



Interim Results
for the six months ended
30 June 2018

Financial Information

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Financial and operational review

Key features of the 2018 interim results

Earnings

- Net result from financial services increased by 8% (up 10% in constant currency)

New Business

- Net value of new covered business up 1% to R791 million (up 4% on consistent economic basis)
- Net new covered business margin of 2,46% (2,61% in 2017)
- New business volumes declined by 1% to R110 billion (in line with 2017 in constant currency)
- Net fund inflows of R17,2 billion compared to R18,9 billion in 2017

Group Equity Value

- Group Equity Value per share of R60,90
- Annualised Return on Group Equity Value per share of 13,7%
- Adjusted annualised Return on Group Equity Value per share of 18,2%; exceeding target of 13%

Capital management

- Executing on our African strategy
 - Acquisition of remaining 53% stake in Saham Finances awaiting certain regulatory approvals, anticipated before end of 2018
 - R5,5 billion raised at favourable share price to de-risk transaction
 - Discretionary capital of R9,9 billion at 30 June 2018 committed to acquisition
 - Planned 5% BBBEE share issuance will provide remainder of funding requirement and restore discretionary capital to appropriate level
- Sanlam Group solvency cover ratio of 2,3 times; Sanlam Life Insurance Limited solvency cover ratio for covered business of 2,3 times

Dividend

- No interim dividend declared in line with Group policy

Salient results

for the six months ended 30 June 2018

		2018	2017	Δ
Earnings				
Net result from financial services	R million	4 393	4 056	8%
Normalised headline earnings ⁽¹⁾	R million	4 917	4 481	10%
Headline earnings	R million	5 126	4 565	12%
Weighted average number of shares	million	2 062,3	2 026,0	2%
Adjusted weighted average number of shares	million	2 081,7	2 049,2	2%
Diluted net result from financial services per share	cents	211,0	197,9	7%
Diluted normalised headline earnings per share ⁽¹⁾	cents	236,2	218,7	8%
Diluted headline earnings per share	cents	248,6	225,3	10%
Business volumes				
New business volumes	R million	109 522	110 257	(1%)
Net fund inflows	R million	17 239	18 879	(9%)
Net new covered business				
Value of new covered business	R million	791	782	1%
Covered business PVNBP ⁽²⁾	R million	32 099	29 976	7%
New covered business margin ⁽³⁾	%	2,46	2,61	
Group Equity Value				
Group Equity Value ⁽⁴⁾	R million	128 668	121 763	6%
Group Equity Value per share ⁽⁴⁾	cents	6 090	5 940	3%
Annualised Return on Group Equity Value per share ⁽⁵⁾⁽⁹⁾	%	13,7	11,7	
Adjusted annualised Return on Group Equity Value per share ⁽⁶⁾⁽⁹⁾	%	18,2	16,2	
Solvency cover⁽⁴⁾⁽⁷⁾				
Sanlam Group	times	2,3	2,2	
Sanlam Life Insurance Limited	times	2,9	2,7	
Sanlam Life Insurance Limited covered business ⁽⁸⁾	times	2,3	2,3	

Notes

⁽¹⁾ Normalised headline earnings = headline earnings, excluding fund transfers.

⁽²⁾ PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.

⁽³⁾ New covered business margin = value of new covered business as a percentage of PVNBP.

⁽⁴⁾ Comparative figures are as at 31 December 2017.

⁽⁵⁾ Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.

⁽⁶⁾ Adjusted Return on Group Equity Value = Return on Group Equity Value excluding investment market and currency volatility as well as changes in interest rates and other factors outside of management's control.

⁽⁷⁾ Based on the new prudential regime implemented in South Africa with an effective date of 1 July 2018.

⁽⁸⁾ Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.

⁽⁹⁾ Annualised return excludes annualisation of the cost of capital impact relating to the release of capital from covered business in 2018, and in 2017 annualisation of the revaluation of the Ghana operations to disposal value.

Operating conditions were very challenging during the first six months of 2018 across a number of markets where Sanlam operates. Investment market volatility, a stronger average Rand exchange rate and a weak South African economy in particular dampened growth prospects for our key performance indicators. The Group's well-diversified profile across geographies, market segments and client offerings again provided resilience against these headwinds, enabling us to deliver an acceptable operational performance for the six months ended 30 June 2018. Annualised adjusted Return on Group Equity Value (RoGEV) per share of 18,2% exceeded the 2018 target of 13%, further strengthening our track record of consistent shareholder value creation.

Economic growth in many markets remains below longer-term potential, in particular in our South African and Namibian markets. As anticipated, it will take some time for improved business and consumer sentiment in South Africa to translate into accelerated economic growth. Some remaining uncertainty around government policy is having a prolonged effect. Following growth of more than 2% in the last three quarters of 2017, the South African economy shrank by 2,2% year-on-year in the first quarter of 2018. Mining, manufacturing and agricultural production recorded the largest declines. Full year growth prospects remain pedestrian at just above 1%. A lack of growth in formal employment, higher tax rates and inflationary pressure dampened disposable income and demand in our core middle-income market in South Africa. Although we have experienced some recovery in Glacier's new business performance in the first quarter of 2018, affluent investors remain cautious. The Namibian economy is still struggling from weak public sector investment, coupled with stagnant private sector credit extension. The economies and currencies of Nigeria and Angola also remained under pressure, but the increase in oil prices over the last few months should provide improved prospects for these economies going forward. The economic outlook in the other Africa regions where we operate is improving, with favourable conditions and a positive outlook in India and Malaysia.

The South African and international investment markets experienced significant volatility during the first six months of 2018. The South African equity market rallied into December 2017, finding support from record-level global stock markets as

well as the favourable outcome of the ruling party's elective conference. Optimism improved further at the beginning of 2018 with the appointment of Cyril Ramaphosa as South African president and the subsequent cabinet changes. These favourable conditions were, however, short lived as global markets were gripped by fears of an accelerated interest rate hiking cycle by the US Federal Reserve and the risk of a trade war between the US, Europe and China that could have severe consequences for global economic growth. This spurred a global stock market sell-off and resulted in a decline across most major investment markets towards the end of June 2018, aggravated in South Africa by government policy uncertainty that fuelled anxiety with local and foreign investors in the second quarter. The Mining Charter, Eskom, State-Owned Enterprises' finances and the National Health Insurance proposals are the main factors. South African long-term interest rates also reacted positively to the political developments in the first quarter. This trend reversed as global geopolitical risk heightened, with both the five-year and nine-year benchmark rates closing higher at the end of June 2018 than 31 December 2017 and 30 June 2017.

The sharp strengthening of the Rand exchange rate in 2017 and the first part of 2018 is reflecting in a stronger average exchange rate in the first half of 2018 relative to the same period in 2017, suppressing the overall translated results of Sanlam Emerging Markets as well as Sanlam Investment Group's international operations.

The Group's primary indicator of shareholder value creation remains Return on Group Equity Value (**RoGEV**). Given the nature of the Group's diversified business, we consider this measure of performance the most appropriate since it incorporates the result of all the major value drivers in the business. The annualised RoGEV per share for the six months to 30 June 2018 of 13,7% exceeded the target of 13%, despite weaker investment markets and the rise in long-term interest rates, finding support from a relatively weaker Rand at 30 June 2018 compared to the end of December 2017 as well as a strong performance of the Santam share price. Annualised adjusted RoGEV per share, which excludes investment market and currency volatility as well as changes in interest rates and other factors outside of management's control, also exceeding the 13% target at 18,2%. Annualised actual and adjusted RoGEV

Executive review (continued)

per share excludes annualisation of the positive impact that the new share issuance in April 2018 had on GEV per share (refer Group Equity Value section below).

Net result from financial services increased by 8% (10% in constant currency). Sanlam Emerging Markets (SEM), Santam and Sanlam Corporate achieved strong growth, which offset softer contributions by Sanlam Personal Finance (SPF) Sanlam Investment Group (SI). Investments in new growth initiatives (predominantly BrightRock) and lower market-related and annuity profits at Glacier were the main contributors to a 2% decline in SPF's contribution. Excluding new growth initiatives, SPF achieved growth of 4%. Lower performance fees and a decline in Sanlam Capital Markets' operating earnings from a high base in 2017 contributed to an overall 9% decline in SI's net result from financial services.

The new ordinary shares issued in April 2018 in anticipation of the Saham Finances acquisition (refer Responsible capital allocation and management section that follows) resulted in a 1,6% increase in the weighted average number of shares in issue, with a similar dilution in earnings per share. The dilution will decrease once the increased participation in Saham Finances' earnings is consolidated from the effective date of the transaction.

New business volumes declined by 1% (in line with 2017 in constant currency), an acceptable performance under difficult conditions. All clusters achieved solid growth, apart from SI where the SA Investment Management and Wealth Management units experienced lower inflows. Growth of 6% in the net value of new covered business (VNB) (on a consistent economic basis and excluding the impact of structural activity) fell short of our expectations, reflecting weak growth in SPF middle-income market risk business, lower margin mix of business at Glacier and declines at Sanlam Corporate and SEM's Rest of Africa region (excluding Saham Finances).

Good progress has been made in finalising the acquisition of the remaining stake in Saham Finances. A number of synergies have been identified. We are also expanding disclosure in respect of Saham Finances' performance in this interim results announcement (refer page 74). Finalising the terms of a broad-based black economic empowerment

share issuance to provide funding for this transaction is at an advanced stage (refer Responsible capital allocation and management section below).

Strategic initiatives

The Group's strategic intent of sustainable value creation for all key stakeholders remains firmly in place, underpinned by the Group's vision to:

- Lead in client-centric wealth creation, management and protection in South Africa.
- Be a leading Pan-African financial services group with a meaningful presence in India and Malaysia.
- Play a niche role in wealth and investment management in specific developed markets.

The Group's vision and strategic intent is pursued through a strategy focussed on four pillars:

- Profitable top-line growth through a culture of client-centricity.
- Enhancing resilience and earnings growth through diversification.
- Extracting value through innovation and improved efficiencies.
- Responsible capital allocation and management.

Continuous transformation of the Group to remain relevant in a changing world is key. We define transformation broadly to include among others economic transformation to reduce wealth inequality, transforming our staff to reflect the demographic profile of our client base and societies where we operate, transforming our distribution channels and operations in line with technological and regulatory developments and most importantly, transforming everything we do in line with the changing needs and preferences of our clients. Transformation therefore underpins the Group's strategy in its entirety as a key focus area under each of the strategic pillars.

We continued to execute on all strategic pillars in the first half of 2018.

Profitable top-line growth through a culture of client-centricity

Solid overall new business growth was achieved by all clusters apart from SI, where improved investor confidence is not yet reflecting in an increased allocation of institutional mandates. Below benchmark performance also contributed

to the muted net inflows. Our portfolios were not well positioned for the run in the South African market post the political changes at the end of 2017 and beginning of 2018, while the larger than benchmark exposure to Steinhoff in 2017 also detracted from the performance levels. Wealth Management and Implemented Consulting inflows in the retail segment were also under pressure in a competitive environment. Strong inflows were experienced in Satrix index-tracking funds, with Satrix Managers consolidating its position as the leading business in the retail segment of this market. Santam achieved commendable growth of 13% in gross written premiums (9% excluding structural growth) in a very competitive market. VNB was affected by a slow start to the year at Sanlam Corporate and SPF's Safrican group schemes and Individual Life businesses (excluding BrightRock), a change in mix of business at Glacier to less profitable linked products and an under performance in SEM's Rest of Africa region (excluding Saham Finances).

Saham Finances delivered in line with its business plan, achieving 13% and 39% organic growth in overall new business volumes and VNB respectively in constant currency, the latter being off a low base. SPF concluded new credit life underwriting and distribution agreements with Capitec Bank in the first half of 2018. The annual credit life premiums received in the first half of 2018 contributed R566 million to new business volumes. The roll-out of funeral products has also commenced, with solid initial demand. BrightRock performed well and exceeded its new business and VNB targets.

Prospects on this key metric for the remainder of the year are more promising, as outlined in the Outlook section that follows.

Diligent focus on client-centricity and the quality of new business written also enhances the resilience of the life insurance in-force book, with satisfactory persistency being maintained despite the economic pressures in the core South African middle-income market.

In line with historic trends, positive experience variances persisted.

Enhancing resilience and earnings growth through diversification

The acquisition of the remaining stake in Saham Finances is progressing in line with expectations.

A number of regulatory approvals have been received. The main other condition precedent is the demerger of the non-financial services activities within the Saham Finances Group, with good progress achieved to date. The conclusion of this acquisition will significantly enhance the Group's geographical (Francophone West Africa and North Africa) and line of business (general insurance) profile. A number of synergies were identified during the acquisition of the initial 47% stake. Our ability to extract these synergies will be strengthened through obtaining the controlling stake. Saham Finances' management team is fully supportive of the acquisition and the future partnership with Sanlam. Their track record of execution positions us well to realise the synergies, which include:

- Growing the Saham Finances life insurance operations. Life insurance currently contributes less than 20% of Saham Finances' operating profit. Sanlam's life insurance expertise elsewhere in Africa positions us very well to grow this line of business across the Saham Finances footprint, which spans across a number of markets with favourable demographic profiles, strong economic growth prospects and low insurance penetration. Focus remains on further accelerating growth in this line of business.
- Utilising the Saham Finances general insurance expertise to grow the other SEM general insurance businesses in Africa. This will be implemented over time in line with Saham Finances' operational capacity.
- Expanding the Saham Finances product offering in assistance and health insurance across other SEM markets. SEM's current health insurance offering in Zambia and Uganda have already been transferred to Saham Finances, with feasibility studies in respect of the roll-out of assistance business in Southern Africa progressing well.
- Optimising reinsurance across the SEM general insurance footprint while also expanding the general insurance specialist classes of business offering in conjunction with Santam. The intention is to achieve this by amending Santam's participation in SEM's African general insurance businesses to focus largely on reinsurance and specialist lines.

- Optimising capital management within the Saham Finances Group. Sanlam's extensive capital management expertise will be utilised to identify and extract any excess capital in the Saham Finances operations.
- Utilising the combined SEM and Saham Finances footprint to provide a compelling one-stop service offering to multi-nationals operating across the African continent. Initiatives in this area have already resulted in new mandates being concluded with annualised premiums in excess of R50 million.
- The Santam Board approved increased participation by Santam in Saham Finances, in terms of which Santam's effective stake in Saham Finances will increase from 7% to 10%.

Extracting value through innovation and improved efficiencies

Embedding new investments was a key focus area in the first half of 2018. In SPF the working relationship with BrightRock is largely established, with the business exceeding its new business targets by a healthy margin. BrightRock products will be launched under the Sanlam brand in 2019.

MiWay Life and Indie are tracking behind their business plans in the first half of 2018. We are monitoring progress and will adjust their strategies as experience develops. However, the distribution and digital capabilities honed in these businesses make Sanlam well-placed to secure and establish affinity distribution partnerships with strong external brands. The first such partnership to market is Capitec Bank, but others are being actively explored.

The business intelligence (BI) project, aimed at extracting value through big data and data analytics, is making good progress, with business demand for test cases exceeding our initial forecasts. The current focus is on using BI to improve underwriting accuracy to have better and more targeted engagements with clients and to consolidate our data management. The latter is an important component in preparing for the extensive data requirements emanating from the new International Financial Reporting Standard (IFRS) for insurance accounting (IFRS 17) that will apply from the 2021 financial year. Of fundamental importance is that our BI initiative is not about the technology, but about

changing the way we work with data to ensure a much more explorative and interactive relationship with data, which will drive improved business performance in the longer term.

Responsible capital allocation and management

Discretionary capital of R2,4 billion was released during the first half of 2018 through the excess cash dividend cover in respect of the 2017 financial year as well as a reduction in the capital allocation to Sanlam Personal Finance and Sanlam Corporate. The latter is largely attributable to more effective balance sheet management, as outlined in the 2017 Integrated Report. We also conducted an accelerated book build process at the end of March 2018 (with the new shares issued and listed in April 2018) to raise R5,5 billion (net of dividends paid) as partial funding for the Saham Finances acquisition. Deployment of discretionary capital during the first half of 2018 was limited to a few small transactions, resulting in a discretionary capital balance of R9,9 billion at the end of June 2018. This is earmarked for the Saham Finances acquisition.

Our intention at concluding the third phase of the Saham Finances acquisition was to fully finance the transaction through shareholders' equity, in line with the Group's capital management philosophy. Given the level of discretionary capital available, this necessitated a new share issuance. This would have been the first equity raising since demutualisation in 1998 and it is unlikely that we would do a further issuance in the foreseeable future. It therefore provided us with a unique opportunity to concomitantly enhance the Group's empowerment credentials by increasing our direct black shareholding to a leading position in South Africa, which has become an important consideration for institutional clients in addition to the overall direct and indirect shareholding as reflected in the Financial Sector Scorecard. As it takes some time to structure an empowerment issuance, the equity raising was split into two phases – an initial issuance to de-risk the transaction, and a second phase to introduce a broad-based empowerment component.

To de-risk the acquisition, we issued 3% new shares in April through the accelerated book build process. This placed us in a position that we could, if required, temporarily finance the remainder of the transaction through debt while we finalise an empowerment issuance, without putting the Group's

credit rating at risk. Our intent is that this will now be followed by the second phase, being a further 5% issuance to a broad-based black empowerment vehicle. This equity raising will provide the remaining funding for the acquisition and will restore the discretionary capital portfolio to an appropriate level for future bolt-on acquisitions. It will also increase Sanlam's direct black shareholding to an industry-leading 19%, which will position us well to gain institutional business in employee benefits, third-party asset management, health and distribution. We recognise that this is a follow-on empowerment transaction and the intent is therefore to limit any dilution to shareholders to an acceptable level. This issuance will also be subject to shareholder approval, together with the Group's BBBEE strategy.

Outlook

Economic growth prospects in our key markets are not expected to improve for the remainder of the year and will continue to impact on our ability to accelerate organic growth. Structural growth and new initiatives such as the Capitec Bank agreements should, however, support operational performance in the second half of the year. Particularly pleasing

is the conclusion of investment-related mandates of R5 billion by Sanlam Corporate in July 2018, which will make a marked contribution to VNB and new business volumes. On the negative side, SI received notice of an R8 billion outflow of low margin index-tracking funds managed on an outsourced basis. We continue to attract flows into the Satrix index-tracking funds and the impact of the withdrawal on profitability should therefore be minimal. Focus also remains on addressing the few areas within the wider Group that failed to deliver to target in the first six months, so as to get them back on track for the financial year.

Shareholders need to be aware of the impact that the level of interest rates and financial market returns and volatility have on earnings and GEV. Relative movements in these elements may have a major impact on the growth in normalised headline earnings, VNB and GEV to be reported for the 2018 financial year.

We will continue to diligently execute on the strategic priorities identified in the Group's 2017 Integrated Report.

Forward-looking statements

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

Constant currency information

The constant currency and structural information included in this interim results announcement has been presented to illustrate the impact of changes in currency exchange rates and the impact of changes in the Group's structure and is the responsibility of the Group's board of directors ("Board"). It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the six months to 30 June 2018 at the weighted average exchange rate for the six months to 30 June 2017, which is also applied for the translation of comparative information. The major currencies contributing to the exchange rate movements are the British Pound, United States Dollar, Indian Rupee, Angolan Kwanza and the Nigerian Naira (negative movements in the table below indicate a strengthening in the Rand exchange rate):

Currency	Average rand exchange rate – 6 months to 30 June 2018	Average rand exchange rate – 6 months to 30 June 2017	Change in average exchange rate
British Pound	16,92	16,59	2,0%
United States Dollar	12,30	13,20	(6,8%)
Indian Rupee	0,188	0,201	(6,8%)
Angolan Kwanza	0,057	0,080	(28,7%)
Nigerian Naira	0,034	0,042	(18,5%)

Sanlam's external auditor, Ernst & Young Inc., issued a limited assurance report in respect of the constant currency and structural information in terms of section 8 of the JSE Listings Requirements. The limited assurance report is available for inspection at Sanlam Limited's registered address.

Comments on the results

Introduction

The Sanlam Group's International Financial Reporting Standards (IFRS) financial statements for the six months ended 30 June 2018 are presented based on and in compliance with IFRS, specifically IAS 34 on Interim Financial Reporting. The basis of presentation and accounting policies for the IFRS financial statements and Shareholders' information are in all material respects consistent with those applied in the 2017 Integrated Report and Annual Financial Statements, apart from the application on IFRS 9 and IFRS 15 as described on page 27 and a restructuring at Sanlam Investment Group (SIG) as outlined below.

Following the creation of the Central Credit Manager (CCM) within Sanlam Capital Markets (SCM), it was decided to further enhance focus on the management of Sanlam assets within the SIG cluster, while at the same time creating a third party asset manager that can more effectively compete with independent asset managers. The Sanlam Asset Management division and Sanlam Structured Solutions were accordingly combined with SCM to form the new Sanlam Specialised Finance sub cluster. Comparative Shareholders' fund information has been restated accordingly, apart from GEV and RoGEV where the transfer of businesses were done on 1 January 2018.

Most of the Group's businesses achieved a solid underlying performance in the first half of 2018 despite challenging economic and investment market conditions. Highlights and lowlights for the six months include the following:

HIGHLIGHTS

Adjusted annualised RoGEV per share of 18,2% exceeded the target of 13%

Exceptional underwriting performance by Santam

Strong operating profit growth at SEM and Sanlam Corporate

Positive experience variances persisting

Improved single premium inflows at Glacier and strong individual life risk business sales at Sanlam Sky

Strong new business volumes in most of the SEM operations

Conclusion of Capitec Bank agreements: credit life underwriting and distribution of other products

Large new business mandates at Sanlam Corporate and Safrican post interim reporting period

LOWLIGHTS

Underperformance in SEM East Africa

Low growth in SPF Individual Life risk new business and lower margin mix at Glacier

Lower new business volumes and net inflows at SI

Decline in SI profitability

Comments on the results (continued)

Operating environment

Economic conditions

Economic conditions in South Africa and Namibia during the first six months of the 2018 financial year were not conducive to growth, as elaborated on in the Executive review.

Equity markets

The South African equity market delivered a relatively weaker performance with the FTSE/JSE Swix Index (inclusive of dividends) recording negative returns of 4,8% for the six months to 30 June 2018, compared to a positive return of 3,3% in the comparable six-month period in 2017. On average, the Swix was 8,5% higher in the first half of 2018 compared to the same period in 2017. The MSCI World Index total return in Rand of 11,2% was well in excess of the 6% return for the first half of 2017.

Interest rates

The South African nine- and five-year interest rates increased by 30 and 50 basis points respectively since the end of 2017, and by 20 and 30 basis points

respectively compared to the 30 June 2017 levels. Movements in interest rates commensurately had a negative impact on VNB growth and RoGEV for the first six months of 2018. The South African All Bond Index return of 4% in the first half of 2018 was in line with the 2017 comparable performance.

Foreign currency exchange rates

The South African Rand strengthened sharply against most currencies during 2017 and the first part of 2018, weakening into the latter part of the six months to 30 June 2018. Average exchange rates during the first half of 2018 were commensurately stronger relative to the first six months of 2017. This had a negative impact on the Rand-based earnings, new business volumes, net fund flows and VNB performance of the Group's non-South African operations that are translated at average exchange rates. The weakening of the Rand since December 2017, however, had a positive impact on the valuation of non-South African operations for GEV purposes. The exchange rate of the Rand against the currencies to which the Group has major exposure is summarised in the table below.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Malaysia	Rest of Africa (weighted)
	GBP	USD	BWP	INR	MAD	MYR	
31/12/2017	16,75	12,38	1,28	0,19	1,33	3,05	
30/06/2018	18,10	13,71	1,34	0,20	1,45	3,41	
Weakening/(strengthening)	8,1%	10,7%	5,0%	3,4%	9,5%	11,7%	10,8%
Average first half 2017	16,59	13,20	1,28	0,20	1,34	3,02	
Average first half 2018	16,92	12,30	1,28	0,19	1,33	3,13	
Weakening/(strengthening)	2,0%	(6,8%)	(0,3%)	(6,8%)	(0,7%)	3,7%	(8,4%)

Group Equity Value

GEV amounted to R128,7 billion or 6 090 cents per share at 30 June 2018. Including the dividend of 290 cents per share paid during the six months, an annualised RoGEV per share of 13,7% was achieved for the first half of 2018. This exceeded the 13% target for 2018, due to strong returns from SEM, Sanlam Corporate and the listed Santam shareholding. Positive experience variances persisted, exceeding R1 billion for the six months, while the depreciation in the Rand exchange rate during the six months to

June 2018 benefited the returns of the non-South African operations. Higher long term interest rates, however, diluted RoGEV for the period. The capital raising at the end of March 2018 was done at a share price above GEV per share, contributing 1,2% to RoGEV. Adjusted RoGEV per share, which excludes the impact of lower investment return than the long-term assumptions, interest rate changes and other one-off effects not under management control, and assuming normalised exchange rate movements, amounted to 18,2% – also in excess of the target.

Group Equity Value at 30 June 2018

R million	GEV		RoGEV	
	June 2018	December 2017		%
Group operations	117 161	113 829	7 833	7,0
Sanlam Personal Finance	42 860	43 401	2 352	5,5
Sanlam Emerging Markets	29 909	27 621	2 429	8,8
Sanlam Investment Group	19 144	18 331	984	5,3
Santam	19 355	18 108	1 665	9,2
Sanlam Corporate	5 893	6 368	403	6,9
Covered business	54 097	54 283	3 833	7,3
Value of in-force business	40 169	39 245	3 253	8,3
Adjusted net worth	13 928	15 038	580	4,3
Other operations	63 064	59 546	4 000	6,7
Group operations	117 161	113 829	7 833	7,0
Discretionary capital and other	11 507	7 934	(294)	(3,2)
Group Equity Value	128 668	121 763	7 539	6,2
<i>Per share (cents)</i>	6 090	5 940	440	7,4
<i>Per share – annualised</i>				13,7

Group operations yielded an overall return of 7,0% for the six months to June 2018 (not annualised), the combination of 7,3% return on covered business and 6,7% on other Group operations.

The main components contributing to the return on covered business are included in the table below:

Return on covered business for the six months ended 30 June 2018

%	2018	2017
Expected return – unwinding of the risk discount rate	4,6	4,5
Value of new covered business	1,5	1,5
Operating experience variances	2,0	1,2
Operating assumption changes	0,0	0,2
Economic assumption changes	(0,9)	0,3
Expected investment return on capital portfolio	0,8	1,1
Investment variances	(1,1)	(0,5)
Value of in-force	(1,4)	(0,2)
Capital portfolio	0,3	(0,3)
Foreign currency translation differences and other	0,4	1,2
Return on covered business	7,3	9,5
Return on covered business annualised*	14,5	18,3

* Annualised return excludes annualisation of the cost of capital impact relating to the release of capital from covered business in 2018, and in 2017 annualisation of the revaluation of the Ghana operations to disposal value.

The covered business operations achieved a good overall performance despite lower than expected investment

Comments on the results (continued)

returns and the negative impact of higher long term interest rates on the valuation of the in-force book of business. The main items contributing to the return from covered business included the following:

- Expected return on covered business was broadly in line with the comparable period in 2017.
- Value of new covered business contributed to similar returns in 2018 than in the first half of 2017 despite the pressure on growth (refer business volumes section below).
- Operating experience variances increased markedly in the first half of 2018, attributable to a good mix of positive risk experience, credit spreads and working capital management profits. The release of R1,5 billion of capital from the South African operations had a one-off positive impact of some R290 million on cost of capital.
- The increase in the risk discount rate in 2018 due to higher long term interest rates had a negative impact on returns of some 1%.
- Equity and interest rate markets underperformed in the first half of 2018 compared to actuarial assumptions, contributing to an overall negative variance of some 1%, more than double the negative variance experienced in the comparable six months in 2017.

Other Group operations achieved a return of 6,7% for the six months. The returns from non-South African operations benefited from the weakening in the Rand exchange rate against most currencies during the six-month period. This was, however, largely offset by higher risk discount rates following the increase in long term interest rates in India, Namibia, Malaysia and the CIMA region, as well as lower long term economic growth forecasts used in the valuation models. Low growth in assets under management at the South African investment management businesses also had a negative impact on valuations. Apart from these businesses, underlying operational performance in general supported valuations and returns during the first half of 2018. The Group's investment in Santam is valued at its listed share price, which achieved a strong return of 9,2% in the first half of 2018.

The negative return on discretionary and other capital is largely due to low investment return earned on foreign currency held as hedge for the Saham Finances acquisition and an increase in Group-level support costs in response to a more complex regulatory environment.

Earnings

Shareholders' fund income statement for the six months ended 30 June 2018

R million	2018	2017	Δ
Net result from financial services	4 393	4 056	8%
Sanlam Personal Finance	2 096	2 133	(2%)
Sanlam Emerging Markets	911	771	18%
Sanlam Investment Group	523	573	(9%)
Santam	573	337	70%
Sanlam Corporate	308	244	26%
Group office and other	(18)	(2)	(>100%)
Net investment return	691	586	18%
Project expenses	(47)	(36)	(31%)
Amortisation of intangible assets	(119)	(123)	3%
Equity participation costs	(1)	(2)	50%
Normalised headline earnings	4 917	4 481	10%
Profit on disposal of subsidiaries and associates	3	150	
Impairments	(74)	(21)	
Net equity-accounted non-headline earnings	(5)	173	
Normalised attributable earnings	4 841	4 783	1%

Net result from financial services (net operating profit) of R4,4 billion increased by 8% on the first six months of 2017 (10% in constant currency), with strong growth in Santam, SEM and Sanlam Corporate.

The following structural activities impacted on growth in net result from financial services at a cluster level, but with a net immaterial overall impact on the Group results:

→ SEM:

- The acquisition of a 16,6% additional stake in Saham Finances in May 2017;
- The acquisition of a 75% interest in PineBridge's East African investment management business, effective July 2017; and
- The disposal of SEM's interests in the Enterprise Group in Ghana with effect from 1 July 2017.

→ SPF:

- The acquisition of a 53% interest in BrightRock with effect from October 2017; and
- Initial losses from new initiatives – MiWay Life and Indie.

→ SI:

- The disposal of Summit Trust in 2017.

→ Sanlam Corporate:

- The acquisition of ABSA Consultants and Actuaries with effect from 1 April 2018.

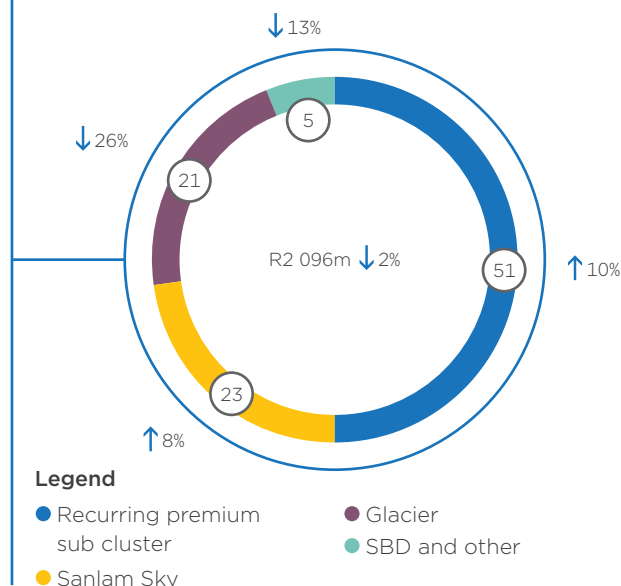
→ Santam:

- The acquisition of RMB-SI in 2017.

SPF delivered a resilient performance for a mature business in an environment of low economic growth and a weak equity market performance. The 2% decline in net result from financial services is largely attributable to the initial losses from new growth initiatives, including BrightRock. Excluding these losses, net result from financial services increased by 2%.

- The *Recurring premium sub cluster* achieved 10% growth in net result from financial services (20% excluding new initiatives). Profit from risk business benefited from favourable claims experience and lower new business strain, the latter due to the low growth in new risk business volumes (excluding BrightRock). Earnings from the savings business were supported by higher average assets under management. Despite the negative investment market performance in the first half of 2018, average market levels in 2018

SPF net result from financial services (% contribution and growth on 2017)



were still higher than the comparable six months to June 2017. The sub cluster also benefited from a reallocation of expenses to Glacier.

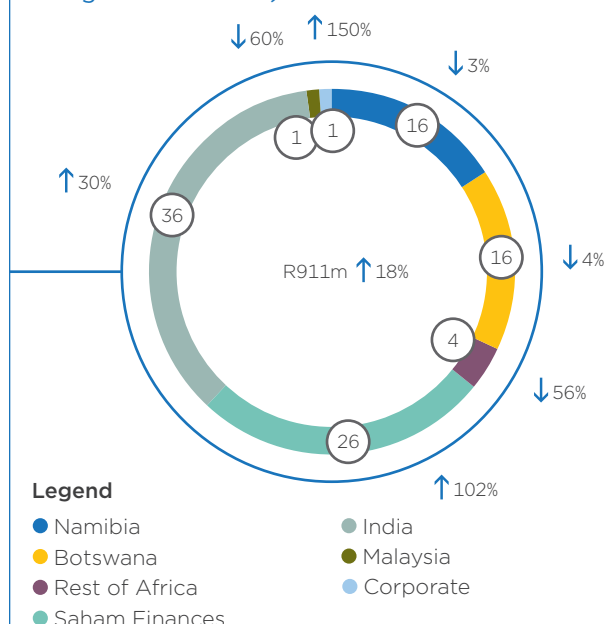
- *Sanlam Sky* grew its net result from financial services by 8% despite a major increase in new business strain following the strong growth in individual life recurring premium risk business, which generates relatively more new business strain than group life. Excluding the increase in new business strain, net result from financial services increased by 23%.
- *Glacier*, which incorporates single premium life investments and the Linked Investment Service Providers (LISP) platform recorded a 26% decline in net result from financial services, the combined effect of a 33% decline in profit from life investments and 9% from the LISP platform. The decline from life investments can be ascribed to lower market-related fee income from products where Glacier participates in actual investment return, negative annuity modelling changes, lower annuity mortality experience variances and a reallocation of expenses from the recurring premium sub cluster. Expense reallocation from the recurring premium sub cluster is also the driver behind the decline in profitability of the LISP platform.
- *Strategic business development* includes Sanlam Personal Loans, Sanlam Trust, Multi-Data and Sanlam Reality. Continued investment to improve

Comments on the results (continued)

the attractiveness of the Reality platform is the main driver behind the decline in net result from financial services from this sub cluster. Sanlam Personal Loans' contribution increased by 5%, broadly in line with growth in the lending book.

SEM grew its net result from financial services by 18% including structural activity and exchange rate differences. Organic growth in constant currency amounted to 17%.

SEM net result from financial services (% contribution and growth on 2017)



→ *Namibia's* net result from financial services declined by 3% (down 23% on a gross basis). Capricorn Investment Holdings (CIH) sold 14,5% of its stake in Bank Windhoek during 2017, resulting in Bank Windhoek becoming an associate of CIH. CIH's participation in Bank Windhoek's earnings is commensurately equity accounted on a net basis from the transaction date and not consolidated on a gross basis as in the past. This is the main contributor to the variance in the level of growth in Namibia's gross and net result from financial services. The decrease in net result from financial services is largely due to higher new business strain following strong growth in entry-level market risk

business, negative group life claims experience and lower participation in Bank Windhoek's earnings following the disposal in 2017. Excluding the higher new business strain, net result from financial services increased by 12%.

→ The *Botswana* operations' contribution to net result from financial services declined by 4% after a one-off allowance for prior year tax under provisions at Letshego of R36 million after non-controlling interest. In constant currency and excluding the tax adjustment, net result from financial services increased by 20%. All operations achieved double-digit growth, apart from investment management and general insurance. The life insurance business in particular recovered from a weak first half performance in 2017 when annuity new business volumes were under severe pressure. Investment management earnings declined by 5% due to low growth in average assets under management and foreign currency translation differences. Restructuring costs in the general insurance business suppressed profit growth.

→ *Saham Finances'* net result from financial services increased by 102% (103% in constant currency), with organic growth of 41% supported by the impact of the additional 17% stake acquired in May 2017. Organic growth in gross written premium amounted to 10% in constant currency, with net earned premiums increasing by 13%. All regions contributed satisfactory growth in written premiums apart from Lebanon, which reflects the impact of a challenging operating environment. Profitability in Lebanon is commensurately under pressure. Currency weakness in Angola is similarly placing pressure on this region's cost base and underwriting performance. This was, however, more than offset by overall good performances from the other regions and particularly strong growth in reinsurance profits. The efforts to optimise reinsurance within the Saham Finances Group is bearing positive results. The general insurance operations achieved an overall net underwriting margin in excess of 10%, exceeding both the prior year and current year targets. Life insurance profits also experienced strong growth, albeit from a small base.

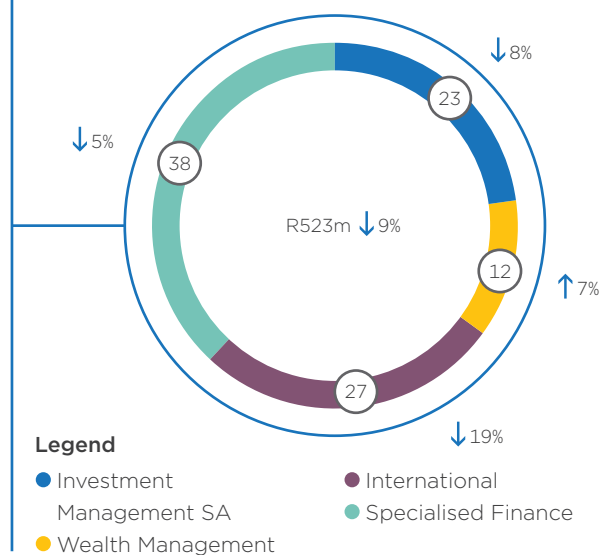
→ Net result from financial services in *India* rose 30% (41% in constant currency). Growth in earnings was supported by the one-off de-monetisation related provision recognised in 2017. Excluding this, net result from financial services increased by 19% on a comparable basis, with all operations contributing to the strong growth.

→ The *Rest of Africa* operations had a disappointing six months, with net result from financial services declining by 47% excluding structural activity (31% in constant currency). Including structural activity (disposal of the Ghana operations and acquisition of PineBridge East Africa), net result from financial services declined by 56% (47% in constant currency). Weak performance in Malawi, Tanzania, Kenya and Zambia more than offset strong growth from the other regions. Nigeria and Zimbabwe performed particularly well, increasing their contribution to net result from financial services by 106% and 25% respectively. Life insurance profit in Malawi declined from a high base in 2017, which was supported by favourable claims experience. New regulations in Tanzania require that no general insurance cover can be provided from 2018 if premiums have not been received in cash. Sanlam General Insurance Tanzania is still adapting to the new environment, experiencing a significant decline in written premiums and commensurately underwriting profit. A recovery is only expected from 2019. Lower new business volumes in Zambia is placing pressure on the file size and profitability.

→ High group life claims experience suppressed the profit contribution of the *Malaysian* businesses, hiding a satisfactory recovery in the operational performance of both the life and general insurance business. The life insurance business reported a marginal loss as a result of the high claims experience. The general insurance business stemmed its declining profit trajectory of the last few years, with only a marginal decrease in result from financial services. Both businesses are experiencing improved new business traction, which bodes well for future earnings growth.

SI's net result from financial services declined by 9% (7% in constant currency), with declines at the Investment Management SA and International businesses more than offsetting satisfactory growth from the Wealth Management sub cluster.

SI net result from financial services (% contribution and growth on 2017)



→ The *Investment Management SA* net result from financial services declined by 8% on 2017 due to low growth in assets under management, a decline in performance fees and losses from new initiatives.

→ *Wealth Management* net result from financial services increased by 7%, but declined by 2% on a gross basis. Brokerage income benefited from higher trading volumes, achieving double-digit growth. This was, however, offset by a reallocation of funds by clients to international products on which the business earns lower fees, and an increase in administration expenses relating to system upgrades. The effective tax rate declined in 2018 due to prior year under provisions recognised in the comparable period, resulting in the disparate growth on a net and gross basis.

→ The *International* business experienced a 19% decline in net result from financial services (2% down on a gross basis). The decline on a gross basis is largely attributable to a stronger average Rand exchange rate and lower fee income earned from the Sanlam capital portfolio. The portfolio included significant foreign cash balances in 2017 held as hedging for offshore acquisitions, which were subsequently used to settle the related transactions. Prior year tax under provisions increased the effective tax rate in 2018, resulting in the disparate growth on a net and gross basis.

Comments on the results (continued)

→ *Sanlam Specialised Finance* consists of Sanlam Capital Markets (SCM), including the Central Credit Manager (CCM), Sanlam Portfolio Management (SPM) and Sanlam Structured Solutions (SSS). SPM and SSS achieved strong growth in net result from financial services (10% and 42% respectively). Good deal flow in SSS and diligent expense management supported the results. SCM experienced a 17% decline in net result from financial services mainly due to the impact of widening credit spreads on debt exposure and after-tax losses of R22 million recognised in respect its Steinhoff exposures. Substantially all Steinhoff listed debt positions have been closed at a realised loss of R10 million after tax and a net loss of R12 million after tax was recognised on a residual Steinhoff equity position, the value of which is now immaterial.

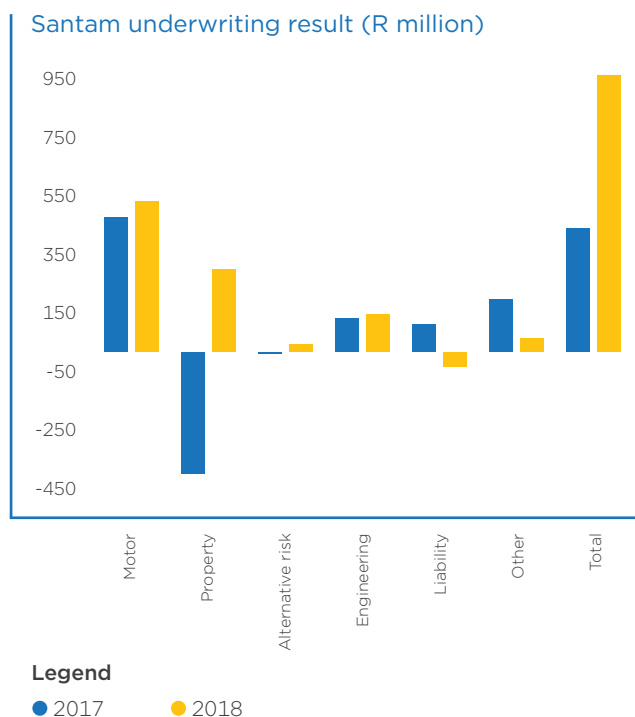
Sanlam increased its net result from financial services by an exceptional 70%.

→ A benign claims environment in the first half of 2018 contributed to an overall 8,4% underwriting margin for conventional business, which exceeded the upper end of its 4% – 8% target range. This is in sharp contrast to the 4,2% underwriting margin of the comparable 2017 period, which included abnormal weather-related catastrophe claims of some R100 million after tax and non-controlling interests. The 2018 results include claims relating to the listeriosis outbreak early in 2018 of some R40 million after tax and non-controlling interests.

→ Investment return on insurance funds (float income) decreased by 11% due to lower investment market returns.

→ Santam's share of earnings from the SEM general insurance businesses increased by 42% after tax.

The underwriting results of the key lines of business (excluding SEM investments) are reflected in the graph below:

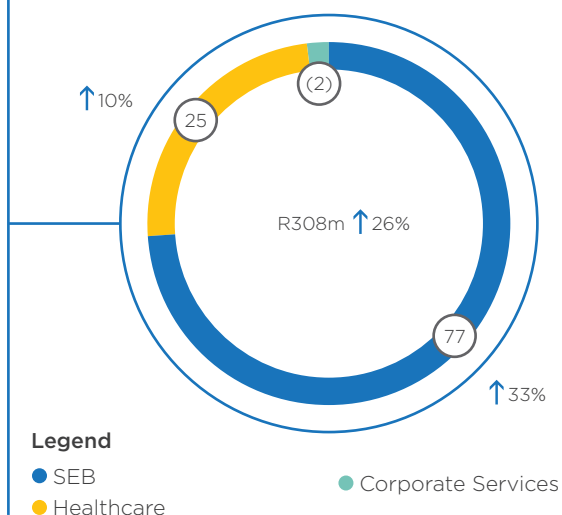


The 26% increase in **Sanlam Corporate's** net result from financial services is the aggregate of 22% organic growth and a 4% contribution from the first-time inclusion of ABSA Consultants and Actuaries (ACA), which was acquired effective 1 April 2018.

→ *Sanlam Employee Benefits'* (SEB) contribution increased by 33% (28% excluding ACA). SEB Investments grew earnings by 43% due to lower new business strain (ascribed to lower annuity new business volumes) and favourable annuity mortality experience. Also supporting the results were an increase in working capital profit and a decline in administration-related losses.

→ The Healthcare business increased its profit contribution by a satisfactory 16%.

**Sanlam Corporate net result from financial services
(% contribution and growth on 2017)**



Normalised headline earnings of R4,9 billion are 10% up on 2017. This is the combined effect of the 8% increase in net result from financial services, an 18% increase in net investment return earned on the capital portfolio, a 4% decline in amortisation of intangible assets and equity participation costs and a 31% increase in net project expenses.

Net investment return benefited from structural activity as well as interest earned on the capital raised through the accelerated book build.

Net project expenses include Shriram Life Insurance expansion cost of R22 million, due diligence and related costs incurred on investigating and concluding transactions of R19 million and one-off restructuring and small project costs of R6 million. Shriram Life Insurance is incurring an abnormal level of branch establishment costs as it aggressively expands its own distribution footprint. These costs are recognised as project expenses while expansion activities are significant relative to the size of the in-force book, to avoid distorting the underlying operational performance of the business. Once profit releases from the in-force book reach an appropriate size, the costs will be reallocated to net result from financial services on a prospective basis. The remainder of project expenses are one-off in nature and related to specific corporate actions.

Normalised attributable earnings increased by 1%. The relatively lower growth in normalised attributable earnings compared to normalised headline earnings relates to the following:

- A decline in profit recognised on the disposal of subsidiaries and associates from R150 million in 2017 to R3 million in 2018. Disposals in the comparable period related mostly to the final liquidation of Santam's former international operations.
- Net equity-accounted non-headline earnings decreased from R173 million in 2017 to a loss of R5 million in 2018. The profit recognised in 2017 related primarily to the disposal by CIH of a partial stake in Bank Windhoek (refer above).
- Impairments of R74 million were recognised in the first half of 2018 compared to R21 million in the comparable 2017 period. Current year impairments relate primarily to the investments in Letshego and Blue Ink.

Business volumes

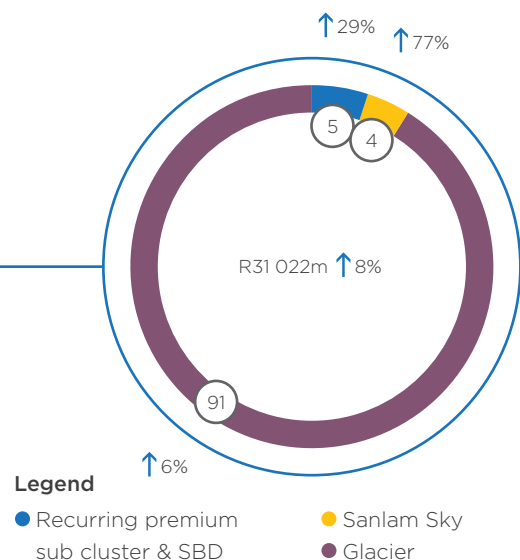
New business volumes declined by 1% amidst pressure on new inflows at SI in South Africa. Life insurance new business volumes increased by 9%, investment business inflows declined by 6% and general insurance earned premiums increased by 12%.

SPF's new business sales increased by 8%, with improved investor confidence reflecting in a recovery in Glacier's single premium performance.

- The *Recurring premium sub cluster and Strategic business development* grew new business volumes by 29%, the combined effect of 34% growth in recurring premium business (68% of total new business sales) and 20% growth in single premiums (32% of total new business sales). Excluding the first-time contribution of BrightRock, new business volumes increased by a pleasing 15% (recurring premiums by 12%). Individual Life risk business sales (excluding BrightRock) increased by 1%. Dedicated focus on this line of business over the last few years enabled SPF to regain leading market share, contributing to a moderation in growth opportunities as market forces become more competitive. Growth was furthermore impacted by pressure on disposable income in the middle-income market. The other lines of business achieved overall good growth, with particularly strong sales of recurring premium retirement annuities, single premium endowments and credit life business.

Comments on the results (continued)

SPF new business volumes (% contribution and growth on 2017)



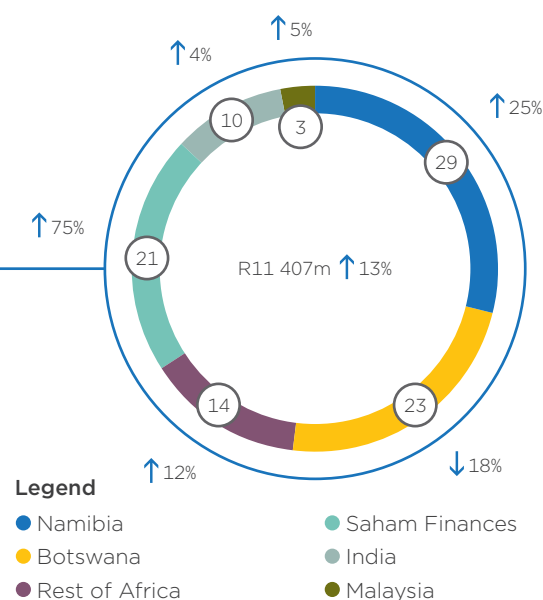
→ *Sanlam Sky's* new business increased by an exceptional 77%. This includes the 2018 annual premium in respect of the recently concluded credit life agreement with Capitec Bank of R566 million. Individual life recurring premium new business increased by 12% to R526 million, with strong growth of 23% in risk business. Group recurring premium sales (excluding Capitec Bank credit life) declined by 50% from a high base in 2017 to R102 million. The comparable 2017 period included the biennial renewal of the Zionist Christian Church scheme and two large schemes written by Safrican. The pipeline of new business at Safrican is promising, with new schemes in excess of R150 million already concluded subsequent to 30 June 2018.

→ *Glacier* new business increased by 6%, a welcome turnaround from the declining new business trends in the prior year. As anticipated, the mix of business changed to lower margin linked products as investor confidence improved. The LISP business achieved growth of 7%, while demand for traditional life investments were in line with the first half of 2017.

The increase in single premium business had a major positive impact on SPF's net fund inflows, which increased by 71% from R4 billion in 2017 to R6,8 billion in 2018.

SEM new business volumes increased by 13% (up 7% in constant currency and excluding structural activity).

SEM new business volumes (% contribution and growth on 2017)



→ New business volumes in *Namibia* increased by 25%. New life business declined by 14%, with lower affluent market sales more than offsetting sterling growth in the more profitable entry-level market. New investment business, which is volatile in nature, increased by 39%.

→ In *Botswana*, new investment business declined by 24% from a high base in 2017 (which reflected a more than 60% increase compared to the first half of 2016). New life business declined marginally, but with a change in mix to the more profitable group life and annuity lines of business. Overall new business sales were down 18%.

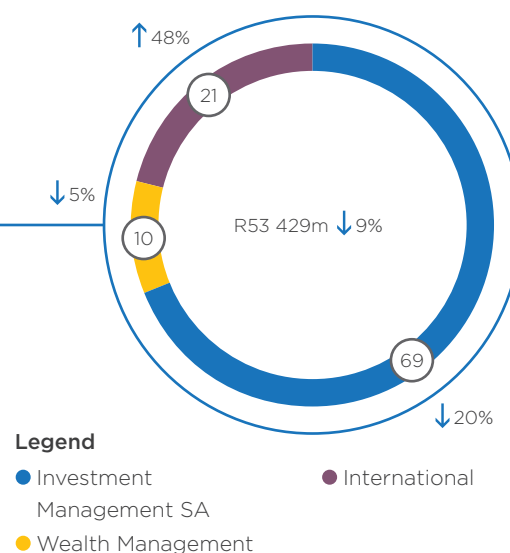
→ *Rest of Africa* new business volumes grew by 12% (23% in constant currency). Excluding structural activity, new business volumes increased by 17% (up 30% in constant currency). Investment business flows were the main driver of the overall growth, with life insurance business under pressure in Kenya, Uganda and Zambia. This contributed to a weak VNB performance in the Rest of Africa region (excluding Saham Finances). Tanzanian general insurance earned premiums also disappointed, as highlighted before.

- *Saham Finances* new business increased by 75%. Structural activity augmented organic growth of 13% in net earned premiums. As indicated before, all regions contributed satisfactory growth, apart from Lebanon.
- The *Indian* life insurance business continued to perform well, growing its new business contribution by 18% in constant currency. The general insurance business experienced more muted growth of 10% in constant currency following a decision to reduce exposure to crop business, contributing to overall constant currency growth of 12% on the first half of 2017 (4% at actual exchange rates).
- The *Malaysian* businesses are showing early signs of a turnaround in performance with overall growth of 5% in new business volumes (2% in constant currency). The life business grew new business volumes by 16% (12% in constant currency), a satisfactory performance compared to prior year new business trends. The general insurance business still struggled with a decrease of 6% in net earned premiums (9% in constant currency). The mix of business, however, improved with less reliance on motor cycle business.

Net fund flows increased by 72% from R1,9 billion in 2017 to R3,2 billion in 2018. Most regions contributed to the growth.

After strong new business flows in 2017, **SI** experienced lower new business volumes in the first half of 2018 with an overall decline of 9%. As highlighted before, renewed investor confidence has not yet had any positive impact on institutional inflows, while relative under performance also had a negative impact. The Wealth Management cluster could not match their new business flows of 2017, while the International businesses experienced strong growth in their new business flows from our predominantly South African client base. The decline in new business also reflects in net fund inflows, which decreased from R9,2 billion in 2017 to R3,4 billion in 2018. The SA Investment Management businesses experienced the largest decline from a high base in 2017.

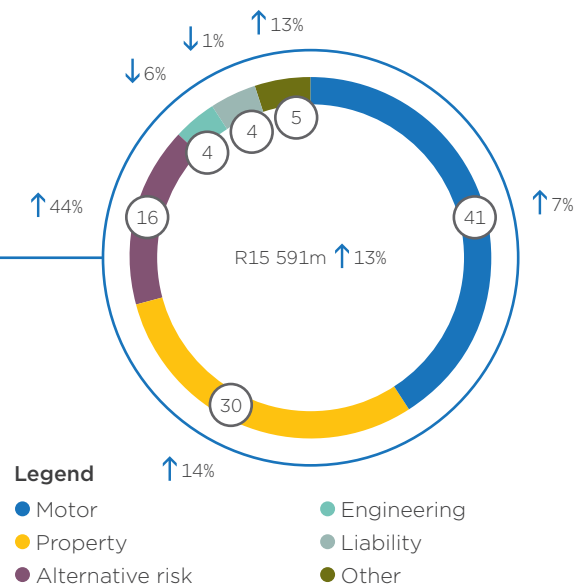
SI new business volumes (% contribution and growth on 2017)



Gross written premiums at **Santam** increased by 13%. Organic growth was augmented by structural growth from the acquisition of RMB-SI during 2017. Motor and property, which contributes 71% of total gross written premium, increased by a solid 10% in a very competitive market. Alternative risk, which includes the RMB-SI business, increased by 44%. Accident and health and guarantee business also grew strongly. Engineering, liability and transportation are the only lines of business that recorded declines in gross written premiums. Net earned premiums increased by 5%, with high levels of reinsurance in the alternative risk and specialised lines. Gross written premium per line of business (excluding SEM investments) are analysed in the following graph:

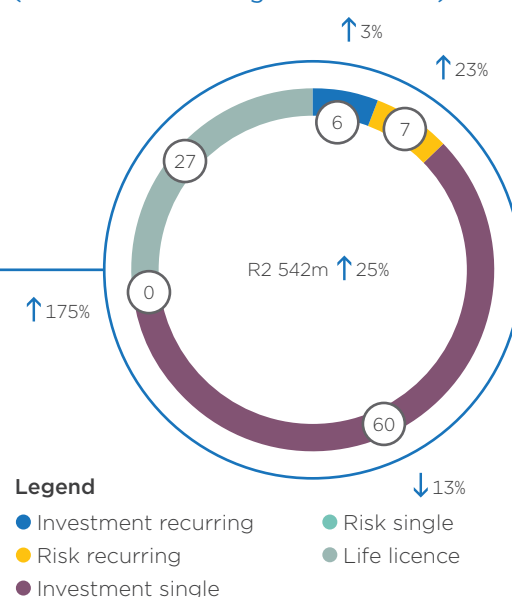
Comments on the results (continued)

Santam gross written premiums (% contribution and growth on 2017)



and a 13% decline in single premiums. Annuity business in particular had a slow start to the year. The pipeline of new business for the remainder of the year is promising, with R5 billion of single premium business already concluded subsequent to the end of June 2018.

Sanlam Corporate new business volumes (% contribution and growth on 2017)



Sanlam Corporate new business volumes include life licence investment business with effect from 2018. This business, which was previously recognised in the SI cluster, is the main driver behind the 25% growth in new business. Life business declined by 9%, the combined effect of 13% growth in recurring premiums

Business volumes for the six months ended 30 June 2018

R million	New business			Net inflows		
	2018	2017	Δ	2018	2017	Δ
Sanlam Personal Finance	31 022	28 614	8%	6 777	3 961	71%
Sanlam Emerging Markets	11 407	10 068	13%	3 201	1 859	72%
Sanlam Investment Group	53 429	58 983	(9%)	3 411	9 232	(63%)
Santam	11 122	10 551	5%	4 203	3 298	27%
Sanlam Corporate	2 542	2 041	25%	(353)	529	(167%)
Total	109 522	110 257	(1%)	17 239	18 879	(9%)
Covered business	23 192	21 267	9%	6 167	4 935	25%
Investment business	71 478	75 716	(6%)	5 375	9 694	(45%)
General insurance	14 852	13 274	12%	5 697	4 250	34%
Total	109 522	110 257	(1%)	17 239	18 879	(9%)

Overall net fund inflows of R17,2 billion in 2018 is a satisfactory performance given the challenging market conditions and a high base in 2017.

The discount rate used to determine VNB is directly linked to long-term interest rates. The 20bps and 30bps increase in the South African nine- and five-year benchmark rates respectively in 2018 compared to 30 June 2017 resulted in a commensurate increase in the risk discount rate, with a 2% negative impact on VNB growth. VNB margins were in general maintained on a per product basis, with the decline in average margins attributable to a change in mix to less profitable product lines, in particular at Glacier and Sanlam Corporate. The underperformance in life new business in SEM's East Africa region also suppressed overall VNB margins.

SPF achieved overall growth of 6% (10% on a comparable economic basis). This includes a first-time contribution by BrightRock of R21 million. Sanlam Sky VNB grew by 20%, largely reflective of the individual life new business performance. The VNB contribution from Capitec Bank credit life agreement offset the effect of lower new business at Safrican as well as the biennial renewal of the ZCC scheme that was included in the 2017 comparable period. Funeral product sales

were also recently activated through the Capitec Bank channel, with pleasing initial sales volumes. The strong growth in new business at the Recurring premium sub cluster and Strategic Business Development supported their VNB, which increased by 28% excluding BrightRock (47% including BrightRock). Glacier's VNB declined by 20% due to the change in business mix to the less profitable linked products.

Net VNB at **SEM** declined by 12% (down 9% in constant currency). Excluding structural activity, VNB increased by 10% in constant currency. All regions contributed strong organic growth, apart from East Africa, where the underperformance in life business had a significant negative impact on VNB.

Lower **Sanlam Corporate** annuity single premium business contributed to a decline in the cluster's VNB. The performance is expected to improve in the remainder of the year in line with the large new mandates concluded subsequent to 30 June 2018 and a further good pipeline of new business.

Value of new life business for the six months ended 30 June 2018

R million	2018	2017	Δ
Net value of new covered business	791	782	1%
Sanlam Personal Finance	622	585	6%
Sanlam Emerging Markets	150	171	(12%)
Sanlam Investment Group	-	-	-
Sanlam Corporate	19	26	(27%)
Gross of non-controlling interest	877	846	4%
Net present value of new business premiums	32 099	29 976	7%
Sanlam Personal Finance	23 052	21 164	9%
Sanlam Emerging Markets	3 502	3 566	(2%)
Sanlam Investment Group	1 800	1 456	24%
Sanlam Corporate	3 745	3 790	(1%)
Gross of non-controlling interest	33 667	31 230	8%
Net new covered business margin	2,46%	2,61%	
Sanlam Personal Finance	2,70%	2,76%	
Sanlam Emerging Markets	4,28%	4,80%	
Sanlam Investment Group	-	-	
Sanlam Corporate	0,51%	0,69%	
Gross of non-controlling interest	2,60%	2,71%	

Comments on the results (continued)

Capital management

The Group started the year with discretionary capital of R2 billion, after allowing for the ABSA Consultants and Actuaries acquisition. A number of capital management actions during 2018 affected the balance of available discretionary capital, which amounted to R9,9 billion at 30 June 2018.

Discretionary capital at 30 June 2018

R million

Discretionary capital at 31 December 2017	2 000
Excess dividend cover	693
Capital released from Sanlam Life	1 748
Allocated capital	1 500
Excess investment return	248
Capital raised	5 455
Investment return and other	82
Corporate activity	(128)
South Africa	(19)
Other emerging markets	(14)
Developed markets	(95)
Discretionary capital at 30 June 2018	9 850

Movements in discretionary capital during the first half of 2018 included the following:

- The excess cash operating earnings cover in respect of the dividend paid in 2018.
- Capital of R1,7 billion released from the covered business operations in Sanlam Life. As communicated in the Group's 2017 annual results announcement, capital allocated to the covered business operations on the Sanlam Life balance sheet was reduced by R1,5 billion in the first half of 2018. Investment return earned on the Sanlam Life capital base in the first half of 2018 (R248 million) is also available for release.
- Capital of R5,5 billion was raised through an accelerated book build at the end of March 2018 as partial funding for the acquisition of the remaining stake in Saham Finances.
- Corporate activity was limited in the first half of 2018, consuming only R128 million of discretionary capital. The largest transaction concluded was the acquisition of a stake in Phoenix Infracore, an infrastructure specialist investment manager, for R92 million. This acquisition augments the alternative investment classes offering to the SI client base.

→ Investment return and other small movements added R82 million.

The acquisition of the remaining stake in Saham Finances will require total funding of R13 billion after allowing for an R864 million contribution from Santam to increase its effective interest in Saham Finances from 7% to 10%, which exceeds the current balance of available discretionary capital. A 5% share issuance is planned to provide the remaining funding and also to restore the discretionary capital balance to an appropriate level for funding of bolt-on acquisitions, as outlined in the Executive review.

The Saham Finances acquisition was hedged at an average rate of R13,24. The unrealised fair value gain on the hedging instruments amounted to R403 million after tax at 30 June 2018. The profit was recognised directly in the Statement of Changes in Equity in terms of the hedge accounting applied under IFRS. The eventual profit or loss realised at payment date will be recognised as an adjustment to the acquisition price. The investment is expected to meet Sanlam's hurdle rate at the hedged exchange rate, taking cognisance of the expected depreciation of the rand against the US\$ over the long term.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2018. The new solvency regime (previously referred to as Solvency Assessment and Management) became effective on 1 July 2018 with the promulgation of the new Insurance Act, 2017. A Solvency Capital Requirement (SCR) target cover range under the new regime of between 1,7 times and 2,1 times has been set for Sanlam Life Insurance Limited's (Sanlam Life) covered business. The R8 billion of IFRS-based required capital allocated to these operations at the end of June 2018 translated into a SCR cover of 2,3 times. The SCR cover ratio for the Sanlam Life entity as a whole at 2,9 times exceeded the covered business ratio at the end of June 2018 due to the inclusion of discretionary and other capital held on the Sanlam Life balance sheet as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations (i.e. not included in the R8 billion allocated capital referred to above). The Sanlam Group SCR cover ratio of 2,3 times remained broadly in line with the 2,2 times cover at 31 December 2017. The Group will increasingly focus on the Group SCR cover as the main solvency measure.

Dividend

The Group only declares an annual dividend due to the costs involved in distributing an interim dividend to our large shareholder base.

Accounting policies and basis of preparation

The preparation of the Group's reviewed condensed consolidated interim financial statements was supervised by the financial director, Heinie Werth CA (SA).

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

The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, generally accepted actuarial practice and the stipulations contained in the demutualisation proposal. There have been no material changes in the financial soundness valuation basis since 31 December 2017, apart from changes in the economic assumptions.

The accounting policies and basis of preparation for the IFRS financial statements and shareholders' information are in all material respects consistent with those applied in the 2017 annual report apart from the adoption of new IFRSs at the beginning of the 2018 financial year and the changes in segmental reporting referred to below. The effect of the new IFRSs on the Sanlam Group is described below.

The following new or revised IFRSs and interpretations have been applied in the 2018 financial year:

→ IFRS 9 – *Financial Instruments*

The principles with regards to the classification and measurement of financial assets and liabilities, measuring impairment allowances for financial assets, and hedge accounting have been amended due to the implementation of the new accounting standard, IFRS 9 – Financial Instruments, applicable to all accounting periods beginning on or after 1 January 2018. Sanlam has implemented the standard, other than the hedging provisions which have not yet been adopted, on a modified retrospective basis and therefore comparatives are not restated and the impact of the adoption is recognised in equity on 1 January 2018. The effects of adoption on the Statement of Financial Position as at 1 January 2018 are shown in note 10.1 of the condensed interim financial statements.

The key changes introduced by IFRS 9 are as follows:

1. Classification and measurement – financial assets are required to be measured and classified based on the cash flow characteristics of the instrument and the business model under which the asset is managed. The classification and measurement of financial liabilities is largely unchanged, with the exception of the amendment requiring that the own credit risk component of fair value movements on liabilities designated at fair value through profit or loss now be presented in other comprehensive income.
2. Impairment – IFRS 9 introduces an expected credit loss model. This entails the recognition of an allowance for expected credit loss looking one year into the future or over the lifetime of the financial asset if the credit risk relating to the financial asset has increased significantly. The impairment model is therefore 'forward looking', replacing the incurred loss model as previously required by IAS 39.

→ IFRS 15 – *Revenue from Contracts with Customers*

This standard relates to the measurement, classification and disclosure of revenue from contracts with customers of the Sanlam Group.

The key factors in the application of IFRS 15 are as follows:

- A five-step model is applied to determine when to recognise revenue from contracts with customers, and at what amount.
- Revenue is recognised when (or as) Sanlam satisfies a performance obligation and transfers control of goods or services to a customer at the amount to which the company expects to be entitled and that is allocated to that specific performance obligation.
- Depending on whether certain criteria are met, revenue is recognised either over time or at a point in time, as or when control of the goods or services is transferred to the customer.
- More extensive and detailed disclosure are required in terms of IFRS 15.

Sanlam has adopted the standard using the modified retrospective basis and therefore comparatives are not restated and the impact of the adoption is recognised in equity on 1 January 2018.

Impact on the adoption of IFRS 9 and IFRS 15

The Group has assessed the impact that the initial application of IFRS 9 and IFRS 15 had on its consolidated financial statements. The impact of the adoption of these standards on the Group's equity as at 1 January 2018 is based on assessments undertaken across the Group to date and is summarised below.

IFRS 9

The adoption of IFRS 9 has resulted in a reduction in total equity of R441 million on 1 January 2018. The impact is primarily a result of the recognition of expected credit losses in associated entities as well as isolated incidents of changes in the classification and measurement of certain financial instruments.

The majority of financial assets were measured at fair value through profit and loss under IAS39, and continue to be under IFRS 9, either because they are mandatorily measured as such, or through designation.

The changes in classification and measurement are as follows:

- Certain financial assets, predominantly interest bearing investments, previously measured at amortised cost under IAS 39, have been reclassified to fair value through profit or loss under IFRS 9 as the Solely Payments of Principal and Interest (SPPI) criterion are no longer met. The remeasurement impact on opening retained earnings is an increase of R6 million.
- The change in fair value that is attributable to changes in the credit risk of financial liabilities designated at fair value through profit or loss is presented in other comprehensive income under IFRS 9. In the current period, this portion of the movement in such instruments was immaterial.

Impairment of financial assets

Based on the impairment methodology described above, the Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in additional impairment allowances in a number of equity-accounted associates.

The total impact on the balance of associates and opening retained earnings at 1 January 2018 is negative R428 million. The impact of applying the expected credit losses model in subsidiary entities resulted in a decrease in net asset value of R19 million.

Disclosure

Additional disclosures in terms of IFRS 9 in respect of changes in classification and measurement will be presented in the annual financial statements in accordance with the disclosure requirements in IFRS 7 on the initial application of IFRS 9.

IFRS 15

The Group has assessed the impact of the adoption of IFRS 15 on opening retained earnings and concluded that there is no quantitative impact for Sanlam. Please refer to notes 2 and 3 of the condensed interim financial statements for additional disclosures provided.

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

- IFRS 16 – *Leases* (effective 1 January 2019)
- IFRIC 23 – *Uncertainty over Income Tax Treatments* (effective 1 January 2019)
- IFRS 17 – *Insurance contracts* (effective 1 January 2021)

The impact of the application of these revised standards and interpretations in future financial reporting periods on the Group's reported results, financial position and cash flows are still being assessed. The Group is currently engaged in projects to implement the requirements of IFRS 17. The IFRS 17 project is currently focused on finalising gap analyses at this early stage and the Group will provide an update on the expected financial effects in future reporting periods.

Changes to segmental reporting are described on page 11.

EXTERNAL REVIEW

The appointed auditors, Ernst & Young Inc, reviewed the interim condensed financial statements and Shareholders' information of the Group at 30 June 2018. These reviews were conducted in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Copies of the unqualified review reports of Ernst & Young Inc are presented on pages 29 and 89.

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Independent auditor's review report on Sanlam Limited interim Shareholders' information

To the directors of Sanlam Limited

Introduction

We have reviewed the accompanying interim Shareholders' Information of Sanlam Limited for the six months ended 30 June 2018, comprising Group Equity Value; Change in Group Equity Value; Return on Group Equity Value; Shareholders' fund at net asset value; Shareholders' fund income statement and Notes to the shareholders' fund information as set out on pages 30 to 87, and the basis of accounting set out on pages 26 and 27.

Directors' responsibility for interim financial information

The directors of Sanlam Limited are responsible for the preparation and presentation of this interim financial information in accordance with the basis of accounting set out on pages 26 and 27, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on this interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the basis of accounting set out on pages 26 and 27. This standard also requires us to comply with relevant ethical requirements.

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim Shareholders' Information for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with the basis of accounting set out on pages 26 and 27.

Basis of accounting

Without modifying our conclusion, we draw attention to pages 26 and 27 of the Sanlam Limited Shareholders' Information, which describes the basis of accounting. The Sanlam Limited Interim Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result the Sanlam Limited Interim Shareholders' information may not be suitable for another purpose.

Ernst & Young Inc.

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

No. 3 Dock Road
Waterway House
V&A Waterfront
Cape Town

5 September 2018

Group Equity Value

at 30 June 2018

		Group Equity Value	
		June Reviewed 2018	December Audited 2017
R million	Note		
Sanlam Personal Finance		42 860	43 401
Covered business ⁽¹⁾	7.1	39 006	39 546
Sanlam Sky		8 093	7 956
Other		30 913	31 590
Other operations		3 854	3 855
Glacier		2 423	2 321
Sanlam Personal Loans		1 060	1 052
Other operations		371	482
Sanlam Emerging Markets		29 909	27 621
Covered business	7.2	7 248	6 686
Namibia		1 844	1 816
Botswana		1 437	1 333
Rest of Africa (excluding Saham Finances)		1 247	1 050
Saham Finances ⁽²⁾		1 339	1 265
India		782	702
Malaysia		599	520
Other operations		22 661	20 935
Shriram Capital		9 779	9 524
Saham Finances		7 853	6 833
Capricorn Investment Holdings		1 053	1 022
Letshego		1 032	991
Pacific & Orient		431	376
Other operations		2 513	2 189
Sanlam Investment Group		19 144	18 331
Covered business	7.3	2 889	2 768
Sanlam UK		1 312	1 213
Central Credit Manager		1 577	1 555
Other operations		16 255	15 563
Investment Management SA ⁽³⁾		5 592	6 882
Wealth Management		2 334	2 242
International		6 564	5 643
Sanlam Specialised Finance ⁽³⁾		1 765	796
Santam		19 355	18 108
Sanlam Corporate		5 893	6 368
Covered business ⁽¹⁾	7.5	4 954	5 283
Other operations		939	1 085
Afrocentric		892	1 001
Other		47	84

Value of in-force/Fair value adjustment		Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
36 234	35 786	6 626	7 615	(1 117)	(1 145)	7 743	8 760
33 444	33 290	5 562	6 256	(1 117)	(1 145)	6 679	7 401
7 447	7 352	646	604	(447)	(467)	1 093	1 071
25 997	25 938	4 916	5 652	(670)	(678)	5 586	6 330
2 790	2 496	1 064	1 359	-	-	1 064	1 359
2 009	1 867	414	454	-	-	414	454
499	252	561	800	-	-	561	800
282	377	89	105	-	-	89	105
6 582	6 319	23 327	21 302	(1 681)	(1 606)	25 008	22 908
3 911	3 665	3 337	3 021	(1 681)	(1 606)	5 018	4 627
1 316	1 318	528	498	-	-	528	498
1 055	980	382	353	(48)	(66)	430	419
317	247	930	803	(2)	(10)	932	813
712	707	627	558	(961)	(878)	1 588	1 436
273	206	509	496	(303)	(293)	812	789
238	207	361	313	(367)	(359)	728	672
2 671	2 654	19 990	18 281	-	-	19 990	18 281
2 385	2 585	7 394	6 939	-	-	7 394	6 939
476	363	7 377	6 470	-	-	7 377	6 470
(17)	8	1 070	1 014	-	-	1 070	1 014
20	8	1 012	983	-	-	1 012	983
(3)	-	434	376	-	-	434	376
(190)	(310)	2 703	2 499	-	-	2 703	2 499
11 715	11 495	7 429	6 836	(356)	(356)	7 785	7 192
153	124	2 736	2 644	(356)	(356)	3 092	3 000
728	679	584	534	(356)	(356)	940	890
(575)	(555)	2 152	2 110	-	-	2 152	2 110
11 562	11 371	4 693	4 192	-	-	4 693	4 192
5 248	6 583	344	299	-	-	344	299
1 983	1 936	351	306	-	-	351	306
3 165	2 306	3 399	3 337	-	-	3 399	3 337
1 166	546	599	250	-	-	599	250
14 197	13 278	5 158	4 830	-	-	5 158	4 830
2 721	2 423	3 172	3 945	(241)	-	3 413	3 945
2 661	2 166	2 293	3 117	(241)	-	2 534	3 117
60	257	879	828	-	-	879	828
72	223	820	778	-	-	820	778
(12)	34	59	50	-	-	59	50

Group Equity Value (continued)

at 30 June 2018

R million	Note	Group Equity Value	
		June Reviewed 2018	December Audited 2017
Group operations		117 161	113 829
Dividend pool		-	5 885
Discretionary capital ⁽⁴⁾		9 850	2 000
Other capital		3 567	1 665
Present value of holding company expenses	10	(1 910)	(1 616)
Group Equity Value		128 668	121 763
Covered business	2	54 097	54 283
Other operations	5	63 064	59 546
Group operations		117 161	113 829
Discretionary and other capital		11 507	7 934
Group Equity Value		128 668	121 763
Value per share	9	60,90	59,40

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life. At 1 January 2018, capital allocated to Sanlam Personal Finance and Sanlam Employee Benefits covered business were reduced by R969 million and R531 million respectively.

⁽²⁾ The embedded value of Saham Finances is calculated using a risk discount rate inclusive of the cost of capital.

⁽³⁾ Comparative information has been adjusted for the reallocation of businesses from Investment Management SA to Sanlam Specialised Finance.

⁽⁴⁾ Fair value adjustments relate to the reversal of marked-to-market changes on hedging instruments, to be recognised in the financial year that the hedged transactions become effective.

Analysis of Group Equity Value per line of business

at 30 June 2018

R million	Total		Life Business	
	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
South Africa	89 871	86 537	45 537	46 384
Namibia	4 159	3 982	1 844	1 816
Botswana	3 257	3 005	1 437	1 333
Rest of Africa (excluding Saham)	2 398	1 922	1 247	1 050
Saham Finances	9 192	8 098	1 339	1 265
India	10 696	10 361	782	702
Malaysia	1 158	1 032	599	520
Other International	7 937	6 826	1 312	1 213
Total	128 668	121 763	54 097	54 283

Value of in-force/Fair value adjustment		Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
71 449	69 301	45 712	44 528	(3 395)	(3 107)	49 107	47 635
-	-	-	5 885	-	-	-	5 885
(403)	562	10 253	1 438	-	-	10 253	1 438
-	-	3 567	1 665	(1 197)	(1 197)	4 764	2 862
(1 910)	(1 616)	-	-	-	-	-	-
69 136	68 247	59 532	53 516	(4 592)	(4 304)	64 124	57 820
40 169	39 245	13 928	15 038	(3 395)	(3 107)	17 323	18 145
31 280	30 056	31 784	29 490	-	-	31 784	29 490
71 449	69 301	45 712	44 528	(3 395)	(3 107)	49 107	47 635
(2 313)	(1 054)	13 820	8 988	(1 197)	(1 197)	15 017	10 185
69 136	68 247	59 532	53 516	(4 592)	(4 304)	64 124	57 820
						30,35	28,22

General Insurance		Investment Management		Credit & Structuring		Administration, Health & Other	
June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
19 355	18 108	8 997	9 565	1 310	1 302	14 672	11 178
349	322	174	171	1 053	1 022	739	651
97	86	450	405	1 032	991	241	190
516	448	499	291	95	71	41	62
7 853	6 833	-	-	-	-	-	-
1 361	1 213	135	135	8 418	8 311	-	-
431	376	-	-	-	-	128	136
-	-	6 625	5 613	-	-	-	-
29 962	27 386	16 880	16 180	11 908	11 697	15 821	12 217

Change in Group Equity Value

for the six months ended 30 June 2018 (reviewed)

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	43 401	2 352	(809)	(2 084)	42 860
Covered business	39 546	2 194	(809)	(1 925)	39 006
Sanlam Sky	7 956	576	48	(487)	8 093
Other	31 590	1 618	(857)	(1 438)	30 913
Other operations	3 855	158	-	(159)	3 854
Glacier	2 321	189	-	(87)	2 423
Sanlam Personal Loans	1 052	89	-	(81)	1 060
Other operations	482	(120)	-	9	371
Sanlam Emerging Markets	27 621	2 429	311	(452)	29 909
Covered business	6 686	847	5	(290)	7 248
Namibia	1 816	81	10	(63)	1 844
Botswana	1 333	214	(3)	(107)	1 437
Rest of Africa (excluding Saham Finances)	1 050	250	9	(62)	1 247
Saham Finances	1 265	138	(20)	(44)	1 339
India	702	98	(3)	(15)	782
Malaysia	520	66	12	1	599
Other operations	20 935	1 582	306	(162)	22 661
Shriram Capital	9 524	311	-	(56)	9 779
Saham Finances	6 833	1 003	2	15	7 853
Capricorn Investment Holdings	1 022	(9)	-	40	1 053
Letshego	991	7	-	34	1 032
Pacific & Orient	376	82	-	(27)	431
Other operations	2 189	188	304	(168)	2 513
Sanlam Investment Group	18 331	984	235	(406)	19 144
Covered business	2 768	258	(54)	(83)	2 889
Sanlam UK	1 213	133	(34)	-	1 312
Central Credit Manager	1 555	125	(20)	(83)	1 577
Other operations	15 563	726	289	(323)	16 255
Investment Management SA ⁽¹⁾	6 882	(480)	(734)	(76)	5 592
Wealth Management	2 242	138	23	(69)	2 334
International	5 643	945	34	(58)	6 564
Sanlam Specialised Finance ⁽¹⁾	796	123	966	(120)	1 765
Sanlam	18 108	1 665	-	(418)	19 355
Sanlam Corporate	6 368	403	(627)	(251)	5 893
Covered business	5 283	534	(627)	(236)	4 954
Other operations	1 085	(131)	-	(15)	939
Discretionary capital	2 000	40	7 810	-	9 850
Other capital	7 550	(40)	2 137	(6 080)	3 567
Present value of holding company expenses	(1 616)	(294)	-	-	(1 910)
Elimination of intergroup dividends	-	-	(3 611)	3 611	-
Group Equity Value	121 763	7 539	5 446	(6 080)	128 668
Covered business	54 283	3 833	(1 485)	(2 534)	54 097
Other operations	59 546	4 000	595	(1 077)	63 064
Group operations	113 829	7 833	(890)	(3 611)	117 161
Discretionary and other capital	7 934	(294)	6 336	(2 469)	11 507
Group Equity Value	121 763	7 539	5 446	(6 080)	128 668

⁽¹⁾ Comparative information has been adjusted for the reallocation of businesses from Investment Management SA to Sanlam Specialised Finance.

Change in Group Equity Value (continued)

for the six months ended 30 June 2017 (reviewed)

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	41 878	3 535	(1 596)	(2 152)	41 665
Covered business	38 216	3 234	(1 596)	(1 930)	37 924
Sanlam Sky	7 237	843	(57)	(450)	7 573
Other	30 979	2 391	(1 539)	(1 480)	30 351
Other operations	3 662	301	-	(222)	3 741
Glacier	2 192	240	-	(131)	2 301
Sanlam Personal Loans	999	73	-	(82)	990
Other operations	471	(12)	-	(9)	450
Sanlam Emerging Markets	22 097	1 550	5 245	(721)	28 171
Covered business	6 370	1 148	748	(320)	7 946
Namibia	1 709	160	(27)	(73)	1 769
Botswana	1 261	94	19	(88)	1 286
Rest of Africa (excluding Saham Finances)	1 509	878	66	(110)	2 343
Saham Finances	672	(27)	691	(24)	1 312
India	677	31	1	(15)	694
Malaysia	542	12	(2)	(10)	542
Other operations	15 727	402	4 497	(401)	20 225
Shriram Capital	7 963	714	-	(9)	8 668
Saham Finances	3 197	(428)	3 909	(78)	6 600
Letshego	1 190	(79)	-	(9)	1 102
Pacific & Orient	476	3	-	1	480
Capricorn Investment Holdings	1 077	56	-	(142)	991
Other operations	1 824	136	588	(164)	2 384
Sanlam Investment Group	15 807	655	877	(511)	16 828
Covered business	1 137	153	1 097	(71)	2 316
Sanlam UK	1 137	47	-	-	1 184
Central Credit Manager	-	106	1 097	(71)	1 132
Other operations	14 670	502	(220)	(440)	14 512
Investment Management SA	7 071	(245)	-	(211)	6 615
Wealth Management	2 155	3	5	(8)	2 155
International	4 844	579	125	(56)	5 492
Sanlam Specialised Finance	600	165	(350)	(165)	250
Santam	15 868	747	-	(387)	16 228
Sanlam Corporate	6 385	563	(355)	(173)	6 420
Covered business	5 523	347	(355)	(177)	5 338
Other operations	862	216	-	4	1 082
Discretionary capital	550	(29)	1 479	-	2 000
Other capital	9 916	33	(1 836)	(5 437)	2 676
Present value of holding company expenses	(1 784)	(104)	-	-	(1 888)
Elimination of intergroup dividends	-	-	(3 944)	3 944	-
Group Equity Value	110 717	6 950	(130)	(5 437)	112 100
Covered business	51 246	4 882	(106)	(2 498)	53 524
Other operations	50 789	2 168	4 277	(1 446)	55 788
Group operations	102 035	7 050	4 171	(3 944)	109 312
Discretionary and other capital	8 682	(100)	(4 301)	(1 493)	2 788
Group Equity Value	110 717	6 950	(130)	(5 437)	112 100

Return on **Group Equity Value**

for the six months ended 30 June 2018

%	Six months Reviewed		Audited December 2017
	June 2018	June 2017	
Sanlam Personal Finance	5,5	8,5	17,5
Covered business	5,7	8,6	18,3
Sanlam Sky	7,2	11,7	28,8
Other	5,3	7,9	15,7
Other operations	4,1	8,2	11,2
Glacier	8,1	10,9	15,6
Sanlam Personal Loans	8,5	7,3	5,3
Other operations	(24,9)	(2,5)	3,4
Sanlam Emerging Markets	8,8	6,6	11,5
Covered business	12,7	18,0	23,2
Namibia	4,5	9,4	19,7
Botswana	16,1	7,5	19,6
Rest of Africa (excluding Saham Finances)	23,8	58,2	59,5
Saham Finances	10,9	(4,0)	(4,2)
India	14,0	4,6	3,1
Malaysia	12,7	2,2	0,2
Other operations	7,6	2,4	7,5
Shriram Capital	3,3	9,0	20,8
Saham Finances	14,7	(9,5)	(3,4)
Letshego	0,7	(6,6)	(14,1)
Pacific & Orient	21,8	0,6	(19,3)
Capricorn Investment Holdings	(0,9)	5,2	10,0
Other operations	8,6	7,5	3,2
Sanlam Investment Group	5,3	4,0	14,2
Covered business	9,3	8,0	14,9
Sanlam UK	11,0	4,1	6,7
Central Credit Manager	8,0	13,8	21,0
Other operations	4,6	3,4	14,1
Investment Management SA	(7,9)	(3,6)	10,1
Wealth Management	6,1	0,1	10,5
International	16,7	12,0	17,5
Sanlam Specialised Finance	7,0	14,1	58,1
Santam	9,2	4,7	18,0
Sanlam Corporate	6,9	9,2	21,0
Covered business	11,2	6,6	20,4
Other operations	(12,1)	25,1	24,5
Afrocentric	(9,2)	27,1	26,9
Other	(50,6)	6,9	3,4
Discretionary capital and other	(3,2)	(1,4)	0,2
Group Equity Value	6,2	6,3	14,9

Return on **Group Equity Value** (continued)

for the six months ended 30 June 2018

	Six months Reviewed		Audited December 2017
	June 2018	June 2017	
%			
Covered business	7,3	9,5	18,8
Other operations	6,7	4,2	12,9
Group operations	7,0	6,8	15,8
Discretionary and other capital	(3,2)	(1,4)	0,2
Group Equity Value	6,2	6,3	14,9
RoGEV per share	7,4	6,1	14,8
<i>Sanlam Group hurdle rate</i>	6,3	6,4	13,2

Analysis of Group Equity Value Earnings

for the six months ended 30 June 2018

Covered business ⁽¹⁾

R million	Total	
	June Reviewed 2018	June Reviewed 2017
Operational earnings	4 287	3 784
Value of new life insurance business ⁽²⁾	791	782
Unwinding of discount rate	2 417	2 315
Expected profit	-	-
Operating experience variances	1 078	595
Risk experience	247	261
Persistency	(56)	(114)
Maintenance expenses	27	1
Working capital management	197	191
Credit spread	192	170
Other	471	86
Operating assumption changes	1	92
Risk experience	14	71
Persistency	(15)	-
Maintenance expenses	73	7
Modelling changes and other	(71)	14
Net investment return	593	405
Expected return on adjusted net asset value	445	556
Investment variances on adjusted net asset value	148	(151)
Net project expenses	(13)	-
Valuation and economic basis	(996)	736
Investment variances on in-force business	(777)	(120)
Economic assumption changes	(471)	150
Investment yields	(479)	149
Long-term asset mix assumptions and other	8	1
Foreign currency translation differences	252	(39)
Revaluation of business held for sale	-	745
Change in tax basis	(34)	-
Profit on disposal of subsidiaries and associated companies	-	-
Goodwill and VOBA from business combinations	(4)	(43)
GEV earnings: covered business	3 833	4 882
Acquired value of in-force	296	690
Disposal of businesses	-	-
Transfers from covered business	(4 315)	(3 294)
Embedded value of covered business at the beginning of the period	54 283	51 246
Embedded value of covered business at the end of the period	54 097	53 524

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

⁽²⁾ Refer to note 1 for further information.

Value of in-force		Cost of capital		Adjusted net asset value		December Audited 2017
June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	
1 204	1 125	297	61	2 786	2 598	7 612
2 247	2 016	(88)	(105)	(1 368)	(1 129)	1 841
2 323	2 221	94	94	-	-	4 620
(3 382)	(3 142)	-	-	3 382	3 142	-
50	(1)	280	104	748	492	1 558
8	71	(4)	(6)	243	196	447
49	(78)	4	13	(109)	(49)	67
(2)	2	-	2	29	(3)	(9)
-	2	-	-	197	189	452
(2)	-	-	-	194	170	396
(3)	2	280	95	194	(11)	205
(34)	31	11	(32)	24	93	(407)
14	50	-	2	-	19	183
(13)	7	(3)	(3)	1	(4)	(115)
42	(13)	1	-	30	20	(239)
(77)	(13)	13	(31)	(7)	58	(236)
-	-	-	-	593	405	930
-	-	-	-	445	556	1 020
-	-	-	-	148	(151)	(90)
-	-	-	-	(13)	-	-
(806)	787	2	10	(192)	(61)	762
(634)	(65)	31	3	(174)	(58)	691
(464)	149	11	4	(18)	(3)	234
(465)	148	4	4	(18)	(3)	260
1	1	7	-	-	-	(26)
292	(42)	(40)	3	-	-	(163)
-	745	-	-	-	-	-
(16)	-	(1)	-	(17)	-	-
-	-	-	-	-	-	789
(4)	(43)	-	-	-	-	(485)
378	1 869	298	71	3 157	2 942	9 608
248	423	-	-	48	267	1 443
-	-	-	-	-	-	(1 331)
-	-	-	-	(4 315)	(3 294)	(6 683)
42 620	39 379	(3 375)	(3 534)	15 038	15 401	51 246
43 246	41 671	(3 077)	(3 463)	13 928	15 316	54 283

Analysis of Group Equity Value Earnings (continued)

for the six months ended 30 June 2018

Other operations

R million	Total		Sanlam Personal Finance	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
Earnings from operations valued at listed share prices	1 665	747	-	-
Earnings from operations valued at net asset value	119	148	-	-
Earnings from operations valued based on discounted cash flows	2 216	1 273	158	301
Unwinding of discount rate	2 968	2 480	340	327
Operating experience variances	(315)	218	(29)	10
General insurance	(102)	(93)	-	-
Investment management	(106)	(129)	-	-
Credit and structuring	(62)	489	(9)	(4)
Administration, health and other	(45)	(49)	(20)	14
Assumption changes	5	(1 373)	(17)	(61)
General insurance	268	(600)	-	-
Investment management	298	(566)	-	-
Credit and structuring	(220)	(419)	23	(19)
Administration, health and other	(341)	212	(40)	(42)
Economic assumption changes	(2 147)	36	(136)	25
Foreign currency translation differences	1 705	(88)	-	-
GEV earnings: other operations	4 000	2 168	158	301

Discretionary and other capital

R million	Total		December Audited 2017
	June Reviewed 2018	June Reviewed 2017	
Investment return	58	(27)	(129)
Corporate expenses	(312)	(106)	53
Net corporate expenses	(18)	(2)	(115)
Change in present value of holding company expenses	(294)	(104)	168
Share-based payment transactions	(40)	33	86
GEV earnings: discretionary and other capital	(294)	(100)	10

	Sanlam Emerging Markets		Sanlam Investment Group		Santam		Sanlam Corporate		December Audited 2017
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	
	-	-	-	-	1 665	747	-	-	2 854
	45	(82)	74	230	-	-	-	-	323
	1 537	484	652	272	-	-	(131)	216	3 710
	1 551	1 156	984	921	-	-	93	76	4 957
	(178)	342	(41)	(82)	-	-	(67)	(52)	350
	(102)	(93)	-	-	-	-	-	-	32
	(65)	(47)	(41)	(82)	-	-	-	-	133
	(53)	493	-	-	-	-	-	-	231
	42	(11)	-	-	-	-	(67)	(52)	(46)
	(77)	(872)	234	(626)	-	-	(135)	186	(210)
	268	(600)	-	-	-	-	-	-	(383)
	64	60	234	(626)	-	-	-	-	(257)
	(243)	(400)	-	-	-	-	-	-	698
	(166)	68	-	-	-	-	(135)	186	(268)
	(932)	(140)	(1 057)	145	-	-	(22)	6	(409)
	1 173	(2)	532	(86)	-	-	-	-	(978)
	1 582	402	726	502	1 665	747	(131)	216	6 887

Reconciliation of Group Equity Value Earnings

R million	June Reviewed 2018	June Reviewed 2017	December Audited 2017
IFRS earnings	6 979	4 557	9 411
Normalised attributable earnings	4 841	4 783	11 001
Earnings recognised directly in equity			
Foreign currency translation differences	1 699	(209)	(1 044)
Net cost of treasury shares delivered	(167)	(162)	(216)
Share-based payments	171	181	340
Change in ownership of subsidiaries	(11)	-	(63)
IFRS 9 transitional provisions	(429)	-	-
Other comprehensive income	875	(36)	(607)
Fair value adjustments	935	2 464	7 268
Change in fair value adjustments: non-life	259	524	4 538
Earnings from covered business: VIF	676	1 940	2 730
Adjustments to net worth	(375)	(71)	(174)
Present value of holding company expenses	(294)	(104)	168
Movement in book value of treasury shares: non-life subsidiaries	(39)	-	(47)
Change in goodwill/VOBA less VIF acquired	(42)	33	(295)
Group Equity Value earnings	7 539	6 950	16 505

Analysis of shareholders' fund at net asset value

at 30 June 2018

R million	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾	
	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
Assets				
Equipment	333	302	142	135
Owner-occupied properties	470	470	235	224
Goodwill	816	714	376	323
Value of business acquired	993	845	650	658
Other intangible assets	66	60	207	212
Deferred acquisition costs	3 007	3 012	12	13
Investments	23 777	17 699	30 151	27 953
Properties	1	10	917	843
Associated companies	894	882	25 033	23 157
Joint ventures	714	870	-	-
Equities and similar securities	370	424	505	357
Interest-bearing investments	3 641	3 918	2 043	1 878
Structured transactions	602	316	24	22
Investment funds	9 067	9 390	339	424
Cash, deposits and similar securities	8 488	1 889	1 290	1 272
Deferred tax asset	432	394	193	196
Assets of disposal groups classified as held for sale	-	-	62	-
General insurance technical assets	-	-	300	152
Working capital assets	5 947	9 149	2 508	2 575
Trade and other receivables	1 477	2 565	1 851	1 809
Cash, deposits and similar securities	4 470	6 584	657	766
Total assets	35 841	32 645	34 836	32 441
Equity and liabilities				
Shareholders' fund	18 604	19 562	25 504	23 672
Non-controlling interest	201	233	5 319	5 072
Total equity	18 805	19 795	30 823	28 744
Term finance	2 174	2 167	120	111
Structured transactions liabilities	193	1 156	-	-
Cell owners' interest	-	-	-	-
Deferred tax liabilities	1 006	943	289	301
General insurance technical provisions	-	-	786	552
Working capital liabilities	13 663	8 584	2 818	2 733
Trade and other payables	12 281	7 489	2 766	2 733
Provisions	42	127	-	-
Taxation	1 340	968	52	-
Total equity and liabilities	35 841	32 645	34 836	32 441
Analysis of shareholders' fund				
Covered business	9 213	10 518	5 018	4 627
Other operations	1 943	2 187	19 990	18 281
Discretionary and other capital	7 448	6 857	496	764
Shareholders' fund at net asset value	18 604	19 562	25 504	23 672
Consolidation reserve	1 019	1 200	-	-
Shareholders' fund per Group statement of financial position on page 90	19 623	20 762	25 504	23 672

⁽¹⁾ Includes the operations of Sanlam Personal Finance and Sanlam Corporate (which includes Sanlam Health and Sanlam Employee Benefits) as well as discretionary capital held by Sanlam Life.

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

⁽³⁾ Group Office and Other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.

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

Sanlam Investment Group		Santam		Group Office ⁽³⁾		Consolidation Entries ⁽⁴⁾		Shareholders' fund at net asset value	
June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
68	66	308	319	-	-	-	-	851	822
114	113	19	19	-	-	-	-	838	826
1 229	1 159	765	765	-	-	1 197	1 197	4 383	4 158
391	427	-	-	-	-	-	-	2 034	1 930
168	161	44	58	-	-	-	-	485	491
-	-	-	-	-	-	-	-	3 019	3 025
5 466	4 622	18 278	17 099	1 361	2 219	(3 297)	(3 039)	75 736	66 553
-	-	-	-	-	-	-	-	918	853
522	549	3 076	2 763	-	-	(2 900)	(2 691)	26 625	24 660
-	-	68	66	-	-	-	-	782	936
374	252	1 445	2 956	367	481	(433)	(430)	2 628	4 040
1 079	341	9 162	8 315	994	1 736	(84)	(38)	16 835	16 150
-	-	563	588	-	-	-	-	1 189	926
3 031	2 968	3 253	1 351	-	-	120	120	15 810	14 253
460	512	711	1 060	-	2	-	-	10 949	4 735
155	129	130	157	-	-	3	7	913	883
-	-	-	-	-	-	-	-	62	-
-	-	6 568	6 248	-	-	-	-	6 868	6 400
19 477	20 009	13 090	12 334	3 608	3 655	(1 731)	(5 108)	42 899	42 614
16 351	13 827	5 660	5 415	3 277	3 319	(1 797)	(5 134)	26 819	21 801
3 126	6 182	7 430	6 919	331	336	66	26	16 080	20 813
27 068	26 686	39 202	36 999	4 969	5 874	(3 828)	(6 943)	138 088	127 702
8 289	8 506	5 158	4 830	326	136	6 243	1 114	64 124	57 820
49	42	3 477	3 281	-	-	(2 938)	(2 697)	6 108	5 931
8 338	8 548	8 635	8 111	326	136	3 305	(1 583)	70 232	63 751
1 275	17	2 049	2 056	786	1 917	-	-	6 404	6 268
-	-	-	-	-	-	-	-	193	1 156
-	-	3 220	3 217	-	-	-	-	3 220	3 217
64	22	87	121	-	-	-	43	1 446	1 430
-	-	18 886	18 116	-	-	-	-	19 672	18 668
17 391	18 099	6 325	5 378	3 857	3 821	(7 133)	(5 403)	36 921	33 212
17 090	17 874	5 969	5 116	3 825	3 791	(7 141)	(5 402)	34 790	31 601
81	82	92	68	20	20	17	17	252	314
220	143	264	194	12	10	(9)	(18)	1 879	1 297
27 068	26 686	39 202	36 999	4 969	5 874	(3 828)	(6 943)	138 088	127 702
3 092	3 000	-	-	-	-	-	-	17 323	18 145
4 693	4 192	5 158	4 830	-	-	-	-	31 784	29 490
504	1 314	-	-	326	136	6 243	1 114	15 017	10 185
8 289	8 506	5 158	4 830	326	136	6 243	1 114	64 124	57 820
-	-	-	-	-	-	(1 646)	(1 600)	(627)	(400)
8 289	8 506	5 158	4 830	326	136	4 597	(486)	63 497	57 420

Shareholders' fund income statement

for the six months ended 30 June 2018

R million	Sanlam Personal Finance ⁽¹⁾		Sanlam Emerging Markets		Sanlam Investment Group	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
Financial services income	9 301	8 471	4 000	3 525	2 880	2 627
Sales remuneration	(1 753)	(1 444)	(564)	(525)	(216)	(81)
Income after sales remuneration	7 548	7 027	3 436	3 000	2 664	2 546
Underwriting policy benefits	(2 031)	(1 816)	(851)	(749)	-	-
Administration costs	(2 610)	(2 233)	(923)	(828)	(1 952)	(1 803)
Result from financial services before tax	2 907	2 978	1 662	1 423	712	743
Tax on result from financial services	(837)	(845)	(530)	(402)	(184)	(162)
Result from financial services after tax	2 070	2 133	1 132	1 021	528	581
Non-controlling interest	26	-	(221)	(250)	(5)	(8)
Net result from financial services	2 096	2 133	911	771	523	573
Net investment income	186	107	115	84	12	72
Investment income ⁽¹⁾	248	145	194	175	17	77
Tax on investment income	(58)	(38)	(52)	(63)	(5)	(5)
Non-controlling interest	(4)	-	(27)	(28)	-	-
Project expenses	-	-	(39)	(31)	(6)	(5)
Net amortisation of value of business acquired and other intangibles	(26)	(20)	(26)	(19)	(62)	(78)
Equity participation costs	-	-	-	-	-	-
Net equity-accounted headline earnings	-	-	-	5	7	11
Equity-accounted headline earnings	-	-	-	12	8	11
Tax on equity-accounted headline earnings	-	-	-	(2)	-	-
Non-controlling interest	-	-	-	(5)	(1)	-
Net investment surpluses	35	96	168	71	71	24
Investment surpluses ⁽¹⁾	46	129	340	153	84	30
Tax on investment surpluses	(11)	(33)	(91)	(46)	(13)	(6)
Non-controlling interest	-	-	(81)	(36)	-	-
Normalised headline earnings	2 291	2 316	1 129	881	545	597
Net profit on disposal of subsidiaries and associated companies	-	-	3	5	-	-
Profit on disposal of subsidiaries and associated companies	-	-	-	8	-	-
Tax on profit on disposal of subsidiaries and associated companies	-	-	5	-	-	-
Non-controlling interest	-	-	(2)	(3)	-	-
Impairments	-	-	(48)	(14)	(23)	(1)
Net equity-accounted non-headline earnings	-	-	-	179	-	-
Normalised attributable earnings	2 291	2 316	1 084	1 051	522	596
Fund transfers	(181)	(28)	-	-	-	-
Attributable earnings per Group statement of comprehensive income	2 110	2 288	1 084	1 051	522	596
Diluted earnings per share						
Weighted average number of shares for normalised earnings per share (million)						
Net result from financial services (cents)	100,7	104,1	43,8	37,6	25,1	28,0

⁽¹⁾ Previously, investment return included investment returns on the investment in Sanlam Limited shares that were eliminated in the Group Office and Other column. From December 2017, the elimination is done in the cluster with comparatives adjusted accordingly.

	Santam		Sanlam Corporate		Group Office & Other ⁽¹⁾		Total		December
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	Audited 2017
	11 562 (1 291)	10 990 (1 255)	2 712 (34)	2 257 (28)	139 -	134 -	30 594 (3 858)	28 004 (3 333)	58 700 (7 150)
	10 271 (6 919) (1 971)	9 735 (7 252) (1 622)	2 678 (1 544) (709)	2 229 (1 309) (577)	139 - (176)	134 - (153)	26 736 (11 345) (8 341)	24 671 (11 126) (7 216)	51 550 (22 499) (15 493)
	1 381 (382)	861 (245)	425 (117)	343 (99)	(37) 19	(19) 17	7 050 (2 031)	6 329 (1 736)	13 558 (3 726)
	999 (426)	616 (279)	308 -	244 -	(18) -	(2) -	5 019 (626)	4 593 (537)	9 832 (1 283)
	573 34	337 20	308 47	244 45	(18) (23)	(2) (25)	4 393 371	4 056 303	8 549 808
	87 (18) (35)	37 (2) (15)	52 (5) -	53 (8) -	(32) 9 -	(34) 9 -	566 (129) (66)	453 (107) (43)	1 198 (284) (106)
	-	-	-	-	(2)	-	(47)	(36)	(114)
	(4) (1) 10	(5) (2) 16	(1) - (4)	(1) - (5)	- - -	- - -	(119) (1) 13	(123) (2) 27	(261) (2) 38
	16 - (6)	28 (2) (10)	(4) - -	(5) - -	- - -	- - -	20 - (7)	46 (4) (15)	79 (18) (23)
	35	18	(3)	50	1	(3)	307	256	817
	112 (42) (35)	55 (12) (25)	5 (8) -	65 (15) -	1 - -	(3) - -	588 (165) (116)	429 (112) (61)	1 153 (202) (134)
	647	384	347	333	(42)	(30)	4 917	4 481	9 835
	-	145	-	-	-	-	3	150	1 335
	-	180	-	-	-	-	-	188	1 401
	- - (3)	- (35) (6)	- - (5)	- - (6)	- - -	- - -	5 (2) (74) (5)	- (38) (21) 173	(24) (42) (303) 134
	644 -	523 -	342 -	327 -	(42) 390	(30) 112	4 841 209	4 783 84	11 001 (78)
	644	523	342	327	348	82	5 050	4 867	10 923
	27,5	16,4	14,8	11,9	(0,9)	(0,1)	2 081,7 211,0	2 049,2 197,9	2 049,1 417,2

Net result from **financial services**

for the six months ended 30 June 2018

Analysis per line of business

R million	Total		Life Insurance	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
South Africa	3 217	3 011	2 244	2 178
Namibia	158	161	63	73
Botswana	186	155	107	88
Rest of Africa	329	263	106	134
Saham Finances	279	148	44	24
Other	50	115	62	110
India	354	270	15	15
Malaysia	11	25	(1)	10
Other International	138	171	43	39
Total	4 393	4 056	2 577	2 537

General Insurance		Investment Management		Credit & Structuring		Administration, Health & Other	
June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
465	260	266	259	116	154	126	160
32	26	7	9	56	53	-	-
2	1	17	16	60	50	-	-
254	128	-	-	(31)	1	-	-
235	124	-	-	-	-	-	-
19	4	-	-	(31)	1	-	-
102	67	-	-	237	188	-	-
12	15	-	-	-	-	-	-
-	-	95	132	-	-	-	-
867	497	385	416	438	446	126	160

Notes to the shareholders' fund information

for the six months ended 30 June 2018

1. Value of new covered business

R million	Note	Total June Reviewed 2018	June Reviewed 2017
Value of new covered business (at point of sale)			
Gross value of new covered business		976	957
Cost of capital		(99)	(111)
Value of new covered business		877	846
Value of new business attributable to			
Shareholders' fund	3	791	782
Non-controlling interest		86	64
Value of new covered business		877	846
Analysis of new business profitability			
<i>Before non-controlling interest</i>			
Present value of new business premiums		33 667	31 230
New business margin		2,60%	2,71%
<i>After non-controlling interest:</i>			
Present value of new business premiums		32 099	29 976
New business margin		2,46%	2,61%
Capitalisation factor – recurring premiums		3,8	4,5

⁽¹⁾ Excluding the value of new business from Capitec Bank, Sanlam Personal Finance capitalisation factor would be 4,7 at 30 June 2018.

Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group		Sanlam Corporate	
June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
682	643	255	256	4	4	35	54
(46)	(58)	(33)	(21)	(4)	(4)	(16)	(28)
636	585	222	235	-	-	19	26
622	585	150	171	-	-	19	26
14	-	72	64	-	-	-	-
636	585	222	235	-	-	19	26
23 463	21 164	4 659	4 820	1 800	1 456	3 745	3 790
2,71%	2,76%	4,76%	4,88%	-	-	0,51%	0,69%
23 052	21 164	3 502	3 566	1 800	1 456	3 745	3 790
2,70%	2,76%	4,28%	4,80%	-	-	0,51%	0,69%
3,8 ⁽¹⁾	5,0	3,0	3,1	4,5	5,3	6,7	6,9

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

1. Value of new covered business (continued)

Geographical analysis

	Value of new covered business		Present value of new business premiums		New business margin	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
Before non-controlling interests						
South Africa	655	611	27 208	24 954	2,41%	2,45%
Sanlam Sky	244	204	3 050	2 688	8,00%	7,59%
Glacier	218	272	14 122	13 160	1,54%	2,07%
Sanlam Corporate	19	26	3 745	3 790	0,51%	0,69%
Other	174	109	6 291	5 316	2,77%	2,05%
Namibia	53	44	898	1 025	5,90%	4,29%
Botswana	82	72	1 296	1 358	6,33%	5,30%
Rest of Africa	24	77	1 230	1 258	1,95%	6,12%
Saham Finances	15	8	223	106	6,73%	7,55%
Other	9	69	1 007	1 152	0,89%	5,99%
India	38	27	684	612	5,56%	4,41%
Malaysia	25	15	551	567	4,54%	2,65%
Other international	-	-	1 800	1 456	-	-
Total	877	846	33 667	31 230	2,60%	2,71%
After non-controlling interests						
South Africa	641	611	26 797	24 954	2,39%	2,45%
Sanlam Sky	244	204	3 050	2 688	8,00%	7,59%
Glacier	218	272	14 122	13 160	1,54%	2,07%
Sanlam Corporate	19	26	3 745	3 790	0,51%	0,69%
Other	160	109	5 880	5 316	2,72%	2,05%
Namibia	32	27	685	778	4,67%	3,47%
Botswana	48	42	783	821	6,13%	5,12%
Rest of Africa	21	69	1 069	1 066	1,96%	6,47%
Saham Finances	15	8	223	106	6,73%	7,55%
Other	6	61	846	960	0,71%	6,35%
India	38	27	684	612	5,56%	4,41%
Malaysia	11	6	281	289	3,91%	2,08%
Other international	-	-	1 800	1 456	-	-
Total	791	782	32 099	29 976	2,46%	2,61%

2. Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business		Cost of capital		Net value of in-force business		Change from base value %	
	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
Base value	43 246	42 620	(3 077)	(3 375)	40 169	39 245		
Risk discount rate increase by 1%	40 982	40 330	(3 514)	(3 854)	37 468	36 476	(7)	(7)

Gross value of in-force business profile	June Reviewed 2018	December Audited 2017
Year 1 – 5	56%	55%
Year 1	17%	17%
Year 2	13%	12%
Year 3	10%	10%
Year 4	9%	9%
Year 5	7%	7%
Year 6 – 10	24%	24%
Year 11 – 20	17%	17%
Year 20+	3%	4%

3. Value of new business sensitivity analysis (net of non-controlling interest)

R million	Gross value of new business		Cost of capital		Net value of new business		Change from base value %	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
Base value	879	887	(88)	(105)	791	782		
Risk discount rate increase by 1%	767	766	(100)	(119)	667	647	(16)	(17)

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

4. Economic assumptions – covered business

	June Reviewed 2018	December Audited 2017
%		
Gross investment return, risk discount rate and inflation		
Sanlam Life		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	9,3	9,0
Equities and offshore investments	12,8	12,5
Hedged equities	8,7	8,4
Property	10,3	10,0
Cash	8,3	8,0
Inflation rate ⁽¹⁾	7,3	7,0
Risk discount rate	11,8	11,5
⁽¹⁾ Expense inflation of 11,3% (Dec 2017: 11,0%) assumed for retail business administered on old platforms.		
Sanlam Developing Markets⁽²⁾		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	8,5	8,0
Equities and offshore investments	12,0	11,5
Hedged equities	7,5	7,0
Property	9,5	9,0
Cash	7,5	7,0
Inflation rate	6,5	6,0
Risk discount rate	11,0	10,5

⁽²⁾ Excludes the Sanlam Life products written on the Sanlam Developing Markets license.

4. Economic assumptions – covered business (continued)

%	June Reviewed 2018	December Audited 2017
Botswana Life Insurance		
Fixed-interest securities	6,5	6,5
Equities and offshore investments	10,0	10,0
Hedged equities	n/a	n/a
Property	7,5	7,5
Cash	5,5	5,5
Inflation rate	3,5	3,5
Risk discount rate	10,0	10,0
Sanlam Investments and Pensions		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	1,6	1,6
Equities and offshore investments	4,8	4,8
Hedged equities	n/a	n/a
Property	4,8	4,8
Cash	1,6	1,6
Inflation rate	3,3	3,3
Risk discount rate	5,3	5,3

Illiquidity premiums

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

Assumed illiquidity premiums generally amount to between 25bps and 80bps (2017: 25bps and 60bps) for non-participating annuities, between 25bps and 75bps (2017: 25bps to 75bps) for inflation-linked annuities and capped at 120bps (2017: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

4. Economic assumptions – covered business (continued)

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

R million			Fixed-interest securities (%)		Equities (%)	
	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
Required capital						
South Africa	9 941	11 375	–	–	3	2
Namibia	513	498	6	6	35	36
Botswana Life	382	353	–	–	–	–
Sanlam Life Insurance (Kenya)	132	108	35	35	40	40
Other Africa	882	760	59	59	6	6
Shriram Life Insurance (India)	229	192	30	30	66	66
MCIS (Malaysia)	320	285	73	73	19	19
Sanlam Investments and Pensions (UK)	508	428	–	–	–	–
Total required capital	12 907	13 999				
Free Surplus	1 021	1 039				
Adjusted net asset value	13 928	15 038				

Offshore (%)		Hedged Equities (%)		Property (%)		Cash (%)		Total (%)	
June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
6	7	75	78	-	-	16	13	100	100
-	-	-	-	-	-	59	58	100	100
-	-	-	-	50	50	50	50	100	100
-	-	-	-	15	15	10	10	100	100
-	-	-	-	6	6	29	29	100	100
-	-	-	-	-	-	4	4	100	100
-	-	-	-	-	-	8	8	100	100
-	-	-	-	-	-	100	100	100	100

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

4. Economic assumptions – covered business (continued)

Assumed long-term expected return on required capital

	Gross return on required capital		Net return on required capital	
	June Reviewed	December Audited	June Reviewed	December Audited
	2018	2017	2018	2017
%				
Sanlam Life	9,0	8,7	7,3	7,0
Sanlam Developing Markets	8,4	7,9	6,5	6,1
Sanlam Namibia	10,2	9,9	9,1	8,8
Sanlam Namibia Holdings	8,9	8,5	7,8	7,4
Botswana Life	6,5	6,5	4,9	4,9
Sanlam Life Insurance (Kenya)	11,6	12,5	8,1	8,8
Shriram Life Insurance (India)	9,9	10,0	8,4	8,6
MCIS (Malaysia)	5,3	5,0	4,9	4,6
Sanlam Investments and Pensions (UK)	1,6	1,6	1,3	1,3

5. Value of other Group operations sensitivity analysis

5.1 Valuation methodology

R million	June Reviewed 2018	December Audited 2017
Listed share price	19 355	18 108
Discounted cash flows	41 090	39 130
Sanlam Personal Finance	3 854	3 855
Glacier	2 423	2 321
Sanlam Personal Loans	1 060	1 052
Other operations	371	482
Sanlam Emerging Markets	21 485	19 885
Shriram Capital	9 779	9 524
Saham Finances	7 853	6 833
Letshego	1 032	991
Pacific & Orient	431	376
Capricorn Investment Holdings	1 053	1 022
Other operations	1 337	1 139
Sanlam Investment Group ⁽¹⁾	14 812	14 305
Investment Management SA	4 735	6 067
Wealth Management	2 334	2 192
International	6 368	5 500
Sanlam Specialised Finance	1 375	546
Sanlam Corporate	939	1 085
Afrocentric	892	1 001
Other	47	84
Net asset value	2 619	2 308
Sanlam Investment Group ⁽¹⁾	1 443	1 258
Investment Management SA	857	815
International	196	193
Sanlam Specialised Finance	390	250
Sanlam Emerging Markets	1 176	1 050
	63 064	59 546

⁽¹⁾ Comparative information has been adjusted for the reallocation of businesses from Investment Management SA to Sanlam Specialised Finance.

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

5. Value of other Group operations sensitivity analysis (continued)

5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%	
	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
Sanlam Personal Finance	3 854	3 855	3 528	3 529
Glacier	2 423	2 321	2 201	2 106
Sanlam Personal Loans	1 060	1 052	986	982
Other operations	371	482	341	441
Sanlam Emerging Markets	21 485	19 885	18 830	17 186
Shriram Capital	9 779	9 524	8 628	8 267
Saham Finances	7 853	6 833	6 698	5 696
Letshego	1 032	991	908	872
Pacific & Orient	431	376	392	342
Capricorn Investment Holdings	1 053	1 022	971	942
Other operations	1 337	1 139	1 233	1 067
Sanlam Investment Group	14 812	14 305	13 288	12 746
Investment Management SA	4 735	6 067	4 247	5 437
Wealth Management	2 334	2 192	2 109	2 020
International	6 368	5 500	5 668	4 790
Sanlam Specialised Finance	1 375	546	1 264	499
Sanlam Corporate	939	1 085	870	995
Afrocentric	892	1 001	825	923
Other	47	84	45	72
	41 090	39 130	36 516	34 456
Weighted average assumption			15,4%	14,9%

Perpetuity growth rate +1%		Equities and properties -10%		Interest rates -1%		Rand exchange rate depreciation +10%	
June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017	June Reviewed 2018	December Audited 2017
3 992	4 003	3 691	3 683	4 237	4 235	3 854	3 855
2 525	2 426	2 260	2 149	2 688	2 576	2 423	2 321
1 086	1 078	1 060	1 052	1 147	1 130	1 060	1 052
381	499	371	482	402	529	371	482
23 287	21 874	21 427	19 716	25 183	23 656	23 562	21 781
10 478	10 469	9 779	9 524	11 267	11 166	10 757	10 476
8 725	7 655	7 853	6 833	9 618	8 558	8 638	7 516
1 109	1 065	1 032	991	1 186	1 139	1 135	1 090
465	406	431	376	480	419	474	414
1 113	1 083	1 053	920	1 161	1 127	1 053	1 022
1 397	1 196	1 279	1 072	1 471	1 247	1 505	1 263
15 669	15 267	14 114	13 307	16 724	16 286	15 460	14 885
4 983	6 415	4 502	5 747	5 333	6 839	4 735	6 091
2 447	2 362	2 185	1 911	2 609	2 513	2 345	2 198
6 814	5 922	6 108	5 117	7 273	6 333	7 005	6 050
1 425	568	1 319	532	1 509	601	1 375	546
969	1 122	939	1 085	1 022	1 180	939	1 085
921	1 036	892	1 001	973	1 092	892	1 001
48	86	47	84	49	88	47	84
43 917	42 266	40 171	37 791	47 166	45 357	43 815	41 606
2-5%	2-5%						

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

6. Business volumes

6.1 Analysis of new business and total funds received

Analysed per business, reflecting the split between life insurance, general insurance and investment business

R million	Life insurance ⁽¹⁾	
	June Reviewed 2018	June Reviewed 2017
Sanlam Personal Finance⁽³⁾	16 961	15 136
Recurring premium sub cluster and SBD	1 592	1 221
Recurring	1 121	834
Single	471	387
Sky	1 194	675
Glacier	14 175	13 240
Sanlam Emerging Markets	2 654	2 707
Namibia	611	710
Recurring	102	75
Single	509	635
Botswana	817	824
Recurring	159	168
Single	658	656
Rest of Africa (excluding Saham Finances)	621	655
Recurring	334	425
Single	287	230
Saham Finances	61	33
India	378	342
Recurring	221	231
Single	157	111
Malaysia	166	143
Recurring	147	122
Single	19	21
Sanlam Investment Group	1 722	1 383
Investment Management SA	-	-
Wealth Management ⁽⁴⁾	-	-
International ⁽⁴⁾	1 722	1 383
Recurring	22	17
Single	1 700	1 366
Santam	-	-
Sanlam Corporate	1 855	2 041
Recurring	332	294
Single	1 523	1 747
Total new business	23 192	21 267

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

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

⁽³⁾ Comparative information has been adjusted to reflect the revised management structure implemented in 2017.

⁽⁴⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-cluster.

	General insurance		Investment business ⁽²⁾		Total		December
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	Audited 2017
	-	-	14 061	13 478	31 022	28 614	58 615
	-	-	74	74	1 666	1 295	2 838
	-	-	6	10	1 127	844	1 807
	-	-	68	64	539	451	1 031
	-	-	-	-	1 194	675	1 455
	-	-	13 987	13 404	28 162	26 644	54 322
	3 730	2 723	5 023	4 638	11 407	10 068	21 903
	-	-	2 675	1 925	3 286	2 635	5 593
	-	-	-	-	102	75	179
	-	-	2 675	1 925	3 184	2 560	5 414
	82	80	1 783	2 357	2 682	3 261	7 137
	82	80	-	-	241	248	522
	-	-	1 783	2 357	2 441	3 013	6 615
	393	405	565	356	1 579	1 416	2 975
	393	405	101	24	828	854	1 592
	-	-	464	332	751	562	1 383
	2 360	1 347	-	-	2 421	1 380	3 385
	763	751	-	-	1 141	1 093	2 224
	763	751	-	-	984	982	1 992
	-	-	-	-	157	111	232
	132	140	-	-	298	283	589
	132	140	-	-	279	262	523
	-	-	-	-	19	21	66
	-	-	51 707	57 600	53 429	58 983	123 407
	-	-	36 845	45 807	36 845	45 807	91 492
	-	-	5 313	5 565	5 313	5 565	14 902
	-	-	9 549	6 228	11 271	7 611	17 013
	-	-	2	4	24	21	44
	-	-	9 547	6 224	11 247	7 590	16 969
	11 122	10 551	-	-	11 122	10 551	21 435
	-	-	687	-	2 542	2 041	4 828
	-	-	-	-	332	294	570
	-	-	687	-	2 210	1 747	4 258
	14 852	13 274	71 478	75 716	109 522	110 257	230 188

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

6. Business volumes (continued)

6.1 Analysis of new business and total funds received (continued)

R million	Life insurance ⁽¹⁾	
	June Reviewed 2018	June Reviewed 2017
Recurring premiums on existing funds:		
Sanlam Personal Finance	8 880	8 448
Recurring premium sub cluster and SBD	6 574	5 987
Sky	2 259	2 424
Glacier	47	37
Sanlam Emerging Markets	2 831	2 720
Namibia	551	562
Botswana	667	581
Rest of Africa (excluding Saham Finances)	440	477
Saham Finances	197	163
India	315	280
Malaysia	661	657
Sanlam Investment Group	179	179
Investment Management SA	-	-
International	179	179
Sanlam Corporate	2 632	2 786
Total funds received	37 714	35 400

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

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

	General insurance		Investment business ⁽²⁾		Total		December
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	Audited 2017
	-	-	89	102	8 969	8 550	17 821
	-	-	89	102	6 663	6 089	12 773
	-	-	-	-	2 259	2 424	4 998
	-	-	-	-	47	37	50
	-	-	95	-	2 926	2 720	5 295
	-	-	-	-	551	562	1 117
	-	-	-	-	667	581	1 247
	-	-	95	-	535	477	830
	-	-	-	-	197	163	261
	-	-	-	-	315	280	494
	-	-	-	-	661	657	1 346
	-	-	25	1 199	204	1 378	3 088
	-	-	-	1 171	-	1 171	2 681
	-	-	25	28	204	207	407
	-	-	1 978	-	4 610	2 786	5 367
	14 852	13 274	73 665	77 017	126 231	125 691	261 759

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

6. Business volumes (continued)

6.2 Analysis of payments to clients

R million	Life insurance ⁽¹⁾	
	June Reviewed 2018	June Reviewed 2017
Sanlam Personal Finance⁽³⁾	20 901	20 377
Recurring premium sub cluster and SBD	9 344	9 311
Surrenders	1 218	1 285
Other	8 126	8 026
Sky	1 567	1 331
Surrenders	224	232
Other	1 343	1 099
Glacier	9 990	9 735
Surrenders	1 588	1 402
Other	8 402	8 333
Sanlam Emerging Markets	3 545	3 894
Namibia	965	1 389
Surrenders	81	413
Other	884	976
Botswana	685	840
Surrenders	106	190
Other	579	650
Rest of Africa (excluding Saham Finances)	586	589
Surrenders	57	107
Other	529	482
Saham Finances	241	132
India	235	227
Surrenders	94	98
Other	141	129
Malaysia	833	717
Surrenders	199	196
Other	634	521
Sanlam Investment Group	1 938	1 896
Investment Management SA	-	-
Wealth Management ⁽⁴⁾	-	-
International ⁽⁴⁾	1 938	1 896
Santam	-	-
Sanlam Corporate	5 163	4 298
Surrenders	979	972
Other	4 184	3 326
Total payments to clients	31 547	30 465

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

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

⁽³⁾ Comparative information has been adjusted to reflect the revised management structure implemented in 2017.

⁽⁴⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-cluster.

	General insurance		Investment business ⁽²⁾		Total		December
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	Audited 2017
	-	-	12 313	12 826	33 214	33 203	67 982
	-	-	246	300	9 590	9 611	19 685
	-	-	-	-	1 218	1 285	2 573
	-	-	246	300	8 372	8 326	17 112
	-	-	-	-	1 567	1 331	2 830
	-	-	-	-	224	232	448
	-	-	-	-	1 343	1 099	2 382
	-	-	12 067	12 526	22 057	22 261	45 467
	-	-	-	-	1 588	1 402	3 479
	-	-	12 067	12 526	20 469	20 859	41 988
	2 236	1 771	5 351	5 264	11 132	10 929	25 058
	-	-	3 474	3 294	4 439	4 683	9 815
	-	-	-	-	81	413	504
	-	-	3 474	3 294	4 358	4 270	9 311
	37	35	1 820	1 570	2 542	2 445	6 985
	-	-	-	-	106	190	409
	37	35	1 820	1 570	2 436	2 255	6 576
	207	213	57	400	850	1 202	2 409
	-	-	-	-	57	107	156
	207	213	57	400	793	1 095	2 253
	1 252	678	-	-	1 493	810	2 114
	682	778	-	-	917	1 005	2 054
	-	-	-	-	94	98	243
	682	778	-	-	823	907	1 811
	58	67	-	-	891	784	1 681
	-	-	-	-	199	196	521
	58	67	-	-	692	588	1 160
	-	-	48 284	49 233	50 222	51 129	110 385
	-	-	32 963	35 890	32 963	35 890	80 926
	-	-	5 615	7 850	5 615	7 850	16 139
	-	-	9 706	5 493	11 644	7 389	13 320
	6 919	7 253	-	-	6 919	7 253	14 170
	-	-	2 342	-	7 505	4 298	9 589
	-	-	402	-	1 381	972	1 817
	-	-	1 940	-	6 124	3 326	7 772
	9 155	9 024	68 290	67 323	108 992	106 812	227 184

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

6. Business volumes (continued)

6.3 Analysis of net inflow/(outflow) of funds

R million	Life insurance ⁽¹⁾	
	June Reviewed 2018	June Reviewed 2017
Sanlam Personal Finance⁽³⁾	4 940	3 207
Recurring premium sub cluster and SBD	(1 178)	(2 103)
Sky	1 886	1 768
Glacier	4 232	3 542
Sanlam Emerging Markets	1 940	1 533
Namibia	197	(117)
Botswana	799	565
Rest of Africa (excluding Saham Finances)	475	543
Saham Finances	17	64
India	458	395
Malaysia	(6)	83
Sanlam Investment Group	(37)	(334)
Investment Management SA	-	-
Wealth Management ⁽⁴⁾	-	-
International ⁽⁴⁾	(37)	(334)
Santam	-	-
Sanlam Corporate	(676)	529
Total net inflow	6 167	4 935

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

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

⁽³⁾ Comparative information has been adjusted to reflect the revised management structure implemented in 2017.

⁽⁴⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-cluster.

7. Cluster Information

7.1 Sanlam Personal Finance

Analysis of earnings

R million	Life insurance	
	June Reviewed 2018	June Reviewed 2017
Net result from financial services	1 925	1 930
Recurring premium sub cluster	1 054	960
Sanlam Sky	487	450
Glacier	348	484
SBD and other	36	36
Net investment return	122	229
Operations	122	229
Discretionary capital and other	-	-
Net other earnings	(26)	(20)
Normalised attributable earnings	2 021	2 139

	General insurance		Investment business ⁽²⁾		Total		December
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	Audited 2017
	-	-	1 837	754	6 777	3 961	8 454
	-	-	(83)	(124)	(1 261)	(2 227)	(4 074)
	-	-	-	-	1 886	1 768	3 623
	-	-	1 920	878	6 152	4 420	8 905
	1 494	952	(233)	(626)	3 201	1 859	2 140
	-	-	(799)	(1 369)	(602)	(1 486)	(3 105)
	45	45	(37)	787	807	1 397	1 399
	186	192	603	(44)	1 264	691	1 396
	1 108	669	-	-	1 125	733	1 532
	81	(27)	-	-	539	368	664
	74	73	-	-	68	156	254
	-	-	3 448	9 566	3 411	9 232	16 110
	-	-	3 882	11 088	3 882	11 088	13 247
	-	-	(302)	(2 285)	(302)	(2 285)	(147)
	-	-	(132)	763	(169)	429	3 010
	4 203	3 298	-	-	4 203	3 298	7 265
	-	-	323	-	(353)	529	606
	5 697	4 250	5 375	9 694	17 239	18 879	34 575

	Non-life operations		Total		December
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	Audited 2017
	171	203	2 096	2 133	4 235
	6	6	1 060	966	1 856
	-	-	487	450	875
	94	110	442	594	1 264
	71	87	107	123	240
	99	(26)	221	203	490
	6	6	128	235	489
	93	(32)	93	(32)	1
	-	-	(26)	(20)	(45)
	270	177	2 291	2 316	4 680

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.1 Sanlam Personal Finance (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2018	June Reviewed 2017
Operational earnings	3 218	2 942
Value of new life insurance business	622	585
Unwinding of discount rate	1 914	1 822
Expected profit	-	-
Operating experience variances	712	415
Risk experience	209	208
Persistency	(53)	(86)
Maintenance expenses	32	1
Working capital management	150	138
Credit spread	60	87
Other	314	67
Operating assumption changes	(30)	120
Risk experience	-	70
Persistency	-	-
Maintenance expenses	67	40
Modelling changes and other	(97)	10
Net investment return	122	229
Expected return on adjusted net asset value	175	291
Investment variances on adjusted net asset value	(53)	(62)
Valuation and economic basis	(1 104)	63
Investment variances on in-force business	(742)	(140)
Economic assumption changes	(362)	203
Investment yields	(356)	203
Long-term asset mix and other	(6)	-
Change in tax basis	(38)	-
Goodwill and VOBA from business combinations	(4)	-
GEV earnings: covered business	2 194	3 234
Acquired value of in-force	8	-
Transfers from/(to) other Group operations	298	(838)
Transfers from covered business	(3 040)	(2 688)
Embedded value of covered business at the beginning of the period	39 546	38 216
Embedded value of covered business at the end of the period	39 006	37 924

Value of in-force		Cost of capital		Net asset value		December Audited 2017
June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	
951	886	130	73	2 137	1 983	5 984
1 776	1 565	(44)	(58)	(1 110)	(922)	1 407
1 872	1 763	42	59	-	-	3 661
(2 711)	(2 494)	-	-	2 711	2 494	-
38	44	175	75	499	296	1 107
-	72	(1)	(5)	210	141	401
42	(38)	4	2	(99)	(50)	(100)
(1)	(1)	-	-	33	2	10
-	2	-	-	150	136	346
(2)	-	-	-	62	87	186
(1)	9	172	78	143	(20)	264
(24)	8	(43)	(3)	37	115	(191)
-	43	-	2	-	25	118
-	-	-	-	-	-	(80)
35	(1)	1	-	31	41	(182)
(59)	(34)	(44)	(5)	6	49	(47)
-	-	-	-	122	229	481
-	-	-	-	175	291	432
-	-	-	-	(53)	(62)	49
(910)	90	-	26	(194)	(53)	636
(566)	(107)	19	16	(195)	(49)	375
(344)	197	(19)	10	1	(4)	261
(338)	197	(19)	10	1	(4)	261
(6)	-	-	-	-	-	-
(20)	-	-	-	(18)	-	-
(4)	-	-	-	-	-	(442)
17	976	130	99	2 047	2 159	6 659
7	-	-	-	1	-	721
-	-	-	321	298	(1 159)	(1 158)
-	-	-	-	(3 040)	(2 688)	(4 892)
34 682	31 823	(1 392)	(1 965)	6 256	8 358	38 216
34 706	32 799	(1 262)	(1 545)	5 562	6 670	39 546

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.1 Sanlam Personal Finance (continued)

Assets under management

R million	June Reviewed 2018	December Audited 2017
Sanlam Sky: Life insurance operations	5 578	5 562
Recurring premium sub cluster	162 726	171 820
Life insurance operations	160 744	169 737
Investment operations	1 982	2 083
Glacier	317 599	299 905
Life insurance operations	183 568	168 690
Investment operations	134 031	131 215
Total	485 903	477 287
Life insurance operations	349 890	343 989
Investment operations	136 013	133 298
	485 903	477 287
Sanlam Personal Loans		
Gross size of loan book (R million)	4 861	4 690
Interest margin	16,4%	16,6%
Bad debt ratio	5,3%	4,3%
Administration cost as % of net interest	30,2%	31,1%

7.2 Sanlam Emerging Markets

Analysis of earnings

R million	June Reviewed 2018	June Reviewed 2017	December Audited 2017
Net result from financial services	911	771	1 793
Life insurance	290	320	645
General insurance	294	160	379
Investment management	24	25	58
Credit and banking	322	292	760
Other	(19)	(26)	(49)
Net investment return	283	155	328
Net investment income	115	84	201
Net investment surpluses	168	71	127
Net other earnings	(110)	125	936
Project expenses	(39)	(31)	(99)
Amortisation of value of business acquired and other intangibles	(26)	(19)	(44)
Profit on disposal of subsidiaries and associated companies	3	5	1 159
Net equity-accounted headline earnings	-	5	10
Impairments	(48)	(14)	(230)
Net equity-accounted non-headline earnings	-	179	140
Normalised attributable earnings	1 084	1 051	3 057

7. Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of net result from financial services

R million	Life insurance		Non-life operations		Total		December Audited 2017
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	
Namibia	63	73	85	80	148	153	344
Botswana	107	88	42	67	149	155	356
Rest of Africa (excluding Saham Finances)	62	110	(24)	(24)	38	86	134
Saham Finances	44	24	190	92	234	116	243
India	15	15	313	238	328	253	759
Malaysia	(1)	10	9	10	8	20	24
Corporate and other	-	-	6	(12)	6	(12)	(67)
Net result from financial services	290	320	621	451	911	771	1 793

Analysis of net investment return

R million	Life insurance		Non-life operations		Total		December Audited 2017
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	
Namibia	19	24	63	6	82	30	114
Botswana	9	(4)	31	-	40	(4)	5
Rest of Africa (excluding Saham Finances)	39	35	(13)	2	26	37	113
Saham Finances	7	8	107	27	114	35	130
India	8	14	34	19	42	33	22
Malaysia	1	10	2	3	3	13	16
Corporate and other	-	11	(24)	-	(24)	11	(72)
Net investment return	83	98	200	57	283	155	328

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2018	June Reviewed 2017
Operational earnings	478	476
Value of new life insurance business	150	171
Unwinding of discount rate	259	273
Expected profit	-	-
Operating experience variances	85	64
Risk experience	17	32
Persistency	(7)	(21)
Maintenance expenses	(7)	4
Working capital management	17	28
Other	65	21
Operating assumption changes	(16)	(32)
Risk experience	14	1
Persistency	(15)	-
Maintenance expenses	(12)	(32)
Modelling changes and other	(3)	(1)
Net investment return	324	46
Expected return on adjusted net asset value	104	95
Investment variances on adjusted net asset value	220	(49)
Net project expenses	(13)	-
Valuation and economic basis	54	669
Investment variances on in-force business	(38)	(23)
Economic assumption changes	(106)	(10)
Investment yields	(111)	(11)
Long-term asset mix assumptions and other	5	1
Foreign currency translation differences	198	(43)
Revaluation of business held for sale	-	745
Change in tax basis	4	-
Profit on disposal of subsidiaries and associated companies	-	-
Goodwill and VOBA from business combinations	-	(43)
GEV earnings: covered business	847	1 148
Acquired value of in-force	-	690
Disposal of businesses	-	-
Transfers from covered business	(285)	(262)
Embedded value of covered business at the beginning of the period	6 686	6 370
Embedded value of covered business at the end of the period	7 248	7 946

	Value of in-force		Cost of capital		Net asset value		
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	December Audited 2017
	216	172	(34)	(30)	296	334	817
	355	331	(24)	(15)	(181)	(145)	347
	242	266	17	7	-	-	494
	(420)	(429)	-	-	420	429	-
	42	(12)	(8)	7	51	69	25
	17	1	(3)	(1)	3	32	83
	10	(20)	(6)	9	(11)	(10)	(3)
	(1)	3	-	2	(6)	(1)	(11)
	-	-	-	-	17	28	48
	16	4	1	(3)	48	20	(92)
	(3)	16	(19)	(29)	6	(19)	(49)
	14	7	-	-	-	(6)	42
	(13)	7	(3)	(3)	1	(4)	(35)
	(11)	(11)	-	-	(1)	(21)	(46)
	7	13	(16)	(26)	6	12	(10)
	-	-	-	-	324	46	(29)
	-	-	-	-	104	95	186
	-	-	-	-	220	(49)	(215)
	-	-	-	-	(13)	-	-
	86	699	(25)	(16)	(7)	(14)	(58)
	(47)	7	(2)	(15)	11	(15)	78
	(93)	(6)	5	(5)	(18)	1	19
	(92)	(7)	(1)	(5)	(18)	1	45
	(1)	1	6	-	-	-	(26)
	226	(47)	(28)	4	-	-	(155)
	-	745	-	-	-	-	-
	4	-	(1)	-	1	-	-
	-	-	-	-	-	-	789
	-	(43)	-	-	-	-	(43)
	306	828	(60)	(46)	601	366	1 476
	-	423	-	-	-	267	722
	-	-	-	-	-	-	(1 331)
	-	-	-	-	(285)	(262)	(551)
	4 045	3 871	(380)	(358)	3 021	2 857	6 370
	4 351	5 122	(440)	(404)	3 337	3 228	6 686

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

Analysis of Saham Finances

	June Reviewed 2018	June Reviewed 2017
R million	Saham Total (100%)	
Gross written premiums	8 666	8 010
Net earned premium	6 391	5 945
Net claims incurred	(3 901)	(3 829)
Net commission	(671)	(612)
Management expenses	(1 174)	(1 382)
Underwriting result	645	122
Investment return on insurance funds	508	736
Net insurance result	1 153	858
Tax and non-controlling interest	(513)	(409)
Net result from Financial Services before cluster-level cost allocation	640	449
Allocation of cluster overhead costs	(20)	(14)
Net result from financial services	620	435

Analysis of gross written premium

	Life insurance	
	June Reviewed 2018	June Reviewed 2017
R million		
Morocco	831	742
Lebanon	337	341
Mauritius	-	-
Ivory Coast	274	244
Angola	30	35
Other	196	150
Consolidation	(16)	(99)
Gross written premium	1 652	1 413

Analysis of underwriting result

	Life Insurance	
	June Reviewed 2018	June Reviewed 2017
R million		
Morocco	62	5
Lebanon	2	(1)
Mauritius	-	-
Ivory Coast	(26)	(68)
Angola	-	(1)
Other	(43)	(38)
Underwriting result	(5)	(103)

June Reviewed 2018 San JV (46,7%)			June Reviewed 2017 San JV (34,2%)		
SEM (39,7%)	Santam (7%)	Remaining interest (53,3%)	SEM (26,9%)	Santam (7,3%)	Remaining interest (65,8%)
3 434	607	4 625	2 158	585	5 267
2 533	447	3 411	1 601	436	3 908
(1 546)	(273)	(2 082)	(1 032)	(281)	(2 516)
(266)	(47)	(358)	(165)	(45)	(402)
(465)	(82)	(627)	(371)	(101)	(910)
256	45	344	33	9	80
201	36	271	198	53	485
457	81	615	231	62	565
(203)	(36)	(274)	(101)	(30)	(278)
254	45	341	130	32	287
(20)	-	-	(14)	-	-
234	45	341	116	32	287

General Insurance		Reinsurance		Total	
June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
3 213	3 162	-	-	4 044	3 904
311	341	-	-	648	682
-	-	674	527	674	527
839	739	-	-	1 113	983
730	667	-	-	760	702
1 319	1 193	589	567	2 104	1 910
(75)	(32)	(586)	(567)	(677)	(698)
6 337	6 070	677	527	8 666	8 010

General Insurance		Reinsurance		Total	
June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
254	126	-	-	316	131
2	(1)	-	-	4	(2)
-	-	290	256	290	256
61	48	-	-	35	(20)
7	(10)	-	-	7	(11)
72	(39)	(36)	(155)	(7)	(232)
396	124	254	101	645	122

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.2 Sanlam Emerging Markets (continued)

Investment in Saham Finances

R million	June Reviewed 2018
Assets	59 221
Intangible assets	5 031
Investment assets	30 319
Other assets	23 871
Liabilities	(43 243)
Policy liabilities	(35 174)
Other liabilities	(8 069)
Net asset value	15 978
Non-controlling interest	4 039
Shareholders' fund	11 939
Calculated carrying value	5 567
Foreign currency hedge	(574)
Goodwill recognised in the carrying value of associate	5 719
Carrying value	10 712

Assets under management

R million	June Reviewed 2018	December Audited 2017
Life insurance operations	47 790	48 769
Investment operations	70 368	63 908
Namibia	22 248	23 190
Botswana	12 609	11 535
Rest of Africa	35 511	29 183
Assets under management	118 158	112 677

Size of loan book (Sanlam share)

R million	June Reviewed 2018	December Audited 2017
Shriram Transport Finance Company	18 670	16 194
Shriram City Union Finance	4 850	4 253
Capricorn Investment Holdings	8 410	7 912
Letshego	1 859	1 651

7.3 Sanlam Investment Group

Analysis of net result from financial services

R million	Life Insurance		Non-life operations		Total	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
Investment Management	43	39	281	325	324	364
Investment Management SA	-	-	122	133	122	133
Wealth Management	-	-	64	60	64	60
International	43	39	95	132	138	171
Sanlam Specialised Finance	83	71	116	138	199	209
Net result from financial services⁽¹⁾	126	110	397	463	523	573

⁽¹⁾ Included in net result from financial services are performance fees of R5,5m (2017: R23,8m) net of tax.

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2018	June Reviewed 2017
Operational earnings	84	100
Value of new life insurance business	-	-
Unwinding of discount rate	44	33
Expected profit	-	-
Operating experience variances	68	65
Risk experience	1	4
Persistency	2	1
Maintenance expenses	(2)	-
Credit spread	84	71
Other	(17)	(11)
Operating assumption changes	(28)	2
Risk experience	-	-
Maintenance expenses	-	-
Modelling changes and other	(28)	2
Net investment return	103	35
Expected return on adjusted net asset value	76	40
Investment variances on adjusted net asset value	27	(5)
Valuation and economic basis	71	18
Investment variances on in-force business	4	19
Economic assumption changes	13	(5)
Investment yields	4	(5)
Long-term asset mix assumptions and other	9	-
Foreign currency translation differences	54	4
GEV earnings: covered business	258	153
Transfers from/(to) other Group operations	42	1 097
Transfers from covered business	(179)	(71)
Embedded value of covered business at the beginning of the period	2 768	1 137
Embedded value of covered business at the end of the period	2 889	2 316

	Value of in-force		Cost of capital		Net asset value		
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	December Audited 2017
	(2)	(11)	(27)	7	113	104	239
	32	26	(4)	(4)	(28)	(22)	-
	24	23	20	10	-	-	89
	(54)	(53)	-	-	54	53	-
	(4)	(9)	(15)	1	87	73	136
	-	-	-	-	1	4	6
	3	2	(1)	(1)	-	-	10
	-	-	-	-	(2)	-	(5)
	-	-	-	-	84	71	138
	(7)	(11)	(14)	2	4	(2)	(13)
	-	2	(28)	-	-	-	14
	-	-	-	-	-	-	23
	-	-	-	-	-	-	(21)
	-	2	(28)	-	-	-	12
	-	-	-	-	103	35	176
	-	-	-	-	76	40	157
	-	-	-	-	27	(5)	19
	64	16	(6)	(3)	13	5	(12)
	(10)	14	-	-	14	5	(8)
	8	(3)	6	(2)	(1)	-	4
	-	(3)	5	(2)	(1)	-	4
	8	-	1	-	-	-	-
	66	5	(12)	(1)	-	-	(8)
	62	5	(33)	4	229	144	403
	-	-	-	(444)	42	1 541	1 559
	-	-	-	-	(179)	(71)	(331)
	828	828	(704)	(157)	2 644	466	1 137
	890	833	(737)	(597)	2 736	2 080	2 768

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.3 Sanlam Investment Group (continued)

Assets under management

	Assets under management		Fee income		Administration cost	
	June Reviewed 2018 R million	December Audited 2017 R million	June Reviewed 2018 %	December Audited 2017 %	June Reviewed 2018 %	December Audited 2017 %
Investment Management						
Investment Management SA ⁽¹⁾	731 880	730 565	0,32	0,31	0,24	0,24
Wealth Management ⁽²⁾	155 061	163 132	0,54	0,59	0,42	0,46
Annuity assets	75 416	72 559				
Non-annuity assets	79 645	90 573				
International ⁽²⁾	175 337	154 836	0,76	0,84	0,58	0,63
Central Credit Manager & Intra-cluster eliminations	(221 527)	(217 257)				
Asset management operations	840 751	831 276				
Covered business						
Sanlam UK	49 478	45 470				
Central Credit Manager	31 120	30 754				
Assets under management	921 349	907 500				

Asset mix of assets under management: asset management operations

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
June – reviewed 2018						
Investment Management SA	159 285	332 375	97 949	24 132	118 139	731 880
Wealth Management	-	116 485	34 719	-	3 857	155 061
International	-	-	175 337	-	-	175 337
Central Credit Manager & Intra-cluster consolidation						(221 527)
Total	159 285	448 860	308 005	24 132	121 996	840 751
December – audited 2017						
Investment Management SA	160 970	341 651	76 017	21 794	130 133	730 565
Wealth Management ⁽²⁾	-	129 090	29 957	-	4 085	163 132
International ⁽²⁾	-	-	154 836	-	-	154 836
Central credit manager & Intra-cluster consolidation						(217 257)
Total	160 970	470 741	260 810	21 794	134 218	831 276

⁽¹⁾ Includes Sanlam assets of R273bn (December 2017: R269bn).

⁽²⁾ Comparative information has been adjusted for the reallocation of businesses between Wealth Management and International sub-clusters.

7. Cluster Information (continued)

7.4 Santam

R million	June Reviewed 2018	June Reviewed 2017	December Audited 2017
Business volumes			
Gross written premiums	15 591	13 795	29 720
Net earned premiums	11 122	10 551	21 435
Net fund flows	4 203	3 298	7 265

Insurance activities

R million	Gross written premiums		Underwriting result	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
Conventional insurance	13 122	12 085	916	428
Motor	6 349	5 944	513	459
Property	4 763	4 188	280	(415)
Engineering	608	645	127	114
Liability	563	566	(49)	93
Transportation	347	356	(16)	12
Accident and health	273	232	40	35
Guarantee	124	77	(32)	(3)
Other	95	77	53	133
Alternative risk	2 469	1 710	25	(6)
Total	15 591	13 795	941	422
Ratios				
Administration cost ratio ⁽¹⁾			17,7%	15,4%
Claims ratio ⁽¹⁾			62,2%	68,7%
Underwriting margin ⁽¹⁾			8,5%	4,0%
Investment return on insurance funds margin			2,7%	3,2%

⁽¹⁾ Ratios are calculated as a percentage of net earned premiums.

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.4 Santam (continued)

R million	Total	
	June Reviewed 2018	June Reviewed 2017
Earnings		
Underwriting result	941	422
Net earned premiums	11 122	10 551
Net claims incurred	(6 919)	(7 252)
Net commission	(1 292)	(1 255)
Management expenses (excluding BEE costs)	(1 970)	(1 622)
Investment return on insurance funds	301	338
Net insurance result	1 242	760
Strategic participations	139	101
Saham Finances	81	62
SEM target shares	58	39
Gross result from financial services	1 381	861
Tax and non-controlling interest	(808)	(524)
Net result from financial services	573	337

7.5 Sanlam Corporate Business volumes Sanlam Employee Benefits

R million	Total		Life insurance		Investment business	
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017
New business volumes	2 542	2 041	1 855	2 041	687	-
Recurring premiums	332	294	332	294	-	-
Guaranteed	157	152	157	152	-	-
Risk	175	142	175	142	-	-
Single premiums	2 210	1 747	1 523	1 747	687	-
Guaranteed	428	457	428	457	-	-
Risk	11	4	11	4	-	-
Retirement	791	1 041	791	1 041	-	-
Annuity	96	152	96	152	-	-
Special structures	197	93	197	93	-	-
Other	687	-	-	-	687	-

Analysis of earnings

R million	Life insurance		Non-life operations		Total	
	2018	2017	2018	2017	2018	2017
Net result from financial services	236	177	72	67	308	244
Sanlam Employee Benefits	236	177	-	-	236	177
Healthcare and other	-	-	72	67	72	67
Net investment return	44	95	-	-	44	95
Net investment income	47	45	-	-	47	45
Net investment surpluses	(3)	50	-	-	(3)	50
Net other earnings	-	-	(10)	(12)	(10)	(12)
Normalised attributable earnings	280	272	62	55	342	327

	Conventional		Alternative risk		December
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	Audited 2017
	916	428	25	(6)	1 281
	10 948	10 250	174	301	21 435
	(6 796)	(7 003)	(123)	(249)	(14 170)
	(1 361)	(1 273)	69	18	(2 424)
	(1 875)	(1 546)	(95)	(76)	(3 560)
	263	296	38	42	648
	1 179	724	63	36	1 929
					244
					118
					126
					2 173
					(1 322)
					851

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

7. Cluster Information (continued)

7.5 Sanlam Corporate (continued)

Analysis of change in GEV – covered business

R million	Total	
	June Reviewed 2018	June Reviewed 2017
Operational earnings	507	266
Value of new life insurance business	19	26
Unwinding of discount rate	200	187
Expected profit	-	-
Operating experience variances	213	51
Risk experience	20	17
Persistency	2	(8)
Maintenance expenses	4	(4)
Working capital management	30	25
Credit spread	48	12
Other	109	9
Operating assumption changes	75	2
Maintenance expenses	18	(1)
Modelling changes and other	57	3
Net investment return	44	95
Expected return on adjusted net asset value	90	130
Investment variances on adjusted net asset value	(46)	(35)
Valuation and economic basis	(17)	(14)
Investment variances on in-force business	(1)	24
Economic assumption changes	(16)	(38)
Investment yields	(16)	(38)
GEV earnings: covered business	534	347
Transfers from/(to) other Group operations	(340)	(259)
Transfers from covered business	(811)	(273)
Acquired value of in-force	288	-
Embedded value of covered business at the beginning of the period	5 283	5 523
Embedded value of covered business at the end of the period	4 954	5 338

	Value of in-force		Cost of capital		Net asset value		December Audited 2017
	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	June Reviewed 2018	June Reviewed 2017	
	39	78	228	11	240	177	572
	84	94	(16)	(28)	(49)	(40)	87
	185	169	15	18	-	-	376
	(197)	(166)	-	-	197	166	-
	(26)	(24)	128	21	111	54	290
	(9)	(2)	-	-	29	19	(43)
	(6)	(22)	7	3	1	11	160
	-	-	-	-	4	(4)	(3)
	-	-	-	-	30	25	58
	-	-	-	-	48	12	72
	(11)	-	121	18	(1)	(9)	46
	(7)	5	101	-	(19)	(3)	(181)
	18	(1)	-	-	-	-	10
	(25)	6	101	-	(19)	(3)	(191)
	-	-	-	-	44	95	302
	-	-	-	-	90	130	245
	-	-	-	-	(46)	(35)	57
	(46)	(18)	33	3	(4)	1	196
	(11)	21	14	2	(4)	1	246
	(35)	(39)	19	1	-	-	(50)
	(35)	(39)	19	1	-	-	(50)
	(7)	60	261	14	280	273	1 070
	-	-	-	123	(340)	(382)	(401)
	-	-	-	-	(811)	(273)	(909)
	241	-	-	-	47	-	-
	3 065	2 857	(899)	(1 054)	3 117	3 720	5 523
	3 299	2 917	(638)	(917)	2 293	3 338	5 283

Notes to the shareholders' fund information (continued)

for the six months ended 30 June 2018

8. Normalised diluted earnings per share

	June Reviewed 2018	Reviewed 2017
Cents		
Normalised diluted earnings per share:		
Net result from financial services	211,0	197,9
Headline earnings	236,2	218,7
Profit attributable to shareholders' fund	232,6	233,4
R million		
Analysis of normalised earnings (refer shareholders' fund income statement on page 44):		
Net result from financial services	4 393	4 056
Headline earnings	4 917	4 481
Profit attributable to shareholders' fund	4 841	4 783
Reconciliation of normalised headline earnings:		
Headline earnings per note 1 on page 94	5 126	4 565
Add/(Less): Fund transfers	(209)	(84)
Normalised headline earnings	4 917	4 481
	Million	Million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 1 on page 94)	2 062,3	2 026,0
Add: Weighted average Sanlam shares held by policyholders	19,4	23,2
Adjusted weighted average number of shares for normalised diluted earnings per share	2 081,7	2 049,2

9. Value per share

Net asset value per share is calculated on the Group shareholders' fund at net asset value of R64 124 million (2017: R57 820 million), divided by 2 112,8 million (2017: 2 049,9 million) shares.

Equity value per share is calculated based on the Group Equity Value of R128 668 million (2017: R121 763 million), divided by 2 112,8 million (2017: 2 049,9 million) shares.

	June Reviewed 2018	December Audited 2017
R million		
Number of shares for value per share		
Number of ordinary shares in issue at beginning of period	2 166,5	2 166,5
Shares held by subsidiaries in shareholders' fund	(139,0)	(137,4)
Shares issued	65,5	0,0
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	19,8	20,8
Adjusted number of shares for value per share	2 112,8	2 049,9

10. Present value of holding company expenses

The present value of holding company expenses has been calculated by applying a multiple of 8,9 (December 2017: 8,7) to the after tax recurring corporate expenses.

11. Shares issued

During 2018, Sanlam Limited issued 65 517 241 shares at a price of R87 per share. The shares issued represent approximately 3,0% of the Company's issued ordinary share capital of 2 166 471 806 prior to the issuance.

12. Share repurchases

Sanlam shareholders granted general authorities to the Group at the 2018 and 2017 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in 2018.

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Independent auditor's review report on interim condensed consolidated financial statements

To the shareholders of Sanlam Limited

Introduction

We have reviewed the condensed consolidated financial statements of Sanlam Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2018 and condensed consolidated statements of comprehensive income, changes in equity and cash flow for the six-month period then ended, selected explanatory notes set out on pages 90 to 105 and the basis of accounting as set out on pages 26 and 27.

Directors' responsibility for the interim financial statements

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

Auditors' responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Sanlam Limited for the six-month period ended 30 June 2018 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting", the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

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

No. 3 Dock Road
Waterway House
V&A Waterfront
Cape Town

5 September 2018

Group statement of financial position

at 30 June 2018

R million	Reviewed June 2018	Audited December 2017
Assets		
Equipment	939	876
Owner-occupied properties	984	963
Goodwill	4 384	4 158
Value of business acquired	2 033	1 930
Other intangible assets	485	517
Deferred acquisition costs	3 650	3 659
Long-term reinsurance assets	1 093	1 063
Investments	689 677	656 020
Properties	11 936	11 505
Investment in associates and joint ventures	28 388	26 476
Equities and similar securities	195 431	201 095
Interest-bearing investments	193 768	185 363
Structured transactions	18 598	15 381
Investment funds	188 679	177 235
Cash, deposits and similar securities	52 877	38 965
Deferred tax asset	1 931	2 083
Assets of disposal groups classified as held for sale	608	321
General insurance technical assets	6 868	6 400
Working capital assets	56 530	55 593
Trade and other receivables	39 479	33 633
Cash, deposits and similar securities	17 051	21 960
Total assets	769 182	733 583
Equity and liabilities		
Capital and reserves		
Share capital and premium	5 657	22
Treasury shares	(3 997)	(3 811)
Other reserves	10 417	9 084
Retained earnings	51 420	52 125
Shareholders' fund	63 497	57 420
Non-controlling interests	6 183	6 017
Total equity	69 680	63 437
Long-term policy liabilities	537 640	524 441
Insurance contracts	178 447	178 868
Investment contracts	359 193	345 573
Term finance	6 527	6 426
Margin business	2 051	1 918
Other interest-bearing liabilities	4 476	4 508
Structured transaction liabilities	11 427	4 187
External investors in consolidated funds	67 313	62 329
Cell owners' interest	3 220	3 217
Deferred tax liability	2 273	2 435
General insurance technical provisions	19 671	18 668
Working capital liabilities	51 431	48 443
Trade and other payables	48 815	46 507
Provisions	273	333
Taxation	2 343	1 603
Total equity and liabilities	769 182	733 583

Group statement of comprehensive income

for the six months ended 30 June 2018

R million	Note	Reviewed 2018	Reviewed 2017
Net income		44 033	47 289
Financial services income	3	33 629	30 465
Reinsurance premiums paid		(5 204)	(4 380)
Reinsurance commission received		948	742
Investment income		15 553	14 921
Investment surpluses		(513)	8 281
Finance cost – margin business		(70)	(54)
Change in fair value of external investors' liability		(310)	(2 686)
Net insurance and investment contract benefits and claims		(22 924)	(28 084)
Long-term insurance and investment contract benefits		(16 626)	(21 390)
General insurance claims		(9 177)	(10 901)
Reinsurance claims received		2 879	4 207
Expenses		(14 103)	(12 485)
Sales remuneration		(4 801)	(4 073)
Administration costs		(9 302)	(8 412)
Impairments		(108)	(27)
Amortisation of intangibles		(172)	(146)
Net operating result		6 726	6 547
Equity-accounted earnings		1 364	1 296
Finance cost – other		(386)	(501)
Profit before tax		7 704	7 342
Taxation		(2 158)	(1 962)
Shareholders' fund		(1 777)	(1 439)
Policyholders' fund		(381)	(523)
Profit for the period		5 546	5 380
Other comprehensive income: to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		1 952	(306)
Other comprehensive income of equity accounted investments		(94)	4
Movement in cash flow hedge		965	(40)
Comprehensive income for the period		8 369	5 038
Allocation of comprehensive income:			
Profit for the period		5 546	5 380
Shareholders' fund		5 050	4 867
Non-controlling interests		496	513
Comprehensive income for the period		8 369	5 038
Shareholders' fund		7 624	4 622
Non-controlling interests		745	416
Earnings attributable to shareholders of the company (cents):			
Profit for the period			
Basic earnings per share	1	247,2	242,8
Diluted earnings per share	1	244,9	240,2

Group statement of changes in equity

for the six months ended 30 June 2018

R million	Note	Reviewed 2018	Restated 2017
Shareholders' fund			
Balance at beginning of the period		57 420	53 390
IFRS transitional adjustments	10.1	(429)	-
Balance at beginning of the period - restated		56 991	53 390
Comprehensive income		7 624	4 622
Profit for the period		5 050	4 867
Other comprehensive income		2 574	(245)
Net acquisition of treasury shares ⁽¹⁾		(860)	(245)
Share-based payments		171	181
Acquisitions, disposals and other movements in interests		(11)	-
Shares issued		5 635	-
Dividends paid ⁽²⁾		(6 053)	(5 400)
Balance at end of the period		63 497	52 548
Non-controlling interests			
Balance at beginning of the period		6 017	5 696
IFRS transitional adjustments	10.1	(12)	-
Balance at beginning of the period - restated		6 005	5 696
Comprehensive income		745	416
Profit for the period		496	513
Other comprehensive income		249	(97)
Net acquisition of treasury shares ⁽¹⁾		(23)	(27)
Share-based payments		15	16
Acquisitions, disposals and other movements in interests		(8)	46
Dividends paid		(551)	(489)
Balance at end of the period		6 183	5 658
Shareholders' fund		56 991	53 390
Non-controlling interests		6 005	5 696
Total equity at the beginning of the period		62 996	59 086
Shareholders' fund		63 497	52 548
Non-controlling interests		6 183	5 658
Total equity at the end of the period		69 680	58 206

⁽¹⁾ Comprises movement in cost of shares held by subsidiaries, the share incentive trust and other consolidated funds.

⁽²⁾ Dividend of 290 cents per share declared and paid during 2018 in respect of the 2017 financial year (2017: 268 cents).

Group cash flow statement

for the six months ended 30 June 2018

R million	Note	Reviewed 2018	Restated 2017
Cash flows from operating activities		3 108	1 074
Cash utilised in operations	5.1	(4 119)	(4 989)
Interest received		9 736	9 690
Interest paid		(456)	(555)
Dividends received		5 927	4 873
Dividends paid		(6 500)	(5 768)
Taxation paid		(1 480)	(2 177)
Cash flows from investing activities		(336)	(4 185)
Acquisition of subsidiaries and associates		(336)	(4 185)
Cash flows from financing activities		4 828	548
Shares issued		5 635	-
Movement in treasury shares		(883)	(272)
Term finance raised		431	1 112
Term finance repaid		(355)	(292)
Net increase in cash and cash equivalents		7 600	(2 563)
Effect of exchange rate movements on cash balances		905	(5)
Cash, deposits and similar securities at beginning of the period		55 419	52 621
Cash, deposits and similar securities at end of the period	5.2	63 924	50 053

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2018

1. Earnings per share

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

For diluted earnings per share, the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme and treasury shares held by subsidiaries, consolidated investment funds and policyholders. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Refer to page 86 for normalised earnings per share, which is based on the economic earnings attributable to the shareholders' fund, and in management's view should also be used when evaluating the Group's economic performance.

Cents	Reviewed 2018	Reviewed 2017
Basic earnings per share:		
Headline earnings	251,0	227,7
Profit attributable to shareholders' fund	247,2	242,8
Diluted earnings per share:		
Headline earnings	248,6	225,3
Profit attributable to shareholders' fund	244,9	240,2
R million		
Analysis of earnings:		
Profit attributable to shareholders' fund	5 050	4 867
Less: Net profit on disposal of operations	(3)	(150)
Profit on disposal of subsidiaries and associated companies	-	(188)
Tax on profit on disposal of subsidiaries and associated companies	(5)	-
Non-controlling interests	2	38
Less: Equity-accounted non-headline earnings	5	(173)
Plus: Impairments	74	21
Gross impairments	108	27
Tax on impairments	(1)	(1)
Non-controlling interests	(33)	(5)
Headline earnings	5 126	4 565
Million		
Number of shares:		
Number of ordinary shares in issue at beginning of the period	2 166,5	2 166,5
Add: Weighted number of shares issued	32,8	-
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds (including policyholders)	(156,8)	(161,6)
Adjusted weighted average number of shares for basic earnings per share	2 042,5	2 004,9
Add: Number of shares in respect of Sanlam Limited long-term incentive schemes	19,8	21,1
Adjusted weighted average number of shares for diluted earnings per share	2 062,3	2 026,0

2. Reconciliation of segmental information

R million	Reviewed 2018	Reviewed 2017
Segment financial services income (per shareholders' fund income statement)	30 594	28 004
Sanlam Personal Finance	9 301	8 471
Sanlam Emerging Markets	4 000	3 525
Sanlam Investment Group	2 880	2 627
Santam	11 562	10 990
Sanlam Corporate	2 712	2 257
Group Office and other	139	134
IFRS adjustments	3 035	2 461
Total financial services income	33 629	30 465
Segment results (per shareholders' fund income statement after tax and non-controlling interest)	4 841	4 783
Sanlam Personal Finance ⁽¹⁾	2 291	2 316
Sanlam Emerging Markets	1 084	1 051
Sanlam Investment Group	522	596
Santam	644	523
Sanlam Corporate	342	327
Group Office and other ⁽¹⁾	(42)	(30)
Non-controlling interests included in segment result	496	513
Fund transfers	209	84
Total profit for the period	5 546	5 380
Segment IFRS 15 revenue from contracts with customers ⁽²⁾		
Sanlam Personal Finance	2 213	
Sanlam Emerging Markets	143	
Sanlam Investment Group	2 854	
Sanlam Corporate	844	
Total revenue in the scope of IFRS 15	6 054	

⁽¹⁾ Previously, investment return included returns on the investment in Sanlam Limited Shares that were eliminated in Group Office and Other. Since the 2017 year end, the elimination is done within the Sanlam Personal Finance cluster with comparative information being adjusted accordingly.

⁽²⁾ Comparative information not required in terms of IFRS 15.

Notes to the interim condensed consolidated financial statements (continued)

for the six months ended 30 June 2018

3. Financial Services Income

Financial services income is considered to be revenue for IFRS purposes and can be disaggregated as follows:

3.1 According to primary geography

R million	June 2018 – Reviewed			
	South Africa	Rest of Africa	Other International	Total
IFRS 15 Revenue	4 695	152	1 207	6 054
Administration fees	3 020	-	304	3 324
Asset management and performance fees	1 234	104	583	1 921
Commissions	208	44	305	557
Other	233	4	15	252
Revenue not within the scope of IFRS 15	23 382	3 151	1 042	27 575
Financial services income	28 077	3 303	2 249	33 629

3.2 According to timing of revenue recognition

R million	June 2018 – Reviewed			
	At a point in time	Over time	Not in the scope of IFRS 15	Total
IFRS 15 Revenue	529	5 525	-	6 054
Administration fees	-	3 324	-	3 324
Asset management and performance fees	-	1 921	-	1 921
Commissions	414	143	-	557
Other	115	137	-	252
Revenue not within the scope of IFRS 15	-	-	27 575	27 575
Financial services income	529	5 525	27 575	33 629

4. Financial assets and Financial liabilities

Classification of financial instruments

R million	Fair value through profit or loss			Amortised cost	Total
	Mandatorily	Designated	Total fair value		
Investments	397 544	249 768	647 312	2 432	649 744
Equities and similar securities	195 431	-	195 431	-	195 431
Investment in joint ventures	-	391	391	-	391
Interest bearing investments	-	191 336	191 336	2 432	193 768
Structured transactions	13 434	5 164	18 598	-	18 598
Investment funds	188 679	-	188 679	-	188 679
Cash, deposits and similar securities	-	52 877	52 877	-	52 877
Working capital assets	18 214	4 946	23 160	32 471	55 631
Trade and other receivables	18 214	1 767	19 981	18 599	38 580
Cash, deposits and similar securities	-	3 179	3 179	13 872	17 051
Total financial assets	415 758	254 714	670 472	34 903	705 375
Investment contract liabilities	-	359 193	359 193	-	359 193
Term finance	-	4 305	4 305	2 222	6 527
Structured transaction liabilities	11 427	-	11 427	-	11 427
External investors in consolidated funds	-	67 313	67 313	-	67 313
Trade and other payables	20 172	-	20 172	24 807	44 979
Total financial liabilities	31 599	430 811	462 410	27 029	489 439

5. Notes to the cash flow statement

5.1 Cash generated/(utilised) in operations

R million	June Reviewed 2018	June Reviewed 2017
Profit before tax per statement of comprehensive income	7 704	7 342
Net movement in policy liabilities	6 903	13 420
Non-cash flow items	(242)	(9 058)
Depreciation	90	94
Bad debts written off	53	35
Share-based payments	186	197
Profit on disposal of subsidiaries and associates	-	(188)
Fair value adjustments	513	(8 093)
Impairment of investments and goodwill	108	47
Amortisation of intangibles	172	146
Equity-accounted earnings	(1 364)	(1 296)
Items excluded from cash utilised in operations	(14 894)	(13 725)
Interest and preference share dividends received	(9 423)	(9 407)
Interest paid	456	555
Dividends received	(5 927)	(4 873)
Net purchase of fixed assets	(140)	(94)
Net disposal of owner-occupied properties	1	14
Increase in investments and other operating assets and liabilities	(3 451)	(2 888)
Cash utilised in operations	(4 119)	(4 989)
5.2 Cash, deposits and similar securities		
Working capital: Cash, deposits and similar securities	11 438	13 984
Investment cash	52 877	36 317
Bank overdrafts	(391)	(248)
Total cash, deposits and similar securities	63 924	50 053

6. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosed in the 2017 annual report. The circumstances surrounding the contingent liabilities remain materially unchanged.

7. Subsequent events

No material facts or circumstances have arisen between the dates of the statement of financial position and this report that affect the financial position of the Sanlam Group at 30 June 2018 as reflected in these financial statements.

8. Business Combinations

There were no material business combinations during 2018.

Notes to the interim condensed consolidated financial statements (continued)

for the six months ended 30 June 2018

9. Fair value disclosures

Determination of fair value and fair value hierarchy

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

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

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

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

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
30 June 2018 – reviewed				
Equities and similar securities	192 744	2 323	364	195 431
Interest-bearing investments	33 247	158 064	25	191 336
Structured transactions	8 791	9 807	-	18 598
Investment funds	185 730	2 524	425	188 679
Cash, deposits and similar securities: Investments	-	52 877	-	52 877
Trade and other receivables	13 163	6 818	-	19 981
Cash, deposits and similar securities: Working capital	-	3 179	-	3 179
Investment in joint ventures	-	-	391	391
Total assets at fair value	433 675	235 592	1 205	670 472
Investment contract liabilities	-	357 226	1 967	359 193
Term finance	-	4 305	-	4 305
Structured transactions liabilities	-	11 427	-	11 427
External investors in consolidated funds	66 728	-	585	67 313
Trade and other payables	9 163	11 009	-	20 172
Total liabilities at fair value	75 891	383 967	2 552	462 410
31 December 2017 – audited				
Equities and similar securities	198 226	2 436	433	201 095
Interest-bearing investments	42 154	141 825	30	184 009
Structured transactions	7 130	8 251	-	15 381
Investment funds	173 802	3 103	330	177 235
Trading account assets	11 090	5 233	-	16 323
Cash, deposits and similar securities: Investments	24 353	14 572	-	38 925
Investment in joint ventures	-	-	359	359
Total assets at fair value	456 755	175 420	1 152	633 327
Investment contract liabilities	-	343 368	2 205	345 573
Term finance	-	4 300	-	4 300
Structured transactions liabilities	-	4 187	-	4 187
Trading account liabilities	11 547	11 447	-	22 994
External investors in consolidated funds	61 802	-	527	62 329
Total liabilities at fair value	73 349	363 302	2 732	439 383

9. Fair value disclosures (continued)

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

R million	Equities and similar securities	Interest- bearing investments	Investment funds	Investment in joint ventures	Total assets
Assets					
30 June 2018 – reviewed					
Balance at 1 January 2018	433	30	330	359	1 152
Total gain in statement of comprehensive income	8	-	11	32	51
Acquisitions	1	-	84	-	85
Disposals	(90)	(5)	-	-	(95)
Foreign exchange movements	12	-	-	-	12
Settlements	-	-	-	-	-
Balance at 30 June 2018	364	25	425	391	1 205
31 December 2017 – audited					
Balance at 1 January 2017	420	392	467	423	1 702
Total gain/(loss) in statement of comprehensive income	1	-	(19)	(64)	(82)
Acquisitions	21	-	-	-	21
Disposals	(2)	-	(118)	-	(120)
Foreign exchange movements	(7)	-	-	-	(7)
Settlements	-	(362)	-	-	(362)
Balance at 31 December 2017	433	30	330	359	1 152

Notes to the interim condensed consolidated financial statements (continued)

for the six months ended 30 June 2018

9. Fair value disclosures (continued)

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

R million	Investment contract liabilities	Term finance	External investors in consolidated funds	Total liabilities
Liabilities				
30 June 2018 – reviewed				
Balance at 1 January 2018	2 205	-	527	2 732
Total gain in statement of comprehensive income	324	-	2	326
Acquisitions	74	-	-	74
Disposals	(775)	-	-	(775)
Settlements	-	-	-	-
Foreign exchange movements	139	-	56	195
Balance at 30 June 2018	1 967	-	585	2 552
31 December 2017 – audited				
Balance at 1 January 2017	2 312	201	604	3 117
Total gain/(loss) in statement of comprehensive income	72	-	(38)	34
Acquisitions	36	-	-	36
Disposals	(189)	-	-	(189)
Settlements	-	(164)	-	(164)
Foreign exchange movements	(26)	(37)	(39)	(102)
Balance at 31 December 2017	2 205	-	527	2 732

	Six months Reviewed 2018	Full year Audited 2017
Gains and losses on level 3 instruments (realised and unrealised) included in profit and loss		
Total (losses)/gains included in profit or loss for the period	(275)	383
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	56	258

9. Fair value disclosures (continued)

Transfers between categories

R million	Equities and similar securities	Interest-bearing investments ⁽¹⁾	Structured transactions	Investment funds	Cash, deposits and similar securities ⁽²⁾	Total assets
Financial assets						
Six months Reviewed – 2018						
Transfer from level 1 to level 2	-	-	-	-	31 659	31 659
Transfer from level 2 to level 1	-	161	-	-	-	161
Full year Audited – 2017						
Transfer from level 1 to level 2	-	169	-	-	-	169
Transfer from level 2 to level 1	-	107	-	-	-	107

R million	External investors in consolidated funds ⁽³⁾	Investment contract liabilities	Term Finance	Total Liabilities
Liabilities				
Six months Reviewed – 2018				
Transfer from level 1 to level 2	-	-	-	-
Full year Audited – 2017				
Transfer from level 2 to level 1	328	-	-	328

⁽¹⁾ Investments traded in a market that became inactive during the year have been transferred from level 1 to level 2. Conversely, investments traded in a market that became active have been transferred from level 2 to level 1.

⁽²⁾ Management has reassessed the criteria of IFRS 13 with regard to cash, deposits and similar securities and concluded that it better reflects a level 2 classification within the fair value hierarchy.

⁽³⁾ External investors in consolidated funds transfers relate to investment funds that listed during the year ended December 2017. As a result, those funds were classified as level 1.

Notes to the interim condensed consolidated financial statements (continued)

for the six months ended 30 June 2018

9. Fair value disclosures (continued)

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

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

9. Fair value disclosures (continued)

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

R million	Carrying amount	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount ⁽¹⁾	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
Six months – reviewed						
30 June 2018						
Other investments						
Equities and similar securities ⁽²⁾	364	36	(36)	-	-	-
Interest-bearing investments	-	-	-	25	(1)	1
Investment funds ⁽²⁾	425	43	(43)	-	-	-
Investment in joint ventures	-	-	-	391	(32)	36
Total	789	79	(79)	416	(33)	37
Liabilities						
Investment contract liabilities	1 966	197	(197)	-	-	-
Term finance	-	-	-	-	-	-
External investors in consolidated funds	585	59	(59)	-	-	-
Total liabilities	2 551	256	(256)	-	-	-
Full year – audited						
31 December 2017						
Other investments						
Equities and similar securities ⁽²⁾	433	43	(43)	-	-	-
Interest-bearing investments	-	-	-	30	(1)	1
Investment funds ⁽²⁾	330	33	(33)	-	-	-
Investment in joint ventures	-	-	-	359	(32)	36
Total assets	763	76	(76)	389	(33)	37
Liabilities						
Investment contract liabilities ⁽²⁾	2 205	221	(221)	-	-	-
Term finance	-	-	-	-	-	-
External Investors in consolidated funds	527	53	(53)	-	-	-
Total liabilities	2 732	274	(274)	-	-	-

⁽¹⁾ Represents mainly instruments valued on a discounted cash flow basis, with sensitivities based on changes in the discount rate.

⁽²⁾ Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.

Notes to the interim condensed consolidated financial statements (continued)

for the six months ended 30 June 2018

10. Adoption of new standards and restatements

10.1 IFRS 9 Transitional adjustments

STATEMENT OF FINANCIAL POSITION

At 1 January 2018

R million	Previously reported	IFRS 9	Restated
	Audited	Adjustments	Audited
ASSETS			
Investments	656 020	(434)	655 586
Properties	11 505	-	11 505
Investment in associates and joint ventures	26 476	(428)	26 048
Equities and similar securities	201 095	-	201 095
Interest-bearing investments	185 363	(6)	185 357
Structured transactions	15 381	-	15 381
Investment funds	177 235	-	177 235
Cash, deposits and similar securities	38 965	-	38 965
Working capital assets	55 593	(7)	55 586
Trade and other receivables	33 633	(7)	33 626
Cash, deposits and similar securities	21 960	-	21 960
Other assets	21 970	-	21 970
Total assets	733 583	(441)	733 142

R million	Previously reported	IFRS 9	Restated
	Audited	Adjustments	Audited
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	22	-	22
Treasury shares	(3 811)	-	(3 811)
Other reserves	9 084	-	9 084
Retained earnings	52 125	(429)	51 696
Shareholders' fund	57 420	(429)	56 991
Non-controlling interests	6 017	(12)	6 005
Total equity	63 437	(441)	62 996
Total liabilities	670 146	-	670 146
Total equity and liabilities	733 583	(441)	733 142

Refer to the basis of accounting and the respective impact on pages 26 and 27.

10.2 Restatement of Group cash flow statement

Management reassessed the presentation of the Group's cash flow statement in respect of cash flows relating to the acquisition and disposal of investments that back core operations. These were previously classified as investing cash flows which created a disconnect between operating and investing cash flows, as the originating insurance and investment contracts cash flows are respectively treated as operating cash flows. Presenting acquisitions and disposals of investments as part of operating cash flows more accurately reflects to the users of the financial statements, the link between the ability to generate cash from investment and insurance contracts and the utilisation of these cash flows on various investments.

	2017		
	As previously reported	Adjustments	Restated
Cash flows from operating activities	10 333	(9 259)	1 074
Cash flows from investing activities	(13 444)	9 259	(4 185)
Net acquisitions of investments	(9 259)	9 259	-
Acquisition of subsidiaries and associates	(4 185)	-	(4 185)

The above restatement did not have any impact on the Group's statement of financial position, statement of comprehensive income and statement of changes in equity.

Administration

Registered name

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

Transfer secretaries

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Group Company Secretary

Sana-Ullah Bray

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Sponsor

Deutsche Securities (SA) Proprietary Limited

Internet address

<http://www.sanlam.co.za>

Directors

J van Zyl (Chairman), PT Motsepe (Deputy Chairman), SA Nkosi (Lead Independent Director),
IM Kirk (Group Chief Executive), HC Werth (Financial Director), PB Hanratty, MV Moosa⁽¹⁾, AD Botha,
RV Simelane, KT Nondumo, CG Swanepoel, M Mokoka⁽²⁾, TI Mvusi, Y Ramiah⁽³⁾, PL Zim⁽⁴⁾

Bellville

5 September 2018

⁽¹⁾ Retired on 6 June 2018.

⁽²⁾ Appointed on 14 March 2018.

⁽³⁾ Resigned on 5 January 2018.

⁽⁴⁾ Retired on 5 January 2018.



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