santam

this is freedom

Annual financial statements 2024

for the year ended 31 December

How to navigate the annual financial statements

The format of the annual financial statements for 2024 is consistent with that of 2023. All key information relating to a financial statement line item is grouped in one note.

Primary statements

The primary statements are included in the beginning of the annual financial statements and include note references to specific underlying detailed notes.

Notes to the financial statements

The notes to the financial statements are presented in order of significance and consist of insurance-specific, financial instrument-specific and risk management notes followed by other notes thereafter.

Accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are included in the specific notes to which they relate and are indicated with a grey background.

Critical accounting estimates and judgements

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and company financial statements, are included in the specific notes to which they relate and are indicated with a yellow background.

Approval of the annual financial statements

To the shareholders of Santam Ltd

Responsibility for and approval of the group and company annual financial statements

The board of Santam Ltd accepts responsibility for the integrity, objectivity and reliability of the group and company annual financial statements of Santam Ltd. Adequate accounting records have been maintained. The board endorses the principle of transparency in financial reporting.

The responsibility for the preparation and presentation of the annual financial statements has been delegated to management.

The responsibility of the external auditors is to express an independent opinion on the fair presentation of the financial statements based on their audit of Santam Ltd and its subsidiaries.

The board has confirmed that adequate internal financial control systems are being maintained. There were no breakdowns in the functioning of the internal control systems during the year that had a material impact on the financial results. The board is satisfied that the financial statements fairly present the financial position, the results of the operations and cash flows in accordance with relevant accounting policies, based on IFRS® Accounting Standards, supported by reasonable and prudent judgements consistently applied.

The board is of the opinion that Santam Ltd is financially sound and operates as a going concern. The financial statements have accordingly been prepared on this basis.

The financial statements were authorised for issue and publication by the board and signed on its behalf by:

NT Moholi
Chairperson
Authorised director

28 February 2025

TC Madzinga
Group chief executive officer
Authorised director

28 February 2025

Preparation and presentation of the annual financial statements

The preparation of the annual financial statements was supervised by the group chief financial officer of Santam Ltd, ML (Wikus) Olivier (CA (SA)).

Statement on internal financial controls

Each of the directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 20 to 182, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS® Accounting Standards.
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.
- Internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the group.
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies.
- We are not aware of any fraud involving directors.

ML Olivier
Group chief financial officer
Authorised director

28 February 2025

TC Madzinga
Group chief executive officer
Authorised director

28 February 2025

Secretarial certification

In accordance with section 88(2)(e) of the Companies Act, 71 of 2008, as amended (the Companies Act), it is hereby certified that the company has lodged with the Registrar of Companies all such applicable returns as are required of a public company in terms of the Companies Act and that such returns are to our knowledge true, accurate and up to date.

R Eksteen
Group company secretary

28 February 2025

Independent auditor's report

To the Shareholders of Santam Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

We have audited the financial statements of Santam Limited (the Company) and its subsidiaries (together the Group) set out on pages 20 to 182, which comprise:

- the statements of financial position as at 31 December 2024;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Santam Limited as at 31 December 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures. Materiality is also used in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined certain quantitative thresholds for materiality for the financial statements as follows:

	Consolidated financial statements	Separate financial statements
Final materiality	R360 million	R250 million
How we determined it	0.69% of Insurance Revenue	0.70% of Insurance Revenue
Rationale for the materiality benchmark applied	We elected Insurance Revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most likely to be measured by users when evaluating a short-term insurance orientated group, and is a generally accepted benchmark of primarily short-term insurance groups. We chose 0.69% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the group.	We elected Insurance Revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most likely to be measured by users when evaluating a short-term insurance orientated entity, and is a generally accepted benchmark of primarily short-term insurance companies. We chose 0.70% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the company.

Independent auditor's report

Group audit scope

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which further audit procedures to perform at these components to address those risks. Our judgement included assessing the size of the components, nature of assets, liabilities and transactions within the components as well as specific risks.

In total, we identified nine components.

Risk assessment procedures were performed at the nine components.

Further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated financial statements, at eight of the components.

Accordingly, we performed audit procedures on eight components, of which we involved component auditors in performing the audit work on seven components.

Based on our risk assessment procedures, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information not subject to further audit procedures.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components.

We visited seven component auditors to assess the audit risks and strategy. Conference meetings and calls were also held with these component auditors and others that were not physically visited. At these visits and meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and where applicable any further work required by us was then performed by the component auditors.

We inspected selected areas of the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report

In terms of the EAR Rule, we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter	How our audit addressed the key audit matter
Fair value of the unquoted equity investment in Shriram General Insurance Company Limited (Consolidated and separate) Refer to note 5 Financial assets, note 5.1.1 Sanlam target shares and note 5.3 Financial instruments measured at fair value on a recurring basis. Santam subscribes from time to time to separate classes of target shares issued by a subsidiary of Sanlam Limited in terms of a Participation Transaction, with each separate class linked to a participatory interest in target companies. Shriram General Insurance Company Limited (SGI) is the most material investment due to its relative size to the entire Santam target share investment portfolio. The value of the target share investment is R2 483 million (Group and Company), of which the value of SGI is R2 351 million with no other individual target shares being material. The fair value of the Sanlam SGI target shares is determined using predominantly DCF models. Given the short volatility of earnings patterns, the group uses a ten-year discounting period in order to provide a more robust valuation of the SGI business. The ten-year DCF model discounts expected cash flows and a perpetual value (after providing for regulatory capital requirements) at an appropriate risk-adjusted discount rate. The most significant unobservable input used in this DCF model is the discount rate of 14.6%. A Rand/Indian Rupee exchange rate of 0.220 was used to translate the DCF valuation result in Indian Rupee to Rand. An average net insurance margin over a ten year period of 17.5% was incorporated. The fair value is determined in accordance with the requirements of IFRS 13: *Fair Value Measurement* (IFRS 13). We considered the valuation of the SGI target shares to be a key audit matter in our audit of the consolidated and separate financial statements as it involves complex and subjective judgements about unobservable inputs.	Together with our valuation specialists, we: • Evaluated the valuation methodologies applied by management for appropriateness in terms of IFRS 13; • Determined the basis for the assumptions inherent in the cash flow projections and confirmed that the assumptions are reasonable. Where available, the key economic assumptions were agreed to third party evidence of market conditions; • Evaluated the basis for the discount rate, including validating that risks for which cash flow estimates had been adjusted were not also included in the discount rate, where the discount rate factors include inflation the cash flows are in nominal terms and where the discount rate factors do not include inflation that cash flows are in real terms; and • Validated the accuracy of the calculation by recalculating the fair value and the mathematical accuracy throughout the calculation. We evaluated the appropriateness of the disclosures relating to the determination of the fair value, including the sensitivity analysis, against the requirements of IFRS 13. Based on the procedures performed above, we did not identify any matters requiring further consideration.

Independent auditor's report

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims (Consolidated and separate) Refer to note 4 Insurance and reinsurance contracts, note 4.1 Insurance and reinsurance contract analysis and note 4.2 Movement in carrying amounts of insurance liabilities and assets. As at 31 December 2024, Santam held insurance contract liabilities (net) to the value of R37 703 million (Group) and R15 648 million (Company). The insurance contract liabilities comprise the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). Insurance contract liabilities are accounted for under IFRS 17: *Insurance Contracts* (IFRS 17). Significant judgement and estimation was applied in determining the value of the insurance contracts to be recognised in the consolidated and separate financial statements as it relates to the selection of actuarial methods and assumptions relating to the present value of expected future cash flows and the risk adjustment for non-financial risk (risk adjustment), which together comprise the LIC. The most significant inputs in determining the LIC are the expected loss ratio, the discount rates and the risk adjustment. Historic claims triangulations are used to determine the expected cost of future claims, which are discounted back to the reporting date using a term dependent discount rate. The stochastic chain ladder methodology assists in developing a greater understanding of the trends inherent in the data being projected to estimate the ultimate cost of claims. The discount rate is determined at a risk free rate plus an illiquidity premium where applicable. The group determines the risk adjustment using a confidence level approach (value to risk), calibrated to the technical reserves being held between the 75th and 95th percentile. We considered the valuation of the LIC to be a key audit matter in our audit of the consolidated and separate financial statements as significant judgement and estimation are applied by management.	In order to address the risk relating to the valuation of assets and liabilities arising from the insurance contracts recorded on the Group's consolidated and separate financial statements, our audit approach included actuarial specialists. In respect of the valuation of the LIC we: • Assessed the skills and experience of management's actuarial team; • Assessed the IFRS 17 valuation methodology and assumptions for compliance against the latest actuarial guidance and approved Group accounting policy in accordance with IFRS 17; • Independently calculated the incurred but not reported component of the best estimate cash flows; • On a sample basis for outstanding claims at year-end, tested the claims information recorded on the underlying source system (such as loss event and claim estimate). We further compared the claim values used by management to reports from assessors to determine the validity of the claims; • Independently discounted the best estimate LIC using an independently sourced rate; • Tested the reliability, completeness and accuracy of the underlying data inputs used as the basis for the underlying IFRS 17 estimates and year-end valuations; and • Assessed the appropriateness of the disclosures relating to the valuation of the LIC, including the sensitivity analysis, against the requirements of IFRS 17. Based on the procedures as listed above, we did not identify any matters requiring further consideration.

Independent auditor's report

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Santam 2024 Annual Financial Statements for the year ended 31 December 2024", which includes the Directors' Report, the Report of the Audit Committee and the Secretarial Certification as required by the Companies Act of South Africa, and the document titled "Santam 2024 Integrated Report" which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS® Accounting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Audit tenure
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the first year that KPMG Inc. has been the auditor of Santam Limited.

KPMG Inc.
Registered Auditor

Per. Mark Danckwerts
Chartered Accountant (SA)
Registered Auditor
Director

28 February 2025

4 Christiaan Barnard Street
Foreshore
Cape Town

Report of the audit committee

Composition and charter

The Santam group audit committee appointed to hold office until the conclusion of the annual general meeting (AGM) on 30 May 2025 comprises of three independent non-executive directors of the company. PE Speckmann, MP Fandeso, DEH Loxton and M Chauke (subsequently resigned on 14 October 2024) were re-elected to the committee by the company's shareholders at the AGM on 28 May 2024. The qualifications of the members of the committee are listed on page 43 of the integrated report. The members possess the necessary experience and expertise to direct the committee in the execution of its duties.

The audit committee of the Santam group acts as such for the following companies within the group where an audit committee is required in terms of the Companies Act, 71 of 2008, as amended: Santam Ltd, MiWay Insurance Ltd, Centriq Insurance Company Ltd, Centriq Life Insurance Company Ltd, Santam Structured Insurance Ltd and Santam Structured Life Ltd. The committee has a charter, approved by the board, dealing, *inter alia*, with its membership, frequency of meetings and responsibilities. The charter is reviewed annually and was updated during November 2024. The committee has a formal work plan to structure the execution of its responsibilities. The committee reviews reports from the external and internal auditors. The chair of the committee reports on the findings at board meetings.

Functions

The responsibility and functions of the audit committee includes the review of financial reporting (and their recommendation for approval to the board), regulatory compliance matters and monitoring litigation. The audit committee also has the responsibility of reviewing the basis on which the company has been determined a going concern and is responsible for considering changes to, and the application of, the dividend policy and recommending dividend declarations to the board. The committee's charter allows it to consult with external consultants to assist it with the execution of its functions, subject to a board approval process.

Internal and external audit

The committee nominated the independent external auditor to Santam group and its subsidiaries for appointment by the shareholders at the annual general meeting held on 28 May 2024. It also approves the terms of engagement and remuneration for the external audit engagement. Furthermore, a review of the non-audit services rendered by external auditors and an assessment of the external auditor's ability to accept the audit, had been conducted by the committee. It was confirmed that the non-audit services did not compromise the external auditor's independence and that there were no regulations that prevented the external auditor's reappointment. The committee has considered the latest Independent Regulatory Board for Auditors' inspection findings report and the information provided in accordance with paragraph 3.84(g) read with paragraphs 3.86 – 3.91 of the JSE Listings Requirements in respect of the external auditor when assessing the suitability of the appointment of the audit firm and the designated audit partner.

The head of internal audit functionally reports to the chairperson of the audit committee and administratively to the group chief financial officer. The audit committee is responsible for reviewing and approving the internal audit charter, the internal audit coverage, as well as resource and financial plans of the internal audit function. The committee also evaluates and promotes the independence of internal audit. The committee ensures a combined assurance model is applied to provide a coordinated approach to all assurance activities of the Santam group. This continues to mature.

Meetings

The committee held four scheduled meetings during the year under review. The required quorum was present at all meetings held.

Chief financial officer

As required by paragraphs 3.84(g)(i) and 7.3(e)(i) of the JSE Ltd Listings and Debt and Specialist Securities Listings Requirements, the audit committee has considered the expertise and experience of the chief financial officer and financial director, ML Olivier, and concluded that the appropriate requirements had been met. The committee is satisfied that the expertise, resources and experience of the company's finance function are appropriate and that the financial reporting procedures are operating satisfactorily.

Report of the audit committee

Integrated report and annual financial statements

The audit committee reviewed the 2024 Santam Ltd integrated report and annual financial statements and considered factors and risks that may impact the integrity of the reports. The audit committee also reviewed the disclosure of sustainability and governance issues in the integrated report to ensure that it is reliable and does not conflict with the financial information. The committee has recommended the integrated report and annual financial statements to the board for approval.

Effectiveness of internal financial controls

The audit committee has confirmed that effective systems of internal financial control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year that had a material impact on the Santam group annual financial statements. The board is satisfied that the annual financial statements fairly present the financial position, changes in equity, the results of operations and cash flows for the group in accordance with IFRS® Accounting Standards and supported by reasonable and prudent judgements consistently applied.

The committee is satisfied that it had fulfilled its responsibilities in terms of its charter during the year under review and believes that it complied with its legal, regulatory and other responsibilities for the year.

PE Speckmann
Chairperson of the audit committee

28 February 2025

Directors' report

Financial and operational review

Key features

Business volumes

- Strong premium growth in excess of long-term target
- New strategic initiatives at MiWay driving double-digit growth in the fourth quarter of 2024
- MTN device insurance sales exceeding the original business plan

Earnings

- Underwriting margin of 7.6% – well within the target range (2023: 3.5%)
- Property portfolio turned profitable
- Significant improvement in Santam Re results
- MiWay achieved a double-digit underwriting margin before strategic investments
- Net income attributable to equity holders up 13%

Capital

- Return on capital of 32% exceeded the hurdle rate of 24%
- Final dividend of 985 cents per share, up 8.8%
- Total ordinary dividend distributions of 1 520 cents per share, up 8.6%

Executive summary

The group delivered a strong performance in 2024 despite a challenging operating environment, shaped by extreme weather events, social, economic and geopolitical forces that are intricately linked and changing at an accelerated pace. It directly impacts the risks we face in the general insurance market but simultaneously creates new opportunities for stakeholder value creation. Our refreshed FutureFit 2030 strategy responds to these conditions (refer to the report by the Chief executive officer from page 55 of the Integrated report), which together with the range of underwriting actions implemented over the past two years, positioned us well to deliver a marked improvement in financial performance in the 2024 financial year. Double-digit premium growth exceeded our long-term targets by a considerable margin, whilst the group underwriting margin more than doubled from 3.5% in 2023 to 7.6% in 2024, well within the 5% to 10% target range. This financial performance is testimony not only to the solid foundation laid by our FutureFit strategy but also to the valued support of our clients and intermediaries, as well as our staff's skills, dedication and operational excellence.

Business and investor confidence improved following the general elections and the formation of a Government of National Unity (GNU) in South Africa. Progress has been made in addressing the structural constraints to economic growth in South Africa, albeit at a slower-than-anticipated pace. The absence of electricity supply disruptions for an extended period in 2024 and positive signs around addressing the country's infrastructure challenges bode well for future economic growth in our largest market. However, South Africa recorded lacklustre growth in gross domestic product (GDP) in 2024, with real GDP forecasted to expand by only 1.1% year-on-year at the end of 2024. This reflects the lag between improving business and investor confidence and accelerating foreign capital flows and corporate capital investment.

Consumer personal disposable income remained under pressure during 2024 following high inflation and elevated interest rates. Persistent high unemployment levels also suppressed any real growth in the size of the consumer base. This had a negative impact on the affordability of insurance premiums, as well as new vehicle sales, a key driver of growth in our largest line of business. However, inflation started to ease considerably in the past few months, which enabled the South African Reserve Bank to enter a cycle of interest rate reductions. This is providing some relief to consumers.

These conditions limited our growth potential due to the high level of penetration in the traditional insurance markets in South Africa, with these segments closely coupled to the performance of the economy and employment levels. Our refreshed strategy aligns with these trends through enhanced focus on our direct channels, where we do not have a commensurate market share, and the non-traditional segments, which are much less penetrated and provide good prospects for accelerated growth while driving enhanced financial inclusion. Opportunities for growth outside of South Africa were also more favourable with the group's low market share in global markets providing enhanced growth opportunities.

Our two largest insurance classes, motor and property, were affected by a challenging claims environment. Motor repair costs increased by more than headline CPI, which is not sustainable over the long term. We are working with key stakeholders to contain costs across the motor value chain over the long term. Losses from extreme weather conditions are most pronounced in our property book. The frequency and severity of claims from inclement weather conditions have increased substantially over the past decade, including in South Africa, which has traditionally been seen as a benign catastrophe environment. These trends persisted, with weather-related catastrophe claims of R748 million in 2024, broadly in line with 2023.

We have implemented several underwriting actions in the past two years in response to the elevated claims environment. These included segmented premium increases and higher excess amounts for selected risks across the motor and property classes, enhanced safety requirements to mitigate against high-value vehicle theft, the accelerated roll-out of geocoding to enhance property risk selection and rating and expanded surveying of property risks. Through these actions, we have successfully addressed power surge losses, improved the profitability of the motor book and turned around the property portfolio from a loss contributor over an extended period to a positive contributor to the underwriting performance in 2024.

Directors' report

Our strategic progress, as further elaborated on in the Chief executive officer's report from page 55 of the Integrated report, underpinned our financial performance in 2024:

Performance measure	Long-term goal	2024 performance	Rating
Growth in size of book	CPI + GDP + 1 to 2% (6.5% – 7.5% for 2024)	Gross written premium (GWP): 10.5% Net earned premium (NEP): 9.7%	●
Net underwriting margin	5% – 10%	7.6%	●
Diversification • International • Direct	 >20% by 2030 >30% by 2030	 18% 17%	●
Return on capital	24%	32%	●
Dividend growth	Based on NEP (9.7% for 2024)	8.6%	●
Capital coverage ratio	145%–165%	166%	●

Favourable investment market performance and outperformance of benchmarks by the group's asset managers contributed to a return on insurance funds of 2.6%. The 2024 net insurance margin of 10.2% compares to 6.1% in 2023.

The alternative risk transfer (ART) businesses delivered an excellent performance, supported by solid growth across all revenue lines.

Santam obtained an international A- (Excellent) financial strength rating from AM Best at the end of 2024, which supports the international growth strategy.

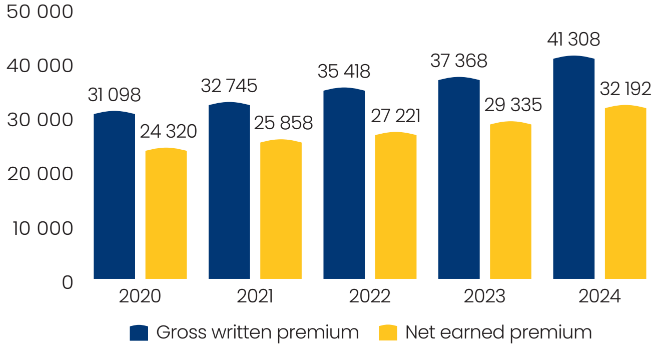
Refer to page 7 of the 2024 Integrated Report for a description of the group's operating model and business units, which are referred to in this report.

Business volumes

GWP indicates the size of the business written by the group's distribution channels before allowing for reinsurance premiums paid. As it excludes reinsurance, it reflects the group's distribution capacity rather than earnings potential. NEP is also disclosed as an indicator of the size of the business retained by the group. It relates to the portion of GWP after deducting reinsurance costs recognised in the current reporting period regarding expired risk and is a better reflection of the group's earnings potential.

GWP increased by 10.5%, while NEP increased by 9.7%.

CONVENTIONAL BUSINESS VOLUMES (R million)



	Compound annual growth rate
GWP	7.4%
NEP	7.3%

All business units contributed to the growth in GWP, except for Specialist Solutions, which experienced a marginal decline on 2023.

Broker Solutions and Client Solutions continued to strengthen premium rates and achieved robust growth in excess of the group's target range. The underperformance of the property class over a number of years necessitated higher-than-inflation premium increases as part of the package of underwriting actions. Motor premium increases were moderated in line with the improved performance of this book and are closely monitored relative to claims inflation. Persistency experience was managed within expectations and improved compared to 2023 across commercial and personal lines.

Partner Solutions grew strongly from a low base, supported by the transfer of the MTN in-force book to the Santam licence in the first quarter of 2024.

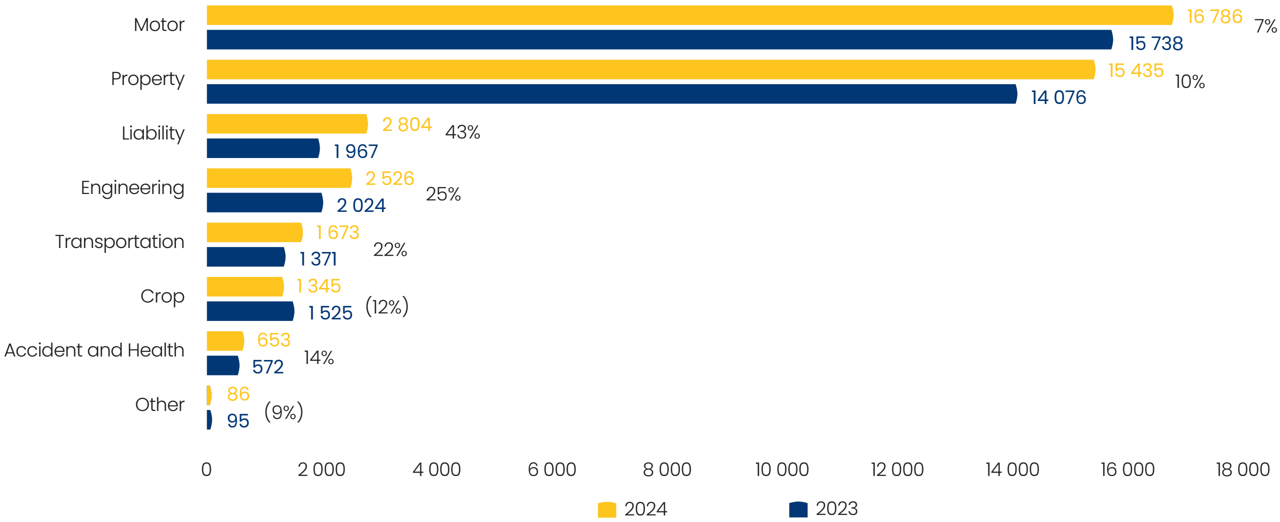
MiWay's new inbound and tied agency strategies gained traction in the second half of the year, with overall double-digit growth in GWP in the last quarter of 2024. Business insurance performed exceptionally well, supported by the inbound and tied agency strategies. Personal lines business performed below expectations in the first half of the year but accelerated in the last quarter, achieving targeted monthly growth rates in December. Overall growth of 8% is a pleasing improvement on the 5% achieved in 2023.

Specialist Solutions experienced a marginal decline in business volumes. Casualty and corporate property business were negatively affected by international players' aggressive deployment of capacity at unsustainable premium rates. We did not deviate from our strategic focus on profitable growth and were prepared to forsake topline growth in the short term in the interest of long-term profitability. Crop business experienced lower volumes due to adverse planting conditions in some regions, especially in the first half of the year. All other major lines of business achieved good growth.

Directors' report

Santam Re achieved excellent double-digit growth despite the cancellation of underperforming business. The portfolio has been successfully restructured and is expected to deliver improved profitability over the medium to long term. The performance in 2024 already showed a strong turnaround compared to 2023.

CONVENTIONAL BUSINESS GWP BY INSURANCE CLASS (R million)



GWP from the motor business grew by 7%. Broker Solutions, Client Solutions and MiWay achieved good overall growth. This was partly offset by low growth at Specialist Solutions. The 10% growth in property business is the combined effect of rate strengthening in the Broker Solutions and Client Solutions portfolios, the base effect of transferring the MTN in-force device insurance book onto the Santam licence in the first quarter of 2024 and good growth in the MTN book since its onboarding. A decline in corporate property business at Specialist Solutions detracted somewhat. Santam Re's portfolio restructuring resulted in a shift in GWP to the engineering and liability business. This contributed to strong growth in the engineering (25%) and liability (43%) classes. The transportation business accelerated over the course of the second half of 2024, increasing by 22% for the full year, with robust growth in the marine business.

Geographical analysis

South Africa remains the most significant contributor to GWP at 82% (2023: 84%), with business from this market increasing by 8% to R33.9 billion (2023: R31.5 billion). GWP from outside South Africa contributed 18% (2023: 16%) of total GWP and grew by 28% to R7.4 billion (2023: R5.8 billion).

The partnership with SanlamAllianz across the African continent in specialist business continued to deliver positive results. However, GWP declined by 5% to R782 million (2023: R822 million) due to the volatile nature of specialist business lines.

Earnings

	2024 R million	2023 R million	Variance
Conventional	**4 604**	2 910	58%
Net insurance result	**3 264**	1 790	82%
Investment return on capital	**1 340**	1 120	20%
Net income ART	**781**	516	51%
Other	**(244)**	673	>(100%)
Associated companies	**88**	786	(89%)
Amortisation and other	**(332)**	(113)	>(100%)
Income before tax and non-controlling interest	**5 141**	4 099	25%
Tax and non-controlling interest	**(1 462)**	(849)	(72%)
Net income	**3 679**	3 250	13%

Directors' report

Conventional insurance

	2024 R million	% of NEP	2023 R million	% of NEP
Gross written premium	41 308		37 368	
Net earned premium	32 192	100%	29 335	100%
Claims incurred	19 657	61.1%	19 420	66.2%
Acquisition cost	10 094	31.3%	8 884	30.3%
Commission	4 270	13.2%	4 049	13.8%
Management expenses	5 824	18.1%	4 835	16.5%
Underwriting result	2 441	7.6%	1 031	3.5%
Investment return on insurance funds	823	2.6%	759	2.6%
Net insurance result	3 264	10.2%	1 790	6.1%
Combined ratio		92.4%		96.5%

Net income increased by 13%, supported by a 58% increase in the earnings from conventional insurance and a 51% rise in ART earnings.

Underwriting result

An underwriting margin of 7.6% was achieved for 2024, compared to 3.5% in 2023. The underwriting margin increased from 6.5% in the first half of 2024 to 8.6% in the second half of the year, partly due to fewer weather events. The underwriting margin was well within our 5%–10% target range, despite weather-related and other large losses of R986 million in 2024 (2023: R1.3 billion). We maintained our prudent approach in setting the valuation basis, increasing the reserving confidence level from the 79th percentile in December 2023 to the 84th percentile at the end of 2024. Both personal and commercial lines delivered solid underwriting margins within the target range.

We experienced a similar number of significant weather-related events in 2024 (catastrophe claims from a single event in excess of R100 million) compared to 2023. Losses from these events were more severe in 2024 at R652 million compared to R583 million in 2023. The events were widespread across the Western Cape, Eastern Cape and KwaZulu-Natal. Cumulative claims from all events categorised as catastrophes were in line with 2023 at R748 million (2023: R744 million). These losses were all within the group's retention limits, and no reinsurance offsets applied. Other significant losses (mostly fire-related) amounted to R238 million, declining from R536 million in 2023.

The underwriting actions implemented at Broker Solutions, Client Solutions and Santam Re significantly improved the risk profile and rating strength of the group's in-force book. This created positive earnings momentum that enabled the group to absorb the large loss experience of close to R1 billion while remaining slightly above the mid-point of the target range.

All businesses achieved underwriting margins in excess of those recorded for 2023, except for Specialist Solutions, which declined from a high comparative base but still exceeded its targets for the year. The Crop and Marine businesses incurred several large claims compared to a more benign claims environment in 2023.

The motor book showed a good recovery, with all business units contributing to the improvement. The non-recurrence of the substantial losses incurred in 2023 regarding cancelled business outside of South Africa had a particularly favourable impact.

Most weather-related and other significant losses highlighted above impacted the property class. Despite this, the property portfolio turned profitable in 2024 due to the various underwriting actions implemented across the personal lines and commercial books when compared to the sizable underwriting losses experienced over several previous reporting periods. We continue to focus on this book.

Engineering delivered strong growth in underwriting results, benefitting from a decline in the frequency of significant losses. Liability declined from a high base in 2023 but achieved margins in line with expectations for the year. Transportation profits also declined and underperformed longer-term expected margins. Several large marine claims offset a solid contribution from heavy haulage.

Crop recovered from a disappointing first-half 2024 performance and delivered a solid margin, albeit lower than the comparable 2023 performance that benefitted from a benign claims experience. The current period was subject to several hail losses.

Directors' report

Expense management

The net acquisition cost ratio increased marginally to 31.3% (2023: 30.3%), with the net commission ratio at 13.2% compared to 13.8% in 2023. The net commission ratio is influenced by the mix of business written between specialist, commercial and personal lines.

Management expenses remained well-controlled as part of the group's efficiency drive. The increase in the management expense ratio from 16.5% in 2023 to 18.1% in 2024 is largely attributable to the investment in strategic initiatives at MiWay, Client Solutions and at group level, and an increase in variable remuneration in line with the improved financial performance.

Investment return on insurance funds

The investment return on insurance funds of 2.6% (2023: 2.6%) of net earned premium benefitted from solid returns on local and global fixed-income investments, the combination of a favourable investment market performance and an outperformance of portfolio benchmarks.

Investment return on capital

Investment return on capital increased from R1 120 million in 2023 to R1 340 million in 2024. This is mainly attributable to an increase in marked-to-market changes on equities and fixed-interest securities and the investment return earned on the group's investment in Shriram General Insurance (the latter increasing from R462 million in 2023 to R556 million in 2024).

Alternative risk transfer business

The ART businesses performed well and grew their profit contribution by 51%, from R516 million in 2023 to R781 million in 2024. This is the combination of a 57% growth in operating earnings to R694 million (2023: R443 million) and an increase in investment return earned on capital to R87 million (2023: R73 million). Operating earnings were supported by good growth across all main income lines (fee income, investment margin and underwriting margins). Fee income grew in line with an increase in business under administration. One-off initial fees were, in addition, earned from new deals written during the year, contributing to an overall growth of 28% in fee income from R379 million in 2023 to R487 million in 2024. The favourable investment market performance was the main driver behind the 24% growth in investment margin to R399 million (2023: R323 million). The ART businesses participate on a discretionary basis in some of the reinsurance placed by cells. Most of these agreements performed well in 2024, more than doubling underwriting profit to R197 million (2023: R85 million).

India/Malaysia general insurance businesses

Santam's share of the GWP of Shriram General Insurance (SGI) in India and Pacific & Orient Insurance Co. Berhad (P&O) in Malaysia increased by 20%. SGI's contribution increased by 26%, with solid growth from all distribution channels.

Net insurance results declined by 3%. The SGI underwriting performance benefitted from book growth and a favourable claims ratio, offset by lower underwriting profits at P&O and a decline in investment return on insurance funds from a high base in 2023.

Capital management

We announced in November 2024 that Santam has entered into agreements with Sanlam Life Insurance Ltd to acquire its 60% interest in the A1 ordinary shares in NMS Insurance Services (SA) Ltd (NMSIS) for an initial cash consideration of R925 million. Further information regarding this transaction is provided in the Chief executive officer's report on page 55 of the Integrated report. The transaction is expected to become effective in the first quarter of 2025. The transaction will be funded from internal cash resources generated by the disposal of listed equities of a similar amount. No other significant corporate actions were concluded in 2024.

The group and all of its principal subsidiaries remain well-capitalised. Based on the internal model, the group economic capital requirement at 31 December 2024 amounted to R9.5 billion (2023: R8.8 billion) compared to the actual capital of R15.8 billion (2023: R13.7 billion). This equates to an economic capital coverage ratio of 166% (2023: 155%), slightly above the upper end of the capital target range of 145% to 165%. The final dividend declaration will bring the economic capital solvency ratio back within the target range.

Santam Ltd, the primary operating entity, had an economic capital coverage ratio of 159% at 31 December 2024 and a regulatory capital coverage ratio of 173%, well above the risk appetite levels.

No significant changes were made to the strategic asset allocation of the key investment portfolios, apart from the disposal of listed equities to fund the NMS Insurance Services (SA) Ltd acquisition once it concludes in 2025.

Directors' report

Dividend

The group's ordinary dividend policy aims to achieve stable dividend growth in line with longer-term sustainable business growth while maintaining the group solvency ratio within the target range. Special dividends are considered when the group solvency ratio is expected to exceed the upper end of the target range over the medium to long term after allowing for any potential corporate transactions under consideration.

Given the group's sound solvency position at 31 December 2024, the board approved a final dividend of 985 cents per ordinary share in respect of the 2024 financial year, an increase of 8.8% on the final dividend of 905 cents declared in respect of the 2023 financial year. Total dividend distributions in respect of the 2024 financial year increased by 8.6% to 1 520 cents per ordinary share.

Ordinary shares issued

The shares in issue remained at 115 131 417 (2023: 115 131 417) shares of no par value (including 5 987 166 (2023: 5 995 673) treasury shares). In terms of the deferred share plan (DSP) implemented in 2007 and the performance deferred share plan (PDSP), 475 000 (2023: 730 836) shares were granted to employees on a deferred delivery basis during the year, 188 198 (2023: 168 794) shares lapsed as a result of resignations and 327 173 (2023: 325 805) treasury shares were delivered to participants in terms of the DSP and PDSP. Full details are set out in note 17 to the annual financial statements.

Subsidiaries in the group hold a total of 5 761 321 (2023: 5 766 976) Santam shares. The shares are held as 'Treasury shares'. Furthermore, since the unwinding of the Central Plaza structure in 2015, the Emthunzini BBBEE staff trust is under the control of Santam Ltd, resulting in 225 845 (2023: 228 697) additional shares being recognised as treasury shares as at 31 December 2024 (refer notes 16 and 17 for further details).

Capital structure

Debt securities

For details on debt securities, refer to note 6.1 to the annual financial statements.

Share capital

For details on ordinary shares issued, refer to note 16 to the annual financial statements.

Ordinary dividends

	COMPANY	
	2024 R million	2023 R million
The following dividends were paid and are proposed		
Interim dividend of 535 cents per share (2023: 495 cents)	616	570
Final dividend of 985 cents per share (2023: 905 cents)	1 134	1 042
	1 750	1 612

Directors' report

Special dividend

No special dividend was declared in 2024 (2023: a special dividend of 1 780 cents per share was declared in September 2023 and paid in October 2023).

Subsidiaries

Details of the company's direct and indirect interests in subsidiaries are set out in note 10.1 to the annual financial statements. The following changes in shareholding took place during the year:

- In March 2024, Mirabilis Holdings (Pty) Ltd declared it's 100% shareholding in Mirabilis Engineering Underwriting Managers (Pty) Ltd as an in specie dividend to Santam Ltd.

Associated companies and joint ventures

Details of the holding company's interest in associated companies and joint ventures are set out in note 12.1 to the annual financial statements. No significant changes took place during the year.

Related parties

Related-party relationships exist between the company, subsidiaries, associated companies and joint ventures, other Sanlam Group entities, company directors and key management. All material intergroup transactions between group subsidiaries have been eliminated from the group's financial statements.

For related-party transactions and key management personnel information, refer to notes 10.2 (transactions with subsidiaries in the Santam group), 12.2 (transactions with associated companies and joint ventures in the Santam group), 20.3.1 and 20.3.2 (transactions with key management, directors and prescribed officers) and 27 (transactions with Sanlam Group entities) to the annual financial statements.

Details of directors' remuneration and their interest in the company's shares appear in notes 16.1 (interest in the shares of the company), 17.1 (Santam deferred share plan), 20.3.1 (remuneration received from the company) and 27 (remuneration received from other companies in the group) to the annual financial statements.

Holding company

Sanlam Life Insurance Ltd, the company's holding company, holds 62.3% (2023: 62.6%) of the total issued ordinary share capital, net of treasury shares. The ultimate holding company is Sanlam Ltd.

Segment information

Refer to note 2 to the annual financial statements for the segmental report.

Changes in directorate and board committees

The following changes took place in the company's board of directors during the year:

Ms M Chauke: Resigned as an independent, non-executive director from the board (and as a member of the audit, risk and social, ethics and sustainability committees) with effect from 14 October 2024 due to her acceptance of an executive role at Sanlam Ltd. Consequently, Ms LA Swartz was appointed as a member of the social, ethics and sustainability committee with effect from 1 December 2024.

Mr JJ Ngulube: Classified from a non-executive director to an independent non-executive director with effect from 1 December 2024, supported by an independence assessment by the board.

Directors' report

The composition of the board committees is now as follows:

Committee memberships	Risk committee	Audit committee	Human resources and remuneration committee	Nominations committee	Social, ethics and sustainability committee	Investment committee
Independent non-executive directors						
CD da Silva	✓		✓		✓	
MP Fandeso	✓	✓		✓		✓
DEH Loxton	✓	✓				✓
NT Moholi (chairperson)			✓	✓		
JJ Ngulube					✓	
PE Speckmann	✓	✓				
LA Swartz			✓		✓	
Non-executive directors						
PB Hanratty			✓	✓		
MM Mahlangeni	✓					
AM Mukhuba	✓					✓
Executive directors						
TC Madzinga (group chief executive officer)	✓				✓	✓
ML Olivier (group chief financial officer)	✓					✓

Company secretary

R Eksteen served as the group company secretary during 2024.

Registered office for company secretary

PO Box 3881, Tyger Valley 7536
Santam Ltd, 1 Sportica Crescent, Bellville 7530

Auditors

KPMG Inc will continue in office in accordance with section 90(1) of the Companies Act, 71 of 2008, as amended (the Companies Act), until the next AGM where they will be considered for reappointment.

Special resolutions passed

The following special resolutions were passed by Santam Ltd at the AGM on 28 May 2024:

- Approval of non-executive directors' remuneration.
- General authority to the directors, in accordance with the JSE Listings Requirements and Companies Act, to repurchase the company's shares.
- General authority to grant financial assistance to any related party established for the benefit of employees of the group in connection with the purchase of securities.
- General authority to provide direct or indirect financial assistance to related companies or persons (or inter-related companies or corporations). Such financial assistance provided during the year exceeded the threshold of 0.1% of the Santam group's net asset value.

Statements of financial position

	Notes	GROUP 31 Dec 2024 R million	GROUP 31 Dec 2023 R million	COMPANY 31 Dec 2024 R million	COMPANY 31 Dec 2023 R million
ASSETS					
Intangible assets	13	**996**	1 226	**100**	301
Property and equipment	15	**801**	877	**559**	610
Investment in subsidiaries	10	**–**	–	**1 429**	1 401
Investment in associates and joint ventures	12	**610**	542	**20**	–
Strategic investment – unquoted Sanlam target shares	5.1	**2 483**	2 030	**2 483**	2 030
Deferred income tax	22	**257**	162	**–**	–
Financial assets at fair value through profit or loss	5.1	**51 773**	43 748	**17 624**	15 266
Insurance contract assets	4.1	**516**	426	**360**	340
Reinsurance contract assets	4.1	**6 780**	10 087	**6 206**	8 401
Loans and receivables	5.6	**2 793**	2 739	**1 511**	1 591
Current income tax		**45**	474	**–**	176
Cash and cash equivalents	5.7	**6 385**	4 819	**2 356**	1 415
Total assets		**73 439**	67 130	**32 648**	31 531
EQUITY					
Capital and reserves attributable to the company's equity holders					
Share capital	16	**103**	103	**103**	103
Treasury shares	16	**(902)**	(845)	**–**	–
Other reserves	18	**13**	10	**–**	–
Distributable reserves		**13 522**	11 424	**10 689**	8 636
		12 736	10 692	**10 792**	8 739
Non-controlling interest	11	**1 339**	714	**–**	–
Total equity		**14 075**	11 406	**10 792**	8 739
LIABILITIES					
Deferred income tax	22	**259**	1 103	**10**	571
Lease liabilities	7	**786**	824	**578**	569
Financial liabilities at fair value through profit or loss					
Debt securities	6.1	**3 063**	3 053	**3 063**	3 053
Investment contracts	6.3	**6 638**	6 286	**–**	–
Derivatives	6.4	**–**	7	**–**	7
Financial liabilities at amortised cost					
Repo liability	6.5	**852**	690	**–**	–
Collateral guarantee contracts	6.6	**120**	113	**120**	113
Insurance contract liabilities	4.1	**38 219**	34 650	**16 008**	16 592
Reinsurance contract liabilities	4.1	**5 499**	5 789	**–**	–
Provisions for other liabilities	19	**186**	141	**57**	60
Loans and payables	6.7	**3 437**	2 830	**1 785**	1 827
Current income tax		**305**	238	**235**	–
Total liabilities		**59 364**	55 724	**21 856**	22 792
Total shareholders' equity and liabilities		**73 439**	67 130	**32 648**	31 531

Statements of comprehensive income

	Notes	GROUP 31 Dec 2024 R million	GROUP 31 Dec 2023 R million	COMPANY 31 Dec 2024 R million	COMPANY 31 Dec 2023 R million
Insurance revenue	4.8	52 317	46 882	35 469	33 005
Insurance service expense	4.9, 20.2	(39 980)	(37 230)	(28 802)	(27 185)
Net expense from reinsurance contracts held	4.10	(7 825)	(6 835)	(3 700)	(4 184)
Insurance service result		4 512	2 817	2 967	1 636
Finance expense from insurance contracts issued	4.11	(2 647)	(1 980)	(855)	(1 489)
Finance (expense)/income from reinsurance contracts held	4.12	(235)	(66)	337	636
Net insurance service result		1 630	771	2 449	783
Interest income on amortised cost instruments	5.9	664	466	75	88
Interest income on fair value through profit or loss instruments	5.9	3 471	2 733	1 257	1 075
Other investment income	5.9	226	745	1 266	1 117
Net fair value gains on financial assets and liabilities at fair value through profit or loss	5.10	1 536	746	768	576
Other revenue	20.1	364	464	114	119
Investment management services fees	20.2	(119)	(125)	(58)	(75)
Net investment income and other revenue		6 142	5 029	3 422	2 900
Other operating expenses	20.2	(843)	(722)	(333)	(239)
Investment return allocated to structured products		(618)	(497)	–	–
Amortisation and impairment of intangible assets	13, 20.2	(217)	(77)	(165)	(35)
Total other operating expenses		(1 678)	(1 296)	(498)	(274)
Result of operating activities		6 094	4 504	5 373	3 409
Other finance costs	6.8	(538)	(438)	(390)	(328)
Realised profit on sale of subsidiaries	14	–	–	–	145
Impairment of investment in subsidiary	10, 14	–	–	(388)	–
Net income from associates and joint ventures	12	88	81	–	–
Income tax recovered from structured products		308	258	–	–
Profit before tax		5 952	4 405	4 595	3 226
Total tax expense		(1 596)	(1 727)	(897)	(579)
Tax expense allocated to shareholders	21	(1 240)	(716)	(897)	(579)
Tax expense allocated to cell owners and structured products	21	(356)	(1 011)	–	–
Profit from continuing operations		4 356	2 678	3 698	2 647
Profit from discontinued operations		–	705	–	476
Profit for the year		4 356	3 383	3 698	3 123
Other comprehensive income, net of tax					
Items that may subsequently be reclassified to income					
Hedging reserve movement		–	(87)	–	(87)
Hedging reserve released on sale of discontinued operations		–	122	–	122
Foreign currency translation and other non-distributable reserves released on sale of discontinued operations		–	37	–	–
Total comprehensive income for the year		4 356	3 455	3 698	3 158
Profit attributable to:					
- equity holders of the company		3 679	3 250	3 698	3 123
- non-controlling interest		677	133	–	–
		4 356	3 383	3 698	3 123
Total comprehensive income attributable to:					
- equity holders of the company		3 679	3 322	3 698	3 158
- non-controlling interest		677	133	–	–
		4 356	3 455	3 698	3 158
Total comprehensive income for the year arises from:					
Continuing operations		4 356	2 678	3 698	2 682
Discontinued operations		–	777	–	476
		4 356	3 455	3 698	3 158
Earnings attributable to equity shareholders					
Earnings per share (cents)					
Basic earnings per share	23	3 356	2 973		
Diluted earnings per share	23	3 322	2 952		

Statements of changes in equity

	Share capital R million	Treasury shares R million	Other reserves R million	Distributable reserves R million	Total R million	Non-controlling interest R million	Total R million
	Attributable to equity holders of the company						
GROUP							
Balance as at 1 January 2023	103	(713)	(63)	11 537	10 864	670	11 534
Profit for the year	–	–	–	3 250	3 250	133	3 383
Other comprehensive income:							
Hedging reserve movement	–	–	(87)	–	(87)	–	(87)
Hedging reserve released on sale of discontinued operations	–	–	122	–	122	–	122
Foreign currency translation and other non-distributable reserves released on sale of discontinued operations	–	–	37	–	37	–	37
Total comprehensive income for the year ended 31 December 2023	–	–	72	3 250	3 322	133	3 455
Issue of treasury shares in terms of share incentive schemes	–	89	–	(89)	–	–	–
Purchase of treasury shares	–	(221)	–	–	(221)	–	(221)
Share-based payment costs	–	–	–	117	117	–	117
Movement in foreign currency translation reserve	–	–	1	–	1	–	1
Transfer between equity holders and non-controlling interest	–	–	–	33	33	(33)	–
Issue of equity interest in cell captive	–	–	–	–	–	30	30
Dividends paid	–	–	–	(3 424)	(3 424)	(86)	(3 510)
Balance as at 31 December 2023	**103**	**(845)**	**10**	**11 424**	**10 692**	**714**	**11 406**
Profit for the year	–	–	–	3 679	3 679	677	4 356
Profit/total comprehensive income for the year ended 31 December 2024	**–**	**–**	**–**	**3 679**	**3 679**	**677**	**4 356**
Issue of treasury shares in terms of share incentive schemes	–	104	–	(104)	–	–	–
Purchase of treasury shares	–	(161)	–	–	(161)	–	(161)
Share-based payment costs	–	–	–	99	99	–	99
Movement in foreign currency translation reserve	–	–	3	–	3	–	3
Equity interest in cell captive settled	–	–	–	–	–	(291)	(291)
Issue of equity interest in cell captive	–	–	–	–	–	327	327
Dividends paid	–	–	–	(1 576)	(1 576)	(88)	(1 664)
Balance as at 31 December 2024	103	(902)	13	13 522	12 736	1 339	14 075

Statements of changes in equity

	Share capital R million	Other reserves R million	Distributable reserves R million	Total R million
	Attributable to equity holders of the company			
COMPANY				
Balance as at 1 January 2023	103	(35)	9 070	9 138
Profit for the year	–	–	3 123	3 123
Other comprehensive income:				
Hedging reserve movement	–	(87)	–	(87)
Hedging reserve released on sale of discontinued operations	–	122	–	122
Total comprehensive income for the year ended 31 December 2023	–	35	3 123	3 158
Share-based payment costs	–	–	117	117
Loss on delivery of shares in terms of share scheme	–	–	(78)	(78)
Dividends paid	–	–	(3 592)	(3 592)
Balance as at 31 December 2023	103	–	8 640	8 743
Profit for the year	–	–	3 698	3 698
Profit/total comprehensive income for the year ended 31 December 2024	–	–	3 698	3 698
Share-based payment costs	–	–	121	121
Loss on delivery of shares in terms of share scheme	–	–	(112)	(112)
Dividends paid	–	–	(1 658)	(1 658)
Balance as at 31 December 2024	103	–	10 689	10 792

Statements of cash flows

	Notes	GROUP 31 Dec 2024 R million	GROUP 31 Dec 2023 R million	COMPANY 31 Dec 2024 R million	COMPANY 31 Dec 2023 R million
Cash flows from operating activities					
Cash generated from operations	25	8 470	5 860	4 426	1 758
Dividends received		257	178	326	237
Interest received		3 356	2 688	1 275	1 119
Interest paid		(515)	(425)	(373)	(268)
Income tax paid	26	(2 036)	(1 220)	(1 023)	(455)
Net movement from acquisition and sale of financial assets		(5 852)	(6 414)	(1 847)	(2 374)
Net cash from operating activities		3 680	667	2 784	17
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	14	–	(99)	–	(24)
Acquisition of associates and joint ventures	12	(20)	–	(20)	–
Acquisition of business, net of cash acquired		(38)	–	(38)	–
Proceeds from sale of equipment		38	–	34	–
Purchases of equipment	15	(86)	(189)	(37)	(151)
Purchases of intangible assets	13	(33)	(82)	–	(51)
Proceeds from sale of non-current assets held for sale [1]	14	–	2 632	–	2 632
Settlement of zero cost collar		–	(122)	–	(122)
Net cash (used in)/from investing activities		(139)	2 140	(61)	2 284
Cash flows from financing activities					
Purchase of treasury shares	16	(161)	(221)	–	–
Proceeds from issue of unsecured subordinated callable notes	6.1	–	1 000	–	1 000
Redemption of unsecured subordinated callable notes	6.1	–	(500)	–	(500)
Dividends paid to company's shareholders		(1 576)	(3 424)	(1 658)	(3 592)
Dividends paid to non-controlling interest		(88)	(86)	–	–
Issue of equity interest in cell captive		327	30	–	–
Settlement of equity interest in cell captive		(291)	–	–	–
Payment of principal element of lease liabilities	7	(171)	(134)	(109)	(110)
Net cash used in financing activities		(1 960)	(3 335)	(1 767)	(3 202)
Net increase/(decrease) in cash and cash equivalents		1 581	(528)	956	(901)
Cash and cash equivalents at beginning of year		4 819	5 387	1 415	2 356
Exchange losses on cash and cash equivalents		(15)	(40)	(15)	(40)
Cash and cash equivalents at end of year		6 385	4 819	2 356	1 415

[1] *Represents cash flow relating to disposal of discontinued operations.*

Notes to the annual financial statements

1. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements consisting of Santam Ltd (company) together with its subsidiaries (group) are included in the specific notes to which they relate. These policies have been consistently applied to all years presented, unless otherwise indicated.

1.1 Statement of compliance

The Santam consolidated and separate financial statements for the year ended 31 December 2024 are prepared in accordance with IFRS® Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (FRG), the Financial Pronouncements, as issued by the Financial Reporting Standards Council (FRP) and the requirements of the Companies Act of South Africa, No 71 of 2008 (Companies Act).

1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and the application of the equity method of accounting for investments in associates and joint ventures.

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

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

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

All amounts in the consolidated financial statements are presented in South African rand, rounded to the nearest million, unless otherwise stated.

Standards effective in 2024

The following new IFRSs and/or IFRICs were effective for the first time from 1 January 2024:

- Amendment to IAS 1 *Presentation of financial statements (classification of liabilities as current or non-current)*
- Amendments to IAS 1 *Presentation of financial statements (non-current liabilities with covenants)*
- Amendments to IFRS 16 *Leases (sale and leaseback)*
- Amendments to IAS 7 *Statement of cash flows* and IFRS 7 *Financial instruments: Disclosures (on supplier finance arrangements)*

The adoption of these amendments to IFRS Accounting Standards did not have a material impact.

Standards not yet effective in 2024

- Amendments to IAS 21 *The effects of changes in foreign exchange rates (on lack of exchangeability)*
- IFRS 18 *Presentation and disclosure in financial statements*
- IFRS 19 *Subsidiaries without public accountability: Disclosures*
- Amendments to IFRS 7 and IFRS 9 related to the *Classification and measurement of financial instruments* as well as *clarifying derecognition of financial asset or financial liability when settled through electronic payment systems*

The group did not early adopt any of the IFRS Accounting Standards that are not yet effective. The group has started the process of assessing the potential impact of adopting the new standards and amendments. Refer to note 31 for more detail.

Notes to the annual financial statements

1. Summary of material accounting policies (continued)

1.3 Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company's accounting policies. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are highlighted below with more detail provided in the specific notes to which they relate:

Insurance contracts – note 4.1:

- Unit of account
- Premium allocation approach eligibility
- Liability for incurred claims
- Discount rates
- Risk adjustment for non-financial risk

Financial instruments – note 5.3:

- Fair value of financial instruments that are not listed or quoted

2. Segment information

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

The group conducts mainly insurance activities.

Insurance activities

The group presents its insurance results in the following segments:

- Conventional insurance business written on insurance licences controlled by the group, consisting of Santam Broker Solutions, Santam Client Solutions, Santam Partner Solutions, Santam Specialist Solutions, MiWay and Santam Re;
- Alternative risk transfer (ART) insurance business written on the insurance licences of the Centriq Insurance group (Centriq) and the Santam Structured Insurance group (SSI); and
- Santam's share of the insurance results of the Sanlam general insurance businesses in India and Malaysia.

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

Growth is measured for the Sanlam general insurance businesses in India and Malaysia based on the insurance revenue generated by the underlying businesses. This information is considered to be a reallocation of fair value movements recognised on the Sanlam target shares. It is also included as reconciling items in order to reconcile to the consolidated statement of comprehensive income. Overall profitability is measured based on net investment income and fair value movements from Sanlam target share investments.

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

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

Other activities

Other activities include the results of businesses that do not assume insurance risk for their own account. They are primarily involved in providing insurance advice, platform services and/or administrative services. This segment also includes the amortisation and impairment of intangible assets and income from associates and joint ventures.

2. Segment information (continued)

All activities

Given the nature of the operations, there is no single external client that provides 10% or more of the group's revenues.

Santam Ltd is domiciled in South Africa. Geographical analysis of the insurance revenue and non-current assets is based on the countries in which the business is underwritten or managed. Non-current assets comprise goodwill and intangible assets, property and equipment, investments in associates and joint ventures and Sanlam target shares.

Restatement of segment report

In line with changes in internal reporting to the CODM, the segment report has been restated as follows:

- The investment segment has been removed and the investment results instead included as part of the Conventional and ART segments, as it is inherently part of, and supports, the insurance activities.
- The ART segment now excludes cell results that are not attributable to Santam's shareholders and have been moved to reconciling items.
- A new segment named "Other" that includes the results of brokerage, platforms and administrative businesses that do not assume insurance risk for their own account, income from associates and joint ventures and the amortisation and impairment of intangible assets, has been included.

Notes to the annual financial statements

2. Segment information (continued)

2.1 Segment report

2024	Conventional R million	Alternative risk transfer R million	Other R million	Santam's share of Sanlam general insurance businesses[1] R million	Total operating segments R million
	OPERATING SEGMENTS				
Insurance revenue – external	39 730	2 101	55	1 160	43 046
Insurance service expense	(32 725)	(1 042)	(155)	(937)	(34 859)
Gross claims	(20 883)	(584)	(41)	(561)	(22 069)
Gross commission	(6 018)	(223)	–	(222)	(6 463)
Admin expenses[2]	(5 824)	(235)	(114)	(154)	(6 327)
Net (expense)/income from reinsurance contracts held	(3 855)	(862)	103	(233)	(4 847)
Reinsurance premiums	(7 538)	(1 221)	(54)	(233)	(9 046)
Reinsurance claims	1 935	355	41	–	2 331
Reinsurance commission	1 748	4	116	–	1 868
Insurance service result	3 150	197	3	(10)	3 340
Finance (expense)/income from insurance contracts issued	(1 074)	–	–	–	(1 074)
Finance income/(expense) from reinsurance contracts held	365	–	–	–	365
Net insurance service result	2 441	197	3	(10)	2 631
Investment return on insurance funds	823	399	–	199	1 421
Interest income on amortised cost instruments	–	–	–	–	–
Interest income on fair value through profit or loss instruments	–	–	–	–	–
Other investment income/(losses)	–	–	–	–	–
Net fair value gains on financial assets and liabilities at fair value through profit or loss	–	–	–	–	–
Other revenue	–	487	–	–	487
Investment management services fees	–	–	–	–	–
Net investment income and other revenue	823	886	–	199	1 908
Other operating expenses	–	(389)	(103)	–	(492)
Investment return allocated to structured products	–	–	–	–	–
Amortisation and impairment of intangible assets[4]	–	–	(232)	–	(232)
Total other operating expenses	–	(389)	(335)	–	(724)
Result of operating activities	3 264	694	(332)	189	3 815
Investment return on capital	1 340	87	–	–	1 427
Other finance costs[4]	–	–	–	–	–
Net income from associates and joint ventures	–	–	88	–	88
Reallocation of operating result	–	–	–	(189)	(189)
Income tax recovered from structured products	–	–	–	–	–
Profit before tax	4 604	781	(244)	–	5 141
Tax expense allocated to shareholders	(962)	(188)	(90)	–	(1 240)
Tax expense allocated to cell owners and structured products	–	–	–	–	–
Profit after tax	3 642	593	(334)	–	3 901
Attributable to:					
Equity holders of the company	3 536	477	(334)	–	3 679
Non-controlling interest	106	116	–	–	222
Earnings analysis					
Net underwriting result	2 441	197	3	–	2 641
Investment return on insurance funds	823	399	–	–	1 222
Net insurance result	3 264	596	3	–	3 863
Other income and expenses	–	98	(247)	–	(149)
Operating earnings	3 264	694	(244)	–	3 714
Investment return on capital	1 340	87	–	–	1 427
Profit before tax	4 604	781	(244)	–	5 141

[1] *Operating segment results represent Santam's share of Sanlam general insurance businesses' commission and claims included on a net basis within insurance service expenses. Reconciling items represent the reallocation of net operating results relating to the underlying investments of the Sanlam target shares for management reporting purposes (as a result of the investments in Sanlam target shares being carried at fair value through profit or loss).*

[2] *Includes depreciation of R258 million for Conventional and R7 million for ART. Includes employee benefit expense of R4 682 million for Conventional and R247 million for ART.*

RECONCILING ITEMS

Sanlam target shares[1] R million	ART cells[3] R million	Other income and expenses[4] R million	Re-insurance commission[5] R million	Foreign currency on technical reserves[6] R million	Investment return[7] R million	Total reconciling items R million	Statement of compre-hensive income R million
(1 160)	11 673	–	(1 242)	–	–	9 271	52 317
937	(7 541)	241	1 242	–	–	(5 121)	(39 980)
561	(5 829)	–	–	–	–	(5 268)	(27 337)
222	(1 031)	(17)	1 242	–	–	416	(6 047)
154	(681)	258	–	–	–	(269)	(6 596)
233	(3 211)	–	–	–	–	(2 978)	(7 825)
233	(10 072)	–	3 338	–	–	(6 501)	(15 547)
–	5 391	–	–	–	–	5 391	7 722
–	1 470	–	(3 338)	–	–	(1 868)	–
10	921	241	–	–	–	1 172	4 512
–	(1 800)	–	–	227	–	(1 573)	(2 647)
–	(557)	–	–	(43)	–	(600)	(235)
10	(1 436)	241	–	184	–	(1 001)	1 630
(199)	79	–	–	–	(1 301)	(1 421)	–
–	282	–	–	–	382	664	664
–	2 172	–	–	–	1 299	3 471	3 471
–	62	–	–	(184)	348	226	226
–	287	–	–	–	1 249	1 536	1 536
–	(487)	364	–	–	–	(123)	364
–	–	–	–	–	(119)	(119)	(119)
(199)	2 395	364	–	(184)	1 858	4 234	6 142
–	190	(541)	–	–	–	(351)	(843)
–	(618)	–	–	–	–	(618)	(618)
–	–	15	–	–	–	15	(217)
–	(428)	(526)	–	–	–	(954)	(1 678)
(189)	531	79	–	–	1 858	2 279	6 094
–	41	–	–	–	(1 468)	(1 427)	–
–	(69)	(79)	–	–	(390)	(538)	(538)
–	–	–	–	–	–	–	88
189	–	–	–	–	–	189	–
–	308	–	–	–	–	308	308
–	811	–	–	–	–	811	5 952
–	–	–	–	–	–	–	(1 240)
–	(356)	–	–	–	–	(356)	(356)
–	455	–	–	–	–	455	4 356
–	–	–	–	–	–	–	3 679
–	455	–	–	–	–	455	677

3 *Inclusion of ART profit/(loss) attributable to cell owners.*
4 *Reallocation of finance cost on leases and amortisation of computer software included in operating result for management reporting purposes. Also reallocation of other income and expenses to IFRS Accounting Standards classification.*
5 *Reallocation of reinsurance commission (including inwards reinsurance commission) to premium for IFRS Accounting Standards.*
6 *Reallocation of foreign currency profit/(loss) on technical reserves from investment results to net insurance service result for IFRS Accounting Standards.*
7 *Reallocation of investment return on insurance funds and capital to IFRS Accounting Standards classification.*

Notes to the annual financial statements

2. Segment information (continued)

2.1 Segment report (continued)

2023 (Restated)	Conventional R million	Alternative risk transfer R million	Other R million	Santam's share of Sanlam general insurance businesses[1] R million	Total operating segments R million
	OPERATING SEGMENTS				
Insurance revenue	36 895	1 487	–	937	39 319
External	36 042	1 487	–	937	38 466
Intersegment[8]	853	–	–	–	853
Insurance service expense	(30 989)	(1 168)	–	(754)	(32 911)
Gross claims	(20 415)	(816)	–	(443)	(21 674)
Gross commission	(5 739)	(140)	–	(110)	(5 989)
Admin expenses[2]	(4 835)	(212)	–	(201)	(5 248)
Net (expense)/income from reinsurance contracts held	(4 250)	(237)	–	(209)	(4 696)
Reinsurance premiums	(7 560)	(1 000)	–	(209)	(8 769)
Reinsurance claims	1 620	668	–	–	2 288
Reinsurance commission	1 690	95	–	–	1 785
Insurance service result	1 656	82	–	(26)	1 712
Finance (expenses)/income from insurance contracts issued	(1 223)	3	–	–	(1 220)
Finance income/(expense) from reinsurance contracts held	598	–	–	–	598
Net insurance service result	1 031	85	–	(26)	1 090
Investment return on insurance funds	759	324	–	221	1 304
Interest income on amortised cost instruments	–	–	–	–	–
Interest income on fair value through profit or loss instruments	–	–	–	–	–
Other investment income	–	–	–	–	–
Net fair value losses/(gains) on financial assets and liabilities at fair value through profit or loss	–	–	–	–	–
Other revenue	–	379	8	–	387
Investment management services fees	–	–	–	–	–
Net investment and other income	759	703	8	221	1 691
Other operating expenses	–	(345)	(90)	–	(435)
Investment return allocated to structured products	–	–	–	–	–
Amortisation and impairment of intangible assets[4]	–	–	(31)	–	(31)
Total other operating expenses	–	(345)	(121)	–	(466)
Result of operating activities	1 790	443	(113)	195	2 315
Investment return on capital	1 120	73	–	–	1 193
Other finance costs[4]	–	–	–	–	–
Net income from associates and joint ventures	–	–	81	–	81
Reallocation of operating result	–	–	–	(195)	(195)
Income tax recovered from structured products	–	–	–	–	–
Profit before tax from continuing operations	2 910	516	(32)	–	3 394
Profit from discontinued operations	–	–	705	–	705
Profit before tax from continuing and discontinued operations	2 910	516	673	–	4 099
Tax expense allocated to shareholders	(692)	(55)	31	–	(716)
Tax expense allocated to cell owners and structured products	–	–	–	–	–
Profit after tax	2 218	461	704	–	3 383
Attributable to:					
Equity holders of the company	2 129	417	704	–	3 250
Non-controlling interest	89	44	–	–	133
Earnings analysis					
Net underwriting result	1 031	85	–	–	1 116
Investment return on insurance funds	759	324	–	–	1 083
Net insurance result	1 790	409	–	–	2 199
Other income and expenses	–	34	(32)	–	2
Operating earnings	1 790	443	(32)	–	2 201
Investment return on capital	1 120	73	–	–	1 193
Profit before tax from continuing operations	2 910	516	(32)	–	3 394
Profit from discontinued operations	–	–	705	–	705
Profit before tax from continuing and discontinued operations	2 910	516	673	–	4 099

[1] *Operating segment results represent Santam's share of Sanlam general insurance businesses' commission and claims included on a net basis within insurance service expenses. Reconciling items represent the reallocation of net operating results relating to the underlying investments of the Sanlam target shares for management reporting purposes (as a result of the investments in Sanlam target shares being carried at fair value through profit or loss).*

[2] *Includes depreciation of R240 million for Conventional and R8 million for ART. Includes employee benefit expense of R4 188 million for Conventional and R207 million for ART.*

RECONCILING ITEMS

Sanlam target shares[1] R million	ART cells[3] R million	Other income and expenses[4] R million	Reinsurance commission[5] R million	Foreign currency on technical reserves[6] R million	Investment return[7] R million	Total reconciling items R million	Statement of compre-hensive income R million
(937)	9 866	–	(1 366)	–	–	7 563	46 882
(937)	9 866	–	(1 366)	–	–	7 563	46 029
–	–	–	–	–	–	–	853
754	(6 714)	275	1 366	–	–	(4 319)	(37 230)
443	(4 975)	–	–	–	–	(4 532)	(26 206)
110	(1 016)	–	1 366	–	–	460	(5 529)
201	(723)	275	–	–	–	(247)	(5 495)
209	(2 348)	–	–	–	–	(2 139)	(6 835)
209	(8 480)	–	3 069	–	–	(5 202)	(13 971)
–	4 848	–	–	–	–	4 848	7 136
–	1 284	–	(3 069)	–	–	(1 785)	–
26	804	275	–	–	–	1 105	2 817
–	(478)	–	–	(282)	–	(760)	(1 980)
–	(708)	–	–	44	–	(664)	(66)
26	(382)	275	–	(238)	–	(319)	771
(221)	26	–	–	–	(1 109)	(1 304)	–
–	214	–	–	–	252	466	466
–	1 531	–	–	–	1 202	2 733	2 733
–	106	–	–	238	401	745	745
–	(141)	–	–	–	887	746	746
–	(379)	456	–	–	–	77	464
–	–	–	–	–	(125)	(125)	(125)
(221)	1 357	456	–	238	1 508	3 338	5 029
–	345	(632)	–	–	–	(287)	(722)
–	(497)	–	–	–	–	(497)	(497)
–	–	(46)	–	–	–	(46)	(77)
–	(152)	(678)	–	–	–	(830)	(1 296)
(195)	823	53	–	–	1 508	2 189	4 504
–	–	–	–	–	(1 193)	(1 193)	–
–	(70)	(53)	–	–	(315)	(438)	(438)
–	–	–	–	–	–	–	81
195	–	–	–	–	–	195	–
–	258	–	–	–	–	258	258
–	1 011	–	–	–	–	1 011	4 405
–	–	–	–	–	–	–	705
–	1 011	–	–	–	–	1 011	5 110
–	–	–	–	–	–	–	(716)
–	(1 011)	–	–	–	–	(1 011)	(1 011)
–	–	–	–	–	–	–	3 383
–	–	–	–	–	–	–	3 250
–	–	–	–	–	–	–	133

3 *Inclusion of ART profit/(loss) attributable to cell owners.*
4 *Reallocation of finance cost on leases and amortisation of computer software included in operating result for management reporting purposes. Also reallocation of other income and expenses to IFRS classification.*
5 *Reallocation of reinsurance commission (including inwards reinsurance commission) to premium for IFRS Accounting Standards.*
6 *Reallocation of foreign currency profit/(loss) on technical reserves from investment results to net insurance service result for IFRS Accounting Standards.*
7 *Reallocation of investment return on insurance funds and capital to IFRS Accounting Standards classification.*
8 *Intersegmental revenue includes revenue earned from the Santam's share of Sanlam general insurance businesses segment.*

Notes to the annual financial statements

2. Segment information (continued)

2.1 Segment report (continued)

Additional information on Conventional insurance activities	2024 R million	2023 R million
Insurance revenue	39 730	36 895
Gross written premium	41 308	37 368
Unearned premium and experience adjustments	(1 578)	(473)
Net earned premium	32 192	29 335
Gross insurance revenue	39 730	36 895
Reinsurance cost	(7 538)	(7 560)
Net claims incurred	19 657	19 420
Gross claims cost	21 957	21 638
Gross claims incurred	20 883	20 415
Unwinding of discount rate	1 074	1 223
Reinsurance claims	(2 300)	(2 218)
Reinsurance claims recovered	(1 935)	(1 620)
Unwinding of discount rate	(365)	(598)
Net commission	4 270	4 049
Gross commission incurred	6 018	5 739
Reinsurance commission received	(1 748)	(1 690)
Management expenses[1, 2]	5 824	4 835
Net underwriting result	2 441	1 031
Investment return on insurance funds	823	759
Net insurance result	3 264	1 790
Investment return on capital	1 340	1 120
Profit before tax from continuing operations	4 604	2 910

[1] *Amortisation of computer software is included in management expenses.*
[2] *Finance costs relating to lease liabilities is included in management expenses.*

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

	Gross written premium	
	2024 R million	2023 R million
Motor	16 786	15 738
Property	15 435	14 076
Liability	2 804	1 967
Engineering	2 526	2 024
Transportation	1 673	1 371
Crop	1 345	1 525
Accident and health	653	572
Other	86	95
Total	41 308	37 368

Notes to the annual financial statements

2. Segment information (continued)

2.1 Segment report (continued)

	2024			2023		
	Gross written premium R million	Net earned premium R million	Underwriting result R million	Gross written premium R million	Net earned premium R million	Underwriting result R million
Comprising:						
Commercial insurance	24 435	17 544	1 518	22 519	16 593	1 053
Personal insurance	16 873	14 648	923	14 849	12 742	(22)
Total	41 308	32 192	2 441	37 368	29 335	1 031

2.2 Geographical analysis

	INSURANCE REVENUE		NON-CURRENT ASSETS	
	2024 R million	Restated 2023 R million	2024 R million	2023 R million
South Africa	36 076	32 648	2 400	2 635
Rest of Africa[1]	2 614	2 533	7	10
Other international	4 356	4 138	2 483	2 030
	43 046	39 319	4 890	4 675
Reconciling items:				
Sanlam target shares[2]	(1 160)	(937)		
ART insurance revenue[3]	11 673	9 866		
Inwards reinsurance commission[4]	(1 242)	(1 366)		
Group total	52 317	46 882	4 890	4 675

[1] *Includes insurance revenue relating to Santam Namibia Ltd of R1 235 million (2023: R1 088 million).*
[2] *Relates to the underlying investments included in the Sanlam target shares for management reporting purposes (as a result of the investments in Sanlam target shares being carried at fair value through profit or loss).*
[3] *Inclusion of ART insurance revenue attributable to cell owners.*
[4] *Reallocation of inwards reinsurance commission to insurance revenue for IFRS Accounting Standards.*

3. Risk and capital management

3.1 Objective and framework

As an insurance group, Santam Ltd and its subsidiaries are exposed to various insurance and financial risks. These risks cause uncertainty and therefore the challenge for management is to determine what level of uncertainty is acceptable for each business unit as it strives to enhance stakeholder value.

Santam has adopted an enterprise risk management (ERM) approach and framework that enables management to effectively deal with uncertainty and thus enhance the capacity to build value by efficiently and effectively deploying resources in pursuit of the group's objectives. The ERM process adopted is considered appropriate to the nature, scale and complexity of the group and company's business and risks. The Santam approach is aligned with the principles of the King Report on Corporate Governance™ for South Africa, 2016 (King IV), ISO 31000, the Solvency Assessment and Management (SAM) requirements in South Africa as well as the requirements of our majority shareholder, Sanlam.

Santam's ERM framework and process is designed to assist the board in ensuring that management continually monitors risk and reports back to the risk committee on the status of these risks. ISO 31000 was adopted to ensure that a structured and practical approach to risk management is implemented throughout the business. Santam's ERM process is well defined and businesses are responsible and accountable for integrating ERM in the operations. ERM adds value by being aligned to the business strategy and objectives.

Notes to the annual financial statements

3. Risk and capital management (continued)

3.2 Risk assessment process

A key component of the ERM framework is the risk assessment process. Santam's risk assessment process consists of risk identification, risk analysis, risk evaluation and risk treatment/management of those risks that are relevant to the company and group's strategic objectives. Risks are identified from a top-down (strategic) and bottom-up (operational) perspective to create and maintain an integrated view of material risk exposures. The top-down approach is undertaken at an executive and senior management level and considers strategic risks affecting Santam in the medium to long term. In parallel, the bottom-up approach is undertaken by enterprise risk management (ERM) at a business unit or specialist unit level to assess all categories of risks from their perspectives with specific focus on operational, underwriting, reinsurance and financial risks.

The risk identification process is used to build an aggregated view of all significant risks faced by the organisation. This is translated into the Santam risk universe. The risk universe is a summary of the most common risk themes across all categories of risk within the company and group and assists management in understanding and effectively managing the relevant risks.

Risk analysis provides an input to risk evaluation and informs decisions on how the risks need to be treated. Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences may occur.

Santam analyses quantifiable risks by using an internally developed economic capital model. The model covers the following risk categories:

- insurance risk (consisting of underwriting and reinsurance risk)
- credit risk
- market risk
- operational risk

A number of risks faced by Santam are not modelled in the internal model, namely: strategic, liquidity, conduct, reputational, political, regulatory, compliance, sovereign downgrade, legal, outsourcing and cyber risks. These risks are analysed individually by management and appropriate measures are implemented to monitor and mitigate these risks.

Once the relevant risks are better understood, the risk appetite framework governs how the risks should be managed within the group. Santam has formulated a risk appetite policy which aims to quantify the amount of capital the company and group is willing to put at risk in the pursuit of value creation. It is within this risk appetite framework that Santam has selected its asset allocation and reinsurance programme which are among the most important determinants of risk and hence capital requirements within the organisation. The internal model allows for the measurement of Santam's expected performance relative to the risk appetite assessment criteria agreed to by Santam's board. The risk appetite process also includes the assessment of non-financial measures in determining the overall capital requirements. These assessments are presented to the risk committee as well as the board on a quarterly basis for consideration.

3. Risk and capital management (continued)

3.2 Risk assessment process (continued)

The group issues contracts that transfer insurance risk or financial risk or both (refer to note 4 for the general terms of insurance contracts). Insurance risk (i.e. underwriting and reinsurance risk) and investment risk (i.e. market and credit risk) impacts the balances and transactions reported in a financial period. The information that follows provides more detail on how Santam and its subsidiaries manage insurance and investment risk from a financial reporting perspective. The table below is a summary of all the financial balances that are affected by insurance and/or investment risk. It also considers balances that are directly or indirectly exposed to foreign currency risk.

		GROUP TOTAL		GROUP FOREIGN	
	Notes	2024 R million	2023 R million	2024 R million	2023 R million
Financial and insurance assets					
Equity securities					
Listed equities and similar securities	5.1, 5.3	2 450	2 926	385	373
Unlisted equities and similar securities	5.1, 5.3	2 507	2 173	2 501	2 047
Interest-bearing investments					
Government interest-bearing investments	5.1, 5.3	6 692	5 336	1 610	1 257
Corporate interest-bearing investments	5.1, 5.3	24 609	18 136	2 616	1 968
Mortgages and loans	5.1, 5.3	38	125	8	13
Structured transactions					
Structured notes	5.1, 5.3	438	296	192	–
Derivatives	5.1, 5.3	2	–	2	–
Investment funds	5.1, 5.2, 5.3	14 797	10 324	351	289
Deposits and similar securities	5.1, 5.3	2 723	6 462	682	844
Total investment assets		54 256	45 778	8 347	6 791
Loans and receivables	5.6, 5.8	2 793	2 739	5	73
Insurance contract assets	4.1, 4.2	516	426	–	–
Reinsurance contract assets	4.1, 4.4	6 780	10 087	2 070	2 269
Cash and cash equivalents	5.7, 5.8	6 385	4 819	1 135	848
Total financial and insurance assets		70 730	63 849	11 557	9 981
Financial and insurance liabilities					
Lease liabilities	7	786	824	–	–
Debt securities	6.1	3 063	3 053	–	–
Investment contracts	6.3	6 638	6 286	–	–
Derivatives	6.4	–	7	–	7
Repo liability	6.5	852	690	–	–
Collateral guarantee contracts	6.6	120	113	–	–
Insurance contract liabilities	4.1, 4.2	38 219	34 650	4 815	5 185
Reinsurance contract liabilities	4.1, 4.6	5 499	5 789	–	–
Loans and payables	6.7	3 437	2 830	–	–
Total financial and insurance liabilities		58 614	54 242	4 815	5 192

Notes to the annual financial statements

3. Risk and capital management (continued)

3.2 Risk assessment process (continued)

	Notes	COMPANY TOTAL 2024 R million	COMPANY TOTAL 2023 R million	COMPANY FOREIGN 2024 R million	COMPANY FOREIGN 2023 R million
Financial and insurance assets					
Equity securities					
Listed equities and similar securities	5.1, 5.3	772	1 556	–	–
Unlisted equities and similar securities	5.1, 5.3	2 507	2 171	2 501	2 047
Interest-bearing investments					
Government interest-bearing investments	5.1, 5.3	3 781	2 052	1 271	975
Corporate interest-bearing investments	5.1, 5.3	9 966	9 525	2 566	1 919
Mortgages and loans	5.1, 5.3	29	109	–	–
Structured transactions					
Structured notes	5.1, 5.3	246	103	192	–
Derivatives	5.1, 5.3	2	–	2	–
Investment funds	5.1, 5.2, 5.3	1 691	508	293	183
Deposits and similar securities	5.1, 5.3	1 113	1 272	560	844
Total investment assets		20 107	17 296	7 385	5 968
Loans and receivables	5.6, 5.8	1 511	1 591	–	–
Insurance contract assets	4.1, 4.2	360	340	–	–
Reinsurance contract assets	4.1, 4.4	6 206	8 401	1 920	2 269
Cash and cash equivalents	5.5, 5.7, 5.8	2 356	1 415	583	496
Total financial and insurance assets		30 540	29 043	9 888	8 733
Financial and insurance liabilities					
Lease liabilities	7	578	569	–	–
Debt securities	6.1, 6.2	3 063	3 053	–	–
Derivatives	6.4	–	7	–	7
Collateral guarantee contracts	6.6	120	113	–	–
Insurance contract liabilities	4.1, 4.2	16 008	16 592	4 341	5 182
Loans and payables	6.7	1 785	1 827	–	–
Total financial and insurance liabilities		21 554	22 161	4 341	5 189

3. Risk and capital management (continued)

3.2 Risk assessment process (continued)

3.2.1 Insurance risk

Insurance risk refers to the risk of loss as a result of underwriting insurance contracts. More specifically, Santam group defines insurance risk to include:

- Underwriting risk
- Reinsurance risk

Santam's group risk management function has developed a group-wide governance and risk management framework in terms of the board-approved underwriting and reinsurance policies, and as required by the regulator's prudential standards.

This framework is implemented at business unit level through underwriting practice policies that set out the specific requirements and parameters within which insurance risks are managed. Through the group risk management's ongoing monitoring and review processes, business units are held accountable to the framework.

A key benefit of the framework from a risk management perspective is that it facilitates enhanced oversight and collaboration between business units and significantly improves the understanding and management of risk concentrations that arise from time to time and that extend over several business unit portfolios in most instances.

3.2.1.1 Underwriting risk

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that premium provisions (liabilities for remaining cover) turn out to be insufficient to compensate for expected future claims, that the claims provisions (liability for incurred claims) raised for both reported and unreported claims are inadequate, as well as the risk resulting from the volatility of expense payments.

The group manages underwriting risk through its underwriting strategy and proactive claims handling. The underwriting strategy aims to ensure that the portfolio of insurance contracts issued is well diversified and reasonably priced. Claims costs are actively managed to ensure that the impact of factors such as the volatility of the rand is adequately addressed.

In order to determine the underwriting risk faced by Santam and its subsidiaries, a stochastic simulation of Santam's claims is performed at a line of business level. Assumptions for each line of business are determined based on more than 20 years' worth of historic data. The results of this analysis are then used to identify where underwriting action is required. These actions can include, but are not limited to, changes to the pricing of insurance policies or adjustments to the reinsurance programme.

Refer to note 4.14 for detail on these risks and the way the group manages them.

3.2.1.2 Reinsurance risk

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the group and company's risk management strategy and objectives. It also includes the risk that the reinsurance program is inappropriately administered. The group and company obtain third-party reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or the company's capital.

Refer to note 4.15 for detail on these risks and the way the group manages it.

3.2.2 Credit risk

Credit risk reflects the financial impact of the default of one or more of Santam's counterparties.

Santam is exposed to financial risks caused by a loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Key areas where Santam is exposed to credit default risk are:

- Failure of an asset counterparty to meet their financial obligations (note 5.8)
- Reinsurer default on presentation of a large claim (note 4.17)
- Reinsurers default on their share of Santam's insurance liabilities (note 4.17)

Santam determines the credit quality for each of its counterparties by reference to ratings from independent rating agencies such as Standard & Poor's (S&P) and Moody's. For the IFRS 9 expected credit losses, Santam measures the probability of default on the basis of assessments made by the rating agencies over a one-year time horizon and the resulting loss given default. The underlying default probabilities are based on the credit migration models developed by S&P and Moody's which incorporate up to ninety years' worth of credit default information. For default risk Santam uses a model which is largely based on Basel III regulations.

The credit risk analysis is used by management to determine the level of risk capital that should be held for the following types of exposures:

- Risk-based assets such as bonds and bank deposits
- Outstanding premiums due from intermediaries and reinsurance receivables due from reinsurers
- Reinsurance asset for incurred claims
- Exposure to potential reinsurance recoveries based on the losses generated by the internal model

Refer to notes 4.17 and 5.8 as indicated above for detail on credit risk.

Notes to the annual financial statements

3. Risk and capital management (continued)

3.2 Risk assessment process (continued)

3.2.3 Market risk

Market risk arises from the level or volatility of the market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as interest rates, equity prices and exchange rates. The following financial and insurance assets, disclosed based on similar characteristics, are affected by market risk:

- Equities and similar securities
- Interest-bearing investments
- Structured transactions
- Investment funds
- Deposits and similar securities
- Insurance contract assets
- Reinsurance contract assets
- Loans and receivables
- Cash and cash equivalents

The group makes use of a number of sensitivity or stress-test based risk management tools to understand the impact of the above risks on earnings and capital in both normal and stressed conditions. These stress tests combine deterministic shocks, analysis of historical scenarios and stochastic modelling using the internal economic capital model to inform the group's and company's decision-making and planning process and also for identification and management of risks within the business units.

Each of the major components of market risk faced by Santam is described in more detail below.

3.2.3.1 Price risk

The group and company are subject to price risk due to the impact that volatility in the market has on the value of its equity portfolios resulting in either a positive or negative effect on the net asset value of the group and company.

Santam has a well-defined investment strategy, including return objectives, asset allocation, portfolio construction and asset manager selection. The strategy has been translated into various specialist mandates which in turn have been outsourced mostly to Sanlam Investment Management (SIM). The total level of equity investments, both listed and unlisted, is closely monitored by the investment committee, audit committee and the board. The internal economic capital model is used to model the asset mix and absolute level of equity exposure on at least a quarterly basis and to compare the results to Santam's risk appetite. The analysis is presented to the risk committee for consideration in terms of required actions.

Refer to note 5.4 for detail on price risk.

3.2.3.2 Interest rate risk

Interest rate risk arises from the net effect on assets and liabilities due to a change in the level of interest rates. The market value of bonds and other fixed interest financial instruments are dependent on the level of interest rates. This includes movements in fixed income prices reflecting changes in expectations of credit losses, changes in investor risk aversion, or price changes caused by market liquidity. The income received from floating rate interest-bearing financial instruments is also affected by changes in interest rates.

The impact of a change in the interest rate on the asset mix as well as the economic capital requirements is determined using the internal economic capital model. The result of this analysis is presented to the risk committee on at least a quarterly basis for consideration and approval of required actions.

Refer to notes 5.5 and 6.2 for detail on interest rate risk.

3.2.3.3 Currency risk

Foreign currency risk is the risk that Santam will be negatively impacted by changes in the level or volatility of currency exchange rates relative to the South African rand.

In accordance with Santam's international diversification strategy, Santam is entering into various transactions where there is an underlying foreign currency risk such as the investments in the Sanlam target shares. Santam is also expanding its reinsurance offerings to other countries in Africa, as well as Southeast Asia and India. Furthermore, Santam has established an international investment portfolio to ensure adequate asset-liability matching in terms of the claims process and capital requirements.

Santam has a well-defined foreign currency management policy which is used to ensure adequate overall asset-liability matching. Santam enters into foreign currency hedges only when approved by the investment committee.

Refer to note 8 for detail on foreign currency risk.

3. Risk and capital management (continued)

3.2 Risk assessment process (continued)

3.2.4 Liquidity risk

Liquidity risk is the risk that Santam will encounter difficulty in raising funds to meet the commitments associated with its financial obligations as a result of assets not being available in a form that can immediately be converted into cash.

Santam manages liquidity requirements by matching the underlying risk profile of the assets invested to the corresponding liabilities. For example, the net insurance liabilities are covered by investments with limited capital risk (i.e. cash and short duration interest-bearing investments) while the subordinated debt security obligations are covered by longer duration interest-bearing investments and interest rate swaps to ensure that the interest rate risk is almost perfectly aligned.

Shareholder funds are invested in a combination of financial instruments (i.e. interest-bearing instruments, preference shares, listed and unlisted shares).

Refer to note 9 for more detail on liquidity risk.

3.2.5 Operational risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events and inadequate or failed internal processes and systems. Operational risks are inherent in the group's and company's operations and are typical of any large enterprise. Major sources of operational risk can include operational process reliability, information security, outsourcing of operations, dependence on key suppliers, implementation of strategic and operational change, integration of acquisitions, fraud, human error such as not placing the necessary facultative reinsurance, client service quality, inadequacy of business continuity arrangements, recruitment, training and retention of employees, and social and environmental impact.

The group and company manage operational risk by a comprehensive system of internal controls. From a risk governance perspective, the three lines of defence approach is used to identify the various levels of controls, oversight and assurance, including consideration of role-player independence. Risk management processes for oversight include using a range of techniques and tools to identify, monitor and mitigate its operational risk in accordance with the group's risk appetite. These tools include risk and control self-assessments and questionnaires, key risk indicators (e.g. fraud and service indicators), scenario analyses and loss reporting. In addition, the group and company have developed a number of contingency plans including incident management and business continuity plans. Quantitative analysis of operational risk exposures material to the group and company are used to inform decisions on controls and the overall amount of capital held for potential risk exposures. A compulsory annual internal control declaration is completed by senior and executive management and results reported to the risk and audit committees. The outcome of the declaration is reviewed to ensure material control breakdowns have been noted and appropriately addressed. The declaration process supports the board in their assessment of the system of internal controls.

3.3 Solvency and capital management

Capital adequacy risk is the risk that the group and company are holding insufficient funds to cover material negative variations in actual future experience.

The group and company must maintain a capital balance that will be at least sufficient to meet obligations in the event of substantial deviations, such as a 1-in-200-year event, from the main risk assumptions affecting the group's and company's business.

The overall capital management objectives of the group and company are:

- to comply with the requirements set by the regulators of the insurance markets where the group and company operates;
- to protect policyholders against adverse results that may affect the solvency of the group and company and therefore its ability to meet its financial obligations;
- to retain sufficient capital to fund the strategic objectives of the group and company; and
- to provide an adequate return for shareholders and benefits for other various stakeholders.

The capital appetite, a material component to the capital management process, is described in more detail below.

3. Risk and capital management (continued)

3.3 Solvency and capital management (continued)

3.3.1 Capital appetite

The group's and company's objective is to maintain sufficient capital (including foreign capital), which comprises shareholders' equity and subordinated debt capital, to meet its strategic business plan and objectives. This represents sufficient surpluses for both regulatory and economic capital. To assist in managing its capital position, the group and company has set an internal coverage ratio band for its economic capital requirement of 145% – 165%, while at all times achieving specific threshold levels for its regulatory capital requirement. The group remains committed to efficient capital management.

The internal economic capital model is the preferred measure of capital sufficiency used to support, inform and improve decision-making across the group. It is used to determine the group's optimal capital structure, its investment strategy, its reinsurance programme and to determine the pricing and target returns for each portfolio. The economic capital analysis compares available capital with the economic capital assessment.

When determining capital requirements, Santam uses a risk measure of value-at-risk at the 99.5th percentile confidence level over a one-year time period. This means that the threshold economic and regulatory coverage ratios use a 1-in-200 year worst case event as their base.

3.4 Regulatory and compliance risk management

Regulatory and compliance risks are risks that may negatively affect the group and company due to changes in regulations or non-compliance with regulations or internal policies that are already in place, resulting in regulatory sanctions and significantly impacting Santam's reputation.

The Financial Sector Regulation Act, 2017 commenced on 1 April 2018 and established two regulatory authorities, the Financial Sector Conduct Authority (the FSCA), to regulate and supervise financial services providers and improve market conduct to ensure fair outcomes to financial clients, and the Prudential Authority (the PA) who is focussed on the financial soundness of the financial system and insurers.

National Treasury published the second draft Conduct of Financial Institutions (COFI) Bill for public comment in September 2020. One of the purposes of the COFI Bill is to build a consistent, strong and effective market conduct legislative framework for all institutions rendering financial services. The industry awaits the third version of the Bill which is to be presented to Parliament. The Santam board of directors and management are actively monitoring the changes. The South African market conduct regulator aligned its market conduct legislation with the principles of fair treatment of clients.

The group and its subsidiaries engage actively with their various regulatory authorities and policymakers. This is done through appropriate participation in industry forums.

In South Africa, Mauritius and Namibia where the group issues insurance contracts, the local insurance regulator specifies the minimum amount and the type of capital that must be held by each of the subsidiaries, in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year.

The group has complied with the local solvency regulations for regulated entities.

3.5 Conduct risk

Conduct risk is the risk that an entity's behaviour may result in unfair treatment of its clients. These risks can manifest through insurance product design, sales process, various distributional channels adopted by the entity, conflicts of interest between distribution channels that may arise in the distribution of insurance products, remuneration strategies, handling of claims and/or complaints management.

Santam constituted a conduct of business committee which is a sub-committee of the Santam group executive committee, consisting of representatives from various areas of the business within the Santam group such as Commercial and Personal lines business, Specialist business, Claims, Client Care and Product Development, to monitor the conduct risks and manner in which treating customers fairly outcomes are evidenced within Santam and across the Santam group. This committee meets on a quarterly basis. Quarterly reports are also submitted to the Santam social, ethics and sustainability (SES) committee, the risk committee and a summary to the board containing relevant information, progress and risk profile pertaining to market conduct outcomes. The Conduct Framework was formalised and presented to the SES committee. Santam, by complying with the South African market conduct legislation, implicitly adopts the principles of fair treatment as a fundamental cornerstone of its business.

Notes to the annual financial statements

4. Insurance and reinsurance contracts

	Notes	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Insurance contract assets		(516)	(426)	(360)	(340)
Reinsurance contract assets		(6 780)	(10 087)	(6 206)	(8 401)
Insurance contract liabilities		38 219	34 650	16 008	16 592
Reinsurance contract liabilities		5 499	5 789	–	–
Net insurance contract liabilities	4.1	36 422	29 926	9 442	7 851

Risk management

Refer to note 4.14 to 4.19 for detail on risks relating to insurance liabilities and reinsurance assets, and the management thereof.

4.1 Insurance and reinsurance contracts analysis

	Notes	2024 Assets R million	2024 Liabilities R million	2024 Net R million	2023 Assets R million	2023 Liabilities R million	2023 Net R million
GROUP							
Insurance contracts issued							
General insurance							
Premium allocation approach	4.2.1	(467)	34 351	33 884	(408)	32 047	31 639
General measurement model	4.2.2, 4.3	–	641	641	–	675	675
		(467)	34 992	34 525	(408)	32 722	32 314
Life insurance							
Premium allocation approach	4.2.1	(45)	339	294	(18)	293	275
General measurement model	4.2.2, 4.3	(4)	2 888	2 884	–	1 635	1 635
		(49)	3 227	3 178	(18)	1 928	1 910
Insurance contract (assets)/ liabilities		(516)	38 219	37 703	(426)	34 650	34 224
Expected to be settled after 12 months		(6)	6 994	6 988	(2)	5 711	5 709
Expected to be settled within 12 months		(510)	31 225	30 715	(424)	28 939	28 515
Reinsurance contracts held							
General insurance							
Premium allocation approach	4.4.1	(6 759)	86	(6 673)	(9 361)	119	(9 242)
		(6 759)	86	(6 673)	(9 361)	119	(9 242)
Life insurance							
Premium allocation approach	4.4.1	(21)	–	(21)	(25)	3	(22)
General measurement model	4.4.2, 4.5	–	22	22	(701)	3	(698)
		(21)	22	1	(726)	6	(720)
Third party cell insurance contracts							
General insurance							
Premium allocation approach	4.6.1	–	1 521	1 521	–	1 290	1 290
General measurement model	4.6.2, 4.7	–	1 448	1 448	–	1 480	1 480
		–	2 969	2 969	–	2 770	2 770
Life insurance							
Premium allocation approach	4.6.1	–	487	487	–	483	483
General measurement model	4.6.2, 4.7	–	1 935	1 935	–	2 411	2 411
		–	2 422	2 422	–	2 894	2 894
Reinsurance contract (assets)/ liabilities		(6 780)	5 499	(1 281)	(10 087)	5 789	(4 298)
Expected to be recovered after 12 months		(1 286)	12	(1 274)	(1 967)	14	(1 953)
Expected to be recovered within 12 months		(5 494)	5 487	(7)	(8 120)	5 775	(2 345)

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

	Notes	2024 Assets R million	2024 Liabilities R million	2024 Net R million	2023 Assets R million	2023 Liabilities R million	2023 Net R million
COMPANY							
Insurance contracts issued							
General insurance							
Premium allocation approach	4.2.1	(360)	16 008	15 648	(340)	16 592	16 252
Insurance contract (assets)/ liabilities		(360)	16 008	15 648	(340)	16 592	16 252
Expected to be settled after 12 months		–	4 225	4 225	–	3 960	3 960
Expected to be settled within 12 months		(360)	11 783	11 423	(340)	12 632	12 292
Reinsurance contracts held							
General insurance							
Premium allocation approach	4.4.1	(6 206)	–	(6 206)	(8 401)	–	(8 401)
Reinsurance contract assets		(6 206)	–	(6 206)	(8 401)	–	(8 401)
Expected to be recovered after 12 months		(1 267)	–	(1 267)	(1 506)	–	(1 506)
Expected to be recovered within 12 months		(4 939)	–	(4 939)	(6 895)	–	(6 895)

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts

a) Classification

The group applies IFRS 17 *Insurance Contracts* to insurance contracts it issues and reinsurance contracts held.

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.

Insurance and reinsurance contracts

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 transfers significant risk if it transfers substantially 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.

The accounting model applied to these insurance contracts (including reinsurance contracts issued and/or held) for liability measurement purposes is the General Measurement Model (GMM) unless the Premium Allocation Approach (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.

The group applies the PAA to simplify the measurement of the majority of its insurance contracts and reinsurance contracts. When recognising insurance revenue, the PAA is broadly similar to the group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the group discounts cash flows and includes an explicit risk adjustment for non-financial risk.

Separation and combination of insurance contracts

Contracts entered into with the same or related counterparty and that are designed to achieve an overall commercial effect are considered a single contract for the purpose of assessing whether significant insurance risk was transferred to the group.

Some reinsurance contracts issued contain various commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive, either in the form of a commission, or as claims, or another contractual payment irrespective of the insured event happening. Reinsurance commissions that are not contingent on claims of the underlying contracts issued reduce reinsurance premiums and are accounted for as part of reinsurance expenses. Reinsurance commissions that are contingent on claims of the underlying contract issued reduce incurred claims recovery.

Cell captive arrangements

The group offers first party and third-party cell captive facilities to clients.

First party cell captive arrangements are arrangements where the risks that are being insured relate to the cell shareholder's own operations or operations within the cell shareholder's group of companies. The cell shareholder and the policyholder are considered the same person. Where more than one contract is entered into with a single counterparty, it shall be considered a single contract, and the shareholder and insurance agreement are considered together for risk transfer purposes. As these first party cell captive arrangements are a single contract there is no significant risk transfer and such cell captive facilities are accounted for as investment contracts.

Third party cell captives allow clients to purchase non-convertible preference shares in the registered insurance company which undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment, and accounting services. The shareholders' agreement, however, determines that the cell shareholders remain responsible for the solvency of the cell captive arrangements. In substance, the insurance company therefore reinsures this business to the cell shareholder. The cell shareholder's interest represents the cell shareholder's funds, in respect of the insurance business conducted in the cell structures, held by the insurer, and is included under third party cell insurance contract liabilities. The liabilities due to cell shareholders have been assessed to be highly interrelated with the in-substance reinsurance component of the reinsurance contracts and is treated similarly to non-distinct investment components which are not accounted for separately. Investment components settled after the contract period are included in the asset or liability for remaining coverage and transferred to the liability for incurred claims on settlement.

The group also offers insurance contracts that provide both insurance cover and the payment of a specified amount (performance bonus or premium refund paid at agreed upon interval, after deducting related expenses). These specified amounts meet the definition of an investment component as they will be paid to policyholders in all circumstances, regardless of whether an insured event occurs. The criteria encompass risk management strategies, risk performance conditions or policy claim experience. These contracts are deemed to be insurance contracts under IFRS 17 as the group has concluded that there is a transfer of significant risk.

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

a) Classification (continued)

Aggregation

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

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

- contracts are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- groups of remaining contracts.

An insurance contract 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 measured under the PAA, the group may assume that these contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following facts and circumstances have been identified:

- relevant pricing decisions;
- initial stages of a new business acquired where the underlying contracts are onerous; or
- any other strategic decisions the board considers appropriate.

Management will review all contracts that have been identified and disclosed as onerous to consider the appropriate action required to ensure the future profitability of the identified contracts. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

Each profitability grouping does not include contracts issued more than one year apart. These profitability groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered. For each portfolio of contracts, the group determines the appropriate level at which reasonable and supportable information is available to determine the profitability grouping of contracts.

Derecognition and modification

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

The group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, consistent with the criteria set out in the standard, or if the contract is transferred to a third party. Where terms are modified, a new contract on the modified terms is recognised. If a contract is transferred to a third party, then the group adjusts the contractual service margin of the group of insurance contracts from which the contract has been derecognised based on the difference between the change in the carrying amount of the group of insurance contracts resulting from the contract being derecognised and the premium charged by the third party. If a contract modification does not result in derecognition, then the group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

For a contract measured under the PAA, the liability for remaining coverage of the group of insurance contracts is adjusted to reflect the amount refunded to the policyholder (or the premium that would have been received for a new contract in the case of a contract modification or the amount paid to a third party in the case of a transfer) other than for settlement of incurred claims.

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

b) Measurement

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

Recognition

Groups of insurance contracts issued are initially recognised from the earliest of either the beginning of the coverage period, or the date when the first payment from the policyholder is due or actually received, if there is no due date. Onerous contracts are recognised when the contract is accepted, if this is earlier than when the first premium is due, and the coverage starts. 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.

The group recognises a group of reinsurance contracts held at the beginning of the coverage period, except where:

- the group of reinsurance contracts relate to an onerous group of underlying insurance contracts, the recognition date is when the group recognises the onerous group of underlying insurance contracts; or
- the group of reinsurance contracts held provides proportionate coverage, the recognition date is not earlier than the date that any underlying insurance contract is initially recognised.

Contract boundaries

Cash flows are within the boundary of an insurance contract 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 the group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- the group has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
  - » the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - » the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the group, such as insurance risk and financial risk, are considered. Other risks, such as lapse or surrender and expense risk, are not included.

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

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

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

For most insurance contracts issued, the group has the practical ability to reassess the risks of a policyholder and set an appropriate premium to reflect those risks on short notice. Consequently, for most insurance contracts the contract boundary will be shorter than a year. The practical ability to reprice is not removed when management makes a commercial decision to price, or not price, at a certain level.

Most facultative reinsurance contract boundaries will align with the contract boundary of the underlying direct insurance contracts. Certain risk-attaching treaty reinsurance contracts, however, cover underlying direct business that begins during a one-year coverage period of the reinsurance contract (risk-attaching reinsurance contracts). Because of this feature, the contract boundary of these reinsurance contracts can be more than one year. Such contracts will be subjected to the PAA eligibility test, described below.

The contract boundary of loss occurring treaty reinsurance contracts is equal to the coverage period of the reinsurance contract. That is, losses must occur within the treaty's cover period.

Initial measurement

On initial recognition, the group measures the liability for remaining coverage as the total of:

- the fulfilment cash flows related to service to be provided under the contract in future periods; and
- the contractual service margin (CSM).

For the liability for incurred claims refer to critical accounting estimates below.

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.

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

b) Measurement (continued)

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort.

Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts issued or held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes.

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

Reinsurance contracts

Fulfilment cash flows of reinsurance contracts 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 fulfilment cash flows are calculated using all cash flows within the reinsurance contract boundary, including future new business contracts where relevant. The group applies judgement in determining the value of future new business. Future new business is based on historical experience, with no significant judgement being required.

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 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 or liabilities for insurance acquisition or other cash flows paid before the recognition date. This results in no income or expenses arising on initial recognition.

For groups of contracts acquired, 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.

If a group of insurance contracts is onerous at initial recognition, the group immediately recognises this net outflow in profit or loss. Following this, a loss component is created to represent these losses recognised in profit or loss, which determines the amounts that are subsequently presented in profit or loss as an increase or reversal of losses on onerous groups of insurance contracts.

For reinsurance arrangements a loss recovery component is established when underlying onerous insurance contracts are recognised, which will offset the insurance losses for the portion of the contracts being reinsured. The loss recovery component is not established before the underlying onerous contracts are recognised.

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 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.

Subsequent measurement

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

- the liability for remaining coverage, comprising:
  - the fulfilment cash flows related to service to be provided under the contract in future periods; and
  - the remaining CSM of the group at that date.
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims and expenses not paid, including claims that have been incurred but not reported. The liability for incurred claims also includes the payment of any investment components or other amounts that are not related to the provision of insurance contract services and that are not included in the liability for remaining coverage.

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

b) Measurement (continued)

Fulfilment cash flows

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

Contractual service margin

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

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

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

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) adjust the CSM if they relate to future service, or such amounts are recognised in insurance revenue in the reporting period if they relate to current or past service. The group applies judgement to determine whether these experience adjustments relate to current or past service, or future service. The experience adjustments arising from incurred claims and administration expenses relate to past service and are recognised in profit or loss.

The group of insurance contracts (including the CSM) that has cash flows in more than one currency, is denominated in a single currency, such as the currency of the predominant cash flows.

An amount of the CSM at the end of the period is recognised in insurance revenue in profit or loss in each reporting period based on the insurance contract services provided under the group of contracts, defined based on the coverage units provided in the current period and expected to be provided in the future.

Coverage units

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. Coverage units are not applicable to contracts measured under the PAA.

Loss component

The loss component represents the expected losses to be incurred on a group of insurance contracts, i.e., groups of insurance contracts where the cash outflows are expected to exceed the cash inflows included in the fulfilment cash flows at initial recognition.

Subsequent to initial recognition, the loss component of a group of insurance contracts is adjusted for changes in estimates of the fulfilment cash flows that relate to future service (consistent with the equivalent treatment for groups of insurance contracts with a CSM), with such increases or reversals of losses recognised in profit or loss.

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 directly attributable expenses and expected release of the risk adjustment 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 are excluded from insurance revenue and insurance service expenses. This ensures that the recognition of insurance revenue depicts the consideration to which the group expects to be entitled in exchange for the insurance contract services provided.

For reinsurance arrangements the loss recovery component is adjusted for changes in estimates that relate to future service and adjust the loss component of the onerous groups of underlying insurance contracts.

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

b) Measurement (continued)

Contracts measured under the premium allocation approach

The PAA will be applied to all contracts with a coverage period of one year or less. The PAA is also applied for the measurement of groups of insurance contracts where the group reasonably expects that the measurement under the PAA model would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the GMM.

Initial measurement

On initial recognition, the group measures the liability for remaining coverage under the PAA as the amount of premiums received if any, less any insurance acquisition cash flows at that date (if not recognised as an expense in profit or loss). The premiums received exclude value added tax and any other foreign indirect taxes. Amounts relating to such transaction-based taxes are recognised as loans and receivables. Premiums receivable from intermediaries are recognised as part of the liability for remaining coverage.

Subsequent measurement

On subsequent measurement, the group measures the liability for remaining coverage under the PAA as the carrying amount at the beginning of the reporting period:

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

The time value of money and the effect of financial risk are not allowed for when calculating the liability for remaining coverage except for when the time between receiving premiums and providing coverage is more than a year. The group does not have products where the time between the receipt of premiums and the provision of coverage is more than a year and therefore the group does not discount the liability for remaining coverage.

The group will allow for the time value of money and the effect of financial risk on cash flows related to the liability for incurred claims. Refer to section on discount rates for detail as to the discount rate applied.

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

Insurance acquisition costs are defined as those costs related to the selling, underwriting and starting a group of insurance contracts. The group's policy is to defer acquisition costs. Acquisition costs are amortised on a straight-line basis over the coverage period of the group of contracts.

If there are facts and circumstances that indicate that a group of contracts is onerous, a loss will be recognised in profit or loss equal to the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The loss recognised for an onerous group of contracts will be rebalanced at each reporting date, with any change in the loss component recognised as an increase or reversal of losses in profit or loss. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Where the group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The group calculates the loss-recovery component 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 a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Foreign currency translation

The group of insurance contracts (including the CSM) that has cash flows in more than one currency, is denominated in a single currency, such as the currency of the predominant cash flows.

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

c) Critical accounting estimates and judgements

i) Unit of account

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and there is a presumption that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account.

There might be certain cases where the legal form of a contract does not reflect the substance, and thus where separation is required for accounting purposes. In such instances, the group writes multiple risks into a single contract and has concluded that each risk within the policy document is the unit of account for IFRS 17 based on the following reasons:

- Each risk in the policy is a separate transaction and therefore a separate contract concluded with the policyholder due to the risk being acquired independently by the policyholder, independently underwritten and priced and monitored and reported on separately by management.
- Depending on when the risks were acquired and added to a policy document, the risks would expire at different times. Practically, however, when the earliest of the contracts renew in a policy, all risks in the policy are renewed to ease the administrative burden for the policyholder. This is also permissible as in the commercial and personal lines contracts the group is allowed to give 30-days' written notice of the changes that will be made to the policy.
- The different risks covered in a policy do not have similar characteristics and commercial risks and have no bearing to each other in consideration of future fulfilment net cash flows.
- Fulfilment cash flows for each risk is considered independently of other risks covered in a policy.

ii) PAA eligibility

The group will apply 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 for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the GMM requirements.

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

- Project the fulfilment cash flows of the group of contracts and take into account the time value of money.
- Calculate the projected liability for remaining coverage under the PAA and under the GMM (including the CSM) at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, i.e., half-yearly or annually).
- At each point in time (in the projection) calculate the difference between the liability for remaining coverage under the PAA and GMM (the "difference").
- Compare the difference 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 case).
- Perform scenario testing using the above process to ensure differences remain immaterial.

Scenario testing will be performed, at least annually, by updating the fulfilment cash flows (best estimate and corresponding risk adjustment) under reasonably expected scenarios, which would affect cash flow variability.

A relative materiality threshold will be defined for each portfolio based on ensuring that the combined absolute impacts of all IFRS 17 groups with coverage periods longer than a year applying the PAA falls within an absolute measure of materiality for the entity for each future year.

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

c) Critical accounting estimates and judgements (continued)

iii) Liability for incurred claims

The best estimate provision (probability weighted cash flows) for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported (OCR) or not (IBNR). The cash flow projections comprise all future claim payments, receivables from salvage as well as the claims administration expenses arising from these events.

The reinsurance cash flow projections will make allowance for the best estimate credit risk arising from the potential default of reinsurance counterparties.

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 (equivalent to the OCR plus IBNR). A payment pattern based on the historic claims paid triangulation is used to determine the rate at which the claims provision runs off into the future.

These future claims payments are then discounted back to the reporting date using a term-dependent discount rate. Refer to section on discount rates for detail as to the discount rate applied.

The historic claims incurred includes an amount for directly attributable claims-related expenses (i.e. allocated loss adjustment expenses(ALE)) which are implicitly projected into the future with the claim payments (and hence form part of the LIC). In addition, a provision for overheads which are determined to be directly attributable to fulfilment of the insurance contract (i.e. unallocated attributable expenses (ULAE)) is added to the best-estimate liability to allow for the cost of administering the ultimate run-off of the claims provision.

The best-estimate liability is then equal to the sum of the discounted claims and expense provisions.

The stochastic chain ladder methodology assists in developing a greater understanding of the trends inherent in the data being projected to estimate the ultimate cost of claims. This process is performed separately for each insurance class.

Stochastic chain ladder methodology

The basic technique involves analysing historical claims development factors, net of reinsurance, and selecting estimated development factors based on this historical pattern. The selected development factors are applied to cumulative internal claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

It is the nature of this technique that a weighted average of claims inflation within the past data will be projected into the future. A stochastic process is applied to the choice of development factors for each accident year in accordance with standard statistical practices. Numerous simulations are performed to obtain a distribution of the ultimate claims cost.

The claims provisions are subject to close scrutiny both within the group's business units and at a company level. In addition, for major insurance classes where the risks and uncertainties inherent in the provisions are greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. The results of these reviews are considered when establishing the appropriate levels of provisions for the outstanding claims and unexpired periods of risk.

The liability for incurred claims is to be held to be at least sufficient at the 75th percentile of the ultimate loss distribution. As at 31 December 2024 the reserves held were at the 84th percentile (2023: 79th percentile).

The liability for incurred claims is considered to be the most sensitive to changes in the expected loss ratio; therefore, a sensitivity analysis is performed. A 1% upward adjustment in the expected loss ratio would result in an additional charge of approximately R316 million (2023: R286 million) (before taxation), while a 1% downward adjustment in the expected loss ratio would result in a release of reserves in the statement of comprehensive income of approximately R316 million (2023: R286 million) (before taxation).

4. Insurance and reinsurance contracts (continued)

4.1 Insurance and reinsurance contracts analysis (continued)

Accounting policy – Insurance contracts (continued)

c) Critical accounting estimates and judgements (continued)

iii) Liability for incurred claims (continued)

As this method uses historical claims development information, it assumes that the historical claims development pattern will occur again in future. There are reasons why this may not be the case. Such reasons include:

- Change in processes that affect the development/recording of claims paid and incurred;
- Economic, legal, political, and social trends;
- Change in mix of business; or
- Random fluctuations, including the impact of large losses

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim.

The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates, particularly for the group's long tail lines of business. The group seeks to provide appropriate levels of claims provisions taking the known facts and experience into account. It should be emphasised that the estimation techniques for the determination of insurance liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate.

iv) Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. For the general insurance business, the group will apply the 10-year government bond risk-free curve as at reporting date for the liability of incurred claims.

The risk-free rates are deemed appropriate given that:

- the risk-free rate adequately reflects the characteristics of the insurance contracts as the risk-free rate generally increases for longer durations. Further, any differences in characteristics between the risk-free rates and the insurance contracts should not be material given the short-term nature of the liabilities; and
- the risk-free rates are consistent with current market prices as they reflect the rates provided in the market and will be the latest available rates.

Given the nature of the liabilities, no liquidity adjustment will be made to the risk-free rates. The discount curve used for cash flows will be based on the most current rates reflecting that variability.

v) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would require to remove the uncertainty that future cash flows will exceed the expected value amount.

The first step in the process is to calculate a best estimate reserve where there is an equally likely chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The group will aim to use a confidence level approach (value at risk) under IFRS 17. The group's calibrated risk adjustment (using value at risk) is such that the technical reserves held are between the 75th and 95th percentile of the net ultimate loss distribution.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the group to the reinsurer.

The risk adjustment percentile will be defined at the Santam group level and implemented consistently across the group. All licensed entities accepting insurance risk within the group are required to target the confidence interval as defined at the group level.

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets

4.2.1 Insurance contracts – premium allocation approach

	2024			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance				
GROUP				
Net insurance contract liabilities opening balance	12 119	17 907	1 613	31 639
Opening insurance contract assets	(659)	220	31	(408)
Opening insurance contract liabilities	12 778	17 687	1 582	32 047
Insurance revenue	(43 832)	–	–	(43 832)
Insurance service expense	6 307	29 064	(578)	34 793
Incurred claims and other insurance service expenses	–	26 573	706	27 279
Amortisation of insurance acquisition costs	6 307	–	–	6 307
Changes to liabilities for incurred claims that relate to past service	–	2 491	(1 284)	1 207
Insurance service result	(37 525)	29 064	(578)	(9 039)
Finance expense from insurance contracts issued	1 195	882	76	2 153
Net movements recognised in the statement of comprehensive income	(36 330)	29 946	(502)	(6 886)
Investment component	(1 101)	1 101	–	–
Contracts acquired through business combination	(50)	21	–	(29)
Net insurance contract cash flows	41 062	(31 902)	–	9 160
Premiums received	48 200	–	–	48 200
Claims and other insurance service expenses paid	–	(31 902)	–	(31 902)
Insurance acquisition costs paid	(7 138)	–	–	(7 138)
Net insurance contract liabilities closing balance	15 700	17 073	1 111	33 884
Closing insurance contract assets	(706)	214	25	(467)
Closing insurance contract liabilities	16 406	16 859	1 086	34 351
COMPANY				
Net insurance contract liabilities opening balance	(1 785)	16 455	1 582	16 252
Opening insurance contract assets	(533)	175	18	(340)
Opening insurance contract liabilities	(1 252)	16 280	1 564	16 592
Insurance revenue	(35 469)	–	–	(35 469)
Insurance service expense	5 277	24 119	(594)	28 802
Incurred claims and other insurance service expenses	–	22 012	667	22 679
Amortisation of insurance acquisition costs	5 277	–	–	5 277
Changes to liabilities for incurred claims that relate to past service	–	2 107	(1 261)	846
Insurance service result	(30 192)	24 119	(594)	(6 667)
Finance (income)/expense from insurance contracts issued	(85)	865	75	855
Net movements recognised in the statement of comprehensive income	(30 277)	24 984	(519)	(5 812)
Contracts acquired through business combination	(50)	21	–	(29)
Net insurance contract cash flows	30 718	(25 481)	–	5 237
Premiums received	36 407	–	–	36 407
Claims and other insurance service expenses paid	–	(25 481)	–	(25 481)
Insurance acquisition costs paid	(5 689)	–	–	(5 689)
Net insurance contract liabilities closing balance	(1 394)	15 979	1 063	15 648
Closing insurance contract assets	(559)	181	18	(360)
Closing insurance contract liabilities	(835)	15 798	1 045	16 008

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

4.2.1 Insurance contracts – premium allocation approach (continued)

	2023			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance				
GROUP				
Net insurance contract liabilities opening balance	11 854	19 385	2 204	33 443
Opening insurance contract assets	(894)	187	11	(696)
Opening insurance contract liabilities	12 748	19 198	2 193	34 139
Insurance revenue	(40 005)	–	–	(40 005)
Insurance service expense	5 251	28 410	(686)	32 975
Incurred claims and other insurance service expenses	–	26 583	914	27 497
Amortisation of insurance acquisition costs	5 251	–	–	5 251
Changes to liabilities for incurred claims that relate to past service	–	1 827	(1 600)	227
Insurance service result	(34 754)	28 410	(686)	(7 030)
Finance expense from insurance contracts issued	539	1 382	95	2 016
Net movements recognised in the statement of comprehensive income	(34 215)	29 792	(591)	(5 014)
Investment component	(505)	505	–	–
Net insurance contract cash flows	34 985	(31 775)	–	3 210
Premiums received	39 741	–	–	39 741
Claims and other insurance service expenses paid	–	(31 775)	–	(31 775)
Insurance acquisition costs paid	(4 756)	–	–	(4 756)
Net insurance contract liabilities closing balance	12 119	17 907	1 613	31 639
Closing insurance contract assets	(659)	220	31	(408)
Closing insurance contract liabilities	12 778	17 687	1 582	32 047
COMPANY				
Net insurance contract liabilities opening balance	(544)	17 635	2 142	19 233
Opening insurance contract assets	(813)	189	–	(624)
Opening insurance contract liabilities	269	17 446	2 142	19 857
Insurance revenue	(33 005)	–	–	(33 005)
Insurance service expense	4 576	23 264	(655)	27 185
Incurred claims and other insurance service expenses	–	21 784	881	22 665
Amortisation of insurance acquisition costs	4 576	–	–	4 576
Changes to liabilities for incurred claims that relate to past service	–	1 480	(1 536)	(56)
Insurance service result	(28 429)	23 264	(655)	(5 820)
Finance expense from insurance contracts issued	65	1 329	95	1 489
Net movements recognised in the statement of comprehensive income	(28 364)	24 593	(560)	(4 331)
Net insurance contract cash flows	27 123	(25 773)	–	1 350
Premiums received	31 325	–	–	31 325
Claims and other insurance service expenses paid	–	(25 773)	–	(25 773)
Insurance acquisition costs paid	(4 202)	–	–	(4 202)
Net insurance contract liabilities closing balance	(1 785)	16 455	1 582	16 252
Closing insurance contract assets	(533)	175	18	(340)
Closing insurance contract liabilities	(1 252)	16 280	1 564	16 592

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

4.2.1 Insurance contracts – premium allocation approach (continued)

	2024			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance				
GROUP				
Net insurance contract liabilities opening balance	(84)	347	12	275
Opening insurance contract assets	(89)	69	2	(18)
Opening insurance contract liabilities	5	278	10	293
Insurance revenue	(758)	–	–	(758)
Insurance service expense	133	457	3	593
Incurred claims and other insurance service expenses	–	609	2	611
Amortisation of insurance acquisition costs	133	–	–	133
Changes to liabilities for incurred claims that relate to past service	–	(152)	1	(151)
Insurance service result	(625)	457	3	(165)
Finance expense/(income) from insurance contracts issued	–	17	(1)	16
Net movements recognised in the statement of comprehensive income	(625)	474	2	(149)
Net insurance contract cash flows	612	(444)	–	168
Premiums received	745	–	–	745
Claims and other insurance service expenses paid	–	(444)	–	(444)
Insurance acquisition costs paid	(133)	–	–	(133)
Net insurance contract liabilities closing balance	(97)	377	14	294
Closing insurance contract assets	(107)	60	2	(45)
Closing insurance contract liabilities	10	317	12	339

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

4.2.1 Insurance contracts – premium allocation approach (continued)

	2023			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance				
GROUP				
Net insurance contract liabilities opening balance	(65)	294	14	243
Opening insurance contract assets	(86)	–	–	(86)
Opening insurance contract liabilities	21	294	14	329
Insurance revenue	(738)	–	–	(738)
Insurance service expense	128	538	(2)	664
Incurred claims and other insurance service expenses[1]	–	649	–	649
Amortisation of insurance acquisition costs	128	–	–	128
Changes to liabilities for incurred claims that relate to past service	–	(111)	(2)	(113)
Insurance service result	(610)	538	(2)	(74)
Finance expense from insurance contracts issued	–	16	–	16
Net movements recognised in the statement of comprehensive income	(610)	554	(2)	(58)
Net insurance contract cash flows	591	(501)	–	90
Premiums received	717	–	–	717
Claims and other insurance service expenses paid	–	(501)	–	(501)
Insurance acquisition costs paid	(126)	–	–	(126)
Net insurance contract liabilities closing balance	(84)	347	12	275
Closing insurance contract assets	(89)	69	2	(18)
Closing insurance contract liabilities	5	278	10	293

[1] *The movement in the risk adjustment for the year is below R1 million.*

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

4.2.2 Insurance contracts – general measurement model

	2024					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance						
GROUP						
Net insurance contract liabilities opening balance	633	1	41	–	–	675
Opening insurance contract liabilities	633	1	41	–	–	675
Insurance revenue[1]	(105)	–	(7)	–	–	(112)
Insurance service expense	–	–	–	128	–	128
Incurred claims and other insurance service expenses[2]	–	–	–	128	–	128
Insurance service result	(105)	–	(7)	128	–	16
Finance expense from insurance contracts issued	78	–	1	–	–	79
Net movements recognised in the statement of comprehensive income	(27)	–	(6)	128	–	95
Net insurance contract cash flows	(1)	–	–	(128)	–	(129)
Claims and other insurance service expenses paid	–	–	–	(128)	–	(128)
Insurance acquisition costs paid	(1)	–	–	–	–	(1)
Net insurance contract liabilities closing balance	605	1	35	–	–	641
Closing insurance contract liabilities	605	1	35	–	–	641

[1] *All contracts as at transition were measured using the fair value approach.*

[2] *The movement in the risk adjustment for the year is below R1 million.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

4.2.2 Insurance contracts – general measurement model (continued)

	2023					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance						
GROUP						
Net insurance contract liabilities opening balance	679	1	22	–	–	702
Opening insurance contract liabilities	679	1	22	–	–	702
Insurance revenue[1]	14	–	(5)	–	–	9
Insurance service result	14	–	(5)	–	–	9
Finance expense from insurance contracts issued	55	–	24	–	–	79
Net movements recognised in the statement of comprehensive income	69	–	19	–	–	88
Investment component	(115)	–	–	115	–	–
Net insurance contract cash flows	–	–	–	(115)	–	(115)
Claims and other insurance service expenses paid	–	–	–	(115)	–	(115)
Net insurance contract liabilities closing balance	633	1	41	–	–	675
Closing insurance contract liabilities	633	1	41	–	–	675

[1] *All contracts as at transition were measured using the fair value approach.*

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

4.2.2 Insurance contracts – general measurement model (continued)

	2024					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance						
GROUP						
Net insurance contract liabilities opening balance[2]	(7 351)	1 496	7 319	165	6	1 635
Opening insurance contract liabilities	(7 351)	1 496	7 319	165	6	1 635
Insurance revenue	(7 603)	(149)	137	–	–	(7 615)
Contracts under the fully retrospective transition approach	(2 241)	(74)	(664)	–	–	(2 979)
Contracts recognised since transition	(5 353)	(75)	804	–	–	(4 624)
Contracts under the fair value transition approach	(9)	–	(3)	–	–	(12)
Insurance service expense	182	–	–	4 283	1	4 466
Incurred claims and other insurance service expenses	–	–	–	4 448	1	4 449
Amortisation of insurance acquisition costs	182	–	–	–	–	182
Changes to liabilities for incurred claims that relate to past service[1]	–	–	–	(165)	–	(165)
Insurance service result	(7 421)	(149)	137	4 283	1	(3 149)
Finance (income)/expense from insurance contracts issued	(469)	93	758	16	–	398
Recognition of assumption changes in contractual service margin	(629)	(224)	853	–	–	–
Net movements recognised in the statement of comprehensive income	(8 519)	(280)	1 748	4 299	1	(2 751)
Net insurance contract cash flows	8 261	–	–	(4 261)	–	4 000
Premiums received	8 418	–	–	–	–	8 418
Claims and other insurance service expenses paid	–	–	–	(4 261)	–	(4 261)
Insurance acquisition costs paid	(157)	–	–	–	–	(157)
Net insurance contract liabilities closing balance[2]	(7 609)	1 216	9 067	203	7	2 884
Closing insurance contract assets	(27)	4	17	2	–	(4)
Closing insurance contract liabilities	(7 582)	1 212	9 050	201	7	2 888

1 *The movement in the risk adjustment for the year is below R1 million.*

2 *The table above reconciles the opening balance of the liability for remaining coverage of R1 464 million to the closing balance of R2 674 million, and the opening balance of the liability for incurred claims of R171 million to the closing balance of R210 million.*

4. Insurance and reinsurance contracts (continued)

4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

4.2.2 Insurance contracts – general measurement model (continued)

	2023					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance						
GROUP						
Net insurance contract liabilities opening balance[2]	(3 976)	672	4 224	112	4	1 036
Opening insurance contract assets	(194)	22	157	–	–	(15)
Opening insurance contract liabilities	(3 782)	650	4 067	112	4	1 051
Insurance revenue	(7 302)	390	764	–	–	(6 148)
Contracts under the fully retrospective transition approach	(3 894)	(151)	(1 100)	–	–	(5 145)
Contract recognised since transition	(3 412)	542	1 871	–	–	(999)
Contracts under the fair value transition approach	4	(1)	(7)	–	–	(4)
Insurance service expense	142	–	–	3 447	2	3 591
Incurred claims and other insurance service expenses	–	–	–	3 561	2	3 563
Amortisation of insurance acquisition costs	142	–	–	–	–	142
Changes to liabilities for incurred claims that relate to past service[1]	–	–	–	(114)	–	(114)
Insurance service result	(7 160)	390	764	3 447	2	(2 557)
Finance (income)/expense from insurance contracts issued	(703)	168	393	11	–	(131)
Recognition of assumption changes in contractual service margin	(2 204)	266	1 938	–	–	–
Net movements recognised in the statement of comprehensive income	(10 067)	824	3 095	3 458	2	(2 688)
Net insurance contract cash flows	6 692	–	–	(3 405)	–	3 287
Premiums received	6 817	–	–	–	–	6 817
Claims and other insurance service expenses paid	–	–	–	(3 405)	–	(3 405)
Insurance acquisition costs paid	(125)	–	–	–	–	(125)
Net insurance contract liabilities closing balance[2]	(7 351)	1 496	7 319	165	6	1 635
Closing insurance contract liabilities	(7 351)	1 496	7 319	165	6	1 635

1 *The movement in the risk adjustment for the year is below R1 million.*
2 *The table above reconciles the opening balance of the liability for remaining coverage of R920 million to the closing balance of R1 464 million, and the opening balance of the liability for incurred claims of R116 million to the closing balance of R171 million.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.3 Analysis of movements in carrying amounts of insurance liabilities and assets

4.3.1 Insurance contracts – general measurement model

	2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
General insurance				
GROUP				
Net insurance contract liabilities opening balance	633	1	41	675
Opening insurance contract liabilities	633	1	41	675
Changes that relate to current service	23	–	(7)	16
Contractual service margin recognised for service provided	–	–	(7)	(7)
Experience adjustments[1]	23	–	–	23
Insurance service result	23	–	(7)	16
Finance expense from insurance contracts issued	78	–	1	79
Net movements recognised in the statement of comprehensive income	101	–	(6)	95
Net insurance contract cash flows	(129)	–	–	(129)
Claims and other insurance service expenses paid	(128)	–	–	(128)
Insurance acquisition costs paid	(1)	–	–	(1)
Net insurance contract liabilities closing balance	605	1	35	641
Closing insurance contract liabilities	605	1	35	641
Life insurance				
GROUP				
Net insurance contract liabilities opening balance	(7 186)	1 502	7 319	1 635
Opening insurance contract liabilities	(7 186)	1 502	7 319	1 635
Changes that relate to current service	(116)	(577)	(2 291)	(2 984)
Contractual service margin recognised for services provided	–	–	(2 291)	(2 291)
Change in risk adjustment for expired risk	–	(577)	–	(577)
Experience adjustments[2]	(116)	–	–	(116)
Changes that relate to future service	(3 486)	205	3 281	–
Contracts recognised in the period	(2 857)	429	2 428	–
Changes in estimates that adjust the contractual service margin	(629)	(224)	853	–
Changes that relate to past service	(165)	–	–	(165)
Changes to liabilities for incurred claims	(165)	–	–	(165)
Insurance service result	(3 767)	(372)	990	(3 149)
Finance (income)/expense from insurance contracts issued	(453)	93	758	398
Net movements recognised in the statement of comprehensive income	(4 220)	(279)	1 748	(2 751)
Net insurance contract cash flows	4 000	–	–	4 000
Premiums received	8 418	–	–	8 418
Claims and other insurance service expenses paid	(4 261)	–	–	(4 261)
Insurance acquisition costs paid	(157)	–	–	(157)
Net insurance contract liabilities closing balance	(7 406)	1 223	9 067	2 884
Closing insurance contract assets	(25)	4	17	(4)
Closing insurance contract liabilities	(7 381)	1 219	9 050	2 888

1 *Of the R23 million experience adjustment, R128 million relates to the liability for remaining coverage, decreased by R104 million that relates to the liability for incurred claims.*

2 *Of the R116 million experience adjustment, R4 564 million relates to the liability for remaining coverage, decreased by R4 448 million that relates to the liability for incurred claims.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.3 Analysis of movements in carrying amounts of insurance liabilities and assets (continued)

4.3.1 Insurance contracts – general measurement model (continued)

	2023			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
General insurance				
GROUP				
Net insurance contract liabilities opening balance	679	1	22	702
Opening insurance contract liabilities	679	1	22	702
Changes that relate to current service	14	–	(5)	9
Contractual service margin recognised for service provided	–	–	(5)	(5)
Experience adjustments	14	–	–	14
Insurance service result	14	–	(5)	9
Finance expense from insurance contracts issued	55	–	24	79
Net movements recognised in the statement of comprehensive income	69	–	19	88
Net insurance contract cash flows	(115)	–	–	(115)
Claims and other insurance service expenses paid	(115)	–	–	(115)
Net insurance contract liabilities closing balance	633	1	41	675
Closing insurance contract liabilities	633	1	41	675
Life insurance				
GROUP				
Net insurance contract liabilities opening balance	(3 864)	676	4 224	1 036
Opening insurance contract assets	(194)	22	157	(15)
Opening insurance contract liabilities	(3 670)	654	4 067	1 051
Changes that relate to current service	(581)	(420)	(1 442)	(2 443)
Contractual service margin recognised for services provided	–	–	(1 442)	(1 442)
Change in risk adjustment for expired risk	–	(420)	–	(420)
Experience adjustments[1]	(581)	–	–	(581)
Changes that relate to future service	(5 222)	1 078	4 144	–
Contracts recognised in the period	(3 018)	812	2 206	–
Changes in estimates that adjust the contractual service margin	(2 204)	266	1 938	–
Changes that relate to past service	(114)	–	–	(114)
Changes to liabilities for incurred claims	(114)	–	–	(114)
Insurance service result	(5 917)	658	2 702	(2 557)
Finance (income)/expense from insurance contracts issued	(692)	168	393	(131)
Net movements recognised in the statement of comprehensive income	(6 609)	826	3 095	(2 688)
Net insurance contract cash flows	3 287	–	–	3 287
Premiums received	6 817	–	–	6 817
Claims and other insurance service expenses paid	(3 405)	–	–	(3 405)
Insurance acquisition costs paid	(125)	–	–	(125)
Net insurance contract liabilities closing balance	(7 186)	1 502	7 319	1 635
Closing insurance contract liabilities	(7 186)	1 502	7 319	1 635

[1] *Of the R581 million experience adjustment, R4 142 million relates to the liability for remaining coverage, decreased by R3 561 million that relates to the liability for incurred claims.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.4 Movements in carrying amounts of reinsurance assets and liabilities

4.4.1 Reinsurance contracts – premium allocation approach

	2024			
	Asset for remaining coverage	Asset for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance				
GROUP				
Net reinsurance contract assets opening balance	(422)	(8 106)	(714)	(9 242)
Opening reinsurance contract assets	(530)	(8 117)	(714)	(9 361)
Opening reinsurance contract liabilities	108	11	–	119
Reinsurance expense	6 515	–	–	6 515
Reinsurance income	–	(2 157)	137	(2 020)
Claims recovered and other reinsurance service income received	–	(1 856)	(8)	(1 864)
Adjustments to incurred claims that relate to past service	–	(301)	145	(156)
Net expense/(income) from reinsurance contracts held	6 515	(2 157)	137	4 495
Finance income from reinsurance contracts held	(25)	(87)	(36)	(148)
Net movements recognised in the statement of comprehensive income	6 490	(2 244)	101	4 347
Net reinsurance contract cash flows	(6 476)	4 698	–	(1 778)
Premiums paid (net of ceding commissions)	(6 476)	–	–	(6 476)
Claims recovered and other reinsurance service income received	–	4 698	–	4 698
Net reinsurance contract assets closing balance	(408)	(5 652)	(613)	(6 673)
Closing reinsurance contract assets	(467)	(5 678)	(614)	(6 759)
Closing reinsurance contract liabilities	59	26	1	86
COMPANY				
Net reinsurance contract assets opening balance	(612)	(7 042)	(747)	(8 401)
Opening reinsurance contract assets	(612)	(7 042)	(747)	(8 401)
Reinsurance expense	5 551	–	–	5 551
Reinsurance income	–	(1 998)	147	(1 851)
Claims recovered and other reinsurance service income received	–	(1 787)	14	(1 773)
Adjustments to incurred claims that relate to past service	–	(211)	133	(78)
Net expense/(income) from reinsurance contracts held	5 551	(1 998)	147	3 700
Finance income from reinsurance contracts held	(26)	(276)	(35)	(337)
Net movements recognised in the statement of comprehensive income	5 525	(2 274)	112	3 363
Net reinsurance contract cash flows	(5 421)	4 253	–	(1 168)
Premiums paid (net of ceding commissions)	(5 421)	–	–	(5 421)
Claims recovered and other reinsurance service income received	–	4 253	–	4 253
Net reinsurance contract assets closing balance	(508)	(5 063)	(635)	(6 206)
Closing reinsurance contract assets	(508)	(5 063)	(635)	(6 206)

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

4.4.1 Reinsurance contracts – premium allocation approach (continued)

	2023			
	Asset for remaining coverage	Asset for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance				
GROUP				
Net reinsurance contract assets opening balance	1 564	(13 901)	(1 067)	(13 404)
Opening reinsurance contract assets	1 518	(13 923)	(1 067)	(13 472)
Opening reinsurance contract liabilities	46	22	–	68
Reinsurance expense	6 724	–	–	6 724
Reinsurance income	–	(2 439)	407	(2 032)
Claims recovered and other reinsurance service income received	–	(1 938)	97	(1 841)
Adjustments to incurred claims that relate to past service	–	(501)	310	(191)
Net expense/(income) from reinsurance contracts held	6 724	(2 439)	407	4 692
Finance expense/(income) from reinsurance contracts held	3	(719)	(54)	(770)
Net movements recognised in the statement of comprehensive income	6 727	(3 158)	353	3 922
Net reinsurance contract cash flows	(8 713)	8 953	–	240
Premiums paid (net of ceding commissions)	(8 713)	–	–	(8 713)
Claims recovered and other reinsurance service income received	–	8 953	–	8 953
Net reinsurance contract assets closing balance	(422)	(8 106)	(714)	(9 242)
Closing reinsurance contract assets	(530)	(8 117)	(714)	(9 361)
Closing reinsurance contract liabilities	108	11	–	119
COMPANY				
Net reinsurance contract assets opening balance	1 575	(12 717)	(1 017)	(12 159)
Opening reinsurance contract assets	1 575	(12 717)	(1 017)	(12 159)
Reinsurance expense	5 732	–	–	5 732
Reinsurance income	–	(1 874)	326	(1 548)
Claims recovered and other reinsurance service income received	–	(1 572)	19	(1 553)
Adjustments to incurred claims that relate to past service	–	(302)	307	5
Net expense/(income) from reinsurance contracts held	5 732	(1 874)	326	4 184
Finance expense/(income) from reinsurance contracts held	3	(583)	(56)	(636)
Net movements recognised in the statement of comprehensive income	5 735	(2 457)	270	3 548
Net reinsurance contract cash flows	(7 922)	8 132	–	210
Premiums paid (net of ceding commissions)	(7 922)	–	–	(7 922)
Claims recovered and other reinsurance service income received	–	8 132	–	8 132
Net reinsurance contract assets closing balance	(612)	(7 042)	(747)	(8 401)
Closing reinsurance contract assets	(612)	(7 042)	(747)	(8 401)

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

4.4.1 Reinsurance contracts – premium allocation approach (continued)

	2024			
	Asset for remaining coverage	Asset for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance				
GROUP				
Net reinsurance contract assets opening balance	20	(41)	(1)	(22)
Opening reinsurance contract assets	15	(39)	(1)	(25)
Opening reinsurance contract liabilities	5	(2)	–	3
Reinsurance expense	(9)	–	–	(9)
Reinsurance income	–	(46)	(1)	(47)
Claims recovered and other reinsurance service income received	–	(14)	(1)	(15)
Adjustments to incurred claims that relate to past service[1]	–	(32)	–	(32)
Net movements recognised in the statement of comprehensive income	(9)	(46)	(1)	(56)
Net reinsurance contract cash flows	17	40	–	57
Premiums paid (net of ceding commissions)	17	–	–	17
Claims recovered and other reinsurance service income received	–	40	–	40
Net reinsurance contract assets closing balance	28	(47)	(2)	(21)
Closing reinsurance contract assets	28	(47)	(2)	(21)

[1] *The movement in the risk adjustment for the year is below R1 million.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

4.4.1 Reinsurance contracts – premium allocation approach (continued)

	2023			
	Asset for remaining coverage	Asset for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance				
GROUP				
Net reinsurance contract liabilities opening balance	14	–	–	14
Opening reinsurance contract assets	(57)	–	–	(57)
Opening reinsurance contract liabilities	71	–	–	71
Reinsurance expense	35	–	–	35
Reinsurance income	–	(32)	(1)	(33)
Claims recovered and other reinsurance service income received	–	(74)	(1)	(75)
Adjustments to incurred claims that relate to past service[1]	–	42	–	42
Net movements recognised in the statement of comprehensive income	35	(32)	(1)	2
Investment component	10	(10)	–	–
Net reinsurance contract cash flows	(39)	1	–	(38)
Premiums paid (net of ceding commissions)	(39)	–	–	(39)
Claims recovered and other reinsurance service income received	–	1	–	1
Net reinsurance contract assets closing balance	20	(41)	(1)	(22)
Closing reinsurance contract assets	15	(39)	(1)	(25)
Closing reinsurance contract liabilities	5	(2)	–	3

[1] *The movement in the risk adjustment for the year is below R1 million.*

4. Insurance and reinsurance contracts (continued)

4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

4.4.2 Reinsurance contracts – general measurement model

	2024					
	Assets for remaining coverage			Assets for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance						
GROUP						
Net reinsurance contract assets opening balance[1]	2 055	(442)	(2 174)	(133)	(4)	(698)
Opening reinsurance contract assets	2 022	(439)	(2 149)	(131)	(4)	(701)
Opening reinsurance contract liabilities	33	(3)	(25)	(2)	–	3
Reinsurance expense	5 480	114	1 327	–	–	6 921
Contracts under the fully retrospective transition approach	3 340	160	3 421	–	–	6 921
Contracts recognised in the period	2 140	(46)	(2 094)	–	–	–
Reinsurance income	–	–	–	(3 306)	5	(3 301)
Claims recovered and other reinsurance service income received	–	–	–	(3 173)	5	(3 168)
Adjustments to incurred claims that relate to past service[2]	–	–	–	(133)	–	(133)
Net expense/(income) from reinsurance contracts held	5 480	114	1 327	(3 306)	5	3 620
Finance expense/(income) from reinsurance contracts held	124	(9)	(239)	(10)	–	(134)
Recognition of assumption changes in contractual service margin	(1 417)	334	1 083	–	–	–
Net movements recognised in the statement of comprehensive income	4 187	439	2 171	(3 316)	5	3 486
Net reinsurance contract cash flows	(6 212)	–	–	3 446	–	(2 766)
Premiums paid (net of ceding commissions)	(6 212)	–	–	–	–	(6 212)
Claims recovered and other reinsurance service income received	–	–	–	3 446	–	3 446
Net reinsurance contract liabilities closing balance[1]	30	(3)	(3)	(3)	1	22
Closing reinsurance contract liabilities	30	(3)	(3)	(3)	1	22

[1] *The table above reconciles the opening balance of the asset for remaining coverage of R561 million to the closing balance of R24 million, and the opening balance of the asset for incurred claims of R137 million to the closing liability balance of R2 million.*
[2] *The movement in the risk adjustment for the year is below R1 million.*

4. Insurance and reinsurance contracts (continued)

4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

4.4.2 Reinsurance contracts – general measurement model (continued)

	2023					
	Assets for remaining coverage			Assets for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance						
GROUP						
Net reinsurance contract assets opening balance[1]	1 097	(199)	(1 243)	(121)	(6)	(472)
Opening reinsurance contract assets	1 076	(197)	(1 227)	(122)	(6)	(476)
Opening reinsurance contract liabilities	21	(2)	(16)	1	–	4
Reinsurance expense	4 351	(127)	(259)	–	–	3 965
Contracts under the fully retrospective transition approach	1 973	26	190	–	–	2 189
Contracts recognised since transition	2 378	(153)	(449)	–	–	1 776
Reinsurance income	–	–	–	(3 357)	–	(3 357)
Claims recovered and other reinsurance service income received	–	–	–	(3 437)	–	(3 437)
Adjustments to incurred claims that relate to past service[2]	–	–	–	80	–	80
Net expense/(income) from reinsurance contracts held	4 351	(127)	(259)	(3 357)	–	608
Finance expense/(income) from reinsurance contracts held	199	(49)	(116)	(10)	2	26
Recognition of assumption changes in contractual service margin	623	(67)	(556)	–	–	–
Net movements recognised in the statement of comprehensive income	5 173	(243)	(931)	(3 367)	2	634
Net reinsurance contract cash flows	(4 215)	–	–	3 355	–	(860)
Premiums paid (net of ceding commissions)	(4 215)	–	–	–	–	(4 215)
Claims recovered and other reinsurance service income received	–	–	–	3 355	–	3 355
Net reinsurance contract assets closing balance[1]	2 055	(442)	(2 174)	(133)	(4)	(698)
Closing reinsurance contract assets	2 022	(439)	(2 149)	(131)	(4)	(701)
Closing reinsurance contract liabilities	33	(3)	(25)	(2)	–	3

[1] *The table above reconciles the opening balance of the asset for remaining coverage of R345 million to the closing balance of R561 million, and the opening balance of the asset for incurred claims of R127 million to the closing balance of R137 million.*
[2] *The movement in the risk adjustment for the year is below R1 million.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.5 Analysis of movements in carrying amounts of reinsurance assets and liabilities

4.5.1 Reinsurance contracts – general measurement model

	2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
Life insurance				
GROUP				
Net reinsurance contract assets opening balance	1 922	(446)	(2 174)	(698)
Opening reinsurance contract assets	1 892	(444)	(2 149)	(701)
Opening reinsurance contract liabilities	30	(2)	(25)	3
Changes that relate to current service	167	165	3 421	3 753
Contractual service margin recognised in profit or loss for the services received	–	–	3 421	3 421
Change in risk adjustment for expired risk	–	165	–	165
Experience adjustments[1]	167	–	–	167
Changes that relate to future service	723	288	(1 011)	–
Contracts initially recognised in the period	2 140	(46)	(2 094)	–
Changes in estimates	(1 417)	334	1 083	–
Changes that relate to past service	(133)	–	–	(133)
Changes to liabilities incurred	(133)	–	–	(133)
Net expense/(income) from reinsurance contracts held	757	453	2 410	3 620
Reinsurance finance expense/(income)	114	(9)	(239)	(134)
Net movements recognised in the statement of comprehensive income	871	444	2 171	3 486
Net reinsurance contract cash flows	(2 766)	–	–	(2 766)
Premiums paid (net of ceding commissions)	(6 212)	–	–	(6 212)
Claims recovered and other reinsurance service income received	3 446	–	–	3 446
Net reinsurance contract liabilities closing balance	27	(2)	(3)	22
Closing reinsurance contract liabilities	27	(2)	(3)	22

[1] *Of the R167 million experience adjustment, R3 340 million relates to the reinsurance asset for remaining coverage, decreased by R3 173 million that relates to the reinsurance asset for incurred claims.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.5 Analysis of movements in carrying amounts of reinsurance assets and liabilities (continued)

4.5.1 Reinsurance contracts – general measurement model (continued)

	2023			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
Life insurance				
GROUP				
Net reinsurance contract assets opening balance	976	(205)	(1 243)	(472)
Opening reinsurance contract assets	954	(203)	(1 227)	(476)
Opening reinsurance contract liabilities	22	(2)	(16)	4
Changes that relate to current service	(5)	125	408	528
Contractual service margin recognised in profit or loss for the services received	–	–	408	408
Change in risk adjustment for expired risk	–	125	–	125
Experience adjustments[1]	(5)	–	–	(5)
Changes that relate to future service	1 542	(319)	(1 223)	–
Contracts initially recognised in the period	921	(253)	(668)	–
Changes in estimates	621	(66)	(555)	–
Changes that relate to past service	80	–	–	80
Changes to liabilities incurred	80	–	–	80
Net expense/(income) from reinsurance contracts held	1 617	(194)	(815)	608
Finance expense/(income) from reinsurance contracts held	189	(47)	(116)	26
Net movements recognised in the statement of comprehensive income	1 806	(241)	(931)	634
Net reinsurance contract cash flows	(860)	–	–	(860)
Premiums paid (net of ceding commissions)	(4 215)	–	–	(4 215)
Claims recovered and other reinsurance service income received	3 355	–	–	3 355
Net reinsurance contract assets closing balance	1 922	(446)	(2 174)	(698)
Closing reinsurance contract assets	1 892	(444)	(2 149)	(701)
Closing reinsurance contract liabilities	30	(2)	(25)	3

[1] *Of the R5 million experience adjustment, R3 430 million relates to the reinsurance asset for remaining coverage, decreased by R3 435 million that relates to the reinsurance asset for incurred claims.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts

4.6.1 Third party cell insurance contracts – premium allocation approach

	2024			
		Liability for incurred claims		
	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	1 290	–	–	1 290
Opening third party cell insurance contract liabilities	1 290	–	–	1 290
Reinsurance expense	1 454	–	–	1 454
Reinsurance income	–	(1 394)	–	(1 394)
Other directly attributable expenses recovered	–	(357)	–	(357)
Claims recovered – current service	–	(1 037)	–	(1 037)
Net expense/(income) from reinsurance contracts held	1 454	(1 394)	–	60
Investment return allocated to third party cells	214	–	–	214
Finance expense from reinsurance contracts held	–	33	–	33
Net movements recognised in the statement of comprehensive income	1 668	(1 361)	–	307
Investment component	(1 361)	1 361	–	–
Net third party cell insurance contract cash flows	(76)	–	–	(76)
Capital contribution	116	–	–	116
Redemption of capital contribution	(7)	–	–	(7)
Dividends paid	(185)	–	–	(185)
Net third party cell insurance contract liabilities closing balance	1 521	–	–	1 521
Closing third party cell insurance contract liabilities	1 521	–	–	1 521

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

4.6.1 Third party cell insurance contracts – premium allocation approach (continued)

	2023			
		Liability for incurred claims		
	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	1 139	–	–	1 139
Opening third party cell insurance contract liabilities	1 139	–	–	1 139
Reinsurance expense	1 190	–	–	1 190
Net transfer from in-substance reinsurance contracts				
Contracts under the fully retrospective transition approach	1 195	–	–	1 195
Contracts under fair value approach	(5)	–	–	(5)
Reinsurance income	–	(951)	–	(951)
Other directly attributable expenses recovered	–	(147)	–	(147)
Claims recovered – current service	–	(804)	–	(804)
Net expense/(income) from reinsurance contracts held	1 190	(951)	–	239
Investment return allocated to third party cells	411	–	–	411
Finance expense from reinsurance contracts held	–	26	–	26
Net movements recognised in the statement of comprehensive income	1 601	(925)	–	676
Investment component	(925)	925	–	–
Net third party cell insurance contract cash flows	(525)	–	–	(525)
Capital contribution	26	–	–	26
Dividends paid	(551)	–	–	(551)
Net third party cell insurance contract liabilities closing balance	1 290	–	–	1 290
Closing third party cell insurance contract liabilities	1 290	–	–	1 290

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

4.6.1 Third party cell insurance contracts – premium allocation approach (continued)

	2024			
		Liability for incurred claims		
	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	483	–	–	483
Opening third party cell insurance contract liabilities	483	–	–	483
Reinsurance expense[1]	259	–	–	259
Reinsurance income	–	(145)	–	(145)
Other directly attributable expenses recovered	–	(95)	–	(95)
Claims recovered – current service	–	(50)	–	(50)
Net expense/(income) from reinsurance contracts held	259	(145)	–	114
Investment return allocated to third party cells	47	–		47
Finance income from reinsurance contracts held	–	(18)	–	(18)
Net movements recognised in the statement of comprehensive income	306	(163)	–	143
Investment component	(163)	163	–	–
Net third party cell insurance contract cash flows	(139)	–	–	(139)
Redemption of capital contribution	(5)	–	–	(5)
Dividends paid	(134)	–	–	(134)
Net third party cell insurance contract liabilities closing balance	487	–	–	487
Closing third party cell insurance contract liabilities	487	–	–	487

[1] *All contracts as at transition were measured using the fully retrospective approach.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

4.6.1 Third party cell insurance contracts – premium allocation approach (continued)

	2023			
		Liability for incurred claims		
	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	373	–	–	373
Opening third party cell insurance contract liabilities	373	–	–	373
Reinsurance expense	249	–	–	249
Net transfer from in-substance reinsurance contracts				
Contracts under the fully retrospective transition approach	249	–	–	249
Reinsurance income	–	(134)	–	(134)
Other directly attributable expenses recovered	–	(44)	–	(44)
Claims recovered – current service	–	(90)	–	(90)
Net expense/(income) from reinsurance contracts held	249	(134)	–	115
Investment return allocated to third party cells	38	–	–	38
Finance income from reinsurance contracts held	–	(25)	–	(25)
Net movements recognised in the statement of comprehensive income	287	(159)	–	128
Investment component	(159)	159	–	–
Net third party cell insurance contract cash flows	(18)	–	–	(18)
Capital contribution	1	–	–	1
Dividends paid	(19)	–	–	(19)
Net third party cell insurance contract liabilities closing balance	483	–	–	483
Closing third party cell insurance contract liabilities	483	–	–	483

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

4.6.2 Third party cell insurance contracts – general measurement model

	2024					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance						
GROUP						
Net third party cell insurance contract liabilities opening balance	1 522	(1)	(41)	–	–	1 480
Opening third party cell insurance contract liabilities	1 522	(1)	(41)	–	–	1 480
Reinsurance expense	105	–	8	–	–	113
Contracts under fair value approach	105	–	8	–	–	113
Reinsurance income	(8)	–	–	(126)	–	(134)
Other directly attributable expenses recovered[1]	(8)	–	–	–	–	(8)
Claims recovered – current service[1]	–	–	–	(126)	–	(126)
Net expense/(income) from reinsurance contracts held	97	–	8	(126)	–	(21)
Investment return allocated to third party cells	212	–	(1)	–	–	211
Finance income from reinsurance contracts held	(80)	–	–	–	–	(80)
Net movements recognised in the statement of comprehensive income	229	–	7	(126)	–	110
Investment component	(126)	–	–	126	–	–
Net third party cell insurance contract cash flows	(142)	–	–	–	–	(142)
Dividends paid	(142)	–	–	–	–	(142)
Net third party cell insurance contract liabilities closing balance	1 483	(1)	(34)	–	–	1 448
Closing third party cell insurance contract liabilities	1 483	(1)	(34)	–	–	1 448

[1] *The movement in the risk adjustment for the year is below R1 million.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

4.6.2 Third party cell insurance contracts – general measurement model (continued)

	2023					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
General insurance						
GROUP						
Net third party cell insurance contract liabilities opening balance	1 541	(1)	(22)	–	–	1 518
Opening third party cell insurance contract assets	–	(1)	(22)	–	–	(23)
Opening third party cell insurance contract liabilities	1 541	–	–	–	–	1 541
Reinsurance income	–	–	–	(11)	–	(11)
Other directly attributable expenses recovered[1]	–	–	–	(11)	–	(11)
Net income from reinsurance contracts held	–	–	–	(11)	–	(11)
Investment return allocated to third party cells	(5)	–	–	–	–	(5)
Finance expense/(income) from reinsurance contracts held	73	–	(19)	–	–	54
Net movements recognised in the statement of comprehensive income	68	–	(19)	(11)	–	38
Investment component	(11)	–	–	11	–	–
Net third party cell insurance contract cash flows	(76)	–	–	–	–	(76)
Dividends paid	(76)	–	–	–	–	(76)
Net third party cell insurance contract liabilities closing balance	1 522	(1)	(41)	–	–	1 480
Closing third party cell insurance contract liabilities	1 522	(1)	(41)	–	–	1 480

[1] *The movement in the risk adjustment for the year is below R1 million.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

4.6.2 Third party cell insurance contracts – general measurement model (continued)

	2024					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance						
GROUP						
Net third party cell insurance contract liabilities opening balance	8 610	(1 054)	(5 145)	–	–	2 411
Opening third party cell insurance contract liabilities	8 610	(1 054)	(5 145)	–	–	2 411
Reinsurance expense	3 059	301	(3 065)	–	–	295
Contracts under the fully retrospective transition approach	1 013	411	(1 129)	–	–	295
Contracts recognised since transition	2 046	(110)	(1 936)	–	–	–
Reinsurance income	–	–	–	(721)	–	(721)
Other directly attributable expenses recovered	–	–	–	144	–	144
Claims recovered – current service	–	–	–	(1 163)	–	(1 163)
Adjustment to incurred claims that relate to past service	–	–	–	298	–	298
Net expense/(income) from reinsurance contracts held	3 059	301	(3 065)	(721)	–	(426)
Investment return allocated to third party cells	371	–	–	–	–	371
Finance expense/(income) from reinsurance contracts held	346	(85)	(518)	(4)	–	(261)
Recognition of assumption changes in the contractual service margin	718	(383)	(335)	–	–	–
Net movements recognised in the statement of comprehensive income	4 494	(167)	(3 918)	(725)	–	(316)
Investment component	(725)	–	–	725	–	–
Net third party cell insurance contract cash flows	(160)	–	–	–	–	(160)
Dividends paid	(160)	–	–	–	–	(160)
Net third party cell insurance contract liabilities closing balance	12 219	(1 221)	(9 063)	–	–	1 935
Closing third party cell insurance contract liabilities	12 219	(1 221)	(9 063)	–	–	1 935

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

4.6.2 Third party cell insurance contracts – general measurement model (continued)

	2023					
	Liability for remaining coverage			Liability for incurred claims		
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
Life insurance						
GROUP						
Net third party cell insurance contract liabilities opening balance	4 426	(475)	(2 980)	–	–	971
Opening third party cell insurance contract liabilities	4 426	(475)	(2 980)	–	–	971
Reinsurance expense	2 580	(262)	(506)	–	–	1 812
Contracts under the fully retrospective transition approach	483	296	1 033	–	–	1 812
Contracts recognised since transition	2 097	(558)	(1 539)	–	–	–
Reinsurance income	–	–	–	(622)	–	(622)
Other directly attributable expenses recovered	–	–	–	(555)	–	(555)
Claims recovered – current service	–	–	–	(67)	–	(67)
Net expense/(income) from reinsurance contracts held	2 580	(262)	(506)	(622)	–	1 190
Investment return allocated to third party cells	195	–	–	–	–	195
Finance expense/(income) from reinsurance contracts held	395	(117)	(276)	114	–	116
Recognition of assumption changes in the contractual service margin	1 583	(200)	(1 383)	–	–	–
Net movements recognised in the statement of comprehensive income	4 753	(579)	(2 165)	(508)	–	1 501
Investment component	(508)	–	–	508	–	–
Net third party cell insurance contract cash flows	(61)	–	–	–	–	(61)
Dividends paid	(61)	–	–	–	–	(61)
Net third party cell insurance contract liabilities closing balance	8 610	(1 054)	(5 145)	–	–	2 411
Closing third party cell insurance contract liabilities	8 610	(1 054)	(5 145)	–	–	2 411

4. Insurance and reinsurance contracts (continued)

Notes to the annual financial statements

4.7 Analysis of movements in carrying amounts of third party cell insurance contracts

4.7.1 Third party cell insurance contracts – general measurement model

	2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
General insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	1 522	(1)	(41)	1 480
Opening third party cell insurance contract liabilities	1 522	(1)	(41)	1 480
Changes that relate to current service	(21)	–	8	(13)
Contractual service margin recognised in profit or loss for the services received	–	–	8	8
Experience adjustments[1]	(21)	–	–	(21)
Changes that relate to past service	(8)	–	–	(8)
Changes to liabilities for incurred claims	(8)	–	–	(8)
Net (income)/expense from reinsurance contracts held	(29)	–	8	(21)
Finance expense/(income) from reinsurance contracts held	132	–	(1)	131
Net movements recognised in the statement of comprehensive income	103	–	7	110
Net reinsurance contract cash flows	(142)	–	–	(142)
Dividends paid	(142)	–	–	(142)
Net third party cell insurance contract liabilities closing balance	1 483	(1)	(34)	1 448
Closing third party cell insurance contract liabilities	1 483	(1)	(34)	1 448

[1] *Of the R21 million experience adjustment, R105 million relates to the reinsurance liability for remaining coverage, decreased by R126 million that relates to the reinsurance liability for incurred claims.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.7 Analysis of movements in carrying amounts of third party cell insurance contracts (continued)

4.7.1 Third party cell insurance contracts – general measurement model (continued)

	2023			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
General insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	1 541	(1)	(22)	1 518
Opening third party cell insurance contract liabilities	1 541	(1)	(22)	1 518
Changes that relate to current service	(11)	–	–	(11)
Experience adjustments[1]	(11)	–	–	(11)
Net income from reinsurance contracts held	(11)	–	–	(11)
Finance expense/(income) from reinsurance contracts held	68	–	(19)	49
Net movements recognised in the statement of comprehensive income	57	–	(19)	38
Net reinsurance contract cash flows	(76)	–	–	(76)
Dividends paid	(76)	–	–	(76)
Net third party cell insurance contract liabilities closing balance	1 522	(1)	(41)	1 480
Closing third party cell insurance contract liabilities	1 522	(1)	(41)	1 480

[1] *The R11 million experience adjustment relates to the reinsurance liability for incurred claims.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.7 Analysis of movements in carrying amounts of third party cell insurance contracts (continued)

4.7.1 Third party cell insurance contracts – general measurement model (continued)

	2024 Present value of expected future cash flows R million	2024 Risk adjustment for non-financial risk R million	2024 Contractual service margin R million	2024 Total R million
Life insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	8 610	(1 054)	(5 145)	2 411
Opening third party cell insurance contract liabilities	8 610	(1 054)	(5 145)	2 411
Changes that relate to current service	(6)	411	(1 129)	(724)
Contractual service margin recognised in profit or loss for the services received	–	–	(1 129)	(1 129)
Change in risk adjustment for expired risk	–	411	–	411
Experience adjustments[1]	(6)	–	–	(6)
Changes that relate to future service	2 764	(493)	(2 271)	–
Contracts initially recognised in the period	718	(383)	(335)	–
Changes in estimates	2 046	(110)	(1 936)	–
Changes that relate to past service	298	–	–	298
Adjustments to incurred claims that relate to past service[2]	298	–	–	298
Net expense/(income) from reinsurance contracts held	3 056	(82)	(3 400)	(426)
Finance expense/(income) from reinsurance contracts held	713	(85)	(518)	110
Net movements recognised in the statement of comprehensive income	3 769	(167)	(3 918)	(316)
Net reinsurance contract cash flows	(160)	–	–	(160)
Dividends paid	(160)	–	–	(160)
Net third party cell insurance contracts closing balance	12 219	(1 221)	(9 063)	1 935
Closing third party cell insurance contract liabilities	12 219	(1 221)	(9 063)	1 935

1 *Of the R6 million experience adjustment, R1 013 million relates to the reinsurance liability for remaining coverage, decreased by R1 019 million that relates to the reinsurance liability for incurred claims.*

2 *The movement in the risk adjustment for the year is below R1 million.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.7 Analysis of movements in carrying amounts of third party cell insurance contracts (continued)

4.7.1 Third party cell insurance contracts – general measurement model (continued)

	2023			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
Life insurance				
GROUP				
Net third party cell insurance contract liabilities opening balance	4 426	(475)	(2 980)	971
Opening third party cell insurance contract liabilities	4 426	(475)	(2 980)	971
Changes that relate to current service	(139)	296	1 033	1 190
Contractual service margin recognised in profit or loss for the services received[2]	–	–	1 033	1 033
Change in risk adjustment for expired risk[2]	–	296		296
Experience adjustments[1, 2]	(139)	–	–	(139)
Changes that relate to future service	3 680	(758)	(2 922)	–
Contracts initially recognised in the period	2 097	(558)	(1 539)	–
Changes in estimates[2]	1 583	(200)	(1 383)	–
Net expense/(income) from reinsurance contracts held	3 541	(462)	(1 889)	1 190
Finance expense/(income) from reinsurance contracts held	704	(117)	(276)	311
Net movements recognised in the statement of comprehensive income	4 245	(579)	(2 165)	1 501
Net reinsurance contract cash flows	(61)	–	–	(61)
Dividends paid	(61)	–	–	(61)
Net third party cell insurance contract closing balance	8 610	(1 054)	(5 145)	2 411
Closing third party cell insurance contract liabilities	8 610	(1 054)	(5 145)	2 411

[1] *Of the R139 million experience adjustment, R483 million relates to the reinsurance liability for remaining coverage, decreased by R622 million that relates to the reinsurance liability for incurred claims.*

[2] *The information presented has been restated to present changes in estimates that relate to future service separately, where it was previously incorrectly included in current service.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.8 Insurance revenue

	2024			2023		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
GROUP						
Contracts measured under the GMM						
Amounts relating to changes in liabilities for remaining coverage:	112	7 455	7 567	(9)	6 020	6 011
CSM recognised for service provided	7	2 291	2 298	5	1 442	1 447
Change in risk adjustment for non-financial risk for risk expired	–	577	577	–	422	422
Expected incurred claims and other insurance service expenses	105	4 587	4 692	(14)	4 156	4 142
Recovery of insurance acquisition cash flows	–	160	160	–	128	128
Insurance revenue from contracts not measured under the PAA	112	7 615	7 727	(9)	6 148	6 139
Contracts measured under the PAA	43 832	758	44 590	40 005	738	40 743
Total insurance revenue	43 944	8 373	52 317	39 996	6 886	46 882
COMPANY[1]						
Contracts measured under the PAA	35 469	–	35 469	33 005	–	33 005
Total insurance revenue	35 469	–	35 469	33 005	–	33 005
Impact of GMM contracts initially recognised in the year						
GROUP						
Claims and other insurance service expenses payable	–	4 689	4 689	–	6 261	6 261
Insurance acquisition costs	–	178	178	–	225	225
Estimates of present value of cash outflows	–	4 867	4 867	–	6 486	6 486
Estimates of present value of cash inflows	–	(7 724)	(7 724)	–	(9 504)	(9 504)
Risk adjustment for non-financial risk	–	429	429	–	812	812
Contractual service margin	–	2 428	2 428	–	2 206	2 206
Movement from contracts recognised in the year	–	–	–	–	–	–

[1] *The company does not account for any insurance contracts under the GMM.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.8 Insurance revenue (continued)

Insurance revenue per transition method	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
2024				
GROUP				
Contracts measured under the GMM				
Contracts under the fully retrospective transition approach	2 241	74	664	2 979
Contracts under the fair value transition approach	114	–	10	124
Contracts recognised since transition	5 353	75	(804)	4 624
	7 708	149	(130)	7 727
2023				
GROUP				
Contracts measured under the GMM				
Contracts under the fully retrospective transition approach	3 894	151	1 100	5 145
Contracts under the fair value transition approach	(18)	1	12	(5)
Contracts recognised since transition	3 412	(542)	(1 871)	999
	7 288	(390)	(759)	6 139

Accounting policy – Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period by the group, 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 (where applicable) 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 contracts not measured under the PAA, the total consideration for a group of contracts includes the following amounts:

- the expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component, repayments of investment components and policyholder rights to withdraw an amount, amounts of transaction-based taxes collected in a fiduciary capacity, insurance acquisition expenses, and amounts related to the risk adjustment for non-financial risk);
- the amount of the CSM recognised in profit or loss;
- the release of the risk adjustment for risk expired (excluding changes included in insurance finance income, changes that relate to future coverage, and amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- premium experience adjustments arising from premiums received in the period that relate to past and current service (including experience adjustments arising from related cash flows such as insurance acquisition cash flows); and
- the amortisation of insurance acquisition cash flows.

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

4. Insurance and reinsurance contracts (continued)

4.8 Insurance revenue (continued)

Accounting policy – 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 insurance revenue and insurance service expenses in each reporting period in a systematic way based on the passage of time where the GMM is applied. For contracts measured under the PAA insurance acquisition costs are amortised in line with the recognition of insurance revenue.

4.9 Insurance service expense

	2024			2023		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
GROUP						
Incurred claims and other insurance service expenses	23 021	4 534	27 555	22 972	3 741	26 713
Amortisation of insurance acquisition costs	6 307	315	6 622	5 251	270	5 521
Directly attributable expenses	5 593	210	5 803	4 753	243	4 996
	34 921	5 059	39 980	32 976	4 254	37 230
COMPANY						
Incurred claims and other insurance service expenses	20 029	–	20 029	19 606	–	19 606
Amortisation of insurance acquisition costs	5 277	–	5 277	4 576	–	4 576
Directly attributable expenses	3 496	–	3 496	3 003	–	3 003
	28 802	–	28 802	27 185	–	27 185

Accounting policy – Insurance service expense
The following amounts are recognised in insurance service expenses:

- claims and administration expenses incurred (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- experience adjustments relating to claims and administration expenses incurred;
- the initial loss on onerous groups of contracts recognised during the period;
- the increases and reversals of losses on onerous contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows.

Expense cashflows included in the boundary of a contract, comprises of expenses that are directly attributable to fulfilling the obligations under the insurance contract and includes an allocation of fixed and variable overheads.

The group applied a broad of view in assessing overhead to determine expenses that are directly attributable to fulfilment of the insurance contract and non-attributable expenses. Consequently, non-attributable expenses were those defined as non-essential business expenditure, certain employee benefit costs not related to maintenance of existing products or the sale of new products and system development costs which were incurred in the research and product development stage.

Attributable overhead expenses are allocated to revenue-generating business units on an economic basis, with gross written premium being the key driver to the allocation.

Non-attributable expenses are excluded from the valuation of insurance contract liabilities and reinsurance contract assets and are expensed in profit or loss when incurred.

4. Insurance and reinsurance contracts (continued)

4.10 Net (expense)/income from reinsurance contracts held

	2024 General R million	2024 Life R million	2024 Total R million	2023 General R million	2023 Life R million	2023 Total R million
GROUP						
Reinsurance expense						
Reinsurance expense – contracts measured under the GMM[1]						
Amounts relating to changes in assets for remaining coverage						
Expected incurred claims and other expenses recovery	(105)	(4 348)	(4 453)	–	(3 913)	(3 913)
Change in the risk adjustment for non-financial risk for the risk expired	–	(577)	(577)	–	(1 442)	(1 442)
CSM recognised for the services received	(8)	(2 291)	(2 299)	–	(422)	(422)
Contracts not measured under the PAA	(113)	(7 216)	(7 329)	–	(5 777)	(5 777)
Reinsurance expense – contracts measured under the PAA	(7 969)	(250)	(8 219)	(7 914)	(284)	(8 198)
Other directly attributable expenses recovered	223	1	224	(22)	599	577
Incurred claims recovered	3 191	4 308	7 499	3 016	3 547	6 563
Net expense from reinsurance contracts held	(4 668)	(3 157)	(7 825)	(4 920)	(1 915)	(6 835)
COMPANY[2]						
Reinsurance expense – contracts measured under the PAA	(5 551)	–	(5 551)	(5 732)	–	(5 732)
Incurred claims recovered	1 851	–	1 851	1 548	–	1 548
Net expense from reinsurance contracts held	(3 700)	–	(3 700)	(4 184)	–	(4 184)
Impact of GMM reinsurance contracts recognised in the year						
GROUP						
Estimates of present value of future cash inflows	–	261	261	–	5 846	5 846
Estimates of present value of future cash outflows	–	(2 401)	(2 401)	–	(6 767)	(6 767)
Risk adjustment for non-financial risk	–	46	46	–	253	253
Contractual service margin	–	2 094	2 094	–	668	668
Movement from contracts recognised in the year	–	–	–	–	–	–

1 *All GMM reinsurance contracts were measured on the fully retrospective approach at transition.*
2 *The company does not account for any reinsurance contracts under the GMM.*

4. Insurance and reinsurance contracts (continued)

4.10 Net (expense)/income from reinsurance contracts held (continued)

Accounting policy – Income or expense from reinsurance contracts held

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

Income or expense from reinsurance contracts held comprise:

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable expenses;
- changes that relate to past service;
- effect of changes in the risk of reinsurers' non-performance; and
- amounts relating to accounting for onerous groups of underlying insurance contracts issued.

The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued, for e.g., the loss recovery component recognised during the reporting period rather than an initial loss recognised.

4.11 Finance expense from insurance contracts issued

	2024			2023		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
GROUP						
Interest accreted	(2 350)	464	(1 886)	(1 901)	249	(1 652)
Effect of changes in interest rates and other financial assumptions	(109)	(120)	(229)	112	258	370
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(1)	(758)	(759)	(24)	(392)	(416)
Net foreign exchange gains/(losses)	227	–	227	(282)	–	(282)
	(2 233)	(414)	(2 647)	(2 095)	115	(1 980)
COMPANY						
Interest accreted	(1 053)	–	(1 053)	(1 247)	–	(1 247)
Effect of changes in interest rates and other financial assumptions	(29)	–	(29)	40	–	40
Net foreign exchange gains/(losses)	227	–	227	(282)	–	(282)
	(855)	–	(855)	(1 489)	–	(1 489)

The majority of general insurance in the table above is measured applying the premium allocation approach, whilst the majority of the life insurance business is measured applying the general measurement model.

4. Insurance and reinsurance contracts (continued)

4.12 Finance (expense)/income from reinsurance contracts held

	2024 General R million	2024 Life R million	2024 Total R million	2023 General R million	2023 Life R million	2023 Total R million
GROUP						
Interest accreted	244	293	537	773	143	916
Effect of changes in interest rates and other financial assumptions	(13)	120	107	(101)	(258)	(359)
Net foreign exchange (losses)/gains	(43)	–	(43)	44	–	44
Investment return allocated to third party cells	(418)	(418)	(836)	(432)	(235)	(667)
	(230)	(5)	(235)	284	(350)	(66)
COMPANY						
Interest accreted	370	–	370	620	–	620
Effect of changes in interest rates and other financial assumptions	10	–	10	(28)	–	(28)
Net foreign exchange (losses)/gains	(43)	–	(43)	44	–	44
	337	–	337	636	–	636

Accounting policy – Finance income and expense from insurance contracts issued and reinsurance contracts held

The group recognises all insurance finance income or expenses for the reporting period in profit or loss.

Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses.

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

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.13 Claims development tables

The presentation of the claims development tables for the Santam group and company, is based on the actual date of the event that caused the claim (accident year basis). The claims development tables represent the development of actual claims paid for continuing operations.

The group does not present claims development tables for life business as the uncertainty about the timing and amount of payments is resolved within one year.

		Accident year[1]								
GROUP	**Total R million**	2024 R million	2023 R million	2022 R million	2021 R million	2020 R million	2019 R million	2018 R million	2017 R million	2016 R million
– General insurance claims – gross										
Reporting year										
Estimates of claims (gross of reinsurance and undiscounted)										
– At end of accident year		18 057	18 762	21 236	18 596	14 165	14 055	12 231	13 623	11 087
– one year later			23 382	27 269	25 209	19 097	18 006	15 898	18 250	15 119
– two years later				28 988	26 903	20 600	18 514	17 702	18 856	15 622
– three years later					27 401	21 283	18 756	17 908	19 032	15 866
– four years later						21 636	19 479	18 011	19 182	16 311
– five years later							19 547	18 924	19 282	16 373
– six years later								18 697	19 553	16 378
– seven years later									19 548	16 057
– eight years later										16 055
Cumulative payments to date		(13 300)	(21 661)	(27 514)	(25 896)	(20 767)	(19 005)	(18 299)	(19 087)	(14 559)
Gross cumulative claim liabilities – 2016 to 2024	**13 223**	4 757	1 721	1 474	1 505	869	542	398	461	1 496
IBNR – best estimate	**3 366**									
Effect of discounting	**(859)**									
Creditors and debtors included in liabilities for incurred claims[2]	**1 664**									
Risk adjustment for non-financial risk[3]	**790**									
Gross liabilities for incurred claims	**18 184**									
– General insurance claims – net										
Reporting year										
Estimates of claims (net of reinsurance and undiscounted)										
– At end of accident year		15 731	15 569	13 604	12 847	11 293	11 746	10 955	10 852	9 865
– one year later			19 240	18 407	15 815	14 740	14 614	13 529	13 415	12 224
– two years later				18 903	17 111	15 368	14 940	13 871	13 592	12 470
– three years later					17 152	16 085	15 072	14 023	13 654	12 599
– four years later						16 111	15 296	14 069	13 757	12 936
– five years later							15 256	13 748	13 818	12 984
– six years later								13 416	13 801	12 985
– seven years later									13 718	12 716
– eight years later										12 630
Cumulative payments to date		(11 420)	(18 304)	(18 574)	(16 618)	(15 749)	(14 874)	(13 096)	(13 482)	(11 713)
Net cumulative claim liabilities – 2016 to 2024	**8 327**	4 311	936	329	534	362	382	320	236	917
IBNR – best estimate	**2 722**									
Effect of discounting	**(517)**									
Creditors and debtors included in liabilities for incurred claims[2]	**622**									
Risk adjustment for non-financial risk[3]	**765**									
Net liabilities for incurred claims	**11 919**									

[1] *The information presented for accident years 2016 - 2023 was updated to include the information of other group entities.*

4. Insurance and reinsurance contracts (continued)

4.13 Claims development tables (continued)

COMPANY	Total R million	2024 R million	2023 R million	2022 R million	2021 R million	2020 R million	2019 R million	2018 R million	2017 R million	2016 R million
		Accident year								
– General insurance claims – gross										
Reporting year										
Estimates of claims (gross of reinsurance and undiscounted)										
– At end of accident year		14 340	14 429	16 544	14 357	11 138	11 680	10 804	12 114	10 414
– one year later			18 856	22 914	20 381	15 577	15 083	13 902	15 785	13 470
– two years later				24 279	22 474	16 966	15 514	15 693	16 344	13 837
– three years later					22 977	17 374	15 695	15 886	16 490	14 072
– four years later						17 740	15 818	15 978	16 641	14 531
– five years later							15 894	16 005	16 742	14 593
– six years later								16 005	16 742	14 593
– seven years later									16 742	14 593
– eight years later										14 593
Cumulative payments to date		(9 819)	(17 340)	(22 887)	(21 513)	(16 917)	(15 409)	(15 636)	(16 310)	(13 171)
Gross cumulative claim liabilities – 2016 to 2024	12 424	4 521	1 516	1 392	1 464	823	485	369	432	1 422
IBNR – best estimate	3 185									
Effect of discounting	(785)									
Creditors and debtors included in liabilities for incurred claims[2]	1 617									
Risk adjustment for non-financial risk[3]	601									
Gross liabilities for incurred claims	17 042									
– General insurance claims – net										
Reporting year										
Estimates of claims (net of reinsurance and undiscounted)										
– At end of accident year		13 228	13 106	12 908	12 017	10 375	10 429	9 716	9 935	9 208
– one year later			16 686	16 441	14 723	13 571	12 928	11 924	12 276	11 257
– two years later				16 866	15 065	14 163	13 220	12 244	12 517	11 461
– three years later					15 174	14 273	13 347	12 378	12 584	11 578
– four years later						14 408	13 438	12 432	12 697	11 903
– five years later							13 495	12 452	12 769	11 950
– six years later								12 452	12 769	11 950
– seven years later									12 769	11 950
– eight years later										11 950
Cumulative payments to date		(9 260)	(15 824)	(16 561)	(14 651)	(14 054)	(13 123)	(12 139)	(12 546)	(11 073)
Net cumulative claim liabilities – 2016 to 2024	7 797	3 968	862	305	523	354	372	313	223	877
IBNR – best estimate	2 622									
Effect of discounting	(479)									
Creditors and debtors included in liabilities for incurred claims[2]	834									
Risk adjustment for non-financial risk[3]	570									
Net liabilities for incurred claims	11 344									

[2] *Includes unrealised forex, insurance related premiums receivables, commission and claims payables.*
[3] *Includes attributable expenses and risk adjustment.*

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.14 Insurance risk

As mentioned in note 3.2, Santam manages insurance risk in two main components which are discussed in more detail below:

- Underwriting risk
- Reinsurance risk (refer to note 4.15)

Underwriting risk

In general, the group issues personal, commercial, niche and cell/policyholder insurance policies, as well as reinsurance contracts in respect of most of the classes of business listed below:

Accident and health – Provides cover for death, disability and certain health events. This excludes the benefits to the provider of health services and is linked directly to the expenditure in respect of health services.

Alternative risk transfer (ART) – The use of techniques, other than traditional insurance, that include at least an element of insurance risk, to provide entities with risk coverage or protection. This includes cover for mining rehabilitation, life business and third party cell insurance.

Aviation – Covers property (both moveable and immovable) risks associated with aircraft (i.e. in respect of their use, ownership, storage, loss or damage), as well as liability and transport risks associated with this class of business.

Bonds and Guarantees – A contract whereby the insurer assumes an obligation to discharge the debts or other obligations of another person in the event of the failure of that person to do so. This business is in run-off.

Crop – Provides indemnity for crops while still on the field against hail, drought and excessive rainfall. Cover ceases as soon as harvesting has taken place.

Engineering – Provides cover for risks relating to:

- the possession, use or ownership of machinery or equipment, other than a motor vehicle, in the carrying on of a business;
- the erection of buildings or other structures or the undertaking of other works; and
- the installation of machinery or equipment.

Liability – Provides cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

Marine – Covers property (both moveable and immovable) risks associated with watercraft (i.e. in respect of their use, ownership, storage, loss or damage), as well as liability and transport risks (both on land and on water bodies) associated with this class of business.

Motor – Covers risks relating to the possession, use or ownership of a motor vehicle. This cover can include risks relating to vehicle accident, theft or damage to third-party property or legal liability arising from the possession, use or ownership of the insured vehicle.

Property – Covers risks relating to the use, ownership, loss of or damage to movable or immovable property other than a risk covered more specifically under another insurance contract. Policies including an extension for contingency business interruption cover, for both physical and non-physical damage, are included in the property class.

Transportation – Covers risks relating to the possession, use or ownership of a vessel, aircraft or other craft or for the conveyance of persons or goods by air, space, land or water. It also covers risks relating to the storage, treatment or handling of goods that are conveyed.

Travel – Covers risks associated with local and international travel, for both business and leisure purposes.

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that either premium or claim provisions turn out to be insufficient to pay insurance claims, as well as the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the underwriting risk.

In order to quantify the underwriting risk faced by Santam, a stochastic simulation of Santam's claims is performed at a line of business level within Santam's internal economic capital model. Assumptions for each line of business are determined based on more than 21 years' worth of historical data. The expected claims liabilities are modelled for specific lines of business, which are then split into the appropriate sub-classes. For each sub-class of business, three types of losses are modelled, namely attritional losses, individual large losses and catastrophe losses. Each of the sub-classes is modelled based on its own assumptions whose methodology and calibration are thoroughly documented in the internal model documentation.

The attritional losses are modelled as a percentage of the premium. The large losses are modelled by fitting separate distributions to the claims frequency and the claim severity.

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.14 Insurance risk (continued)

Underwriting risk (continued)

Santam also models various catastrophes and the losses from each catastrophe are allocated to multiple classes of business. The following catastrophes are modelled:

- Earthquake,
- Storm (small)
- Storm (large)
- Hail (excluding crop damage)
- Marine (cargo)
- Aviation (hull/liability)
- Conflagration (property)
- Conflagration (liability)
- Utility failure
- Latent liability
- Economic downturn

The net claims ratio for the group's conventional insurance business, which is important in monitoring insurance risk, has developed as follows over the past seven years:

Loss history (%)	2024	2023	2022	2021[3]	2020[3]	2019[3]	2018[3]
Net claims paid and provided[1, 2]	61.1	66.2	65.0	62.0	68.2	62.1	60.3

[1] *Expressed as a percentage of net earned premiums per segmental report in note 2.*
[2] *The net claims ratio for conventional insurance is disclosed, as it is the key ratio for this business segment. The key drivers for the performance of the ART business segment are income from clients and investment results. Refer note 2.1 for more detail regarding the performance of the ART business segment.*
[3] *Ratio's quoted for 2021 and earlier were not restated in terms of IFRS 17.*

Pricing for the group's products is generally based upon historical claims frequencies and claims severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. While claims remain the group's principal cost, the group also makes allowance in the pricing procedures for acquisition costs, attributable and non-attributable expenses, investment income, the cost of reinsurance and for a profit loading that adequately covers the cost of the capital.

Underwriting limits (per risk and, where relevant, per event) are set for business units, underwriting managers and intermediaries to ensure that the group's risk appetite is appropriately delegated. Underwriting performance is monitored continuously and the pricing policy is revised accordingly. Risk factors considered as part of the review are unique to each class of business (listed above) and constantly evolve as the risk environment changes. The group has the right to reprice and change the conditions for accepting risks on renewal and/or, in most cases, 30 days.

Expenses are monitored by each business unit based on an approved budget and business plan.

The underwriting strategy aims to ensure that the risks underwritten are well diversified in terms of type and amount of risk, size, economic sector and geography. The Santam group has a sufficiently diversified portfolio based on insurance classes as demonstrated in the segmental report. The group is currently focusing on obtaining international geographical diversification through the business written by Santam Re (which underwrites inward reinsurance contracts only) and the Santam Specialist business. The current geographical allocation of insurance revenue is provided in the segmental report.

Underwriting risk is further mitigated by ensuring that reserve and reinsurance risk (discussed in note 4.6) is adequately managed.

Reserve risk relates to the risk that the claim provisions held for both reported and unreported claims, as well as their associated expenses, may prove insufficient.

Santam currently calculates its technical reserves on two different methodologies, namely the 'percentile approach' and the 'cost-of-capital approach'. The 'percentile approach' is used to evaluate the adequacy of risk adjustment for financial reporting purposes, while the 'cost-of-capital approach' is used as one of the inputs for regulatory reporting purposes.

4. Insurance and reinsurance contracts (continued)

4.14 Insurance risk (continued)

Underwriting risk (continued)

Percentile approach

Under this methodology, reserves are held to be at least sufficient at the 75th percentile of the ultimate loss distribution.

The first step in the process is to calculate a probability-weighted best-estimate reserve. Being a best-estimate, there is an equally likely chance that the actual amount needed to pay future claims will be higher or lower than this calculated value.

The next step is to determine a risk adjustment. The risk adjustment is calculated such that there is at least a 75% to 95% probability that the reserves will be sufficient to cover future claims. The resulting amount of the calculated risk adjustment corresponds to the confidence level of 84% at 31 December 2024 (2023: 79%). For more detail on the reserving techniques used in this approach, refer to critical accounting estimates and judgements in note 4.1.

Cost-of-capital approach

The cost-of-capital approach to reserving is aimed at determining a market value for the liabilities on the statement of financial position. This is accomplished by calculating the cost of transferring the liabilities, including their associated expenses, to an independent third party.

The cost of transferring the liabilities off the statement of financial position involves calculating a best-estimate of the expected future cost of claims, including all related run-off expenses, as well as a margin for the cost of capital that the independent third party would need to hold to back the future claims payments.

Refer to section 3.3 for more detail on the capital management process.

Santam is not significantly exposed to seasonality due to the broad range of insurance contracts that the group writes. Motor and property contains an element of seasonality e.g. hail storms in the summer, however, there may not be a direct correlation between that seasonality and the group's financial results. There is an element of seasonality attached to crop, however, the group's exposure is limited.

4.15 Reinsurance risk

Santam has an extensive reinsurance programme that has developed over many years to suit the risk management needs of the business units in the group.

The internal model is used to evaluate the type and quantum of reinsurance to purchase within Santam's risk appetite framework. The reinsurance programme is placed into both the local and international reinsurance markets. Reinsurance arrangements in place include proportional, per risk and catastrophe excess of loss and stop loss treaties.

The core components of the reinsurance programme comprised:

- Excess of loss treaties cover property, liability, engineering, aviation and marine, and provides protection to limit losses in the range of R5 million to R100 million per risk, inclusive of Santam Re's participations. Santam's property per risk appetite is R100 million.
- Santam buys catastrophe cover exceeding the 1 in 250-year earthquake catastrophe loss using an external validated earthquake loss prediction model. This model typically results in cover of up to 1% of the total exposure of the significant geographical areas, amounting to protection of R11.5 billion per event, with an attachment point of R1.0 billion.

South African insurers transferred significant losses to international reinsurers under their catastrophe programmes because of CBI losses in 2020 and the KZN floods of 2022. The hard market cycle which followed resulted in significant increases in reinsurance premiums and catastrophe attachment levels. Santam's own covers were affected. In 2023, Santam's catastrophe inner layer structure was R350 million in excess of R400 million (70% placed). In 2024, the structure changed to R500 million in excess of R500 million (in excess of R500 million annual aggregate deductible). The increase in the deductible remains within the range of an acceptable figure as regards the company's shareholders funds, as well as a percentage of retained net premium income.

For the 2024/25 season, our agriculture portfolio is protected through a 60% quota share and a non-proportional reinsurance arrangement. The cover is set at levels offering protection from extreme aggregate loss events. The 2023/24 season was protected with a 56% quota share.

Santam has arrangements to support growth in territories outside South Africa in situations where an A-rating by AM Best and/or S&P is a requirement. In 2019, Santam entered into an agreement with New Reinsurance Company Ltd Switzerland (New Re), which is a wholly owned Munich Re company. In terms of the agreement, selected Santam business units are able to write inwards international reinsurance business on New Re's AA- credit rating licence. The 5-year agreement between Santam and New Re became effective 1 January 2020 and terminated in December 2024. In December 2024, Santam was assigned a financial strength rating of A – (Excellent) by AM Best. This will support the group's sustainable growth in territories outside South Africa going forward.

The board approves the reinsurance renewal process on an annual basis. The majority of the reinsurance programme is placed with external reinsurers that have an international credit rating of no less than A- (2023: A-) from S&P or AM Best, unless specific approval is obtained from the board.

Notes to the annual financial statements

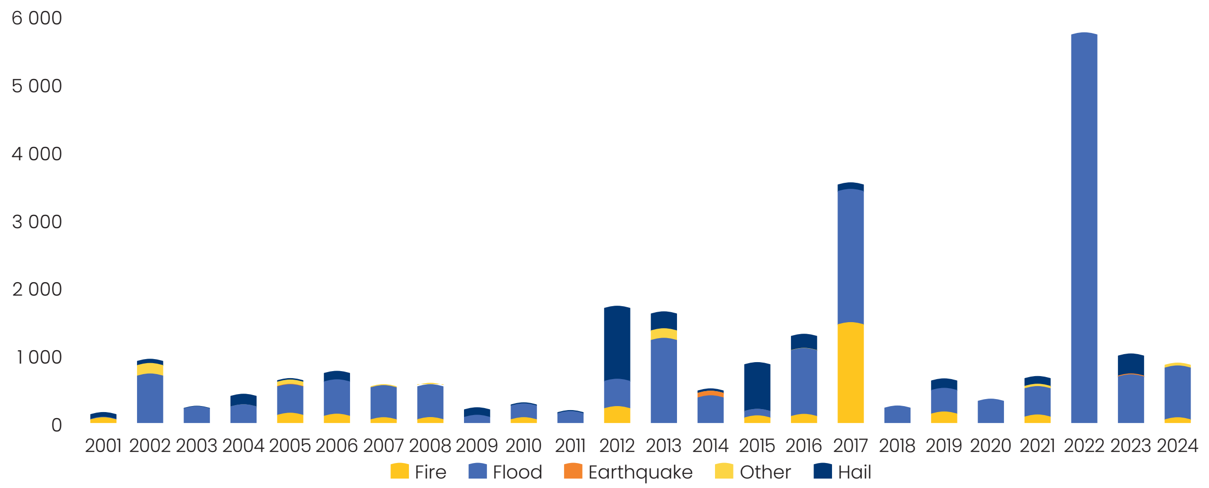
4. Insurance and reinsurance contracts (continued)

4.16 Concentration risk

Santam has a diversified book of business spread across South Africa with a 22% market share. The portfolio is more weighted to the Western Cape, Gauteng and KwaZulu-Natal, with the insurance concentration within the motor and property classes of business.

Catastrophe events tend to highlight concentration risk within the business. The chart below provides an overview of historic catastrophe losses (amounts have been inflation adjusted to mid-2025):

GROSS TOTAL CATASTROPHE CLAIMS: NATURAL CATASTROPHES (MILLIONS)



The chart above shows that hail, storm and fire are the most prevalent catastrophe events. The following table illustrates the interaction in concentration within geographical areas and insurance classes:

			Gross insurance exposure (GWP)		Net insurance exposure (NWP)	
Primary catastrophe	Main insurance class impacted[1]	Main geographical location impacted	2024 R million	2023[2] R million	2024 R million	2023[2] R million
Hail	Motor	Gauteng	**6 888**	6 808	**6 766**	6 638
Storm (large)	Property	Western Cape, KwaZulu-Natal	**4 212**	3 925	**3 474**	3 205
Fire	Property	Western Cape, North West	**5 649**	5 493	**5 048**	4 874

[1] *No other insurance classes are exposed to significant concentration risk.*
[2] *Concentration risk disclosure has been added in line with IFRS 17 requirements for the current and prior year.*

Climate change has increased the frequency and intensity of extreme weather-related events in South Africa in recent years, increasing the risk of hail damage in the motor book and storm losses in the property book. Similarly, wildfires also pose a particular risk to the property class due to a combination of climate change and vegetation.

Santam has geocoded the largest portion of its portfolio to identify high-risk flooding and wildfire areas to better manage the risk. The geocoding initiative also informs efforts to enhance fire services capacity in affected municipalities.

At the underwriting stage, geocoding is used to manage potential concentration risk. Geocoding entails overlaying geocoded addresses with scientific data sets to determine exposure to specific perils at a given location. It is a method of avoiding high risk rather than mitigating it. Risks that are subsequently accepted are then mitigated through reinsurance.

Santam has catastrophe cover (applicable when multiple insureds are affected at the same time) of up to 1% of the total exposure of significant geographical areas, amounting to protection of R11.5 billion per event, with an attachment point of R1.0 billion. Santam also has property excess of loss cover that provides protection to limit losses in the range of R5 million to R100 million per risk of a single sum insured.

Therefore, the potential impact of concentration risk within the group's insurance groups is limited, with the potential net impact on the results not being material.

Of the total life insurance contract liabilities, 71% relates to funeral cover, spread across South Africa. Individual policy values are low, with a maximum sum insured per life on a funeral policy of R100 000. The group is, therefore, not exposed to concentration risk in its life business.

4. Insurance and reinsurance contracts (continued)

4.17 Insurance-related credit risk

Key insurance-related areas where Santam is exposed to credit default risk are:

- Reinsurer default on presentation of a large claim
- Reinsurers default on their share of Santam's insurance liabilities
- Default on amounts due from insurance contract intermediaries and premium collection agencies

For default risk Santam uses a model which is largely based on the Basel III regulation.

Credit risk capital is held for the following type of exposure:

- Outstanding premiums due from intermediaries and reinsurance due from reinsurers
- Reinsurance claims provisions
- Exposure to potential reinsurance recoveries based on the losses generated by the internal model

Santam uses a large panel of high quality reinsurance companies. The credit risk of reinsurers included in the reinsurance programme is considered annually by reviewing their financial strength as part of the renewal process. The group's largest reinsurance counterparty is Munich Re. The credit risk exposure is further monitored throughout the year to ensure that changes in credit risk positions are adequately addressed. Regarding receivables from contract holders/intermediaries included in insurance contract liabilities, receivables from individuals and commercial entities don't generally have published credit ratings. Santam has credit control teams that monitor receivables and ensures appropriate governance is applied.

Insurance contract assets arise as a result of amounts due by intermediaries. In terms of the Insurance Act, amounts due from intermediaries are required to be paid to Santam 15 days after the month in which it was collected. Due to the nature and extent of the intermediary network, credit ratings are not generally available for the individuals and entities comprising the broker intermediary network. Santam applies strict credit controls and governance over its broker intermediary network to limit any related credit risk exposure.

The following table provides information regarding the aggregated credit risk exposure for reinsurance contract assets:

2024	**AA+ R million**	**AA R million**
GROUP		
Reinsurance contract assets	266	421
	266	421
COMPANY		
Reinsurance contract assets	266	357
	266	357

2023 (Restated)[1]	AA+ R million	AA R million
GROUP		
Reinsurance contract assets	86	761
	86	761
COMPANY		
Reinsurance contract assets	66	756
Total	66	756

[1] *The information has been restated to correct for an incorrect data source that was used by reallocating R2 468 million from "Not rated" to other credit ratings.*

Reinsurer credit risk exposure, where external ratings are not available, is subject to internal review by the risk committee. These reviews are performed regularly throughout the year to ensure changes in credit risk of reinsurance counterparties are addressed timeously.

	AA– R million	A+ R million	A R million	A– R million	BBB+ R million	BBB– R million	BB R million	Not rated R million	Carrying value R million
	2 177	2 560	482	480	21	83	285	5	6 780
	2 177	2 560	482	480	21	83	285	5	6 780
	2 122	2 086	455	527	21	83	285	4	6 206
	2 122	2 086	455	527	21	83	285	4	6 206

	AA– R million	A+ R million	A R million	A– R million	BBB+ R million	BBB– R million	BB R million	Not rated R million	Carrying value R million
	3 163	3 307	627	772	26	104	1 170	71	10 087
	3 163	3 307	627	772	26	104	1 170	71	10 087
	2 922	2 848	609	687	26	104	383	–	8 401
	2 922	2 848	609	687	26	104	383	–	8 401

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.18 Contractual service margin

The following table sets out when the group expects to recognise the remaining CSM in profit or loss, after the reporting date:

2024	Total R million	Year 1 R million	Year 2 R million	Year 3 R million
GROUP				
INSURANCE CONTRACTS ISSUED				
General insurance				
Opening balance	35	35	31	26
Accretion of interest on liabilities under the GMM	17	4	3	4
Recognised in statement of comprehensive income	(52)	(8)	(8)	(9)
Closing balance	–	31	26	21
Life insurance				
Opening balance	9 067	9 067	7 165	5 746
Accretion of interest on liabilities under the GMM	2 499	544	430	345
Recognised in statement of comprehensive income	(11 566)	(2 446)	(1 849)	(1 464)
Closing balance	–	7 165	5 746	4 627
REINSURANCE CONTRACTS HELD				
Life insurance				
Opening balance	(3)	(3)	(1)	–
Accretion of interest on liabilities under the GMM	–	–	–	–
Recognised in statement of comprehensive income	3	2	1	–
Closing balance	–	(1)	–	–
THIRD PARTY CELL INSURANCE CONTRACTS				
General insurance				
Opening balance	(35)	(35)	(31)	(26)
Accretion of interest on liabilities under the GMM	(17)	(4)	(3)	(4)
Recognised in statement of comprehensive income	52	8	8	9
Closing balance	–	(31)	(26)	(21)
Life insurance				
Opening balance	(9 063)	(9 063)	(7 165)	(5 746)
Accretion of interest on liabilities under the GMM	(2 499)	(544)	(430)	(345)
Recognised in statement of comprehensive income	11 562	2 442	1 849	1 463
Closing balance	–	(7 165)	(5 746)	(4 628)

Year 4 R million	Year 5 R million	Year 6 R million	Year 7 R million	Year 8 R million	Year 9 R million	Year 10 R million	11 to 20 years R million	>20 years R million
21	14	5	–	–	–	–	–	–
3	2	1	–	–	–	–	–	–
(10)	(11)	(6)	–	–	–	–	–	–
14	5	–	–	–	–	–	–	–
4 627	3 730	3 006	2 420	1 945	1 562	1 253	1 006	121
278	224	180	145	117	94	75	60	7
(1 175)	(948)	(766)	(620)	(500)	(403)	(322)	(945)	(128)
3 730	3 006	2 420	1 945	1 562	1 253	1 006	121	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
(21)	(14)	(5)	–	–	–	–	–	–
(3)	(2)	(1)	–	–	–	–	–	–
10	11	6	–	–	–	–	–	–
(14)	(5)	–	–	–	–	–	–	–
(4 628)	(3 731)	(3 007)	(2 421)	(1 947)	(1 564)	(1 255)	(1 008)	(124)
(278)	(224)	(180)	(145)	(117)	(94)	(75)	(60)	(7)
1 175	948	766	619	500	403	322	944	131
(3 731)	(3 007)	(2 421)	(1 947)	(1 564)	(1 255)	(1 008)	(124)	–

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.18 Contractual service margin (continued)

2023	Total R million	Year 1 R million	Year 2 R million	Year 3 R million
GROUP				
INSURANCE CONTRACTS ISSUED				
General insurance				
Opening balance	42	42	38	34
Accretion of interest on liabilities under the GMM	19	3	3	4
Recognised in statement of comprehensive income	(61)	(7)	(7)	(8)
Closing balance	–	38	34	30
Life insurance				
Opening balance	7 319	7 319	5 991	4 956
Accretion of interest on liabilities under the GMM	2 238	439	359	297
Recognised in statement of comprehensive income	(9 557)	(1 767)	(1 394)	(1 134)
Closing balance	–	5 991	4 956	4 119
REINSURANCE CONTRACTS HELD				
Life insurance				
Opening balance	(2 174)	(2 174)	(1 797)	(1 496)
Accretion of interest on liabilities under the GMM	(675)	(130)	(108)	(90)
Recognised in statement of comprehensive income	2 849	507	409	338
Closing balance	–	(1 797)	(1 496)	(1 248)
THIRD PARTY CELL INSURANCE CONTRACTS				
General insurance				
Opening balance	(42)	(42)	(38)	(34)
Accretion of interest on liabilities under the GMM	(19)	(3)	(3)	(4)
Recognised in statement of comprehensive income	61	7	7	8
Closing balance	–	(38)	(34)	(30)
Life insurance				
Opening balance	(5 145)	(5 145)	(4 194)	(3 461)
Accretion of interest on liabilities under the GMM	(1 564)	(309)	(252)	(208)
Recognised in statement of comprehensive income	6 709	1 260	985	796
Closing balance	–	(4 194)	(3 461)	(2 873)

Year 4 R million	Year 5 R million	Year 6 R million	Year 7 R million	Year 8 R million	Year 9 R million	Year 10 R million	11 to 20 years R million	>20 years R million
30	24	17	7	–	–	–	–	–
3	3	2	1	–	–	–	–	–
(9)	(10)	(12)	(8)	–	–	–	–	–
24	17	7	–	–	–	–	–	–
4 119	3 428	2 854	2 374	1 975	1 643	1 364	1 129	152
247	206	171	142	119	99	82	68	9
(938)	(780)	(651)	(541)	(451)	(378)	(317)	(1 045)	(161)
3 428	2 854	2 374	1 975	1 643	1 364	1 129	152	–
(1 248)	(1 041)	(867)	(722)	(601)	(500)	(415)	(344)	(48)
(75)	(62)	(52)	(43)	(36)	(30)	(25)	(21)	(3)
282	236	197	164	137	115	96	317	51
(1 041)	(867)	(722)	(601)	(500)	(415)	(344)	(48)	–
(30)	(24)	(17)	(7)	–	–	–	–	–
(3)	(3)	(2)	(1)	–	–	–	–	–
9	10	12	8	–	–	–	–	–
(24)	(17)	(7)	–	–	–	–	–	–
(2 873)	(2 389)	(1 988)	(1 654)	(1 376)	(1 145)	(951)	(788)	(108)
(172)	(143)	(119)	(99)	(83)	(69)	(57)	(47)	(6)
656	544	453	377	314	263	220	727	114
(2 389)	(1 988)	(1 654)	(1 376)	(1 145)	(951)	(788)	(108)	–

Notes to the annual financial statements

4. Insurance and reinsurance contracts (continued)

4.19 Insurance-related interest rate risk

The following table presents an analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17, as well as the net impact on profit or loss and equity.

The nature of third party cell insurance contracts does not expose the group to interest rate risk, and is thus not included in the table below.

For the group's other financial assets and liabilities' interest rate sensitivities, refer to note 5.5 and 6.2.

		1% increase in interest rate impact on:			1% decrease in interest rate impact on:		
2024	Net insurance contract balance R million	Net insurance contract balance R million	Profit or loss before tax R million	Profit or loss/ Equity R million	Net insurance contract balance R million	Profit or loss before tax R million	Profit or loss/ Equity R million
GROUP							
Insurance contracts issued							
General insurance	34 525	(136)	136	99	205	(205)	(150)
Life insurance	3 178	(4)	4	3	–	–	–
Reinsurance contracts held							
General insurance	(6 673)	41	(41)	(31)	(65)	65	47
Life insurance	1	1	1	–	–	–	–
COMPANY							
Insurance contracts issued							
General insurance	15 648	(118)	118	86	187	(187)	(136)
Reinsurance contracts held							
General insurance	(6 206)	37	(37)	(27)	(54)	54	40
2023							
GROUP							
Insurance contracts issued							
General insurance	32 314	(129)	129	94	216	(216)	(158)
Life insurance	1 910	(4)	4	3	–	–	–
Reinsurance contracts held							
General insurance	(9 242)	55	(55)	(40)	(88)	88	64
Life insurance	(720)	2	2	1	–	–	–
COMPANY							
Insurance contracts issued							
General insurance	16 252	(112)	112	82	193	(193)	(141)
Reinsurance contracts held							
General insurance	(8 401)	48	(48)	(35)	(69)	69	51

Notes to the annual financial statements

5. Financial assets

	Notes	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Financial assets mandatorily measured at fair value through profit or loss					
Strategic investment – unquoted Sanlam target shares	5.1.1	2 483	2 030	2 483	2 030
Financial assets at fair value through profit or loss	5.1	51 773	43 748	17 624	15 266
Financial assets measured at amortised cost					
Loans and receivables	5.6	2 793	2 739	1 511	1 591
Cash and cash equivalents	5.7	6 385	4 819	2 356	1 415
Financial assets		63 434	53 336	23 974	20 302

Risk management

Refer to the following notes for detail on risks relating to financial assets and the management thereof:

- Fair value of financial assets – note 5.3
- Price risk – note 5.4
- Interest rate risk – note 5.5
- Credit risk – note 5.8
- Currency risk – note 8
- Liquidity risk – note 9

5.1 Financial assets at fair value through profit or loss

The group's financial assets at fair value through profit or loss are summarised below by investment type.

	Notes	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Equity securities					
Listed equities and similar securities		2 450	2 926	772	1 556
Unlisted equities and similar securities		2 507	2 173	2 507	2 171
Interest-bearing investments					
Government interest-bearing investments		6 692	5 336	3 781	2 052
Corporate interest-bearing investments		24 609	18 136	9 966	9 525
Mortgages and loans		38	125	29	109
Structured transactions					
Structured notes		438	296	246	103
Derivatives	6.4	2	–	2	–
Investment funds	5.2	14 797	10 324	1 691	508
Deposits and similar securities		2 723	6 462	1 113	1 272
Financial assets at fair value through profit or loss		54 256	45 778	20 107	17 296
Financial assets at fair value through profit or loss (excluding Sanlam target shares)					
Expected to be realised after 12 months		33 853	30 221	11 758	10 556
Expected to be realised within 12 months		17 920	13 527	5 866	4 710
Strategic investments – unquoted Sanlam target shares					
Expected to be realised after 12 months		2 483	2 030	2 483	2 030
Expected to be realised within 12 months		–	–	–	–
		54 256	45 778	20 107	17 296

Notes to the annual financial statements

5. Financial assets (continued)

5.1 Financial assets at fair value through profit or loss (continued)

Accounting policy – Financial assets at fair value through profit or loss

a) Classification

The group classifies the following financial assets at fair value through profit or loss:

- equity instruments that are held for trading
- equity instruments for which the group has not elected to recognise fair value gains and losses through other comprehensive income (OCI), and
- debt instruments that do not qualify for measurement at either amortised cost or fair value through OCI. A key input in the assessment of the classification of debt instruments held was the business model applied to manage the financial assets. Financial assets that are held to sell and those that are managed and whose performance is evaluated on a fair value basis will be measured at fair value through profit or loss as they are neither held to collect contractual cash flows nor held to collect contractual cash flows and sell.

Information about these financial assets is provided internally on a fair value basis to the group's key management decision makers. The group's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are classified upon initial recognition at fair value through profit or loss.

b) Recognition and measurement

Purchases and sales of investments are recognised on trade date – the date on which the group commits to purchase or sell the asset.

The carrying amount of the assets best represents its maximum exposure to credit risk.

5.1.1 Sanlam target shares

Santam subscribes from time to time to separate classes of target shares issued by a subsidiary of Sanlam Ltd in terms of a Participation Transaction, with each separate class linked to a participatory interest in the target companies listed below. The fair value of these instruments at year-end was R2 483 million (2023: R2 030 million). The shares were classified as unlisted equity securities.

	Incorporated in	Type of business	Santam effective holding 2024 %	Santam effective holding 2023 %
Pacific & Orient Insurance Co. Berhad (P&O)	Malaysia	P&O is a niche general insurer based in Kuala Lumpur, Malaysia.	15.4	15.4
Shriram General Insurance Company Ltd (SGI)[1]	India	SGI is the general insurance business of the Shriram group, a financial conglomerate based in India.	14.1	14.1

[1] *This is currently the most material investment due to its relative size to the entire Sanlam target share investment portfolio.*

Notes to the annual financial statements

5. Financial assets (continued)

5.2 Investment funds

Investment funds are investments in structured entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls it. The group considers collective investment schemes and other unit-linked investments to be structured entities. The following note provides information on significant unconsolidated structured entities in which the group holds an interest. Collective investment schemes are categorised into equity, property or money market instruments based on a minimum of 55% per category of the underlying asset composition of the fund by value. In the event no one category meeting this threshold, it is classified as a mixed class. Money market collective investment schemes are categorised as such.

	GROUP		COMPANY	
	2024 R million	2023 R million	**2024 R million**	2023 R million
Property	**126**	153	**–**	–
Money market	**9 447**	7 779	**320**	226
Equity	**746**	671	**229**	185
Mixed	**4 478**	1 721	**1 142**	97
Total investment funds (unconsolidated structured entities)	**14 797**	10 324	**1 691**	508

5.3 Financial instruments measured at fair value on a recurring basis

The table below analyses financial instruments, carried at fair value through profit or loss, by valuation method. There were no significant changes in the valuation methods applied since 31 December 2023. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, by prices) or indirectly (that is, derived from prices). The fair value of level 2 instruments are determined as follows:
  - » Listed equities and similar securities are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market.
  - » Unlisted equities and similar securities are valued using the discounted cash flow (DCF) or net asset value method based on market input.
  - » Interest-bearing investments:
    - – Quoted interest-bearing investments are valued using yield of benchmark bond, DCF benchmarked against similar instruments with the same issuer, price quotations of JSE interest rate market or issue price of external valuations based on market input.[1]
    - – Unquoted interest-bearing investments are valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input.
  - » Structured transactions are valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input.
  - » Investment funds:
    - – Quoted investment funds with underlying equity securities are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market.
    - – Quoted investment funds with underlying debt securities are valued using DCF, external valuations and published price quotations on the JSE equity and interest rate market or external valuations that are based on published market input with the main assumptions being market input, uplifted with inflation.[1]
  - » Derivatives are valued using the Black-Scholes model, net present value of estimated floating costs less the performance of the underlying index over contract term, DCF (using fixed contract rates and market-related variable rates adjusted for credit risk, credit default swap premiums, offset between strike price and market projected forward value, yield curve of similar market-traded instruments) with the main assumptions being market input, credit spreads and contract inputs.
- Level 3: Input for the asset or liability that is not based on observable data (that is, unobservable input).

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

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

Notes to the annual financial statements

5. Financial assets (continued)

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

2024	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
GROUP				
Financial assets				
Equities and similar securities				
Listed equities and similar securities	2 450	–	–	2 450
Unlisted equities and similar securities	–	–	2 507	2 507
Interest-bearing investments				
Government interest-bearing investments	–	6 692	–	6 692
Corporate interest-bearing investments	–	24 566	43	24 609
Mortgages and loans	–	38	–	38
Structured transactions				
Structured notes	–	438	–	438
Derivatives	–	–	2	2
Investment funds	–	14 683	114	14 797
Deposits and similar securities	–	2 723	–	2 723
Financial assets at fair value through profit or loss	2 450	49 140	2 666	54 256

2024	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
COMPANY				
Financial assets				
Equities and similar securities				
Listed equities and similar securities	772	–	–	772
Unlisted equities and similar securities	–	–	2 507	2 507
Interest-bearing investments				
Government interest-bearing investments	–	3 781	–	3 781
Corporate interest-bearing investments	–	9 966	–	9 966
Mortgages and loans	–	29	–	29
Structured transactions				
Structured notes	–	246	–	246
Derivatives	–	–	2	2
Investment funds	–	1 577	114	1 691
Deposits and similar securities	–	1 113	–	1 113
Financial assets at fair value through profit or loss	772	16 712	2 623	20 107

5. Financial assets (continued)

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

2023	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
GROUP				
Financial assets				
Equities and similar securities				
Listed equities and similar securities	2 926	–	–	2 926
Unlisted equities and similar securities	–	2	2 171	2 173
Interest-bearing investments				
Government interest-bearing investments	–	5 336	–	5 336
Corporate interest-bearing investments	–	18 090	46	18 136
Mortgages and loans	–	125	–	125
Structured transactions				
Structured notes	–	296	–	296
Investment funds	–	10 324	–	10 324
Deposits and similar securities	–	6 462	–	6 462
Financial assets at fair value through profit or loss	2 926	40 635	2 217	45 778

2023	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
COMPANY				
Financial assets				
Equities and similar securities				
Listed equities and similar securities	1 556	–	–	1 556
Unlisted equities and similar securities	–	–	2 171	2 171
Interest-bearing investments				
Government interest-bearing investments	–	2 052	–	2 052
Corporate interest-bearing investments	–	9 525	–	9 525
Mortgages and loans	–	109	–	109
Structured transactions				
Structured notes	–	103	–	103
Investment funds	–	508	–	508
Deposits and similar securities	–	1 272	–	1 272
Financial assets at fair value through profit or loss	1 556	13 569	2 171	17 296

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the closing price. These instruments are included in level 1 and comprise mainly equity instruments classified as trading securities that are listed on the JSE or Namibian Stock Exchange.

5. Financial assets (continued)

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

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument is observable, the instrument is included in level 2. Level 2 instruments comprise the following:

- Interest-bearing investments
- Structured transactions
- Investment funds
- Deposits and similar securities

The value is determined by using market observable input, e.g. JIBAR, prime rate, foreign exchange rates, listed bond rates of similar instruments, without significant adjustments.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value level 3 financial instruments include:

- **Unlisted equity instruments**

Fair value (excluding Sanlam target shares) is determined based on valuation techniques where the input is determined by management, e.g. multiples of net asset value, and is not readily available in the market or where market observable input is significantly adjusted. Valuations are generally based on multiples of net asset value ranging between 0.7 and 1.0 (2023: 0.6 and 1.0). The value of unlisted equity instruments (excluding Sanlam target shares) is not material.

The fair value of the Sanlam target shares is determined using predominantly DCF models, with the remainder valued at or within close proximity of the latest available net asset value of the underlying company. The most significant investment relates to the target share which provides a participatory interest in SGI in India to the value of R2 351 million (2023: R1 894 million). No other individual target share is material.

The fair value of the SGI target share is determined using a DCF model. Given the short-term volatility of earnings patterns, the group uses a 10 year discounting period, rather than a five year one, in order to provide a more robust valuation of the SGI business. The 10 year DCF model discounts expected cash flows and a perpetual value (after providing for regulatory capital requirements) at an appropriate risk-adjusted discount rate.

Significant unobservable input used in this DCF model	2024	2023
Discount rate	14.6%	14.9%
Rand/Indian rupee exchange rate	0.220	0.222
Average net insurance margin over a 10 year period	17.5%	20.2%

	2024		2023	
Impact on the investment of a 10% change in:	Increase R million	Decrease R million	Increase R million	Decrease R million
Discount rate	(466)	734	(365)	570
Rand/Indian rupee exchange rate	235	(235)	189	(189)
Average net insurance margin over a 10 year period	190	(190)	149	(149)

The remaining Sanlam target share is valued with reference to the net asset value of the underlying company and was mostly impacted by changes in the exchange rate.

- **Investment funds**

The fair value of investments funds classified as level 3 approximates Santam's share of the net asset value of the fund. The value is determined based on valuation techniques where the input is determined by management and is not readily available in the market, or where market observable inputs are significantly adjusted.

Notes to the annual financial statements

5. Financial assets (continued)

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

Accounting policy – Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the group has access to at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of quoted investments are based on current stock exchange prices at the close of business on the statement of financial position date. If the market for a financial asset is not active or if it is unquoted, the group establishes fair value by using valuation techniques. These include discounted cash flow analysis, recent arm's length transactions, premium/discount to net asset value and price-earnings techniques. The group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The fair values of unit-linked investment contracts are measured with reference to their respective underlying assets. Debt securities are measured at fair value based on the market rate of an equivalent non-convertible bond. Unit trusts are measured at fair value based on the quoted repurchase prices.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the closing price. These instruments are included in level 1 and comprise mainly equity instruments classified as trading securities that are listed on the JSE or Namibian Stock Exchange.

Critical accounting estimates and judgements – Fair value of financial instruments that are not listed or quoted

The fair value of financial assets and liabilities that are not listed or quoted in an active market are determined using valuation techniques. The assumptions used in these valuation techniques are described as part of the fair value hierarchy analysis included in this note.

The following table presents the changes in level 3 instruments for the year ended 31 December 2024:

2024	Equity securities R million	Interest-bearing investments R million	Derivative (liabilities)/ assets[1] R million	Investment funds R million	Total R million
GROUP					
Opening balance	2 171	46	(7)	–	2 210
Transfers	(117)	–	–	117	–
Settlement	–	–	7	–	7
Gains/(losses) recognised in profit or loss	453	(3)	2	(3)	449
Closing balance	2 507	43	2	114	2 666

2024	Equity securities R million	Interest-bearing investments R million	Derivative (liabilities)/ assets[1] R million	Investment funds R million	Total R million
COMPANY					
Opening balance	2 171	–	(7)	–	2 164
Transfers	(117)	–	–	117	–
Settlement	–	–	7	–	7
Gains/(losses) recognised in profit or loss	453	–	2	(3)	452
Closing balance	2 507	–	2	114	2 623

[1] *Refer to note 6.4 for detail on derivative (liabilities)/assets.*

Notes to the annual financial statements

5. Financial assets (continued)

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

The following table presents the changes in level 3 instruments for the year ended 31 December 2023:

2023	Equity securities R million	Interest-bearing investments R million	Derivative (liabilities)/ assets[1] R million	Total R million
GROUP				
Opening balance	1 738	60	(35)	1 763
Settlement	–	–	122	122
Gains/(losses) recognised in profit or loss	433	(14)	(7)	412
Losses recognised directly in equity	–	–	(87)	(87)
Closing balance	2 171	46	(7)	2 210

2023	Equity securities R million	Interest-bearing investments R million	Derivative (liabilities)/ assets[1] R million	Total R million
COMPANY				
Opening balance	1 738	–	(35)	1 703
Settlement	–	–	122	122
Gains/(losses) recognised in profit or loss	433	–	(7)	426
Losses recognised directly in equity	–	–	(87)	(87)
Closing balance	2 171	–	(7)	2 164

[1] *Refer to note 6.4 for detail on derivative (liabilities)/assets.*

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

Of the R453 million gain (2023: R433 million gain) recognised on equity securities, a R453 million gain (2023: R433 million gain) relates to the Sanlam target shares, of which R7 million relates to foreign exchange losses (2023: R121 million gains), and R460 million (2023: R312 million) to an increase in fair value in local currency terms. The key drivers of the fair value movements of Santam's share of the Sanlam investment portfolio were:

In 2024, the increase in the value of SGI of R471 million (2023: R320 million) (excluding the impact of exchange rate movements) was attributable to higher new business volumes. SGI also reported a better claims experience than prior years and expects the claims ratio to gradually improve over the short term.

5.4 Price risk

The group is subject to price risk due to daily changes in the market values of its equity portfolios. The group is not directly exposed to commodity price risk, but does have indirect commodity price exposure via various equity share holdings. Any change in valuation of these companies due to change in commodity prices will reflect in the change in share price of these companies.

The group takes a long-term view when agreeing investment mandates with the relevant portfolio managers and looks to build value over a sustained period of time rather than utilising high levels of purchases and sales in order to generate short-term gains from its equity holdings.

Equity price risk arises from the negative effect that a fall in the market value of equities can have on Santam's net asset value. The group's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modelling methods. The group sets appropriate risk limits to ensure that no significant concentrations in individual companies arise.

Sensitivity analysis on listed equities and similar securities

At 31 December 2024, the group's listed equities and similar securities, as well as equity investment funds, were recorded at their fair value of R3 322 million (2023: R3 750 million). A 10% decline or increase in each individual unit price would have the net effect of decreasing or increasing profit before taxation by R332 million (2023: R375 million).

The company's listed equities and similar securities, as well as equity investment funds, were recorded at their fair value of R1 001 million (2023: R1 741 million). A 10% decline or increase in each individual unit price would have the net effect of decreasing or increasing profit before taxation by R100 million (2023: R174 million).

Notes to the annual financial statements

5. Financial assets (continued)

5.5 Interest rate risk – financial assets

Exposure to interest rate risk is monitored through several methods that include scenario testing and stress testing using measures such as duration. The bond returns are modelled based on the historic performance of the individual bonds held in the portfolio, and adjusted to reflect the current interest rates and inflation environment. The risk-free rate used for modelling is 9% as at 31 December 2024 (2023: 9%).

Sensitivity analysis on interest-bearing instruments

Interest-bearing instruments with a fixed rate give rise to fair value interest rate risk, while interest-bearing instruments with a floating rate give rise to cash flow interest rate risk.

The following table provides an indication of the impact of a 1% change in interest rates on the profit before tax as well as the total comprehensive income of the group and the company:

	2024		2023	
	1% increase R million	1% decrease R million	1% increase R million	1% decrease R million
GROUP				
Financial assets – fixed rate				
Interest-bearing investments				
Government interest-bearing investments	(81)	86	(113)	119
Corporate interest-bearing investments	(42)	45	(32)	34
Structured transactions				
Derivatives	(9)	10	–	–
Deposits and similar securities	(18)	18	(50)	51
Total	(150)	159	(195)	204
Financial assets – variable rate				
Interest-bearing investments				
Government interest-bearing investments	44	(44)	17	(17)
Corporate interest-bearing investments	123	(123)	112	(112)
Mortgages and loans	–	–	1	(1)
Structured transactions				
Structured notes	3	(3)	2	(2)
Deposits and similar securities	2	(2)	1	(1)
Cash and cash equivalents	63	(63)	44	(44)
Total	235	(235)	177	(177)

	2024		2023	
	1% increase R million	1% decrease R million	1% increase R million	1% decrease R million
COMPANY				
Financial assets – fixed rate				
Interest-bearing investments				
Government interest-bearing investments	(21)	21	(47)	50
Corporate interest-bearing investments	(36)	39	(26)	28
Structured transactions				
Derivatives	(9)	10	–	–
Deposits and similar securities	(5)	5	(6)	6
Total	(71)	75	(79)	84
Financial assets – variable rate				
Interest-bearing investments				
Government interest-bearing investments	28	(28)	3	(3)
Corporate interest-bearing investments	87	(87)	84	(84)
Mortgages and loans	–	–	1	(1)
Structured transactions				
Structured notes	2	(2)	1	(1)
Cash and cash equivalents	22	(22)	10	(10)
Total	139	(139)	99	(99)

Notes to the annual financial statements

5. Financial assets (continued)

5.6 Loans and receivables

	GROUP		COMPANY	
	2024 R million	2023 R million	2024 R million	2023 R million
Premium financing receivables	953	872	–	–
Indirect taxes included in premium receivables	657	592	641	557
Other loans and receivables	1 291	1 380	405	507
Less provision for impairment	(108)	(105)	(87)	(87)
Loans to subsidiaries (refer note 10.1)	–	–	552	614
Total	2 793	2 739	1 511	1 591
Expected to be realised within 12 months	2 793	2 739	959	977
Expected to be realised after 12 months	–	–	552	614
Reconciliation of provision for impairment of other loans and receivables				
At the beginning of the year	105	118	87	89
Charge to the statement of comprehensive income:				
– movement in provisions	3	(13)	–	(2)
Total at the end of the year	108	105	87	87

The estimated fair values of loans and receivables are the discounted amounts of the estimated future cash flows expected to be received.

The carrying value of loans and receivables approximates fair value. Provisions for impairment are based on the recoverability of individual loans and receivables. Gross carrying amounts are written off if interest and/or principal repayments are past due and there is no reasonable expectation of recovery.

Accounting policy – Loans and receivables

Classification

The group classifies its loans and receivables as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principle and interest.

Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest method, less allowance for expected credit losses.

Impairment

The group applies the general approach to providing for expected credit losses prescribed by IFRS 9. To measure the expected credit losses, loans and receivables have been grouped based on shared credit risk characteristics and the days past due to create three categories namely performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before year-end. The loss rates are adjusted to reflect current and forward looking information on macro-economic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days or more past due are considered to be "not performing" and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

5. Financial assets (continued)

5.6 Loans and receivables (continued)

Expected credit loss summary

GROUP

2024		ECL rate	ECL method	Gross[2] R million	Provision opening balance R million	(Released)/ raised in the period R million	Provision closing balance R million
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	1.82%	12 month	2 640	51	(3)	48
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	3.07%	Lifetime	163	9	(4)	5
Not performing	Interest and/or principal repayments are 30 days past due	56.12%	Lifetime	98	45	10	55
Total				2 901	105	3	108

COMPANY

2024		ECL rate	ECL method	Gross[2] R million	Provision opening balance R million	(Released)/ raised in the period R million	Provision closing balance R million
Performing[1]	Customers have a low risk of default and a strong capacity to meet contractual cash flows	3.50%	12 month	1 373	51	(3)	48
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	3.07%	Lifetime	163	9	(4)	5
Not performing	Interest and/or principal repayments are 30 days past due	54.84%	Lifetime	62	27	7	34
Total				1 598	87	–	87

[1] *Included in performing loans are amounts due from other group companies. Given that the companies that funding has been provided to have no history of default and sufficient net asset values, it is unlikely that the company will experience credit losses in respect of these loans and as such no amounts have been provided for.*
[2] *Refer to note 5.8 for the credit ratings relating to Loans and receivables. All rated balances are included in the performing category.*

5. Financial assets (continued)

5.6 Loans and receivables (continued)

Expected credit loss summary (continued)

GROUP

2023		ECL rate	ECL method	Gross[2] R million	Provision opening balance R million	Raised/ (released) in the period R million	Provision closing balance R million
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	2.01%	12 month	2 543	10	41	51
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	8.57%	Lifetime	105	12	(3)	9
Not performing	Interest and/or principal repayments are 30 days past due	22.96%	Lifetime	196	96	(51)	45
Total				2 844	118	(13)	105

COMPANY

2023		ECL rate	ECL method	Gross[2] R million	Provision opening balance R million	Raised/ (released) in the period R million	Provision closing balance R million
Performing[1]	Customers have a low risk of default and a strong capacity to meet contractual cash flows	3.51%	12 month	1 454	10	41	51
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	8.57%	Lifetime	105	12	(3)	9
Not performing	Interest and/or principal repayments are 30 days past due	22.69%	Lifetime	119	67	(40)	27
Total				1 678	89	(2)	87

[1] *Included in performing loans are amounts due from other group companies. Given that the companies that funding has been provided to have no history of default and sufficient net asset values, it is unlikely that the company will experience credit losses in respect of these loans and as such no amounts have been provided for.*

[2] *Refer to note 5.8 for the credit ratings relating to Loans and receivables. All rated balances are included in the performing category.*

These loans and receivables are mostly unrated. Refer to note 5.8 for credit ratings.

The forward looking information considered was deemed to have an immaterial impact on the expected credit loss for 2024 or 2023.

5. Financial assets (continued)

5.7 Cash and cash equivalents

	GROUP		COMPANY	
	2024 R million	2023 R million	**2024 R million**	2023 R million
Cash at bank and in hand	**6 385**	4 819	**2 356**	1 415
	6 385	4 819	**2 356**	1 415

The carrying value of cash and cash equivalents approximates fair value. The full value is expected to be realised within 12 months.

Refer to note 5.8 where it is noted that cash and cash equivalents are invested with reputable banking institutions with no less than a BB- (2023: BB-) credit rating. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, due to the credit ratings being favourable for these institutions, the potential impairment loss on cash and cash equivalents was assessed to be immaterial.

Accounting policy – Cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held on call with banks. Cash and cash equivalents are initially recognised at fair value and subsequently carried at amortised cost.

5.8 Credit risk

Santam continuously monitors its exposure to its counterparties for financial statement as well as regulatory reporting purposes. It has therefore established a number of criteria in its risk appetite statement to monitor concentration risk and provide feedback to management and the risk committee on at least a quarterly basis.

The credit quality of Santam's counterparties is determined using rating agencies' assessments of the probability of default over a one-year time horizon. The underlying default probabilities are based on the credit migration models developed by S&P, Moody's, Fitch and GCR, which incorporate up to 90 years' worth of credit default information. The probability of default assigned are based on the highest credit rating assigned by the various rating agencies.

Credit risk capital is held for exposure to risk-based assets such as bonds and bank deposits.

For concentration risk Santam uses the SAM methodology. The calculation is performed in four steps:

- Determine the exposure by counterparty
- Calculate the excess exposure above a specified threshold level
- Apply a charge to this excess exposure
- Aggregate the individual charges to obtain an overall capital requirement for concentration risk

Santam seeks to avoid concentration of credit risk to groups of counterparties, business sectors, product types and geographical segments. The group's financial instruments, except for Santam's exposure to the four large South African commercial banks, do not represent a concentration of credit risk. In terms of Santam's internal risk appetite framework no more than 15% of total portfolio assets are generally invested in any one of the four major South African commercial banks. Accounts receivable are spread over a number of major companies and intermediary parties, clients and geographic areas. The group assesses concentration risk for debt securities, money market instruments and cash collectively. The group does not have concentrations in these instruments to any one company exceeding 15% of total debt securities, money market instruments or cash.

The following table provides information regarding the aggregated credit risk exposure for financial assets without taking into account collateral. The credit ratings provided in this table were determined as follows: SIM provided reports generated from their credit system on a quarterly basis, detailing all counterparty, duration and credit risk. These reports include international, national and internal ratings. SIM also provides a conversion table that is then applied to standardise the ratings to international long-term rates. For assets held by subsidiaries and not managed by SIM, a process is agreed with the subsidiaries to align the credit rating analysis with group requirements.

As reflected in the table below, the majority of financial asset investments have remained BB following the BB South African government issuer rating by major credit rating agencies. Most issuers in South Africa will have their credit ratings capped at the sovereign credit rating, and therefore the rating BB represents the best available ratings within the South African investable universe. This still falls within Santam's documented risk appetite and does not pose a significant risk for the group. It has had no significant impact on expected credit losses provided for.

Notes to the annual financial statements

5. Financial assets (continued)

5.8 Credit risk (continued)

2024	Credit rating AAA R million	AA+ R million	AA R million	AA– R million	A+ R million	A R million	A– R million
GROUP							
Financial assets:							
Government interest-bearing investments	323	–	–	–	–	–	–
Corporate interest-bearing investments	168	68	91	171	450	317	639
Mortgages and loans	–	–	–	–	–	–	–
Interest-bearing investments	491	68	91	171	450	317	639
Structured notes	–	–	–	–	–	–	–
Derivatives	–	–	–	–	–	–	–
Structured transactions	–	–	–	–	–	–	–
Investment funds[1]	–	–	–	–	–	–	–
Deposits and similar securities	–	–	–	–	–	–	–
Loans and receivables	–	–	–	–	–	–	–
Cash and cash equivalents	–	9	–	433	–	–	–
Total financial assets exposed to credit risk	491	77	91	604	450	317	639

2024	Credit rating AAA R million	AA+ R million	AA R million	AA– R million	A+ R million	A R million	A– R million
COMPANY							
Financial assets:							
Government interest-bearing investments	323	–	–	–	–	–	–
Corporate interest-bearing investments	168	68	91	171	450	317	639
Mortgages and loans	–	–	–	–	–	–	–
Interest-bearing investments	491	68	91	171	450	317	639
Structured notes	–	–	–	–	–	–	–
Derivatives	–	–	–	–	–	–	–
Structured transactions	–	–	–	–	–	–	–
Investment funds[1]	–	–	–	–	–	–	–
Deposits and similar securities	–	–	–	–	–	–	–
Loans and receivables	–	–	–	–	–	–	–
Cash and cash equivalents	–	9	–	433	–	–	–
Total financial assets exposed to credit risk	491	77	91	604	450	317	639

[1] *Investment funds are generally unrated, but operate in a highly regulated environment.*

Notes to the annual financial statements

Credit rating

BBB R million	BB R million	BB- R million	B+ R million	B R million	Below B- R million	Not rated R million	Carrying value R million
–	6 162	145	42	19	–	1	6 692
40	20 739	979	756	59	17	115	24 609
–	–	14	17	6	1	–	38
40	26 901	1 138	815	84	18	116	31 339
–	437	–	–	1	–	–	438
–	–	–	–	–	–	2	2
–	437	–	–	1	–	2	440
–	985	–	–	–	–	12 940	13 925
–	2 723	–	–	–	–	–	2 723
–	29	320	1	–	–	2 443	2 793
–	5 843	100	–	–	–	–	6 385
40	36 918	1 558	816	85	18	15 501	57 605

Credit rating

BBB R million	BB R million	BB- R million	B+ R million	B R million	Below B- R million	Not rated R million	Carrying value R million
–	3 404	21	16	17	–	–	3 781
40	7 475	161	324	45	17	–	9 966
–	–	12	10	6	1	–	29
40	10 879	194	350	68	18	–	13 776
–	246	–	–	–	–	–	246
–	–	–	–	–	–	2	2
–	246	–	–	–	–	2	248
–	–	–	–	–	–	1 462	1 462
–	1 113	–	–	–	–	–	1 113
–	–	–	–	–	–	1 511	1 511
–	1 914	–	–	–	–	–	2 356
40	14 152	194	350	68	18	2 975	20 466

Notes to the annual financial statements

5. Financial assets (continued)

5.8 Credit risk (continued)

2023	AAA R million	AA+ R million	AA R million	AA– R million	A+ R million	A R million	A– R million
	Credit rating						
GROUP							
Financial assets:							
Government interest-bearing investments	248	–	–	–	–	–	–
Corporate interest-bearing investments	64	7	273	314	267	183	329
Mortgages and loans	–	–	–	–	–	–	–
Interest-bearing investments	312	7	273	314	267	183	329
Structured notes	–	–	–	–	–	–	–
Structured transactions	–	–	–	–	–	–	–
Investment funds[1]	–	–	–	–	–	–	–
Deposits and similar securities	–	–	–	–	–	–	–
Loans and receivables	–	–	–	–	–	–	–
Cash and cash equivalents	–	4	–	275	–	–	–
Total financial assets exposed to credit risk	312	11	273	589	267	183	329

2023	AAA R million	AA+ R million	AA R million	AA– R million	A+ R million	A R million	A– R million
	Credit rating						
COMPANY							
Financial assets:							
Government interest-bearing investments	248	–	–	–	–	–	–
Corporate interest-bearing investments	64	7	273	314	267	183	329
Mortgages and loans	–	–	–	–	–	–	–
Interest-bearing investments	312	7	273	314	267	183	329
Structured notes	–	–	–	–	–	–	–
Structured transactions	–	–	–	–	–	–	–
Investment funds[1]	–	–	–	–	–	–	–
Deposits and similar securities	–	–	–	–	–	–	–
Loans and receivables	–	–	–	–	–	–	–
Cash and cash equivalents	–	4	–	275	–	–	–
Total financial assets exposed to credit risk	312	11	273	589	267	183	329

[1] *Investment funds are generally unrated, but operate in a highly regulated environment.*

Credit rating

BBB+ R million	BBB R million	BB R million	BB– R million	B+ R million	B R million	B– R million	Below B– R million	Not rated R million	Carrying value R million
–	–	4 642	433	2	2	–	–	9	5 336
–	68	14 977	941	511	153	18	3	28	18 136
–	–	6	59	37	16	–	7	–	125
–	68	19 625	1 433	550	171	18	10	37	23 597
–	–	252	13	31	–	–	–	–	296
–	–	252	13	31	–	–	–	–	296
–	–	609	–	–	–	–	–	8 891	9 500
–	–	6 388	56	–	–	–	–	18	6 462
–	–	38	189	13	2	–	–	2 497	2 739
–	–	4 457	83	–	–	–	–	–	4 819
–	68	31 369	1 774	594	173	18	10	11 443	47 413

Credit rating

BBB+ R million	BBB R million	BB R million	BB– R million	B+ R million	B R million	B– R million	Below B– R million	Not rated R million	Carrying value R million
–	–	1 794	10	–	–	–	–	–	2 052
–	68	7 418	286	185	110	18	3	–	9 525
–	–	6	56	24	16	–	7	–	109
–	68	9 218	352	209	126	18	10	–	11 686
–	–	89	13	1	–	–	–	–	103
–	–	89	13	1	–	–	–	–	103
–	–	–	–	–	–	–	–	323	323
–	–	1 272	–	–	–	–	–	–	1 272
–	–	–	–	–	–	–	–	1 591	1 591
–	–	1 136	–	–	–	–	–	–	1 415
–	68	11 715	365	210	126	18	10	1 914	16 390

5. Financial assets (continued)

5.9 Investment income

	GROUP		COMPANY	
	2024 R million	2023 R million	2024 R million	2023 R million
Interest income derived from	4 135	3 199	1 332	1 163
Financial assets measured at amortised cost	664	466	75	88
Financial assets mandatorily measured at fair value through profit or loss	3 471	2 733	1 257	1 075
Other investment income	226	745	1 266	1 117
Dividend income[1]	279	205	1 333	627
Foreign exchange differences	(53)	540	(67)	490
	4 361	3 944	2 598	2 280

[1] *Dividend income for the company includes dividends received from subsidiaries and Sanlam target shares.*

5.10 Net fair value gains/(losses) on financial assets and liabilities at fair value through profit or loss

	GROUP		COMPANY	
	2024 R million	2023 R million	2024 R million	2023 R million
Net fair value gains on financial assets mandatorily at fair value through profit or loss	1 730	947	781	576
Net realised fair value gains on financial assets excluding derivative instruments	510	242	359	14
Net unrealised fair value gains on financial assets excluding derivative instruments	1 218	712	420	569
Net realised/fair value gains/(losses) on derivative instruments	2	(7)	2	(7)
Net fair value losses on financial liabilities designated as at fair value through profit or loss	(194)	(201)	(13)	–
Net fair value losses on debt securities	(13)	–	(13)	–
Net fair value losses on investment contracts	(181)	(201)	–	–
	1 536	746	768	576

Accounting policy – Investment income and net fair value gains/(losses) on financial assets mandatorily at fair value through profit or loss

Gains and losses arising from changes in the fair value of the 'financial assets mandatorily at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Dividend income and interest accrued from financial assets mandatorily at fair value through profit or loss is recognised in the statement of comprehensive income as part of investment income when the group's right to receive payments is established. Realised gains on instruments mandatorily at fair value through profit or loss are calculated as the difference between proceeds received and cost. Realised gains are recognised as part of the net loss/gain on financial assets mandatorily at fair value through profit or loss and liabilities designated at fair value through profit or loss. Interest is accrued on financial assets mandatorily at fair value through profit or loss on the effective yield basis.

Notes to the annual financial statements

6. Financial liabilities

	Notes	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
The group's financial liabilities are summarised below.					
Financial liabilities designated at fair value through profit or loss					
Debt securities	6.1	**3 063**	3 053	**3 063**	3 053
Investment contracts	6.3	**6 638**	6 286	**–**	–
Derivative liabilities	6.4	**–**	7	**–**	7
Financial liabilities at amortised cost					
Repo liability	6.5	**852**	690	**–**	–
Collateral guarantee contracts	6.6	**120**	113	**120**	113
Loans and payables	6.7	**3 437**	2 830	**1 785**	1 827
Financial liabilities		**14 110**	12 979	**4 968**	5 000

Risk management

Refer to the following notes for detail on risks relating to financial liabilities and the management thereof:

- Interest rate risk – note 6.2
- Currency risk – note 8
- Liquidity risk – note 9

6.1 Debt securities

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
At the beginning of the year	**3 008**	2 508	**3 008**	2 508
Cash movements				
New debt securities issued	**–**	1 000	**–**	1 000
Debt securities redeemed	**–**	(500)	**–**	(500)
Non-cash movements				
Net fair value loss on debt securities	**13**	–	**13**	–
	3 021	3 008	**3 021**	3 008
Accrued interest	**42**	45	**42**	45
	3 063	3 053	**3 063**	3 053
Expected to be settled after 12 months	**2 013**	3 008	**2 013**	3 008
Expected to be settled within 12 months	**1 050**	45	**1 050**	45
Estimated redemption value on maturity date	**3 000**	3 000	**3 000**	3 000

Issued unsecured subordinated callable debt securities:

Instrument	Effective interest rate	Issue date	Optional redemption date	Final maturity date	Issue amount 2024 R million	Issue amount 2023 R million
SNT03	Fixed, 11.7%	April 2016	12 April 2023	12 April 2023	**–**	500
SNT05	Variable, three-month JIBAR plus 198 basis points	November 2020	30 November 2025	30 November 2030	**1 000**	1 000
SNT06	Variable, three-month JIBAR plus 159 basis points	May 2022	16 May 2027	16 May 2032	**1 000**	1 000
SNT07	Variable, three-month JIBAR plus 150 basis points	April 2023	–	6 April 2028	**1 000**	1 000

Notes to the annual financial statements

6. Financial liabilities (continued)

6.1 Debt securities (continued)

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

The South African Reserve Bank (SARB) has indicated its intention to move away from the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa, namely the South African Overnight Index Average (ZARONIA). The transition from JIBAR to ZARONIA in South Africa is expected in 2026. It is not expected to have a material impact on the company or group.

AM Best issued an international credit rating of A- to Santam in December 2024. This is in addition to the national credit rating of zaAAA issued by Standard and Poor's in March 2023. The movement in the fair value of the unsecured subordinated callable notes is considered immaterial and mainly represents the market movement.

Accounting policy – Debt securities

Debt securities issued by the group comprise subordinated debt instruments fair valued against similar quoted debt instruments. Debt securities are designated as at fair value through profit or loss as these instruments are managed at fair value in terms of the related business model.

Fair value movements are recognised in the statement of comprehensive income. Interest accruals are recognised as finance costs in the statement of comprehensive income. Financial liabilities are derecognised when all obligations have been met.

6.2 Interest rate risk – financial liabilities

Interest rate risk arises from the net effect on assets and liabilities of a change in the level of interest rates.

The assets backing the subordinated debt are managed within a mandate to ensure that adequate cover is provided for the related liabilities i.e. the market value of the subordinated debt and the market value of the assets backing the debt react the same way to changes in interest rates.

Sensitivity analysis on interest-bearing instruments

For the interest rate sensitivity of insurance related liabilities refer to note 4.19. Interest-bearing instruments with a fixed rate give rise to fair value interest rate risk, while interest-bearing instruments with a floating rate give rise to cash flow interest rate risk.

The following table provides an indication of the impact of a 1% change in interest rates on the profit before tax as well as the total comprehensive income of the group and the company:

	2024		2023	
	1% increase R million	1% decrease R million	1% increase R million	1% decrease R million
GROUP				
Financial liabilities – fixed rate				
Derivatives	–	–	11	(12)
Financial liabilities – variable rate				
Debt securities – quoted	(30)	30	(30)	30
Repo liability	(9)	9	(7)	7
Total change in finance cost and net fair value movement before tax	(39)	39	(26)	25

6. Financial liabilities (continued)

6.2 Interest rate risk – financial liabilities (continued)

	2024 1% increase R million	2024 1% decrease R million	2023 1% increase R million	2023 1% decrease R million
COMPANY				
Financial liabilities – fixed rate				
Derivatives	–	–	11	(12)
Financial liabilities – variable rate				
Debt securities – quoted	(30)	30	(30)	30
Total change in finance cost and net fair value movement before tax	(30)	30	(19)	18

6.3 Investment contracts

	GROUP 2024 R million	GROUP 2023 R million
At the beginning of the year	6 286	5 214
Cash movements		
Contributions received	804	1 324
Benefits paid	(815)	(538)
Non-cash movements		
Net fair value losses	181	201
Other investment return	594	382
Investment management fees	(412)	(297)
	6 638	6 286
Expected to be settled after 12 months	100	1 321
Expected to be settled within 12 months	6 538	4 965

The net fair value losses on investment contracts are equal to the net fair value losses on the linked financial assets at fair value through profit or loss. The movement in the net fair value of the linked assets and liabilities is included in net fair value gains on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income. The movement in the fair value of the investment contracts mainly represents the market movement. The maturity values of these financial liabilities are determined by the fair values of the linked assets. They are classified as level 2 per the fair value hierarchy.

Accounting policy – Investment contracts

The group recognises the following investment contracts:

a) First-party cells

First-party cell captive arrangements are arrangements, accounted for under IFRS 9, where the risks that are being insured relate to the cell shareholder's own operations or operations within the cell shareholder's group of companies. The cell shareholder and the policyholder are considered the same person. Where more than one contract is entered into with a single counterparty, it shall be considered a single contract, and the shareholder and insurance agreement are considered together for risk transfer purposes. As these contracts are considered a single contract there is no significant risk transfer and as such cell captive facilities are accounted for as investment contracts.

b) Policies with no significant risk transfer

A risk is a significant risk if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding those that lack commercial substance and is assessed on a contract-by-contract basis except in circumstances where there is a relatively homogeneous book of small contracts which are known to transfer risk. Should an insurance contract not result in significant risk transfer, the contract will be accounted for as an investment contract.

Investment contract liabilities are recognised when the group becomes party to the contractual provisions of the instrument. It is initially recognised at fair value. The fair value is determined using the fair value of the underlying financial assets linked to the financial liability. Based on the principle of eliminating an accounting mismatch in the financial statements, investment contracts are designated to be measured at fair value through profit or loss.

6. Financial liabilities (continued)

6.4 Derivative assets/(liabilities)

	GROUP		COMPANY	
	2024 R million	2023 R million	2024 R million	2023 R million
Exchange-traded futures	2	(7)	2	(7)
	2	(7)	2	(7)

At 31 December 2024, the group had exchange-traded futures with an exposure value of R271 million (2023: R319 million). The exchange-traded futures relate to interest rate derivatives used to manage interest rate risk in Santam's fixed income portfolios.

At 31 December 2024, the group had equity futures which are margined and settled daily resulting in a carrying value of Rnil (2023: Rnil). The fair value of the futures are disclosed on a net basis in the statement of financial position as well as the statement of comprehensive income due to the contractual right to settle the instruments on a net basis. They are classified as level 3 per the fair value hierarchy. The gross exposure asset and liability as at 31 December 2024 both amounted to R244 million.

At 31 December 2023, the group had interest rate swaps and currency swaps. The fair value of the swaps are disclosed on a net basis in the statement of financial position as well as the statement of comprehensive income due to the contractual right to settle the instrument on a net basis. They are classified as level 3 per the fair value hierarchy. The gross exposure asset and liability as at 31 December 2023 both amounted to R22 million.

Accounting policy – Derivatives

Derivatives are initially recognised in the statement of financial position at fair value on the date on which the contract is entered into and subsequently measured at their fair value. These derivatives are regarded as non-hedge derivatives. Changes in the fair value of such derivative instruments are recognised immediately in the statement of comprehensive income. Quoted derivative instruments are valued at quoted market prices, while unquoted derivatives are valued independently using valuation techniques such as discounted cash flow models and option models. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a current legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

6.5 Repo liability

	GROUP	
	2024 R million	2023 R million
At the beginning of the year	690	739
Cash movements		
New repurchase agreements entered into	975	1 170
Repurchase agreements settled	(819)	(1 248)
	846	661
Accrued interest	6	29
	852	690
Expected to be settled after 12 months	500	518
Expected to be settled within 12 months	352	172

The repo liability relates to a sale and repurchase agreement within Santam Structured Insurance Ltd's portfolio. This liability is secured by debt securities with a value of R1 124 million (2023: R1 248 million). The liability is classified as level 2 per the fair value hierarchy. The group continues to receive income derived from the underlying assets over the term of the agreement. The group cannot realise profit or losses on disposing of the underlying assets for the duration of the agreements, as the group does not have custody of the assets during this time.

6. Financial liabilities (continued)

6.5 Repo liability (continued)

Accounting policy – Repo liability
Repo repurchase liabilities consist of sale and repurchase of assets agreements. These agreements contain financial liabilities consisting of financial instruments sold with an agreement to repurchase these instruments at a fixed price at a later date. These financial liabilities are classified as financial liabilities at amortised cost.

Where financial instruments are sold subject to a commitment to repurchase them, the financial instrument is not derecognised and remains in the statement of financial position and is valued according to the group's accounting policy relevant to that category of financial instrument. The proceeds received are recorded as a liability (repo liability) carried at amortised cost.

The difference between the sale and repurchase price is treated as finance cost and is accrued over the life of the agreement using the effective interest rate method.

6.6 Collateral guarantee contracts

	GROUP		COMPANY	
	2024 R million	2023 R million	**2024 R million**	2023 R million
At the beginning of the year	**113**	129	**113**	129
Cash movements				
Contracts ended	**–**	(22)	**–**	(22)
Non-cash movements				
Interest	**7**	6	**7**	6
	120	113	**120**	113

Liabilities arising out of collateral guarantee contracts are payable on demand should a claim be made against the policy, and is therefore treated as current. All collateral guarantee contracts are expected to be settled within 12 months.

Santam issues guarantees on behalf of its corporate clients covering various risks, such as mining rehabilitation. The guarantees are issued on the back of full collateral guarantees in the form of monies deposited with Santam. These assets are included in financial assets, debt securities, at fair value through profit or loss and cash, and amounted to R120 million (2023: R113 million) as at 31 December 2024. These assets are managed in a separate investment portfolio and are sold when required to settle obligations arising from the collateral guarantee contracts. As there is no transfer of significant insurance risk, the transaction is not recorded as an insurance transaction in terms of IFRS 17, but as a financial instrument in terms of IFRS 9.

The carrying value of collateral guarantee contracts approximates fair value.

Accounting policy – Collateral guarantee contracts
Collateral guarantee contracts are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest method. Interest accruals are recognised as finance costs in the statement of comprehensive income.

Notes to the annual financial statements

6. Financial liabilities (continued)

6.7 Loans and payables

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Amounts due to subsidiaries (refer to note 10.1)	–	–	208	390
Accrued expenses	350	269	192	131
Employee benefits and accruals	1 240	888	871	565
Loans	201	–	–	–
Other payables	1 646	1 673	514	741
Total	3 437	2 830	1 785	1 827

The carrying value of loans and payables approximates fair value. All loans and payables are expected to be settled within 12 months.

Accounting policy – Loans and payables
Loans and payables, including accruals, are recognised when the group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the group. Loans and payables are carried at amortised cost.

6.8 Finance costs

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Interest expense				
– collateral guarantee contracts	7	6	7	6
– lease liabilities	78	55	53	39
– subordinated callable note	300	283	300	283
– repo liability	69	64	–	–
– other	84	30	30	–
	538	438	390	328

Accounting policy – Finance costs
Finance costs are recognised using the effective-interest method.

7. Lease liabilities

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
At the beginning of the year	824	669	569	501
Cash movements				
Payment of principal element of lease liabilities	(171)	(134)	(109)	(110)
Payment of interest	(78)	(55)	(53)	(39)
Non-cash movements				
New leases entered into and lease extensions during the year	141	289	126	178
Termination of lease agreements	(8)	–	(8)	–
Interest	78	55	53	39
	786	824	578	569

7. Lease liabilities (continued)

The following table summarises the contractual maturity dates for lease liabilities. The maturity analysis is presented on an undiscounted contractual cash flow basis.

	2024			
	Within 1 year R million	1 – 5 years R million	More than 5 years R million	Total R million
GROUP	226	564	152	942
COMPANY	181	487	56	724

	2023			
	Within 1 year R million	1 – 5 years R million	More than 5 years R million	Total R million
GROUP	191	549	328	1 068
COMPANY	127	421	154	702

Accounting policy – Leases

Agreements where the counterparty retains control of the underlying asset are classified as leases. The group leases various offices, motor vehicles and office equipment.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest, the incremental borrowing rate, on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Offices consist mainly of head office buildings and branches. Rental contracts are typically made for fixed periods of three to eight years but may have extension options that exist. Head office buildings are typically leased for longer periods than branches and are the main contributor to the carrying value of the right-of-use asset. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Periods covered by an option to extend the lease are included if the group is reasonably certain to exercise that option taking into account, among others, the remaining term of the original lease, refurbishments, changing technology and cost-saving initiatives. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Vehicles consist of a fleet of vehicles that the group leases for use by various field agents including assessors. The terms of these leases are typically between three and five years. Lease extensions are not considered in the valuation of these leases, as the group does not expect to extend leases on motor vehicles as they are generally replaced with a new lease.

The incremental borrowing rate for Santam Ltd uses the Santam bonds' borrowing rate as starting point, while all subsidiaries use a rate at which borrowings can be obtained by them commercially. The rate is then adjusted based on factors relating to the specific lease and underlying asset, including but not limited to, the term of the borrowing, the property yield (for property) and the ability to provide security for the purchase of the specific asset.

The group does not account for short term leases, with a term shorter than 12 months as lease liabilities or right-of-use assets. These are accounted for as operating leases.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments, but excluding payments for service components), less any lease incentives receivable
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

After initial recognition, lease liabilities are remeasured where there is a change in the future lease payments or if there is a change in the group's assessment of whether it will exercise an extension or termination option. When the lease is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or recognised in the statement of comprehensive income if the carrying amount of the right-of-use assets has been reduced to zero.

8. Currency risk

The group has two sources of currency risk:

- Operational currency risk – underwriting liabilities and investments in currencies other than the currency of the primary environment in which the business units operate (non-functional currencies)
- Structured currency risk – investing in Sanlam target shares

These risks affect both the value of Santam's assets as well as the cost of claims, particularly for imported motor parts, directly and indirectly. The fair value of the investments in the Sanlam target shares are impacted by changes in the foreign exchange rates of the underlying operations. Santam is also pursuing international diversification in underwriting operations through the business written by Santam Re and the specialist underwriting managers.

In order to mitigate the foreign currency mismatch risk, Santam monitors the level of foreign currency assets relative to foreign currency liabilities and foreign currency capital requirements.

The tables presented on pages 126 and 127 provide a summary of the foreign exposures (including structured currency risk) relating to assets and liabilities included in the statement of financial position at the reporting date. The foreign currency exposure for reinsurance assets disclosed in the table only includes reinsurance contracts denominated in foreign currencies.

Structured currency risk relating to the investments in Sanlam target shares expose the group and company to predominantly the Indian rupee. The group and company has structured currency exposure of R2 483 million (2023: R2 030 million) relating to its investment in Sanlam target shares. Refer to note 5.3 for additional disclosure on the group's sensitivity in its exposure to structured currency risk arising from the investment in Sanlam target shares.

There were no hedged items or hedging instruments in the current year. The movement for the group and company in the hedging instrument and hedged item during the prior year was as follows:

	2023	
	Hedging instrument R million	Hedged item R million
Carrying/fair value beginning of the year	(35)	2 264
Movement in carrying/fair value	(87)	379
Settlement	122	(2 643)
Carrying/fair value end of the year	–	–

The hedging instrument was a foreign exchange collar that expired and was settled in full. The hedge was replaced with a FEC contract, and the hedged item was the forecasted transaction for the disposal of the group's interest in SAN JV. The hedge remained fully effective until settlement, and no hedge ineffectiveness was accounted for.

Any exposure to Namibian dollar is not included in the tables as there is currently no impact on profit or loss and/or the net asset value of the group.

Assets and liabilities denominated in foreign currencies included in the statement of financial position

2024	United States dollar R million	Other foreign currencies R million	Total exposure R million
GROUP			
Interest-bearing investments	3 827	10	3 837
Deposits and similar securities and cash and cash equivalents	1 018	124	1 142
Structured notes	141	51	192
Investment funds	217	75	292
Reinsurance contract assets	1 827	93	1 920
Insurance contract liabilities	(2 173)	(2 168)	(4 341)
Derivatives	–	2	2
Total foreign currency exposure relating to insurance business (excluding alternative risk)	4 857	(1 813)	3 040
Deposits and similar securities – relating to alternative risk business	389	6	395
Loans and payables – relating to alternative risk business	(7)	–	(7)
Insurance contract liabilities – relating to alternative risk business	54	49	103
Quoted equity securities	206	56	262
Foreign currency exposure	5 499	(1 702)	3 797

Notes to the annual financial statements

8. Currency risk (continued)

Assets and liabilities denominated in foreign currencies included in the statement of financial position (continued)

2024	United States dollar R million	Other foreign currencies R million	Total exposure R million
COMPANY			
Interest-bearing investments	3 827	10	3 837
Deposits and similar securities and cash and cash equivalents	1 018	124	1 142
Structured notes	141	51	192
Investment funds	218	75	293
Reinsurance contract assets	1 827	93	1 920
Insurance contract liabilities	(2 166)	(2 175)	(4 341)
Derivatives	–	2	2
Total foreign currency exposure relating to insurance business	4 865	(1 820)	3 045
Exchange rates:			
Closing rate	18.87		
Average rate	18.32		

2023	United States dollar R million	Other foreign currencies R million	Total exposure R million
GROUP			
Interest-bearing investments	3 567	169	3 736
Deposits and similar securities and cash and cash equivalents	622	596	1 218
Reinsurance contract assets	2 122	147	2 269
Insurance contract liabilities	(3 109)	(2 076)	(5 185)
Total foreign currency exposure relating to insurance business (excluding alternative risk)	3 202	(1 164)	2 038
Deposits and similar securities – relating to alternative risk business	219	13	232
Loans and payables – relating to alternative risk business	–	(9)	(9)
Reinsurance contract liabilities – relating to alternative risk business	55	(3)	52
Quoted equity securities	183	70	253
Derivatives	–	(7)	(7)
Foreign currency exposure	3 659	(1 100)	2 559

2023	United States dollar R million	Other foreign currencies R million	Total exposure R million
COMPANY			
Interest-bearing investments	3 567	169	3 736
Deposits and similar securities and cash and cash equivalents	622	596	1 218
Reinsurance contract assets	2 122	147	2 269
Insurance contract liabilities	(3 091)	(2 091)	(5 182)
Total foreign currency exposure relating to insurance business	3 220	(1 179)	2 041
Derivatives	–	(7)	(7)
Foreign currency exposure	3 220	(1 186)	2 034
Exchange rates:			
Closing rate	18.29		
Average rate	18.44		

8. Currency risk (continued)

Accounting policy – Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African rand, which is the group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the closing exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

c) Group companies

The results and financial position of all group entities (none of which uses a currency linked to a hyperinflationary economy) that use a functional currency other than the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.

(ii) Income and expenses for each statement of comprehensive income presented are translated at average exchange rates during each period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as the foreign entity's assets or liabilities and are translated at the closing rate.

A 10% change in the rand exchange rate against all currencies would have the following impact on income before taxation:

2024	10% strengthening in rand R million	10% weakening in rand R million
GROUP		
Impact on profit or loss	(379.79)	379.79
COMPANY		
Impact on profit or loss	(304.51)	304.51

2023	10% strengthening in rand R million	10% weakening in rand R million
GROUP		
Impact on profit or loss	(255.90)	255.90
COMPANY		
Impact on profit or loss	(203.40)	203.40

8. Currency risk (continued)

The foreign exchange profits or losses arising from the translation of international business unit statements of financial position from their functional currencies into rand are recognised in the foreign currency translation reserve. These movements in exchange rates therefore have no impact on profit. On disposal of the foreign companies, the reserve is realised and released to profit or loss.

Exchange rate profits or losses relating to the Sanlam target shares are included in the fair value movements of the instruments.

Derivative risk

The group uses derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest rates, foreign exchange rates and equity prices. The group does not use derivatives to leverage its exposure to markets and does not hold or issue derivative financial instruments for speculative purposes. The policy on use of derivatives is approved by the investment committee and the board. Refer to note 6.4 for more detail on the derivatives held by the group.

Over-the-counter derivative contracts and exchange-traded futures are entered into only with approved counterparties, in accordance with group policies, effectively reducing the risk of credit loss. The group applies strict requirements to the administration and valuation process it uses, and has a control framework that is consistent with market and industry practice for the activity that it has undertaken.

9. Liquidity risk

Santam manages its liquidity requirements by matching the duration of the assets invested to the corresponding liabilities. The net insurance contract liabilities are covered by cash and liquid interest-bearing instruments while the company's subordinated debt obligation is covered by matching cash and interest-bearing instruments.

The cash mandates include market risk limitations (average duration and maximum duration per instrument) to ensure adequate availability of liquid funds to meet Santam's payment obligations.

Santam's shareholders funds are invested in a combination of interest-bearing instruments, preference shares, listed equities and unlisted investments. The listed equity portfolio is a well-diversified portfolio with highly liquid shares.

The following table summarises the contractual repricing or maturity dates (whichever is earlier) of financial assets and liabilities that are subject to fixed and variable interest rates. Insurance contract and financial assets are presented using discounted values. Insurance contract liabilities are also presented using discounted values and are analysed by remaining estimated duration until settlement. Financial liabilities are presented on an undiscounted contractual cash flow basis, except for investment contracts, which are presented using discounted values. The open ended instruments are available to use within one year.

Notes to the annual financial statements

9. Liquidity risk (continued)

2024	Within 1 year R million	1 – 5 years[1] R million	More than 5 years R million	Open ended R million	Carrying value R million
GROUP					
Financial and insurance assets					
Equity securities					
Listed equities and similar securities	–	–	–	2 450	2 450
Unlisted equities and similar securities	–	–	–	2 507	2 507
Interest-bearing investments					
Government interest-bearing investments	3 276	1 445	1 971	–	6 692
Corporate interest-bearing investments	7 019	16 433	1 157	–	24 609
Mortgages and loans	7	31	–	–	38
Structured transactions					
Structured notes	50	372	16	–	438
Derivatives	2	–	–	–	2
Investment funds	–	–	–	14 797	14 797
Deposits and similar securities	2 356	367	–	–	2 723
Total investment assets	12 710	18 648	3 144	19 754	54 256
Insurance contract assets	510	3	3	–	516
Reinsurance contract assets	5 494	1 135	151	–	6 780
Loans and receivables	2 636	157	–	–	2 793
Total	8 640	1 295	154	–	10 089
Cash and cash equivalents	6 385	–	–	–	6 385
Total financial and insurance assets	27 735	19 943	3 298	19 754	70 730

	Within 1 year R million	1 – 5 years[2] R million	More than 5 years R million	Total R million
Financial and insurance liabilities				
Debt securities	1 283	2 371	–	3 654
Investment contracts	6 538	100	–	6 638
Repo liability	352	500	–	852
Collateral guarantee contracts	120	–	–	120
Insurance contract liabilities	31 225	5 481	1 513	38 219
Reinsurance contract liabilities	5 487	6	6	5 499
Loans and payables	3 437	–	–	3 437
Total financial and insurance liabilities	48 442	8 458	1 519	58 419

[1] *Cash flows in the 1 – 5 years category are spread evenly.*
[2] *Included in Investment contracts maturing in 1 to 5 years, are liabilities that are redeemable at discretion of the issuer after 3 years from inception.*

9. Liquidity risk (continued)

2024	Within 1 year R million	1 – 5 years[1] R million	More than 5 years R million	Open ended R million	Carrying value R million
COMPANY					
Financial and insurance assets					
Equity securities					
Listed equities and similar securities	–	–	–	772	772
Unlisted equities and similar securities	–	–	–	2 507	2 507
Interest-bearing investments					
Government interest-bearing investments	1 531	929	1 321	–	3 781
Corporate interest-bearing investments	3 112	5 907	947	–	9 966
Mortgages and loans	6	23	–	–	29
Structured transactions					
Structured notes	4	242	–	–	246
Derivatives	2	–	–	–	2
Investment funds	–	–	–	1 691	1 691
Deposits and similar securities	1 102	11	–	–	1 113
Total investment assets	5 757	7 112	2 268	4 970	20 107
Insurance contract assets	360	–	–	–	360
Reinsurance contract assets	4 939	1 118	149	–	6 206
Loans and receivables	1 511	–	–	–	1 511
Total	6 810	1 118	149	–	8 077
Cash and cash equivalents	2 356	–	–	–	2 356
Total financial and insurance assets	14 923	8 230	2 417	4 970	30 540

	Within 1 year R million	1 – 5 years R million	More than 5 years R million	Total R million
Financial and insurance liabilities				
Debt securities	1 283	2 371	–	3 654
Collateral guarantee contracts	120	–	–	120
Insurance contract liabilities	11 783	3 728	497	16 008
Loans and payables	1 785	–	–	1 785
Total financial and insurance liabilities	14 971	6 099	497	21 567

[1] *Cash flows in the 1 – 5 years category are spread evenly.*

9. Liquidity risk (continued)

2023	Within 1 year R million	1 – 5 years[1] R million	More than 5 years R million	Open ended R million	Carrying value R million
GROUP					
Financial and insurance assets					
Equity securities					
Listed equities and similar securities	–	–	–	2 926	2 926
Unlisted equities and similar securities	–	–	–	2 173	2 173
Interest-bearing investments					
Government interest-bearing investments	3 033	1 157	1 146	–	5 336
Corporate interest-bearing investments	6 322	10 060	1 754	–	18 136
Mortgages and loans	17	108	–	–	125
Structured transactions					
Structured notes	93	179	24	–	296
Investment funds	–	–	–	10 324	10 324
Deposits and similar securities	5 566	896	–	–	6 462
Total investment assets	15 031	12 400	2 924	15 423	45 778
Insurance contract assets	424	2	–	–	426
Reinsurance contract assets	8 120	1 627	340	–	10 087
Loans and receivables	2 549	190	–	–	2 739
Total	11 093	1 819	340	–	13 252
Cash and cash equivalents	4 819	–	–	–	4 819
Total financial and insurance assets	30 943	14 219	3 264	15 423	63 849

	Within 1 year R million	1 – 5 years[2] R million	More than 5 years R million	Total R million
Financial and insurance liabilities				
Debt securities	303	3 700	–	4 003
Investment contracts	4 965	1 321	–	6 286
Derivatives	7	–	–	7
Repo liability	173	417	100	690
Collateral guarantee contracts	113	–	–	113
Insurance contract liabilities	28 939	4 731	980	34 650
Reinsurance contract liabilities	5 775	14	–	5 789
Loans and payables	2 830	–	–	2 830
Total financial and insurance liabilities	43 105	10 183	1 080	54 368

[1] *Cash flows in the 1 – 5 years category are spread evenly.*
[2] *Included in Investment contracts maturing in 1 to 5 years, are liabilities that are redeemable at discretion of the issuer after 3 years from inception.*

9. Liquidity risk (continued)

2023	Within 1 year R million	1 – 5 years[1] R million	More than 5 years R million	Open ended R million	Carrying value R million
COMPANY					
Financial and insurance assets					
Equity securities					
Listed equities and similar securities	–	–	–	1 556	1 556
Unlisted equities and similar securities	–	–	–	2 171	2 171
Interest-bearing investments					
Government interest-bearing investments	720	814	518	–	2 052
Corporate interest-bearing investments	2 303	5 727	1 495	–	9 525
Mortgages and loans	14	95	–	–	109
Structured transactions					
Structured notes	37	62	4	–	103
Investment funds	–	–	–	508	508
Deposits and similar securities	1 220	52	–	–	1 272
Total investment assets	4 294	6 750	2 017	4 235	17 296
Insurance contract assets	340	–	–	–	340
Reinsurance contract assets	6 895	1 374	132	–	8 401
Loans and receivables	1 591	–	–	–	1 591
Total	8 826	1 374	132	–	10 332
Cash and cash equivalents	1 415	–	–	–	1 415
Total financial and insurance assets	14 535	8 124	2 149	4 235	29 043

	Within 1 year R million	1 – 5 years R million	More than 5 years R million	Total R million
Financial and insurance liabilities				
Debt securities	303	3 700	–	4 003
Derivatives	7	–	–	7
Collateral guarantee contracts	113	–	–	113
Insurance contract liabilities	12 632	3 613	347	16 592
Loans and payables	1 827	–	–	1 827
Total financial and insurance liabilities	14 882	7 313	347	22 542

[1] *Cash flows in the 1 – 5 years category are spread evenly.*

Notes to the annual financial statements

10. Investment in subsidiaries

	COMPANY 2024 R million	2023 R million
At the beginning of the year	1 401	1 029
Acquisition of subsidiaries	416	456
Disposal of subsidiaries	–	(84)
Impairment	(388)	–
Unlisted shares at cost price less impairment	1 429	1 401
Expected to be realised after 12 months	1 429	1 401
Expected to be realised within 12 months	–	–

In March 2024, Mirabilis Holdings (Pty) Ltd declared an in specie distribution of R416 million, effectively transferring its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Santam Ltd. After the distribution, the investment in Mirabilis Holdings (Pty) Ltd was impaired by R388 million, to the remaining net asset value of the entity.

In December 2023, the company acquired a 100% shareholding in Mirabilis Holdings (Pty) Ltd from Swanvest 120 (Pty) Ltd for R187.2 million, on loan account. On the same day the company disposed of its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Mirabilis Holdings (Pty) Ltd for R228.8 million, settled via shares issued by Mirabilis Holdings (Pty) Ltd to the company.

In October 2023, the Santam group acquired the remaining 53% in Vulindlela Underwriting Managers (Pty) Ltd for R14 million in cash, in addition to contingent payments estimates at R10 million. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Vulindlela Underwriting Managers (Pty) Ltd, and it was classified as a subsidiary from November 2023.

In July 2023, the company acquired a 100% shareholding in Sentravaal Brokers (Pty) Ltd for R26.9 million in cash, in addition to contingent payments estimated at R12.9 million.

Refer to note 14 for more detail on acquisitions and disposals.

Management performed an impairment review on all investments in subsidiaries. No further impairments were required in the current or prior year, except as explained above.

10. Investment in subsidiaries (continued)

Accounting policy – Consolidation

a) Subsidiaries and business combinations

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

The company accounts for its investments in subsidiaries at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Changes in ownership interests without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the annual financial statements

10. Investment in subsidiaries (continued)

10.1 Analysis of investments in subsidiaries

Investment in subsidiaries – unlisted companies

	Nature of business	Country of incorporation	Issued capital R
Direct			
Centriq Insurance Holdings Ltd	Holding company	RSA	102 330 000
Guardian National Insurance Company Ltd	Investment	RSA	178 603 840
Mirabilis Engineering Underwriting Managers (Pty) Ltd[1]	Underwriting	RSA	84 000 850
Mirabilis Holdings (Pty) Ltd[1]	Holding company	RSA	312 800 950
Santam Namibia Holdings Pty (Ltd)	Holding company	RSA	445 000 001
Sentinel Insurance Corporation Ltd[4]	Investment	RSA	1 000 000
Swanvest 120 (Pty) Ltd	Holding company	RSA	100
Sentravaal Brokers (Pty) Ltd[2]	Underwriting	RSA	100
Indirect			
Admiral Professional Underwriting Agency (Pty) Ltd	Underwriting	RSA	2 270 403
Africa Group Financial Services (Pty) Ltd[4]	Holding company	RSA	100
Beyonda Group (Pty) Ltd	Insurance	RSA	200
Credit Fund (Pty) Ltd (previously Broker Funding Solutions (Pty) Ltd)	Lending specialist	RSA	1 000
Brolink (Pty) Ltd	Administration company	RSA	146 325 847
Centriq Insurance Company Ltd	Insurance	RSA	55 000 084
Centriq Life Insurance Company Ltd	Insurance	RSA	15 000 000
Cenviro Solutions (Pty) Ltd	Underwriting	RSA	100
Credit Innovation (Pty) Ltd	Insurance	RSA	6 428 571
Echelon Private Client Solutions (Pty) Ltd	Underwriting	RSA	1 000
Emerald Risk Transfer (Pty) Ltd	Underwriting	RSA	2 000 174
Ground Up Risk Partners (Pty) Ltd	IT services	RSA	100
Indwe Broker Holdings Group (Pty) Ltd	Broker	RSA	28 552 225
Indwe Financial Services (Pty) Ltd	Broker	RSA	100
Indwe Risk Services (Pty) Ltd	Broker	RSA	19 599 166
JaSure Financial Services (Pty) Ltd	Underwriting	RSA	1
Just I-Insure Consultants (Pty) Ltd	Underwriting	RSA	120
MiAdmin (Pty) Ltd	Administration company	RSA	–
Mirabilis Engineering Underwriting Managers (Pty) Ltd[1]	Underwriting	RSA	84 000 850
MiWay Group Holdings (Pty) Ltd	Holding company	RSA	1 101 111
MiWay Insurance Ltd	Insurance	RSA	2 434 600
Plus Ecosystem Ventures (Pty) Ltd	IT services	RSA	–
Premium Finance Partners (Pty) Ltd	Lending specialist	RSA	1 000
Santam Financial Services Ltd DAC[5]	Insurance	Ireland	–
Santam Namibia Ltd	Insurance	Namibia	8 307 147
Santam SI Investments Mauritius Ltd	Holding company	Mauritius	12
Santam SI Investments (Pty) Ltd	Holding company	RSA	78 551 582
Santam Specialist Business Ltd	Administration company	UK	19
Santam Structured Insurance Ltd	Insurance	RSA	215 476 226
Santam Structured Insurance Ltd PCC	Insurance	Mauritius	208 929 206
Santam Structured Life Ltd (Life)	Insurance	RSA	40 000 000
Santam Structured Reinsurance Ltd PCC	Insurance	Mauritius	797 707 193
Snyman en Van der Vyver Finansiële Dienste (Pty) Ltd	Broker	RSA	58 389 804
Specialised Credit Solutions (Pty) Ltd	Broker	RSA	85
Stalker Hutchison Admiral (Pty) Ltd	Underwriting	RSA	7 914 393
Vantage Insurance Acceptances (Pty) Ltd	Underwriting	RSA	100
Vulindlela Underwriting Managers (Pty) Ltd[3]	Underwriting	RSA	448 000
XS Sure (Pty) Ltd	Insurance	RSA	100
Total investments in subsidiaries			

1 *In December 2023, the company acquired a 100% shareholding in Mirabilis Holdings (Pty) Ltd from Swanvest 120 (Pty) Ltd for R187.2 million, on loan account. On the same day the company disposed of its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Mirabilis Holdings (Pty) Ltd for R228.8 million, settled via shares issued by Mirabilis Holdings (Pty) Ltd to the company. In March 2024, Mirabilis Holdings (Pty) Ltd declared an in specie distribution, effectively transferring its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Santam Ltd.*

2 *In July 2023, the Santam group acquired a 100% shareholding in Sentravaal Brokers (Pty) Ltd for R26.9 million in cash, in addition to contingent payments estimated at R12.9 million.*

3 *In October 2023, the Santam group acquired the remaining 53% shareholding in Vulindlela Underwriting Managers (Pty) Ltd for R14 million in cash, in addition to contingent payments estimated at R10 million.*

4 *These entities are currently in the process of being liquidated.*

5 *Deregistered during the year.*

2024				2023			
Proportion held by the company	**Book value R million**	**Owing by Santam Ltd R million**	**Owing to Santam Ltd R million**	Proportion held by the company	Book value R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million
100.0%	150	–	–	100.0%	150	–	–
100.0%	626	19	–	100.0%	626	306	–
100.0%	416	–	–	0.0%	–	–	–
100.0%	28	28	–	100.0%	416	11	–
100.0%	168	–	–	100.0%	168	–	–
100.0%	1	1	–	100.0%	1	1	–
100.0%	–	85	–	100.0%	–	3	–
100.0%	40	–	–	100.0%	40	–	–
	1 429	133	–		1 401	321	–
100.0%	12	–	–	100.0%	12	–	–
100.0%	–	–	–	100.0%	–	–	–
87.5%	14	–	–	87.5%	14	–	–
75.0%	–	–	–	75.0%	–	–	–
100.0%	174	–	2	100.0%	26	–	–
100.0%	102	–	–	100.0%	102	–	–
100.0%	16	–	–	100.0%	16	–	–
51.0%	–	–	–	51.0%	–	–	–
100.0%	–	–	–	100.0%	6	–	–
100.0%	–	5	–	100.0%	–	5	–
100.0%	94	–	–	100.0%	94	–	–
100.0%	–	–	–	100.0%	–	–	–
100.0%	146	–	–	100.0%	146	–	–
100.0%	2	–	–	100.0%	25	–	–
100.0%	113	–	–	100.0%	40	–	–
100.0%	–	–	2	100.0%	12	–	–
100.0%	–	–	–	100.0%	–	–	–
100.0%	–	–	–	100.0%	–	–	–
0.0%	–	–	–	100.0%	176	–	–
100.0%	59	–	–	100.0%	59	–	–
100.0%	2	–	–	100.0%	2	–	–
100.0%	1	–	228	100.0%	1	–	150
75.0%	–	–	320	75.0%	–	–	440
0.0%	–	–	–	100.0%	–	–	–
60.0%	5	6	–	60.0%	5	–	24
100.0%	–	–	–	100.0%	–	–	–
100.0%	193	–	–	100.0%	193	–	–
100.0%	–	–	–	100.0%	–	–	–
100.0%	215	–	–	100.0%	215	–	–
100.0%	98	–	–	100.0%	176	–	–
100.0%	40	–	–	100.0%	40	–	–
100.0%	798	–	–	100.0%	798	–	–
100.0%	90	–	–	100.0%	90	–	–
100.0%	–	–	–	100.0%	–	–	–
100.0%	–	64	–	100.0%	–	64	–
100.0%	31	–	–	100.0%	31	–	–
100.0%	46	–	–	100.0%	46	–	–
100.0%	36	–	–	100.0%	36	–	–
	2 287	75	552		2 361	69	614
	3 716	208	552		3 762	390	614

Notes to the annual financial statements

10. Investment in subsidiaries (continued)

10.2 Transactions with entities in the group

During the year the company and its subsidiaries, in the ordinary course of business, entered into various transactions with other group companies.

The company has several intercompany balances owed by and to subsidiaries in the group as at the end of the year. Loans to subsidiaries with outside shareholders are interest-bearing and are repayable on demand. Loans to wholly-owned subsidiaries are interest free and repayable on demand. These inter-Santam group balances have been eliminated on consolidation (for detail on balances, refer to note 10.1). Expected credit losses on amounts owing to Santam are considered immaterial. These amounts have been included in the assessment in note 5.6.

The following is a summary of transactions and balances with subsidiaries:

	COMPANY	
	2024 R million	2023 R million
a) Insurance contracts and other services		
• Centriq Insurance Holdings Ltd		
Insurance premiums	68	90
Insurance claims paid	(61)	(44)
• MiWay Group Holdings (Pty) Ltd		
Insurance premiums	3 089	2 906
Insurance claims paid	(1 631)	(1 643)
• Santam Namibia Ltd		
Insurance premiums	113	83
Insurance claims paid	(19)	(23)
Reinsurance services	–	1
• Subsidiaries		
Administration services rendered	73	50
Administration services received	(282)	(327)
Brokerage commission	(1 537)	(1 209)
b) Year-end balances with related parties		
Emthunzini Black Economic Empowerment staff trust	4	–

For amounts owing to and from subsidiaries, refer to the table in note 10.1.

11. Non-controlling interest in subsidiaries

The following table summarises the information relating to the group's subsidiaries that have material non-controlling interests (NCIs), before any intragroup eliminations.

		GROUP	
	Principle place of business	2024 R million	2023 R million
Santam Namibia Ltd	Namibia	570	485
Santam Structured Reinsurance Ltd PCC	Mauritius	756	208
Other	RSA	13	21
Total		1 339	714

Notes to the annual financial statements

11. Non-controlling interest in subsidiaries (continued)

	SANTAM NAMIBIA LTD 2024 R million	SANTAM NAMIBIA LTD 2023 R million
Ownership and voting rights	40.0%	40.0%
Target share interest	37.4%	37.4%
Current assets	346	363
Non-current assets	635	673
Current liabilities	481	627
Non-current liabilities	7	11
Net assets	493	398
Carrying amount of NCI	570	485
Target shares	372	329
Ordinary shareholders	198	156
Revenue	1 235	1 088
Profit after tax	166	131
Total comprehensive income	166	131
Profit allocated to NCI	128	101
Cash flows from operating activities	213	191
Cash flows from investing activities	(14)	(82)
Cash flows from financing activities, before dividends to NCI	(22)	(23)
Cash flows from financing activities, cash dividends to NCI	(54)	(62)
Net increase in cash and cash equivalents	123	24

	SANTAM STRUCTURED REINSURANCE LTD PCC			
	ATTRIBUTABLE TO NCI		ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP	
	2024 R million	2023 R million	2024 R million	2023 R million
Current assets	817	382	3 084	2 976
Non-current assets	–	17	2	2
Current liabilities	61	191	1 060	738
Non-current liabilities	–	–	512	1 095
Net assets	756	208	1 514	1 145
Carrying amount of NCI	756	208	1 514	1 145
Revenue	1 353	187	155	925
Profit after tax	512	(3)	171	204
Total comprehensive income	512	(3)	171	204
Profit allocated to NCI	512	(3)	171	204
Cash flows from operating activities	420	38	(103)	189
Cash flows from investing activities	44	21	(162)	24
Cash flows from financing activities, before dividends to NCI	36	30	290	(59)
Cash flows from financing activities, cash dividends to NCI	(291)	–	–	(158)
Net increase/(decrease) in cash and cash equivalents	209	89	25	(4)

Notes to the annual financial statements

11. Non-controlling interest in subsidiaries (continued)

Santam set up a wholly-owned subsidiary, Santam Namibia Holdings (Pty) Ltd (Namibian HoldCo), in December 2013. Namibian HoldCo purchased the 60% of the issued ordinary shares of Santam Namibia Ltd (Santam Namibia) that was held by Santam Ltd. Sanlam subscribed for target shares to the value of R277 million in Santam Namibia HoldCo linked to a 37.4% participatory interest in Santam Namibia. The target shares issued to Sanlam are also disclosed as part of non-controlling interest. Santam Ltd's effective participation in Santam Namibia is therefore 22.6%. However, Santam Ltd retains control over Santam Namibia by way of a service level agreement and representation on board committees, the duration of which is under the control of Santam Ltd.

Accounting policy – Non-controlling interest
The group recognises any NCI in an acquiree on an acquisition-by-acquisition basis, either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Accounting policy – Cell equity
The group offers cell captive facilities to clients where the group has sole discretion on the payment of dividends and redemption of the cell share capital. As the group has an unconditional right to avoid payment of remaining capital and accrued profits in the cell, the cell owners interest is classified as equity as non-controlling interest. Unlike other third-party cell captives, the insurance company does not reinsure business to the cell shareholder, and the cell shareholder participates in the operating results of the cell as an attribution of profit.

12. Investment in associates and joint ventures

	GROUP		COMPANY	
	2024 R million	2023 R million	2024 R million	2023 R million
At the beginning of the year	542	467	–	–
Acquisitions	20	–	20	–
Share of results after tax – continuing operations	88	81	–	–
Share of results before tax	116	110	–	–
Share of tax	(28)	(29)	–	–
Dividends received from associates and joint ventures	(40)	(5)	–	–
Disposals	–	(1)	–	–
At the end of the year	610	542	20	–

In December 2024, Santam Ltd bought a 25% shareholding in Succession Financial Planning Advisory Services (Pty) Ltd for R20 million in cash.

Prior year disposals reflects a deemed disposal in Vulindlela Underwriting Managers (Pty) Ltd. In October 2023, the Santam group acquired the remaining 53% in Vulindlela Underwriting Managers (Pty) Ltd for R14 million in cash, in addition to contingent payments estimated at R10 million. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Vulindlela Underwriting Managers (Pty) Ltd, and it is reported as an investment in subsidiary. Refer to notes 10.1 and 14 for more detail.

Management performed an impairment review on all investments in associates and joint ventures. No impairments were required in the current or prior year.

12. Investment in associates and joint ventures (continued)

Accounting policy - Equity-accounted investments

The group's interest in equity-accounted investments comprises interests in associates and joint ventures. Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are entities over which the group has joint control with other investors. Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates and joint ventures includes goodwill identified on acquisition (see note 13).

If the ownership interest in an equity-accounted investee is reduced, but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of its equity-accounted investees' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The group's share of other post-acquisition movements in equity reserves (other than those related to dividends) is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an equity-accounted investee equals or exceeds its interest in the equity-accounted investee, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the equity-accounted investee.

On consolidation exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

The group determines at each reporting date whether there is any objective evidence that the investment in associates and joint ventures is impaired. If this is the case, the group calculates the amount of the impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and recognises the amount adjacent to share of profit or loss of associates and joint ventures in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associates and joint ventures are recognised in the group's financial statements only to the extent of unrelated investors' interests in the associates and joint ventures. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates and joint ventures are recognised in the statement of comprehensive income.

Equity accounting is discontinued when the group no longer has significant influence or joint control over the investment.

The company accounts for its investment in associates and joint ventures at cost less provision for impairment.

Notes to the annual financial statements

12. Investment in associates and joint ventures (continued)

The aggregate assets, liabilities, revenues and profits/(losses) of the principal associates and joint ventures, all of which are unlisted, were as follows:

	Western National Insurance Ltd (associate)[1] R million	Other (associate)[2] R million	Total R million
2024			
Revenue	2 179	42	2 221
Depreciation and amortisation	–	1	1
Interest income	151	1	152
Interest expense	–	3	3
Income tax expense	(70)	–	(70)
Profit/(loss) from continuing operations	97	(9)	88
Total comprehensive income/(loss)	97	(9)	88
Current assets	402	55	457
Non-current assets	1 356	28	1 384
Current liabilities	(398)	(38)	(436)
Non-current liabilities	(6)	(57)	(63)
Net asset value (after NCI)	1 354	(12)	1 342
Carrying value[3]	590	20	610

1 *Western National Insurance has a financial year-end of 28 February. The information included in the summary is based on the management accounts for the 12 months ended 31 August 2024 (2023: 12 months ended 31 August 2023).*

2 *In December 2024, Santam Ltd bought a 25% shareholding in Succession Financial Planning Advisory Services (Pty) Ltd for R20 million in cash.*

3 *No intangible assets are recognised in the carrying value of investments in associates and joint ventures in 2024, except for the investment in Succession Financial Planning Advisory Services (Pty) Ltd where the purchase price allocation is still in progress.*

12. Investment in associates and joint ventures (continued)

	Western National Insurance Ltd (associate)[1] R million	Other (associate)[4] R million	Total R million
2023			
Revenue	1 974	26	2 000
Depreciation and amortisation	–	1	1
Interest income	115	2	117
Interest expense	–	1	1
Income tax expense	(72)	(1)	(73)
Profit/(loss) from continuing operations	194	(12)	182
Total comprehensive income/(loss)	194	(12)	182
Current assets	433	15	448
Non-current assets	1 160	7	1 167
Current liabilities	(333)	(4)	(337)
Non-current liabilities	(2)	(22)	(24)
Net asset value (after NCI)	1 258	(4)	1 254
Carrying value[3]	542	–	542

1 *Western National Insurance has a financial year-end of 28 February. The information included in the summary is based on the management accounts for the 12 months ended 31 August 2024 (2023: 12 months ended 31 August 2023).*
2 *In December 2024, Santam Ltd bought a 25% stake in Succession Financial Planning Advisory Services (Pty) Ltd for R20 million in cash.*
3 *No intangible assets are recognised in the carrying value of investments in associates and joint ventures in 2023.*
4 *In October 2023, the Santam group acquired the remaining 53% in Vulindlela Underwriting Managers (Pty) Ltd for R14 million in cash, in addition to contingent payments estimated at R10 million. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Vulindlela Underwriting Managers (Pty) Ltd, and it is reported as an investment in subsidiary. Refer to notes 10.1 and 14 for more detail. The information included in the summary is based on the management accounts for the ten months ended 31 October 2023.*

Notes to the annual financial statements

12. Investment in associates and joint ventures (continued)

12.1 Analysis of investments in associates and joint ventures

Investment in associates and joint ventures

Unlisted companies

2024	Nature of business	Country of incorporation	Issued capital R	Proportion held by the company 2024	Carrying value including equity-accounted earnings R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million
Direct							
South African Nuclear Pool Administrators (Pty) Ltd	Insurance	RSA	120	33.3%	–	–	–
Succession Financial Planning Advisory Services (Pty) Ltd	Broker	RSA	4 991 505	25.0%	20	–	–
					20	–	–
Indirect							
Ctrl Investment Holdings (Pty) Ltd	IT company	RSA	15 172 451	19.9%	–	–	31
Western National Insurance Ltd	Insurance	RSA	165 000 000	40.0%	590	12	–
					590	12	31
Total investment in associates and joint ventures					610	12	31

2023	Nature of business	Country of incorporation	Issued capital R	Proportion held by the company 2023	Carrying value including equity-accounted earnings R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million
Direct							
South African Nuclear Pool Administrators (Pty) Ltd	Insurance	RSA	120	33.3%	–	–	–
					–	–	–
Indirect							
STRIDE South Africa (RF) (Pty) Ltd[1]	IT company	RSA	25 140 000	33.3%	–	–	–
Ctrl Investment Holdings (Pty) Ltd	IT company	RSA	15 172 451	22.0%	–	–	23
Western National Insurance Ltd	Insurance	RSA	165 000 000	40.0%	542	4	–
					542	4	23
Total investment in associates and joint ventures					542	4	23

[1] *Deregistered during the year.*

12. Investment in associates and joint ventures (continued)

12.2 Transactions with entities in the group

During the year the company in the ordinary course of business entered into various transactions with associates and joint ventures.

The following is a summary of transactions and balances with associates and joint ventures:

	COMPANY	
	2024 R million	2023 R million
a) Insurance contracts and other services		
Inward reinsurance premiums	188	235
Inward reinsurance claims	(92)	(160)
Inward reinsurance commissions	(47)	(75)
Outward reinsurance premiums	(287)	(277)
Outward reinsurance claims	185	180
Outward reinsurance commissions	33	31
Administration services	–	(16)
b) Year-end balances with related parties		
Western National Insurance Ltd	(12)	(4)
Ctrl Investment Holdings (Pty) Ltd	31	23

For loans with associates, refer to table in note 12.1.

Notes to the annual financial statements

13. Intangible assets

	Goodwill R million	Computer software R million	Brands, trademarks and trade names R million	Key business relationships R million	Total R million
GROUP					
At 1 January 2023					
Cost	855	765	31	140	1 791
Accumulated impairment/amortisation	(104)	(511)	(13)	(90)	(718)
Net book amount	751	254	18	50	1 073
Movement for the year ended 31 December 2023					
Acquisitions	–	82	–	–	82
Amortisation	–	(44)	(8)	(25)	(77)
Business combinations	31	42	6	69	148
At 31 December 2023					
Cost	886	889	37	209	2 021
Accumulated impairment/amortisation	(104)	(555)	(21)	(115)	(795)
Net book amount	782	334	16	94	1 226
Movement for the year ended 31 December 2024					
Acquisitions	–	25	–	8	33
Amortisation	–	(55)	(12)	(29)	(96)
Business combinations	–	–	–	9	9
Impairment	–	(176)	–	–	(176)
Reclassification[1]	5	(19)	–	14	–
At 31 December 2024					
Cost	891	895	37	240	2 063
Accumulated impairment/amortisation	(104)	(786)	(33)	(144)	(1 067)
Net book amount	787	109	4	96	996

[1] *The reclassification relates to the finalisation of the purchase price allocation for Kandua during 2024. Refer to note 14.*

13. Intangible assets (continued)

	Goodwill R million	Computer software R million	Brands, trademarks and trade names R million	Key business relationships R million	Total R million
COMPANY					
At 1 January 2023					
Cost	76	428	1	30	535
Accumulated impairment/amortisation	–	(219)	(1)	(30)	(250)
Net book amount	76	209	–	–	285
Movement for the year ended 31 December 2023					
Acquisitions	–	51	–	–	51
Amortisation	–	(35)	–	–	(35)
At 31 December 2023					
Cost	76	479	1	30	586
Accumulated impairment/amortisation	–	(254)	(1)	(30)	(285)
Net book amount	76	225	–	–	301
Movement for the year ended 31 December 2024					
Amortisation	–	(45)	–	(3)	(48)
Business combinations	–	–	–	9	9
Impairment	–	(162)	–	–	(162)
At 31 December 2024					
Cost	76	479	1	39	595
Accumulated impairment/amortisation	–	(461)	(1)	(33)	(495)
Net book amount	76	18	–	6	100

Computer software

Additional software acquired by the group during the year consists of external software of R2 million (2023: R7 million) and internally developed software of R23 million (2023: R75 million). The internally developed software capitalised in prior years forms part of a strategic project to develop a new claims management system. Implementation of phase 1 of the project commenced in 2020 and phase 2 in 2021. It is expected that the useful life of the technology will be 10 years from the date the software is ready for use. In 2023 phase 2 of motor business was completed and therefore ready for use.

The impairment of computer software recognised during 2024 relates to the development of on premise solution software. It was decided to migrate to cloud solutions. The full remaining capitalised amount of R176 million for the group and R162 million for the company was impaired and included in the Conventional insurance reportable segment.

Key business relationships

Key business relationships consist of client lists acquired and key intermediary or other relationships acquired as part of business combinations and capitalised.

The valuation of key intermediary or other relationships is based on discounted cash flow models. Discount rates between 21% and 27% (2023: 22% and 25%) are used as significant input.

13. Intangible assets (continued)

Accounting policy – Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures; it represents the excess of the consideration transferred over the group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the acquisition date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in the carrying amount of investments in associates and joint ventures.

Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Impairment tests of goodwill

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

	GROUP	
	2024 R million	2023 R million
Crop	**19**	19
Alternative risk	**16**	16
Brokerage	**176**	176
Policy administration	**49**	49
Engineering	**28**	28
MiWay group	**331**	331
Liability	**87**	87
Accident and health	**76**	76
Partnerships	**5**	–
	787	782

All CGUs were tested for impairment. When testing for impairment, the recoverable amount of a CGU, based on the fair value less cost of disposal, is determined using discounted cash flow projections. The input into the fair value measurement is classified as level 3 in terms of the fair value hierarchy. The cash flow projections are based on budgets approved by management. The impairment tests are applied using the following internal processes:

- Comparing original budgets to updated forecasts and aligning projected cash flows when deemed necessary.
- Current changes in operations are assessed to determine whether it will have an impact on the valuation.
- The discount rates applied in the cash flow projections are reassessed.

13. Intangible assets (continued)

The nature of goodwill mainly relates to employee skill and industry knowledge. In 2024, goodwill of R5 million was raised in the Partnerships CGU on the completion of the purchase price allocation of Kandua, which was purchased in 2023. In 2023, goodwill of R31 million was raised in the Brokerage CGU on acquisition of Sentravaal (Pty) Ltd (R6 million) and Vulindlela Underwriting Managers (Pty) Ltd (R25 million). Refer to note 14 for details on goodwill.

In accordance with the accounting policy stated above, the group tests annually whether goodwill has suffered any impairment. The recoverable amounts of the most significant CGU have been determined by estimating the future cash flows expected to arise from the CGU and a suitable discount rate to calculate the present value. Management is projecting cash flows over a 10-year period to ensure stable and predictable cashflows are projected into perpetuity. A terminal growth rate of 5% is applied.

Discount rates between 16.4% and 24.0% (2023: 16.5% and 24.0%) were applied in the recoverable amount valuation. As discount rates are considered a significant input in the valuation of these entities, a sensitivity analysis was performed on the valuation outcome of the most significant CGU. If discount rates increase by 10% the valuations would decrease on average by 13.2% (2023: 15.0%). Should the discount rates decrease by 10% the valuations would increase on average by 17.4% (2023: 20.0%). These sensitivities and other relevant factors were considered in the overall impairment testing and it was concluded that no impairment would be required.

Accounting policy – Other intangible assets

Computer software

Computer software is recognised at cost less amortisation and impairment charges. Computer software packages acquired are initially recognised at fair value. Cost associated with maintaining computer software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, which do not exceed 10 years.

Brands, trademarks and trade names

Separately acquired brands, trademarks and trade names are shown at historical cost. Brands, trademarks and trade names acquired in a business combination are recognised at fair value at the acquisition date. Brands, trademarks and trade names have a definite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of brands, trademarks and trade names over their estimated useful lives of three to five years.

Key business relationships

Key business relationships acquired in a business combination are recognised at fair value at the acquisition date. The key business relationships have a definite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the estimated useful life of three to six years of the key business relationship.

Notes to the annual financial statements

14. Material corporate transactions

For the year ended 31 December 2024

Acquisitions

MTN South Africa device insurance book

In January 2024, Santam Ltd acquired the device insurance book of MTN South Africa for R59 million in cash.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets – Key business relationships	9
Cash and cash equivalents	21
Insurance contract liabilities – deferred acquisition cost	50
Insurance contract liabilities – liability for incurred claims	(21)
Net asset value acquired/purchase consideration paid	59

Mirabilis Holdings (Pty) Ltd restructure

In March 2024, the Santam group further restructured its holding in Mirabilis Holdings (Pty) Ltd and Mirabilis Engineering Underwriting Managers (Pty) Ltd. Mirabilis Holdings (Pty) Ltd declared an in specie distribution of R416 million, transferring its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Santam Ltd. After the distribution, the investment in Mirabilis Holdings (Pty) Ltd was impaired by R388 million in Santam Ltd, to the remaining net asset value of the entity.

IDWork (Pty) Ltd, trading as Kandua

During December 2023, the Santam group purchased the underlying business of IDWork (Pty) Ltd, trading as Kandua for R42 million in cash. A detailed valuation was completed in 2024 and the prior year disclosure was updated.

For the year ended 31 December 2023

Acquisitions

Sentravaal Brokers (Pty) Ltd

In July 2023, the Santam group acquired a 100% shareholding in Sentravaal Brokers (Pty) Ltd for R26.9 million in cash, in addition to contingent payments estimated at R12.9 million. Goodwill relates to synergies expected to be received.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	32
Cash and cash equivalents	3
Current income tax	(1)
Net asset value acquired	34
Goodwill	6
Future contingent consideration payable	(13)
Purchase consideration paid	27

In2Insure (Pty) Ltd intangible asset

In September 2023, the Santam group purchased intangible assets of In2Insure (Pty) Ltd for R19 million in cash, in addition to contingent payments estimated at R9 million.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	28
Net asset value acquired	28
Future contingent consideration payable	(9)
Purchase consideration paid	19

14. Material corporate transactions (continued)

For the year ended 31 December 2023 (continued)

Acquisitions (continued)

Vulindlela Underwriting Managers (Pty) Ltd

In October 2023, the Santam group acquired the remaining 53% in Vulindlela Underwriting Managers (Pty) Ltd for R14 million in cash, in addition to contingent payments estimates at R10 million. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Vulindlela Underwriting Managers (Pty) Ltd, and it was classified as a subsidiary from November 2023. Goodwill relates to synergies expected to be received.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	15
Property and equipment	1
Cash and cash equivalents	2
Net asset value acquired	18
Goodwill	25
Future contingent consideration payable	(10)
Gain on remeasurement to subsidiary	(19)
Purchase consideration paid	14

IDWork (Pty) Ltd, trading as Kandua

During December 2023, the Santam group purchased the underlying business of IDWork (Pty) Ltd, trading as Kandua for R42 million in cash.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	37
Property and equipment[1]	–
Net asset value acquired	37
Goodwill	5
Purchase consideration paid	42

[1] *Carrying value less than R1 million.*

Mirabilis Holdings (Pty) Ltd restructure

During December 2023, the Santam group restructured it's holding in Mirabilis Holdings (Pty) and Mirabilis Engineering Underwriting Managers (Pty) Ltd. Santam Limited acquired a 100% shareholding in Mirabilis Holdings (Pty) Ltd from Swanvest 120 (Pty) Ltd for R187.2 million, on loan account. On the same day the company disposed of its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Mirabilis Holdings (Pty) Ltd for R228.8 million, settled via shares issued by Mirabilis Holdings (Pty) Ltd to the company. This transaction resulted in a R145 million profit on sale of subsidiary for the company.

Notes to the annual financial statements

14. Material corporate transactions (continued)

For the year ended 31 December 2023 (continued)

Disposals

SAN JV (RF) (Pty) Ltd

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. The completion of the sale was subject to various regulatory approvals. The investment in SAN JV of R1 768 million for group (R2 034 million for company) (previously included in "Investment in associates and joint ventures") was reclassified as "Non-current assets held for sale" from 30 June 2022.

In accordance with IFRS 5: Non-current assets held for sale and discontinued operations, the assets held for sale were recognised at their carrying value as at 30 June 2022, being lower than the fair value less costs to sell. This is a non-recurring fair value based on the net asset value of the business. It is therefore also recognised within level 3 of the fair value hierarchy. Reserves relating to non-current assets held for sale are disclosed in note 18.1, and were released on disposal.

On 4 May 2022, Santam also entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in rand weakness against the Euro up to a cap of R19.16. The collar was designated as a cash flow hedge instrument on 4 May 2022. On expiry, Santam decided not to renew the collar structure and paid a final settlement of R122 million to the counterparty.

On 4 May 2023, upon expiration of the above mentioned zero-cost collar, the transaction with Allianz had not been finalised. The group decided to continue hedging the transaction by entering into a forward exchange contract (FEC) on a notional amount of EUR125 million with cover up to 2 October 2023. The contract rate at expiry on 2 October 2023 would have been R20.58. However, on conclusion of the transaction, the final gain on the FEC was less than R1 million.

On 4 September 2023 the regulatory approvals were fulfilled and the disposal became unconditional. As proceeds for the disposal the group received EUR126 million in cash, as well as a preference share in SAN JV RF (Pty) Ltd, a financial asset valued as a level 3 instrument. The preference share entitled Santam to receive future income upon the sale of two companies that was not within the scope of the Allianz transaction. Upon the disposal of Santam share in SAN JV, the profit on sale of SAN JV was recognised in profit or loss, together with the release of the cashflow hedging reserve, translation reserve and other non-distributable reserves. Refer to note 18.1.

Profit on the sale of SAN JV	GROUP R million	COMPANY R million
Purchase consideration received in cash	2 632	2 632
Carrying value of Non-current asset held for sale	(1 768)	(2 034)
Fair value of preference share received[1]	–	–
Release of foreign currency translation difference on sale of investment	(37)	–
Release of hedging reserve on sale of investment	(122)	(122)
Total profit on the sale of associate	705	476

[1] *Carrying value less than R1 million.*

Notes to the annual financial statements

15. Property and equipment

Property and equipment consists of owned and leased assets that do not meet the definition of investment property.

	Notes	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Property and equipment owned		188	233	123	180
Property and equipment leased (right-of-use asset)	15.1	613	644	436	430
Total		801	877	559	610

15.1 Types of property and equipment

	Owner-occupied properties R million	Computer equipment R million	Furniture, equipment and other assets R million	Total R million
GROUP				
At 1 January 2023				
Cost or valuation	1 091	374	245	1 710
Accumulated depreciation	(561)	(318)	(191)	(1 070)
Net book amount	530	56	54	640
Movement for the year ended 31 December 2023				
Additions	279	57	148	484
Owned assets	–	57	132	189
Leased assets	279	–	16	295
Business combinations	1	–	–	1
Owned assets	1	–	–	1
Depreciation charge	(149)	(62)	(37)	(248)
Owned assets	–	(62)	(20)	(82)
Leased assets	(149)	–	(17)	(166)
At 31 December 2023				
Cost or valuation	1 371	431	393	2 195
Accumulated depreciation	(710)	(380)	(228)	(1 318)
Net book amount	661	51	165	877
Movement for the year ended 31 December 2024				
Additions	114	62	51	227
Owned assets	–	62	24	86
Leased assets	114	–	27	141
Disposals	(2)	–	(36)	(38)
Owned assets	–	–	(36)	(36)
Leased assets	(2)	–	–	(2)
Depreciation charge	(155)	(69)	(41)	(265)
Owned assets	–	(69)	(26)	(95)
Leased assets	(155)	–	(15)	(170)
At 31 December 2024				
Cost or valuation	1 374	405	383	2 162
Accumulated depreciation	(756)	(361)	(244)	(1 361)
Net book amount	618	44	139	801

15. Property and equipment (continued)

15.1 Types of property and equipment (continued)

	Owner-occupied properties R million	Computer equipment R million	Furniture, equipment and other assets R million	Total R million
COMPANY				
At 1 January 2023				
Cost or valuation	744	266	137	1 147
Accumulated depreciation	(386)	(193)	(112)	(691)
Net book amount	358	73	25	456
Movement for the year ended 31 December 2023				
Additions	159	37	129	325
Owned assets	–	37	114	151
Leased assets	159	–	15	174
Depreciation charge	(98)	(45)	(28)	(171)
Owned assets	–	(45)	(12)	(57)
Leased assets	(98)	–	(16)	(114)
At 31 December 2023				
Cost or valuation	903	303	266	1 472
Accumulated depreciation	(484)	(238)	(140)	(862)
Net book amount	419	65	126	610
Movement for the year ended 31 December 2024				
Additions	101	37	25	163
Owned assets	–	37	–	37
Leased assets	101	–	25	126
Disposals	–	–	(32)	(32)
Owned assets	–	–	(32)	(32)
Depreciation charge	(106)	(48)	(28)	(182)
Owned assets	–	(48)	(15)	(63)
Leased assets	(106)	–	(13)	(119)
At 31 December 2024				
Cost or valuation	781	268	251	1 300
Accumulated depreciation	(367)	(214)	(160)	(741)
Net book amount	414	54	91	559

In the prior year the Santam group concluded an eight year lease agreement in Parktown Johannesburg. The lease commenced in October 2023, after construction was completed. It optimised and consolidated two previous leases of the Santam group in the approximate vicinity.

Depreciation expense has been included in expenses for marketing and administration in the statement of comprehensive income (refer to note 20.2).

15. Property and equipment (continued)

15.1 Types of property and equipment (continued)

Accounting policy – Property and equipment

a) Property

All owner-occupied buildings are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the building. Land is not depreciated. Buildings are depreciated on a straight-line basis to allocate the cost over the estimated useful life (50 years) of the building. The residual values and useful lives of buildings are reviewed at each statement of financial position date and adjusted accordingly.

b) Equipment

Equipment is stated at cost less accumulated depreciation and impairment charges. Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the statement of comprehensive income over the estimated useful life of each significant part of an item of equipment, using the straight-line basis.

Estimated useful lives are as follows:

Computer equipment	3 years
Furniture and equipment	3 – 6 years
Motor vehicles	Up to 5 years

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss before tax.

Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits from the existing asset will flow to the group.

Accounting policy – Leases

Agreements where the counterparty retains control of the underlying asset are classified as leases. The group leases various offices, motor vehicles and office equipment.

Leases other than short term leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest, the incremental borrowing rate, on the remaining balance of the liability for each period. The right-of-use asset is subsequently depreciated using the straight-line method over the earlier of the useful life of the underlying asset or the period of the lease term. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Short term leases with a term shorter than 12 months are accounted for as operating leases.

Offices consist mainly of head office buildings and branches. Rental contracts are typically made for fixed periods of three to eight years but may have extension options that exist. Head office buildings are typically leased for longer periods than branches and are the main contributor to the carrying value of the right-of-use asset. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Periods covered by an option to extend the lease are included if the group is reasonably certain to exercise that option taking into account, among others, the remaining term of the original lease, refurbishments, changing technology and cost-saving initiatives. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Vehicles consist of a fleet of vehicles that the group leases for use by various field agents including assessors. The terms of these leases are typically between three and five years. Lease extensions are not considered in the valuation of these leases, as the group does not expect to extend leases on motor vehicles as they are generally replaced with a new lease.

Assets and liabilities arising from a lease are initially measured on a discounted value basis. Right-of-use asset comprise of:

- the amount of the initial measurement of the lease liability, as described in note 7;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the lessee.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment.

Notes to the annual financial statements

16. Share capital

	GROUP AND COMPANY ORDINARY SHARES		GROUP TREASURY SHARES	
	Number of shares (thousands)	Stated capital R million	Number of shares (thousands)	Stated capital R million
At 1 January 2023	115 131	103	5 534	713
Purchase of treasury shares	–	–	782	221
Reissue of treasury shares	–	–	(491)	(89)
At 31 December 2023	115 131	103	5 825	845
Purchase of treasury shares	–	–	482	161
Reissue of treasury shares	–	–	(491)	(104)
At 31 December 2024	115 131	103	5 816	902

The total authorised number of ordinary shares is 150 million shares of no par value and 12 million non-redeemable, non-participating, non-cumulative no par value preference shares. All issued shares are fully paid. Subject to the restrictions imposed by the Companies Act, the authorised and unissued shares are under the control of the directors until the forthcoming annual general meeting.

In 2007, Guardian National Insurance Company Ltd (GNI), acquired 6 972 940 Santam shares through a voluntary share buy-back offer on 20 April 2007 at R102 per share. During 2024, GNI acquired an additional 364 966 (2023: 774 837) shares to utilise as part of the deferred share plan (DSP) and performance deferred share plan (PDSP), while 457 618 (2023: 487 197) shares were reissued in terms of the DSP. Other subsidiaries acquired an additional 117 257 (2023: 7 006) shares, while 33 112 (2023: nil) were reissued in terms of DSP and PDSP. The net amount of these transactions has been deducted from shareholders' equity. The shares are held as Treasury shares.

Since the unwinding of the Central Plaza structure in 2015, the Emthunzini BBBEE staff trust is under the control of Santam Ltd. During 2024, the staff trust distributed 2 852 (2023: 3 779) shares.

Accounting policy – Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders net of any directly attributable incremental transaction costs and the related income tax effects.

Where such shares are subsequently reissued for no consideration to employees under long-term incentive schemes, the cost of these shares when acquired as treasury shares is transferred from treasury shares to distributable reserves.

Notes to the annual financial statements

16. Share capital (continued)

16.1 Directors' and prescribed officers' interest in the shares of the company

At 31 December 2024, the directors of the company held direct interests, including family interests, in 138 216 of the company's issued ordinary shares (2023: 96 249). Details of shares held per individual director are listed below. A total of 126 831 (2023: 124 511) deferred shares are allocated to directors in terms of the company's employee share schemes. No material changes occurred between the reporting date and the date of approval of the financial statements.

All shares, as disclosed below, were held as direct beneficial shares. Other than disclosed below, no other directors held shares. No directors held direct non-beneficial shares, indirect beneficial shares or indirect non-beneficial shares.

	NUMBER OF SHARES	
	2024	2023
Executive directors and prescribed officers		
TC Madzinga	**69 612**	36 305
ML Olivier	**62 304**	53 644
Non-executive directors		
MP Fandeso	**1 196**	1 196
JJ Ngulube	**5 104**	5 104
	138 216	96 249

17. Share incentive schemes

(i) Deferred share plan (DSP) and performance deferred share plan (PDSP)

Deferred share plan (DSP)

Awards granted under the DSP are conditional rights to acquire shares for no consideration subject to vesting conditions being satisfied. The vesting conditions are that the individual remains employed by the group throughout the vesting period and maintains agreed individual performance hurdles.

All share awards are subject to the following measurement of performance conditions:

- 40% of the award to be measured after three years since the date of grant, and to the extent that the performance hurdle is not achieved the entitlement to the DSP shares will lapse.
- 30% of the award to be measured after four years since the date of grant, and to the extent that the performance hurdle is not achieved, the entitlement to the DSP shares will lapse.
- 30% of the award to be measured after five years since the date of grant, and to the extent that the performance hurdle is not achieved the entitlement to the DSP shares will lapse.

The award granted under the DSP is not subject to the satisfaction of the group performance conditions but does require meeting individually contracted performance hurdles. Typically, the award granted under the DSP has a face value of up to 70% (2023: 70%) of total guaranteed package (TGP). To the extent that this percentage falls, whether through vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of participation under the DSP.

Notes to the annual financial statements

17. Share incentive schemes (continued)

(i) Deferred share plan (DSP) and performance deferred share plan (PDSP) (continued)

Executive committee DSP performance conditions

The short-term individual financial and strategic performance conditions are aligned to the long-term strategic focus areas of the group. Individual key performance indicators (KPI's) scores, which include both strategic and financial indicators, measured over a rolling five year period will be used as basis to assess performance achievement by an executive committee member. From 2022 no further DSP allocations were made to executive committee members. Only PDSP awards were made after this date.

Performance deferred share plan (PDSP)

Up to 2021, to the extent that the face value of awards granted under the DSP does not satisfy the specified multiple of TGP to be granted as long-term incentive (LTI) awards, the individual will be granted an award under the PDSP. From 2022 only PDSP allocations were made to executive committee members and senior managers. Awards granted under the PDSP are conditional rights to acquire Santam shares for no consideration, subject to various vesting conditions being satisfied.

In addition to the individual remaining employed by the group throughout the measurement period and maintaining agreed individual performance hurdles, the vesting of a Santam PDSP awards before 2020 is also subject to the condition that the Santam group's return on capital (ROC) exceeds its cost of capital for the relevant measurement period, as finally determined by the directors.

PDSP awards from 2020 onwards will be subject to a return on capital (ROC) hurdle with a sliding scale applied between 16% (threshold) and 24% (stretched).

The use of relevant performance conditions is considered appropriate as these are the key drivers of the Santam group's strategy. The use of these measures creates a direct link between the LTI reward, group strategy and shareholders' interests.

This arrangement is aimed at encouraging performance that will result in targets being met earlier within the agreed performance measurement period. To the extent that the value of performance awards falls below the specified multiple of TGP, whether through vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of performance awards and encourage ongoing long-term performance.

Prior to 2019, Santam granted executive committee members awards under the Sanlam DSP and Sanlam PDSP. As a result executive committee members have unvested awards under the Sanlam DSP and PDSP.

Allocations were made as follows during the year:

	NUMBER OF PARTICIPANTS		NUMBER OF SHARES	
	2024	2023	**2024**	2023
Allocations in respect of:				
Santam DSP	**362**	307	**248 610**	358 901
Santam PDSP	**63**	60	**226 390**	371 935
			475 000	730 836

The fair value of the grants on grant date, calculated in terms of IFRS 2, amounted to R98 million (2023: R190 million) and is expensed in the statement of comprehensive income over the vesting period of five years. The fair value is based on the Santam share price on grant date, adjusted for dividends not accruing to participants during the vesting period and the probability that the service and performance conditions will be met in part.

Notes to the annual financial statements

17. Share incentive schemes (continued)

(i) Deferred share plan (DSP) and performance deferred share plan (PDSP) (continued)

2023	Date awarded	Latest irreversible date	Grant price	Number of shares
The following shares were awarded and the delivery thereof deferred to a predetermined future date.	1 June 2019	31 May 2024	R286.92	71 589
	23 March 2022	31 May 2024	R259.45	1 516
	4 September 2023	31 May 2024	R252.62	4 629
	1 June 2020	31 May 2025	R241.07	188 575
	23 March 2022	31 May 2025	R259.45	3 624
	4 September 2023	31 May 2025	R252.62	11 072
	1 June 2021	31 May 2026	R242.98	332 877
	23 March 2022	31 May 2026	R259.45	7 363
	4 September 2023	31 May 2026	R252.62	21 585
	1 June 2022	31 May 2027	R292.32	460 091
	4 September 2023	31 May 2027	R252.62	29 173
	1 June 2023	31 May 2028	R260.50	558 123
	4 September 2023	31 May 2028	R252.62	35 395
				1 725 612

Movements during the period	Average price	Number of shares
As at 1 January 2023	R267.90	1 489 375
Shares awarded in 2023	R260.50	628 982
Shares awarded in lieu of special dividend	R252.62	101 854
Awarded shares lapsed due to resignations	R245.85	(147 338)
Awarded options lapsed due to transfers	R245.85	(21 456)
Shares issued	R250.15	(325 805)
As at 31 December 2023	R246.09	1 725 612

2024	Date awarded	Latest irreversible date	Grant price	Number of shares
The following shares were awarded and the delivery thereof deferred to a predetermined future date.	1 June 2020	31 May 2025	R241.07	**79 672**
	23 March 2022	31 May 2025	R259.45	**1 503**
	4 September 2023	31 May 2025	R252.62	**4 526**
	1 June 2021	31 May 2026	R242.98	**170 382**
	23 March 2022	31 May 2026	R259.45	**3 802**
	4 September 2023	31 May 2026	R252.62	**11 106**
	1 June 2022	31 May 2027	R292.32	**422 719**
	4 September 2023	31 May 2027	R252.62	**13 521**
	1 June 2023	31 May 2028	R260.50	**506 184**
	4 September 2023	31 May 2028	R252.62	**15 382**
	1 June 2024	31 May 2029	R246.96	**456 444**
				1 685 241

Movements during the period	Average price	Number of shares
As at 1 January 2024	R246.09	**1 725 612**
Shares awarded in 2024	R246.96	**475 000**
Awarded options lapsed due to resignations	R246.07	**(157 155)**
Awarded options lapsed due to transfers	R246.07	**(31 043)**
Shares issued	R261.90	**(327 173)**
As at 31 December 2024	R246.88	**1 685 241**

Notes to the annual financial statements

17. Share incentive schemes (continued)

(i) Deferred share plan (DSP) and performance deferred share plan (PDSP) (continued)

Accounting policy – Deferred share plans

In terms of the DSP and PDSP, Santam undertakes to deliver a fixed number of shares to selected employees on predetermined dates in the future, in accordance with the terms and conditions of the plans detailed above.

The fair value of equity instruments granted is measured on grant date using an appropriate valuation model, which takes into account the market price on grant date, the fact that employees will not be entitled to dividends until the shares vest, as well as an assumption on the actual percentage of shares that will be delivered. The fair value on grant date is recognised in the statement of comprehensive income on a straight-line basis over the vesting period of the equity instruments, adjusted to reflect actual levels of vesting, with a corresponding increase in equity.

17.1 Santam shares granted under the deferred share plan and performance deferred share plan to executive directors and prescribed officers

The DSP has been implemented during 2007, in terms of which shares are granted to employees on a deferred delivery basis over a five-year period. In addition to the DSP, a PDSP is also in place. Refer to note 17 for details on these plans.

DSP and PDSP – directors' and prescribed officers' participation

2024	Date awarded	As at 31 December 2023	Number of shares awarded during year	Number of shares vested during year	Gain per share on vesting	As at 31 December 2024
Santam shares						
TC Madzinga	01/06/22	44 255	–	–	–	44 255
	01/06/23	2 806	–	–	–	2 806
	04/09/23	46 123	–	–	–	46 123
	04/09/23	2 925	–	–	–	2 925
	01/06/24	–	584	–	–	584
		96 109	584	–		96 693
ML Olivier	01/06/19	1 692	–	(1 692)	R298.67	–
	04/09/23	107	–	(107)	R298.67	–
	01/06/20	9 324	–	(4 662)	R298.67	4 662
	04/09/23	591	–	(296)	R298.67	295
	01/06/21	3 696	–	(1 478)	R298.67	2 218
	04/09/23	234	–	(94)	R298.67	140
	23/03/22	11 997	–	–	–	11 997
	04/09/23	761	–	–	–	761
	01/06/24	–	10 065	–	–	10 065
		28 402	10 065	(8 329)		30 138
Total		124 511	10 649	(8 329)		126 831

17. Share incentive schemes (continued)

17.1 Santam shares granted under the deferred share plan and performance deferred share plan to executive directors and prescribed officers (continued)

DSP and PDSP – directors' and prescribed officers' participation (continued)

2023	Date awarded	As at 31 December 2022	Number of shares awarded during year	Number of shares awarded in lieu of special dividend	Number of shares transferred in/(out) during the year[3]	Number of shares vested during year	Gain per share on vesting	As at 31 December 2023
Santam shares								
TC Madzinga	01/06/22	44 255	–	–	–	–	–	44 255
	04/09/23	–	–	2 806	–	–	–	2 806
	01/06/23	–	46 123	–	–	–	–	46 123
	04/09/23	–	–	2 925	–	–	–	2 925
		44 255	46 123	5 731	–	–		96 109
HD Nel[1]	23/03/22	30	–	–	–	(30)	R260.50	–
	01/06/18	855	–	–	–	(855)	R260.50	–
	23/03/22	40	–	–	–	(40)	R260.50	–
	01/06/19	3 116	–	–	(1 558)	(1 558)	R260.50	–
	23/03/22	120	–	–	(36)	(84)	R260.50	–
	01/06/20	22 004	–	–	(3 973)	(8 939)	R260.50	9 092
	23/03/22	510	–	–	(456)	(54)	R260.50	–
	01/06/21	5 533	–	–	(5 533)	–	–	–
	23/03/22	128	–	–	(128)	–	–	–
	01/06/22	9 785	–	–	(9 785)	–	–	–
	04/09/23	–	1 754	–	–	–	–	1 754
		42 121	1 754	–	(21 469)	(11 560)		10 846
ML Olivier[2]	01/06/19	–	–	–	1 692	–	–	1 692
	04/09/23	–	–	107	–	–	–	107
	01/06/20	–	–	–	9 324	–	–	9 324
	04/09/23	–	–	591	–	–	–	591
	01/06/21	–	–	–	3 696	–	–	3 696
	04/09/23	–	–	234	–	–	–	234
	23/03/22	–	–	–	11 997	–	–	11 997
	04/09/23	–	–	761	–	–	–	761
		–	–	1 693	26 709	–		28 402
Total		86 376	47 877	7 424	5 240	(11 560)		135 357

1 *HD Nel resigned from Santam Ltd effective 1 July 2023 and 21 416 of his unvested Santam Ltd DSP and PDSP share awards were converted to Sanlam Ltd DSP and PDSP share awards. Following his appointment at Sanlam on 1 July 2023 he received a further 149 455 Sanlam PDSP and restricted share awards at an award price of R53.53 per share.*

2 *ML Olivier joined Santam Ltd effective 1 January 2023 and all his Sanlam Ltd shares were converted to Santam Ltd shares and transferred in.*

3 *The 21 469 indicated as transferred for HD Nel includes 13 shares that have lapsed.*

18. Other reserves

	Translation reserve[1] R million	Capital contribution reserve R million	Other non-distributable reserves[1] R million	Hedging reserve R million	Total R million
GROUP					
Balance as at 1 January 2023	(29)	9	(8)	(35)	(63)
Hedging reserve movement	–	–	–	(87)	(87)
Movement in foreign currency translation reserve	1	–	–	–	1
Release of reserves upon disposal of SAN JV	29	–	8	122	159
Balance as at 31 December 2023	**1**	**9**	**–**	**–**	**10**
Movement in foreign currency translation reserve	**3**	**–**	**–**	**–**	**3**
Balance as at 31 December 2024	**4**	**9**	**–**	**–**	**13**
COMPANY					
Balance as at 1 January 2023				(35)	(35)
Hedging reserve movement				(87)	(87)
Release of reserves upon disposal of SAN JV				122	122
Balance as at 31 December 2023				–	–
Balance as at 31 December 2024				–	–

[1] *Related mainly to non-current assets held for sale.*

Exchange differences, resulting from the translation of the financial statements of foreign operations with a presentation currency different to that of the group, are taken to the translation reserve on consolidation to form part of equity. On disposal of such a foreign operation, the translation differences are recognised in the statement of comprehensive income as part of the profit or loss on disposal.

The capital contribution reserve reflects the reserves of the Emthunzini BBBEE staff trust that came under control of Santam Ltd as a result of the unwinding of the Central Plaza structure in 2015.

The hedging reserve represents the impact of the foreign currency losses on the zero-cost collar Santam entered into, and finally settled, to protect the proceeds of the sale of SAN JV to Allianz from the rand strengthening against the euro in the prior period. Refer to notes 8 and 14 for more detail.

On 4 September 2023 the company disposed of its investment in SAN JV. Upon disposal, the translation reserve, other non-distributable reserves and the hedging reserve were released through other comprehensive income. Refer to note 14 for more detail.

Accounting policy – Hedging

The group has elected to apply IFRS 9 for hedge accounting.

When such hedging opportunities are identified, the group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction at the inception of the hedging transaction. The group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the hedging instrument that will be used in the hedging transaction is and will continue to be highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the foreign currency value of the hedging instrument that will be designated and qualifies as a cash flow hedge, is recognised in other comprehensive income and accumulates in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within investment income (if applicable). The tax charge on the accumulated foreign currency movements is also recognised in equity.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss. When the highly probable forecast transaction that is hedged results in the recognition of a non-financial asset (for example, the acquisition of an associate) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss when the relating asset is impaired or sold.

When the highly probable forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

19. Provisions for other liabilities

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
At the beginning of the year	141	139	60	87
Charged to statement of comprehensive income:				
– additional provisions	57	110	3	67
– reversal of provisions	(6)	(96)	(6)	(94)
Used during the year	(6)	(12)	–	–
At the end of the year	186	141	57	60

The balance consists mainly of the provision for the MiWay deferred bonus plan, key SSI management's 10% economic participation interest in SSI and deferred purchase consideration commitments. Participants to the MiWay deferred bonus scheme can redeem their units at any time following their respective vesting dates. In addition, there is a compulsory redemption upon the completion of the fifth year of issue of the units.

Accounting policy – Provisions
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

20. Other revenue and expenses by nature

20.1 Other revenue

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Fee income from policy administration	242	334	–	–
Commission	122	130	114	119
	364	464	114	119

Accounting policy – Other revenue
Fee income is earned by intermediaries within the group for administration services performed on behalf of insurance companies, in terms of binder agreements. The group also earns administration fees for administration of cell captives on behalf of cell owners. These arrangements contain no significant financing components, revenue is earned at a point in time. The group does not recognise any assets in relation to costs required to fulfil its performance obligations in respect of these arrangements.

Commission is earned by the group in its capacity as an intermediary, and is accounted for in the same manner as fee income.

20. Other revenue and expenses by nature (continued)

20.2 Expenses by nature

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Auditor's remuneration	51	51	20	20
– Current year	50	48	20	19
– Prior year	1	2	–	–
– Non-audit services	–	1	–	1
Claims and benefits	27 348	26 206	20 029	19 606
Depreciation	265	248	182	171
Amortisation of intangible assets	96	77	48	35
Impairment of intangible assets	176	–	162	–
Employee benefit expense (refer to note 20.3)	5 006	4 395	3 532	3 001
Operating lease rentals – low value leases[2]	20	27	9	16
Service level agreement related to computer equipment	294	265	294	265
Research and development costs	135	125	135	125
Fees and commissions (acquisition cost)	6 622	5 857	5 277	4 576
Investment-related activities	119	125	58	75
Other expenses[1]	1 027	778	(388)	(356)
Total expenses	**41 159**	38 154	**29 358**	27 534
Represented by				
Insurance service expense	39 980	37 230	28 802	27 185
Other operating expenses	843	722	333	239
Investment management services fees	119	125	58	75
Amortisation and impairment of intangible assets[3]	217	77	165	35
Total expenses	**41 159**	38 154	**29 358**	27 534

1 *Includes allocation of claims handling costs to claims costs.*
2 *Refer to notes 7 and 15 for the accounting policy on leases.*
3 *Amortisation and impairment relating to software amounting to R55 million (2023: Rnil) for the group and R45 million (2023: Rnil) for the company is allocated to attributable expenses within Insurance service expense.*

Accounting policy – Low value leases
Leases relating to low value assets, which consist of office furniture and equipment, are expensed on a straight-line basis.

Notes to the annual financial statements

20. Other revenue and expenses by nature (continued)

20.3 Employee benefit expense

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
Wages, salaries and bonus	4 097	3 540	2 864	2 351
Social security costs	253	248	202	198
Long-term incentive scheme costs	187	169	120	130
Pension costs – defined contribution plans	469	438	346	322
	5 006	4 395	3 532	3 001

Accounting policy – Employee benefits

a) Pension obligations

The group only has defined contribution pension plans. A defined contribution plan is a pension plan under which the group pays a fixed contribution into a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans the group pays contributions to publicly and privately administered pension insurance plans on a mandatory basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Long-term incentive and retention bonus plan

Certain employees were paid retention bonuses in terms of the long-term incentive and retention bonus plan. These beneficiaries – including executive directors, executive management, senior and middle management – are subject to retention periods. Should the beneficiary be in breach of the retention period, a certain amount is subject to repayment. The costs associated with the long-term incentive and retention bonus plan are recognised in the statement of comprehensive income over the retention period.

c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date. The group recognises termination benefits when the benefits result from either an entity's decision to terminate the employment or an employee's decision to accept an entity's offer of benefits in exchange for termination of employment.

d) Performance bonus plans

The group recognises a liability and an expense for bonuses based on a model that takes into consideration the achievement of certain financial conditions, including profitability and growth metrics, and achievement of strategic initiatives. The group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

e) Leave pay

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the statement of financial position date.

20.3.1 Transactions with key management

Remuneration is paid to key management (executive committee members) of the group.

Key management also have general insurance contracts with the company in their private capacity. Premiums on these contracts are not material.

	COMPANY 2024 R million	COMPANY 2023 R million
Key management compensation paid		
Salaries and other short-term employee benefits paid	82	86
Sign-on and retention payments paid	3	5
Share-based payments and long-term deferred bonus schemes	21	45

20. Other revenue and expenses by nature (continued)

20.3 Employee benefit expense (continued)

20.3.2 Transactions with directors and prescribed officers

Remuneration is paid to directors and prescribed officers in the form of fees to non-executive directors and remuneration to executive directors of the company. All directors of Santam Ltd have notified that they did not have a material interest in any contract of significance with the company or any of its subsidiaries, which could have given rise to a conflict of interest during the year.

Certain directors have general insurance contracts with the company in their private capacity. These contracts are not material.

Directors' and prescribed officers' emoluments

The group human resources committee considers the remuneration of all executive directors as well as the fees paid to all non-executive directors. Fees payable to directors are recommended by the board to the annual general meeting for approval. This note reflects the total of executive and non-executive directors' earnings, other benefits and costs incurred by the company, in accordance with the requirement of the Companies Act and Listings Requirements introduced by the JSE Ltd.

	Salary R000	Performance bonus[1] Cash R000	Deferred[4] R000	Other benefits and costs[2, 3] R000	Total R000
Executive directors and prescribed officers					
2024					
Paid by the company					
TC Madzinga	8 000	5 000	10 000	374	23 374
ML Olivier	4 062	3 726	1 597	362	9 747
	12 062	8 726	11 597	736	33 121
2023					
Paid by the company					
TC Madzinga	7 473	–	9 520	350	17 343
HD Nel[5]	3 840	1 294	555	368	6 057
ML Olivier	3 765	2 894	1 240	361	8 260
	15 078	4 188	11 315	1 079	31 660

1 *Bonus in respect of 2024 payable in 2025 (2023: bonus in respect of 2023 paid in 2024).*
2 *Includes retirement funding benefits. During 2024, R350 000 (2023: R350 000) was paid in respect of TC Madzinga, Rnil (2023: R350 000) was paid in respect of HD Nel and R350 000 (2023: R350 000) was paid in respect of ML Olivier.*
3 *Adjusted to exclude company costs.*
4 *Deferred into restricted Santam shares (deferred bonus shares).*
5 *HD Nel resigned from Santam Ltd effective 1 July 2023. Amounts are, however, for the full year and include salary and benefits earned from Sanlam Ltd after 1 July 2023.*

Notes to the annual financial statements

20. Other revenue and expenses by nature (continued)

20.3 Employee benefit expense (continued)

20.3.2 Transactions with directors and prescribed officers (continued)

Directors' and prescribed officers' emoluments (continued)

	DIRECTORS' FEES	
	2024 R000	2023 R000
Non-executive directors		
Paid by the company		
M Chauke[2, 5]	998	1 286
CD da Silva	972	847
MP Fandeso[2]	2 319	1 855
PB Hanratty[1]	721	677
DEH Loxton[2]	1 448	1 179
MM Mahlangeni[1]	669	649
MLD Marole[3]	–	637
NT Moholi	1 632	1 554
AM Mukhuba[1]	790	615
JJ Ngulube	601	573
PE Speckmann[2]	1 696	1 561
LA Swartz[4]	858	324
	12 704	11 757
Total directors' remuneration	45 825	43 417

1 *Fees were paid to the holding company, Sanlam Ltd.*
2 *Fees include amounts paid by subsidiaries of the group.*
3 *Retired in October 2023.*
4 *Appointed in June 2023.*
5 *Resigned in October 2024.*

21. Income tax expense

	GROUP 2024 R million	GROUP 2023 R million	COMPANY 2024 R million	COMPANY 2023 R million
South African normal taxation				
Current year	1 491	691	913	2
– charge for the year	1 488	690	912	–
– other taxes	3	1	1	2
Prior year underprovision	960	4	521	24
Foreign taxation – current year	81	51	–	–
Income taxation for the year	2 532	746	1 434	26
Deferred taxation				
Current year	–	981	(10)	553
Prior year overprovision	(936)	–	(527)	–
Deferred taxation for the year	(936)	981	(537)	553
Total taxation as per the statement of comprehensive income	1 596	1 727	897	579
Income tax allocated to cell owners and structured products	(356)	(1 011)	–	–
Total tax expense attributable to shareholders	1 240	716	897	579
Profit before taxation per statement of comprehensive income from continuing and discontinued operations	5 952	5 110	4 595	3 702
Adjustment for income tax allocated to cell owners and structured products	(356)	(1 011)	–	–
Total profit before tax attributable to shareholders from continuing and discontinued operations	5 596	4 099	4 595	3 702

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Reconciliation of taxation rate (%)				
Normal South African taxation rate	27.0	27.0	27.0	27.0
Adjusted for				
– Disallowable expenses	0.3	0.3	0.2	0.2
– Foreign tax differential	(2.0)	(1.1)	–	–
– Exempt income[1]	(0.9)	(1.0)	(7.7)	(4.6)
– Investment results[2]	(1.8)	(0.5)	0.1	(1.6)
– Income from associates, joint ventures and discontinued operations	(0.4)	(7.2)	–	(5.7)
– Previous year's (over)/underprovision	(0.2)	0.1	(0.1)	0.3
– Other permanent differences	0.1	(0.2)	–	–
– Other taxes	0.1	0.1	–	–
Net reduction	(4.8)	(9.5)	(7.5)	(11.4)
Effective rate attributable to shareholders (%)	22.2	17.5	19.5	15.6

[1] *Exempt income consists mainly of dividends received.*
[2] *Investment results consists mainly of gains/losses taxed at CGT rate.*

21. Income tax expense (continued)

Accounting policy – Income tax

The tax expense for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

b) Withholding tax on dividends

Withholding taxes are measured at the amount expected to be paid to the relevant tax authorities in the country from which dividend income originates. The tax rates and tax laws used to compute the amount are those that are enacted when the dividend was declared.

22. Deferred tax

	GROUP		COMPANY	
	2024 R million	2023 R million	**2024 R million**	2023 R million
The amounts are as follows:				
Deferred tax assets	**257**	162	**–**	–
Deferred tax liabilities	**(259)**	(1 103)	**(10)**	(571)
Total net deferred income tax liability	**(2)**	(941)	**(10)**	(571)
Deferred tax is made up as follows:				
Lease liabilities	**212**	222	**156**	156
Unrealised appreciation of investments	**(649)**	(417)	**(439)**	(345)
Provisions and accruals	**473**	327	**270**	208
IFRS 17 transition[1]	**(47)**	(1 016)	**(2)**	(572)
Right-of-use assets	**(168)**	(174)	**(119)**	(116)
Tax losses carried forward	**114**	56	**–**	41
Share-based payment reserve	**60**	59	**60**	59
Other differences	**3**	2	**64**	(2)
	(2)	(941)	**(10)**	(571)
Movement of deferred tax				
Balance as at 1 January	**(941)**	39	**(571)**	(23)
Charge to the statement of comprehensive income	**936**	(981)	**537**	(553)
Lease liabilities	**(10)**	41	**–**	20
Unrealised appreciation of investments	**(232)**	(141)	**(94)**	(83)
Provisions and accruals	**146**	167	**62**	84
IFRS 17 transition[1]	**969**	(1 065)	**570**	(566)
Right-of-use assets	**6**	(35)	**(3)**	(18)
Tax losses carried forward	**58**	51	**(41)**	41
Share-based payment reserve	**1**	–	**1**	–
Other differences	**(2)**	1	**42**	(31)
Tax credited directly to equity	**3**	1	**24**	5
Balance as at 31 December	**(2)**	(941)	**(10)**	(571)

[1] *The 2023 Taxation Laws Amendment Act was promulgated during December 2023, which contained changes to section 28 of the Income Tax Act ("the Act") to cater for the implementation of IFRS 17. The changes made to section 28 of the Act did not address all unintended consequences as the interpretation of the IFRS 17 disclosure requirements continued to evolve during the year. This resulted in an increase in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interests of respectively R947 million and R77 million in respect of the 2023 financial year.*

The insurance sector engaged with National Treasury in this regard to effect changes to the Act. The 2024 Taxation Laws Amendment Act was promulgated during December 2024, which contained further changes to section 28 of the Act. These changes adequately addressed the IFRS 17 timing differences identified by the insurance sector with retrospective effect from 1 January 2023.

The amended legislation results in a decrease in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interests respectively of R945 million and R88 million, in respect of the 2024 financial year. The impact in respect of policyholders/cell owners' interests are for the account of clients and do not affect after tax profit attributable to equity holders of the group.

22. Deferred tax (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The group has unrecognised tax losses of R6.9 million (2023: R6.3 million).

Accounting policy – Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle the balances on a net basis.

23. Earnings per share

23.1 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	GROUP	
	2024 R million	2023 R million
Basic earnings per share		
Profit attributable to the company's equity holders (R million)	3 679	3 250
Weighted average number of ordinary shares in issue (millions)	109.61	109.33
Earnings per share (cents)	3 356	2 973
Continuing operations	3 356	2 328
Discontinued operations	–	645

23.2 Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. In the diluted earnings per share calculation for the shares granted to employees under the deferred share plan, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding shares. This calculation serves to determine the unpurchased shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit.

Notes to the annual financial statements

23. Earnings per share (continued)

23.2 Diluted earnings per share (continued)

	GROUP 2024 R million	GROUP 2023 R million
Diluted earnings per share		
Profit attributable to the company's equity holders (R million)	3 679	3 250
Weighted average number of ordinary shares in issue (millions)	109.61	109.33
Adjusted for share incentive schemes (millions)	1.13	0.75
Weighted average number of ordinary shares for diluted earnings per share (millions)	110.74	110.08
Diluted basic earnings per share (cents)	3 322	2 952
Continuing operations	3 322	2 312
Discontinued operations	–	640

23.3 Headline earnings per share

For the calculation of headline earnings per share, the profit attributable to equity holders of the company is adjusted with items excluded from headline earnings per share as listed below, divided by the normal weighted average number of ordinary shares in issue.

	GROUP 2024 R million	GROUP 2023 R million
Headline earnings per share		
Profit attributable to the company's equity holders	3 679	3 250
Adjusted for:		
Profit on disposal of discontinued operations	–	(705)
Impairment of intangible assets	176	–
Tax on impairment of intangible assets	(44)	–
Gain on remeasurement to subsidiary	–	(19)
Headline earnings	3 811	2 526
Weighted average number of ordinary shares in issue (millions)	109.61	109.33
Headline earnings per share (cents)	3 477	2 310
Continuing and discontinued operations	3 477	2 310

23.4 Diluted headline earnings per share

	GROUP 2024 R million	GROUP 2023 R million
Headline earnings (R million)	3 811	2 526
Weighted average number of ordinary shares for diluted earnings per share (millions)	110.74	110.08
Diluted headline earnings per share (cents)	3 441	2 295

24. Dividends per share

	GROUP 2024 R million	GROUP 2023 R million
Ordinary dividend per share		
Interim of 535 cents per share (2023: 495 cps)	616	570
Final of 985 cents per share (2023: 905 cps)[1]	1 134	1 042
	1 750	1 612

[1] *2024: Approved (2023: Paid)*

No special dividend was declared in 2024 (2023: a special dividend of 1 780 cents per share was declared in September 2023 and paid in October 2023).

Accounting policy – Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the board of directors approves the dividend.

25. Cash generated from operations

	GROUP		COMPANY	
	2024 R million	2023 R million	2024 R million	2023 R million
Profit before tax from continuing and discontinued operations	5 952	5 110	4 595	3 702
Adjustments for:				
Non-cash items	4 302	158	877	(322)
– share-based payment costs	99	117	99	117
– amortisation of intangible assets	96	77	48	35
– depreciation	265	248	182	171
– impairment of goodwill and other intangible assets	176	–	162	–
– impairment of subsidiary	–	–	388	–
– profit on sale of subsidiary	–	–	–	(145)
– income from associates and joint ventures and discontinued operations	(88)	(81)	–	–
– profit on disposal of investment in SAN JV	–	(705)	–	(476)
– asset management fees relating to unit trust investments	4	11	–	–
– movement in expected credit losses	–	(13)	–	(2)
– profit on sale of property, plant and equipment	(2)	–	(2)	–
– movement in structured products and collateral guarantees	3 752	504	–	(22)
Repo liability cash movement	156	(78)	–	–
Investment income, realised and fair value gains	(5 745)	(4 690)	(3 366)	(2 856)
Foreign currency losses/(gains) included in insurance and reinsurance finance income and expense	219	237	(184)	237
Finance costs	538	438	390	328
Income tax recovered from structured products	(308)	(258)	–	–
Changes in working capital (excluding the effect of acquisitions and disposals of subsidiaries)	3 455	4 897	2 222	676
Insurance contract assets	(74)	275	(20)	284
Reinsurance contract assets	5 593	3 678	2 156	3 655
Loans and receivables	435	(193)	700	(175)
Insurance contract liabilities	3 665	(1 407)	(460)	(3 126)
Reinsurance contract liabilities	(6 188)	2 300	–	–
Provisions for other liabilities	63	23	(3)	(27)
Loans and payables	(39)	221	(151)	65
Investment (expense)/income (paid)/received in cash	(99)	46	(108)	(7)
Foreign exchange differences	(104)	48	(109)	(2)
Movement in accrual for investment income	5	(2)	1	(5)
Cash generated from operations	8 470	5 860	4 426	1 758

Accounting policy – Cash flow relating to investment portfolios

Cash flows relating to investment portfolios are classified as operating activities on the statement of cash flows, other than the acquisition of and proceeds from sales relating to strategic investments, equity portfolios and portfolios backing subordinated debt which are classified as investing activities.

26. Income tax paid

	GROUP		COMPANY	
	2024 R million	2023 R million	2024 R million	2023 R million
Amounts charged to profit or loss	(1 596)	(1 727)	(897)	(579)
Income tax credited directly to equity	3	1	24	5
Movement in deferred taxation	(939)	980	(561)	548
Movement in taxation liability	496	(474)	411	(429)
	(2 036)	(1 220)	(1 023)	(455)

27. Related-party transactions - Sanlam Group

Major shareholders

Sanlam Ltd (incorporated in South Africa) is the ultimate holding company with a 62.3% (2023: 62.6%) effective interest shareholding in Santam Ltd excluding Santam Ltd treasury shares held within the group, and a 59.1% (2023: 59.3%) shareholding including treasury shares held. The balance of the shareholders (37.7% (2023: 37.4%)) do not have significant influence and thus no other shareholder is treated as a related party. The shares are widely held by public, non-public, individual and corporate shareholders.

Transactions with the Sanlam Group

The group transacts with the Sanlam Group on various levels, predominantly insurance-related cover, provided to Sanlam Group companies. Sanlam Investment Management Ltd acts as the largest investment fund manager for the group with its fees negotiated on a regular basis. Santam also subscribed to target shares in a Sanlam subsidiary as described in note 5.1.

Refer to note 14 for disposal of investment in SAN JV in 2023.

Notes to the annual financial statements

27. Related-party transactions - Sanlam Group (continued)

Transactions with the Sanlam Group (continued)

The following is a summary of transactions and balances with Sanlam-related parties:

	2024 R million	2023 R million
a) Insurance contracts and other services		
– Sanlam Ltd and related parties (for insurance premiums)	17	17
– Sanlam Ltd and related parties (for investment management services)	(71)	(60)
– Sanlam Ltd and related parties (for IT infrastructure costs)	(361)	(345)
– Sanlam Ltd and related parties (for administration services)	(30)	(25)
– Sanlam Ltd and related parties (for reinsurance services)	68	–
– Sanlam Ltd and related parties (for distribution services)	(39)	–
– Sanlam Ltd (for insurance services)	(10)	(8)
– SanlamAllianz Reinsurance Ltd (for inward reinsurance contracts)[1]	710	744
– SanlamAllianz Reinsurance Ltd (for inward reinsurance claims)[1]	(398)	(182)
– SanlamAllianz Reinsurance Ltd (for inward reinsurance commissions)[1]	(124)	(126)
– SanlamAllianz Reinsurance Ltd (for outward reinsurance contracts)[1]	(3)	(29)
– SanlamAllianz Reinsurance Ltd (for outward reinsurance claims)[1]	(26)	30
– SanlamAllianz Reinsurance Ltd (for outward reinsurance commissions)[1]	1	10
b) Investment income and net realised/unrealised gains received from		
– Sanlam Ltd and related parties	644	525
c) Dividends paid		
– to Sanlam Group	(976)	(2 116)
d) Year-end balances with related parties		
Sanlam Group		
– target shares acquired (refer to note 5.1)	2 483	2 030
– target shares issued (refer to note 11)	(372)	(329)
Investments		
– Sanlam Alternative Income Fund	–	60
– Sanlam Capital Markets	295	269
– Sanlam Global Convertible Securities Fund	86	79
– Sanlam Global Emerging Markets Fund	28	–
– Sanlam Global High Quality	10	–
– Sanlam Infrastructure Fund	87	–
– Sanlam Institutional Special Opportunities Funds	17	–
– Sanlam Investment Management Core Income Fund	355	–
– Sanlam Investment Management Corporate Money Market Fund	202	–
– Sanlam Investment Management Enhanced Yield Fund	247	–
– Sanlam Investment Management SA Active Income Fund	20	20
– Sanlam Investment Management Tactical Income Fund	31	–
– Sanlam Investors Legacy SME Debt Fund En Commandite Partnership	96	–
– Sanlam Namibia Floating Rate Fund	22	–
– Sanlam Property Fund	56	53
– Sanlam Real Asset Fund	160	86
– Satrix SmartCore™	184	–
– Sanlam Ltd – shares	21	16
Sanlam Ltd and related parties		
– reinsurance payable	(94)	–
– trade payable	(375)	(27)
SanlamAllianz Reinsurance Ltd[1]		
– loans and receivables	243	273

[1] *Previously SAN JV (RF) (Pty) Ltd group.*

27. Related-party transactions - Sanlam Group (continued)

Transactions with the Sanlam Group (continued)

Remuneration received by Santam directors from other Sanlam Group companies for services provided to these companies (disclosed in accordance with section 30(5)(b) of the Companies Act).

Emoluments for the year ended 31 December	Salary R000	Performance bonus[1] Cash R000	Deferred R000	Other benefits R000	Fees R000	Total[2] R000
2024						
M Chauke	752	–	–	165	1 441	2 358
PB Hanratty	6 130	–	–	–	–	6 130
MM Mahlangeni	6 033	4 900	2 100	350	–	13 383
AM Mukhuba	6 130	5 250	2 250	350	–	13 980
PE Speckmann	–	–	–	–	2 381	2 381
	19 045	10 150	4 350	865	3 822	38 232
2023						
M Chauke	–	–	–	–	537	537
PB Hanratty	6 130	–	–	–	–	6 130
MM Mahlangeni	5 697	4 550	1 950	340	–	12 537
AM Mukhuba	5 757	4 200	1 800	350	–	12 107
PE Speckmann	–	–	–	–	1 880	1 880
	17 584	8 750	3 750	690	2 417	33 191

[1] *Performance bonus in respect of 2023 paid in 2024 (2023: 2022 paid in 2023).*
[2] *Total TGP includes amounts recharged by Sanlam Ltd to Santam Ltd for services provided.*

Deferred share plan Sanlam shares	Balance 31 December 2023	Awarded in 2024	Shares vested	Balance 31 December 2024
MM Mahlangeni	63 894	–	(31 947)	31 947
AM Mukhuba	64 074	–	(32 037)	32 037
Total	127 968	–	(63 984)	63 984

	Balance 31 December 2022	Awarded in 2023	Shares vested	Balance 31 December 2023
MM Mahlangeni	106 491	–	(42 597)	63 894
AM Mukhuba	106 789	–	(42 715)	64 074
Total	213 280	–	(85 312)	127 968

Performance deferred share plan	Balance 31 December 2023	Awarded in 2024	Shares vested	Shares forfeited	Balance 31 December 2024
MM Mahlangeni	147 391	63 232	(26 452)	–	184 171
AM Mukhuba	218 287	82 972	(44 093)	–	257 166
Total	365 678	146 204	(70 545)	–	441 337

	Balance 31 December 2022	Awarded in 2023	Shares vested	Shares forfeited	Balance 31 December 2023
MM Mahlangeni	92 524	54 867	–	–	147 391
AM Mukhuba	155 698	75 404	(12 149)	(666)	218 287
Total	248 222	130 271	(12 149)	(666)	365 678

Notes to the annual financial statements

27. Related-party transactions - Sanlam Group (continued)

Transactions with the Sanlam Group (continued)

Restricted share plan	Balance 31 December 2023	Awarded in 2024	Shares vested	Shares forfeited	Balance 31 December 2024
PB Hanratty	4 757 021	–	–	(25 078)	4 731 943
MM Mahlangeni	119 466	28 716	(26 881)	–	121 301
AM Mukhuba	79 409	30 767	(5 837)	–	104 339
Total	4 955 896	59 483	(32 718)	(25 078)	4 957 583

	Balance 31 December 2022	Awarded in 2023	Shares vested	Shares forfeited	Balance 31 December 2023
PB Hanratty	4 901 044	–	–	(144 023)	4 757 021
MM Mahlangeni	121 584	33 725	(35 843)	–	119 466
AM Mukhuba	169 353	31 131	(121 075)	–	79 409
Total	5 191 981	64 856	(156 918)	(144 023)	4 955 896

28. Contingencies and uncertainties

Contracts with third parties

The group enters into outsourcing contracts and distribution arrangements with third parties in the normal course of its business and is reliant upon those third parties being willing and able to perform their obligations in accordance with the terms and conditions of the contracts.

Litigation, disputes and investigations

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.

29. Commitments

Santam has entered into a framework agreement and a sale and purchase agreement with Sanlam Life (Pty) Ltd to acquire its 60% interest in the A1 ordinary shares in NMSIS for an initial cash consideration of R925 million, with a potential deferred payment.

The group does not have any other obligations not disclosed in other parts of these financial statements.

30. Events after the reporting period

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

Notes to the annual financial statements

31. New standards, amendments and interpretations

a) Standards, amendments and interpretations effective in 2024

The following amendments to published standards are mandatory for the group's accounting periods beginning on or after 1 January 2024:

Standard	Effective date	Executive summary
Amendment to IAS 1 *Presentation of Financial Statements* on classification of liabilities as current or non-current	Annual periods beginning on or after 1 January 2024 (Published January 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Amendments to IAS 1 *Presentation of Financial Statements* on non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendments to IFRS 16 *Leases* on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments, that do not depend on an index or rate, are most likely to be impacted.
Amendments to supplier finance arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

No material impact on the annual financial statements was identified.

31. New standards, amendments and interpretations (continued)

b) Interpretation and amendments to published standards that are not yet effective and have not been early adopted by the group

Number	Effective date	Executive summary
Amendments to IAS 21 *The effects of changes in foreign exchange rates* on lack of exchangeability	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
IFRS 18 *Presentation and disclosure in financial statements*	Annual periods beginning on or after 1 January 2027 (Published April 2024)	IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of cash flows*.
IFRS 19 *Subsidiaries without public accountability: Disclosures*	Annual periods beginning on or after 1 January 2027 (Published May 2024)	IFRS 19 *Subsidiaries without public accountability: Disclosures* works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers.
Amendments to IFRS 7 and IFRS 9	Annual periods beginning on or after 1 January 2026 (Published May 2024)	The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG-linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

The group has started the process of assessing the potential impact of adopting the new standards and amendments.

32. Analysis of policyholder/shareholder financial position and results

This note provides information on cellholder/policyholder versus shareholder statement of financial position and statement of comprehensive income. Cellholder/policyholder activities relate mainly to alternative risk transfer insurance business written on the insurance licences of Centriq Insurance group (Centriq) and the Santam Structured Insurance group (SSI).

32.1 Analysis of policyholder/shareholder statement of financial position

2024	Group R million	Shareholder R million	Policyholder/ cellholder R million
ASSETS			
Intangible assets	996	996	–
Property and equipment	801	801	–
Investment in associates and joint ventures	610	610	–
Strategic investment – unquoted Sanlam target shares	2 483	2 483	–
Deferred income tax	257	116	141
Financial assets at fair value through profit or loss	51 773	20 083	31 690
Insurance contract assets	516	363	153
Reinsurance contract assets	6 780	6 218	562
Loans and receivables	2 793	2 096	697
Current income tax	45	7	38
Cash and cash equivalents	6 385	4 113	2 272
Total assets	73 439	37 886	35 553
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(902)	(902)	–
Other reserves	13	13	–
Distributable reserves	13 522	13 522	–
	12 736	12 736	–
Non-controlling interest	1 339	583	756
Total equity	14 075	13 319	756
LIABILITIES			
Deferred income tax	259	229	30
Lease liabilities	786	786	–
Financial liabilities at fair value through profit or loss		–	–
Debt securities	3 063	3 063	–
Investment contracts	6 638	149	6 489
Financial liabilities at amortised cost			
Repo liability	852	–	852
Collateral guarantee contracts	120	–	120
Insurance contract liabilities	38 219	16 594	21 625
Reinsurance contract liabilities	5 499	75	5 424
Provisions for other liabilities	186	186	–
Loans and payables	3 437	3 200	237
Current income tax	305	285	20
Total liabilities	59 364	24 567	34 797
Total shareholders' equity and liabilities	73 439	37 886	35 553

Notes to the annual financial statements

32. Analysis of policyholder/shareholder financial position and results (continued)

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

2023	Group R million	Shareholder R million	Policyholder/ cellholder R million
ASSETS			
Intangible assets	1 226	1 226	–
Property and equipment	877	877	–
Investment in associates and joint ventures	542	542	–
Strategic investment – unquoted Sanlam target shares	2 030	2 030	–
Deferred income tax	162	97	65
Financial assets at fair value through profit or loss	43 748	17 165	26 583
Insurance contract assets	426	346	80
Reinsurance contract assets	10 087	8 419	1 668
Loans and receivables	2 739	2 179	560
Current income tax	474	441	33
Cash and cash equivalents	4 819	3 087	1 732
Total assets	67 130	36 409	30 721
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(845)	(845)	–
Other reserves	10	10	–
Distributable reserves	11 424	11 424	–
	10 692	10 692	–
Non-controlling interest	714	486	228
Total equity	11 406	11 178	228
LIABILITIES			
Deferred income tax	1 103	1 103	–
Lease liabilities	824	824	–
Financial liabilities at fair value through profit or loss			
Debt securities	3 053	3 053	–
Investment contracts	6 286	–	6 286
Derivatives	7	7	–
Financial liabilities at amortised cost			
Repo liability	690	–	690
Collateral guarantee contracts	113	–	113
Insurance contract liabilities	34 650	17 332	17 318
Reinsurance contract liabilities	5 789	49	5 740
Provisions for other liabilities	141	141	–
Loans and payables	2 830	2 496	334
Current income tax	238	226	12
Total liabilities	55 724	25 231	30 493
Total shareholders' equity and liabilities	67 130	36 409	30 721

32. Analysis of policyholder/shareholder financial position and results (continued)

32.2 Analysis of policyholder/shareholder statement of comprehensive income

2024	Group R million	Shareholder R million	Policyholder/ cellholder R million
Insurance revenue	52 317	39 235	13 082
Insurance service expense	(39 980)	(31 753)	(8 227)
Net expense from reinsurance contracts held	(7 825)	(3 785)	(4 040)
Insurance service result	4 512	3 697	815
Finance expense from insurance contracts issued	(2 647)	(846)	(1 801)
Finance (expense)/income from reinsurance contracts held	(235)	300	(535)
Net insurance service result	1 630	3 151	(1 521)
Interest income on amortised cost instruments	664	382	282
Interest income on fair value through profit or loss instruments	3 471	1 299	2 172
Other investment income	226	164	62
Net fair value gains on financial assets and liabilities at fair value through profit or loss	1 536	1 180	356
Other revenue	364	364	–
Investment management services fees	(119)	(109)	(10)
Net investment income and other revenue	6 142	3 280	2 862
Other operating expenses	(843)	(749)	(94)
Investment return allocated to structured products	(618)	–	(618)
Amortisation and impairment of intangible assets	(217)	(217)	–
Total other operating expenses	(1 678)	(966)	(712)
Result of operating activities	6 094	5 465	629
Other finance costs	(538)	(469)	(69)
Net income from associates and joint ventures	88	88	–
Income tax recovered from structured products	308	–	308
Profit before tax	5 952	5 084	868
Total tax expense	(1 596)	(1 240)	(356)
Tax expense allocated to shareholders	(1 240)	(1 240)	–
Tax expense allocated to cell owners and structured products	(356)	–	(356)
Profit for the year	4 356	3 844	512
Profit attributable to:			
– equity holders of the company	3 679	3 679	–
– non-controlling interest	677	165	512
	4 356	3 844	512

32. Analysis of policyholder/shareholder financial position and results (continued)

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

2023	Group R million	Shareholder R million	Policyholder/ cellholder R million
Insurance revenue	46 882	36 250	10 632
Insurance service expense	(37 230)	(30 015)	(7 215)
Net expense from reinsurance contracts held	(6 835)	(4 240)	(2 595)
Insurance service result	2 817	1 995	822
Finance expense from insurance contracts issued	(1 980)	(1 512)	(468)
Finance (expense)/income from reinsurance contracts held	(66)	646	(712)
Net insurance service result	771	1 129	(358)
Interest income on amortised cost instruments	466	252	214
Interest income on fair value through profit or loss instruments	2 733	1 202	1 531
Other investment income	745	639	106
Net fair value gains/(losses) on financial assets and liabilities at fair value through profit or loss	746	850	(104)
Other revenue	464	474	(10)
Investment management services fees	(125)	(114)	(11)
Net investment income and other revenue	5 029	3 303	1 726
Other operating expenses	(722)	(671)	(51)
Investment return allocated to structured products	(497)	–	(497)
Amortisation and impairment of intangible assets	(77)	(77)	–
Total other operating expenses	(1 296)	(748)	(548)
Result of operating activities	4 504	3 684	820
Other finance costs	(438)	(374)	(64)
Net income from associates and joint ventures	81	81	–
Income tax recovered from structured products	258	–	258
Profit before tax	4 405	3 391	1 014
Total tax expense	(1 727)	(716)	(1 011)
Tax expense allocated to shareholders	(716)	(716)	–
Tax expense allocated to cell owners and structured products	(1 011)	–	(1 011)
Profit from continuing operations	2 678	2 675	3
Profit/(loss) from discontinued operations	705	705	–
Profit for the year	3 383	3 380	3
Profit attributable to:			
- equity holders of the company	3 250	3 250	–
- non-controlling interest	133	130	3
	3 383	3 380	3

Analysis of shareholders

Analysis of shareholders	Number of shareholders	% of total shareholders	Number of shares	% Interest
1 – 100 shares	1 837	32.66	78 120	0.07
101 – 1 000 shares	2 286	40.64	885 039	0.77
1 001 – 50 000 shares	1 377	24.48	9 912 526	8.61
50 001 – 100 000 shares	63	1.12	4 477 800	3.89
100 001 – 10 000 000 shares	61	1.08	31 811 917	27.63
More than 10 000 000 shares	1	0.02	67 966 015	59.03
Total	5 625	100.00	115 131 417	100.00
Type of shareholder				
Individuals	3 454	61.40	2 699 213	2.34
Companies	461	8.20	83 247 673	72.31
Growth funds/unit trusts	345	6.13	15 985 428	13.88
Nominee companies or trusts	639	11.36	1 645 524	1.43
Pension and retirement funds	726	12.91	11 553 579	10.04
Total	5 625	100.00	115 131 417	100.00

	Shareholders in South Africa		Shareholders other than in South Africa		Total shareholders	
Shareholder spread	Nominal number	% Interest	Nominal number	% Interest	Nominal number	% Interest
Public shareholders	5 389	24.28	223	100.00	5 612	30.15
Directors	4	0.07	–	–	4	0.06
Guardian National Insurance Ltd[1]	1	5.14	–	–	1	4.74
Santam Structured Insurance Ltd[1]	1	0.03	–	–	1	0.03
Trustees of employees' share scheme[1]	3	1.27	–	–	3	1.17
Holdings of 5% or more	4	69.21	–	–	4	63.85
Sanlam Life Insurance Ltd	3	63.99	–	–	3	59.03
Government Employees Pension Fund	1	5.22	–	–	1	4.82
Total	5 402	100.00	223	100.00	5 625	100.00

[1] *Owners of treasury shares.*

The analysis includes the shares held as treasury shares.

Analysis of bondholders

Analysis of debt security holders	Number of debt security holders	% of total debt security holders	Number of units	% Interest
1 – 50 000 units	–	–	–	–
50 001 – 100 000 units	2	0.74	200 000	0.01
100 001 – 1 000 000 units	69	25.46	45 335 103	1.51
1 000 001 – 10 000 000 units	146	53.87	580 947 983	19.36
More than 10 000 000 units	54	19.93	2 373 516 914	79.12
Total	271	100.00	3 000 000 000	100.00
Type of debt security holder				
Banks	1	0.37	55 000 000	1.83
Brokers	2	0.74	5 400 000	0.18
Endowment funds	7	2.58	22 808 110	0.76
Insurance companies	16	5.90	131 500 000	4.38
Medical aid schemes	10	3.69	79 592 619	2.65
Mutual funds	183	67.53	2 381 735 753	79.40
Pension funds	45	16.61	293 803 518	9.79
Private companies	6	2.21	23 960 000	0.80
Public companies	1	0.37	6 200 000	0.21
Total	271	100.00	3 000 000 000	100.00

	Debt security holders in South Africa	
Debt security holder spread	Nominal number	% Interest
Stanlib Income Fund	449 543 774	14.98
Ninety One Cautious Managed Fund	283 100 000	9.44
Stanlib Extra Income Fund	160 700 000	5.36
Others	2 106 656 226	70.22
Total	3 000 000 000	100.00

Administration

Non-executive directors

CD da Silva, MP Fandeso, PB Hanratty, DEH Loxton, MM Mahlangeni, NT Moholi *(chairperson)*, AM Mukhuba, JJ Ngulube, PE Speckmann, LA Swartz

Executive directors

TC Madzinga *(group chief executive officer)*, ML Olivier *(group chief financial officer)*

Sponsor

Equity and Debt sponsor: Investec Bank Ltd

NSX sponsor

Simonis Storm Securities (Pty) Ltd

Transfer secretaries

Computershare Investor Services (Pty) Ltd
15 Biermann Avenue, Rosebank 2196
Private Bag X9000, Saxonwold 2132
Tel: 011 370 5000
Fax: 011 688 5216
www.computershare.com

Group company secretary

R Eksteen

Santam head office and registered address

1 Sportica Crescent
Tyger Valley
Bellville 7530
PO Box 3881, Tyger Valley 7536
Tel: 021 915 7000
Fax: 021 914 0700
www.santam.co.za

Registration number 1918/001680/06
ISIN ZAE000093779
JSE share code: SNT (primary listing)
NSX share code: SNM (secondary listing)
A2X share code: SNT (secondary listing)
Debt company code: BISAN
LEI: 37890092DC55C7D94B35

A copy of the set of annual consolidated financial statements with the signatures of the directors is available at the company's registered office and through a secure electronic manner at the election of the person requesting inspection.

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

this is freedom

Contact

Santam head office

Registered address

1 Sportica Crescent, Tyger Valley, Bellville 7530
PO Box 3881,
Tyger Valley 7536
Tel: 021 915 7000
Fax: 021 914 0700
www.santam.co.za