

Sanlam Limited

(Incorporated in the Republic of South Africa)

Registration number 1959/001562/06

JSE share code: SLM

A2X share code: SLM

NSX share code: SLA

ISIN: ZAE000070660

("Sanlam")

Sanlam Life Insurance Limited

(Incorporated in the Republic of South Africa)

(Registration No. 1998/021121/06)

Bond Issuer Code: BISLI

LEI: 378900E10332DF012A23

("Sanlam Life")

PROPOSED FORMATION OF A RETAIL CREDIT JOINT VENTURE BETWEEN SANLAM AND TYME BANK LIMITED**1. Retail Credit Joint Venture**

The board of directors of Sanlam (the "**Sanlam Board**") is pleased to advise that Sanlam Life, Sanlam Personal Loans Proprietary Limited ("**SPL**") and Tyme Bank Limited ("**Tyme Bank**") have entered into agreements which will result in the establishment of a joint venture focused on unsecured personal loans with an embedded credit life offering. The establishment of the joint venture will be subject to the fulfilment of certain suspensive conditions (the "**Proposed Credit Transaction**").

SPL provides unsecured personal loans of between R5,000 and R300,000 to qualifying individuals on repayment terms of 12 months to 6 years at a fixed interest rate. The SPL loan book size was R5 billion as at 31 December 2024.

Tyme Bank is a registered bank that is involved in financial services and provides personal and business banking services and unsecured personal loans in South Africa. Tyme Bank is a fully digital bank which does not have any physical branches and instead relies on a banking application, an internet banking site and a national network of self-service kiosks that facilitate the account opening process. Tyme Bank currently operates over 800 self-service kiosks, which equates to 15,000 retail points across the country, and has 11 million retail and business customers since launch. Tyme Bank is controlled by Tyme Bank Holdings Limited, which is ultimately controlled by Ubuntu-Botho Investments Proprietary Limited ("**UBI**"), Sanlam's strategic empowerment partner.

The key components of the Proposed Credit Transaction entail *inter alia*:

- i. the establishment by SPL of a new registered credit provider operating company ("**JVCo**") for originating and administering personal loans to customers. The existing SPL loan generation business, excluding its retail credit loan book, will be sold to JVCo in exchange for the issue of JVCo shares;
- ii. the acquisition by Tyme Bank of 50% of the shares in JVCo from SPL for R31.5 million;
- iii. the sale by SPL of 50% of its retail credit loan book ("**SPL Loan Book**") as at completion of the Proposed Credit Transaction to Tyme Bank. The price for the SPL Loan Book shall be approximately R400 million plus the capital value thereof; and

- iv. Tyme Bank sharing 50% of the credit life insurance results relating to the JVCo loan book. SPL shall issue a reference share ("**Reference Share**") to Tyme Bank on the terms set out in a subscription agreement, which will target 50% of the credit life profits. The subscription price payable by Tyme Bank to SPL for the Reference Share shall be approximately R320 million.

2. Rationale for the Proposed Credit Transaction

The collaboration with Tyme Bank is an important component of the Sanlam credit strategy. The two companies have complementary customer bases and skillsets, promising excellent growth opportunities. The Proposed Credit Transaction also offers several strategic benefits. These include:

- i. Tyme Bank has a robust IT infrastructure as well as bank-grade fraud and anti-money laundering capabilities to support and enhance the credit strategy of the JVCo;
- ii. Sanlam and Tyme Bank will jointly develop a new lending capability on Tyme Bank's infrastructure. As a digital bank, Tyme Bank has extensive expertise and capabilities in the development of technological solutions and digital strategies used in the banking and lending sectors;
- iii. the Proposed Credit Transaction will access both the Sanlam and Tyme Bank customer bases, enabling cross sell opportunities; and
- iv. the scale benefits will support a competitive unsecured lending offering under the Sanlam and Tyme Bank customer facing brands.

3. Independent fairness opinion

In September 2024, Sanlam Life acquired a 25% interest in African Rainbow Capital Financial Services Holdings Proprietary Limited ("**ARC FSH**"). ARC FSH holds an effective 46.0% in Tyme Bank and is the company through which UBI indirectly holds its financial services interests of UBI. The Proposed Credit Transaction is a natural strategic collaboration with Tyme Bank to enhance competition and to assist both Sanlam and Tyme Bank in providing holistic and integrated product offerings to their customers.

Given that the Proposed Credit Transaction involves a group company of UBI, the Proposed Credit Transaction is categorised as a small-related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements. Accordingly, the Sanlam Board is required to provide the JSE with written confirmation from an independent professional expert confirming that the terms of the Proposed Credit Transaction are fair insofar as Sanlam shareholders are concerned (the "**Fairness Opinion**").

The Sanlam Board has appointed Deloitte & Touche Financial Advisory ("**Deloitte**") as independent professional expert to provide it with the Fairness Opinion. Deloitte has furnished an opinion to the Sanlam Board confirming that the terms of the Proposed Credit Transaction are fair insofar as Sanlam shareholders are concerned. This opinion has been provided to the JSE.

The opinion of Deloitte will be available for inspection at Sanlam's registered office, 2 Strand Road, Bellville, 7530, for a period of 28 days from the release of this announcement. It will also be made available during this period on request from Sanlam's Company Secretary. Please email such request to secretariat@sanlam.co.za.

4. Independent committee recommendation

The Sanlam Board established a committee of independent non-executive directors ("**iNED Committee**"), comprising all non-executive directors of Sanlam who are independent of Sanlam and UBI, to evaluate matters involving Sanlam and the UBI Group, which may give rise to conflicts of interest.

Following the iNED Committee's consideration of the Proposed Credit Transaction, it recommended to the Sanlam Board that Sanlam enter into the Proposed Credit Transaction.

5. Financial information of the Proposed Credit Transaction

As per the latest audited financial statements for the year ended 31 December 2024 prepared in terms of IFRS, SPL's net result from financial services for the period was R111.5 million. SPL's contribution to the consolidated Sanlam Group net asset value was R1.1 billion.

The net proceeds of the Proposed Credit Transaction will be received on the effective date of the Proposed Credit Transaction. Sanlam would seek to reinvest such proceeds to support its broader strategy, including that of SPL.

6. Conditions and other key terms to the Proposed Credit Transaction

The Proposed Credit Transaction is subject to certain suspensive conditions, including, but not limited to, approvals from the Prudential Authority and Competition Authorities.

The definitive transaction agreements to give effect to the Proposed Credit Transaction contain warranties and indemnities customary for transactions of this nature. The definitive agreements include a shareholders' agreement in respect of JVCo, which incorporates customary provisions for joint ventures of this nature.

7. Effective Date

The Proposed Credit Transaction will become effective and implemented once the suspensive conditions have been fulfilled, and all other completion deliverables have been completed. The longstop date for the implementation of the Proposed Credit Transaction is 31 March 2026.

21 May 2025
Bellville

Enquiries
Sanlam Investor Relations
E-mail: ir@sanlam.co.za

JSE Equity Sponsor to Sanlam
The Standard Bank of South Africa Limited

JSE Debt Sponsor to Sanlam Life Insurance Limited
The Standard Bank of South Africa Limited

NSX sponsor to Sanlam Ltd:
Simonis Storm Securities (Pty) Ltd

Independent Expert
Deloitte & Touche Financial Advisory

Legal Adviser to Sanlam
DLA Piper Advisor Services (Pty) Ltd

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