 984	–	12,0%
Shriram Finance Limited[1]	43 516	–	8,6%	–
Capricorn Investment Holdings	10 838	10 099	6,1%	6,1%
Letshego	2 940	2 727	13,0%	13,3%

[1] During December 2022, Shriram Transport Finance Company, Shriram City Union Finance Limited and Shriram Capital Limited were merged into one entity called Shriram Finance Limited and reported as such with effect this reporting period.

East Africa		Other International		Total	
Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
5 250	5 161	15 572	13 946	82 624	75 153
52 150	53 534	–	–	84 838	101 862
57 400	58 695	15 572	13 946	167 462	177 015

Bad debt ratio		Administration cost as % of net interest margin	
Reviewed June 2023	Audited December 2022	Reviewed June 2023	Audited December 2022
–	2,4%	–	23,6%
–	2,4%	–	45,0%
3,3%	–	29,8%	–
0,5%	0,7%	90,0%	89,4%
1,1%	0,4%	73,6%	80,5%

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information *continued*

7.2 Sanlam Emerging Markets *continued*

7.2.8 Analysis of change in GEV – covered business

R million	Total		Gross value of in-force	
	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
Operational earnings	456	483	74	150
Value of new life insurance business	337	291	522	526
Unwinding of discount rate	457	342	382	280
Expected profit	–	–	(569)	(476)
Operating experience variances	(180)	(62)	(119)	(75)
Risk experience	70	61	38	23
Persistency	(235)	(137)	(157)	(74)
Maintenance expenses	(45)	(21)	–	(2)
Working capital management	40	30	–	–
Credit spread	–	8	–	–
Other	(10)	(3)	–	(22)
Operating assumption changes	(158)	(88)	(142)	(105)
Risk experience	(20)	(31)	(12)	(33)
Persistency	(65)	(32)	(46)	(29)
Maintenance expenses	(43)	(12)	(47)	(6)
Modelling changes and other	(30)	(13)	(37)	(37)
Net investment return	308	(155)	–	–
Expected return on adjusted net asset value	217	181	–	–
Investment variances on adjusted net asset value	91	(336)	–	–
Valuation and economic basis	376	(300)	390	(315)
Investment variances on in-force business	181	(48)	177	(47)
Economic assumption changes	37	(152)	55	(139)
Investment yields	37	(149)	55	(139)
Long-term asset mix assumptions and other	–	(3)	–	–
Foreign currency translation differences	158	(100)	158	(129)
IFRS 17 and related tax changes	(194)	–	72	–
Net project expenses	(11)	(3)	–	–
GEV earnings: covered business	935	25	536	(165)
Disposal of businesses	–	(10)	–	–
Transfer from/(to) other group operations	–	(119)	–	–
Transfers from covered business	(194)	(383)	–	–
Embedded value of covered business at the beginning of the period	9 025	9 026	4 881	4 705
Embedded value of covered business at the end of the period	9 766	8 539	5 417	4 540

Cost of capital		Adjusted net asset value	
Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
(44)	(2)	426	335
(65)	(63)	(120)	(172)
75	62	–	–
–	–	569	476
(24)	(24)	(37)	37
9	2	23	36
(28)	(28)	(50)	(35)
(1)	3	(44)	(22)
–	–	40	30
–	–	–	8
(4)	(1)	(6)	20
(30)	23	14	(6)
(1)	1	(7)	1
(3)	1	(16)	(4)
(2)	(2)	6	(4)
(24)	23	31	1
–	–	308	(155)
–	–	217	181
–	–	91	(336)
(29)	28	15	(13)
(13)	19	17	(20)
(16)	(20)	(2)	7
(16)	(17)	(2)	7
–	(3)	–	–
–	29	–	–
(266)	–	–	–
–	–	(11)	(3)
(339)	26	738	164
–	–	–	(10)
–	–	–	(119)
–	–	(194)	(383)
(842)	(904)	4 986	5 225
(1 181)	(878)	5 530	4 877

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information *continued*

7.3 Sanlam Investment Group

7.3.1 Analysis of earnings

R million	Sanlam investments Reviewed June 2023	Sanlam investments Reviewed June 2022	Wealth management Reviewed June 2023	Wealth management Reviewed June 2022	International Reviewed June 2023	International Reviewed June 2022
Result from life insurance contracts	–	–	–	–	–	–
Result from other operations	456	296	200	125	132	167
Revenue[1]	1 544	1 134	705	561	465	834
Net other income	44	76	–	–	17	(5)
Sales remuneration	–	–	–	–	(7)	(105)
Administration costs[1]	(1 132)	(914)	(505)	(436)	(343)	(557)
Gross result from financial services before performance fees	456	296	200	125	132	167
Performance fees	8	51	2	12	–	–
Gross result from financial services	464	347	202	137	132	167
Tax on result from financial services	(113)	(66)	(54)	(35)	(35)	(4)
Non-controlling interest	(132)	(85)	–	–	–	(2)
Net result from financial services	219	196	148	102	97	161
Life business	–	–	–	–	–	–
Investment management	219	196	148	102	97	161
Credit and structuring	–	–	–	–	–	–
Net investment return	(34)	(36)	(1)	–	81	(98)
Life business	–	–	–	–	–	–
Investment management	(34)	(36)	(1)	–	81	(98)
Project expenses	(27)	(14)	–	–	–	(18)
Net operational earnings	158	146	147	102	178	45
Amortisation of intangible assets	(5)	–	(9)	(9)	(5)	(5)
Profit on disposal of subsidiaries and associates	–	–	–	–	14	1 661
Normalised attributable earnings	153	146	138	93	187	1 701

[1] Revenue and administration costs on page 41 include performance fees and the related administration costs.

SanFin		Corporate services		Consolidation		Total	
Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
252	(56)	–	–	–	–	252	(56)
129	146	(35)	(30)	–	–	882	704
260	413	–	1	(20)	(33)	2 954	2 910
–	–	–	–	–	–	61	71
–	–	–	–	–	–	(7)	(105)
(131)	(267)	(35)	(31)	20	33	(2 126)	(2 172)
381	90	(35)	(30)	–	–	1 134	648
–	–	–	–	–	–	10	63
381	90	(35)	(30)	–	–	1 144	711
(92)	(26)	12	5	–	–	(282)	(126)
–	–	–	–	–	–	(132)	(87)
289	64	(23)	(25)	–	–	730	498
195	(44)	–	–	–	–	195	(44)
–	–	(23)	(25)	–	–	441	434
94	108	–	–	–	–	94	108
124	46	(36)	–	–	–	134	(88)
124	46	–	–	–	–	124	46
–	–	(36)	–	–	–	10	(134)
–	–	–	(2)	–	–	(27)	(34)
413	110	(59)	(27)	–	–	837	376
–	–	(12)	(14)	–	–	(31)	(28)
–	–	–	–	–	–	14	1 661
413	110	(71)	(41)	–	–	820	2 009

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information *continued*

7.3 Sanlam Investment Group *continued*

7.3.2 Analysis of change in GEV – covered business

	Total		Gross value of in-force		Cost of capital		Adjusted net asset value	
R million	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022	Reviewed June 2023	Reviewed June 2022
Operational earnings	162	(93)	–	(3)	(33)	(47)	195	(43)
Unwinding of discount rate	–	7	–	1	–	6	–	–
Expected profit	–	–	–	(2)	–	–	–	2
Operating experience variances	195	(53)	–	(2)	–	(6)	195	(45)
Credit spread	195	(46)	–	–	–	–	195	(46)
Other	–	(7)	–	(2)	–	(6)	–	1
Operating assumption changes	(33)	(47)	–	–	(33)	(47)	–	–
Modelling changes and other	(33)	(47)	–	–	(33)	(47)	–	–
Net investment return	116	46	–	–	–	–	116	46
Expected return on adjusted net asset value	117	100	–	–	–	–	117	100
Investment variances on adjusted net asset value	(1)	(54)	–	–	–	–	(1)	(54)
Valuation and economic basis	71	(107)	22	(150)	49	44	–	(1)
Investment variances on in-force business	22	(151)	22	(150)	–	–	–	(1)
Economic assumption changes	49	44	–	–	49	44	–	–
Investment yields	49	44	–	–	49	44	–	–
Profit on disposal of subsidiaries	–	(30)	–	–	–	–	–	(30)
GEV earnings: covered business	349	(184)	22	(153)	16	(3)	311	(28)
Disposal value in force	–	(774)	–	–	–	–	–	(774)
Transfers from covered business	(311)	(2)	–	–	–	–	(311)	(2)
Embedded value of covered business at the beginning of the period	1 747	2 614	2	25	(959)	(919)	2 704	3 508
Embedded value of covered business at the end of the period	1 785	1 654	24	(128)	(943)	(922)	2 704	2 704

7.3.3 Assets under management

	Assets under management		Fee income		Administration cost	
	Reviewed June 2023 R million	Audited December 2022 R million	Reviewed June 2023 %	Audited December 2022 %	Reviewed June 2023 %	Audited December 2022 %
Sanlam Investments[1]	923 503	763 481[2]	0,36	0,31	0,24	0,21
Wealth Management	124 558	109 830	1,20	1,09	0,86	0,83
International[3]	159 560	160 006	0,52	0,49	0,36	0,39
Intra-cluster eliminations	(30 500)	(30 887)				
Asset management operations	1 177 121	1 002 430				
Covered business SanFin	61 166	60 809				
Assets under management	1 238 287	1 063 239				

[1] Includes Sanlam assets of R194 billion (2022: R187 billion).
[2] Excludes Absa investment management business acquired on 1 December 2022 of R131 billion on 31 December 2022.
[3] Includes Sanlam assets of R75 billion (2022: R70 billion).

7.3.4 Asset mix of assets under management

R million	Fixed Interest	Equities	Offshore	Properties	Cash	Total
June Reviewed 2023						
Sanlam Investments	227 109	373 749	139 248	30 838	152 559	923 503
Wealth Management	–	58 059	62 151	–	4 348	124 558
International	–	–	159 560	–	–	159 560
Intra-cluster consolidation						(30 500)
Assets under management – Asset management operations	227 109	431 808	360 959	30 838	156 907	1 177 121
December Audited 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

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

7 Cluster information *continued*

7.4 Santam

7.4.1 Insurance activities

R million	Gross written premium Reviewed June 2023	Gross written premium Restated Reviewed June 2022	Underwriting result Reviewed June 2023	Underwriting result Restated Reviewed June 2022
Motor	7 787	7 633	93	278
Property	6 622	6 206	(312)	(343)
Engineering	1 030	857	162	247
Liability	911	785	374	256
Transportation	757	560	104	(72)
Accident and health	397	349	94	67
Guarantee	23	42	3	10
Other	130	111	41	37
Total Conventional insurance	**17 657**	**16 543**	**559**	**480**

Ratios[1]	Reviewed June 2023	Restated Reviewed June 2022
Administration cost ratio	15,8%	13,8%
Claims ratio	66,0%	68,1%
Underwriting margin	3,8%	3,0%
Investment return on insurance funds margin	2,2%	0,2%

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

R million	Reviewed June 2023	Restated Reviewed June 2022
Conventional Insurance		
Insurance revenue	17 566	16 220
Gross written premium	17 657	16 543
Less: Unearned premium and experience adjustments	(91)	(323)
Net earned premiums	14 377	13 496
Net claims incurred	(9 491)	(9 196)
Net commission	(2 070)	(2 032)
Management expenses	(2 257)	(1 788)
Underwriting result: Conventional insurance	559	480
Investment return on insurance funds	319	30
Net insurance result	878	510
Net Other Income	153	102
Alternative Risk[2]	174	108
Other	(21)	(6)
Strategic participations	180	88
Saham	65	12
SEM target shares	115	76
Gross result from financial services	1 211	700
Tax and non-controlling interest	(668)	(404)
Net result from financial services	543	296

[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 Reviewed June 2023	Corporate expenses and other Reviewed June 2022	Consolidation[1] Reviewed June 2023	Consolidation[1] Reviewed June 2022	Total Reviewed June 2023	Total Reviewed June 2022
Result from other operations	(67)	(140)	(203)	(128)	(270)	(268)
Revenue	–	–	(203)	(128)	(203)	(128)
Net other income	199	141	–	–	199	141
Administration costs	(266)	(281)	–	–	(266)	(281)
Results from financial services	(67)	(140)	(203)	(128)	(270)	(268)
Tax on result from financial services	13	49	46	28	59	77
Non-controlling interest	–	–	157	100	157	100
Net result from financial services	(54)	(91)	–	–	(54)	(91)
Net investment income	146	79	–	–	146	79
Project expenses	(77)	(90)	–	–	(77)	(90)
Net operational earnings	15	(102)	–	–	15	(102)
Impairment reversal/(charge)[2]	948	(399)	–	–	948	(399)
Normalised attributable earnings	963	(501)	–	–	963	(501)

[1] Includes the consolidation entries relating to SEM target shares and Saham Finances included within the Santam results.
[2] A partial impairment reversal of R948 million in respect of the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV) has been recognised in June 2023 (June 2022: R399 million impairment charge). The impairment reversal in 2023 is mainly due to the increase in the Sanlam share price from 31 December 2022 applied in the recoverability assessment.

8 Net movement in specific shareholders' fund reserves (including life and general insurance)

R million	Reviewed June 2023	Reviewed December 2022
Balance at the beginning of the year	11 721	10 831
Gross	16 201	15 043
Tax	(4 480)	(4 212)
Net investment income	185	136
Net investment surpluses	(122)	134
Asset mismatch profit/(loss) recognised during the period	272	(13)
Asset mismatch profit/(loss) recognised in insurance investment result during the period	(235)	(343)
Transfers to asset mismatch reserves during the period	1 233	574
Foreign currency translation differences	15	–
Other movements	(246)	402
Balance at the end of the period	12 823	11 721
Gross	17 722	16 201
Tax	(4 629)	(4 480)
Non-controlling interest	(270)	–

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

9 Normalised diluted earnings per share

	Reviewed June 2023	Restated Reviewed June 2022
Normalised diluted earnings per share:	Cents	Cents
Net result from financial services	280,3	221,6
Net operational earnings	339,7	206,3
Profit attributable to shareholders' fund	434,1	228,9
	R million	R million
Analysis of operational earnings (refer shareholders' fund income statement on page 40):		
Net result from financial services	6 177	4 895
Net operational earnings	7 486	4 557
Normalised profit attributable to shareholders' fund	9 567	5 056
Reconciliation of operational earnings:		
Headline earnings per note 1 on page 85 of the Sanlam condensed consolidated interim financial statements	6 902	3 185
Add/(Less):	584	1 372
Fund transfers	1 651	(61)
B-BBEE SPV impairment (reversal)/charge	(948)	399
Net movement in asset mismatch reserve	(25)	550
Net movement in specific shareholders' fund reserves	(133)	(2)
Net equity-accounted earnings	(18)	(8)
Net amortisation of value of business acquired and other intangibles	57	189
Cost included in profit on disposal of subsidiaries[(1)]	–	305
Operational earnings	7 486	4 557
Adjusted number of shares	Million	Million
Weighted average number of shares for diluted earnings per share (refer note 1 on page 86 of the Sanlam condensed consolidated interim financial statements)	2 068,4	2 076,1
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	135,3	132,7
Adjusted weighted average number of shares for normalised diluted earnings per share	2 203,7	2 208,8

(1) For shareholders' fund purposes only, wind-down and transaction related costs are set off against the proceeds on disposal.

10 Value per share

	Reviewed June 2023	Restated Reviewed December 2022
	R million	R million
Net asset value per share is calculated on the group shareholders' fund at net asset value	85 488	89 001
Equity value per share is calculated based on the group equity value	143 544	140 776
Number of shares for value per share	Million	Million
Number of ordinary shares in issue	2 202,9	2 226,9
Shares held by subsidiaries in shareholders' fund	(118,4)	(49,1)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	31,2	28,8
Adjusted number of shares for value per share	2 115,7	2 206,6

11 Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 7,6 (31 December 2022: 7,7) to the after tax recurring corporate expenses.

12 Share transactions

12.1 Shares repurchased

Sanlam shareholders granted general authorities to the group at its annual general meetings to repurchase Sanlam shares in the market.

A cumulative 33,2 million ordinary shares were repurchased in the market by May 2023, including the repurchases made during 2022.

12.2 Shares cancelled

In June 2023, 31 million treasury shares were cancelled, pursuant to General Authorities.

12.3 Shares issued

In May 2023 Sanlam Limited issued 7,3 million shares as part of the settlement to AfroCentric shareholders in exchange for acquiring an effective stake of 31,3% in AfroCentric.

Following the transactions, the issued share capital of the company now comprises 2 202,9 million ordinary shares of 1 cent each.

Notes to the shareholders' fund information *continued*

for the six months ended 30 June

13 Reconciliation of group statement of comprehensive income to shareholders' fund income statement

R million	2023 IFRS total[1] (A)	Total shareholders' fund[2] (B)	Shareholders' activities (C)	Shareholders' fund adjustments (D)
Result from insurance operations	4 048	6 411	6 705	(294)
Result from insurance contracts	4 559	6 923	7 217	(294)
Insurance service result	4 544	5 564	5 517	47
Insurance revenue	42 893	60 214	60 167	47
Insurance service expenses	(34 247)	(47 972)	(47 972)	–
Income or expense from reinsurance contracts	(4 102)	(6 678)	(6 678)	–
Insurance investment result	15	1 359	1 700	(341)
Other expenses relating to insurance operations	(511)	(512)	(512)	–
Result from other operations	4 655	5 954	6 012	(58)
Revenue	7 316	7 702	7 702	–
Investment income	12 425	1 062	1 250	(188)
Investment surpluses	39 081	1 656	1 526	130
Finance cost – margin business	(186)	–	–	–
Change in fair value of investment contract liabilities	(41 514)	–	–	–
Change in fair value of external investors' liabilities	(5 568)	–	–	–
Net other income	–	2 185	2 185	–
Sales remuneration	(543)	(631)	(631)	–
Administration costs	(6 356)	(6 020)	(6 020)	–
Net movement in asset mismatch reserve	–	25	–	25
Net movement in specific shareholders' fund reserves	–	133	–	133
Impairments	(22)	687	687	–
Net impairment losses on financial and contract assets	(1)	–	–	–
Other impairments	(21)	687	687	–
Amortisation of intangibles	(119)	(57)	(57)	–
Net operating result	8 562	13 153	13 347	(194)
Equity-accounted earnings	1 026	18	18	–
Finance cost – other	(471)	–	–	–
Net monetary gain	–	–	–	–
Profit before tax	9 117	13 171	13 365	(194)
Taxation	(3 617)	(3 224)	(3 418)	194
Shareholders' fund	(2 103)	(3 224)	(3 418)	194
Policyholders' fund	(1 514)	–	–	–
Profit from continuing operations	5 500	9 947	9 947	–
Profit from discontinued operations	4 198	–	–	–
Profit for the period	9 698	9 947	9 947	–
Attributable to:				
Shareholders' fund	7 916	8 331	–	–
Non-controlling interest	1 782	1 616	–	–
	9 698	9 947	–	–

[1] IFRS Total (A) = (B)+(E)+(F)
[2] Total shareholders' fund (B) = (C)+(D)
[3] Policyholder activities relate to the inclusion of policyholders' after-tax investment return in respect of investment contracts, and the allocation thereof to policy liabilities, in the group statement of comprehensive income.
[4] 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.

		2022					
Policyholder activities[3] (E)	IFRS adjustments[4] (F)	IFRS total[3] (A)	Total shareholders' fund[4] (B)	Shareholders' activities (C)	Shareholders' fund adjustments (D)	Policyholder activities[1] (E)	IFRS adjustments[2] (F)
–	(2 363)	3 640	4 576	3 696	880	–	(936)
–	(2 364)	3 969	4 906	4 026	880	–	(937)
–	(1 020)	4 236	4 177	4 234	(57)	–	59
–	(17 321)	41 381	54 889	54 946	(57)	–	(13 508)
–	13 725	(39 320)	(49 882)	(49 882)	–	–	10 562
–	2 576	2 175	(830)	(830)	–	–	3 005
–	(1 344)	(267)	729	(208)	937	–	(996)
–	1	(329)	(330)	(330)	–	–	1
1 093	(2 392)	1 039	2 510	2 650	(140)	(1 148)	(323)
17	(403)	7 052	6 848	6 848	–	357	(153)
8 205	3 158	10 542	805	866	(61)	7 100	2 637
37 941	(516)	(36 873)	(1 043)	(964)	(79)	(33 693)	(2 137)
–	(186)	(115)	–	–	–	–	(115)
(41 514)	–	26 012	–	–	–	26 012	–
(3 225)	(2 343)	1 442	–	–	–	(233)	1 675
–	(2 185)	–	1 721	1 721	–	–	(1 721)
–	88	(771)	(768)	(768)	–	–	(3)
(331)	(5)	(6 250)	(5 053)	(5 053)	–	(691)	(506)
–	(25)	–	(550)	–	(550)	–	550
–	(133)	–	2	–	2	–	(2)
–	(709)	11	(401)	(401)	–	–	412
–	(1)	(1)	–	–	–	–	(1)
–	(708)	12	(401)	(401)	–	–	413
–	(62)	(86)	(190)	(190)	–	–	104
1 093	(5 684)	4 604	5 947	5 755	192	(1 148)	(195)
–	1 008	1 110	9	9	–	–	1 101
–	(471)	(349)	–	–	–	–	(349)
–	–	(10)	–	–	–	–	(10)
1 093	(5 147)	5 355	5 956	5 764	192	(1 148)	547
(1 093)	700	(198)	(1 759)	(1 567)	(192)	1 148	413
–	1 121	(1 058)	(1 759)	(1 567)	(192)	–	701
(1 093)	(421)	860	–	–	–	1 148	(288)
–	(4 447)	5 157	4 197	4 197	–	–	960
–	4 198	452	–	–	–	–	452
–	(249)	5 609	4 197	4 197	–	–	1 412
–	(415)	5 117	3 630	–	–	–	1 487
–	166	492	567	–	–	–	(75)
–	(249)	5 609	4 197	–	–	–	1 412

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Confidence Rule 20:

PREPARATION IS ALWAYS THE BEST PREPARATION.

Contents

Independent auditors' review report on the condensed consolidated interim financial statements

To the shareholders of Sanlam Limited

We have reviewed the condensed consolidated interim financial statements of Sanlam Limited, set out on pages 79 to 182 of the accompanying interim report, which comprise the group statement of financial position at 30 June 2023 and the group statement of comprehensive income, group statement of changes in equity and group statement of cash flows for the six months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

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

Auditor's responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Sanlam Limited for the six months ended 30 June 2023 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

KPMG Inc

KPMG Inc
Director: Pierre Fourie
Registered Auditor

KPMG Crescent
85 Empire Road
Parktown
6 September 2023

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Alsue du Preez
Registered Auditor

5 Silo Square
V&A Waterfront
Cape Town
6 September 2023

Accounting policies and basis of preparation

The preparation of the group's reviewed condensed consolidated interim financial statements was supervised by the Group Finance Director, AM Mukhuba CA(SA).

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The policy liabilities are determined in accordance with IFRS 17. Refer to the policy on page 169.

The accounting policies and basis of preparation for the IFRS condensed consolidated interim financial statements are in all material respects consistent with those applied in the 2022 annual report apart from the adoption of new IFRSs at the beginning of the 2023 financial year.

The following new or revised IFRSs and interpretations have been applied in the 2023 financial period:

- Effective 1 January 2023:
  - IFRS 17 Insurance Contracts
  - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
  - Definition of Accounting Estimate (Amendments to IAS 8)
  - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
  - International Tax Reform (Amendments to IAS 12)

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

- Effective 1 January 2024:
  - Classification of liabilities as current or non-current (Amendments to IAS 1)
  - Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
  - Non-current Liabilities with Covenants (Amendments to IAS 1)
  - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The group does not expect other amendments to standards issued by the IASB, but not yet effective, to have a material impact. For additional information on IFRS 17 impact, refer to notes 13 – 16 as well as the accounting policy included in Addendum A.

Use of estimates, assumptions and judgements

The preparation of the condensed consolidated interim financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect items reported in the group statement of financial position and statement of comprehensive income, as well as contingent liabilities.

Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Refer to note 6 of the condensed consolidated interim financial statements for further information on significant changes since the previous reporting period in terms of critical estimates and judgements and note 7 of the condensed consolidated interim financial statements for information on contingencies.

External review

The jointly appointed auditors, KPMG Incorporated and PwC Incorporated, reviewed the condensed consolidated interim financial statements of the group at 30 June 2023. These reviews were conducted in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A copy of the unqualified joint review report of KPMG Incorporated and PwC Incorporated is presented on page 78.

Group statement of financial position

as at

R million	Notes	Reviewed 30 June 2023	Restated[1] Reviewed 31 December 2022	Restated[1] Reviewed 1 January 2022
ASSETS				
Goodwill[1]		6 505	5 001	16 096
Equipment		1 752	1 090	1 730
Right-of-use assets		1 173	1 036	1 481
Owner-occupied properties		699	686	2 582
Intangible assets[1]		2 881	945	4 355
Contract costs for investment management services[1]		3 158	3 150	3 208
Insurance contract assets[1]	15	8 516	8 858	11 585
Reinsurance contract assets[1]	16	17 077	18 631	23 194
Deferred tax[1]		1 549	1 630	3 319
Investments[1]		801 069	769 528	815 914
Investment properties		8 612	10 436	17 980
Investment in associates and joint ventures[1]	4	21 384	21 198	23 229
Equities and similar securities[1]	4	179 523	185 686	193 559
Interest-bearing investments[1]	4	250 913	241 484	271 340
Structured transactions	4	23 892	17 991	12 434
Investment funds	4	286 660	264 490	278 145
Deposits and similar securities[1]	4	30 085	28 243	19 227
Non-current assets reclassified as held for sale[1]		120 539	111 777	81 386
Working capital assets[1]		82 431	76 779	86 277
Trade and other receivables[1]	4	42 809	33 963	37 410
Taxation		555	574	1 218
Short-term investments[1]		4 565	5 373	6 755
Cash and cash equivalents[1]	4	34 502	36 869	40 894
Total assets[1]		1 047 349	999 111	1 051 127
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		13 034	12 784	12 784
Treasury shares		(6 782)	(2 888)	(1 671)
Other reserves[1]		12 308	6 366	7 611
Retained earnings[1]		66 430	68 562	63 423
Shareholders' fund[1]		84 990	84 824	82 147
Non-controlling interest[1]		15 914	14 342	14 387
Total equity[1]		100 904	99 166	96 534
Insurance contract liabilities[1]	15	210 326	206 156	249 501
Reinsurance contract liabilities[1]	16	4 922	4 171	7 570
Investment contract liabilities[1]	4 and 17	476 136	439 616	442 260
Term finance	4	13 725	14 654	15 116
Margin business		5 413	5 413	5 330
Other interest-bearing liabilities		8 312	9 241	9 786
Lease liabilities		1 461	1 371	1 789
Structured transactions liabilities	4	13 497	10 972	8 898
External investors in consolidated funds	4	80 410	89 214	85 506
Deferred tax[1]		7 607	6 599	11 860
Non-current liabilities reclassified as held for sale[1]		80 559	76 160	78 700
Collateral guarantee contracts[1]		120	129	155
Working capital liabilities[1]		57 682	50 903	53 238
Trade and other payables[1]	4	55 808	48 827	50 054
Provisions		246	232	628
Taxation		1 628	1 844	2 556
Total equity and liabilities[1]		1 047 349	999 111	1 051 127

[1] The prior years have been restated for the initial application of IFRS 17 and the reclassification of cash and cash equivalents, refer to notes 13.1 and 13.2 for additional information.

Group statement of comprehensive income

for the six months ended 30 June

R million	Notes	Reviewed 2023	Restated[1] Reviewed 2022
Result from insurance operations		4 048	3 640
Result from insurance contracts		4 559	3 969
Insurance service result		4 544	4 236
Insurance revenue		42 893	41 381
Insurance service expenses		(34 247)	(39 320)
Income or expense from reinsurance contracts		(4 102)	2 175
Insurance investment result		15	(267)
Insurance finance income or expense		(7 076)	2 442
Reinsurance finance income or expense		380	425
Investment income on assets held in respect of insurance contracts		4 367	4 703
Investment surpluses/(deficits) on assets held in respect of insurance contracts		2 344	(7 837)
Other expenses relating to insurance operations		(511)	(329)
Result from other operations		4 655	1 039
Revenue	3	7 316	7 052
Investment income		12 425	10 542
Investment surpluses/(deficits)		39 081	(36 873)
Finance cost – margin business		(186)	(115)
Change in fair value of investment contract liabilities		(41 514)	26 012
Change in fair value of external investors' liabilities		(5 568)	1 442
Sales remuneration		(543)	(771)
Administration costs		(6 356)	(6 250)
(Impairment)/reversal of impairment		(22)	11
Amortisation of intangibles		(119)	(86)
Net operating result		8 562	4 604
Equity-accounted earnings		1 026	1 110
Finance cost – other		(471)	(349)
Net monetary loss		–	(10)
Profit before tax from continuing operations		9 117	5 355
Taxation		(3 617)	(198)
Shareholders' fund		(2 103)	(1 058)
Policyholders' fund		(1 514)	860
Profit for the period from continuing operations		5 500	5 157
Profit for the period from discontinued operations		4 198	452
Profit for the period		9 698	5 609
Other comprehensive income/(loss): to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		2 943	(2 625)
Other comprehensive loss of equity-accounted investments		(1 380)	(114)
Movement in cash flow hedge		(123)	–
Other comprehensive (loss)/income: not to be recycled through profit or loss in subsequent periods – Employee benefits remeasurement (loss)/gain		(94)	12
Comprehensive income for the period		11 044	2 882
Allocation of comprehensive income:			
Profit for the period from continuing operations		5 500	5 157
Shareholders' fund		4 930	4 802
Non-controlling interest		570	355
Profit for the period from discontinued operations		4 198	452
Shareholders' fund		2 986	315
Non-controlling interest		1 212	137
Comprehensive income for the period		11 044	2 882
Shareholders' fund		8 884	2 969
Non-controlling interest		2 160	(87)
Earnings attributable to shareholders of the company (cents):			
Profit for the period:			
Basic earnings per share	1	388,6	249,6
Diluted earnings per share	1	382,7	246,5
Earnings attributable to shareholders (cents) of continuing operations:			
Profit for the period from continuing operations:			
Basic earnings per share from continuing operations		242,0	234,2
Diluted earnings per share from continuing operations		238,4	231,3

[1] The prior period has been restated for the application of IFRS 17. Refer to note 13.1 for additional information.

Group statement of changes in equity

for the six months ended 30 June

R million	Share capital	Share premium	Treasury shares	Non-distributable reserve
Balance at 1 January 2022 (As previously reported)	22	12 762	(1 671)	10 034
Adjustment on initial application of IFRS 17 net of tax	–	–	–	–
Balance at 1 January 2022 (Restated)[1]	22	12 762	(1 671)	10 034
Comprehensive income (Restated)[1]	–	–	–	–
Profit for the period[1]	–	–	–	–
Other comprehensive loss[1]	–	–	–	–
Other comprehensive loss: to be recycled through profit or loss in subsequent periods				
Movement in foreign currency translation reserve	–	–	–	–
Other comprehensive loss of equity accounted investments	–	–	–	–
Other comprehensive income: not to be recycled through profit or loss in subsequent periods				
Employee benefits remeasurement gain	–	–	–	–
Net acquisition of treasury shares[1],[2]	–	–	(312)	–
Share-based payments	–	–	–	–
Transfer to/(from) non-distributable reserve	–	–	–	5
Transfer (from)/to consolidation reserve	–	–	–	–
Dividends paid[3]	–	–	–	–
Acquisitions, disposals and other movements in interests	–	–	–	(27)
Balance at 30 June 2022[1]	22	12 762	(1 983)	10 012
Balance at 1 January 2023 (Restated)[1]	22	12 762	(2 888)	9 972
Comprehensive income	–	–	–	(150)
Profit for the period	–	–	–	–
Other comprehensive (loss)/gain[1]	–	–	–	(150)
Other comprehensive income/(loss): to be recycled through profit or loss in subsequent periods				
Movement in foreign currency translation reserve[5]	–	–	–	–
Other comprehensive income/(loss) of equity accounted investments	–	–	–	–
Other comprehensive loss: not to be recycled through profit or loss in subsequent periods	–	–	–	(76)
Employee benefits remeasurement loss	–	–	–	(74)
Shares cancelled[4]	–	(185)	1 869	–
Shares issued	–	435	–	–
Net acquisition of treasury shares[2]	–	–	(952)	–
Share-based payments	–	–	–	–
Transfer to/(from) non-distributable reserve	–	–	–	10
Transfer (from)/to consolidation reserve	–	–	(4 811)	–
Dividends paid[3]	–	–	–	–
Acquisitions, disposals and other movements in interests	–	–	–	(102)
Balance at 30 June 2023	22	13 012	(6 782)	9 730

(1) The prior years have been restated for the application of IFRS 17, refer to note 13.1 for additional information.

(2) Comprises movement in cost of shares held by subsidiaries (excluding policyholder funds), the share incentive trust, other consolidated funds and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV). Net acquisition of treasury shares comprises of an acquisition of R1 301 million (2022: R632 million) and no disposal in 2023 (2022: R112 million).

(3) A dividend of 360 cents per share (2022: 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 R7,4 billion.

(4) In June 2023, 31 million treasury shares were cancelled, pursuant to the General Authorities. Following the transactions, the issued share capital of the Company now comprises 2 202,9 million ordinary shares of 1 cent each.

(5) Movement in foreign currency translation reserve include foreign currency translation reserve recycle from profit on disposal of LIA , refer to note 11.2.1 for additional information.

Foreign currency translation reserve	Retained earnings	Subtotal: equity holders	Consolidation reserve	Total: equity holders	Non-controlling interest	Total equity
2 593	52 188	75 928	(6 549)	69 379	13 517	82 896
–	11 235	11 235	1 533	12 768	870	13 638
2 593	63 423	87 163	(5 016)	82 147	14 387	96 534
(2 043)	5 012	2 969	–	2 969	(87)	2 882
–	5 117	5 117	–	5 117	492	5 609
(2 043)	(105)	(2 148)	–	(2 148)	(579)	(2 727)
(2 042)	–	(2 042)	–	(2 042)	(583)	(2 625)
(1)	(113)	(114)	–	(114)	–	(114)
–	8	8	–	8	4	12
–	(181)	(493)	–	(493)	(27)	(520)
–	216	216	–	216	19	235
–	(5)	–	–	–	–	–
–	(374)	(374)	374	–	–	–
–	(6 959)	(6 959)	–	(6 959)	(1 043)	(8 002)
(13)	(64)	(104)	–	(104)	14	(90)
537	61 068	82 418	(4 642)	77 776	13 263	91 039
572	68 562	89 002	(4 178)	84 824	14 342	99 166
2 510	6 524	8 884	–	8 884	2 160	11 044
–	7 916	7 916	–	7 916	1 782	9 698
2 510	(1 392)	968	–	968	378	1 346
2 510	–	2 510	–	2 510	433	2 943
–	(1 380)	(1 380)	–	(1 380)	–	(1 380)
–	–	(76)	–	(76)	(47)	(123)
–	(12)	(86)	–	(86)	(8)	(94)
–	(1 684)	–	–	–	–	–
–	–	435	–	435	–	435
–	(265)	(1 217)	–	(1 217)	(84)	(1 301)
–	261	261	–	261	21	282
–	(10)	–	–	–	–	–
–	1 135	(3 676)	3 676	–	–	–
–	(7 420)	(7 420)	–	(7 420)	(1 030)	(8 450)
(2)	(673)	(777)	–	(777)	505	(272)
3 080	66 430	85 492	(502)	84 990	15 914	100 904

Group statement of cash flow

for the six months ended 30 June

R million	Notes	Reviewed 2023	Restated[1] Reviewed 2022
Cash flow from operating activities[1]		(2 188)	2 332
Cash utilised in operations[1]	5.1	(3 527)	(1 694)
Interest and preference share dividends received		7 715	9 129
Interest paid		(728)	(482)
Dividends received		5 580	5 907
Dividends paid		(8 453)	(7 992)
Taxation paid		(2 775)	(2 536)
Cash flow from investment activities		(1 002)	137
Payments made for the acquisition of equipment		(261)	(258)
Proceeds in respect of the sale of equipment		73	26
Payments made for the acquisition of owner-occupied properties		(17)	(47)
Proceeds in respect of the disposal of owner-occupied properties		58	136
Acquisition of subsidiaries and associated companies	5.2	(914)	281
Disposal of subsidiaries and associated companies	5.3	421	97
Payments made for the acquisition of intangible assets		(384)	(98)
Proceeds in respect of the sale of intangible assets		22	–
Cash flow from financing activities[1]		(1 036)	(483)
Acquisition of treasury shares[1]		(1 301)	(632)
Disposal of treasury shares[1]		–	112
Proceeds on disposal of non-controlling interest		(400)	36
Term finance raised		1 344	1 427
Term finance repaid		(520)	(1 270)
Lease liabilities repaid		(159)	(156)
Net (decrease)/increase in cash and cash equivalents		(4 226)	1 986
Net foreign exchange difference		1 508	(442)
Cash and cash equivalents at beginning of the period[1]		49 234	43 323
Cash and cash equivalents at end of the period[1]	5.4	46 516	44 867

[1] The prior period has been restated for the application of IFRS 17. Refer to note 13.2 for additional information.

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June

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)) as well as consolidated investment funds. Previously, it was included in policyholder funds information. Refer to note 13.1 for more information. 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 special purpose vehicles (SPV)). 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	Reviewed 2023	Restated[1] Reviewed 2022
Basic earnings per share		
Headline earnings	339,0	155,6
Profit attributable to shareholders' fund	388,6	249,6
Diluted earnings per share		
Headline earnings	333,9	153,7
Profit attributable to shareholders' fund	382,7	246,5
Basic earnings per share from continuing operations		
Headline earnings	257,7	140,0
Profit attributable to shareholders' fund	242,0	234,2
Diluted earnings per share from continuing operations		
Headline earnings	253,8	138,0
Profit attributable to shareholders' fund	238,4	231,3
Basic earnings per share from discontinued operations		
Headline earnings	81,1	15,6
Profit attributable to shareholders' fund	146,6	15,4
Diluted earnings per share from discontinued operations		
Headline earnings	79,9	15,4
Profit attributable to shareholders' fund	144,4	15,2

[1] The prior period has been restated for the initial application of IFRS 17. Refer to note 13.1 for additional information.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

1 Earnings per share *continued*

R million	Reviewed June 2023 Continuing operation	Reviewed June 2023 Discontinued operation	Reviewed June 2023 Total	Restated[(1)] Reviewed June 2022 Continuing operation	Restated[(1)] Reviewed June 2022 Discontinued operation	Restated[(1)] Reviewed June 2022 Total
Analysis of earnings:						
Profit attributable to shareholders' fund	4 930	2 986	7 916	4 802	315	5 117
Less: Net (profit)/loss on disposal of subsidiaries	(68)	(1 243)	(1 311)	(1 963)	4	(1 959)
(Profit)/loss on disposal of subsidiaries	(21)	(1 357)	(1 378)	(1 963)	4	(1 959)
Tax on profit on disposal of subsidiaries	16	–	16	–	–	–
Non-controlling interest	(63)	114	51	–	–	–
Less: Net profit on disposal of associated companies	126	(90)	36	29	–	29
Loss/(profit) on disposal of associated companies	126	(196)	(70)	29	–	29
Tax on profit on disposal of associated companies	–	43	43	–	–	–
Non-controlling interest	–	63	63	–	–	–
Plus: Gross Impairments	261	–	261	2	–	2
Headline earnings	5 249	1 653	6 902	2 870	319	3 189

(1) The prior period has been restated for the initial application of IFRS 17.

Million	Reviewed 2023	Reviewed 2022
Number of shares:		
Weighted number of ordinary shares in issue	2 226,9	2 226,9
Less: Shares cancelled	(2,8)	–
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds	(186,9)	(176,8)
Adjusted weighted average number of shares for basic earnings per share	2 037,2	2 050,1
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	31,2	26,0
Adjusted weighted average number of shares for diluted earnings per share	2 068,4	2 076,1

2 Segmental information

The group segments are grouped according to the similarity of the solution offerings and market segmentations of the various businesses in line with how the business is reported to management and the board internally. The operating segments reported for IFRS 8 – Operating Segments purposes include the following:

- Sanlam Life and Savings
  - SA Retail Affluent (providing life insurance and investment solutions to the middle and upper level of the market).
  - SA Retail Mass (providing life insurance and investment solutions to the entry level market); and
  - Sanlam Corporate (providing employee benefits services, group risk and investment services to retirement funds and corporates);
- Sanlam Emerging Markets (incorporating all Sanlam's businesses outside of South Africa, except for Sanlam UK and the smaller businesses in Australia);
- Sanlam Investment Group (incorporating investment and wealth management businesses); and
- Santam (being Sanlam's general insurance provider in South Africa).

Segment results per the shareholders' fund income statement after tax and non-controlling interest ("segment results") is used to measure performance as management believes this information is the most relevant in evaluating the results from the respective segments as it represents Sanlam's operational and investment activities in the manner that the Sanlam board assesses the group's performance.

The IFRS numbers are a base upon which Sanlam specific shareholders' fund adjustments are made to derive the net result from financial services and the underlying cash net result from financial services as disclosed. These shareholders' fund adjustments do not impact attributable earnings or total IFRS profit after tax.

Fund transfers represent differences in reporting between IFRS profit and segment results and include the consolidation of the broad-based black economic empowerment (B-BBEE) special purpose vehicle (SPV) as it is consolidated for IFRS purposes, but not for shareholders' fund reporting up to 30 June 2023.

R million	Reviewed June 2023	Restated[2] Reviewed June 2022
2.1 Segment insurance revenue and other revenue (per shareholders' fund income statement)	67 916	61 737
Sanlam Life and Savings	22 737	20 239
SA Retail Affluent	10 682	9 935
SA Retail Mass	6 167	5 268
Sanlam Corporate	5 888	5 036
Sanlam Emerging Markets	19 470	18 080
Sanlam Investment Group	3 018	2 882
Santam	22 492	20 416
Group Office and other	199	120
IFRS adjustments[1]	161	1 035
Discontinued operations (included in segment insurance revenue and other revenue)	(17 868)	(14 339)
Total insurance revenue and other revenue	**50 209**	**48 433**
2.2 Segment IFRS 15 revenue from contracts with customers		
Sanlam Life and Savings	3 806	2 981
SA Retail Affluent	2 603	2 391
SA Retail Mass	35	(2)
Sanlam Corporate	1 168	592
Sanlam Emerging Markets	284	439
Sanlam Investment Group	2 846	2 772
Santam	276	189
Total revenue in the scope of IFRS 15	**7 212**	**6 381**

[1] Refer to note 13 on page 74.
[2] The prior period has been restated for the application of IFRS 17.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

2 Segmental information *continued*

R million	Reviewed June 2023	Restated[1] Reviewed June 2022
2.3 Segment results (per shareholders' fund income statement after tax and non-controlling interest)	9 567	5 056
Sanlam Life and Savings	3 202	2 391
SA Retail Affluent	1 865	1 776
SA Retail Mass	910	297
Sanlam Corporate	427	318
Sanlam Emerging Markets	3 581	916
Sanlam Emerging Markets (Discontinued operation)	2 986	315
Sanlam Emerging Markets (Continuing operation)	595	601
Sanlam Investment Group	820	2 009
Santam	1 001	241
Group Office and other	963	(501)
Non-controlling interests included in segment result	1 782	492
Fund transfers	(1 651)	61
Total profit for the period	**9 698**	**5 609**

R million	Total assets Reviewed June 2023	Total assets Restated[1] Reviewed December 2022	Total liabilities Reviewed June 2023	Total liabilities Restated[1] Reviewed December 2022
2.4 Segment shareholders' fund at net asset value	237 428	226 434	136 130	123 197
Sanlam Life and Savings[2]	47 061	43 945	18 173	15 113
Sanlam Emerging Markets	96 060	87 109	38 899	34 084
Sanlam Investment Group	34 839	33 039	26 392	24 618
Santam	57 196	57 561	45 278	46 153
Group Office	7 522	12 791	4 942	4 816
Consolidation entries	(5 250)	(8 011)	2 446	(1 587)
Policyholder funds and IFRS adjustments	809 921	772 677	810 315	776 748
Total	**1 047 349**	**999 111**	**946 445**	**899 945**

[1] The prior period has been restated for the application of IFRS 17.
[2] Includes the operations of SA Retail Affluent, SA Retail Mass, Sanlam Corporate and discretionary capital held by Sanlam Life.

3 Revenue

Revenue included in result from other operations is considered to be revenue for IFRS purposes and includes both IFRS 15 revenue and revenue scoped out of IFRS 15. The different sources of revenue are listed below.

Major IFRS 15 revenue sources

- Income from investment management activities, such as fund management fees, collective investment and linked-product administration fees, commissions, performance fees and other fees;
- Income from capital market activities, such as advisory fees and structuring fees on financing provided; and
- Income from other financial services, such as independent financial advice and trust services.

Major revenue sources not within the scope of IFRS 15

- Income from investments held for capital market activities, such as realised and unrealised gains or losses on trading accounts, unsecured corporate bonds and money market assets and liabilities.

Revenue within the scope of IFRS 15 is either recognised at a point in time or over time. Revenue is recognised over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If none of the above criteria is met, revenue is recognised at a point in time.

IFRS 15 Revenue disaggregation

Revenue from contracts with customers is disaggregated by geographic location and type of revenue. It is also split per the group's key reporting segments. We believe it best depicts how the nature, amount, timing and uncertainty of the group's revenue and cash flows are affected by economic factors.

Recognition of different sources of revenue:

Fees for asset management or administration services in respect of investment contracts are recognised as services are rendered. Initial fees that relate to the future rendering of services are deferred and recognised as those future services are rendered. Related **performance fees** are also recognised over time, however, represent variable consideration and therefore recognition is constrained until there is a 'high degree of confidence' that revenue will not be reversed in a subsequent reporting period; this is typically on crystallisation of the fee. Clients' assets are managed on an ongoing basis and if there is an outperformance of a specific benchmark over a certain period, a fee is recouped from the client's account.

Commissions from investment management or administration services in respect of investment contracts are recognised as services are rendered. For IFRS 15 purposes, these commissions are recognised either at a point in time or over time.

Investment contract liabilities are charged for policy administration and other services. This fee income is recognised as revenue over time as the related services are rendered.

Consulting fees are earned for advice and other services provided to clients of the group's financial advisory businesses. For IFRS 15 purposes, these fees are accounted for either over time as the related services are rendered or at a point in time, depending on when the performance obligations are satisfied. The fees are received on the basis of retainer contracts and services are provided on an ongoing (or continuous) basis. The customer therefore simultaneously receives and consumes the benefits provided by the company's performance as the company performs.

Trust and estate fees are recognised at a point in time when the administration of estates are completed.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

3 Revenue *continued*

Fund administration fees are recognised as follows:

- At a point in time: Acceptance fees are recognised when new capital is received, termination fees are recognised when trusts or funds are terminated and income fees are recognised when the income of a trust is received.
- Over time: Trust and fund management fees are recognised on a monthly basis calculated as a percentage of assets under management. Tax preparation, reporting fees and reference fees from related parties are recognised over time.

According to primary geography

R million	South Africa	Rest of Africa	Other International	Total
30 June 2023 – Reviewed				
IFRS 15 Revenue	6 047	346	819	7 212
Administration fees	3 705	247	52	4 004
Asset management and performance fees	1 790	49	685	2 524
Commissions	295	50	72	417
Consulting fees	76	–	8	84
Trust and estate fees	102	–	–	102
Other	79	–	2	81
Revenue not within the scope of IFRS 15				104
Revenue[1]	6 047	346	819	7 316
30 June 2022 – Reviewed (Restated)				
IFRS 15 Revenue	4 733	535	1 113	6 381
Administration fees[2]	2 734	442	223	3 399
Asset management and performance fees[2]	1 403	46	645	2 094
Commissions	305	47	230	582
Consulting fees	154	–	7	161
Trust and estate fees	90	–	–	90
Other	47	–	8	55
Revenue not within the scope of IFRS 15[2]				671
Revenue[1]	4 733	535	1 113	7 052

[1] Sanlam Life and Savings primarily have revenue in South Africa, R3 845 million (2022: R2 882 million), as well as a small portion stemming from Other International and Rest of Africa, respectively, R1 million (2022: R1 million) and R64 million (2022: R2 million). Revenue in Sanlam Emerging Markets stem from Rest of Africa R124 million (2022: R439 million). Sanlam Investment Group revenue from South Africa R2 194 million (2022: R1 661 million) and Other International R823 million (2022: R1 112 million). Group Office and Santam revenue stem from South Africa.

[2] The prior year has been restated for the application of IFRS 17. Actuarial and risk management fees are no longer included under IFRS 15 revenue now included in insurance revenue. Revenue not within the scope of IFRS 15 decreased with R37,6 billion from R38,3 billion previously reported to R671 million, now included in insurance revenue.

According to timing of revenue recognition

R million	At a point in time	Over time	Total
30 June 2023 – Reviewed			
IFRS 15 Revenue	808	6 404	7 212
Administration fees	292	3 712	4 004
Asset management and performance fees	75	2 449	2 524
Commissions	358	59	417
Consulting fees	17	67	84
Trust and estate fees	63	39	102
Other	3	78	81
Revenue not within the scope of IFRS 15			104
Revenue			7 316
30 June 2022 – Reviewed (Restated)			
IFRS 15 Revenue	706	5 675	6 381
Administration fees	187	3 212	3 399
Asset management and performance fees	2	2 092	2 094
Commissions	453	129	582
Consulting fees	13	148	161
Trust and estate fees	51	39	90
Other	–	55	55
Revenue not within the scope of IFRS 15			671
Revenue			7 052

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

4 Financial assets and financial liabilities

Classification of financial instruments

R million	Fair value through profit or loss: Designated at fair value through profit or loss	Fair value through profit or loss: Mandatorily measured at fair value through profit or loss	Fair value through Other Comprehensive Income	Total fair value
June 2023 – Reviewed				
Investments	281 199	487 994	–	769 193
Equities and similar securities[1]	–	179 523	–	179 523
Investment in joint ventures	515	–	–	515
Interest-bearing investments	248 518	–	–	248 518
Structured transactions	2 081	21 811	–	23 892
Investment funds	–	286 660	–	286 660
Deposits and similar securities	30 085	–	–	30 085
Working capital assets	23 461	15 538	164	39 163
Trade and other receivables	5 288	15 538	–	20 826
Short-term investments	–	–	58	58
Cash and cash equivalents	18 173	–	106	18 279
Total financial assets	304 660	503 532	164	808 356
External investors in consolidated funds	80 410	–	–	80 410
Investment contract liabilities	476 136	–	–	476 136
Term finance	5 375	–	–	5 375
Structured transaction liabilities	–	13 497	–	13 497
Trade and other payables	16 322	2 745	–	19 067
Total financial liabilities	578 243	16 242	–	594 485
December 2022 - Reviewed (Restated)[2][3]				
Investments	266 765	466 176	–	732 941
Equities and similar securities[1][2]	–	185 686	–	185 686
Investment in joint ventures	471	–	–	471
Interest-bearing investments[2]	236 079	–	–	236 079
Structured transactions	1 991	16 000	–	17 991
Investment funds	–	264 490	–	264 490
Deposits and similar securities[3]	28 224	–	–	28 224
Working capital assets	20 591	14 156	2 653	37 400
Trade and other receivables[2]	4 554	14 156	–	18 710
Short-term investments[3]	–	–	1 170	1 170
Cash and cash equivalents[3]	16 037	–	1 483	17 520
Total financial assets	287 356	480 332	2 653	770 341
External investors in consolidated funds	89 214	–	–	89 214
Investment contract liabilities[2]	439 616	–	–	439 616
Term finance	4 570	–	–	4 570
Structured transaction liabilities	–	10 972	–	10 972
Trade and other payables[2]	14 770	1 966	–	16 736
Total financial liabilities	548 170	12 938	–	561 108

[1] The carrying amount of own shares recognised as equities and similar securities is R 9 873 million (2022: R8 967 million).

[2] The prior year has been restated for the application of IFRS 17, refer to note 13.1 for additional information. Equities and similar securities classified as mandatorily measured at fair value through profit or loss increased with R1 328 million from R184 358 million to R185 686 million. Interest-bearing investments classified at amortised cost decreased with R692 million from R6 097 million to R5 405 million. Trade and other receivables classified at amortised cost decreased with R11 975 million from R26 693 million to R14 718 million. Investment contract liabilities classified designated measured at fair value through profit or loss decreased with R17 122 million from R456 738 million to R439 616 million. Trade and other payables classified at amortised cost decreased with R9 526 million from R40 464 million to R30 938 million.

[3] The prior year has been restated for the reclassification of cash and cash equivalents, refer to note 13.2 for additional information. Deposits and similar securities classified designated measured at fair value through profit or loss decreased with R16 037 million from R44 261 million to R28 224 million. Deposits and similar securities classified as amortised cost decreased with R2 648 million from R2 667 million to R19 million. Short-term investments classified fair value through other comprehensive income increased with R1 170 million and classified as amortised cost increased with R4 203 million. Cash and cash equivalents classified designated measured at fair value through profit or loss increased with R16 038 million. Cash and cash equivalents classified designated measured at fair value through other comprehensive income decreased with R1 170 million from R2 653 million to R1 483 million. Cash and cash equivalents classified as amortised cost decreased with R1 556 million from R20 905 million to R19 349 million.

Amortised Cost Gross	Expected credit loss allowance for financial assets at amortised cost	Amortised Cost Net	Total
2 395	–	2 395	771 588
–	–	–	179 523
–	–	–	515
2 395	–	2 395	250 913
–	–	–	23 892
–	–	–	286 660
–	–	–	30 085
42 547	(638)	41 909	81 072
21 817	(638)	21 179	42 005
4 507	–	4 507	4 565
16 223	–	16 223	34 502
44 942	(638)	44 304	852 660
		–	80 410
		–	476 136
		8 350	13 725
		–	13 497
		32 415	51 482
		40 765	635 250
5 424	–	5 424	738 365
–	–	–	185 686
–	–	–	471
5 405	–	5 405	241 484
–	–	–	17 991
–	–	–	264 490
19	–	19	28 243
38 909	(639)	38 270	75 670
15 356	(638)	14 718	33 428
4 203	–	4 203	5 373
19 350	(1)	19 349	36 869
44 333	(639)	43 694	814 035
		–	89 214
		–	439 616
		10 084	14 654
		–	10 972
		30 938	47 674
		41 022	602 130

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

5 Notes to the cash flow statement

5.1 Cash utilised in operations

R million	Notes	Reviewed June 2023	Restated[1] Reviewed June 2022
Profit before tax per statement of comprehensive income[1]		13 993	5 952
Profit before tax from continuing operations		9 117	5 355
Profit before tax from discontinued operations		4 876	597
Net movement in life insurance contract net liabilities and investment contract liabilities		44 334	(27 885)
Non-cash flow items		(37 658)	37 298
Insurance service result: Revenue		(60 168)	(54 946)
Insurance service result: Service expenses		48 249	49 691
Insurance service result: Income or expense from reinsurance contracts		6 300	545
Insurance investment result: Insurance finance income or expense		7 670	(1 820)
Insurance investment result: Reinsurance finance income or expense		(377)	(425)
Depreciation		466	440
Bad debts written off		63	56
Share-based payments		283	234
Profit on disposal of subsidiaries and associates		(1 447)	(1 933)
Fair value adjustments and change in external investors' liability		(37 763)	46 201
Net monetary loss (hyperinflation)		–	25
Impairment of investments and goodwill		257	180
Amortisation of intangibles		175	421
Equity-accounted earnings		(1 366)	(1 371)
Items excluded from cash utilised in operations		(16 851)	(17 261)
Interest accrued		694	500
Dividends accrued		(6 746)	(6 818)
Interest and preference share dividend income		(10 799)	(10 943)
Net disposal/(acquisition) of investments		2 187	(5 867)
(Decrease)/increase in net working capital assets and liabilities[1]		(9 532)	6 069
Cash utilised in operations		**(3 527)**	(1 694)

[1] The prior period has been restated for the initial application of IFRS 17 as the standard brought significant changes to the accounting for insurance and reinsurance contracts.

5.2 Acquisition of subsidiaries and associated companies

R million	Reviewed June 2023	Restated[1] Reviewed June 2022
During the year, various interests in subsidiaries were acquired within the group.		
Goodwill	(1 539)	(66)
Equipment	(679)	(6)
Right-of-use assets	(115)	(24)
Intangible assets[1]	(1 598)	(66)
Reinsurance contract assets	–	(642)
Investments	(160)	–
Deferred tax assets	(86)	(8)
Trade and other receivables	(1 199)	(36)
Cash and cash equivalents	(362)	(414)
Insurance contract liabilities[1]	–	765
Lease liabilities	155	30
Loans payable	7	–
Term finance	665	–
Deferred tax liabilities	260	52
Working capital liabilities	896	159
Provisions	97	1
Taxation	49	(9)
Non-controlling interest	782	–
Total purchase consideration	(2 827)	(264)
Less: Previously held interest at fair value	1 088	81
Less: Share capital and preference shares issued	435	–
Less: Deferred consideration	28	50
Cash element consideration	(1 276)	(133)
Less: Cash and cash equivalents	362	414
Cash component of acquisition of subsidiaries and associated companies	(914)	281

[1] The prior period has been restated for the initial application of IFRS 17 as the standard brought significant changes to the accounting for insurance and reinsurance contracts.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

5 Notes to the cash flow statement *continued*

5.3 Disposal of subsidiaries and associated companies

R million	Reviewed June 2023	Restated[1] Reviewed June 2022
During the period, various interests in associates and subsidiaries were disposed of within the group		
Investment in associates[2]	1 233	41
The fair value of assets disposed of were as follows:		
Investments	(1 093)	–
Contract cost of investment management services	22	–
Equipment	–	8
Right-of-use assets	–	8
Intangible assets[1]	–	6
Non-current assets held for sale	473	80 692
Trade and other receivables	1	96
Cash and cash equivalents	1	–
Lease liabilities	–	(7)
Non-current liabilities held for sale	(338)	(78 869)
Working capital liabilities	(1)	(54)
Non-controlling interest	–	(4)
Foreign currency translation reserve release	(1 309)	–
Profit on disposal of subsidiaries and associates	1 447	1 933
Total disposal price	436	3 850
Less: Cash and cash equivalents disposed of	(1)	(3 298)
Less: Consideration receivable	(14)	–
Less: Deferred purchase consideration	–	(414)
Less: Deemed disposal adjustment	–	(41)
Cash component of disposal of subsidiaries and associated companies	421	97

(1) The prior period has been restated for the initial application of IFRS 17 as the standard brought significant changes to the accounting for insurance and reinsurance contracts.
(2) Included in investment in associates is the disposal of Funeral services group (FSG) in Botswana.

5.4 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value.

R million	June Reviewed 2023	Restated[1] June Reviewed 2022
Bank and other cash balances	15 923	14 399
Deposits and similar securities – maturity < 90 days	18 579	21 567
Total cash and cash equivalents – statement of financial position	34 502	35 966
Bank overdrafts (included in Trade and other payables)	(47)	(1 648)
Plus: Cash and cash equivalents included in non-current assets held for sale	12 061	10 549
Total cash and cash equivalents – statement of cash flows	46 516	44 867

(1) The prior period has been restated for cash and cash equivalent restatement. Please refer to note 13.2 for more information.

Included in cash and cash equivalents are restricted cash balances of R9 251 million (2022: R7 035 million) relating mainly to Credit Support Agreements (CSA) with derivative counterparties as well as initial margins with the JSE in respect of exchange traded derivatives.

5.5 Non-cash transactions

Interest and dividend income in respect of investment funds to the amount of R2 152 million (2022: R1 760 million) and R1 166 million (2022: R911 million) were reinvested. Both of these transactions represent non-cash transactions and also affected the “Net acquisition of investments” in note 5.1 above.

6 Critical accounting estimates and judgements

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the amounts reported for the group's assets and liabilities. Management applies judgement in determining probability-weighted estimates of future experience. These judgements are based on historical experience and reasonable expectations of future events and changes in experience. Estimates and assumptions are regularly updated to reflect actual experience. It is reasonably possible that actual outcomes in future financial years may differ to the current assumptions and judgements, possibly significantly, which could require a material adjustment to the carrying amounts of the affected assets and liabilities.

The critical estimates and judgements made in applying the group's accounting policies are summarised below. Given the correlation between assumptions, it is not possible to demonstrate the effect of changes in key assumptions while other assumptions remain unchanged. Further, in some instances the sensitivities are non-linear. Interdependencies between certain assumptions cannot be quantified and are accordingly not included in the sensitivity analyses; the primary example being the relationship between economic conditions and lapse, surrender and paid-up risk.

An important indicator of the accuracy of assumptions used by a life insurance company is the experience variances reflected in the embedded value earnings during a period. The experience variances reported by the group to date have been reasonable compared to the embedded value of covered business, confirming the accuracy of assumptions used by the group. Refer to the embedded value of covered business on pages 14 to 25 for additional information.

6.1 Impairment of goodwill and key business relationships (previously known as investment value of business acquired)

The recoverable amount of goodwill, key business relationships (previously known as investment value of business acquired) (non-insurance related) and other intangible assets for impairment testing purposes have been determined based on the value in use of the businesses. For non-insurance businesses (part of non-covered business) the value in use was determined on a discounted cash flow valuation basis. These are considered to be the appropriate measure of value in use.

Refer to pages 14 to 25 for the main assumptions applied in determining the value in use of other non-covered group businesses in shareholders' fund information.

6.2 Insurance and reinsurance contracts

This disclosure should be read in conjunction with the valuation methodology as described in Addendum A.

6.2.1 Classification

Assessing significance of insurance risk and discretionary amounts for investment contracts with discretionary participation features (DPF)

The group applies judgement to assess whether contracts are in scope of IFRS 17 in some product lines, such as whether additional payments on death related to minimum investment guarantees or vesting bonuses are significant on a present value basis. Where these additional payments have been assessed not to be significant on a present value basis and there are no DPFs, these investment contracts are in scope of IFRS 9.

The group issues investment contracts with DPF where judgement is applied in assessing whether the discretionary amounts are a significant proportion of the total contractual benefits.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

6 Critical accounting estimates and judgements *continued*

6.2 Insurance and reinsurance contracts *continued*

6.2.1 Classification continued

Variable fee approach (VFA) eligibility

The group applies the VFA to life insurance savings business for insurance contracts with direct participation features that are substantially investment-related. The group applies judgement to assess on the initial recognition of the contracts, whether:

(a) a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders; and

(b) a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items.

The assumed threshold for "substantial share" and "substantial proportion" is in excess of 50%. The group has applied judgement to conclude that assessments can be performed for groups of homogeneous contracts with similar contract features/terms based on readily available qualitative or quantitative information for investment contracts with DPF (with no significant insurance risk), and other market-linked savings contracts where minimum investment guarantees and/or rider benefits create significant insurance risk. The group has performed quantitative assessments on an individual contract level for the material lines of Universal life insurance business where the relative significance of the insurance and investment components can vary based on the benefit selections made by each policyholder.

The assessment of criteria (a) considers the "pass-through" nature of the returns on the underlying item, and therefore excludes any benefits not payable from the underlying, such as fixed insurance benefits in excess of the investment components payable on death. Any deduction of a charge from the underlying item for insurance benefits (including for any waiver of premium) is included in the share of the returns to be paid to the policyholder as it forms part of the policyholder's share.

The assessment of criteria (b) considers how much of the total benefits payable to the policyholder will vary with changes in underlying items, including benefits that do not vary with the returns on underlying items in all scenarios (such as fixed insurance benefits). The assessment therefore considers whether on average the changes in the total amounts payable to policyholders are substantially related to the changes in the fair value of the underlying items based on testing the impact on this relationship for different scenarios where market/non-market variables are adjusted.

Premium allocation approach (PAA) eligibility

The group applies the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at inception of the group: the coverage period of each contract in the group of insurance contracts is one year or less; or the group reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the General Measurement Model (GMM).

Where the coverage period is greater than one year, the group will use judgement to assess the appropriateness of the PAA measurement model as follows:

- Project the fulfilment cash flows of the group of insurance contracts and take into account the time value of money where the time between providing each part of the services and the related premium is more than a year.
- Determine the projected liability or asset for remaining coverage under the PAA at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, ie half-yearly or annually).
- Determine the liability or asset for remaining coverage under the GMM (including the contractual service margin (CSM)) at initial recognition as well as subsequent measurement. The group will use judgement as described in section 6.2.2 below to determine the fulfilment cash flows and CSM at each projection point.
- At each projection point, the difference between the liability or asset for remaining coverage under the PAA and GMM is determined ("the difference").
- The difference is compared to the pre-determined materiality threshold (relative measure) at each point in time.
- Where the difference does not exceed the determined threshold (at any time) then the group passes the PAA eligibility test (for the base scenario).
- The group will perform scenario testing using the above process to ensure differences remain immaterial. Scenario testing will be performed at least annually, by updating the projected fulfilment cash flows under reasonably expected scenarios, which would affect cash flow variability. The group applies judgement in calibrating these scenarios for changes in market and non-market variables based on management's view of the key changes affecting cash flow and liability variability for each portfolio of insurance contracts.

Judgement will be applied to define relative materiality thresholds for each portfolio based on ensuring that the combined absolute impacts of all groups of insurance contracts with coverage periods longer than a year applying the PAA, falls within an absolute measure of materiality for each future year.

6.2.1.1 Aggregation

The identification of portfolios of insurance contracts is driven by how the business is managed, with broad product lines being managed together and subject to similar risks. This could result in contracts allocated to a portfolio being measured under the VFA, and other contracts allocated to the same portfolio being measured under GMM. This is relevant to universal life insurance business in the Sanlam Life and Savings (SLS) cluster where these contracts are managed together and subject to similar risk, although the weighting between insurance/investment-related risks could differ between contracts. Contracts within a portfolio are subject to "similar risks" if the risks are non-offsetting and respond similarly to changes in key assumptions. This should not result in, for example, term life insurance contracts (exposing the group to mortality risk) and annuity contracts (exposing the group to longevity risk) being allocated to the same portfolio.

Furthermore, businesses are not required to allocate different benefit types within the same product line to different portfolios if the insurance contracts are managed together, for example, if as part of pricing the profit margins are set, or assets are allocated, at the broad product level. This avoids arbitrary allocation of insurance contracts to different portfolios where they are managed together and priced within the same broad product line.

The portfolios are further divided into groups of insurance contracts issued based on the expected profitability at inception date, based on whether:

- contracts are onerous at initial recognition;
- contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
- contracts at initial recognition have a significant possibility of becoming onerous subsequently (ie the remaining contracts).

The group applies judgement to assess whether reasonable and supportable information is available to allocate a set of contracts to the same group of onerous contracts, for example, based on policyholder pricing groups and other internal management information. Where reasonable and supportable information is not available to identify a set of onerous contracts, this assessment is performed at an individual contract level. The individual contract assessments can be performed on an adjusted expense allocation basis for aggregation purposes where it can be justified as a systematic and rationale basis for allocating the expenses included in the fulfilment cash flows to a group of insurance contracts.

Judgement has been applied to conclude that the proportion of insurance contracts issued that have no significant possibility of becoming onerous is immaterial to the group, and this profitability group is therefore not relevant for the 2023 reporting period. The group does not issue insurance contracts with sufficiently high profit margins to absorb the impact of any single scenario with no significant possibility of the insurance contracts becoming onerous.

Insurance contracts have typically been allocated to annual cohorts which align with annual financial periods (ie the group will add more contracts to an annual cohort after the end of an interim reporting period, where relevant), except for non-participating life annuities where insurance contracts have typically been allocated to monthly cohorts due to the sensitivity of pricing to changes in financial risk.

For insurance contracts issued measured under the PAA, no contracts have been allocated to onerous groups of contracts at initial recognition in 2023. The group may have to apply judgement to assess whether facts and circumstances have indicated that a group of contracts has become onerous subsequent to initial recognition. This assessment will follow normal business practice of typically using three to five years of experience to form expectations of profitability. Expectations will be updated half-yearly to understand if a group of insurance contracts, which was previously assumed not to be onerous, subsequently becomes onerous due to changes in experience relative to the pricing basis. In 2023, the group has not identified any groups of insurance contracts issued measured under the PAA that have become onerous subsequent to initial recognition.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

6 Critical accounting estimates and judgements *continued*

6.2 Insurance and reinsurance contracts *continued*

6.2.2 Measurement

6.2.2.1 Recognition and derecognition including modifications

The initial recognition date and derecognition of insurance contracts are not areas of significant judgement for the group.

Some Universal life insurance contracts were converted to other life insurance risk and savings business in SLS during 2022 and 2023. The group has applied judgement to treat these conversions as a modification of the insurance contracts as a result of substantially different contract boundaries on the modified terms, with the relevant insurance contracts being derecognised from universal life insurance business and recognised as new contracts in the other life insurance business.

6.2.2.2 Fulfilment cash flows

Fulfilment cash flows include the following components:

- probability-weighted estimates of future cash flows;
- adjustment to reflect the time value of money and financial risk relating to future cash flows, to the extent that the financial risk is not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The probability-weighted estimates of future cash flows is determined through the following approach:

- identifying all sets of cash flows directly related to the fulfilment of a particular group of contracts;
- defining all reasonable scenarios applicable to a particular set of cash flows, including the cash flow profile applicable to each scenario;
- attaching a probability to each scenario;
- discounting the cash flow profile related to each scenario at the applicable discount rates; and
- calculating an aggregated weighted average present value of the sets of cash flows based on the probabilities attached to each scenario.

Stochastic modelling techniques are used to determine the present value of future cash flows that are highly interrelated and vary based on changes in market variables. This is relevant in estimating the cost of minimum investment return guarantees which is mainly relevant to some insurance contracts with direct participating features in SLS. Stochastic modelling involves projecting future cash flow profiles using a large number of possible scenarios for market variables such as equity returns and interest rates.

Estimates of future cash flows

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Estimates of future cash flows incorporate in an unbiased way all reasonable and supportable information that is available without incurring undue cost or effort. This information includes internal and external historical information about claims and other experience, adjusted to allow for expected future changes in experience. Estimates of future cash flows therefore reflect the group's current view of prevailing conditions. Market variables are consistent with current observable market prices. Changes in legislation that affect estimates of future cash flows are only allowed for once substantively enacted.

Contract boundaries

The determination of the contract boundary of an insurance contract is not an area of significant judgement for the group.

For reinsurance contracts held, the group's agreements with reinsurers include terms for the cancellation of new underlying business with notice periods typically ranging between three and six months. The group has applied judgement to assess that estimates of future cash flows arising from new underlying contracts expected to be issued after the reporting date but within the notice period for the cancellation of this business, are either immaterial for the group or relate to future reinsurance contracts, and are therefore not included in the measurement of the reinsurance contracts held.

Expenses

The following expense cash flows are included within the boundary of a contract:

- Acquisition cash flows that relate to the selling, underwriting and starting of a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. This includes underwriting expenses, upfront commissions payable to intermediaries, and commissions payable in respect of policy changes.
- Administration and other expense cash flows incurred in fulfilling the obligations under the insurance contracts, such as investment management expenses where relevant (see below for further details), claims handling costs, costs related to premium billing and maintenance commissions that are expected to be paid to intermediaries.

Both direct costs and an allocation of fixed and variable overheads are included. Attributable costs are determined using functional cost analysis techniques. The group applies judgement by taking a broad view of attributable expenses where it is reasonable and supportable. The other expenses relating to insurance operations, ie expenses not directly attributable to the fulfilment of insurance contracts such as some product development and training costs, are recognised in profit or loss as incurred and are not included in the measurement of insurance and reinsurance liabilities.

Unit expense assumptions are based on April 2023 actual figures plus estimates for the last two months of the reporting period (adjusted for significant differences from actual). For Sanlam Emerging Markets in particular, businesses still building scale and expected to grow significantly will set unit costs based on approved budgets and business plans over the relevant time horizon (typically three to five years). Unit expense assumptions are escalated at estimated expense inflation rates per annum, with a higher rate assumed for legacy business. The allocation between acquisition and administration and other expense cash flows is based on functional cost analyses and reflects actual expenses incurred during 2022. The future expense assumptions do not include any cash flows that are not directly attributable to the fulfilment of the insurance contracts.

An increase in unit expenses increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

The investment management expenses for insurance contracts with underlying items (measured under the VFA) are typically chargeable to the policyholders under the terms of the contract and therefore these expenses related to underlying items are included in the fulfilment cash flows.

The group applies judgement to assess whether expected investment management expenses for insurance contracts without underlying items (measured under the GMM) should be included in the fulfilment cash flows and therefore, whether investment activity performed by the businesses enhances benefits from insurance coverage for policyholders. The group has determined that these expenses are included in fulfilment cash flows in most scenarios because a different level of benefits would likely be offered if policyholders' premiums are assumed to earn lower/higher investment returns as part of pricing (assuming these expenses are explicitly priced for in the premiums).

Decrements

Assumptions with regard to future mortality, disability and disability payment termination are consistent with the group's recent experience for the 4,5 years up to 30 June 2022. The mortality rates between policyholder groups allow for various rating factors, such as gender and smoker status. Mortality and disability rates are adjusted to allow for: the expected deterioration in mortality rates as a result of HIV/Aids; the expected improvements in mortality rates in the case of annuity business; and the expected impact of future pandemic events where relevant.

Mortality and disability cover are material in South Africa, Namibia, and Botswana with actuarial guidance tables available in these countries. For other countries, assumptions are solely based on past experience and expectations for changes in future experience.

An increase in mortality rates increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

Surrender, lapse and paid-up rates are key assumptions in the measurement of life insurance contracts (risk and savings business). Assumptions with regard to future surrender, lapse and paid-up rates are based on the group's recent experience for the 4,75 years ending 30 September 2022.

An increase in surrender or lapse rates may increase or reduce the estimates of future cash flows, therefore resulting in a decrease or increase in the CSM depending on the specific product features (all else being equal).

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

6 Critical accounting estimates and judgements *continued*

6.2 Insurance and reinsurance contracts *continued*

6.2.2 Measurement continued

6.2.2.2 Fulfilment cash flows continued

Inflation assumptions

The group applies judgement to determine whether changes in inflation assumptions are related to financial risk or non-financial risk. Inflation assumptions that are based on market observable rates are related to financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions being presented in insurance finance income or expenses. Inflation assumptions that are based on the group's expectation of inflation (for example based on analysts or insurance bodies' views of country inflation) are treated as assumptions that are related to non-financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions adjusting the CSM. In general, changes in inflation assumptions in the group are related to financial risk. Changes in inflation assumptions related to non-financial risk are an exception to this general rule.

Term-dependent inflation assumptions are applied to premiums and claims cash flows (where increases in cash flows are contractually linked to consumer price index (CPI)) by deriving an inflation curve based on the difference between long-term nominal and real yields. For some of the group's African operations, where long-term fixed interest markets are underdeveloped, inflation assumptions are based on an assessment of the longer-term inflation outlook while maximising the use of relevant available market observable prices.

Expense inflation assumptions maximise the use of relevant available market observable prices while also reflecting the group's long-term perspective of expected increases in expenses for budgeting and business planning purposes.

The following base expense inflation rates are applied in the group's main South African businesses:

%	2023	2022
South Africa – Sanlam Life	9,9	9,7
South Africa – Sanlam Developing Markets	8,4	7,6

Expense inflation of 13,9% (2022: 13,5%) is assumed for retail business in South Africa that are administered on old platforms.

The ultimate liability arising from claims under general insurance business

The estimation of the ultimate liability arising from claims under general insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability for incurred claims that the group will ultimately incur. Historic claims triangulations that cross-tabulate claims incurred by their date of loss and date of payment are used to determine the expected cost of future claims. A payment pattern based on the historic claims paid triangulation is used to determine the speed at which the claims provisions are run off in the future. Discount rate are applied to the future estimates of claims payments to allow for the time value of money included in these cash flows. Refer to notes 15.4.1 and 16.3.1 for further details on the incurred claims per valuation method.

The risk environment can change suddenly and unexpectedly owing to a wide range of events or influences. The group is constantly refining its general insurance risk monitoring and management tools to enable the group to assess risks appropriately, despite the greatly increased pace of change. The growing complexity and dynamism of the environment in which the group operates means that there are, however, natural limits. There will never be absolute certainty in respect of identifying risks at an early stage, measuring them sufficiently or correctly estimating their real hazard potential.

Bonus rate assumptions

Separate asset portfolios are maintained in support of insurance liabilities for each of the major product lines of life insurance – savings business, each portfolio having an asset mix appropriate for the specific product. Bonus rates are declared for each class of relevant savings business in relation to the funding level of each portfolio and the expected future investment return on the assets of the particular investment portfolio.

Discount rates

The group applies a bottom-up approach to determine discount rates applied to future cash flows for insurance contracts.

Estimates of future cash flows that do not vary with investment returns on underlying items are discounted using a risk-free yield curve, adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Risk-free rates are determined based on the market observable yield curves for government bonds, with extrapolation between the last available market point and an ultimate forward rate, considering long-term real interest rate and inflation expectations. Long-term inflation expectations are used to construct yield curves for markets where observable market data is not available.

The group applies judgement to determine the point estimate illiquidity premium added to the risk-free yield curve to reflect the liquidity characteristics of the insurance contracts. An illiquidity premium is estimated for each portfolio of insurance contracts where relevant. Insurance contracts such as non-participating life annuities and income protection incurred claims that cannot be surrendered or lapsed, are illiquid. Illiquidity premiums are generally determined by comparing the spread on corporate bonds with the spread on credit default swap (CDSs).

The table below sets out the risk-free yield curves used in the group's major geographies:

	1 year		5 years		10 years		15 years	
%	2023	2022	2023	2022	2023	2022	2023	2022
South Africa	9,51	7,20	10,40	9,69	12,41	11,98	13,85	12,82
Namibia	9,51	7,20	10,40	9,69	12,41	11,98	13,85	12,82
Botswana	6,59	3,25	8,40	6,91	8,95	9,11	9,03	8,94
Cote d'Ivoire	6,36	5,75	6,36	5,75	6,36	5,75	6,36	5,75
Nigeria	7,50	6,27	12,86	11,39	15,80	12,87	17,74	14,80
Kenya	12,53	10,24	15,03	12,85	15,66	14,89	15,39	15,35
Malaysia	3,27	2,93	3,62	4,09	3,92	4,30	4,08	4,79

The following illiquidity premiums (presented as a range between a lower and upper bound) are applied in the group's major geographies where relevant:

%	2023
South Africa	0 – 0,5
Namibia	0 – 0,5
Botswana	n/a
Cote d'Ivoire	n/a
Nigeria	n/a
Kenya	n/a
Malaysia	n/a
Morocco	0 – 0,1

Estimates of future cash flows that do vary with investment returns on underlying items are discounted using risk-free or real-world discount rates. Risk-free discount rates are consistent with the rates applied to the cash flows not varying with investment returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. Where a deterministic valuation approach is used, the risk premium is estimated as a flat rate, which represents the average historic risk premiums over an extended time horizon. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

The future investment returns on underlying items are consistent with the discount rates applied to the cash flows that vary with these investment returns on underlying items. The allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees is determined separately from the future investment returns and discount rates for measurement and presentation purposes. For some of the group's African operations, where long-term fixed interest markets are underdeveloped, investment return and discount rate assumptions are based on an assessment of longer-term economic conditions. The investment returns and discount rate assumptions for Namibian businesses are based on the market yields of South African fixed interest securities on the valuation date.

6 Critical accounting estimates and judgements *continued*

6.2 Insurance and reinsurance contracts *continued*

6.2.2 Measurement continued

6.2.2.2 Fulfilment cash flows continued

Risk adjustment for non-financial risk

The risk adjustment is the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. 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.

The risk adjustment for non-financial risk is included in the fulfilment cash flows and is measured explicitly, as changes in the risk adjustment impact on accounting estimates (including the CSM) and need to be disclosed separately in the liability reconciliations. IFRS 17 does not require entities to use a specific technique to estimate the risk adjustment, with the confidence level technique highlighted as a possible approach. However, an entity that uses a technique other than the confidence level technique for determining the risk adjustment, is required to disclose the technique used and the confidence level corresponding to the results of that technique. The material lines of business in SLS and Santam adopt a confidence level technique, as well as the material lines of general insurance (GI) business in Sanlam Emerging Markets (SEM). The life insurance businesses in SEM use a margins approach targeting a specified confidence level. 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. For life insurance businesses the standard deviation is therefore derived based on the solvency capital requirements and assuming that the fulfilment cash flows can be approximated by a normal distribution, whereas the standard deviation is derived from past claims development experience for general insurance businesses. The risk adjustment has been calibrated and calculated based on target confidence levels of 75% and 80% for Santam and SLS, respectively. For the material SEM GI businesses, the target confidence levels vary between 75% and 85% in the relevant territories.

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 probability-weighted 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 represents the risk adjustment component of the fulfilment cash flows. The confidence levels corresponding to the results of the margins approach vary between 80% and 90% across the different SEM territories.

The risk adjustment allows for the effect of diversification benefits between different risk and product types (where relevant), which is determined based on correlation matrix techniques and other diversification impacts determined for solvency purposes.

For businesses using the confidence level technique:

- the allocation of the risk adjustment to portfolios and groups of contracts will be estimated using an appropriate measure; and
- the risk adjustment for reinsurance contracts held will be determined by applying the technique to both gross and net of reinsurance, and deriving the amount of risk transferred to the reinsurer as the difference between the two results.

The risk adjustment calculations will be performed separately for reinsurance contracts held using the margins approach.

A risk adjustment is determined for incurred claims using the techniques explained in this section where there is uncertainty in the amount and the timing of the underlying cash flows. For insurance contracts measured under the PAA, a risk adjustment is only determined for incurred claims (where relevant).

6.2.2.3 Contractual service margin

Coverage units

The CSM is recognised as income in insurance revenue over the duration of insurance contracts issued 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 is typically 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.

The following definitions of coverage units are used for the material lines of business[1]:

Relative weighting of the benefits provided[2]

	Measurement model	Insurance coverage	Investment-related services	Investment-return services	Examples of coverage unit definitions
Risk insurance business	GMM	(A)			Guaranteed sum assured (for example term/whole life insurance business, funeral insurance business)
Non-participating life annuities	GMM	(A)		(a)	Annuity benefit payments[3], or guaranteed benefits available on death/surrender/withdrawal during the accumulation phase for deferred life annuities
Universal life insurance business	GMM	(A)		(a)	Maximum of the guaranteed benefits plus any vested bonuses
Other life insurance business providing investment-return services	GMM	(A)		(a)	Total of the guaranteed sum assured plus any vested bonuses
Proportional reinsurance	GMM	(A)			Maximum amounts recoverable from the reinsurer (for example for quota share reinsurance, the proportion of the guaranteed sum assured ceded)
Non-proportional reinsurance	GMM	(A)			Maximum amounts recoverable from the reinsurer (for example for excess of loss reinsurance, the excess of the guaranteed sum assured over and above the specified limit)
Universal life insurance business	VFA	(a)	(A)		Maximum of the underlying items and the guaranteed sum assured (including any vested bonuses)
Other life insurance savings business[4]	VFA	(a)	(A)		Total of the underlying items plus any insurance benefits (for example rider benefits/waivers)

[1] Coverage units are defined for each group of contracts and could vary based on the specific features/characteristics of the underlying contracts.

[2] The insurance contract services with a majority relative weighting of total benefits provided (ie greater than 50%) are denoted by (A), whereas the insurance contract services with a minority relative weighting of total benefits provided (ie less than 50%) are denoted by (a), where relevant. The actual weighting varies in each current and future period based on the relative differences between the insurance and investment-related benefits payable, which is mainly a function of the terms of each contract and the probability-weighted estimates of future cash flows.

For life insurance risk business, the main purpose of the insurance contracts issued is to provide insurance coverage to the policyholders, and therefore a lower weighting of benefits are provided by investment-return services (where relevant), relative to the benefits provided by insurance coverage.

The reinsurance contracts held by the group do not provide investment-return services.

For insurance contracts meeting the eligibility criteria for measurement under the VFA, there will by definition be a higher weighting of benefits provided by investment-related services, relative to the benefits provided by insurance coverage (refer to note 6 for further details on the judgements applied in assessing VFA eligibility).

[3] Investment-return services are provided on:
- immediate life annuities during guaranteed periods where payments are made on death or survival; and
- deferred life annuities (relevant to SEM only) during the accumulation phase where payments are made on death or surrender/transfer.

[4] Including smoothed bonus business and participating life annuities.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

6 Critical accounting estimates and judgements *continued*

6.2 Insurance and reinsurance contracts *continued*

6.2.2 Measurement continued

6.2.2.3 Contractual service margin continued

Premium experience adjustments

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if related to future service, or such amounts are recognised in insurance revenue in the reporting period if related to current (or past) service.

The group applies judgement to determine whether these experience adjustments are related to current (or past) or future service. The premium-related experience adjustments typically relate to current (or past) service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule. Such an example is where the premium experience adjustments have a direct impact on the value of future benefits payable to policyholders, resulting in the experience adjustments and the changes in the estimates of the future cash flows to largely offset when adjusting the CSM.

Loss recovery component (LRC) for reinsurance contracts held

A loss recovery component is deducted from the CSM at initial recognition of a group of reinsurance contracts held when underlying onerous insurance contracts are recognised, with the resulting income recognised in profit or loss offsetting the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:

- the loss recognised on the underlying insurance contracts (or loss component(s) of the underlying insurance contracts); and
- the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held (also referred to as the "LRC ratio").

The group applies judgement in determining the LRC ratio. The LRC ratio is determined as the present value of the future expected claims recovery cash flows of the group of reinsurance contracts held divided by the present value of the future expected claims cash flows of the underlying insurance contracts.

Subsequent to the initial recognition of a group of reinsurance contracts held, the loss recovery component is adjusted for changes in estimates that relate to future service based on the corresponding adjustment to the loss component(s) of the underlying group(s) of insurance contracts and the reinsured portion of these underlying insurance contracts. The group applies judgement to assess that any unfavourable changes in the fulfilment cash flows of underlying insurance contracts that are not reinsured do not adjust the LRC, unless the impact is immaterial.

If a group of reinsurance contracts held is linked to multiple groups of underlying insurance contracts (which could include onerous and non-onerous groups of contracts), the LRC ratio is estimated based on the overall claims recoveries for the group of reinsurance contracts held and the overall claims incurred for the underlying insurance groups, applied to the sum of the loss components of the underlying insurance groups (where relevant). This determination of the LRC therefore estimates the portion of the losses on the underlying insurance contracts being recovered in the LRC for reinsurance contracts held, by excluding the following impacts where relevant:

- the portion of the underlying insurance contracts that are not covered by the group of reinsurance contracts held; and
- the portion of the underlying insurance contracts that are not onerous.

6.3 Investment properties

The value drivers underpinning the valuation of properties have not significantly changed since 31 December 2022. At the reporting date, the key assumptions and unobservable inputs used by the group in determining fair value were in the following ranges for the group's portfolio of properties:

Unobservable inputs across sectors	Reviewed June 2023	Audited December 2022
South African portfolio		
Discounted cash flow method		
Vacancy rate	18,08%	19,95%
Expected expense growth (average over five years, range covers different types of expenses)	5,22% – 9,60%	5,10% – 9,10%
Office buildings		
Discount rate	12,75% – 13,54%	11,60% – 15,50%
Exit capitalisation rate	8,94% – 11,09%	8,50% – 11,00%
Retail buildings		
Discount rate	12,21% – 15,00%	11,60% – 14,80%
Exit capitalisation rate	8,00% – 10,77%	7,93% – 11,00%
Industrial buildings		
Discount rate	13,38% – 14,30%	13,75% – 15,50%
Exit capitalisation rate	9,91% – 10,42%	8,75% – 10,50%

7 Commitments and contingencies

Shareholders are referred to the contingent liabilities disclosed in the 2022 annual financial statements. The circumstances surrounding the contingent liabilities remain largely unchanged.

During 2020, SEM entered into a performance guarantee agreement with Stanbic Bank Kenya Limited (Stanbic Kenya) for a revolving credit facility to be provided to Sanlam Kenya PLC (Sanlam Kenya) to an aggregate limit of approximately KES3 billion (approximately R402 million) that has been increased to KES5 billion (approximately R720 million) (SEM Guarantee). Sanlam Limited will be providing an irrevocable guarantee to Stanbic Kenya for the due performance by SEM of its obligations to Sanlam Kenya in terms of the SEM Guarantee. At 30 June 2023, the utilisation of guarantee amounted to KES3,4 billion (approximately R456 million).

Financial claims are lodged against the group from time to time. Provisions are recognised for these claims based on best estimates of the expected outcome of the claims. Given the high degree of uncertainty involved in determining the expected outcome, it is reasonably possible that outcomes in future financial years will be different to the current estimates.

The Competition Commission released a media statement on 25 August 2022 in which it indicated that it was investigating pricing practices relating to eight South African life insurance companies, including Sanlam and BrightRock. The group is engaging with the Commission to better understand its concerns and respond accordingly.

The group, in common with the insurance industry in general, is subject to litigation, mediation and arbitration, and regulatory, governmental and other sectoral inquiries and investigations in the normal course of its business. The outcome of these can be uncertain, but based on current information, the directors do not believe that any current mediation, arbitration, regulatory, governmental or sectoral inquiries and investigations and pending or threatened litigation or dispute will have a material adverse effect on the group's financial position.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

8 Subsequent events

On 4 September 2023 all regulatory approvals were obtained and all necessary conditions precedent were met resulting in the closing of the SanlamAllianz transaction, whereby assets have been contributed by Sanlam and Allianz to form a new joint venture. At this stage, a full estimate of the financial effect on the condensed consolidated interim financial statements cannot yet be determined. However, the Sanlam assets contributed in exchange for an approximate interest in the joint venture of 60% is equivalent to the fair value of the assets at 30 June 2023. The carrying value of the net asset value at 30 June 2023 amounts to R37 609 million, as disclosed in note 11.3.1 to the financial statements.

No other material facts or circumstances have arisen between the dates of the statement of financial position and this report that affect the financial position of the Sanlam group at 30 June 2023 as reflected in these financial statements.

9 Related parties

During December 2022, the group released a combined circular detailing the acquisition of AfroCentric Investment Corporation Limited (AfroCentric). The conditions precedent to the acquisition have now been fulfilled. The Partial Offer to the AfroCentric shareholders and subsequently an asset for share transaction in which Sanlam has exchanged its 28,7% stake in ACT Healthcare Assets Proprietary Limited (previously accounted for as an associate) for a 28,7% stake in AfroCentric, have been implemented. Sanlam group currently holds 60% of AfroCentric, refer to note 10.2 for additional information.

There were no other transactions with major shareholders for the six months period ended June 2023.

10 Business combinations

10.1 AfroCentric (AfroCentric Investment Corp Ltd)

Effective 29 May 2023, the Sanlam group acquired 60% in AfroCentric, gaining control for the first time. The acquisition accounting is based on provisional estimates, which might result in adjustments to goodwill, intangibles, assets 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	1 558
Equipment	678
Right-of-use asset	115
Intangible assets	1 492
Deferred tax	85
Investments	160
Working capital assets	
Trade and other receivables	1 191
Cash and cash equivalents	313
Taxation	19
Total identifiable assets	5 611
Liabilities	
Term finance	665
Lease liability	155
Deferred tax liability	231
Working capital liabilities	
Trade and other payables	893
Provisions	95
Taxation	60
Total identifiable liabilities	2 099
Equity	3 512
Less: Pre-existing goodwill	(1 558)
Non-controlling interest	782
Total equity and liabilities	2 736
Total identifiable net assets	1 172
Goodwill arising on acquisition	1 466
Net purchase consideration	2 638
Less: Cash consideration	(1 115)
Less: Share capital issued by Sanlam Limited	(435)
Less: Previously held interest at fair value	(1 088)
Net consideration	–

The revenue and other comprehensive income of AfroCentric since acquisition date included in the consolidated statement of comprehensive income as at 30 June 2023 is R567 million and negative R3 million, respectively.

Trade receivables had a fair value of R688 million at acquisition date. The gross amount is R688 million and it is expected that R621 million will be collected.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

10 Business combinations *continued*

10.2 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 Proprietary Limited (SIH) for an acquisition value of approximately R890 million. Absa Investments comprises Absa Asset Management, Absa Alternative Asset Management, Absa Fund Managers (excluding the Absa Prudential Money Market Fund) and Absa Multi Management. The acquisition date was 1 December 2022. The acquisition accounting of the above has been finalised. The only changes relate to other intangible assets that increased with R82 million with a corresponding increase in deferred tax liability of R22 million, resulting in a decrease of R60 million in goodwill. Goodwill previously reported was R821 million after the finalisation of the acquisition accounting it is R761 million.

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
Intangible assets	82
Investments	74
Deferred tax	8
Working capital assets	
Trade and other receivables	209
Cash and cash equivalents	262
Taxation	1
Total identifiable assets	643
Liabilities	
Deferred tax liability	23
Working capital liabilities	
Trade and other payables	257
Provisions	27
Total identifiable liabilities	307
Total identifiable net assets	336
Goodwill arising on acquisition	761
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 total other comprehensive income of the combined entities 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 R209 million at acquisition date, it comprised of loans and advances to banks R138 million, accounts receivables R39 million and loans and advances R32 million. The gross amount is R188 million and it is expected that the full contractual amount will be collected.

10.3 Other business combinations

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

R million	Total
Assets	
Equipment	1
Intangible assets	106
Working capital assets	
Trade and other receivables	8
Cash and cash equivalents	49
Total identifiable assets	164
Liabilities	
Loan payable	7
Deferred tax liability	29
Working capital liabilities	
Trade and other payables	3
Provisions	2
Taxation	8
Total identifiable liabilities	49
Total identifiable net assets	115
Goodwill arising on acquisition	73
Net purchase consideration	188
Less: Deferred consideration	(28)
Less: Cash consideration	(160)
Net consideration	–

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

11 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 continued use, a sale is considered highly probable and it is available for sale in its present condition. These assets are measured at the lower of 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 measured at the lower of their carrying value 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 group statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the group statement of financial position.

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 group statement of comprehensive income.

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

R million	Segment	Valuation methodology	Fair value hierarchy	Notes	Non-current assets held for sale	Non-current liabilities held for sale	Net
30 June 2023							
Assets					2 371	–	2 371
Investment properties	Sanlam Life and Savings	Fair value	**Level 3**		2 366	–	2 366
Owner-occupied properties	Sanlam Emerging Markets	Carrying value			5	–	5
Discontinued operation							
Sanlam Pan-Africa	Sanlam Emerging Markets	Carrying value		**11.3**	118 168	(80 559)	37 609
Total					120 539	(80 559)	39 980
31 December 2022 Restated[1]							
Assets					865	–	865
Investment properties	Sanlam Life and Savings	Fair value	**Level 3**		860	–	860
Owner-occupied properties	Sanlam Emerging Markets	Carrying value			5	–	5
Disposal groups							
LIA	Sanlam Emerging Markets	Carrying value		**11.2.1**	340	(330)	10
Discontinued operation							
Sanlam Pan-Africa[1]	Sanlam Emerging Markets	Carrying value		**11.3**	110 572	(75 830)	34 742
Total					111 777	(76 160)	35 617

[1] The prior years have been restated for the initial application of IFRS 17 refer to note 13.1 for additional information.

11.1 Investment properties

During 2022 and 2023, the Sanlam property committee approved the sale of 13 South African properties. Potential buyers for all 13 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 the second half of 2023.

11.2 Disposal groups

11.2.1 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 s.a.l. and its subsidiary, Total Care Lebanon (TCL) to Marius Saradar Holding. The transaction was concluded in January 2023, resulting in a profit on sale of R1 355 million on a group level included in the profit from discontinued operation. The profit on sale includes R1 308 million foreign currency translating reserve recycle.

11.3 Discontinued operations

11.3.1 Sanlam Pan-Africa (Sanlam Emerging Markets)

Sanlam Pan-Africa (SPA) has been reclassified as a discontinued operation held for sale from 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 was finalised on 4 September 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.

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.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

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

11.3 Discontinued operations *continued*

11.3.1 Sanlam Pan-Africa (Sanlam Emerging Markets) continued

Financial performance relating to the discontinued operations for the six months ended is set out below:

R million	Reviewed June 2023	Restated Reviewed June 2022
Result from insurance operations		
Result from insurance contracts	2 070	717
Insurance service result	1 075	474
Insurance revenue	17 275	13 565
Insurance service expenses	(14 002)	(10 371)
Income or expense from reinsurance contracts	(2 198)	(2 720)
Insurance investment result	995	243
Insurance finance income or expense	(594)	(622)
Reinsurance finance income or expense	(3)	–
Investment income on assets held in respect of insurance contracts	335	846
Investment surpluses on assets held in respect of insurance contracts	1 257	19
Result from other operations	2 815	194
Revenue	593	774
Investment income	594	651
Investment surpluses	1 952	(778)
Change in fair value of investment contract liabilities	145	(234)
Sales remuneration	(89)	(3)
Administration costs	(380)	(216)
Impairments		
Net impairment losses on financial and contract assets	(235)	(191)
Amortisation of intangibles	(56)	(335)
Net operating result	4 594	385
Equity-accounted earnings	334	261
Finance cost – other	(37)	(34)
Net monetary loss	(15)	(15)
Profit before tax	4 876	597
Taxation		
Shareholders' fund	(678)	(145)
Profit for the period	4 198	452

Assets and liabilities of discontinued operations:

The following assets and liabilities were reclassified as held for sale at 30 June 2023.

R million	Reviewed June 2023	Restated[(1)] Reviewed December 2022
Assets of discontinued operation classified as held for sale:		
Goodwill[(1)]	12 489	11 699
Equipment	578	573
Right-of-use assets	185	147
Owner-occupied properties	1 966	1 887
Intangible assets[(1)]	3 287	3 422
Contract costs for investment management services[(1)]	112	20
Insurance contract assets[(1)]	1 187	1 789
Reinsurance contract assets[(1)]	6 195	6 795
Deferred tax[(1)]	604	964
Investments[(1)]	71 396	66 342
Investment properties	8 549	8 240
Investment in associates and joint ventures[(1)]	3 819	4 058
Equities and similar securities	11 864	9 918
Interest-bearing investments[(1)]	30 855	29 559
Investment funds	14 886	13 456
Deposits and similar securities[(1)]	1 423	1 111
Working capital assets[(1)]	20 169	16 934
Trade and other receivables[(1)]	6 255	3 490
Taxation	980	777
Cash and cash equivalents[(1)]	12 934	12 667
Assets of discontinued operation held for sale[(1)]	118 168	110 572
Liabilities of discontinued operation classified as held for sale:		
Insurance contract liabilities[(1)]	63 665	58 734
Reinsurance contract liabilities[(1)]	1 243	2 031
Investment contract liabilities[(1)]	336	409
Term finance – Other interest-bearing liabilities	917	880
Lease liabilities	219	158
External investors in consolidated funds	2 481	3 754
Deferred tax	3 617	3 131
Working capital liabilities[(1)]	8 081	6 733
Trade and other payables[(1)]	6 046	4 992
Provisions	772	601
Taxation	1 263	1 140
Liabilities of discontinued operation held for sale[(1)]	80 559	75 830

(1) The prior years have been restated for the initial application of IFRS 17 and the reclassification of cash and cash equivalents, refer to note 13.1 and 13.2 for additional information.

The foreign exchange profits/losses and employee benefits remeasurement loss recognised in other comprehensive income in relation to the discontinued operation for the period is R460 million (2022: R(1 022) million) and R20 million respectively. The foreign currency translation reserve for the discontinued operating is R(340) million as at 30 June 2023.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

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

11.3 Discontinued operations *continued*

11.3.1 Sanlam Pan-Africa (Sanlam Emerging Markets) continued

Cash flow information from discontinued operations

R million	Reviewed June 2023	Reviewed June 2022
Cash flow from operating activities	(1 321)	718
Cash flow from investment activities	381	(71)
Cash flow from financing activities	1	34
Net increase in cash and cash equivalents generated by discontinued operations	(939)	681

Classification of financial instruments of discontinued operations

R million	Fair value through profit or loss: Mandatorily	Fair value through profit or loss: Designated	Total fair value	Amortised cost gross	Expected credit loss allowance	Amortised cost net	Total
Instruments	42 719	20 378	63 097	12 387	(487)	11 900	74 997
Equities and similar securities	11 864	–	11 864	–	–	–	11 864
Interest-bearing investments	–	20 151	20 151	11 191	(487)	10 704	30 855
Investment funds	30 855	–	30 855	–	–	–	30 855
Deposits and similar securities	–	227	227	1 196	–	1 196	1 423
Working capital assets	–	4 462	4 462	15 097	(370)	14 727	19 189
Trade and other receivables	–	–	–	6 619	(364)	6 255	6 255
Cash and cash equivalents	–	4 462	4 462	8 478	(6)	8 472	12 934
Total financial assets	42 719	24 840	67 559	27 484	(857)	26 627	94 186
External investors in consolidated funds	–	2 481	2 481			–	2 481
Investment contracts liabilities	–	336	336			–	336
Term finance	–	–	–			917	917
Trade and other payables	–	–	–			6 032	6 032
Total financial liabilities	–	2 817	2 817			6 949	9 766

Fair value information on discontinued operation

Recurring fair value measurements (financial instruments)

R million	Level 1	Level 2	Level 3	Total
30 June 2023				
Financial instruments	50 728	16 144	687	67 559
Equities and similar securities	8 135	3 053	676	11 864
Interest-bearing investments	11 738	8 402	11	20 151
Investment funds	30 855	–	–	30 855
Deposits and similar securities	–	227	–	227
Cash and cash equivalents	–	4 462	–	4 462
Total assets at fair value	50 728	16 144	687	67 559
Financial instruments	2 817	–	–	2 817
Investment contracts liabilities	336	–	–	336
External investors in consolidated funds	2 481	–	–	2 481
Total liabilities at fair value	2 817	–	–	2 817

Unobservable inputs on discontinued operations

Investment properties – International portfolio
The value drivers underpinning the valuation of properties have not changed since 31 December 2022.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

12 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.

Classification

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

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 (ie 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 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.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

12 Fair value disclosures *continued*

Impairment continued

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.

Any 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 (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Presentation of loss allowances in the statement of financial position

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

Write-offs

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

Offsetting

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

Other financial liabilities

Other financial liabilities include:

- term finance liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost;
- other term finance liabilities measured at stock exchange prices or amortised cost as applicable;
- investment contract liabilities measured at fair value, determined on the bases as disclosed in the section on policy liabilities and profit entitlement; and
- external investors in consolidated funds measured at the attributable net asset value of the respective funds.

Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these 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 included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

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

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
30 June 2023				
Financial instruments	523 195	278 337	6 824	808 356
Equities and similar securities	176 565	1 068	1 890	179 523
Interest-bearing investments	77 703	169 783	1 032	248 518
Investment in joint ventures	–	–	515	515
Structured transactions	444	23 436	12	23 892
Investment funds[1]	258 693	24 650	3 317	286 660
Trade and other receivables	9 790	10 978	58	20 826
Deposits and similar securities	–	30 085	–	30 085
Short-term investments	–	58	–	58
Cash and cash equivalents	–	18 279	–	18 279
Total assets at fair value	523 195	278 337	6 824	808 356
Financial instruments	72 012	522 134	339	594 485
External investors in consolidated funds	69 253	10 855	302	80 410
Investment contract liabilities	–	476 136	–	476 136
Term finance	–	5 375	–	5 375
Structured transactions liabilities	–	13 460	37	13 497
Trade and other payables	2 759	16 308	–	19 067
Total liabilities at fair value	72 012	522 134	339	594 485
31 December 2022 Restated[2][3]				
Financial instruments	519 722	246 311	4 308	770 341
Equities and similar securities[2]	184 006	758	922	185 686
Interest-bearing investments	76 614	158 922	543	236 079
Investment in joint ventures	–	–	471	471
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
Deposits and similar securities[3]	–	28 224	–	28 224
Short-term investments[3]	–	1 170	–	1 170
Cash and cash equivalents[3]	–	17 520	–	17 520
Total assets at fair value	519 722	246 311	4 308	770 341
Financial instruments	88 232	472 475	401	561 108
External investors in consolidated funds	86 493	2 320	401	89 214
Investment contract liabilities[2]	–	439 616	–	439 616
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	472 475	401	561 108

[1] Collective investment schemes that are quoted in an active market of transactions between investors and collective investment schemes based on a quoted/published price.

[2] The prior year has been restated for the application of IFRS 17, refer to note 13.1 for additional information. Equities and similar securities level 1 increased with R1 328 million. Investment contract liabilities level 2 decreased with R20 171 million.

[3] The prior year has been restated for the reclassification of cash and cash equivalents, refer to note 13.2 for additional information. Deposits and similar securities level 2 decreased with R16 203 million and short-term investments level 2 increased with R1 170 million and cash and cash equivalents level 2 increased with R14 867 million.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

12 Fair value disclosures *continued*

Determination of fair value and fair value hierarchy *continued*

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

R million	Structured transactions	Trade and other receivables	Investment in joint ventures	Equities and similar securities	Interest-bearing investments	Investment funds	Total assets
2023							
Assets							
Balance at 1 January 2023	–	110	471	922	543	2 262	4 308
Net gains/(losses) in statement of comprehensive income[1]	12	(62)	44	2 196	19	687	2 896
Acquisitions	–	94	–	(90)	–	433	437
Disposals	–	–	–	(1 147)	470	(65)	(742)
Foreign exchange movements	–	(16)	–	9	–	–	(7)
Settlements	–	(68)	–	–	–	–	(68)
Balance at 30 June 2023	**12**	**58**	**515**	**1 890**	**1 032**	**3 317**	**6 824**
2022							
Balance at 1 January 2022	–	186	444	2 337	550	708	4 225
Net (losses)/gains in statement of comprehensive income[1]	–	(24)	27	(18)	20	(402)	(397)
Acquisitions	–	11	–	1 018	(27)	2 123	3 125
Disposals	–	(53)	–	(2 009)	–	(47)	(2 109)
Foreign exchange movements	–	(10)	–	(207)	–	–	(217)
Reclassified to non-current assets held for sale	–	–	–	(199)	–	(19)	(218)
Transfers out of level 3	–	–	–	–	–	(101)	(101)
Balance at 31 December 2022	–	110	471	922	543	2 262	4 308

[1] Net gains/(losses) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

R million	Structured transactions liabilities	External investors in consolidated funds	Total liabilities
2023			
Liabilities			
Balance at 1 January 2023	–	401	401
Net losses/(gains) in statement of comprehensive income[(1)]	37	(138)	(101)
Foreign exchange movements	–	39	39
Balance at 30 June 2023	37	302	339
2022			
Balance at 1 January 2022	–	360	360
Net losses in statement of comprehensive income[(1)]	–	16	16
Foreign exchange movements	–	25	25
Balance at 31 December 2022	–	401	401

[(1)] Net losses/(gains) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

R million	2023	2022
Gains and losses (realised and unrealised) included in statement of comprehensive income[(1)]		
Total gains/(losses) included in statement of comprehensive income for the period	2 997	(1 108)
Total unrealised gains included in statement of comprehensive income for the period for assets held at the end of the reporting period	2 846	1 202

[(1)] Net gains/(losses) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

Transfers between levels

R million	Interest-bearing investments[(1)]	Total assets
Assets		
30 June 2023		
Transfer from level 1 to level 2	(120)	(120)
Transfer from level 2 to level 1	94	94
31 December 2022 Restated		
Transfer from level 2 to level 1	(111)	(111)

[(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.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

12 Fair value disclosures *continued*

Determination of fair value and fair value hierarchy *continued*

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

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input
Properties	3	Recently contracted prices, discounted cash flow model (DCF) and earnings multiple.	Bond and interbank 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	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 interbank 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 interbank 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 interbank 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 interbank swap interest rate curve, cost of capital, consumer price index, forward rate, credit risk spread and liquidity spread.	n/a
Deposits and similar securities, short-term investments and cash and cash equivalents	2	Mark-to-market and yield curve.	Bond and interbank 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.

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

Assets

R million	Carrying amount(1)	Effect of a 10% increase in price multiple	Effect of a 10% decrease in price multiple	Carrying amount(2)	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
Assets						
30 June 2023						
Equities and similar securities	1 890	189	(189)			
Interest-bearing investments	563	56	(56)	469	(36)	36
Investment funds	3 317	332	(332)			
Structured transactions	12	1	(1)			
Investment in joint ventures	515	52	(52)			
Trade and other receivables				58	(6)	6
Total assets	6 297	630	(630)	527	(42)	42
31 December 2022						
Equities and similar securities	922	92	(92)			
Interest-bearing investments				543	(28)	28
Investment funds	2 262	226	(226)			
Investment in joint ventures	471	47	(47)			
Trade and other receivables				110	(1)	1
Total assets	3 655	365	(365)	653	(29)	29

R million	Carrying amount(1)	Effect of a 10% increase in value	Effect of a 10% decrease in value
30 June 2023			
Structured transactions liabilities	37	4	(4)
External investors in consolidated funds	302	30	(30)
Total liabilities	339	34	(34)
31 December 2022			
External investors in consolidated funds	401	40	(40)
Total liabilities	401	40	(40)

(1) Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.
(2) Represents mainly instruments valued on a discounted cash flow basis, with sensitivities based on changes in the discount rate.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

13 Adoption of new standards and restatements

13.1 Adoption of IFRS 17

The group adopted IFRS 17 Insurance Contracts for the first time on 1 January 2023. IFRS 17 supersedes IFRS 4 Insurance Contracts. In line with the transitional requirements, the group applied IFRS 17 retrospectively as if it had always been applied unless it was "impracticable" to do so, in which case the modified retrospective approach or fair value approach were applied, provided certain criterial have been met.

The introduction of IFRS 17 on 1 January 2023 resulted in the following impacts:

Reclassifications

The definition of insurance risk is aligned with the requirements of IFRS 4, except that IFRS 17 explicitly specifies that the overall loss to the group as a result of an insured event should be determined on a present value basis. This clarification of the assessment of insurance risk, as well as the requirement for investment contracts with discretionary participation features to be in scope of IFRS 17, has resulted in some reclassification of investment contracts in scope of IFRS 9 on transition to IFRS 17. The reclassification of insurance and investment contracts on transition to IFRS 17 has not had a significant impact on the net policyholder liabilities.

Value of business acquired

Derecognition of Value of business acquired (VOBA) related to life insurance contracts, which is no longer allowed under IFRS 17. This resulted in a decrease in retained earnings. VOBA relating to contracts not in the scope of IFRS 17 now forms part of other intangible assets.

Treasury shares

IFRS 17 resulted in the amendment of IAS 32 Financial Instruments: Presentation, which provides an insurer that holds its own treasury shares as underlying items for a group of participating contracts an irrevocable accounting policy choice to either continue to account for treasury shares as equity or to account for as if it were a financial asset measured at fair value through profit or loss.

The group has elected to account for treasury shares which consist of its investment in Sanlam Limited shares held by policyholder portfolios as if these were financial assets measured at fair value through profit or loss.

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 is six 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 had a limited impact on the timing of tax payments for South African general insurance business, which mainly consists of Santam.

Contract boundaries

There was no significant impact on the initial recognition date of contract boundaries of insurance contracts issued and reinsurance contracts held for the material lines of insurance business within the group.

Liability for remaining coverage on reinsurance held

No significant impact on the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for contracts measured under the Premium Allocation Approach (PAA).

For additional information on accounting policies, refer to Addendum A.

R million	Annotation	31 December 2022 As previously reported Audited	Reclassifications, remeasurements and restatements[1]	31 December 2022 Restated Reviewed	31 December 2021 As previously reported Audited	Reclassifications, remeasurements and restatements[1]	1 January 2022 Restated Reviewed
ASSETS							
Goodwill	1	5 001	-	5 001	16 431	(335)	16 096
Equipment		1 090	-	1 090	1 730	-	1 730
Right-of-use assets		1 036	-	1 036	1 481	-	1 481
Owner-occupied properties		686	-	686	2 582	-	2 582
Intangible assets		1 488	(543)	945	5 464	(1 109)	4 355
Value of business acquired	2	876	(876)	-	4 718	(4 718)	-
Other intangible assets		612	333	945	746	3 609	4 355
Contract cost on investment management services	3	2 984	166	3 150	3 225	(17)	3 208
Long-term reinsurance assets	4	2 469	(2 469)	-	2 188	(2 188)	-
Insurance contract assets	5	-	8 858	8 858	-	11 585	11 585
Reinsurance contract assets	6	-	18 631	18 631	-	23 194	23 194
Deferred tax	7	1 600	30	1 630	3 154	165	3 319
Investments		787 100	(17 572)	769 528	834 287	(18 373)	815 914
Investment properties		10 436	-	10 436	17 980	-	17 980
Investments in associates and joint ventures	8	20 721	477	21 198	22 755	474	23 229
Equities and similar securities	9	184 358	1 328	185 686	191 958	1 601	193 559
Interest-bearing investments	10	242 176	(692)	241 484	271 840	(500)	271 340
Structured transactions		17 991	-	17 991	12 434	-	12 434
Investment funds		264 490	-	264 490	278 145	-	278 145
Deposits and similar securities[1]		46 928	(18 685)	28 243	39 175	(19 948)	19 227
Non-current assets held for sale	11	119 073	(7 296)	111 777	81 386	-	81 386
General insurance technical assets	12	14 672	(14 672)	-	19 525	(19 525)	-
Working capital assets		69 387	7 392	76 779	84 725	1 552	86 277
Trade and other receivables	13	45 256	(11 293)	33 963	55 806	(18 396)	37 410
Taxation		574	-	574	1 218	-	1 218
Short-term investments[1]		-	5 373	5 373	-	6 755	6 755
Cash and cash equivalents[1]		23 557	13 312	36 869	27 701	13 193	40 894
Total assets		1 006 586	(7 475)	999 111	1 056 178	(5 051)	1 051 127

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

13 Adoption of new standards and restatements *continued*

13.1 Adoption of IFRS 17 *continued*

R million	Annotation	31 December 2022 As previously reported Audited	Reclassifications, remeasurements and restatements(1)	31 December 2022 Restated Reviewed	31 December 2021 As previously reported Audited	Reclassifications, remeasurements and restatements(1)	1 January 2022 Restated Reviewed
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital and premium		12 784	-	12 784	12 784	-	12 784
Treasury shares		(2 888)	-	(2 888)	(1 671)	-	(1 671)
Other reserves	14	5 159	1 207	6 366	6 078	1 533	7 611
Retained earnings	15	56 478	12 084	68 562	52 188	11 235	63 423
Shareholders' fund		71 533	13 291	84 824	69 379	12 768	82 147
Non-controlling interest	16	13 409	933	14 342	13 517	870	14 387
Total equity		84 942	14 224	99 166	82 896	13 638	96 534
Insurance contract liabilities	17	150 642	55 514	206 156	186 658	62 843	249 501
Reinsurance contract liabilities	18	-	4 171	4 171	-	7 570	7 570
Investment contract liabilities	19	456 738	(17 122)	439 616	454 538	(12 278)	442 260
Term finance		14 654	-	14 654	15 116	-	15 116
Margin business		5 413	-	5 413	5 330	-	5 330
Other interest-bearing liabilities		9 241	-	9 241	9 786	-	9 786
Lease liabilities		1 371	-	1 371	1 789	-	1 789
Structured transactions liabilities		10 972	-	10 972	8 898	-	8 898
External investors in consolidated funds		89 214	-	89 214	85 506	-	85 506
Deferred tax	20	2 185	4 414	6 599	7 311	4 549	11 860
Non-current liabilities held for sale	21	83 420	(7 260)	76 160	78 700	-	78 700
General insurance technical provisions	22	40 383	(40 383)	-	57 559	(57 559)	-
Collateral guarantee contracts	23	-	129	129	-	155	155
Cell owners' liabilities (third party)	24	7 123	(7 123)	-	4 900	(4 900)	-
Working capital liabilities		64 942	(14 039)	50 903	72 307	(19 069)	53 238
Trade and other payables	25	62 866	(14 039)	48 827	69 123	(19 069)	50 054
Provisions		232	-	232	628	-	628
Taxation		1 844	-	1 844	2 556	-	2 556
Total equity and liabilities		1 006 586	(7 475)	999 111	1 056 178	(5 051)	1 051 127

(1) Refer to note 13.2 for additional information on the restatement of cash and cash equivalents.

1 With the adoption of IFRS 17, the liabilities from insurance contracts increased resulting in a higher carrying amount that triggered an impairment on a cash-generating unit level.

2 Derecognition of VOBA relating to insurance contracts issued.

3 A portion of contract cost from investment management services previously deferred acquisition costs now form part of the measurement of insurance contract assets/liabilities.

4 Reclassification of long-term reinsurance contract assets to reinsurance contract assets and/or liabilities.

5 IFRS 17 requires an entity to present separate in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets.

6 IFRS 17 requires an entity to present separate in the statement of financial position the carrying amount of portfolios of reinsurance contracts held that are assets.

7 Deferred tax impact as a result of change in the carrying amount of liabilities on initial application of IFRS 17.

8 Represents the IFRS 17 impact on insurance contracts issued by the group's equity accounted associates.

9 The group 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 investment funds consolidated as part of IFRS 10, previously held as treasury shares (in the consolidation reserve), now accounted for as financial assets through profit and loss. This has resulted in an increase in equities and similar securities.

10 Policy loans, considered part of the insurance contract under IFRS 17, have been reclassified to insurance contract liabilities.

11 Effect of IFRS 17 adoption on held for sale assets.

12 General Insurance technical assets are now measured under IFRS 17 and now form part either insurance contract assets or liabilities.

13 In addition, amounts due from reinsurers now form part of reinsurance contract assets or liabilities. Similarly, there were also other reallocations made from trade and other receivables.

14 The group has elected to account for treasury shares consisting of Sanlam Limited shares held by policyholder portfolios as if it were a financial asset measured at fair value through profit or loss therefore other reserves increased.

15 With the adoption of IFRS 17, the impact on retained earnings amounted to R11,2 billion that mostly relates to the release of asset mismatch reserves, pandemic reserves and other discretionary reserves, combined with zerorisation of negative liabilities no longer permitted in IFRS 17.

16 Non-controlling interest increased due to the impact of IFRS 17 on not wholly owned subsidiaries.

17 IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are liabilities.

18 IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of reinsurance contracts held that are liabilities.

19 Reclassification between insurance contracts and investment contracts within the scope of IFRS 9 as detailed on page 126.

20 Deferred tax impact as a result of change in the carrying amount of assets on initial application of IFRS 17.

21 Effect of IFRS 17 adoption on held-for-sale liabilities.

22 General insurance technical liabilities now measured under IFRS 17 and form part of insurance contract liabilities and/or assets.

23 Collateral guarantee contracts previously included in general insurance technical liabilities.

24 Cell owners' liabilities (third party) forms part of investment contract liabilities and insurance contact liabilities.

25 Amounts due to reinsurers and claims incurred but not reported now forms part of reinsurance contract liabilities and insurance contract liabilities, respectively. Similarly, there were also reallocations made from trade and other payables.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

13 Adoption of new standards and restatements *continued*

13.2 Cash and cash equivalents

Management restated the statement of financial position to appropriately present financial instruments meeting the definition of cash and cash equivalents as cash and cash equivalents (within working capital), which is required by IAS 1 *Presentation of Financial Statements*. Cash and cash equivalents are defined in IAS 7 Statement of Cash Flows as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Deposits and similar securities with maturities less than 90 days to the amount of R18 685 million (1 January 2022: R19 948 million) have been reclassified from Investments to cash and cash equivalents.

In addition, short-term investments of R5 373 million (1 January 2022: R6 755 million) previously included under "cash and cash equivalents" are now presented separately as short-term investments (within working capital).

Statements of financial position

R million	At 31 December 2022 As previously reported	Adjustments	At 31 December 2022 Restated	At 31 December 2021 As previously reported	Adjustments	At 1 January 2022 Restated
Investments	788 100	(18 685)	769 415	834 287	(19 948)	814 339
Investment property	10 436	–	10 436	17 980	–	17 980
Investments in associates and joint ventures	21 721	–	21 721	22 755	–	22 755
Equities and similar securities	184 358	–	184 358	191 958	–	191 958
Interest-bearing investments	242 176	–	242 176	271 840	–	271 840
Structured transactions	17 991	–	17 991	12 434	–	12 434
Investment funds	264 490	–	264 490	278 145	–	278 145
Deposits and similar securities[1]	46 928	(18 685)	28 243	39 175	(19 948)	19 227
Working capital assets	69 387	18 685	88 072	84 725	19 948	104 673
Trade and other receivables	45 256	–	45 256	55 806	–	55 806
Taxation	574	–	574	1 218	–	1 218
Short-term investments	–	5 373	5 373	–	6 755	6 755
Cash and cash equivalents[1]	23 557	13 312	36 869	27 701	13 193	40 894

[1] Cash deposits and similar securities included under investments have been renamed to deposits and similar securities. Cash deposits and similar securities under working capital assets have been renamed to cash and cash equivalents.

Statements of cash flow

As a result of the correction of short-term investments, the statement of cash flows was corrected to decrease cash and cash equivalents for 1 January 2022 by R6 755 million (30 June 2022: R4 262 million).

The "Cash and cash equivalents at the beginning of the period" and the "Cash and cash equivalents at the end of the period" were restated. In addition, the movement in the short term investments of R2 566 million has now been included in operating activities in the statement of cash flows as it was removed from cash and cash equivalents.

R million	At 30 June 2022 As previously reported	Adjustments	At 30 June 2022 Restated
Cash flow from operating activities	(234)	2 566	2 332
Cash generated from/(utlilised in) operations	(4 260)	2 566	(1 694)
Interest and preference share dividends received	9 129	–	9 129
Interest paid	(482)	–	(482)
Dividends received	5 907	–	5 907
Dividends paid	(7 992)	–	(7 992)
Taxation paid	(2 536)	–	(2 536)
Cash flow from investment activities	137	–	137
Payments made for the acquisition of equipment	(258)	–	(258)
Proceeds in respect of the sale of equipment	26	–	26
Payments made for the acquisition of owner-occupied properties	(47)	–	(47)
Proceeds in respect of the disposal of owner-occupied properties	136	–	136
Acquisition of subsidiaries and associated companies	281	–	281
Disposal of subsidiaries and associated companies	97	–	97
Payments made for the acquisition of intangible assets	(98)	–	(98)
Cash flow from financing activities[1]	(449)	(34)	(483)
Acquisition of treasury shares[1]	(631)	(1)	(632)
Disposal of treasury shares[1]	145	(33)	112
Proceeds on disposal of non-controlling interest	36	–	36
Term finance raised	1 427	–	1 427
Term finance repaid	(1 270)	–	(1 270)
Lease liabilities repaid	(156)	–	(156)
Net increase in cash and cash equivalents	(546)	2 532	1 986
Net foreign exchange difference	(403)	(39)	(442)
Cash and cash equivalents at beginning of the period	50 078	(6 755)	43 323
Cash and cash equivalents at end of the period[1]	49 129	(4 262)	44 867

[1] Refer to note 13.1 for treasury shares treatment under IFRS 17.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

14 Insurance and reinsurance contracts

Summary of net carrying amount

		30 June 2023 – Reviewed			
R million	Notes	Total	Life insurance – Risk business	Life insurance – Savings business	General insurance
Net insurance contract carrying amount		201 810	84 040	84 052	33 718
Insurance contract liabilities	15.1	210 326	92 314	84 052	33 960
Insurance contract assets	15.1	(8 516)	(8 274)	–	(242)
Net reinsurance contract carrying amount		(12 155)	(3 896)	–	(8 259)
Reinsurance contract liabilities	16.1	4 922	1 977	–	2 945
Reinsurance contract assets	16.1	(17 077)	(5 873)	–	(11 204)
Net carrying amount		189 655	80 144	84 052	25 459

31 December 2022 – Reviewed

Total	Life insurance – Risk business	Life insurance – Savings business	General insurance
197 298	80 343	81 955	35 000
206 156	88 505	81 955	35 696
(8 858)	(8 162)	–	(696)
(14 460)	(3 713)	–	(10 747)
4 171	1 571	–	2 600
(18 631)	(5 284)	–	(13 347)
182 838	76 630	81 955	24 253

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount

15.1 Analysis of net insurance contract carrying amount

Analysis per line of business and valuation method

R million	Notes	Liability for remaining coverage				
		Total	Subtotal[1]	Best estimate of future cash flows	Risk adjustment	Contractual service margin
30 June 2023 – Reviewed						
Life insurance – Risk business	15.2	84 040	67 057	31 884	7 690	27 623
Premium allocation approach[1]		11 403	(140)			
General model		72 637	67 197	31 884	7 690	27 623
Life insurance – Savings business:						
Variable fee approach	15.3	84 052	78 652	73 192	502	4 958
General insurance	15.4	33 718	14 200	656	1	21
Premium allocation approach[1]		33 040	13 522			
General model		678	678	656	1	21
Net insurance contract carrying amount		201 810	159 909	105 732	8 193	32 602
Premium allocation approach[1]		44 443	13 382			
General model		73 315	67 875	32 540	7 691	27 644
Variable fee approach		84 052	78 652	73 192	502	4 958
Net insurance contract carrying amount		201 810	159 909	105 732	8 193	32 602
Insurance contract liability balances		210 326	169 944	122 866	5 760	27 912
Insurance contract asset balances		(8 516)	(10 035)	(17 134)	2 433	4 690
Net insurance contract carrying amount		201 810	159 909	105 732	8 193	32 602
31 December 2022 – Reviewed						
Life insurance – Risk business	15.2	80 343	63 148	30 926	7 399	25 476
Premium allocation approach[1]		10 378	(653)			
General model		69 965	63 801	30 926	7 399	25 476
Life insurance – Savings business:						
Variable fee approach	15.3	81 955	77 917	72 515	496	4 906
General insurance	15.4	35 000	13 407	676	1	22
Premium allocation approach[1]		34 301	12 708			
General model		699	699	676	1	22
Net insurance contract carrying amount		197 298	154 472	104 117	7 896	30 404
Premium allocation approach[1]		44 679	12 055			
General model		70 664	64 500	31 602	7 400	25 498
Variable fee approach		81 955	77 917	72 515	496	4 906
Net insurance contract carrying amount		197 298	154 472	104 117	7 896	30 404
Insurance contract liability balances		206 156	164 860	122 002	5 518	25 244
Insurance contract asset balances		(8 858)	(10 388)	(17 885)	2 378	5 160
Net insurance contract carrying amount		197 298	154 472	104 117	7 896	30 404

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

Incurred claims[1]			Analysis of liability for remaining coverage		
Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component
16 983	16 205	778	67 057	66 728	329
11 543	10 931	612	(140)	(145)	5
5 440	5 274	166	67 197	66 873	324
5 400	5 396	4	78 652	78 644	8
19 518	17 725	1 793	14 200	14 200	–
19 518	17 725	1 793	13 522	13 522	–
–	–	–	678	678	–
41 901	39 326	2 575	159 909	159 572	337
31 061	28 656	2 405	13 382	13 377	5
5 440	5 274	166	67 875	67 551	324
5 400	5 396	4	78 652	78 644	8
41 901	39 326	2 575	159 909	159 572	337
40 382	37 814	2 568	169 944	169 458	486
1 519	1 512	7	(10 035)	(9 886)	(149)
41 901	39 326	2 575	159 909	159 572	337
17 195	16 416	779	63 148	62 981	167
11 031	10 412	619	(653)	(658)	5
6 164	6 004	160	63 801	63 639	162
4 038	4 034	4	77 917	77 911	6
21 593	19 389	2 204	13 407	13 407	–
21 593	19 389	2 204	12 708	12 708	–
–	–	–	699	699	–
42 826	39 839	2 987	154 472	154 299	173
32 624	29 801	2 823	12 055	12 050	5
6 164	6 004	160	64 500	64 338	162
4 038	4 034	4	77 917	77 911	6
42 826	39 839	2 987	154 472	154 299	173
41 296	38 315	2 981	164 860	164 502	358
1 530	1 524	6	(10 388)	(10 203)	(185)
42 826	39 839	2 987	154 472	154 299	173

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.2 Reconciliation of net carrying amount: Life insurance – Risk business

15.2.1 Premium allocation approach

Reconciliation per valuation component

	30 June 2023 – Reviewed		
		Liability for remaining coverage	
R million	Total	Excluding loss component	Loss component
Recognised in statement of comprehensive income	(2 118)	(7 204)	–
Recognised in insurance revenue	(7 760)	(7 760)	–
Recognised in insurance service expenses	5 476	526	–
Claims incurred during the period (excluding investment component)	4 669	–	–
Change in liability for past service	281	–	–
Increase and reversal of losses on onerous contracts	–	–	–
Amortisation of insurance acquisition cash flows	526	526	–
Insurance finance income or expenses	166	30	–
Cash flow	3 592	8 168	–
Premiums received during the period	8 755	8 755	–
Claims paid during the period	(4 576)	–	–
Insurance acquisition cash flows	(587)	(587)	–
Net movement for the period	1 474	964	–
Recognised in other comprehensive income – foreign currency translation differences	15	3	–
Reclassified as non-current liabilities held for sale	(464)	(454)	–
Balance at beginning of the period	10 378	(658)	5
Balance at end of the period	11 403	(145)	5

30 June 2023 – Reviewed			31 December 2022 – Reviewed					
Incurred claims				Liability for remaining coverage		Incurred claims		
Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
5 086	5 103	(17)	(5 079)	(15 596)	(5)	10 522	10 436	86
–	–	–	(16 705)	(16 705)	–	–	–	–
4 950	4 973	(23)	11 426	1 090	(5)	10 341	10 263	78
4 669	4 669	–	9 406	–	–	9 406	9 394	12
281	304	(23)	935	–	–	935	869	66
–	–	–	(5)	–	(5)	–	–	–
–	–	–	1 090	1 090	–	–	–	–
136	130	6	200	19	–	181	173	8
(4 576)	(4 576)	–	5 745	15 471	–	(9 726)	(9 726)	–
–	–	–	16 547	16 547	–	–	–	–
(4 576)	(4 576)	–	(9 726)	–	–	(9 726)	(9 726)	–
–	–	–	(1 076)	(1 076)	–	–	–	–
510	527	(17)	666	(125)	(5)	796	710	86
12	2	10	92	77	–	15	8	7
(10)	(10)	–	(2 979)	(2 302)	–	(677)	(677)	–
11 031	10 412	619	12 599	1 692	10	10 897	10 371	526
11 543	10 931	612	10 378	(658)	5	11 031	10 412	619

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.2 Reconciliation of net carrying amount: Life insurance – Risk business *continued*

15.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment
30 June 2023 – Reviewed			
Non-onerous contracts recognised during the period[3]	–	(2 914)	780
Recognised in statement of comprehensive income	(4 346)	(2 570)	(535)
Recognised in insurance revenue[1]	(15 824)	(12 856)	(625)
Expected incurred claims excluding investment components	(12 132)	(12 132)	–
Expected administration and other expenses	(1 079)	(1 079)	–
Release of risk adjustment for risk expired	(625)	–	(625)
Recognition of contractual service margin for services provided	(2 343)	–	–
Premium experience adjustments related to current service and other amounts	355	355	–
Recognised in insurance service expenses[1]	11 107	11 073	34
Claims incurred during the period (excluding investment component) and other incurred insurance service expenses	11 004	11 004	–
Expected incurred claims excluding investment components	12 132	12 132	–
Experience adjustment	(1 128)	(1 128)	–
Change in liability for past service[2]	(149)	(154)	5
Initial loss on onerous contracts recognised during the period[3]	108	83	25
Increase and reversal of losses on onerous contracts[3]	144	140	4
Insurance finance income or expenses	371	(787)	56
Excluding impact of adjusting the contractual service margin at locked-in interest rates	249	(890)	37
Impact of adjusting the contractual service margin at locked-in interest rates	122	103	19
Changes in estimates recognised in contractual service margin[3]	–	(1 257)	57
Cash flow	7 993	7 993	–
Premiums received during the period	22 626	22 626	–
Incurred claims – investment components[5]	–	–	–
Claims paid during the period	(12 032)	(12 032)	–
Insurance acquisition cash flows	(2 601)	(2 601)	–
Net movement for the period	3 647	1 252	302
Recognised in other comprehensive income – foreign currency translation differences	(55)	(76)	5
Reclassified as non-current liabilities held for sale	(920)	(948)	(10)
Balance at beginning of the period	69 965	36 930	7 559
Balance at end of the period	72 637	37 158	7 856

(1) Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and the allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Relates to past service. Line items without a superscript relates to current service.
(3) Relates to future service. Line items without a superscript relates to current service.
(4) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(5) The repayments of investment components in the period are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the period).

Subtotal: Contractual service margin	Fair value transition approach	Other(4)	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
2 134	–	2 134	–	–	–	–
(1 241)	(672)	(569)	(4 346)	(15 475)	248	10 881
(2 343)	(1 186)	(1 157)	(15 824)	(15 781)	(43)	–
–	–	–	(12 132)	(12 104)	(28)	–
–	–	–	(1 079)	(1 065)	(14)	–
–	–	–	(625)	(624)	(1)	–
(2 343)	(1 186)	(1 157)	(2 343)	(2 343)	–	–
–	–	–	355	355	–	–
–	–	–	11 107	–	252	10 855
–	–	–	11 004	–	–	11 004
–	–	–	12 132	–	–	12 132
–	–	–	(1 128)	–	–	(1 128)
–	–	–	(149)	–	–	(149)
–	–	–	108	–	108	–
–	–	–	144	–	144	–
1 102	514	588	371	306	39	26
1 102	514	588	249	198	25	26
–	–	–	122	108	14	–
1 200	206	994	–	–	–	–
–	–	–	7 993	19 606	–	(11 613)
–	–	–	22 626	22 626	–	–
–	–	–	–	(419)	–	419
–	–	–	(12 032)	–	–	(12 032)
–	–	–	(2 601)	(2 601)	–	–
2 093	(466)	2 559	3 647	4 131	248	(732)
16	36	(20)	(55)	(64)	3	6
38	153	(115)	(920)	(833)	(89)	2
25 476	11 597	13 879	69 965	63 639	162	6 164
27 623	11 320	16 303	72 637	66 873	324	5 440

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.2 Reconciliation of net carrying amount: Life insurance – Risk business *continued*

15.2.2 General model *continued*

Reconciliation per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment
31 December 2022 – Reviewed			
Non-onerous contracts recognised during the period(3)	–	(4 972)	1 300
Recognised in statement of comprehensive income	(4 051)	(816)	(772)
Recognised in insurance revenue(1)	(31 857)	(26 286)	(1 185)
Expected incurred claims excluding investment components	(24 216)	(24 216)	–
Expected administration and other expenses	(2 069)	(2 069)	–
Release of risk adjustment for risk expired	(1 185)	–	(1 185)
Recognition of contractual service margin for services provided	(4 386)	–	–
Premium experience adjustments related to current service and other amounts	(1)	(1)	–
Recognised in insurance service expenses(1)	22 567	22 497	70
Claims incurred during the period (excluding investment component) and other incurred insurance service expenses	22 253	22 253	–
Expected incurred claims excluding investment components	24 216	24 216	–
Experience adjustment	(1 963)	(1 963)	–
Change in liability for past service(2)	118	84	34
Initial loss on onerous contracts recognised during the period(3)	258	197	61
Increase and reversal of losses on onerous contracts(3)	(62)	(37)	(25)
Insurance finance income or expenses	5 239	2 973	343
Excluding impact of adjusting the contractual service margin at locked-in interest rates	5 099	2 868	308
Impact of adjusting the contractual service margin at locked-in interest rates	140	105	35
Changes in estimates recognised in contractual service margin(3)	–	(1 117)	(138)
Cash flow	11 417	11 417	–
Premiums received during the period	39 745	39 745	–
Incurred claims – investment components(5)	–	–	–
Claims paid during the period	(23 108)	(23 108)	–
Insurance acquisition cash flows	(5 220)	(5 220)	–
Net movement for the period	7 366	4 512	390
Recognised in other comprehensive income – foreign currency translation differences	11	4	5
Reclassified as non-current liabilities held for sale	(22 567)	(18 896)	(298)
Balance at beginning of the period	85 155	51 310	7 462
Balance at end of the period	69 965	36 930	7 559

(1) Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and the allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Relates to past service. Line items without a superscript relates to current service.
(3) Relates to future service. Line items without a superscript relates to current service.
(4) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(5) The repayments of investment components in the period are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the period).

Subtotal: Contractual service margin	Fair value transition approach	Other(4)	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
3 672	–	3 672	–	–	–	–
(2 463)	(1 479)	(984)	(4 051)	(26 679)	199	22 429
(4 386)	(2 461)	(1 925)	(31 857)	(31 785)	(72)	–
–	–	–	(24 216)	(24 174)	(42)	–
–	–	–	(2 069)	(2 045)	(24)	–
–	–	–	(1 185)	(1 179)	(6)	–
(4 386)	(2 461)	(1 925)	(4 386)	(4 386)	–	–
–	–	–	(1)	(1)	–	–
–	–	–	22 567	–	196	22 371
–	–	–	22 253	–	–	22 253
–	–	–	24 216	–	–	24 216
–	–	–	(1 963)	–	–	(1 963)
–	–	–	118	–	–	118
–	–	–	258	–	258	–
–	–	–	(62)	–	(62)	–
1 923	982	941	5 239	5 106	75	58
1 923	982	941	5 099	5 012	29	58
–	–	–	140	94	46	–
1 255	58	1 197	–	–	–	–
–	–	–	11 417	33 745	–	(22 328)
–	–	–	39 745	39 745	–	–
–	–	–	–	(780)	–	780
–	–	–	(23 108)	–	–	(23 108)
–	–	–	(5 220)	(5 220)	–	–
2 464	(1 421)	3 885	7 366	7 066	199	101
2	3	(1)	11	12	(4)	3
(3 373)	(1 706)	(1 667)	(22 567)	(21 184)	(363)	(1 020)
26 383	14 721	11 662	85 155	77 745	330	7 080
25 476	11 597	13 879	69 965	63 639	162	6 164

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.3 Reconciliation of net carrying amount: Life insurance – Savings business

Variable fee approach

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment
30 June 2023 – Reviewed			
Non-onerous contracts recognised during the period[3]	–	(186)	15
Recognised in statement of comprehensive income	4 741	5 431	(77)
Recognised in insurance revenue[1]	(1 664)	(974)	(77)
Expected incurred claims excluding investment components	(140)	(140)	–
Expected administration and other expenses	(544)	(544)	–
Release of risk adjustment for risk expired	(77)	–	(77)
Recognition of contractual service margin for services provided	(613)	–	–
Premium experience adjustments related to current service and other amounts	(333)	(333)	–
Amounts related to income tax that are specifically chargeable to the policyholder	43	43	–
Recognised in insurance service expenses[1]	324	324	–
Claims incurred during the period (excluding investment component) and other incurred insurance service expenses	329	329	–
Expected incurred claims excluding investment components	140	140	–
Experience adjustment	189	189	–
Change in liability for past service[2]	(6)	(6)	–
Initial loss on onerous contracts recognised during the period[3]	1	1	–
Insurance finance income or expenses	6 081	6 081	–
Fair value returns on underlying items	6 081	6 081	–
Changes in estimates recognised in contractual service margin[3]	–	(424)	37
Cash flow	(3 774)	(3 774)	–
Premiums received during the period	4 912	4 912	–
Incurred claims – investment components[5]	–	–	–
Claims paid during the period	(8 269)	(8 269)	–
Insurance acquisition cash flows	(417)	(417)	–
Net movement for the period	967	1 047	(25)
Recognised in other comprehensive income – foreign currency translation differences	558	526	8
Reclassified as non-current liabilities held for sale	572	466	23
Balance at beginning of the period	81 955	76 549	500
Balance at end of the period	84 052	78 588	506

(1) Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and the allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Relates to past service. Line items without a superscript relates to current service.
(3) Relates to future service. Line items without a superscript relates to current service.
(4) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(5) The repayments of investment components in the period are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the period).

	Subtotal: Contractual service margin	Fair value transition approach	Other[4]	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
	171	–	171	–	–	–	–
	(613)	(336)	(277)	4 741	4 417	1	323
	(613)	(336)	(277)	(1 664)	(1 664)	–	–
	–	–	–	(140)	(140)	–	–
	–	–	–	(544)	(544)	–	–
	–	–	–	(77)	(77)	–	–
	(613)	(336)	(277)	(613)	(613)	–	–
	–	–	–	(333)	(333)	–	–
	–	–	–	43	43	–	–
	–	–	–	324	–	1	323
	–	–	–	329	–	–	329
	–	–	–	140	–	–	140
	–	–	–	189	–	–	189
	–	–	–	(6)	–	–	(6)
	–	–	–	1	–	1	–
	–	–	–	6 081	6 081	–	–
	–	–	–	6 081	6 081	–	–
	387	296	91	–	–	–	–
	–	–	–	(3 774)	(4 707)	–	933
	–	–	–	4 912	4 912	–	–
	–	–	–	–	(9 202)	–	9 202
	–	–	–	(8 269)	–	–	(8 269)
	–	–	–	(417)	(417)	–	–
	(55)	(40)	(15)	967	(290)	1	1 256
	24	24	–	558	569	1	(12)
	83	–	83	572	454	–	118
	4 906	3 459	1 447	81 955	77 911	6	4 038
	4 958	3 443	1 515	84 052	78 644	8	5 400

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.3 Reconciliation of net carrying amount: Life insurance – Savings business *continued*

Variable fee approach continued

Reconciliation per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment
31 December 2022 – Reviewed			
Non-onerous contracts recognised during the period[3]	–	(424)	43
Recognised in statement of comprehensive income	372	1 461	(124)
Recognised in insurance revenue[1]	(1 660)	(572)	(123)
Expected incurred claims excluding investment components	(191)	(191)	–
Expected administration and other expenses	(301)	(301)	–
Release of risk adjustment for risk expired	(123)	–	(123)
Recognition of contractual service margin for services provided	(965)	–	–
Premium experience adjustments related to current service and other amounts	(72)	(72)	–
Amounts related to income tax that are specifically chargeable to the policyholder	(8)	(8)	–
Recognised in insurance service expenses[1]	563	564	(1)
Claims incurred during the period (excluding investment component) and other incurred insurance service expenses	463	463	–
Expected incurred claims excluding investment components	191	191	–
Experience adjustment	272	272	–
Change in liability for past service[2]	94	95	(1)
Initial loss on onerous contracts recognised during the period[3]	6	6	–
Insurance finance income or expenses	1 469	1 469	–
Fair value returns on underlying items	1 469	1 469	–
Changes in estimates recognised in contractual service margin[3]	–	12	(71)
Cash flow	(2 322)	(2 322)	–
Premiums received during the period	12 407	12 407	–
Incurred claims – investment components[5]	–	–	–
Claims paid during the period	(14 030)	(14 030)	–
Insurance acquisition cash flows	(699)	(699)	–
Net movement for the period	(1 950)	(1 273)	(152)
Recognised in other comprehensive income – foreign currency translation differences	700	664	3
Reclassified as non-current liabilities held for sale	(10 498)	(10 282)	116
Balance at beginning of the period	93 703	87 440	533
Balance at end of the period	81 955	76 549	500

(1) Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and the allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Relates to past service. Line items without a superscript relates to current service.
(3) Relates to future service. Line items without a superscript relates to current service.
(4) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(5) The repayments of investment components in the period are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the period).

Subtotal: Contractual service margin	Fair value transition approach	Other(4)	Total	Liability for remaining coverage excluding loss component	Loss component	Incurred claims
381	–	381	–	–	–	–
(965)	(619)	(346)	372	(192)	6	558
(965)	(619)	(346)	(1 660)	(1 660)	–	–
–	–	–	(191)	(191)	–	–
–	–	–	(301)	(301)	–	–
–	–	–	(123)	(123)	–	–
(965)	(619)	(346)	(965)	(965)	–	–
–	–	–	(72)	(72)	–	–
–	–	–	(8)	(8)	–	–
–	–	–	563	–	6	557
–	–	–	463	–	–	463
–	–	–	191	–	–	191
–	–	–	272	–	–	272
–	–	–	94	–	–	94
–	–	–	6	–	6	–
–	–	–	1 469	1 468	–	1
–	–	–	1 469	1 468	–	1
59	(517)	576	–	–	–	–
–	–	–	(2 322)	(4 520)	–	2 198
–	–	–	12 407	12 407	–	–
–	–	–	–	(16 228)	–	16 228
–	–	–	(14 030)	–	–	(14 030)
–	–	–	(699)	(699)	–	–
(525)	(1 136)	611	(1 950)	(4 712)	6	2 756
33	18	15	700	694	–	6
(332)	–	(332)	(10 498)	(10 449)	–	(49)
5 730	4 577	1 153	93 703	92 378	–	1 325
4 906	3 459	1 447	81 955	77 911	6	4 038

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.4 Reconciliation of net carrying amount: General insurance

15.4.1 Premium allocation approach

Reconciliation per valuation component

	30 June 2023 – Reviewed				
		Liability for remaining coverage	Incurred claims		
R million	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	(6 872)	(28 981)	22 109	22 520	(411)
Recognised in insurance revenue	(32 228)	(32 228)	–	–	–
Recognised in insurance service expenses	24 593	2 818	21 775	22 232	(457)
Claims incurred during the period (excluding investment component)	21 853	–	21 853	20 735	1 118
Change in liability for past service	(78)	–	(78)	1 497	(1 575)
Amortisation of insurance acquisition cash flows	2 818	2 818	–	–	–
Insurance finance income or expenses	763	429	334	288	46
Cash flow	7 043	29 795	(22 752)	(22 752)	–
Premiums received during the period	33 007	33 007	–	–	–
Incurred claims – investment components	–	(293)	293	293	–
Claims paid during the period	(23 045)	–	(23 045)	(23 045)	–
Insurance acquisition cash flows	(2 919)	(2 919)	–	–	–
Net movement for the period	171	814	(643)	(232)	(411)
Recognised in other comprehensive income – foreign currency translation differences	(142)	–	(142)	(142)	–
Reclassified as non-current liabilities held for sale	(1 290)	–	(1 290)	(1 290)	–
Balance at beginning of the period	34 301	12 708	21 593	19 389	2 204
Balance at end of the period	33 040	13 522	19 518	17 725	1 793

31 December 2022 – Reviewed				
	Liability for remaining coverage		Incurred claims	
Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment
(6 022)	(54 124)	48 102	47 582	520
(60 893)	(60 893)	–	–	–
53 026	6 346	46 680	46 256	424
46 903	–	46 903	45 557	1 346
(223)	–	(223)	699	(922)
6 346	6 346	–	–	–
1 845	423	1 422	1 326	96
12 995	58 639	(45 644)	(45 644)	–
65 623	65 623	–	–	–
–	(786)	786	786	–
(46 430)	–	(46 430)	(46 430)	–
(6 198)	(6 198)	–	–	–
6 973	4 515	2 458	1 938	520
154	17	137	119	18
(16 044)	1 379	(17 423)	(15 361)	(2 062)
43 218	6 797	36 421	32 693	3 728
34 301	12 708	21 593	19 389	2 204

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.4 Reconciliation of net carrying amount: General insurance *continued*

15.4.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment
30 June 2023 – Reviewed			
Recognised in statement of comprehensive income	(20)	(19)	–
Recognised in insurance revenue[1]	(48)	(46)	–
Premium experience adjustments related to current service and other amounts	(48)	(46)	–
Insurance finance income or expenses	28	27	–
Excluding recognition of assumption changes in contractual service margin at locked-in interest rates	28	27	–
Cash flow	(1)	(1)	–
Insurance acquisition cash flows	(1)	(1)	–
Net movement for the period	(21)	(20)	–
Balance at beginning of the period	699	676	1
Balance at end of the period	678	656	1

[1] Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and the allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.

[2] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Subtotal: Contractual service margin	Other(2)	Total	Liability for remaining coverage excluding loss component
(1)	(1)	(20)	(20)
(2)	(2)	(48)	(48)
(2)	(2)	(48)	(48)
1	1	28	28
1	1	28	28
–	–	(1)	(1)
–	–	(1)	(1)
(1)	(1)	(21)	(21)
22	22	699	699
21	21	678	678

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.4 Reconciliation of net carrying amount: General insurance *continued*

15.4.2 General model continued

Reconciliation per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment
31 December 2022 – Reviewed			
Recognised in statement of comprehensive income	(60)	(60)	–
Recognised in insurance revenue[1]	(60)	(60)	–
Premium experience adjustments related to current service and other amounts	(60)	(60)	–
Changes in estimates recognised in contractual service margin[2]	–	(15)	–
Cash flow	(30)	(30)	–
Insurance acquisition cash flows	(30)	(30)	–
Net movement for the period	(90)	(105)	–
Balance at beginning of the period	789	781	1
Balance at end of the period	699	676	1

(1) Line items do not align to statement of comprehensive income, this is due to the reallocation of premium relating to insurance acquisition cash flows and the allocations to loss component shifted between insurance revenue and insurance service expenses in the statement of comprehensive income.
(2) Relates to future service. Line items without a superscript relates to current service.
(3) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Subtotal: Contractual service margin	Other[3]	Total	Liability for remaining coverage excluding loss component
–	–	(60)	(60)
–	–	(60)	(60)
–	–	(60)	(60)
15	15	–	–
–	–	(30)	(30)
–	–	(30)	(30)
15	15	(90)	(90)
7	7	789	789
22	22	699	699

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

15 Insurance contract carrying amount *continued*

15.5 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years
30 June 2023 – Reviewed				
Balance at beginning of the period	27 623	25 355	23 286	21 374
Accretion of interest on liabilities under the general model	2 200	1 993	1 839	1 775
Recognised in statement of comprehensive income	(4 468)	(4 062)	(3 751)	(3 486)
Balance at the end of the period	25 355	23 286	21 374	19 663
31 December 2022 – Reviewed				
Balance at beginning of the period	25 476	23 262	21 333	19 544
Accretion of interest on liabilities under the general model	1 875	1 858	1 715	1 592
Recognised in statement of comprehensive income	(4 089)	(3 787)	(3 504)	(3 260)
Balance at the end of the period	23 262	21 333	19 544	17 876

Life insurance – Savings business

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years
30 June 2023 – Reviewed				
Balance at beginning of the period	4 958	4 635	4 445	4 258
Allocation of investment return to contracts under the variable fee approach	462	562	539	507
Recognised in statement of comprehensive income	(785)	(752)	(726)	(697)
Balance at the end of the period	4 635	4 445	4 258	4 068
31 December 2022 – Reviewed				
Balance at beginning of the period	4 906	4 804	4 678	4 535
Allocation of investment return to contracts under the variable fee approach	739	647	606	565
Recognised in statement of comprehensive income	(841)	(773)	(749)	(723)
Balance at the end of the period	4 804	4 678	4 535	4 377

4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
19 663	18 439	17 320	16 295	15 356	14 512	13 818
2 021	1 911	1 811	1 717	1 648	1 645	21 465
(3 245)	(3 030)	(2 836)	(2 656)	(2 492)	(2 339)	(35 283)
18 439	17 320	16 295	15 356	14 512	13 818	–
17 876	16 732	15 681	14 713	13 826	13 013	12 338
1 895	1 791	1 691	1 603	1 523	1 519	19 752
(3 039)	(2 842)	(2 659)	(2 490)	(2 336)	(2 194)	(32 090)
16 732	15 681	14 713	13 826	13 013	12 338	–

4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
4 068	3 833	3 616	3 413	3 280	3 158	3 040
425	404	382	353	341	324	7 257
(660)	(621)	(585)	(486)	(463)	(442)	(10 297)
3 833	3 616	3 413	3 280	3 158	3 040	–
4 377	4 168	3 957	3 761	3 582	3 418	3 273
480	440	419	400	380	360	6 657
(689)	(651)	(615)	(579)	(544)	(505)	(9 930)
4 168	3 957	3 761	3 582	3 418	3 273	–

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

16 Reinsurance contract carrying amount

16.1 Analysis of net reinsurance contract carrying amount

Analysis per line of business and valuation method

R million	Notes	Total
30 June 2023 – Reviewed		
Life insurance – Risk business	16.2	(3 896)
Premium allocation approach[1]		(2 227)
General model		(1 669)
General insurance	16.3	(8 259)
Premium allocation approach[1]		(9 875)
General model		1 616
Net reinsurance contract carrying amount		(12 155)
Premium allocation approach[1]		(12 102)
General model		(53)
Net reinsurance contract carrying amount		(12 155)
Reinsurance contract liabilities		4 921
Reinsurance contract assets		(17 076)
Net reinsurance contract carrying amount		(12 155)
31 December 2022 – Reviewed		
Life insurance – Risk business	16.2	(3 713)
Premium allocation approach[1]		(1 761)
General model		(1 952)
General insurance	16.3	(10 747)
Premium allocation approach[1]		(12 404)
General model		1 657
Net reinsurance contract carrying amount		(14 460)
Premium allocation approach[1]		(14 165)
General model		(295)
Net reinsurance contract carrying amount		(14 460)
Reinsurance contract liabilities		4 169
Reinsurance contract assets		(18 629)
Net reinsurance contract carrying amount		(14 460)

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

Remaining coverage component				Incurred claims component		
Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin	Subtotal	Best estimate of future cash flows	Risk adjustment
47	2 144	(705)	(1 800)	(3 943)	(3 742)	(201)
408				(2 635)	(2 485)	(150)
(361)	2 144	(705)	(1 800)	(1 308)	(1 257)	(51)
3 482	1 595	–	21	(11 741)	(11 237)	(504)
1 866				(11 741)	(11 237)	(504)
1 616	1 595	–	21	–	–	–
3 529	3 739	(705)	(1 779)	(15 684)	(14 979)	(705)
2 274	–	–	–	(14 376)	(13 722)	(654)
1 255	3 739	(705)	(1 779)	(1 308)	(1 257)	(51)
3 529	3 739	(705)	(1 779)	(15 684)	(14 979)	(705)
5 448	4 233	(92)	(318)	(527)	(528)	1
(1 919)	(494)	(613)	(1 461)	(15 157)	(14 451)	(706)
3 529	3 739	(705)	(1 779)	(15 684)	(14 979)	(705)
462	1 921	(641)	(1 282)	(4 175)	(4 009)	(166)
464	–	–	–	(2 225)	(2 116)	(109)
(2)	1 921	(641)	(1 282)	(1 950)	(1 893)	(57)
5 072	1 635	–	22	(15 819)	(14 752)	(1 067)
3 415	–	–	–	(15 819)	(14 752)	(1 067)
1 657	1 635	–	22	–	–	–
5 534	3 556	(641)	(1 260)	(19 994)	(18 761)	(1 233)
3 879	–	–	–	(18 044)	(16 868)	(1 176)
1 655	3 556	(641)	(1 260)	(1 950)	(1 893)	(57)
5 534	3 556	(641)	(1 260)	(19 994)	(18 761)	(1 233)
4 583	3 579	(79)	(290)	(414)	(416)	2
951	(23)	(562)	(970)	(19 580)	(18 345)	(1 235)
5 534	3 556	(641)	(1 260)	(19 994)	(18 761)	(1 233)

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

16 Reinsurance contract carrying amount *continued*

16.2 Reconciliation of net carrying amount: Life insurance – Risk business

16.2.1 Premium allocation approach

Reconciliation per valuation component

	30 June 2023 – Reviewed				
			Incurred claims component		
R million	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	272	900	(628)	(587)	(41)
Income or expense from reinsurance contracts	305	884	(579)	(540)	(39)
Income or expenses from reinsurance contracts excluding changes in non-performance risk of reinsurance contracts	305	884	(579)	(540)	(39)
Reinsurance finance income or expense	(33)	16	(49)	(47)	(2)
Changes for past service claims due to financial assumptions	(33)	16	(49)	(47)	(2)
Cash flow	(839)	(1 165)	326	326	–
Premiums paid	(1 165)	(1 165)	–	–	–
Recoveries received under reinsurance contracts held	326	–	326	326	–
Net movement for the period	(567)	(265)	(302)	(261)	(41)
Recognised in other comprehensive income – foreign currency translation differences	3	(8)	11	11	–
Reclassified as non-current liabilities held for sale	98	217	(119)	(119)	–
Balance at beginning of the period	(1 761)	464	(2 225)	(2 116)	(109)
Balance at end of the period	(2 227)	408	(2 635)	(2 485)	(150)

31 December 2022 – Reviewed				
		Incurred claims component		
Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment
(322)	1 342	(1 664)	(1 628)	(36)
(304)	1 324	(1 628)	(1 593)	(35)
(304)	1 324	(1 628)	(1 593)	(35)
(18)	18	(36)	(35)	(1)
(18)	18	(36)	(35)	(1)
(1 035)	(1 472)	437	437	–
(1 472)	(1 472)	–	–	–
437	–	437	437	–
(1 357)	(130)	(1 227)	(1 191)	(36)
(4)	5	(9)	(8)	(1)
1 029	778	251	251	–
(1 429)	(189)	(1 240)	(1 168)	(72)
(1 761)	464	(2 225)	(2 116)	(109)

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

16 Reinsurance contract carrying amount *continued*

16.2 Reconciliation of net carrying amount: Life insurance – Risk business *continued*

16.2.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment
30 June 2023 – Reviewed			
Contracts recognised during the period for future coverage[2]	–	385	(75)
Recognised in statement of comprehensive income	894	826	43
Income or expense from reinsurance contracts	847	680	86
Recognition of contractual service margin for services received	92	–	–
Release of risk adjustment for risk expired	81	–	81
Experience adjustments	386	386	–
Changes in incurred claims related to past service[1]	(54)	(59)	5
Loss recovery component recognised during the period for future coverage[2]	(25)	–	–
Changes in estimates which adjust the loss recovery component[2]	14	–	–
Allocation of loss recovery component[2]	–	–	–
Net costs of purchasing reinsurance contracts that relate to past events	353	353	–
Reinsurance finance income or expenses	47	146	(43)
At current rates	45	136	(35)
Impact of adjusting the contractual service margin at locked-in interest rates	2	10	(8)
Changes in estimates recognised in contractual service margin[2]	–	257	(27)
Cash flow	(564)	(564)	–
Premiums paid	(3 100)	(3 100)	–
Recoveries received under reinsurance contracts held	2 539	2 539	–
Administration and other expenses	(3)	(3)	–
Investment components	–	–	–
Net movement for the period	330	904	(59)
Recognised in other comprehensive income – foreign currency translation differences	–	2	(1)
Reclassified as non-current liabilities held for sale	(47)	(47)	2
Balance at beginning of the period	(1 952)	28	(698)
Balance at end of the period	(1 669)	887	(756)

(1) Relates to past service. Line items without a superscript relates to current service.
(2) Relates to future service. Line items without a superscript relates to current service.
(3) Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.

Subtotal: Contractual service margin	Fair value transition approach	Other[3]	Total	Remaining coverage component excluding loss recovery component	Loss recovery component	Incurred claims component
(310)	–	(310)	–	–	–	–
25	3	22	894	2 973	(3)	(2 076)
81	9	72	847	2 944	(22)	(2 075)
92	14	78	92	92	–	–
–	–	–	81	81	–	–
–	–	–	386	2 223	–	(1 837)
–	–	–	(54)	–	–	(54)
(25)	(5)	(20)	(25)	–	(25)	–
14	–	14	14	–	14	–
–	–	–	–	11	(11)	–
–	–	–	353	537	–	(184)
(56)	(6)	(50)	47	29	19	(1)
(56)	(6)	(50)	45	39	7	(1)
–	–	–	2	(10)	12	–
(230)	77	(307)	–	–	–	–
–	–	–	(564)	(3 286)	–	2 722
–	–	–	(3 100)	(3 100)	–	–
–	–	–	2 539	–	–	2 539
–	–	–	(3)	(3)	–	–
–	–	–	–	(183)	–	183
(515)	80	(595)	330	(313)	(3)	646
(1)	(1)	–	–	4	–	(4)
(2)	–	(2)	(47)	(47)	–	–
(1 282)	(107)	(1 175)	(1 952)	151	(153)	(1 950)
(1 800)	(28)	(1 772)	(1 669)	(205)	(156)	(1 308)

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

16 Reinsurance contract carrying amount *continued*

16.2 Reconciliation of net carrying amount: Life insurance – Risk business *continued*

16.2.2 General model *continued*

Reconciliation per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment
31 December 2022 – Reviewed			
Contracts recognised during the period for future coverage(2)	–	413	(109)
Recognised in statement of comprehensive income	1 205	1 310	(98)
Income or expense from reinsurance contracts	1 432	1 338	(20)
Recognition of contractual service margin for services received	169	–	–
Release of risk adjustment for risk expired	124	–	124
Experience adjustments	90	90	–
Change in past service(1)	(123)	21	(144)
Loss recovery component recognised during the period for future coverage(2)	(48)	–	–
Changes in estimates which adjust the loss recovery component(2)	(7)	–	–
Allocation of loss recovery component(2)	–	–	–
Net costs of purchasing reinsurance contracts that relate to past events	1 227	1 227	–
Reinsurance finance income or expenses	(227)	(28)	(78)
At current rates	(206)	(7)	(78)
Impact of adjusting the contractual service margin at locked-in interest rates	(21)	(21)	–
Changes in estimates recognised in contractual service margin(2)	–	17	(41)
Cash flow	(806)	(806)	–
Premiums paid	(5 861)	(5 861)	–
Recoveries received under reinsurance contracts held	5 067	5 067	–
Administration and other expenses	(12)	(12)	–
Investment components	–	–	–
Net movement for the period	399	934	(248)
Recognised in other comprehensive income – foreign currency translation differences	(3)	(1)	(1)
Acquired through business combinations	–	–	–
Reclassified as non-current liabilities held for sale	157	92	8
Balance at beginning of the period	(2 505)	(997)	(457)
Balance at end of the period	(1 952)	28	(698)

(1) Relates to past service. Line items without a superscript relates to current service.
(2) Relates to future service. Line items without a superscript relates to current service.
(3) Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.

Subtotal: Contractual service margin	Fair value transition approach	Other[3]	Total	Remaining coverage component excluding loss recovery component	Loss recovery component	Incurred claims component
(304)	–	(304)	–	–	–	–
(7)	(10)	3	1 205	7 092	(62)	(5 825)
114	23	91	1 432	7 160	(72)	(5 656)
169	54	115	169	169	–	–
–	–	–	124	124	–	–
–	–	–	90	5 138	–	(5 048)
–	–	–	(123)	–	–	(123)
(48)	(7)	(41)	(48)	–	(48)	–
(7)	(24)	17	(7)	–	(7)	–
–	–	–	–	17	(17)	–
–	–	–	1 227	1 712	–	(485)
(121)	(33)	(88)	(227)	(68)	10	(169)
(121)	(33)	(88)	(206)	(49)	12	(169)
–	–	–	(21)	(19)	(2)	–
24	91	(67)	–	–	–	–
–	–	–	(806)	(6 466)	–	5 660
–	–	–	(5 861)	(5 861)	–	–
–	–	–	5 067	–	–	5 067
–	–	–	(12)	(12)	–	–
–	–	–	–	(593)	–	593
(287)	81	(368)	399	626	(62)	(165)
(1)	(1)	–	(3)	(32)	–	29
–	–	–	–	–	–	–
57	8	49	157	128	–	29
(1 051)	(195)	(856)	(2 505)	(571)	(91)	(1 843)
(1 282)	(107)	(1 175)	(1 952)	151	(153)	(1 950)

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

16 Reinsurance contract carrying amount *continued*

16.3 Reconciliation of net carrying amount: General insurance

16.3.1 Premium allocation approach

Reconciliation per valuation component

	30 June 2023 – Reviewed				
			Incurred claims component		
R million	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment
Recognised in statement of comprehensive income	2 429	7 032	(4 603)	(5 166)	563
Income or expense from reinsurance contracts	2 771	6 948	(4 177)	(4 742)	565
Income or expenses from reinsurance contracts excluding changes in non-performance risk of reinsurance contracts	2 771	6 948	(4 177)	(4 742)	565
Reinsurance finance income or expense	(342)	84	(426)	(424)	(2)
Accretion of interest	84	84	–	–	–
Changes for past service claims due to financial assumptions	(426)	–	(426)	(424)	(2)
Cash flow	(570)	(8 581)	8 011	8 011	–
Premiums paid	(8 581)	(8 581)	–	–	–
Recoveries received under reinsurance contracts held	8 011	–	8 011	8 011	–
Net movement for the period	1 859	(1 549)	3 408	2 845	563
Recognised in other comprehensive income – foreign currency translation differences	36	–	36	36	–
Acquired through business combinations	–	–	–	–	–
Reclassified as non-current liabilities held for sale	634	–	634	634	–
Balance at beginning of the period	(12 404)	3 415	(15 819)	(14 752)	(1 067)
Balance at end of the period	(9 875)	1 866	(11 741)	(11 237)	(504)

31 December 2022 – Reviewed

		Incurred claims component		
Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment
3 278	11 681	(8 403)	(7 981)	(422)
3 758	11 604	(7 846)	(7 480)	(366)
3 758	11 604	(7 846)	(7 480)	(366)
(480)	77	(557)	(501)	(56)
77	77	–	–	–
(557)	–	(557)	(501)	(56)
(5 823)	(8 312)	2 489	2 489	–
(8 312)	(8 312)	–	–	–
2 489	–	2 489	2 489	–
(2 545)	3 369	(5 914)	(5 492)	(422)
(14)	(17)	3	(10)	13
(1)	–	(1)	–	(1)
4 092	(226)	4 318	4 550	(232)
(13 936)	289	(14 225)	(13 800)	(425)
(12 404)	3 415	(15 819)	(14 752)	(1 067)

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

16 Reinsurance contract carrying amount *continued*

16.3 Reconciliation of net carrying amount: General insurance *continued*

16.3.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows
30 June 2023 – Reviewed		
Recognised in statement of comprehensive income	(41)	(40)
Income or expense from reinsurance contracts	(1)	1
Net costs of purchasing reinsurance contracts that relate to past events	(1)	1
Reinsurance finance income or expenses	(40)	(41)
At current rates	(40)	(41)
Cash flow	–	–
Investment components	–	–
Net movement for the period	(41)	(40)
Balance at beginning of the period	1 657	1 635
Balance at end of the period	1 616	1 595

R million	Total	Best estimate of future cash flows
31 December 2022 – Reviewed		
Recognised in statement of comprehensive income	(51)	(66)
Income or expense from reinsurance contracts	56	58
Net costs of purchasing reinsurance contracts that relate to past events	56	58
Reinsurance finance income or expenses	(107)	(124)
At current rates	(107)	(124)
Cash flow	(70)	(70)
Recoveries received under reinsurance contracts held	(70)	(70)
Investment components	–	–
Net movement for the period	(121)	(136)
Balance at beginning of the period	1 778	1 771
Balance at end of the period	1 657	1 635

(1) Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.

Subtotal: Contractual service margin	Other(1)	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
(1)	(1)	(41)	38	(79)
(2)	(2)	(1)	49	(50)
(2)	(2)	(1)	49	(50)
1	1	(40)	(11)	(29)
1	1	(40)	(11)	(29)
–	–	–	(79)	79
–	–	–	(79)	79
(1)	(1)	(41)	(41)	–
22	22	1 657	1 657	–
21	21	1 616	1 616	–

Subtotal: Contractual service margin	Other(1)	Total	Remaining coverage component excluding loss recovery component	Incurred claims component
15	15	(51)	69	(120)
(2)	(2)	56	129	(73)
(2)	(2)	56	129	(73)
17	17	(107)	(60)	(47)
17	17	(107)	(60)	(47)
–	–	(70)	(190)	120
–	–	(70)	(70)	–
–	–	–	(120)	120
15	15	(121)	(121)	–
7	7	1 778	1 778	–
22	22	1 657	1 657	–

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

16 Reinsurance contract carrying amount *continued*

16.4 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

30 June 2023 – Reviewed

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years
Balance at beginning of the period	(1 800)	(1 521)	(1 281)	(1 081)
Accretion of interest	(160)	(143)	(131)	(122)
Recognised in statement of comprehensive income	439	383	331	288
Balance at the end of the period	(1 521)	(1 281)	(1 081)	(915)

31 December 2022 – Reviewed

R million	<1 year	1 – 2 years	2 – 3 years	3 – 4 years
Balance at beginning of the period	(1 282)	(1 090)	(932)	(812)
Accretion of interest	(105)	(96)	(91)	(88)
Recognised in statement of comprehensive income	297	254	211	184
Balance at the end of the period	(1 090)	(932)	(812)	(716)

4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
(915)	(774)	(630)	(496)	(369)	(259)	(148)
(113)	(104)	(99)	(88)	(82)	(73)	(1 033)
254	248	233	215	192	184	1 181
(774)	(630)	(496)	(369)	(259)	(148)	–

4 – 5 years	5 – 6 years	6 – 7 years	7 – 8 years	8 – 9 years	9 – 10 years	>10 years
(716)	(626)	(545)	(473)	(413)	(362)	(316)
(82)	(79)	(76)	(76)	(74)	(70)	(816)
172	160	148	136	125	116	1 132
(626)	(545)	(473)	(413)	(362)	(316)	–

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June

17 Investment contracts

Analysis of movement in investment contract liabilities

R million	Reviewed 2023	Restated[1] Reviewed 2022
Investment contracts		
Income	70 619	62 928
Premium income	29 105	62 847
Investment return after tax	41 514	81
Outflow	(34 107)	(60 518)
Policy benefits	(26 266)	(50 808)
Retirement fund terminations	(6 904)	(9 508)
Fees, risk premiums and other payments to shareholders' fund	(937)	(202)
Movement in policy loans	6	(3)
Net movement for the period	36 518	2 407
Foreign currency translation differences	2	(184)
IFRS 17 transitional adjustments	–	(16 736)
Non-current liabilities for sale	–	(409)
Balance at beginning of the period	439 616	454 538
Balance at end of the period	476 136	439 616

[1] The prior year has been restated for the application of IFRS 17. Refer to note 13.1 for additional information.

Addendum A: IFRS 17 accounting policies

1.1 Introduction

The valuation bases and methodology used to measure the policy liabilities of all material lines of insurance and investment business for the group are set out below, and comply with the requirements of IFRS. An explanation of the recognition of insurance amounts in profit or loss is covered in section 1.5.

Where the valuation of policy liabilities is based on the valuation of supporting assets, the assets are valued on the bases as set out in the accounting policy for investments, with the exception of investments in treasury shares, associated companies and joint ventures, which are also valued at fair value.

1.2 Classification

The group applies *IFRS 17 - Insurance Contracts* to insurance contracts and reinsurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participation features (DPF) it issues. Investment contracts without DPF (with or without investment management services) fall within the scope of *IFRS 9 – Financial Instruments.*

All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise. All references to insurance contracts issued in these accounting policies apply to insurance contracts excluding reinsurance contracts held.

A contract is classified as an insurance contract where the group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the group on a present value basis.

In the normal course of business, the group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it substantially transfers all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Some insurance contracts include investment components. An investment component that is not distinct and therefore in scope of IFRS 17, is the amount that an insurance contract requires the group to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. All references to investment components in these accounting policies apply to investment components in scope of IFRS 17 that are not distinct, unless specifically stated otherwise. Investment components are included in the measurement of insurance liabilities. However, repayments of investment components are not presented in profit or loss (refer to section 1.5 for further details). The measurement of investment components identified for different types of insurance contracts is covered in the sub-sections below. Refer to section 1.2.1 for the criteria relating to distinct investment components that need to be separated and accounted for under a different standard.

Insurance contracts are allocated to the following lines of business and measurement models for the disclosure of amounts related to these contracts in the notes to the financial statements:

1. Life insurance – Risk business (insurance contracts without direct participation features)
   - Premium Allocation Approach (PAA) and General Measurement Model (GMM)
2. Life insurance – Savings business (insurance contracts with direct participation features)
   - Variable Fee Approach (VFA)
3. General insurance (insurance contracts without direct participation features)
   - PAA and GMM

Life insurance – Risk and general insurance business

The default accounting model applied to insurance contracts for liability measurement purposes is the GMM, unless the VFA or PAA applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts (refer to section 1.3.5 for further details). Insurance contracts measured under the GMM and PAA are referred to as *insurance contracts without direct participation features.*

The group applies the VFA to insurance contracts with direct participation features (refer to the next sub-section for further details).

For some insurance contracts without direct participation features, the group performs investment activity to generate an investment return included in an investment component or amount the policyholder has a right to withdraw. Such an insurance contract provides an investment-return service and is measured under the GMM. Refer to note 6.2.2.3 for further details on the types of contracts in the group providing investment-return services.

The following are examples of the main types of products included in Life insurance – Risk business:

- Life insurance risk business providing death/disability and funeral cover (for a specified term/whole life) is measured under the GMM, unless eligible for the PAA;
- Life insurance risk business where insurance coverage is provided to members of Corporate schemes, with the premiums payable by the employers (policyholders) reviewable at least annually, is measured under the PAA;
- Non-participating life annuities (excluding term certain annuities in scope of IFRS 9) are measured under the GMM. For non-participating life annuities with a guarantee period, payments made during the guaranteed period are considered to be investment components;
- Universal life insurance contracts which give rise to investment and insurance risk are measured under the GMM if assessed not to be eligible for the VFA, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges;
- Other risk insurance contracts providing investment-return services (for example endowment contracts) are measured using the GMM, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges; and
- Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured under the GMM, unless eligible for the PAA.

The material classes of General insurance business (including reinsurance contracts held) are measured using the PAA. This includes contracts with a coverage period longer than one year that are assessed to be eligible for measurement under the PAA (refer to note 6.2.1 for further details).

Life insurance – Savings business

The group issues insurance contracts with direct participation features that are substantially investment-related service contracts where underlying items are managed on behalf of the policyholders. Underlying items comprise reference portfolios of investment assets that determine some of the amounts payable to the policyholders. Insurance contracts are substantially investment-related if the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, and the group:

- expects to pay amounts to the policyholder equal to a substantial share of the fair value returns on the underlying items; and
- a substantial proportion of any change in the amounts to be paid to the policyholder is expected to vary with the change in fair value of the underlying items.

The accounting model applied to these insurance contracts for liability measurement purposes is the VFA. The VFA modifies the default measurement model in IFRS 17 (GMM) to reflect that the consideration the group receives for the contract is a variable fee. Section 1.3.3 provides further details on the measurement of the variable fee. The group uses judgement in determining the eligibility of contracts for the VFA (refer to note 6.2.1 for further details).

Reinsurance contracts issued or held cannot be insurance contracts with direct participation features for the purposes of IFRS 17.

Investment contracts with DPF

Investment contracts with DPF are in scope of IFRS 17 as the group also issues insurance contracts. An investment contract with DPF entitles the policyholder to receive benefits or bonuses in addition to guaranteed benefits that are expected to be a significant proportion of the total contractual benefits, the timing or amount of which are contractually at the discretion of the group, but which has to be exercised in a reasonable way. The benefits are based on the investment performance of a specified pool of underlying assets.

These contracts do not include a transfer of significant insurance risk and will be measured under the VFA if it meets the eligibility requirements. The investment contracts with DPF not eligible for the VFA (and therefore measured under GMM) are immaterial for the group.

The following are examples of the main types of products measured under the VFA and included in Life insurance – Savings business:

- Universal life insurance contracts;
- Pure market-linked savings contracts (without DPF) with minimum investment guarantees and/or rider benefits such as premium waivers on death creating significant insurance risk;
- Participating life annuities;
- Investment contracts with DPF such as smoothed bonus business related to retirement annuities and market-linked savings contracts; and
- Conventional with-profits business in SEM.

Investment components related to insurance contracts measured under the VFA are determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges.

In the sections to follow, separate sub-headings are included to describe specific differences in accounting policies related to reinsurance contracts held and insurance contracts measured under the VFA.

1.2.1 Separation of components

Distinct components are separated from the insurance contract and accounted for under a different IFRS standard. The examples of distinct components in the group are covered below:

- Distinct investment components are accounted for under IFRS 9 (unless it is an investment contract with DPF in scope of IFRS 17 as covered in the previous section), such as some non-participating risk and savings business issued in Sanlam Developing Markets where the investment components are not highly interrelated with the insurance components because the value of the investment components can be measured without considering the value of the insurance components, and the policyholders can surrender the investment components without lapsing the insurance cover; and
- Distinct goods or services other than insurance contract services are accounted for under *IFRS 15 – Revenue from contracts with customers*. The separation of these distinct goods or services from insurance contracts accounted for under IFRS 17 is not material for the group.

1.2.2 Aggregation (including unit of account)

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and therefore the group has assumed that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account. However, there might be certain cases where the legal form of a contract does not reflect the substance. Insurance contracts which cover multiple insurance risks can be separated into separate contracts for measurement purposes where the group has applied judgement to assess that the legal form of the insurance contract does not reflect the substance and separation is required. Note 6.2.1.1 on page 99 provides further details.

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

The portfolios are further divided into groups of insurance contracts issued based on recognition date (refer to section 1.3.1) and expected profitability, based on whether:

a) contracts are onerous at initial recognition;
b) contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
c) contracts at initial recognition have a significant possibility of becoming onerous subsequently (ie the remaining contracts).

An insurance contract issued is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts issued measured under the PAA, contracts are not expected to be onerous at initial recognition, unless there are facts and circumstances indicating that they are onerous.

Each group of insurance contracts does not include insurance contracts issued (or reinsurance contracts held recognised) more than one year apart in the same group (also referred to as cohorts of insurance contracts).

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

The group uses judgement in identifying portfolios and assessing the appropriate level at which reasonable and supportable information is available to determine the groups of insurance contracts based on expected profitability at initial recognition. Refer to note 6.2.1.1 for further details.

Reinsurance contracts held

For reinsurance contracts held, the references to onerous contracts above are replaced with references to contracts on which there is a net gain at initial recognition.

1.3 Measurement of insurance contracts

The group measures insurance contracts by performing year-to-date estimates of the carrying amount of the asset or liability for a group of insurance contracts.

In the notes to the financial statements, the net carrying amount of the insurance contracts issued and reinsurance contracts held has been defined as the net insurance contract carrying amount (for insurance contracts issued) and the net reinsurance contract carrying amount (for reinsurance contracts held).

1.3.1 Recognition

The group recognises insurance and reinsurance contracts issued from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due. Investment contracts with DPF are recognised when the group becomes party to the contract.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held

The group recognises reinsurance contracts held at the beginning of the coverage period, but no earlier than the initial recognition date of any underlying insurance contract where the group of reinsurance contracts held provides proportionate coverage (such as quota share reinsurance or surplus reinsurance).

A group of reinsurance contracts held that provides non-proportionate coverage (such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

1.3.2 Contract boundaries

The group 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.

Cash flows are within the boundary of an investment contract with DPF if they result from a substantive obligation of the group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the group:

- has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
  a) the group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and
  b) the group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

The group concludes on its practical ability to set a price that fully reflects the insurance and/or financial risks in the individual contract or portfolio at the reassessment/renewal date by considering all the risks (transferred from the policyholder to the group) that it would assess when underwriting equivalent contracts on the same date for the remaining service. Where the group provides an option to members of group life insurance business to purchase individual life cover on cessation of employment, all future cash flows related to the individual life cover will form part of a new insurance contract because the group has the practical ability to charge the prevailing new business rates which fully reflect the new level of risk.

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.

Reinsurance contracts held

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 substantive rights and obligations of both parties will end if there is a unilateral right to cancel the reinsurance contract. The probability of the reinsurer repricing the contract can be allowed for when determining the fulfilment cash flows included in the contract boundary and is based on past business practice/experience where relevant. However, an allowance for the probability of the reinsurer cancelling the contract is not permitted when assessing the contract boundary.

1.3.3 Initial measurement (excluding PAA)

On initial recognition, the group measures a group of insurance contracts as the total of the:

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

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts. Refer to section 1.3.5 for further details.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted *estimates of future cash flows* within the contract boundary, with *discount rates* being applied to the future cash flows to adjust for the time value of money and financial risks related to those cash flows. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort. Note 6.2.2.2 provides further details on the determination of the probability-weighted estimates of future cash flows and discount rates.

Fulfilment cash flows are determined separately for insurance 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 and forms part of the fulfilment cash flows for a group of insurance contracts. The risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. Note 6.2.2.2 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

A stochastic modelling approach is used to provide for the possible cost of minimum investment return guarantees (also referred to as the time value of financial options and guarantees (TVOG)) and is mostly relevant to insurance contracts measured under the VFA in SLS. This valuation approach is consistent with actuarial guidance note APN 110, which Sanlam believes is compliant with IFRS 17.

Insurance contracts accounted for under the VFA

The fulfilment cash flows measured under the VFA are 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. The variable fee comprises the amount of the group's share in the fair value of the underlying items less the fulfilment cash flows that do not vary based on the underlying items. The variable fee represents the expected shareholder entitlements based on the present value of future estimates of fees charged less insurance claims and expenses incurred, less the risk adjustment for non-financial risk and the effect of financial guarantees (TVOG).

Reinsurance contracts held

Fulfilment cash flows of reinsurance contracts held include the effect of any risk of non-performance by the issuer of the reinsurance contract where material, including the effects of collateral and losses from disputes. The risk adjustment for non-financial risk reflects that some of this uncertainty will be ceded to the reinsurer.

For reinsurance contracts held, the group has not treated any expense cash flows as acquisition cash flows.

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. The group applies discount rates, that include the effect of inflation, to nominal cash flows (ie those cash flows that also include the effect of inflation, where relevant).

The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are 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 are discounted using rates that reflect that variability.

Addendum A: IFRS 17 accounting policies *continued*

A bottom-up approach is used to determine the discount rates applied to cash flows that do not vary based on returns with underlying items. A zero-coupon (risk-free) yield curve, adjusted to reflect the illiquidity of the group of insurance contracts where applicable, is applied to cash flows that do not vary based on the returns on underlying items. Insurance contracts issued such as non-participating life annuities that cannot be surrendered or lapsed, are illiquid.

Risk-free or real-world discount rates can be applied to cash flows that vary based on the returns on underlying items. Risk-free discount rates are consistent with the rates applied to cash flows that do not vary based on returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

Contractual service margin

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 issued is not onerous at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognised assets for insurance acquisition cash flows or other cash flows incurred before the recognition date. This results in no income or expenses arising on initial recognition.
- If a group of insurance contracts issued is onerous at initial recognition, the CSM is negative. The group immediately recognises this net outflow as an expense in profit or loss with no CSM recognised on the statement of financial position at initial recognition. A loss component, which is equal to this net outflow representing the expected future losses on the group of insurance contracts, is recognised at initial recognition and tracked over the coverage period of the insurance contracts for measurement purposes. The loss component therefore forms part of the liability for remaining coverage. Refer to section 1.3.4 for further details.

Note 15 provides more information on the losses recognised at initial recognition for onerous groups of insurance contracts issued in the 2023 interim reporting period.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2023 interim reporting period for insurance contracts measured under GMM or VFA.

For groups of contracts acquired in a transfer of insurance contracts or in a business combination within the scope of IFRS 3 *Business Combinations*, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date. No contracts were acquired in a transfer of insurance contracts or in a business combination in the 2023 interim reporting period.

Reinsurance contracts held

For groups of reinsurance contracts held, the CSM can be positive or negative and therefore represents a deferred gain or loss that the group will recognise as reinsurance income or expenses when it receives reinsurance coverage in the future. A loss recovery component adjusts the CSM at initial recognition of the group of reinsurance contracts held when onerous underlying insurance contracts are recognised. The resulting income is recognised in profit or loss and offsets the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. The loss recovery component is not established before the underlying insurance contracts are recognised. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:

- the loss recognised on the underlying insurance contracts; and
- the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held.

The group uses judgement in determining the loss recovery component, including for subsequent measurement covered in the next section. Refer to note 6.2.2.3 for further details.

1.3.4 Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

- the liability for remaining coverage (remaining coverage component for reinsurance contracts held), comprising:
  a) the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods; and
  b) the remaining CSM of the group at that date.
- the liability for incurred claims (incurred claims component for reinsurance contracts held), comprising the fulfilment cash flows for past service allocated to the group at that date. The liability for incurred claims also includes the repayment of any investment components or other amounts that are not related to the provision of insurance contract services in future periods and therefore not included in the liability for remaining coverage.

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current probability-weighted 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 incurred claims, such as the estimated future benefit payments on income protection contracts and riders such as premium waivers.

Changes in estimates of the fulfilment cash flows are treated differently according to whether changes relate 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 adjust the loss component on a group of insurance contracts issued, or any changes which adjust the loss recovery component on a group of reinsurance contracts held (refer to the ‘Loss component’ section below for further details).

Insurance contracts accounted for under the GMM

The following changes do not relate to future service and therefore do not adjust the CSM (refer to section 1.5 for further details on the recognition of these amounts in profit or loss):

1. changes in fulfilment cash flows related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
2. changes in the liability for incurred claims related to past service; and
3. experience adjustments arising from premiums received (premiums paid for reinsurance contracts held) that relate to current service including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

1. changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM;
2. changes in the risk adjustment for non-financial risk that relate to future service;
3. differences in the investment components expected to become payable in the period and actual investment components payable in the period. The expected repayments of investment components include the effect of and change in the time value of money and financial risks before it becomes payable; and
4. experience adjustments arising from premiums received that relate to future service including related cash flows such as insurance acquisition cash flows.

The adjustments to the CSM are measured based on the discount rates applied to the fulfilment cash flows at initial recognition (also referred to as locked-in discount rates). Refer to the ‘Contractual service margin’ section below for further details.

The group applies judgement to determine whether the premium experience adjustments relate to current (or past) or future service. Refer to note 6.2.2.3 for further details.

For insurance contracts issued providing investment-return services, where the group applies discretion in the timing and amount of the cash flows to be paid to the policyholders, changes in discretionary cash flows relate to future service and adjust the CSM. The group specifies at the inception of the contract the basis on which it expects to determine its commitment under the contract. Changes in assumed future bonus rates will be treated as changes in discretionary cash flows if this determination of non-vested bonuses is not based on a formulaic approach specified at the inception of the contracts. Policyholders earning investment returns on account balances, and any changes in the formulaic approach for the smoothing of investment returns specified at the inception of the contract, are changes related to financial risks and do not adjust the CSM.

Insurance contracts accounted for under the VFA

The following changes do not relate to future service and therefore do not adjust the CSM (refer to section 1.5 for further details on the recognition of these amounts in profit or loss):

1. changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items;
2. changes in the fulfilment cash flows that do not vary with returns on the underlying items:
    a) changes in the liability for incurred claims related to past service; and
    b) experience adjustments arising from premiums received including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

- changes in the group's share of the fair value of the underlying items, including any variances in the group's share of the fair value returns on the underlying items in the reporting period, and changes that relate to the effect of and changes in the time value of money and financial risks;
- changes in the fulfilment cash flows that do not vary with returns on the underlying items:
    a) changes related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
    b) changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM; and
    c) changes in the risk adjustment for non-financial risk that relate to future service.

The adjustments to the CSM are measured based on the current discount rates. The group does not apply the risk mitigation option[1] and therefore changes in TVOG will adjust the CSM.

Contractual service margin

For a group of insurance contracts issued, the carrying amount of the CSM at the end of each reporting period is adjusted for the following changes in the period:

1. the effect of new contracts recognised in the period (refer to the 'Contractual service margin' sub-section in section 1.3.3 for further details);
2. for contracts measured under the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items.
3. changes in the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) adjust the CSM, to the extent the CSM is available. If an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised. If the CSM is zero, changes in the fulfilment cash flows are recognised in insurance service expenses by adjusting the loss component. Any decrease in the fulfilment cash flows in excess of the loss component reduces the loss component to zero and reinstates the CSM. Refer to the 'Loss component' section below for further details.
4. the effect of changes in currency exchange rates for contracts denominated in a foreign currency, with movements being translated at the average exchange rate over the reporting period;
5. the amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described above. Refer to the 'Coverage units' section below for further details.

Reinsurance contracts held

For a group of reinsurance contracts held, the same steps are followed (as described above for a group of insurance contracts issued) to adjust the carrying amount of the CSM at the end of each reporting period, with the main differences in the features of the reinsurance contracts held summarised below:

- The CSM at initial recognition for new contracts recognised in the period is adjusted for a loss recovery component when underlying insurance contracts are onerous (refer to section 1.3.3 for further details);
- The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after any adjustment to the loss recovery component for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component; and
- The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

[1] The group does not use derivatives or other investment assets to actively hedge the financial risks related to the changes in TVOG.

Coverage units

The CSM is recognised as insurance revenue over the duration of the insurance contracts issued 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.

The coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment-return services (where relevant), in addition to the insurance coverage provided (or reinsurance coverage received). The coverage units for contracts measured under the VFA consider the quantity of benefits and expected coverage period of investment-related services as well as any insurance coverage provided (where relevant). Note 6.2.2.3 provides further details on the coverage units identified for the material lines of business measured under GMM and VFA, including the relative weighting of the benefits provided.

Loss component

The loss component at initial recognition of a group of insurance contracts issued represents the expected losses to be incurred on the group of insurance contracts over the coverage period.

Subsequent to initial recognition, the loss component of a group of insurance contracts issued is adjusted for changes in the estimates of the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) with such increases or reversals of losses recognised in insurance service expenses in profit or loss. For insurance contracts measured under the GMM, the adjustments to the loss component are measured based on locked-in discount rates. For insurance contracts measured under the VFA, the adjustments to the loss component are measured based on current discount rates.

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment for risk expired in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts. These changes in the fulfilment cash flows allocated to the loss component of a group of insurance contracts issued are excluded from insurance revenue and insurance service expenses, resulting in the recognition of insurance revenue depicting the consideration to which the group expects to be entitled in exchange for the insurance contract services provided.

Reinsurance contracts held

For a group of reinsurance contracts held, the loss recovery component is adjusted based on the corresponding adjustments to any loss component(s) of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The loss recovery component is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured.

The group uses judgement in determining the loss recovery component (refer to note 6.2.2.3 for further details).

1.3.5 Contracts measured under the PAA

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of a groups of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for remaining coverage component for reinsurance contracts held) that would not differ materially from the one that would be produced by applying the GMM.

For insurance contracts issued, the liability for remaining coverage represents the portion of the premiums received related to insurance coverage to be provided in future.

The material lines of insurance business measured under the PAA in SLS and SEM have recognised insurance acquisition cash flows as expenses in profit or loss when incurred. Santam has capitalised the insurance acquisition cash flows by including it as a reduction in the liability for remaining coverage and amortising the cash flows over the coverage period of the contracts.

For a group of insurance contracts issued on initial recognition, the group measures the liability for remaining coverage as the amount of premiums received if any, less any insurance acquisition cash flows (if not recognised as an expense in profit or loss) and amounts for the derecognition at that date of any asset for insurance acquisition cash flows recognised before the initial recognition of the group.

Addendum A: IFRS 17 accounting policies *continued*

The carrying amount of a group of insurance contracts issued at the end of each reporting date is the sum of:

- the liability for remaining coverage; and
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid.

For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- minus the amount recognised as insurance revenue for the services provided in the period; and
- minus any investment component paid or transferred to the liability for incurred claims.

The group does not adjust the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for the effect of the time value of money as the premiums are due within one year or less from the date of initial recognition.

For general insurance business in SEM and Santam, cash flows related to incurred claims have been adjusted for the effect of the time value of money where the claims settlement period is expected to be one year or less. For insurance contracts measured under the PAA, the liability for incurred claims is adjusted for the time value of money where the claims settlement period is more than one year.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2023 interim reporting period for insurance contracts issued measured under the PAA.

A risk adjustment for non-financial risk is determined for the liability for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows. Note 6.2.2.2 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

If there are facts and circumstances that indicate that a group of insurance contracts issued is onerous, a loss will be recognised in profit or loss equal to the difference between the fulfilment cash flows related to the future coverage of the group under the GMM and the liability for remaining coverage under the PAA, with the liability for remaining coverage being increased to be equal to the fulfilment cash flows under the GMM. If the liability for incurred claims does not allow for the time value of money and the effect of financial risk, then the fulfilment cash flows should also exclude such an adjustment. Subsequent to an initial loss being recognised, the loss component will be recalculated at the end of each reporting period based on the difference between the fulfilment cash flows measured under the GMM and the liability for remaining coverage under the PAA, with the change in loss component over the period being recognised as an increase or reversal of losses in profit or loss.

For groups of insurance contracts measured under the PAA, no onerous groups of insurance contracts have been recognised in the 2023 interim reporting period.

Reinsurance contracts held

For reinsurance contracts held, the asset for remaining coverage measured under the PAA represents the portion of the ceding premiums paid related to reinsurance coverage to be received in future.

For a group of reinsurance contracts held on initial recognition, the group measures the asset for remaining coverage under the PAA as the amount of ceding premiums paid.

The carrying amount of a group of reinsurance contracts held at the end of each reporting date is the sum of:

- the asset for remaining coverage (also referred to as the remaining coverage component); and
- the incurred claims component, comprising the fulfilment cash flows for past incurred claims not recovered.

For a group of reinsurance contracts held, at the end of each reporting date, the group measures the asset for remaining coverage as the carrying amount at the start of the reporting period:

- minus the ceding premiums paid in the period;
- plus the amount recognised as reinsurance expenses for the services received in the period.

For groups of reinsurance contracts held, a loss recovery component will be deducted from the asset for remaining coverage when the loss component is initially recognised on the underlying insurance contracts, with subsequent adjustments to the loss recovery component based on the corresponding changes in the loss component for the underlying insurance contracts.

1.3.6 Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished (ie expired, discharged, or cancelled) or the contract is modified and additional criteria are met.

If an insurance contract is modified by the group by agreement between the parties to the contract or by a change in regulation, the changes in the cash flows as a result of the modification is treated as changes in estimates of fulfilment cash flows, unless the criteria[2] for the derecognition of the original contract are met. If a contract modification results in derecognition of the original contract, a new contract is recognised on the modified terms. The exercise of a right included in the terms of a contract is not a modification.

If an insurance contract not accounted for under the PAA is derecognised from a group of insurance contracts, or a contract modification does not result in the derecognition of the original insurance contract, the CSM of the group of insurance contracts is adjusted for the changes in estimates of fulfilment cash flows.

If an insurance contract not accounted for under the PAA is transferred to a third party, or a contract modification results in the derecognition of the original insurance contract and recognition of a new contract, the group adjusts the CSM of the group of insurance contracts from which the contract has been derecognised based on the difference between the changes in estimates of fulfilment cash flows of the group of insurance contracts resulting from the contract being derecognised and:

a) for transfers to a third party, the premium charged by the third party; or
b) for a contract modification, the premium that the group would have charged had it entered into a new contract with the modified terms at the date of the contract modification.

The new contract recognised is measured assuming that the group received the premium determined in b) above. The adjustments to the CSM described above exclude any changes in fulfilment cash flows resulting in the recognition of (or changes to) a loss component for the group of insurance contracts.

If an insurance contract measured under the PAA is derecognised from a group of insurance contracts, the group adjusts the liability for remaining coverage of the group of insurance contracts to reflect the amount refunded to the policyholder as a result of the derecognition of the insurance contract (or the amount paid to a third party in the case of a transfer other than for settlement of incurred claims), and the premium that would have been received for a new contract in the case of a contract modification resulting in the derecognition of the original contract.

1.4 Measurement of investment contracts in scope of IFRS 9

Contracts with investment management services

The liabilities are measured based on the retrospectively accumulated fair value of the underlying assets. The amounts recognised in profit or loss for these contracts are based on the fees received during the period concerned plus the movement in the contract costs less expenses incurred.

Where these contracts provide for minimum investment return guarantees, provision is made for the fair value of the embedded derivative.

Non-participating annuity business

Term annuity instalments and expected future expenses in respect of these instalments are discounted at the zero-coupon yield curve adjusted for an illiquidity premium and investment administration charges. All profits or losses accrue to the shareholders when incurred.

Guaranteed plans and fixed return products

Guaranteed maturity values and expected future expenses are discounted at market-related interest rates. All profits or losses accrue to the shareholders when incurred.

Working capital

To the extent that the management of working capital gives rise to profits, no credit is taken for this in determining the policy liabilities.

(2) Refer to the conditions listed in paragraph 72 of IFRS 17.

1.5 Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the group's consolidated financial statements. The insurance service result is equal to the sum of:

- Insurance revenue (section 1.5.1);
- Insurance service expenses (section 1.5.2); and
- Income or expenses from reinsurance contracts (section 1.5.3).

The result from insurance is equal to the sum of the:

- Insurance service result;
- Insurance (and reinsurance) finance income or expenses (section 1.5.4); and
- Investment returns on assets held in respect of insurance contracts.

1.5.1 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. 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 insurance contracts issued not measured under the PAA, the total consideration for a group of contracts covers the following amounts:

- expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and repayments of investment components);
- amounts of the CSM recognised in profit or loss for the services provided in the period;
- release of the risk adjustment for risk expired[3] (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- experience adjustments arising from premiums received related to current (or past) service, including related cash flows such as insurance acquisition cash flows; and
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA (refer to section 1.5.5 for further details).

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.

1.5.2 Insurance service expenses

The following amounts are recognised in insurance service expenses:

- expected claims and administration expenses incurred (excluding amounts allocated to the loss component and repayments of investment components);
- experience adjustments arising from incurred claims and administration expenses;
- changes in liability for incurred claims related to past service;
- actual insurance acquisition cash flows on insurance contracts measured under the PAA (for businesses not electing to amortise these cash flows in the liability for remaining coverage);
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage under the PAA; and
- changes that relate to future service:
  a) initial losses on onerous groups of insurance contracts issued recognised in the period; and
  b) increases and reversals of losses on onerous groups of insurance contracts issued.

The expenses only relate to cash flows that are directly attributable to the fulfilment of the insurance contracts issued.

[3] Changes in the risk adjustment for non-financial risk excluding changes included in insurance finance income or expenses (refer to section 1.5.4 for further details) and changes related to future service which adjust the CSM.

1.5.3 Income or expenses from reinsurance contracts

The group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. Reinsurance expenses are recognised similarly to insurance revenue, depicting the transfer of services received in the period at an amount reflecting the portion of premiums the group is expected to pay in exchange for those services. The following amounts are recognised as income or expenses from reinsurance contracts held where relevant:

- amounts of the CSM recognised in profit or loss for the services received in the period;
- changes in the risk adjustment for non-financial risk, excluding:
  a) changes that related to future service (adjusting the CSM); and
  b) amounts included in reinsurance finance income or expenses (refer to section 1.5.4 below for reinsurance contracts held);
- for contracts accounted for under the GMM:
  a) experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
  b) experience adjustments related to ceded premiums for past and current service.
- for contracts accounted for under the PAA:
  a) actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
  b) reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held;
- changes in the incurred claims for past service recoverable from the reinsurance contracts held;
- changes in the non-performance risk of reinsurer counterparties; and
- changes that relate to future service:
  a) income on loss recovery component recognised in the period; and
  b) changes in estimates that adjust the loss recovery component.

1.5.4 Insurance (and reinsurance) 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.

The effect of and changes in the time value of money and financial risk form part of the insurance finance income and expenses.

For a group of insurance contracts measured under the GMM, insurance finance income or expenses mainly comprises the following amounts:

- the unwind of interest on fulfilment cash flows, based on current discount rates;
- the accretion of interest on the CSM, based on locked-in discount rates;
- the effect of changes in financial (economic) assumptions, including the effect of changes in financial guarantees (changes in TVOG); and
- the impact of currency exchange differences on fulfilment cash flows for contracts denominated in a foreign currency (where relevant).

For a group of insurance contracts measured under the PAA, insurance finance income or expenses mainly comprises the following amounts (where relevant):

- the unwind of interest on the liability for incurred claims, based on current discount rates; and
- the impact on the liability for incurred claims of the effect of changes in economic assumptions.

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 amounts recognised in insurance finance income or expenses are determined on a 'gross basis' before any allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees.

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

1.5.5 Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows are amortised in each reporting period in a systematic way based on the passage of time. For insurance contracts not measured under the PAA and issued in the South African businesses, the insurance acquisition cash flows are amortised in line with the coverage units used to determine the recognition of the CSM in insurance revenue. Other systematic methods are adopted for insurance contracts not measured under the PAA and issued in SEM, and for insurance contracts measured under the PAA where relevant, such as amortisation on a straight-line basis based on the expected coverage period of the insurance contracts.

ADMINISTRATION

Registered name

Sanlam Limited

(Registration number: 1959/001562/06)
(Tax reference number: 9536/346/84/5)
JSE share code (primary listing): SLM
NSX share code: SLA
A2X share code: SLM
ISIN: ZAE000070660 Incorporated in South Africa

Executive Head: Investor relations

Grant Davids

Company Secretary

Adela Fortune

Registered office

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Postal address

PO Box 1,
Sanlamhof 7532

Equity sponsor to Sanlam

The Standard Bank of South Africa Limited

Debt sponsor to Sanlam Life Insurance Limited

Absa Bank Limited, acting through its Corporate and Investment Banking division

Internet address

http://www.sanlam.com

Transfer secretaries

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Directors*

Andrew Birrell, Anton Botha, Ebenezer Essoka, Paul Hanratty (Group Chief Executive), Nicolaas Kruger, Ndivhuwo Manyonga, Elias Masilela (Chair), Mathukana Mokoka, Kobus Möller, Dr Patrice Motsepe (Deputy Chair), Abigail Mukhuba (Group Finance Director), Sipho Nkosi, Karabo Nondumo, Thembisa Skweyiya, Willem van Biljon, Dr Johan van Zyl, Heinie Werth and Dr Shirley Zinn

* There have been no board changes during the period.

Contact

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