

Sanlam Limited
(Incorporated in the Republic of South Africa)
Registration number 1959/001562/06
JSE & A2X share code: SLM
NSX share code: SLA
ISIN: ZAE000070660
("Sanlam" or "the Group")

Trading statement - 2020 annual results

Shareholders are advised that Sanlam is currently compiling its results for the year ended 31 December 2020. This trading statement provides an indication of a range for headline earnings per ordinary share (HEPS) and earnings attributable to equity holders of the Group per ordinary share (EPS) in terms of paragraph 3.4(b) of the JSE Limited Listings Requirements. Sanlam's annual results will be released on the Stock Exchange News Service (SENS) of the JSE Limited on Thursday, 11 March 2021.

Shareholders are referred to the Group's operational update for the 10-month period ended 31 October 2020 released on SENS on Wednesday, 9 December 2020. The Group's core operations remained resilient and sustained strong operational performance and capital position for the 2020 financial year in the context of a difficult operating environment. Growth in net operational earnings improved since 31 October 2020, largely due to continued recovery in net result from financial services at Sanlam Emerging Markets and Sanlam Specialised Finance.

The Group expects net result from financial services and net operational earnings for the year ended 31 December 2020 to decrease within the following ranges:

	12 months to 31 December		
	2020 Expected decrease on prior period (Percentage)	2020 Expected range (cents per share)	2019 (cents per share)
Net result from financial services	10 to 20	350.4 to 394.2	438.0
Net operational earnings	18 to 28	352.0 to 400.9	488.9

The main item contributing to the decline in net operational earnings per share relative to net result from financial services per share is a net R726 million IFRS 9 expected credit loss provision raised in respect of government bond and banking exposure on the Lebanon balance sheet.

Despite the decline in net operational earnings, HEPS are expected to increase, while EPS are expected to decrease within the following ranges:

	12 months to 31 December		
	2020	2020	2019
	Expected change on prior period (Percentage)	Expected range (cents per share)	(cents per share)
HEPS	19 to 29 increase	430.5 to 466.7	361.8
Diluted HEPS	19 to 29 increase	425.9 to 461.7	357.9
EPS	55 to 65 decrease	121.0 to 155.6	345.8
Diluted EPS	55 to 65 decrease	119.7 to 153.9	342.1

The main items contributing to the growth in HEPS and diluted HEPS relative to net operational earnings per share are:

- The one-off IFRS 2 charge of R1.7 billion recognised in 2019 in respect of the share issuance to the Broad-Based Black Economic Empowerment (B-BBEE) special purpose vehicle (SPV).
- Non-economic mismatch profits and losses recognised in terms of IFRS through
 - the elimination of Sanlam shares held in policyholder portfolios as treasury shares;
 - the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios; and
 - the consolidation of the B-BBEE SPV which results in the recognition of interest paid on funding in the SPV, marked-to-market changes on the hedging instruments in the structure and administration costs incurred by the SPV.

These items collectively contributed positively to both HEPS and diluted HEPS in 2020 as compared to a reduction in 2019.

- R1,2 billion recognised by the Group at 31 December 2020 in respect of the hyperinflation environment in Lebanon as required by accounting standards. Hyperinflation accounting has no impact on the Shareholders' fund net asset value and are commensurately non-economic in nature and excluded from net operational earnings.

The main items contributing to the 2020 decline in EPS and diluted EPS relative to HEPS and diluted HEPS are impairment charges of some R7 billion mostly recognised in the Group's interim results for the six months ended 30 June 2020. These mainly related to the Saham Finance's acquisition intangible assets and the Shriram Capital credit businesses.

The financial information in this trading statement is the responsibility of the Sanlam Board of Directors and has not been reviewed or reported on by the Group's external auditors.

For all investor relations queries please contact:

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Cape Town, 4 March 2021

Sponsor: The Standard Bank of South Africa Limited