Sanlam Limited

Incorporated in the Republic of South Africa	JSE share code (primary listing): SLM
(Registration number 1959/001562/06)	NSX share code: SLA
“Sanlam”, “Sanlam Group”, or “the Company”	ISIN: ZAE000070660

Summarised audited results for the year ended 31 December 2015

Contents

Key features

Earnings

- Net result from financial services per share increased by 6%
- Normalised headline earnings per share up 6%

Business volumes

- New business volumes up 16% to R211 billion
- Net value of new covered business down 15% to R1,4 billion
- Net new covered business margin of 2,62%
- Net fund inflows of R19 billion

Group Equity Value

- Group Equity Value per share of 5 057 cents
- Return on Group Equity Value per share of 12,8%

Capital management

- Discretionary capital of R2,3 billion at 31 December 2015
- Sanlam Life Insurance Limited CAR cover of 5,8 times

Dividend

- Normal dividend of 245 cents per share up 9%

SALIENT RESULTS for the year ended 31 December 2015		2015	2014	△
SANLAM GROUP				
Earnings				
Net result from financial services per share	cents	**355,2**	336,2	6%
Normalised headline earnings per share (1)	cents	**432,5**	407,6	6%
Diluted headline earnings per share	cents	**459,5**	411,6	12%
Net result from financial services	R million	**7 269**	6 879	6%
Normalised headline earnings (1)	R million	**8 851**	8 340	6%
Headline earnings	R million	**9 300**	8 325	12%
Business volumes				
New business volumes	R million	**210 842**	182 297	16%
Net fund inflows	R million	**19 049**	41 994	-55%
Net new covered business				
Value of new covered business	R million	**1 360**	1 592	-15%
Covered business PVNBP (2)	R million	**51 856**	54 518	-5%
New covered business margin (3)	%	**2,62**	2,92	
Group Equity Value				
Group Equity Value	R million	**103 506**	95 936	8%
Group Equity Value per share	cents	**5 057**	4 684	8%
Return on Group Equity Value per share (4)	%	**12,8**	18,5	
SANLAM LIFE INSURANCE LIMITED				
Shareholders’ fund	R million	**77 970**	68 156	
Capital Adequacy Requirements (CAR)	R million	**8 250**	8 325	
CAR covered by prudential capital	Times	**5,8**	4,5	

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) *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.*

EXECUTIVE REVIEW

2015 was one of the toughest years for business in and outside South Africa since the financial crisis in 2008. However, our solid strategy and diversification across geographies, market segments and product solutions again provided the resilience that enabled us to withstand these conditions and deliver a satisfactory performance.

The following are some of our salient features for the year:

- Return on Group Equity Value (RoGEV) per share of 12,8% (adjusted 14,8%)
- Net result from financial services per share increased by 6%
- New business volumes increased by 16% to R211 billion
- Net fund inflows of R19 billion
- Net value of new life business (VNB) down 15% to R1,4 billion
- Net VNB margin of 2,62%

The Group strategy was reviewed and approved by the board of directors ("Board") in December 2015. This followed a six-month process driven by the Group Executive committee who identified refinements and shifts in some of the underlying plans. In essence the strategy remains unchanged and focuses on two geographic approaches:

- In South Africa, the Group aims to retain and extend its leadership position in financial services.
- Outside South Africa, the Group aims to deepen and enhance its existing relationships and product ranges to become a leading player in targeted territories through accelerated organic growth. This is augmented by continued focus on identifying further opportunities for expansion to new businesses and territories.

The five pillars of our strategy remain constant:

- Improving performance through top-line **earnings growth** by increasing market share in key segments and diversifying the base (including diversification of geographical presence, products, market segments and distribution platforms).
- Optimising **operational efficiencies**.
- Enhancing **capital utilisation** on an ongoing basis, including the allocation of capital to business units in a manner that will best achieve stated RoGEV targets.
- Prioritising **diversification** by enhancing the Group's international positioning and growing the relative importance and contribution of the international business to the Group, with a specific Pan-African focus.
- Commitment to the promotion of **transformation** and diversity within operations and broadly through the contribution to socio-economic development in the countries and markets in which the Group operates, whether that be directly, or via collaboration with business partners.

We continue to place a high premium on strategy execution. The specific pace of implementation of the strategy and the quantification of performance measures are driven through the Group's business plans and the budgets of the respective clusters. This is influenced significantly by factors such as specific opportunities and the capabilities available within each of the businesses.

We have made good progress in the implementation of the elements of the five-pillar strategy. Below is a brief overview of our main achievements in 2015 against the strategic pillars.

Earnings growth

Earnings growth for Sanlam Personal Finance (SPF) and Santam remained strong despite operating in mature markets. Sanlam Emerging Markets (SEM) and Sanlam Investment (SI) had more muted earnings growth, with SEM most significantly affected by the provisioning in Shriram Equipment Finance in India and the business environment in Zambia. Low investor confidence due to challenging macro-economic factors and major investment market volatility impaired the ability of the investment businesses to show growth at the same levels as in the past few years.

Operating and cost efficiencies

Costs remain under control despite the need to invest in systems and capacity creation. At SPF, additional capacity was created at Glacier and Sanlam Sky, whereas Sanlam Individual Life retained tight control on costs. SEM is making progress with system transitions to standardise a platform among its partners. The cluster is starting to experience efficiency benefits from centralised buying, IT support and standardised product roll-outs.

Following a period of extensive and careful planning, Sanlam Collective Investments' administration and IT outsourcing to Silica went live in October 2015. All client and funds data were successfully migrated and the process of supporting all stakeholders continues as they adjust to the new system.

The ability to manage claims costs is critical at Santam, given the deterioration in the exchange rate and the subsequent negative impact on prices of motor vehicle parts and paint costs. Santam's suppliers form an integral part of the claims management process, necessitating building a sustainable network that enables Santam to improve pricing and refine its product offering, which ultimately attracts and retains policyholders.

Optimal capital utilisation

Group businesses are each allocated an optimal level of capital and are measured against appropriate return hurdles. By using capital optimisation opportunities available within a Solvency Assessment and Management (SAM) regulatory environment, the Group released an additional R2,5 billion in 2015 for investment in expansion opportunities.

SPF continued to focus on the capital efficiency of its product range and especially new products, ensuring that product pricing compensates for the underlying capital requirements. The cluster is maintaining an optimal level of capital.

SEM continued balancing the need to achieve the hurdle rate with sensitivity towards the countries and stakeholder expectations where the cluster operates. Excess capital is extracted via dividends as appropriate when taking these considerations into account. Major new investments, subject to final regulatory approvals, include a 30% interest in Saham Finances and 23% additional interests in Shriram Life Insurance and Shriram General Insurance, with the Shriram insurance transactions still being finalised.

The unwinding of Santam's BBBEE scheme delivered a combined value of R1,1 billion to participants. The unwinding also presented Santam with an opportunity to improve the efficiency of its capital structure by using a share buy-back at R190 per share to facilitate the unwinding. This reduced Santam's capital base by R801 million.

Diversification

Prior to the Saham Finances transaction, the Group (through SEM) had nearly 40 operating life insurance, general insurance and asset management businesses across 19 countries (through either a direct or an indirect presence) compared to about 10 operating businesses five years ago. The Saham Finances transaction, which is one of the Group's biggest transactions yet, will provide access to new markets including Côte d'Ivoire, Gabon, Senegal and Cameroon in Francophone

West Africa, the Arabic-speaking North African country of Morocco and Lebanon in the Middle East, and Angola in Lusophone Southern Africa. This will increase the number of operating businesses to more than 60.

Diversification opportunities within the Group were realised through the launch of MiWayLife to broaden SPF's direct offering. MiWayLife operates under the Sanlam Life licence, but is managed independently under its own brand. Santam's claims card is being rolled out in the Group and general insurance products have been launched in the Sanlam Life agency network. SPF identified geographic areas where it is underrepresented and is developing further capacity in Limpopo and the northern parts of the country. The cluster is also improving its penetration of the middle market in Gauteng.

Implemented Consulting, which formalises the investment implementation process through an Investment Committee Framework, was a key solution for SI to enable further growth and to assist with flows into the building blocks and solution funds of the cluster.

Transformation

Ongoing transformation of the Group is driven from the centre and implemented at individual business unit level. Accelerated transformation initiatives were identified within each cluster to ensure improvement in the demographics at management levels.

SI is creating a strong pipeline of black leaders through its Alternative Investment Academy, which is aimed at setting up graduates to ultimately being able to manage their own funds. Just over 80% of the recruited employees for 2014 and 2015 were black. 87% of SI's employees under the age of 30 are black. They have excellent capability and potential to develop into leaders of the business over the longer term.

Transformation at SEM takes consideration of the emphasis in many markets on citizen empowerment and localisation of jobs. The cluster is focusing on training and development across the whole value chain of in-country employees and increased regional support capacity to transfer skills.

The unwinding of Santam's BBBEE scheme delivered on its objectives of empowerment and transformation, particularly through the community trust. The trust created value through its support of education, arts, culture, skills development and job creation – and will continue funding transformation initiatives on a projects basis.

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.

COMMENTS ON THE RESULTS

Introduction

The Sanlam Group International Financial Reporting Standards (IFRS) financial statements for the year ended 31 December 2015 are presented based on and in compliance with IFRS. 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 2014 Annual Report.

Group Equity Value

Group Equity Value (GEV) amounted to R103,5 billion or 5 057 cents per share on 31 December 2015, exceeding R100 billion for the first time. Including the dividend of 225 cents per share paid during the year, a RoGEV per share of 12,8% was achieved for 2015. This exceeds the 2015 target of 12,1% despite the challenges faced by the Group and a significant rise in long-term interest rates in South Africa. Adjusted RoGEV per share, which excludes the impact of investment return earned in excess of the long-term assumptions, interest rate changes and other one-off effects not under management control (such as tax changes), amounted to 14,8% - well in excess of the target.

South African long-term interest rates increased by 200bp during 2015, with a corresponding 200bp rise in the risk discount rate (RDR) used to value the Group's South African businesses for GEV purposes. A discounted cash flow (DCF) valuation basis is now used for essentially all of the Group's operations, with the increase in RDR having a pronounced negative effect on the end-2015 valuations and RoGEV for 2015. The diversification of the Group outside of South Africa assisted in largely offsetting this negative impact, with the valuation and RoGEV of the Group's international operations benefiting from the sharp weakening in the Rand exchange rate, particularly against developed market currencies and the Indian Rupee, and more stable long-term interest rates. Exchange rate gains contributed some 4% to RoGEV per share. The strong investment market performance of 2014 also did not repeat in 2015, contributing to relatively lower RoGEV in the 2015 financial year compared to 2014. Adjusted RoGEV is a more comparable measure of the underlying operational performance, which continues to reflect solid results.

Group Equity Value at 31 December 2015

	GEV		RoGEV	
R million	**December 2015**	December 2014		%
Group operations	**91 558**	87 739	12 191	13,8
Sanlam Personal Finance	**38 249**	38 453	4 658	12,1
Sanlam Emerging Markets	**18 047**	14 571	4 369	29,9
Sanlam Investments	**22 412**	20 122	4 386	21,3
Santam	**12 850**	14 593	(1 222)	-8,4

Covered business	**47 222**	48 393	7 037	14,5
Value of in-force	**32 114**	31 207	5 338	17,1
Adjusted net worth	**15 108**	17 186	1 699	9,9
Other operations	**44 336**	39 346	5 154	12,9
Group operations	**91 558**	87 739	12 191	13,8
Discretionary capital and other	**11 948**	8 197	35	0,5
Group Equity Value	**103 506**	95 936	12 226	12,7
Per share (cents)	**5 057**	4 684	599	12,8

Group operations yielded an overall return of 13,8% in 2015, the combination of 14,5% return on covered business and 12,9% on other Group operations.

The Group's covered business operations (comprising 46% of GEV) achieved a solid performance, exceeding the Group hurdle rate by a healthy margin despite the adverse impact of higher interest rates. The mature South African covered business operations exceeded the 12,1% hurdle rate by 0,6% with an overall return of 12,7% (17,4% on an adjusted basis), augmented by a return of 20% from the non-South African businesses. The latter benefited from the release of relatively higher discount rates applied in the valuation base of these businesses and the weakening in the Rand exchange rate during 2015. The main items contributing to the return are:

- Value of new covered business (VNB): A 0,9% lower return from VNB in 2015 is largely attributable to the base effect of the AECI policy written in 2014 and the negative change in economic basis in 2015.
- Positive operating experience variances persisted in 2015, with positive risk experience of some R800 million still being the largest contributor. Particularly satisfactory is positive persistency experience of R170 million, a sound performance in a low-growth economic environment with consumer disposable income under pressure. This is testimony to the success of the Group's strategic focus on client-centricity and efforts to improve the quality of the in-force book. Positive working capital experience was largely offset by negative one-off expense experience due to a number of large regulatory and other projects currently being implemented across the Group.
- Operating assumption changes contributed slightly less to the return in 2015. A major contributor in 2015 is positive risk experience assumption changes of R810 million. The level of positive operating risk experience variances over a number of years indicates some expected continuance in these trends and required the capitalisation of a portion thereof in the value of in-force covered business (VIF) to align more closely to the SAMrequirements. This was partly offset by a strengthening in one-off expense assumptions given the level of regulatory change currently being experienced in most operations, and a number of other modelling changes.
- The largest return variance compared to 2014 relates to economic assumption changes, turning from a positive return contribution of 0,2% in 2014 to negative 3,3% in 2015. This is attributable to the rise in long-term interest rates in South Africa, with the higher RDR only partly compensated for by an increase in the future investment return assumptions on the underlying asset base.
- Investment variances contributed less to the overall RoGEV due to a weaker investment market performance in 2015 compared to 2014, partly offset by foreign exchange gains.

Capital allocated to covered business (adjusted net worth) declined from R17.2 billion at the end of 2014 to R15.1 billion at 31 December 2015, representing 32% of covered business compared to 36% at the end of 2014. The reduction is largely due to the revised capital allocation approach applied to Sanlam Life's covered business with effect from 2015 (refer Capital management below).

Other Group operations (comprising 43% of GEV) achieved a return of 12,9% (23,2% on an adjusted basis). The valuation and return of the South African businesses were adversely impacted by the higher RDR, somewhat offset by good growth in assets under management in a number of the asset management boutiques. Sanlam Investment Management, the traditional retail and institutional asset manager in South Africa, experienced only a marginal increase in assets under management due to large net outflows, particularly from the Public Investment Corporation (PIC). The return on SI and SEM's non-South African businesses was in general supported by the weakening in the Rand exchange rate. The Group's investment in Santam is valued at its listed share price, which declined in 2015 commensurate with other financial services stocks, resulting in a negative 8,4% RoGEV contribution from Santam.

The low return on discretionary and other capital is essentially the combined effect of the following:

- Net corporate expenses of R109 million recognised in net result from financial services.
- A relatively low level of return earned on the portfolio's exposure to low yielding liquid assets.
- Hedging of the Saham Finances and Shriram life and general insurance transactions. The transactions were hedged through the acquisition of foreign currency, which earns a very low rate of interest due to the US dollar denomination. The application of hedge accounting principles in the GEV presentation furthermore eliminated the foreign currency gains, essentially exposing the portfolio to some R5 billion of assets that earned close to zero return.

Earnings

Shareholders' fund income statement for the year ended 31 December 2015

R million	**2015**	2014	△
Net result from financial services	**7 269**	6 879	6%
Sanlam Personal Finance	**3 831**	3 476	10%
Sanlam Emerging Markets	**1 197**	1 241	-4%
Sanlam Investments	**1 417**	1 468	-3%
Santam	**933**	801	16%
Corporate and other	**(109)**	(107)	-2%
Net investment return	**1 946**	1 794	8%
Project costs and amortisation	**(321)**	(224)	-43%
Equity participation costs	**(43)**	(109)	61%
Normalised headline earnings	**8 851**	8 340	6%
Per share (cents)	**433**	408	6%

Net result from financial services (net operating profit) of R7,3 billion increased by 6% on 2014, with solid performances by SPF and Santam more than compensating for lower earnings at SI and SEM. Santam achieved an exceptional underwriting performance, with its underwriting margin of 9,6% exceeding the new longer term target range of between 4% and 8%. As indicated in the introduction, the Group faced a challenging operating environment in 2015, which together with a number of internal one-off items had a pronounced impact on growth in net result from financial services. These items were:

- In **SI**, performance fees declined by 21% from 2014. A significant portion of the performance fees earned by SI in 2014 related to funds managed on behalf of the Public Investment

Corporation (PIC). The cumulative withdrawal by the PIC of some R20 billion of funds under management in 2014 and 2015 as part of the restructuring of their portfolios, reduced the base on which fees can be earned, with no performance fees accruing in 2015 on the PIC funds. A relatively lower level of outperformance of benchmarks in 2015 compared to the 2014 financial year also resulted in lower performance fees being earned on collective investment schemes.

The 2014 comparative earnings of SI's International business included one-off profit of R58 million realised on the disposal of Intrinsic in the United Kingdom (UK).

One-off expenditure increased SI's administration costs by R83 million after tax in 2015, including the outsourcing of Sanlam Collective Investments' administration platform, further leveraging off the Group's repositioned Wealthsmiths™ branding, restructuring of the UK private wealth business and costs associated with regulatory compliance in the UK.

Sanlam Employee Benefits (SEB) wrote one of the largest insurance policies in history in South Africa during 2014 when it concluded an R8.3 billion pensions outsourcing agreement with the AECI retirement fund. This policy generated effective net new business strain of R138 million in 2014, with a further R14 million being recognised in the 2015 earnings in respect of the additional premium received during the year.

Capital Management experienced abnormal marked-to-market losses of R92 million in its debt and equity-structuring units related to commodity market conditions, entity specific issues and political events in South Africa. Credit spreads on Eurobonds issued by African governments and South African institutions widened significantly during the year. In the case of African government bonds it is largely attributable to unfavourable investor sentiment towards emerging markets following the severe slump in commodity prices that is likely to have an adverse impact on many governments' ability to service debt. Investors' risk perception of South African institutional debt rose sharply during 2015 from a combination of some company specific issues such as the regulatory penalty levied against MTN in Nigeria, and general negative investor sentiment following the changes in Finance Ministers at the end of 2015. The widening of credit spreads culminated in marked-to-market losses in Capital Management's debt business that has exposure to these Eurobonds. In addition, Capital Management also incurred marked-to-market losses on financing transactions backed by commodity stocks. The share prices of commodity companies declined sharply during 2015 in line with the slump in commodity prices, which reduced the underlying level of security within these instruments. This had a consequential negative impact on their fair values. In the absence of defaults, these marked-to-market losses should reverse in future reporting periods.

- **SEM** experienced a difficult 2015, with its Indian, Malaysian and Zambian operations underperforming against 2014 and the target for 2015.

  The Shriram Capital results in *India* were affected by one-off items in both the 2014 and 2015 financial years, causing a R154 million adverse change in net result from financial services. Shriram Transport Finance Company's subsidiary focused on equipment financing experienced abnormal levels of arrears in 2015. The subsidiary expanded its lending book in anticipation of the newly elected government's infrastructure projects. Delays in the rollout of these projects placed a large number of clients under financial pressure, with the outstanding loan book growing outside of normal parameters during the year. This required a significant strengthening in the provision for bad debts. The position stabilised recently with some projects being initiated. An improvement in recoveries and the arrears position is expected during 2016. In addition, the 2014 comparative results for Shriram Capital included a R51 million one-off release of provisions relating to Shriram General Insurance's third party pool book, thereby increasing the comparative base.

  The *Zambian* economy and currency are under severe pressure from low commodity prices, in particular copper that is its main source of income and foreign currency inflows, unplanned elections and severe flooding during the year. Despite a number of management actions, SEM's Zambian operations could not escape the impact of the economic environment on consumer disposable income, resulting in significantly lower operating earnings due to lower new business sales and negative persistency experience.

Pacific & Orient, SEM's general insurance business in *Malaysia*, appointed a new statutory actuary during 2015 in line with Malaysian regulations. The new actuary required a strengthening of the reserving basis, which reduced the 2015 net result from financial services by R30 million. This reserve can be released in future periods should actual experience prove to be more favourable than that assumed in the current basis.

Excluding these items, net result from financial services grew by 11%, a solid performance against the overall challenging backdrop.

SPF achieved solid growth for a largely mature business. *Sanlam Individual Life* remains the largest contributor to SPF's operating earnings with growth in its net result from financial services of 7% in 2015. Profit from investment products grew by 27%, benefiting from strong guaranteed product sales over the last few years that increased the book size of this line of business. Market-related investment products also contributed to the growth, supported by a 14% increase in the average level of assets under management – partly attributable to the strong investment market performance of 2014. The profit contribution of risk products declined by 8%, with a further improvement on the exceptionally favourable mortality experience of 2014 difficult to achieve and due to an increase in new business strain in 2015 following the strong growth in new risk business sales. Profit released from the asset mismatch reserve held in respect of non-participating risk business declined by 14% in line with the lower level of this reserve during 2015. Mortality experience in the annuity book normalised during 2015, which together with a lower level of asset mismatch profits contributed to a decline in earnings from this line of business. This was offset by higher profit from other products, which include the legacy universal life book.

Sanlam Sky's net result from financial services increased by 19%. Growth in the size of the in-force book, positive investment variances and economic basis changes as well as improved persistency and premium variances supported the earnings growth.

Glacier grew its profit contribution by 21% after tax. Fund-based fee income benefited from an increase in assets under management due to strong net fund inflows and favourable investment market performance in prior years.

SEM grew its net result from financial services by a satisfactory 14% excluding the abnormal items highlighted before.

Namibia (up 10% net of tax and non-controlling interests; 16% on a gross basis) benefited from sound profit growth at Santam Namibia and Capricorn Investment Holdings (CIH). Santam Namibia experienced a benign claims environment during 2015, similar to Santam's South African experience. Bank Windhoek, CIH's major investment, continued to deliver good growth. Profit realised in 2014 in the closed fund life book from credit spread moves did not repeat in 2015, which together with a shrinking book contributed to lower operating earnings from this business. The renegotiation of the Bank Windhoek credit life profit share arrangement also had a negative impact on earnings growth in 2015. The variance between gross and net growth is mostly attributable to relatively stronger growth in the businesses with non-controlling interests.

Botswana achieved good growth of 17% in its net result from financial services (22% before tax and non-controlling interests). The life business' results benefited from good annuity volumes and margins and an increase in the size of the book following the strong new business performance over the last number of years. Letshego, which earns more than half of its profit outside Botswana, experienced currency translation losses as well as a higher effective tax rate due to a change in the various countries' contribution to overall earnings. Its profit contribution was in line with 2014.

The general insurance business Legal Guard made a welcome recovery and turned around from a net loss in 2014 to a small net profit in 2015. Botswana Insurance Fund Management (BIFM), the Botswana asset manager, was adversely impacted by the withdrawal of R12.4 billion of assets under management by the Botswana Public Officers Pension Fund (BPOPF). Restructuring of the business limited the negative profit impact to some R10 million.

The *Rest of Africa* operations, excluding Zambia, achieved growth in net result from financial services of 17%. Most countries and lines of business delivered strong growth. The exception was general insurance where all businesses experienced claims pressure, apart from the Ghanaian operations.

Net result from financial services in *India* rose 13% excluding structural changes and the abnormal items listed before. The credit and general insurance businesses achieved satisfactory growth, while the life insurance business continued to invest in expanding its distribution footprint.

In *Malaysia*, growth in general insurance business premiums came under pressure from a combination of lower sales of two-wheelers and increased competition. Appropriate management action has been taken, which limited the impact on profitability to some extent. The life business also did not perform in line with expectations due to losses in the medical portfolio, contributing to a disappointing overall performance. A new Regional Executive for Malaysia has been appointed towards the end of the year. His focus will be on improving the performance of the individual businesses, but also extracting synergies from the combined operations.

SI achieved overall growth of 6% in its net result from financial services excluding abnormal items.

The relatively weaker investment market performance in 2015 impacted adversely on the *Investment Management* businesses' ability to grow assets under management, aggravated by:

- Continued net outflows from the South African life book and capital portfolio. The legacy life book managed by SI is running off while SPF's open architecture results in only a portion of its new business being managed by SI. Outflows from the older life books are therefore not replaced by new inflows, resulting in consistent net outflows of assets under management for SI. SI's strategic focus remains on replacing the life outflows with third-party business and an increase in the proportion of SPF open architecture business managed. A consequence of the Group's strategic focus on capital efficiency has been a reduction in the capital backing the South African life business, which is managed by SI. A further R4 billion has been released during 2015, which will be redeployed for investment in strategic operations on which SI does not earn any fee income.
- The R20 billion of funds under management withdrawn by the PIC over the last two years.
- The funds withdrawn from SEM by the BPOPF during 2015 included some R3 billion of funds managed by SI's International business.

Average assets under management of the South African investment manager, the largest contributor to the sub-clusters' profit, increased by only 6% as a result. Growth of 8% in net result from financial services, excluding abnormal items, represents a solid performance in this context.

SEB's profit contribution grew marginally by 1% if the new business strain from the AECI policy is excluded. A reduction in losses from the administration businesses and 32% growth at SEB investments were offset by a 7% decline in risk profits following a normalisation in claims experience during 2015 from a particularly favourable experience in 2014.

Capital Management managed to achieve 11% growth in its net result from financial services, excluding marked-to-market losses from widening credit spreads on Eurobonds and equity-backed financing structures.

Santam had an exceptional year, with its underwriting margin improving from an already high base of 8.7% in 2014 to 9.6% in 2015. The benign claims environment of 2014 persisted into 2015, which together with disciplined underwriting action contributed to the 16% growth in Santam's net result from financial services. Premium growth was less than planned for 2015 in a competitive environment, commercial business in particular.

Normalised headline earnings of R8,9 billion are 6% up on 2014. This is the combined effect of the 6% increase in net result from financial services, 8% growth in net investment return earned on the capital portfolio and a 43% increase in amortisation of intangible assets. The latter is essentially due to intangible assets recognised in respect of the acquisition of MCIS in Malaysia during 2014. Despite the relatively weaker investment market performance in 2015, net investment surpluses earned on the capital portfolio increased by 16% due to a well-timed change in strategic asset allocation (refer capital section below) and the international exposure in the portfolio. The change in strategic asset allocation from unhedged to hedged equities was implemented before the decline in the South African equity market in December, protecting the portfolio against these losses and locking in the gains made up to that stage. In addition, investment return earned on the international exposure in the portfolio benefited from the sharp weakening of the Rand exchange rate against developed market currencies during 2015.

Business volumes

The Group achieved overall growth of 16% in new business volumes from a high base in 2014. Excluding the R8.3 billion AECI premium recognised in 2014, new business increased by 21%, a particularly pleasing performance in a difficult economic environment.

Life insurance new business volumes increased by 18% (excluding the AECI policy), investment business inflows by 24% and general insurance earned premiums by 8%. All businesses contributed to the solid performance, apart from SI's International business.

Business volumes for the year ended 31 December 2015

R million	New business			Net inflows		
	2015	2014	△	**2015**	2014	△
Sanlam Personal Finance	**63 825**	52 566	21%	**22 895**	19 580	17%
Sanlam Emerging Markets	**11 913**	9 259	29%	**(7 346)**	3 971	->100%
Sanlam Investments	**116 582**	103 250	13%	**(3 512)**	12 099	->100%
Santam	**18 522**	17 222	8%	**7 012**	6 344	11%
Total	**210 842**	182 297	16%	**19 049**	41 994	-55%
Covered business	**39 976**	42 290	-5%	**12 081**	18 430	-34%
Investment business	**150 670**	121 383	24%	**(523)**	16 853	->100%
General insurance	**20 196**	18 624	8%	**7 491**	6 711	12%
Total	**210 842**	182 297	16%	**19 049**	41 994	-55%

SPF's new business sales grew by 21%, a stellar performance for this mature business.

Sanlam Sky, operating largely in the South African entry-level market, achieved growth of 13%. Individual life recurring premium new business increased by 12% and Group recurring premium sales by 21%. The tax free savings product launched in March 2015 after changes in tax legislation proved much more popular than anticipated, with new savings business volumes increasing by 50% on the comparable period in 2014. To some degree this came at the expense of the higher margin risk business sales, which increased by only 4%. Some replacement sales are not unusual after the introduction of a new product, but this was particularly pronounced at Sanlam Sky due to the non-availability of a competitive Sanlam savings solution that intermediaries could sell in this market segment in prior years and industry-wide marketing of the new product line that intensified client attention and demand. Sales trends started normalising towards the end of the year, with the mix between risk and savings products moving to more appropriate levels. Group recurring premium sales were supported by a large new scheme written during 2015 and the biennial renewal of the ZCC scheme, which more than offset the impact of the cancellation of the Capitec credit life agreement in 2014.

New business volumes in the *Individual Life* segment, which is largely focused on the middle income segment in South Africa, increased by 3%. Single premium sales increased by 3%, reflecting pressure on disposable income, the competitive environment and a shift in sales to the Glacier platform. Annuity and guaranteed plan sales reflected good growth, offset by lower sales from bank brokers as these channels increasingly focused on their own in-house products. New recurring premium sales grew by 10% with all lines of business contributing to the growth. A strong recovery in the sales of risk business was particularly satisfactory, with this line of business growing by 17% in the second half of 2015 (flat for the six months to 30 June 2015) to reach overall growth of 9% for the full 2015 financial year. Similar to the entry-level market, the mix of recurring premium savings products changed towards the new tax-free savings products, although in this market segment the tax-free savings products was favoured above existing low margin endowments.

Glacier achieved another exemplary performance in 2015, growing its new business volumes by 27%. Demand for offshore and wrap solutions were particularly strong, driven by a weaker Rand and competitive investment performance offered by the wrap solutions respectively.

The **SEM** operations grew their new business contribution by 29% - new life business increased by 32%, investment business inflows by 29% and general insurance earned premiums by 19%. The growth in life and general insurance business was to some extent supported by acquisitions during 2014 and 2015.

New business volumes in *Namibia* declined by 16%, the combined result of 36% growth in new life business and a 23% decline in unit trust inflows in a competitive environment. The strong growth in life business is largely due to an increase in per policy premium size in the affluent market.

The *Botswana* operations had another sterling year with new business volumes rising by 78%. Strong annuity sales continue to be the main driver of new life business (up 41%), augmented by a more than doubling in new investment mandates at the asset management operations.

A 35% increase in *Rest of Africa* new business volumes is attributable to a twofold increase in investment business inflows and a 94% rise in general insurance business, the latter partly due to the base effect of new acquisitions. Life business growth disappointed at 2%. The Zambian operations struggled in difficult economic conditions, recording a 37% decline in new business sales. The Kenyan business made progress in rebuilding its agency force after the major impact of the system implementation issues experienced in the first half of the year. As anticipated, a major improvement in sales volumes will only reflect in 2016 as new agent productivity improves. New life business sales for the full year declined by 19%, with some improvement evident in the second-half performance. Excluding Zambia and Kenya, Rest of Africa new life business volumes increased by 30%, with all regions contributing to the strong growth.

New business growth in *India* persisted in line with the first-half 2015 trends. New life and general insurance business sales increased by 60% and 24% respectively, benefiting from the investments made in growing the distribution footprint.

As indicated before, lower two-wheeler sales and competitive pressures impacted negatively on Pacific & Orient in *Malaysia*. This is evident in its earned premiums that declined by 22%. The base effect of the MCIS acquisition during 2014 supported a more than doubling in Malaysian new life business sales.

The AECI policy written by *SEB* in 2014 had a major negative impact on the 13% overall year-on-year growth in **SI**'s new business volumes. Excluding the AECI policy, new business volumes increased by 23%. All business units achieved growth in excess of 20%, apart from International where an 18% decline in inflows is largely attributable to the disposal of Intrinsic during 2014. A 57% increase in new life business at SEB (excluding AECI) is particularly satisfactory. Recurring and single premium new business grew by 60% and 57% respectively. Another highlight for the year was the success of the SI retail unit in yielding new inflows. By partnering with intermediaries through the Implemented Consulting initiative, the unit attracted new inflows of more than R8 billion during 2015. Also pleasing is the significant portion of the funds that flowed to the SI investment core, supporting strong net inflows into Sanlam Collective Investments.

The bulk of **Santam's** premiums are still written in the highly competitive South African market. Earned premiums grew by 8%, reflecting the maturity of the South African market and the current low-growth economic environment. The severe drought experienced in large parts of the country manifested in reduced planting and commensurately lower premiums written in the agricultural business line. MiWay, Santam's direct insurance business, continues to make inroads and grew its premium base by 19%.

Net fund inflows of R19.1 billion in 2015 is an acceptable performance given the large withdrawals experienced from the PIC and BPOPF and the economic and investment market headwinds faced in the 2015 financial year.

Value of new covered business for the year ended 31 December 2015

R million	2015 economic basis			2014 economic basis		
	2015	2014	△	**2015**	2014	△
Value of new covered business	**1 514**	1 743	-13%	**1 707**	1 743	-2%
Sanlam Personal Finance	**955**	1 084	-12%	**1 148**	1 084	6%
Sanlam Emerging Markets	**448**	431	4%	**467**	431	8%
Sanlam Investments	**111**	228	-51%	**92**	228	-60%
Net of non-controlling interest	**1 360**	1 592	-15%	**1 545**	1 592	-3%
Present value of new business premiums	**54 362**	56 394	-4%	**55 555**	56 394	-1%
Sanlam Personal Finance	**38 572**	34 798	11%	**39 712**	34 798	14%
Sanlam Emerging Markets	**7 510**	5 673	32%	**7 600**	5 673	34%
Sanlam Investments	**8 280**	15 923	-48%	**8 243**	15 923	-48%
Net of non-controlling interest	**51 856**	54 518	-5%	**53 005**	54 518	-3%
New covered business margin	**2,80%**	3,09%		**3,07%**	3,09%	
Sanlam Personal Finance	**2,48%**	3,12%		**2,89%**	3,12%	
Sanlam Emerging Markets	**5,97%**	7,60%		**6,14%**	7,60%	
Sanlam Investments	**1,34%**	1,43%		**1,12%**	1,43%	
Net of non-controlling interest	**2,62%**	2,92%		**2,91%**	2,92%	

The discount rate used to determine VNB is directly linked to long-term interest rates. The 200bp rise in the South African five and nine-year benchmark rates during 2015 resulted in a commensurate increase in the risk discount rate and a significant negative impact on VNB growth and margins. This was aggravated by the high base in 2014 related to the AECI policy. VNB at actual discount rates declined by 13% (6% excluding AECI). On a comparable basis (before economic assumption changes) VNB decreased by 2% (increased by 6% excluding AECI).

SPF achieved overall growth of 6% on a comparable basis. The significant change in business mix in Sanlam Sky to the lower margin tax free savings products contributed to a 9% decline in Sanlam Sky's VNB and a reduction in new business margins from 9.51% in 2014 to 7.44% in 2015. The normalisation in business mix towards the end of the year should support VNB growth in 2016. The strong growth in recurring premium risk business in the Individual Life segment more than compensated for the change in mix of savings business to tax-free savings products. VNB margins improved from 2.88% to 2.97%, driving VNB growth of 9% in this mature segment. Glacier's VNB growth was in line with its new business performance.

VNB growth and margins at **SEM** were negatively impacted by the significantly lower new business production in Kenya and Zambia, the renegotiation of the Bank Windhoek credit life profit sharing arrangement and higher long-term interest rates in Namibia. All of the other businesses achieved strong VNB growth largely in line with their new business performance. On a consistent economic basis, overall VNB increased by 8% to R467 million. Excluding Kenya and Zambia, VNB grew by 24% and Rest of Africa's contribution by 35%.

SI's VNB declined by 60%, largely due to the base effect of the AECI transaction concluded in 2014 and a lower contribution from the International business in line with its lower new business volumes.

VNB margins were in general maintained at a product level, apart from the Namibian credit life business.

Capital management

Sanlam Life capital allocation approach

Under the current Financial Soundness Valuation (FSV) regime, participations or strategic investments held by a life insurance company can be taken into account for purposes of the statutory capital available to cover its CAR. This creates an opportunity in a diversified group to optimise its capital allocation by using strategic investments to cover a portion of the capital required to meet its targeted CAR ratio, with the remainder being held in the form of a balanced portfolio and/or subordinated debt. This is referred to as capital diversification. In the transition to SAM, the new solvency regime, some uncertainty existed as to whether any capital diversification would also be allowed under the SAM regime. The Group therefore followed a prudent capital allocation approach during the development phase of the SAM specifications, essentially capitalising each life insurance business on a standalone basis without any allowance for diversification. The SAM specifications have largely been finalised during 2015, with the outcome that participations will be allowed to contribute to available capital (own funds) under SAM, both at a company (solo) and group level, with a corresponding capital requirement (SCR). Prescribed valuation bases are applicable at a solo and group level. The valuation and SCR bases for participations provide some stability to the entity's SCR cover ratio and potentially generate surplus own funds that can be redeployed.

The improved clarity on the final SAM specifications enabled the Group to extract further capital efficiencies during 2015. This was achieved through a combination of capital diversification and a more conservative asset allocation for the balanced portfolio backing Sanlam Life's covered business.

For Sanlam Life, the Group's target under the FSV basis is to ensure that its CAR cover would be at least 1.5 times over a 10-year period, within a 95% confidence level. At the end of 2014 this translated into IFRS-based required capital of some R14.7 billion for Sanlam Life's covered business. Consistent with the prudent approach then followed, this capital requirement was fully covered by subordinated debt of R2 billion and a balanced portfolio of R12.7 billion, with no allowance for the value attributed to investments in strategic businesses. This basis of capital allocation contributed to Sanlam Life's high CAR cover ratio under the FSV regime, as its investment in Santam alone contributes more than R4 billion in available statutory capital.

The investment in Santam also provides a major diversification opportunity under SAM. The utilising of capital diversification was accordingly introduced at the end of 2015, initially limited to R2.5 billion. The first R2.5 billion of Sanlam Life's IFRS-based capital requirement will therefore be covered by Santam shares, with the remainder covered by subordinated debt and the balanced portfolio.

In conjunction with the use of the diversification benefit, the Group also reconsidered the strategic asset allocation of the balanced portfolio to optimise RoGEV under SAM, given that the SAM regime is particularly punitive with regards to equity holdings. The strategic asset allocation was significantly changed as follows, taking cognisance of the utilisation of diversification benefits:

%	Asset allocation	
Asset class	31 December 2015	31 December 2014
Balanced portfolio		
Equities	-	31
Offshore investments	8	12
Hedged equities	80	15
Cash	12	42
Total balanced portfolio	100	100
Subordinated debt		
Fixed interest	100	100
Total subordinated debt	100	100

Sanlam Life's IFRS-based required capital amounted to R14.5 billion at the end of 2015 based on the revised capital allocation approach, covered as follows:

- R2.5 billion by Santam shares;
- R2 billion by the subordinated debt issued by Sanlam Life; and
- R10 billion by a balanced portfolio.

The revised capital allocation approach effectively released a total of R4 billion additional discretionary capital:

- R200 million emanated from the reduction in the overall required capital from R14.7 billion to R14.5 billion.
- Given a slightly lower overall capital requirement, the investment return of R1.3 billion earned on the balanced portfolio during 2015 could be released to the discretionary capital portfolio.
- The reduction in the capital requirement funded by the balanced portfolio from R12.5 billion before the utilisation of diversification benefits to R10 billion thereafter, released a further R2.5 billion.

As indicated in the Group's interim results announcement, a SCR target cover range of between 1.7 times and 2.1 times has been set for Sanlam Life's covered business. The R14.5 billion of IFRS-based required capital translated into a SCR cover at the upper end of the target range at 31 December 2015.

From a RoGEV perspective, the lower expected return from the more conservative asset allocation is compensated for by the lower level of capital held in the balanced portfolio. The cost of capital charge in the embedded value of covered business therefore remained largely unchanged.

Discretionary capital

The Group started the year with discretionary capital of R3.3 billion, which was earmarked for new growth and expansion opportunities as well as to strengthen existing relationships. A net total of R6 billion was redeployed in the year, which included the following:

- R4.2 billion (excluding Santam's contribution) allocated to the acquisition of Saham Finances, which will significantly expand the Group's African footprint and general insurance diversification. The acquisition price is payable in US dollars, which the Group hedged during 2015 by acquiring the foreign currency. In terms of the IFRS hedge accounting specifications, the investment will be recognised in 2016 at the US dollar/R14.08 exchange rate at which the foreign currency was acquired.
- The Group also indicated after the release of the interim results in September 2015 that it will acquire a 23% additional stake in the Shiram life and general insurance businesses. A total of some R970 million has been earmarked for this transaction, which has also been hedged during 2015 against exchange rate movements.
- R703 million was utilised for the acquisition of an effective 27% stake in Medscheme, which improves the Group's healthcare proposition for clients in addition to offering a number of potential synergies. The first of these has been realised through the roll-out of the Reality loyalty scheme to medical aid members administered by Medscheme.
- Some R240 million was invested by SEM to enter the Mozambique and Zimbabwe markets and to increase its stakes in the Nigerian and Tanzanian general insurance businesses.
- As indicated in the 2014 Sanlam Annual Report, the Group extended its relationship with its empowerment partner, Ubuntu-Botho Investments (UB), for an additional 10 years with the aim, among others, to jointly explore mutually beneficial transactions. The first transaction concluded in terms of this arrangement is the transformation of Indwe Brokers Holdings (Indwe), a general insurance intermediary, into a black-owned company through the disposal by Santam of a 51% shareholding in the business to African Rainbow Capital, a wholly owned subsidiary of UB. Sanlam also acquired a 25% stake in Indwe for a total amount of R69 million. The transaction better positions Indwe in a highly competitive market, opens up new opportunities for the business and enabled the Group to further execute on the transformation pillar of its strategy.
- R46 million was received from Santam as its contribution to recent general insurance investments made in Africa.
- SI utilised R36 million for investment in its US-based asset manager and for trail payments for the acquisition of the Vukile property management agreement.
- SPF invested R57 million in a distribution business in the entry-level market in South Africa.
- SI established a seeding capital portfolio that will be utilised to grow some of their new products and portfolios while building a track record. Discretionary capital of R200 million was utilised to bolster the portfolio.
- A special dividend of R226 million was received from MCIS in Malaysia as part of its capital optimisation initiatives.
- R165 million was realised from the disposal of SEM's direct stake in Nico Holdings in Malawi to Botswana Insurance Holdings, SEM's subsidiary in Botswana. Not only does this transaction enhance the potential to extract synergies between the businesses, but it also effectively released illiquid excess capital held in the Botswana operations.

Investment return earned on the discretionary capital portfolio and the 2014 dividend cover in excess of cash operating earnings added some R1 billion of discretionary capital. Together with the R4 billion of capital released from the capital allocation changes in Sanlam Life, unallocated discretionary capital amounted to R2.3 billion at the end of December 2015. We remain focused on utilising the available discretionary capital for value-accretive investment opportunities.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of December 2015. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, of R47.8 billion, covered its CAR 5.8 times. No policyholder portfolio had a negative bonus stabilisation reserve at the end of December 2015.

The Group appointed Standard & Poor's (S&P) during 2015 to replace Fitch Ratings as the Group's credit ratings agency following the cancellation of Fitch Ratings' registration as a ratings agency for regulatory purposes by the FSB. S&P issued the following South Africa National Scale ratings at the beginning of 2016: Sanlam Limited: zaAA-; Sanlam Life Insurance Limited: zaAAA, Subordinated debt: zaAA+. These ratings confirm the strength of the Group's balance sheet and operations.

Dividend

The Group only declares an annual dividend due to the costs involved in distributing an interim dividend to our large shareholder base. Sustainable growth in dividend payments is an important consideration for the Board in determining the dividend for the year. The Board uses cash operating earnings as a guideline in setting the level of the normal dividend, subject to the Group's liquidity and solvency requirements. The operational performance of the Group in the 2015 financial year enabled the Board to increase the normal dividend per share by 9% to 245 cents. This will maintain a cash operating earnings cover of approximately 1.1 times. The South African dividend withholding tax regime applies in respect of this dividend. The dividend will in full be subject to the 15% withholding tax, where applicable, which will result in a net final dividend, to those shareholders who are not exempt from paying dividend tax, of 208,25 cents per ordinary share. The number of ordinary shares in issue in the company's share capital at the date of the declaration is 2 003 141 288 (excluding treasury shares of 163 330 518). The company's tax reference number is 9536/346/84/5.

Shareholders are advised that the final gross cash dividend of 245 cents for the year ended 31 December 2015 is payable on Monday, 11 April 2016 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 8 April 2016. The last date to trade to qualify for this dividend will be Friday, 1 April 2016, and Sanlam shares will trade ex-dividend from Monday, 4 April 2016.

Share certificates may not be dematerialised or rematerialised between Monday, 4 April 2016 and Friday, 8 April 2016, both days included.

Sanlam Group

Summarised financial statements for the year ended 31 December 2015

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

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 2014, apart from changes in the economic assumptions.

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 2014 annual report.

The preparation of the Group's audited annual results was supervised by the Financial Director, Kobus Möller CA(SA).

The following new or revised IFRS and interpretations have effective dates applicable to future financial years and have not been early adopted:

- IFRS 9 - *Financial Instruments* (effective 1 January 2018)
- IFRS 15 - *Revenue from Contracts with Customers* (effective 1 January 2018)
- IFRS 16 - *Leases (effective 1 January 2019)*

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.

EXTERNAL AUDIT

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office. The shareholders' information was audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited shareholders' information and the auditor's report thereon are available for inspection at the company's registered office.

The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying annual financial statements and shareholders' information.

Summarised shareholders' information for the year ended 31 December 2015

Contents

GROUP EQUITY VALUE

at 31 December 2015

	2015 R million	2014 R million
Embedded value of covered business	**47 222**	48 393
Sanlam Personal Finance	**34 526**	35 444
Adjusted net worth	**8 287**	9 446
Value of in-force	**26 239**	25 998
Sanlam Emerging Markets	**5 486**	5 116
Adjusted net worth	**2 323**	2 324
Value of in-force	**3 163**	2 792
Sanlam Investments	**7 210**	7 833
Adjusted net worth	**4 498**	5 416
Value of in-force	**2 712**	2 417
Other Group operations	**44 336**	39 346
Sanlam Personal Finance	**3 723**	3 009
Sanlam Emerging Markets	**12 561**	9 455
Sanlam Investments	**15 202**	12 289
Santam	**12 850**	14 593
Other capital and net worth adjustments	**9 648**	4 897
	101 206	92 636
Discretionary capital	**2 300**	3 300
Group equity value	**103 506**	95 936
Group equity value per share (cents)	**5 057**	4 684

SHAREHOLDERS' FUND INCOME STATEMENT

for the year ended 31 December 2015

	2015 **R million**	2014 R million
Result from financial services before tax	**11 595**	10 744
Sanlam Personal Finance	**5 313**	4 801
Sanlam Emerging Markets	**2 248**	2 213
Sanlam Investments	**1 877**	1 927
Santam	**2 321**	1 968
Corporate and other	**(164)**	(165)
Tax on financial services income	**(3 098)**	(2 849)
Non-controlling interest	**(1 228)**	(1 016)
Net result from financial services	**7 269**	6 879
Net investment return	**1 946**	1 794
Net investment income	**968**	931
Net investment surpluses	**946**	817
Net equity-accounted headline earnings	**32**	46
Net project expenses	**(15)**	(14)
Equity participation costs	**(43)**	(109)
Amortisation of intangibles	**(306)**	(210)
Normalised headline earnings	**8 851**	8 340
Profit on disposal of operations	**200**	387
Net equity-accounted non-headline earnings	**-**	118
Impairments	**(109)**	(101)
Normalised attributable earnings	**8 942**	8 744
Fund transfers	**449**	(15)
Attributable profit per Group statement of comprehensive income	**9 391**	8 729

NOTES TO THE SHAREHOLDERS' INFORMATION

for the year ended 31 December 2015

	2015 R million	2014 R million
1. NEW BUSINESS		
Analysed per licence:		
Life Insurance	**39 976**	42 290
Sanlam Personal Finance	**28 974**	25 145
Sanlam Emerging Markets	**4 338**	3 286
Sanlam Investments	**6 664**	13 859
Investment business and other	**170 866**	140 007
Sanlam Personal Finance	**34 851**	27 421
Sanlam Emerging Markets	**7 575**	5 973
Sanlam Investments	**109 918**	89 391
Santam	**18 522**	17 222
Total new business	**210 842**	182 297

2. NET FLOW OF FUNDS

	2015 R million	2014 R million
Analysed per licence:		
Life Insurance	**12 081**	18 430
Sanlam Personal Finance	**9 168**	8 214
Sanlam Emerging Markets	**3 174**	2 214
Sanlam Investments	**(261)**	8 002
Investment business and other	**6 968**	23 564
Sanlam Personal Finance	**13 727**	11 366
Sanlam Emerging Markets	**(10 520)**	1 757
Sanlam Investments	**(3 251)**	4 097
Santam	**7 012**	6 344
Total net flow of funds	**19 049**	41 994

3. NORMALISED EARNINGS PER SHARE

In terms of IFRS, the policyholders' fund's investments in Sanlam shares and Group subsidiaries are not reflected as equity investments in the Sanlam statement of financial position, but deducted in full from equity on consolidation (in respect of Sanlam shares) or reflected at net asset value (in respect of subsidiaries). The valuation of the related policy liabilities however includes the fair value of these shares, resulting in a mismatch between policy liabilities and policyholder investments, with a consequential impact on the Group's earnings. The number of shares in issue must also be reduced with the treasury shares held by the policyholders' fund for the calculation of IFRS basic and diluted earnings per share. This is, in management's view, not a true representation of the earnings attributable to the Group's shareholders, specifically in instances where the share prices and/or the number of shares held by the policyholders' fund varies significantly. The Group therefore calculates normalised earnings per share to eliminate the impact of investments in Sanlam shares and Group subsidiaries held by the policyholders' fund.

	2015 cents	2014 cents
Normalised diluted earnings per share:		
Net result from financial services	**355,2**	336,2
Headline earnings	**432,5**	407,6
Profit attributable to shareholders' fund	**437,0**	427,3
	R million	R million
Analysis of normalised earnings (refer shareholders' fund income statement):		
Net result from financial services	**7 269**	6 879
Headline earnings	**8 851**	8 340
Profit attributable to shareholders' fund	**8 942**	8 744
	Million	million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share	**2 024,0**	2 022,8
Add: Weighted average Sanlam shares held by policyholders	**22,3**	23,4
Adjusted weighted average number of shares for normalised diluted earnings per share	**2 046,3**	2 046,2
Number of ordinary shares in issue	**2 166,5**	2 166,5
Shares held by subsidiaries in shareholders' fund	**(141,2)**	(142,1)
Outstanding shares and share options in respect of Sanlam Limited long-term incentive scheme	**21,3**	23,9
Adjusted number of shares for value per share	**2 046,6**	2 048,3

EMBEDDED VALUE OF COVERED BUSINESS
at 31 December 2015

EMBEDDED VALUE OF COVERED BUSINESS at 31 DECEMBER 2015

	Note	**2015 R million**	2014 R million
Sanlam Personal Finance		**34 526**	35 444
Adjusted net worth		**8 287**	9 446
Net value of in-force covered business		**26 239**	25 998
Value of in-force covered business		**28 139**	27 872
Cost of capital		**(1 900)**	(1 874)
Sanlam Emerging Markets		**5 486**	5 116
Adjusted net worth		**2 323**	2 324
Net value of in-force covered business		**3 163**	2 792
Value of in-force covered business		**5 317**	4 618
Cost of capital		**(525)**	(384)
Non-controlling interest		**(1 629)**	(1 442)
Sanlam UK[1]		**1 633**	1 193
Adjusted net worth		**778**	391
Net value of in-force covered business		**855**	802
Value of in-force covered business		**1 066**	858
Cost of capital		**(211)**	(56)
Sanlam Employee Benefits[1]		**5 577**	6 640
Adjusted net worth		**3 720**	5 025
Net value of in-force covered business		**1 857**	1 615
Value of in-force covered business		**2 804**	2 520
Cost of capital		**(947)**	(905)
Embedded value of covered business		**47 222**	48 393
Adjusted net worth [2]		**15 108**	17 186
Net value of in-force covered business	1	**32 114**	31 207
Embedded value of covered business		**47 222**	48 393

[1] Sanlam UK and Sanlam Employee Benefits are part of the Sanlam Investments cluster.
[2] Excludes subordinated debt funding of Sanlam Life.

EMBEDDED VALUE OF COVERED BUSINESS

at 31 December 2015 *(continued)*

CHANGE IN EMBEDDED VALUE OF COVERED BUSINESS for the year ended 31 December 2015

		2015			2014
R million	Note	**Total**	**Net Value of in-force**	**Adjusted net worth**	**Total**
Embedded value of covered business at the beginning of the year		**48 393**	**31 207**	**17 186**	43 475
Value of new business	2	**1 360**	**3 164**	**(1 804)**	1 592
Net earnings from existing covered business		**5 328**	**(684)**	**6 012**	4 881
Expected return on value of in-force business		**3 759**	**3 759**	**-**	3 368
Expected transfer of profit to adjusted net worth		**-**	**(5 177)**	**5 177**	-
Operating experience variances	3	**1 081**	**276**	**805**	991
Operating assumption changes	4	**488**	**458**	**30**	522
Expected investment return on adjusted net worth		**1 256**	**-**	**1 256**	1 179
Embedded value earnings from operations		**7 944**	**2 480**	**5 464**	7 652
Economic assumption changes	5	**(1 608)**	**(1 646)**	**38**	86
Tax changes		**7**	**6**	**1**	(6)
Investment variances – value of in-force		**(74)**	**(311)**	**237**	557
Investment variances – investment return on adjusted net worth		**443**	**-**	**443**	118
Goodwill from business		**(69)**	**(69)**	**-**	(162)
Exchange rate movements		**394**	**394**	**-**	(6)
Embedded value earnings from covered business		**7 037**	**854**	**6 183**	8 239
Acquired value of in-force		**124**	**53**	**71**	1 358
Transfer from/(to) other Group operations		**-**	**-**	**-**	(106)
Net transfers from covered business		**(8 332)**	**-**	**(8 332)**	(4 573)
Embedded value of covered business at the end of the year		**47 222**	**32 114**	**15 108**	48 393
Analysis of earnings from covered business					
Sanlam Personal Finance		**4 363**	**241**	**4 122**	5 805
Sanlam Emerging Markets		**1 403**	**318**	**1 085**	932
Sanlam UK		**277**	**53**	**224**	147
Sanlam Employee Benefits		**994**	**242**	**752**	1 355
Embedded value earnings from covered business		**7 037**	**854**	**6 183**	8 239

EMBEDDED VALUE OF COVERED BUSINESS
at 31 December 2015 *(continued)*

VALUE OF NEW BUSINESS for the year ended 31 December 2015

R million	Note	2015	2014
Value of new business (at point of sale):			
Gross value of new business		**1 729**	1 979
Sanlam Personal Finance		**1 065**	1 191
Sanlam Emerging Markets		**499**	466
Sanlam UK		**28**	33
Sanlam Employee Benefits		**137**	289
Cost of capital		**(215)**	(236)
Sanlam Personal Finance		**(110)**	(107)
Sanlam Emerging Markets		**(51)**	(35)
Sanlam UK		**(2)**	(3)
Sanlam Employee Benefits		**(52)**	(91)
Value of new business		**1 514**	1 743
Sanlam Personal Finance		**955**	1 084
Sanlam Emerging Markets		**448**	431
Sanlam UK		**26**	30
Sanlam Employee Benefits		**85**	198
Value of new business attributable to:			
Shareholders' fund	2	**1 360**	1 592
Sanlam Personal Finance		**955**	1 084
Sanlam Emerging Markets		**294**	280
Sanlam UK		**26**	30
Sanlam Employee Benefits		**85**	198
Non-controlling interest		**154**	151
Sanlam Personal Finance		**-**	-
Sanlam Emerging Markets		**154**	151
Sanlam UK		**-**	-
Sanlam Employee Benefits		**-**	-
Value of new business		**1 514**	1 743
Geographical analysis:			
South Africa		**1 040**	1 282
Africa		**400**	409
Other international		**74**	52
Value of new business		**1 514**	1 743
Analysis of new business profitability:			
Before non-controlling interest:			
Present value of new business premiums		**54 362**	56 394
Sanlam Personal Finance		**38 572**	34 798
Sanlam Emerging Markets		**7 510**	5 673
Sanlam UK		**3 947**	3 978
Sanlam Employee Benefits		**4 333**	11 945
New business margin		**2,79%**	3,09%
Sanlam Personal Finance		**2,48%**	3,12%
Sanlam Emerging Markets		**5,97%**	7,60%
Sanlam UK		**0,66%**	0,75%
Sanlam Employee Benefits		**1,96%**	1,66%

EMBEDDED VALUE OF COVERED BUSINESS
at 31 December 2015 *(continued)*

VALUE OF NEW BUSINESS for the year ended 31 December 2015 *(continued)*

R million	Note	**2015**	**2014**
Analysis of new business profitability *(continued)*:			
After non-controlling interest:			
Present value of new business premiums		**51 856**	54 518
Sanlam Personal Finance		**38 572**	34 798
Sanlam Emerging Markets		**5 004**	3 797
Sanlam UK		**3 947**	3 978
Sanlam Employee Benefits		**4 333**	11 945
New business margin		**2,62%**	2,92%
Sanlam Personal Finance		**2,48%**	3,12%
Sanlam Emerging Markets		**5,88%**	7,37%
Sanlam UK		**0,66%**	0,75%
Sanlam Employee Benefits		**1,96%**	1,66%

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

for the year ended 31 December 2015

1. VALUE OF IN-FORCE SENSITIVITY ANALYSIS	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
Base value	**35 506**	**(3 392)**	**32 114**	
• Risk discount rate increase by 1%	33 675	(4 025)	29 650	(8)

2. VALUE OF NEW BUSINESS SENSITIVITY ANALYSIS	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
Base value	**1 560**	**(200)**	**1 360**	
• Risk discount rate increase by 1%	1 375	(242)	1 131	(17)

	2015 R million	2014 R million
3. OPERATING EXPERIENCE VARIANCES		
Risk experience	**816**	842
Persistency	**174**	(64)
Maintenance expenses	**(16)**	22
Working capital and other	**107**	191
Total operating experience variances	**1 081**	991
4. OPERATING ASSUMPTION CHANGES		
Risk experience	**810**	167
Persistency	**(60)**	88
Maintenance expenses	**(3)**	32
Modelling improvements and other	**(259)**	235
Total operating assumption changes	**488**	522
5. ECONOMIC ASSUMPTION CHANGES		
Investment yields	**(1 603)**	**86**
Long-term asset mix assumptions, inflation gap change and other	**(5)**	**-**
Total economic assumption changes	**(1 608)**	**86**
6. RECONCILIATION OF GROWTH FROM COVERED BUSINESS		
The embedded value earnings from covered business reconcile as follows to the net result from financial services for the year:		
Net results from financial services of covered business per shareholders' fund income statement	**4 484**	3 889
Sanlam Personal Finance	**3 446**	3 110
Sanlam Emerging Markets	**603**	477
Sanlam UK	**74**	68
Sanlam Employee Benefits	**361**	234
Investment return on adjusted net worth	**1 699**	1 297
Embedded value earnings from covered business: value of in-force	**854**	3 053
Embedded value earnings from covered business	**7 037**	8 239

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

for the year ended 31 December 2015 *(continued)*

	2015 %	2014 %
7. ECONOMIC ASSUMPTIONS		
Gross investment return, risk discount rate and inflation		
SANLAM LIFE:		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	10,1	8,1
Equities and offshore investments	13,6	11,6
Hedged equities	9,5	8,6
Property	11,1	9,1
Cash	9,1	7,1
Gross return on required capital (1)	9,8	9,3
Net return on required capital	8,4	7,6
Inflation rate (2)	8,1	6,1
Risk discount rate	12,6	10,6
SANLAM INVESTMENTS AND PENSIONS:		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	2,4	2,2
Equities and offshore investments	5,6	5,4
Hedged equities	n/a	n/a
Property	5,6	5,4
Cash	2,4	2,2
Return on required capital	2,4	2,2
Inflation rate	3,2	2,9
Risk discount rate	6,1	5,9
SDM LIMITED:		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	9,6	7,6
Equities and offshore investments	13,1	11,1
Hedged equities	n/a	n/a
Property	10,6	8,6
Cash	8,6	6,6
Return on required capital	10,9	8,9
Inflation rate	7,6	5,6
Risk discount rate	12,1	10,1
BOTSWANA LIFE INSURANCE:		
Fixed-interest securities	7,5	7,5
Equities and offshore investments	11,0	11,0
Hedged equities	n/a	n/a
Property	8,5	8,5
Cash	6,5	6,5
Return on required capital	8,8	8,8
Inflation rate	4,5	4,5
Risk discount rate	11.0	11.0

(1) 2014 return has been adjusted to exclude the assets matching the subordinated debt. This is consistent with the 2015 disclosure and in line with how the asset mix was modelled in the 2014 and 2015 valuations.

(2) Expense inflation of 10,1% (2014: 8,1%) assumed for retail business administered on old platforms.

	2015 %	2014 %
7. ECONOMIC ASSUMPTIONS (*continued*)		

Illiquidity premiums

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

Assumed illiquidity premiums generally amount to between 25bps and 55bps (2014: 25bps and 55bps) for non-participating annuities, between 25bps and 75bps (2014: 25bps to 75bps) for inflation-linked annuities and capped at 80bps (2014: 50bps and 110bps) for guaranteed plans.

Asset mix for assets supporting required capital

	2015 %	2014 %
SANLAM LIFE[(1)]:		
Equities	**-**	31
Offshore investments	**8**	12
Hedged equities	**80**	15
Cash	**12**	42
	100	100
SANLAM INVESTMENTS AND PENSIONS:		
Cash	**100**	100
	100	100
SDM LIMITED:		
Equities	**50**	50
Cash	**50**	50
	100	100
BOTSWANA LIFE INSURANCE:		
Equities	**50**	50
Cash	**50**	50
	100	100

(1) Towards the end of 2015 the strategic asset allocation of the balanced portfolio for Sanlam Life was revised including using the investment in Santam to back a portion of Sanlam Life's required capital.

Summarised Group IFRS financial statements for the year ended 31 December 2015

Contents

STATEMENT OF FINANCIAL POSITION at 31 December 2015

	2015 R million	2014 R million
ASSETS		
Equipment	**892**	723
Owner-occupied properties	**1 329**	1 096
Goodwill	**3 895**	3 974
Other intangible assets	**487**	439
Value of business acquired	**1 943**	2 045
Deferred acquisition costs	**3 463**	3 281
Long-term reinsurance assets	**945**	941
Investments	**590 894**	538 155
Properties	**11 606**	10 333
Equity-accounted investments	**15 999**	11 895
Equities and similar securities	**189 214**	183 040
Interest-bearing investments	**165 261**	161 778
Structured transactions	**14 179**	12 348
Investment funds	**157 288**	133 552
Cash, deposits and similar securities	**37 347**	25 209
Deferred tax	**368**	365
Assets of disposal groups classified as held for sale	**540**	1 893
Net defined benefit asset	**-**	144
General insurance technical assets	**4 251**	3 964
Working capital assets	**65 501**	54 233
Trade and other receivables	**45 360**	37 974
Cash, deposits and similar securities	**20 141**	16 259
Total assets	**674 508**	611 253
EQUITY AND LIABILITIES		
Shareholders' fund	**53 621**	46 037
Non-controlling interest	**6 571**	5 198
Total equity	**60 192**	51 235
Long-term policy liabilities	**480 910**	443 672
Insurance contracts	**183 972**	186 626
Investment contracts	**296 938**	257 046
Term finance	**5 637**	5 775
Margin business	**1 737**	1 835
Other interest-bearing liabilities	**3 900**	3 940
Structured transactions liabilities	**2 374**	766
External investors in consolidated funds	**53 641**	49 625
Cell owners' interest	**980**	925
Deferred tax	**2 180**	2 498
Liabilities of disposal groups classified as held for sale	**-**	1 466
General insurance technical provisions	**13 523**	12 592
Working capital liabilities	**55 071**	42 699
Trade and other payables	**52 751**	40 529
Provisions	**319**	283
Taxation	**2 001**	1 887
Total equity and liabilities	**674 508**	611 253

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015

	2015 R million	2014 R million
Net income	**85 293**	92 060
Financial services income	**53 754**	49 683
Reinsurance premiums paid	**(6 831)**	(6 341)
Reinsurance commission received	**1 275**	1 125
Investment income	**25 241**	22 491
Investment surpluses	**13 942**	28 891
Finance cost – margin business	**(101)**	(105)
Change in fair value of external investors liability	**(1 987)**	(3 684)
Net insurance and investment contract benefits and claims	**(47 675)**	(58 626)
Long-term insurance contract benefits	**(15 247)**	(26 388)
Long-term investment contract benefits	**(21 736)**	(22 168)
General insurance claims	**(14 206)**	(14 404)
Reinsurance claims received	**3 514**	4 334
Expenses	**(23 024)**	(20 811)
Sales remuneration	**(7 269)**	(6 442)
Administration costs	**(15 755)**	(14 369)
Impairments	**(173)**	(140)
Amortisation of intangibles	**(382)**	(240)
Net operating result	**14 039**	12 243
Equity-accounted earnings	**1 310**	1 603
Finance cost – other	**(580)**	(517)
Profit before tax	**14 769**	13 329
Taxation	**(3 859)**	(3 534)
Shareholders’ fund	**(3 078)**	(3 007)
Policyholders’ fund	**(781)**	(527)
Profit for the year	**10 910**	9 795
Other comprehensive income		
Movement in foreign currency translation reserve	**3 390**	569
Cashflow hedge reserve	**509**	-
Employee benefits re-measurement gain	**(11)**	128
Comprehensive income for the year	**14 798**	10 492

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015 *(continued)*

	2015 R million	2014 R million
Allocation of comprehensive income:		
Profit for the year	**10 910**	9 795
Shareholders' fund	**9 391**	8 729
Non-controlling interest	**1 519**	1 066
Comprehensive income for the year	**14 798**	10 492
Shareholders' fund	**12 863**	9 393
Non-controlling interest	**1 935**	1 099

Earnings attributable to shareholders of the company (cents):		
Basic earnings per share	**468,9**	436,7
Diluted earnings per share	**464,0**	431,5

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	2015 R million	2014 R million
Shareholders' fund:		
Balance at beginning of the year	**46 037**	40 965
Comprehensive income	**12 863**	9 393
Profit for the year	**9 391**	8 729
Other comprehensive income	**3 472**	664
Net acquisition of treasury shares [1]	**(1 146)**	(515)
Share-based payments	**409**	376
Dividends paid [2]	**(4 526)**	(4 009)
Acquisitions, disposals and other movements in interests	**(16)**	(173)
Balance at end of the year	**53 621**	46 037
Non-controlling interest:		
Balance at beginning of the year	**5 198**	3 651
Comprehensive income	**1 935**	1 099
Profit for the year	**1 519**	1 066
Other comprehensive income:	**416**	33
Net (acquisition)/ disposal of treasury shares[1]	**(16)**	(20)
Share-based payments	**57**	57
Dividends paid [2]	**(891)**	(636)
Acquisitions, disposals and other movements in interests	**288**	1 047
Balance at end of the year	**6 571**	5 198
Shareholders' fund	**46 037**	40 965
Non-controlling interest	**5 198**	3 651
Total equity at beginning of the year	**51 235**	44 616
Shareholders' fund	**53 621**	46 037
Non-controlling interest	**6 571**	5 198
Total equity at end of the year	**60 192**	51 235

(1) Includes movement in cost of shares held by subsidiaries and the share incentive trust.

(2) Normal dividend of 225 cents per share (2014: 200 cents per share) declared during 2015 in respect of the 2014 financial year.

CASH FLOW STATEMENT for the year ended 31 December 2015

	2015 R million	2014 R million
Net cash flow from operating activities	**32 593**	35 944
Net cash flow from investment activities	**(15 911)**	(30 033)
Net cash flow from financing activities	**(1 477)**	(971)
Net increase in cash and cash equivalents	**15 205**	4 940
Net foreign exchange difference	**707**	-
Cash, deposits and similar securities at beginning of the year	**41 431**	36 491
Cash, deposits and similar securities at end of the year	**57 343**	41 431

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

	2015 cents	2014 cents
1. EARNINGS PER SHARE		
Basic earnings per share:		
Headline earnings	**464,4**	416,5
Profit attributable to shareholders' fund	**468,9**	436,7
Diluted earnings per share:		
Headline earnings	**459,5**	411,6
Profit attributable to shareholders' fund	**464,0**	431,5
	R million	R million
Analysis of earnings:		
Profit attributable to shareholders' fund	**9 391**	8 729
Less: Net profit on disposal of operations	**(200)**	(387)
Less: Equity-accounted non-headline earnings	**-**	(118)
Plus: Impairment of investments and goodwill	**109**	101
Headline earnings	**9 300**	8 325
	million	million
Number of shares:		
Number of ordinary shares in issue at beginning of year	**2 166,5**	2 100,0
Add: Shares reclassified during the year	**-**	66,5
Less: Weighted Sanlam shares held by subsidiaries (including I policyholders)	**(163,8)**	(167,6)
Adjusted weighted average number of shares for basic earnings per share	**2 002,7**	1 998,9
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	**21,3**	23,9
Adjusted weighted average number of shares for diluted earnings per share	**2 024,0**	2 022,8

2. RECONCILIATION OF SEGMENTAL INFORMATION

	2015 R million	2014 R million
Segment financial services income (per shareholders' fund information)	**49 365**	45 713
Sanlam Personal Finance	**15 221**	14 364
Sanlam Emerging Markets	**6 078**	5 236
Sanlam Investments	**8 859**	8 286
Santam	**19 066**	17 700
Corporate and other	**141**	127
IFRS adjustments	**4 389**	3 970
Total financial services income	**53 754**	49 683
Segment result (per shareholders' fund information after tax and non-controlling interest)	**8 942**	8 744
Sanlam Personal Finance	**3 710**	6 578
Sanlam Emerging Markets	**1 445**	1 504
Sanlam Investments	**1 618**	2 055
Santam	**1 367**	916
Corporate and other	**802**	(2 309)
Reverse Non-controlling interest included in segment result	**1 519**	1 066
Fund transfers	**449**	(15)
Total profit for the year	**10 910**	9 795

3. SHARE REPURCHASES

The Sanlam shareholders granted general authorities to the Group at the 2015 and 2014 annual general meetings to repurchase Sanlam shares in the market. The Group acquired 142,000 shares at an average price of R46,85 in terms of general authorities. The total consideration paid of R6,7 million was funded from existing cash resources. All purchases were effected through the JSE trading system without any prior understanding or arrangement between the Group and the other counterparties. Authority to repurchase 108,2 million shares, or 4,99% of Sanlam's issued share capital at the time, remain outstanding in terms of the general authority granted at the annual general meeting held on 3 June 2015. The financial effect of the share repurchases during 2015 on the IFRS earnings and net asset value per share is not material.

4. CONTINGENT LIABILITIES

Shareholders are referred to the contingent liabilities disclosure in the 2015 annual report. The circumstances surrounding the contingent liabilities remain materially unchanged.

5. SUBSEQUENT EVENTS

During November 2015 agreements were concluded whereby SEM and Santam will jointly acquire an effective 30% interest in Saham Finances, the insurance arm of the Saham group. Saham Finances operates in 26 countries across North, West and East Africa, and the Middle East. It is the largest insurer in Africa, excluding South Africa. The acquisition consideration amounts to US$400 million, including transaction related costs and working capital for the Group company that will hold the investment in Saham Finances. All the required regulatory approvals were obtained after year-end and the transaction will be closed shortly. No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affects the financial position of the Sanlam Limited Group at 31 December 2015 as reflected in these financial statements.

6. 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 disclosure 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

Recurring fair value measurements

31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Properties	-	-	11 606	11 606
Equities and similar securities	186 222	2 562	430	189 214
Interest-bearing investments	72 478	91 049	490	164 017
Structured transactions	6 391	7 788	-	14 179
Investment funds	132 186	24 595	507	157 288
Trading account assets	5 549	24 243	-	29 792
Cash deposits and similar securities	25 769	11 573	-	37 342
Total assets at fair value	**428 595**	**161 810**	**13 033**	**603 438**
Investment contract liabilities	-	293 760	3 178	296 938
Term finance	2 937	104	359	3 400
- Valued at stock exchange prices	2 937	-	-	2 937
- Based on internal valuation	-	104	359	463
Structured transactions liabilities	-	2 374	-	2 374
Trading account liabilities	170	33 416	-	33 586
External investors in consolidated funds	53 437	204	-	53 641
Total liabilities at fair value	**56 544**	**329 858**	**3 537**	**389 939**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. FAIR VALUE DISCLOSURES *(continued)*

R million

Recurring fair value measurements

31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Properties	-	-	10 333	10 333
Equities and similar securities	180 185	2 460	395	183 040
Interest-bearing investments	107 061	53 063	396	160 520
Structured transactions	4 653	7 695	-	12 348
Investment funds	114 691	18 409	452	133 552
Trading account assets	7 522	15 304	-	22 826
Cash deposits and similar securities	20 053	5 153	-	25 206
Total assets at fair value	434 165	102 084	11 576	547 825
Investment contract liabilities	-	254 494	2 552	257 046
Term finance	3 031	111	347	3 489
- Valued at stock exchange prices	3 031	-	-	3 031
- Based on internal valuation	-	111	347	458
Structured transactions liabilities	-	766	-	766
Trading account liabilities	1 008	21 111	-	22 119
External investors in consolidated funds	49 476	149	-	49 625
Total liabilities at fair value	53 515	276 631	2 899	333 045

R million

31 December 2015

Assets	Properties	Equities and similar securities	Interest bearing investments	Structured transactions	Investment funds	Total Assets
Balance at 1 January 2015	**10 333**	**395**	**396**	**-**	**452**	**11 576**
Total gains/(loss) in statement of comprehensive income	**42**	**23**	**41**	**-**	**60**	**166**
Acquisitions	**400**	**64**	**-**	**-**	**2**	**466**
Disposals	**(207)**	**(70)**	**(1)**	**-**	**(7)**	**(285)**
Foreign exchange movements	**1 049**	**18**	**54**	**-**	**-**	**1 121**
Transfer from owner-occupied properties	**(11)**	**-**	**-**	**-**	**-**	**(11)**
Balance at 31 December 2015	**11 606**	**430**	**490**	**-**	**507**	**13 033**
31 December 2014						
Balance at 1 January 2014	7 227	1 313	394	-	459	9 393
Total gain/(loss) in statement of comprehensive income	181	82	34	2	50	349
Acquisitions	1 022	130	13	-	-	1 165
Disposals	(301)	(1 133)	(51)	(2)	(57)	(1 544)
Foreign exchange movements	138	3	6	-	-	147
Transfer from owner-occupied property	111	-	-	-	-	111
Transfers from level 1[(1)]	1 955	-	-	-	-	1 955
Balance at 31 December 2014	10 333	395	396	-	452	11 576

[(1)] *In the valuation performed on these investments, insignificant adjustments were made to the rates used to discount future cash flows. The valuation methodology has been revisited and additional unobservable inputs are included, changing the classification.*

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. FAIR VALUE DISCLOSURES *(continued)*

Liabilities

R million	Investment contract liabilities	Term finance	Structured transactions liabilities	Total liabilities
31 December 2015				
Balance at 1 January 2015	**2 552**	**347**	**-**	**2 899**
Total (gain)/loss in statement of comprehensive income	**152**	**21**	**-**	**173**
Acquisitions	**73**	**-**	**-**	**73**
Disposals	**(193)**	**(101)**	**-**	**(294)**
Foreign exchange movements	**594**	**92**	**-**	**686**
Balance at 31 December 2015	**3 178**	**359**	**-**	**3 537**
31 December 2014				
Balance at 1 January 2014	767	259	203	1 229
Total (gain)/loss in statement of comprehensive income	82	59	94	235
Acquisitions	195	-	-	195
Disposals	(505)	-	(297)	(802)
Foreign exchange movements	29	29	-	58
Transfers from level 1 and level 2				
Transfers from level 1 and level 2[(1)]	1 984	-	-	1 984
Balance at 31 December 2014	2 552	347	-	2 899

[(1)]The classification of investment contracts backing investment property has changed in line with the change in the classification of the underlying investments. The policy of the Group is to effect transfers of financial instruments between the fair value hierarchy levels at the beginning of the reporting period.

Gains and losses (realised and unrealised) included in profit and loss

R million	2015	2014
Total gains or losses included in profit or loss for the period	**(7)**	114
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	**(47)**	191

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. FAIR VALUE DISCLOSURES *(continued)*

Transfers between categories

Assets

R million	Equities and similar securities	Interest-bearing investments	Structured transactions	Investment funds	Cash, deposits and similar securities	Total assets
2015						
Transfer from level 1 to level 2	**-**	**2 603**	**-**	**-**	**1 331**	**3 934**
Transfer from level 2 to level 1	**-**	**313**	**142**	**469**	**153**	**1 077**
2014						
Transfer from level 1 to level 2	-	380	106	-	36	522
Transfer from level 2 to level 1	5	-	-	-	-	5

[)] *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.*

6. FAIR VALUE DISCLOSURES *(continued)*

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

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant Unobservable input
Properties	3	Discounted cash flow model (DCF), Earnings multiple	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Capitalisation rate Discount rate
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 (including insurance policies)	2 and 3	Discounted cash flow model (DCF), Earnings multiple, Quoted put/surrender price by issuer	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Earnings multiple
Trading account assets and liabilities	2	DCF	Forward rate Credit risk spread Liquidity spread	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 DCF Earnings multiple	Bond and interbank swap interest rate curve Cost of capital Consumer price index Bond interest rate curves	Earnings Multiple n/a
Term finance	2 and 3	DCF	Bond and forward rate Credit ratings of issuer Liquidity spread Agreement interest curves	Liquidity spread
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
External investors in consolidated funds	2	Current unit price of underlying unitised asset, multiplied by the number of units held	Based on underlying assets as discussed above	n/a
Cash, deposits and similar securities	2	Mark-to-market Yield curve	Bond and interbank swap interest rate curve	n/a

6. FAIR VALUE DISCLOSURES *(continued)*

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

Assets

R million	Carrying amount	Effect of a 10% increase in risk adjustments	Effect of a 10% decrease in risk adjustments	Carrying amount [1]	Effect of a 1% increase in base/ capitalisation rate	Effect of a 1% decrease in base / capitalisation rate
Properties						
2015						
Cash flow risk adjustments	**11 606**	**(1 161)**	**1 161**	**-**	**-**	
Base rate	-	-	**-**	**8 371**	**(293)**	**314**
Capitalisation	-	-	**-**	**8 371**	**(350)**	**427**
2014						
Cash flow risk adjustments	**10 333**	**(1 033)**	**1033**			
Base rate	-	-	-	**7 097**	**(264)**	**282**
Capitalisation	-	-	-	**7 097**	**(382)**	**466**

R million	Carrying amount [2]	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount [3]	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
2015						
Equities and similar securities	**399**	**40**	**(40)**	**31**	**(6)**	**5**
Interest-bearing investments	**490**	**49**	**(49)**	**-**	**-**	**-**
Investment funds	**507**	**51**	**(51)**	**-**	**-**	**-**
Total	**1 396**	**140**	**(140)**	**31**	**(6)**	**5**
2014						
Equities and similar securities	**323**	**32**	**(32)**	**72**	**(3)**	**3**
Interest-bearing investments	**396**	**40**	**(40)**	**-**	**-**	**-**
Investment funds	**452**	**45**	**(45)**	**-**	**-**	**-**
Total	**1 171**	**117**	**(117)**	**72**	**(3)**	**3**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. FAIR VALUE DISCLOSURES *(continued)*

Liabilities

R million	Carrying amount [(2)]	Effect of a 10% increase in value	Effect of a 10% decrease in value	Carrying amount [(3)]	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
2015						
Investment contract liabilities	**3 178**	**318**	**(318)**	**-**	**-**	**-**
Term finance	**359**	**36**	**(36)**	**-**	**-**	**-**
Total Liabilities	**3 537**	**354**	**(354)**	**-**	**-**	**-**
2014						
Investment contract liabilities	2 552	255	(255)	-	-	-
Term finance	347	35	(35)	-	-	-
Total Liabilities	2 899	290	(290)	-	-	-

[(1)] Investment Properties comprise a majority of Sanlam Life properties valued using capitalisation and discount rates, with sensitivities based on these two unobservable inputs.

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

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

7. BUSINESS COMBINATIONS

There were no material business combinations during the year.

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ISIN: ZAE000070660
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(1) Executive

(2) British

(3) Appointed 3 December 2015

Bellville
9 March 2016

Sponsor
Deutsche Securities (SA) Proprietary Limited