

Sanlam Limited	("Sanlam" or "the group")
(Incorporated in the Republic of South Africa)	Sanlam Life Insurance Limited
Registration number 1959/001562/06	(Incorporated in the Republic of South Africa)
JSE share code: SLM	(Registration No. 1998/021121/06)
NSX share code: SLA	LEI: 378900E10332DF012A23
A2X share code: SLM	Bond Issuer Code: BISLI
ISIN: ZAE000070660	("Sanlam Life")

Operational update for the nine-month period ended 30 September 2023¹

Continued positive momentum across our business

- Net result from financial services and cash net result from financial services² both increased by 19%.
- Net operational earnings increased by 35%.
- Group new business volumes increased by 13%.
- Life insurance new business volumes are 8% higher on a present value of new business premiums (PVNBP) basis.
- Life insurance new business was written at improved profitability with value of new life insurance business (VNB) increasing by 28% and VNB margin improving to 2,90%, both on a constant economic basis.
- The solvency position of the group remained strong and within target ranges on 30 September 2023, with a group solvency cover ratio of 170%.

Sanlam continues to perform well.

Net result from financial services trends in the life insurance, credit and structuring as well as investment management operations remained solid and broadly in line with the run rate for the first half of 2023. General insurance had a weaker third quarter due to weather and fire events impacting performance. The health operations recorded improved performance trends relative to the first half of 2023.

Investment return on the shareholder capital portfolio was much stronger for the nine-month period ended 30 September 2023 relative to 2022 as a result of higher market levels, supporting an even higher growth in net operational earnings relative to net result from financial services.

New business trends in the life insurance operations improved in the third quarter of 2023, with growth in new business profitability, as measured by value of new business, improving from the first half. General insurance new business trends remained robust across the portfolio, as strong premium increases in response to high claims inflation and frequency were dampened by management actions to remove unprofitable business.

Net inflows into the South African asset management business, the largest investment management operation, improved strongly in the third quarter, supporting a reduction in overall investment management net outflows from that reported in the first half.

Strategic execution progressed with the Absa LISP transaction closing on 1 November 2023, adding R66 billion of assets under administration to the market leading Glacier platform in retail affluent.

¹ All commentary and growth rates relate to the nine month period ended 30 September 2023 relative to the nine month period ended 30 September 2022, unless otherwise indicated.

² Cash net result from financial services reflects net result from financial services, adjusted for, amongst others, amortisation of intangibles and other non-cash items introduced by IFRS 17.

In August 2023, the group acquired from Standard Bank the senior ranking preference shares issued by the broad-based black economic empowerment special purpose vehicle, for R2,4 billion; and concluded the Capital Legacy transaction at a cash outflow of R904 million. These outflows were partly offset by the special dividend received from Santam on 9 October 2023 of R1,2 billion. The group's discretionary capital position decreased from R3,2 billion on 30 June 2023 to R1,1 billion as a result.

The Sanlam Allianz joint venture (JV) (SanlamAllianz) started operations in September 2023. The JV will be reported on in Sanlam's accounts from 1 October 2023.

Earnings growth trends remain strong

Net result from financial services <i>(percentage increase for the first nine months of 2023 relative to the first nine months of 2022)</i>	Actual	Constant currency
Sanlam group	19%	17%
By major line of business		
Life insurance	24%	23%
General insurance	11%	7%
Investment management	9%	5%
Credit and structuring	28%	21%

Life insurance net result from financial services increased by 24% buoyed by continued favourable risk experience across the portfolio and improved asset-based income. This was augmented by good performance from the credit portfolio backing life insurance liabilities where the narrowing of credit spreads on international bond portfolios and reduced hedging costs more than offset higher credit provisions given the challenging economic environment.

Persistency remains stable in the retail affluent business while retail mass continues to show stress in longer duration business. Ongoing management actions have stabilised persistency, but the challenging economic environment continues to significantly impact affordability in this market segment.

General insurance net result from financial services increased by 11%. In South Africa, Santam recorded an underwriting margin below its 5% to 10% target range, impacted by claims arising from the Western Cape floods in June and September 2023 and some large fire claims. Santam's overall performance was however assisted by investment return on insurance funds, which increased significantly relative to 2022.

The Pan-Africa portfolio reported a net insurance margin broadly in line with that reported at June 2023, as a marginal weakening in the underwriting performance was largely offset by an increase in the investment return margin on insurance funds. India continues to benefit from book growth as well as positive claims experience variances, while Malaysia was impacted by higher claims experienced in the motor book.

Investment management net result from financial services increased by 9% with all businesses recording positive growth. The South African asset management operations recorded strong growth in the Satrix, multimanager and collective investment businesses, which was augmented by the inclusion of Absa asset management. This more than offset weaker performance fees in the active asset manager and lower fund establishment fees in the alternatives business. The wealth business benefited from increased brokerage income while Pan-Africa benefited from increased fee income due to growth in assets under management. The international business benefited from lower expenses which offset the impact of lower fee income from a decline in assets under management.

Credit and structuring net result from financial services increased by 28% driven by strong performance in the India operations due to book growth, strong collections as well the realisation of both revenue and cost synergies from the merger of Shriram Transport Finance and Shriram City Union Finance.

Improved trends in life insurance new business, general insurance premium growth satisfactory, investment management net inflow trends improve in South Africa

Key group new business metrics		
<i>(percentage increase/(decrease) for the first nine months of 2023 relative to the first nine months of 2022)</i>		
	Actual	Constant currency
New business volumes	13%	12%
Net client cash inflows	(66%)	(64%)
	Actual	Constant economic basis
PVNBP	8%	9%
VNB	22%	28%
VNB margin ³	2,78%	2,90%

Group new business volumes increased by 13%.

Life insurance new business volumes increased by 3% (8% on a PVNBP basis). South Africa recorded 3% growth in new business volumes (8% on a PVNBP basis). Retail mass recorded 7% growth, with similar growth recorded across the individual life, Capitec and group businesses. Retail affluent recorded 7% growth, with recurring premiums growing 4% as strong intermediated individual life risk sales were dampened by weaker sales in direct channels. Single premiums rose 7% due to increased annuity and guaranteed plan sales, which were dampened by lower appetite for discretionary market-linked investments. Corporate recorded strong growth in recurring premiums, while single premium sales weakened off a high base.

The emerging markets portfolio outside South Africa recorded sales volumes in line with the prior period due to weaker single premium sales which offset robust growth in recurring premiums. Sales growth was 8% on a PVNBP basis, driven by good recurring premium growth in the Pan-Africa portfolio and strong overall growth in India.

Net VNB increased by 28% on a constant economic basis, with strong contributions from the South Africa retail businesses as well as India. **Net VNB margin** of 2,90% on a constant economic basis was higher than 2,46% recorded in 2022. South Africa recorded 2,53% and emerging markets 5,01% both on a constant economic basis.

General insurance new business volumes increased by 7%. Santam achieved net earned premium growth of 7% in the conventional business driven by volume and premium increases across the portfolio, which was dampened by the cancellation of unprofitable business in Santam Re.

Pan-Africa recorded strong performance, increasing by 11% (9% in constant currency) despite weaker contributions from Angola and Continental Re. Good growth was recorded in Morocco and Saham Re. India new business volumes increased due to continued recovery in sales from Shriram group channels and outperformance in direct distribution.

Investment management new business volumes increased by 17% with good growth in the South African asset management and emerging markets operations, dampened by weaker volumes in corporate. Growth in South Africa was assisted by the inclusion of the Absa asset management new business volumes.

³ Reported VNB margin for the first nine months of 2023

Group net client cash inflows of R18,5 billion were recorded for the nine-month period, a satisfactory performance in a challenging operating environment.

Outlook

The group is well positioned to successfully navigate the ongoing challenging operating environment. Our strong capital position, diversification across line of business, market segment and geography, continued strategic execution and successful integration remain key strengths. Our strong performance for the first nine months of 2023 reinforces our confidence in the prospects for the group despite a continuing challenging economic backdrop.

SanlamAllianz heralds the creation of a new force on the African continent and solidifies the group's long-term growth profile. Management focus is on integrating the business and realising both revenue and cost synergies. The pro-forma SanlamAllianz performance on net result from financial services for the nine month period is tracking in-line with management expectations on a constant currency basis.

The group's earnings for the second half of the year are still expected to be similar to the first half, as previously indicated. Escalating geo-political conflicts do however pose significant risk to the outlook for investment markets, interest rates and inflation. Group earnings remain sensitive to significant moves in global investment market levels.

The information in this operational update has not been reviewed or reported on by Sanlam's external auditors. Shareholders are advised that this is not a trading statement as per paragraph 3.4(b) of the JSE Limited Listings Requirements.

The constant currency information included in this report has been presented to illustrate the impact of changes in the South African rand exchange rates and is the responsibility of the board of directors. It is presented for illustrative purposes only and, because of its nature, may not fairly present the group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the nine months to 30 September 2023 at the weighted average exchange rate for the nine months to 30 September 2022, which is also applied for the translation of comparative information.

The major currencies contributing to the exchange-rate movements are the British pound, United States dollar, Indian rupee, Angolan kwanza, Malaysian ringgit, Nigerian naira and Moroccan dirham.

Foreign currency/ZAR	Average 9 months to 30 September 2023	Average 9 months to 30 September 2022	(Strengthening)/ Weakening
United Kingdom	22.80	20.00	13.99%
USA	18.34	15.92	15.16%
India	0.22	0.21	8.05%
Angola	0.03	0.04	(15.14%)
Malaysia	4.07	3.67	10.70%
Nigeria	0.03	0.04	(12.30%)
Morocco	1.82	1.60	13.63%

Conference call

Paul Hanratty, group CEO, will host a conference call for investors, analysts and the media at 17:00 South African time (UTC+2) on 17 November 2023.

Those wishing to participate in the conference call should navigate to: <https://www.diamondpass.net/4020142>
Registered participants will receive their dial-in number on registration.

Recorded playback will be available until 22 November 2023.

Access code for recorded playback: 45511
 South Africa 010 500 4108
 USA and Canada 1 412 317 0088
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Cape Town
17 November 2023

Equity sponsor: The Standard Bank of South Africa Limited
 Debt sponsor: Rand Merchant Bank, a division of FirstRand Bank Limited

Disclaimer

In this document, Sanlam Ltd (“SLM” or “Sanlam”), its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our”, “Sanlam” and the “group”.

Forward-looking statements

In this document, 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 the impact of IFRS 17 on the financial results, 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”, “expect” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking information contained in this document has not been reviewed and reported on by Sanlam’s external auditors.

Non-IFRS financial measures

Sanlam prepares its financial statements in accordance with international financial reporting standards (“IFRS”). This document includes financial measures that are not based on IFRS (“non-IFRS financial measures”). Sanlam believes that these non-IFRS financial measures provide information that is useful to investors in understanding Sanlam’s performance and facilitate the comparison of the quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS.

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

Currency

Unless otherwise noted, all amounts are in South African Rand.