

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

Audited Annual Results for the year ended 31 December 2021

Key performance metrics

Earnings

- Net result from financial services increased by 13% (up 18% in constant currency)
- Net operational earnings increased by 23% (up 28% in constant currency)

New business

- New business volumes exceeded R350 billion for the first time, up 14% to R356 billion (up 16% in constant currency)
- Net fund inflows of R78 billion compared to R62 billion in 2020
- Net value of new covered business increased by 44% to R2 764 million (up 48% in constant currency)
- Net new covered business margin of 2,87% (2,58% in 2020) and 2,98% on a constant economic basis

Group Equity Value

- Group Equity Value per share of R64.44 (2020: R59.20)
- Return on Group Equity Value per share of 13,9% (2020: -2.8%)
- Adjusted Return on Group Equity Value per share of 14,6% (2020: 2.6%)

Capital management

- Discretionary capital of R2 936 million on 31 December 2021
- Sanlam Group SAM cover ratio of 173% (2020: 186%)

Dividend

- Dividend of 334 cents per share (2020: 300)

SANLAM GROUP SALIENT RESULTS				
for the 12 months ended 31 December		Unit	2021	2020 %ch
Earnings				
Net result from financial services	R million	9 469	8 382	13%
Net operational earnings	R million	10 288	8 349	23%
Headline earnings ⁽¹⁾	R million	9 041	7 104	27%
Weighted average number of shares ⁽²⁾	million	2 087,8	2 087,8	
Adjusted weighted average number of shares ⁽²⁾	million	2 224,0	2 226,7	
Net result from financial services per share	cents	425,8	376,4	13%
Net operational earnings per share	cents	462,6	374,9	23%
Diluted headline earnings per share ⁽¹⁾	cents	433,0	340,3	27%
Business volumes				
New business volumes	R million	355 886	310 875	14%
Net fund inflows	R million	78 322	61 563	27%
Value of new covered business	R million	2 764	1 921	44%
Covered business PVNBP ⁽³⁾	R million	96 182	74 591	29%
New covered business margin ⁽⁴⁾	%	2,87	2,58	
Group Equity Value				
Group Equity Value	R million	142 390	131 812	
Group Equity Value per share	cents	6 444	5 920	
Return on Group Equity Value per share ⁽⁵⁾	%	13,9	(2.8)	
Adjusted Return on Group Equity Value per share ⁽⁶⁾	%	14,6	2.6	
Solvency cover				
Sanlam Group ⁽⁷⁾	%	173	186	
Sanlam Life Insurance Limited	%	214	257	
Sanlam Life Insurance Limited covered business ⁽⁸⁾	%	178	197	

Notes

- (1) 2020 comparative information has been restated to correct a hyperinflation accounting error as reported in the Group's interim results announcement of 9 September 2021. Refer to note 36.1 on page 150 in the full results for additional information. The restatement does not have an impact on the net asset value due to the offsetting impacts on foreign currency translation reserve in the statement of changes in equity on 31 December 2020.
- (2) Weighted average number of shares excludes Sanlam shares held directly or indirectly through consolidated investment funds in policyholder portfolios, as well as Sanlam shares held by the Group's broad-based black economic empowerment special purposes vehicle (B-BBEE SPV) that is consolidated in terms of International Financial Reporting Standards (IFRS). These shares are treated as shares in issue for purposes of adjusted weighted average number of shares in issue, which is the base to determine net result from financial services per share and net operational earnings per share. Diluted headline earnings per share is based on the weighted average number of shares.
- (3) PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, plus single premiums.
- (4) New covered business margin = value of new covered business as a percentage of PVNBP.
- (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 equals Return on Group Equity Value excluding investment market and currency volatility, changes in interest rates and other factors outside of management's control.
- (7) As reported in the Group's interim results, the reported Sanlam Group solvency position on 31 December 2020 of 191% has been restated to 186% to reflect the Prudential Authority's revised methodology in the treatment of certain

Sanlam Emerging Markets entities in the calculation of Group solvency that was applied retrospectively. The Group also implemented methodology changes on 31 December 2021 for the calculation of Group solvency. The two main changes are the deduction of foreseeable dividends from Group own funds and the adoption of the accounting consolidation methodology for the South African insurance entities.

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

2021 was an important year for the Sanlam Group as we laid the foundations for future growth by strongly developing our platforms and at the same time delivering a strong operating performance in a difficult environment. Operating profits has returned to pre-pandemic levels. Net result from financial services increased by 13% on 2020 (18% in constant currency) and was 4% higher than 2019 excluding one-off items.

New business volumes exceeded R350 billion for the first time, up 14% on 2020 and 43% higher than 2019. Volume growth was bolstered by strong profitability and margins. Net value of new covered business (VNB) increased by 44% on 2020 and 21% on 2019, with a new business margin of 2.87%. Net client cash flows improved substantially despite the increase in mortality claims. Net fund inflows of R78,3 billion were 27% higher than 2020 and 38% higher than 2019.

Overall persistency trends remained ahead of long-term actuarial assumptions.

Group Equity Value per share of R64,44 and Return on Group Equity Value per share of 13.9%. Annual basis changes package was implemented, which included the release of discretionary reserves, reversal of half of the 5% mass lapse assumption, positive persistency assumption changes and strengthening of the mortality basis to allow for future pandemics.

Shareholders are advised that a final gross cash dividend of 334 cents per share was declared for the year ended 31 December 2021, an increase of 11% on the prior year dividend. The dividend is payable on Monday, 11 April 2022 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 8 April 2022. The last date to trade to qualify for this dividend will be Tuesday, 5 April 2022, and Sanlam shares will trade ex-dividend from Wednesday, 6 April 2022. Share certificates may not be dematerialised or rematerialised between Wednesday, 6 April 2022 and Friday, 8 April 2022, both days included. Shareholders who have not yet provided their banking details for dividend payments are requested to do so by contacting Sanlam's transfer secretary, Computershare, at 0861 100 913 or +27 (0)11 370 5000.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend in full will be subject to the 20% withholding tax, where applicable, which result in a net dividend, to the shareholders who are not exempt from paying dividend tax, of 267.2 cents per share. The number of ordinary shares in issue in the company's share capital as at the date of the declaration is 2,049,418 848 excluding treasury shares of 177,555,560. The company's tax reference number is 9536/346/84/5.

This short-form results announcement is the responsibility of the Sanlam board of directors and is a summary of the information contained in the full announcement which can be found at: <https://senspdf.jse.co.za/documents/2022/jse/isse/slm/FY21.pdf> and available on the Sanlam website at www.sanlam.com.

While this report, in itself, is not audited, the audited consolidated annual financial statements from which the summarised consolidated financial statements were derived have been audited by the joint Group's auditors, Ernst & Young and KPMG. Their unmodified audit report, along with the audited consolidated annual financial statements are available for inspection at the Company's registered office and also available on Sanlam's website at <http://sanl.am/AR2021>

Copies of the full audited results are available for inspection at, or may be requested from, Sanlam's registered office and the offices of its sponsor during office hours, at no charge. Any investment decision should be based on a consideration of the full audited results.

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