Sanlam Limited

Incorporated in the Republic of South Africa
(Registration number 1959/001562/06)
"Sanlam", "Sanlam Group", or "the Company"

JSE share code (primary listing): SLM
NSX share code: SLA
ISIN: ZAE000070660

Summarised audited results for the year ended 31 December 2017

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Key features

Earnings

- Net result from financial services per share increased by 7% (up 10% in constant currency)
- Normalised headline earnings per share up 18%

Business volumes

- Net value of new covered business up 15% to R1.8 billion (up 17% in constant currency)
- Net new covered business margin of 2,94% (2,69% in 2016)
- New business volumes declined by 1% to R230 billion
- Net fund inflows of R35 billion compared to R41 billion in 2016

Group Equity Value

- Group Equity Value per share of R59,40
- Return on Group Equity Value per share of 14,8%
- Adjusted Return on Group Equity Value per share of 15,8%; exceeding target of 13,2%

Capital management

- R4,2 billion of capital released; R2.8 billion deployed in strategic investments
- Unallocated discretionary capital of R2 billion at 31 December 2017
- Sanlam Group Solvency Assessment and Management (SAM) cover ratio of 2,2 times; Sanlam Life Insurance Limited at 2,7 times
- Sanlam Life Insurance Limited Capital Adequacy Requirement (CAR) cover of 5,8 times
- Acquisition of remaining 53.4% stake in Saham Finances announced

Dividend

- Normal dividend per share of 290 cents, up 8,2%

SALIENT RESULTS for the year ended 31 December 2017		2017	2016	△
SANLAM GROUP				
Earnings				
Net result from financial services per share	cents	**417,2**	389,4	7%
Normalised headline earnings per share (1)	cents	**480,0**	408,5	18%
Diluted headline earnings per share (2)	cents	**481,3**	488,1	-1%
Net result from financial services	R million	**8 549**	7 969	7%
Normalised headline earnings (1)	R million	**9 835**	8 360	18%
Headline earnings	R million	**9 757**	9 860	-1%
Dividend per share	cents	**290**	268	8%
Business volumes				
New business volumes	R million	**230 188**	233 178	-1%
Net fund inflows	R million	**34 575**	40 921	-16%
Net new covered business				
Value of new covered business	R million	**1 841**	1 605	15%
Covered business PVNBP (3)	R million	**62 604**	59 556	5%
New covered business margin (4)	%	**2,94**	2,69	
Group Equity Value				
Group Equity Value	R million	**121 763**	110 717	10%
Group Equity Value per share	cents	**5 940**	5 407	10%
Return on Group Equity Value per share (5)	%	**14,8**	11,8	
SANLAM LIFE INSURANCE LIMITED				
Shareholders’ fund	R million	**93 376**	83 866	
CAR	R million	**8 375**	8 150	
CAR covered by prudential capital	times	**5,8**	5,8	

Notes

(1) Normalised headline earnings = headline earnings, excluding fund transfers.
(2) The main contributor to the variance in growth between normalised headline earnings and diluted headline earnings is the one-off deferred tax asset recognised in 2016 in respect of assessed losses in the South African policyholders’ fund upon the introduction of the Risk Policy Fund.
(3) PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.
(4) New covered business margin = value of new covered business as a percentage of PVNBP.
(5) Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.

EXECUTIVE REVIEW

Sanlam's strategy has remained largely unchanged since 2003. We highlighted before that our strategy is by no means unique, but that our ability to execute has set us apart from our peers. This diligent focus on execution enabled us to achieve satisfactory growth in 2017 and double-digit average growth rates in most key performance indicators over the last 10 years.

Key performance indicator	2017	Cumulative average growth rate
RoGEV	14.8%	14.2%
Dividend per share	8.2%	12.0%
Net result from financial services per share	7.3%	12.1%
New business volumes	-1.3%	8.5%
Net value of new covered business	14.7%	14.1%
Net VNB margin	2.94%	2.25%[1]

[1] Margin for 2007 financial year

We anticipated that we would face significant headwinds in 2017. Our core South African market has experienced significant political and policy uncertainty since 2015, which severely suppressed business and investor confidence. Private sector investment largely stalled as a result, with the economy entering a period of pedestrian growth. Downgrades in South Africa's sovereign credit ratings to below investment grade amidst regular reports of the extent of corruption in the country, dealt further blows to an already fragile environment. This largely prevented South Africa from sharing in the benefits of an improved global economic environment. Sentiment changed abruptly in December 2017 following the outcome of the African National Congress' national elective conference and renewed optimism that South Africa's challenges will be addressed through close cooperation between government, business and labour. The local equity and bond markets responded with year-end rallies after remaining subdued for a large part of the year. The rand also strengthened further from its end-2016 closing position, contributing to much stronger average exchange rates in 2017 against most of the major currencies.

The economies of oil-dependent countries where we operate, in particular Nigeria and Angola, experienced pressure from low oil prices, negatively affecting economic growth, currency exchange rates and liquidity. High levels of government debt in Namibia impacted on public sector expenditure, liquidity in the banking sector and economic growth. Operating conditions elsewhere where we operate were, however, in general more supportive of growth in 2017. India in particular started to recover from demonetisation and the introduction of Goods and Services Tax, while non-oil commodity-based economies benefited from improved terms of trade.

The following also impacted on our performance in 2017:

- The South African general insurance market experienced the highest level of weather-related claims in recorded history during 2017. Santam, being the largest general insurer in South Africa, commensurately experienced a significant deterioration in the underwriting results of its property line of business.
- Internal challenges in Kenya and Malaysia have not been fully resolved, affecting both top-line and operational earnings growth in these countries. Internal challenges in Kenya are being addressed, while Malaysia has launched a number of operational initiatives to improve

performance. Both countries have significant future growth potential and turnaround strategies in these operations are high on the agenda for Sanlam Emerging Markets (SEM) management.

Despite these challenges, the Group delivered robust overall growth in all key performance indicators. Progress on all strategic pillars contributed to the resilient performance.

The key highlights and lowlights for the year are:

HIGHLIGHTS	LOWLIGHTS
Adjusted RoGEV of 15.8% exceeded the target of 13.2% by a healthy margin	Underperformance in Kenya and Malaysia
Exceptional growth in VNB at improved margins	Lower single premium sales in South Africa, Namibia and Botswana
Turnaround in Sanlam UK profitability	Lower net fund inflows at Sanlam Personal Finance
Improved institutional inflows at Sanlam Investments	Higher relative claims experience at Santam, Sanlam Employee Benefits and Sanlam Namibia
Santam maintaining an underwriting margin in the middle of its target range despite historic high catastrophe claims	Discovery of irregularities at Steinhoff International, with a consequential impact on the valuation of Steinhoff instruments held by the Group in client and shareholder investment portfolios
Improvement in India profitability	
Discretionary capital of R4.2 billion released, enabling acquisitions of R2.8 billion in 2017	
Acquisition of remaining stake in Saham Finances announced in March 2018	

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

COMMENTS ON THE RESULTS

Introduction

The Sanlam Group International Financial Reporting Standards (IFRS) financial statements for the year ended 31 December 2017 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 2016 Integrated report and Annual Financial Statements.

All growth percentages reflected in this review are relative to the 12 months ended 31 December 2016, unless otherwise indicated.

The constant currency information included in this review and elsewhere in the Integrated Report has been presented to illustrate the impact of changes in currency exchange rates and is the responsibility of the Group's board of directors ("Board"). It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the 12 months to 31 December 2017 at the weighted average exchange rate for the 12 months to 31 December 2016, which is also applied for the translation of comparative information. The major currencies contributing to the exchange rate movements are the British Pound, United States Dollar, Indian Rupee, Botswana Pula, Moroccan Dirham and the Nigerian Naira (negative movements in the table below indicate a strengthening in the rand exchange rate):

Currency	Average rand exchange rate – 12 months to 31 December 2017	Average rand exchange rate – 12 months to 31 December 2016	Change in average exchange rate
British Pound	17.13	19.69	-13.0%
United States Dollar	13.30	14.65	-9.2%
Indian Rupee	0.205	0.219	-6.6%
Botswana Pula	1.302	1.368	-4.8%
Moroccan Dirham	1.388	1.485	-6.5%
Nigeria Naira	0.040	0.061	-34.0%

Sanlam's external auditor has issued a limited assurance report in respect of the constant currency information in terms of section 8 of the JSE Listings Requirements. The limited assurance report is available for inspection at Sanlam Limited's registered address.

Group Equity Value

GEV amounted to R121.8 billion or 5 940 cents per share at 31 December 2017. Including the dividend of 268 cents per share paid during the year, a RoGEV per share of 14.8% was achieved for 2017. This exceeded the 13.2% target for the year, due to strong growth in VNB and positive experience variances, investment market returns in excess of long-term assumptions, lower risk discount rates (RDR) and profit realised on the disposal of the Enterprise Group in Ghana. These factors more than offset the negative effect of a stronger rand exchange rate, write-off of goodwill recognised in respect of the BrightRock, Saham Finances and Rwandan acquisitions in terms of the EV methodology, as well as IFRS impairments of the investments in Pacific & Orient and Letshego that also affects RoGEV. Adjusted RoGEV per share, which excludes the impact of higher investment return than the long-term assumptions, interest rate changes and other one-off effects not under management control, and assuming normalised exchange rate movements, amounted to 15.8% - well in excess of the target.

South African nine-year and five-year long-term interest rates declined by 20bps and 60bps respectively in 2017, with a corresponding decline in the RDR used to value the Group's South African businesses for GEV purposes. A discounted cash flow (DCF) valuation basis is used for essentially all of the Group's operations, with the decline in RDR having a positive effect on the end-2017 valuations and RoGEV for 2017. This positive impact was augmented by a relatively stronger equity market performance, which supported assets under management and hence GEV valuations at SI and SPF. After strengthening significantly in 2016, the rand ended the year slightly stronger against most of the currencies where we operate.

Group Equity Value at 31 December 2017

	GEV		RoGEV	
R million	**December 2017**	December 2016		%
Group operations	**113 829**	102 035	16 495	15.8
Sanlam Personal Finance	**43 401**	41 878	7 070	17.5
Sanlam Emerging Markets	**27 621**	22 097	2 845	11.5
Sanlam Investments	**18 331**	15 807	2 442	14.2
Santam	**18 108**	15 868	2 854	18.0
Sanlam Corporate	**6 368**	6 385	1 284	21.0
Covered business	**54 283**	51 246	9 608	18.8
Value of in-force business	**39 245**	35 845	8 678	24.2
Adjusted net worth	**15 038**	15 401	930	6.1
Other operations	**59 546**	50 789	6 887	12.9
Group operations	**113 829**	102 035	16 495	15.8
Discretionary capital and other	**7 934**	8 682	10	0.2
Group Equity Value	**121 763**	110 717	16 505	14.9
Per share (cents)	**5 940**	5 407	801	14.8

Group operations yielded an overall return of 15.8% in 2017, the combination of 18.8% return on covered business and 12.9% on other Group operations.

The main components contributing to the return on covered business are included in the table below:

Return on covered business for the year ended 31 December 2017

%	**2017**	**2016**
Expected return – unwinding of the RDR	9,0	9,8
Value of new covered business	3,6	3,4
Operating experience variances	3,0	2,1
Operating assumption changes	-0,8	0,9
Economic assumption changes	0,5	1,0
Expected investment return on capital portfolio	2,0	2,5
Investment variances	1,2	-3,1
Value of in-force	1,4	-0,3
Capital portfolio	-0.2	-2,8
Foreign currency translation differences and other	0,3	-0,8
Return on covered business	18,8	15,8

The Group's covered business operations achieved a good overall performance, exceeding the Group hurdle rate by a healthy margin, despite the economic headwinds faced in a number of countries during 2017. Most businesses achieved returns in excess of 20%, with the notable exception being Sanlam UK, which was affected by the stronger rand exchange rate. The main items contributing to the return from covered business are:

- Expected return on covered business declined in 2017 relative to 2016 based on the lower RDR applied at the end of 2016.
- Value of new covered business: The strong new business performance in 2016 persisted into 2017, despite the challenging conditions in South Africa, Namibia and Botswana. VNB benefited from the change in mix to more profitable business and contributed 3.6% to the overall return.
- Operating experience variances increased markedly in 2017. Particularly satisfactory is the improved diversification in the source of positive experience. Risk experience was broadly in line with 2016, despite weaker claims experience in Namibia and SEB. Similarly, our businesses did well to maintain robust persistency experience under challenging conditions. Our South African middle income market reflected some deterioration in some products, which was largely offset by good persistency at Sanlam Sky and successful premium updates at SEB. SEB was able to increase premium rates following the weak claims experience in 2016 while retaining clients. The Central Credit Manager (CCM) is optimising the Group's exposure to credit assets, which contributed to a significant increase in positive credit spread experience. As highlighted before, the embedded value of covered business does not capitalise any future profits to be earned by the CCM, while only partial allowance is made for SPF and SEB's profit sharing. Most of the credit spread profit is therefore recognised as experience variances. Other experience variances include the decline in cost of capital following the release of capital from the South African covered business operations (refer Capital management section below).

- Operating assumption changes had a negative effect on RoGEV in 2017. Assumptions were relaxed in certain areas of consistently strong positive risk experience where the actuarial basis has moved too far from actual experience. The persistency basis was strengthened in line with the 2017 experience. The maintenance expense assumption changes relate largely to a strengthening in the unit cost assumptions applied to the closed book in SPF. In addition to various modelling improvements, one-off expense allowances were also increased in line with new regulatory requirements, in particular the introduction of IFRS17, the new insurance accounting standard issued by the International Accounting Standards Board, effective 2021.
- The RDR's declined to a lesser extent in 2017 than 2016, contributing to a lower RoGEV from economic assumption changes.
- The relatively stronger investment market performance in 2017 is the main driver behind the improved contribution from investment variances, which supported assets under management and commensurately fee income earned in 2017 and into the future. Investment return earned on the capital portfolio was in line with expectations, as the largest part of the portfolio is invested in hedged equities.
- On a relative basis, the rand strengthened by a significantly lower margin than in 2016, with a commensurately lower negative impact from foreign currency translation differences.

The main components contributing to the return on other Group operations are:

Return on other Group operations for the year ended 31 December 2017

%	**2017**	**2016**
Return on investments valued at net asset value	14.8	1.2
Return on investment in Santam	18.0	32.1
Return on investments valued at discounted cash flows	10.5	2.5
Expected return – unwinding of the RDR	14,1	15,5
Operating experience variances	1,0	0,3
Operating assumption changes	-0,6	-11,2
Economic assumption changes	-1,2	8,4
Foreign currency translation differences and other	-2,8	-10,5
Weighted return on other Group operations	12,9	10,5

Other Group operations achieved a return of 12.9%. The following impacted on RoGEV in 2017:

- Modelling changes had a negative impact of some R460 million on the valuation of the South African investment management businesses.
- The Shriram Capital valuations benefited from a relaxation of the prudent assumptions applied at the end of 2016 in the aftermath of demonetisation. This was to some extent offset by lower valuations of Letshego and Pacific & Orient in Malaysia following their operational under

performance (refer below) and foreign currency translation losses recognised in respect of the investment in Saham Finances.

The Group's investment in Santam is valued at its listed share price, which achieved a strong return of 18% in 2017.

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

- Net corporate expenses of R115 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 transactions (including the additional 16.6% stake acquired during 2017 and the anticipated acquisition of the remaining 53.4% interest in 2018). (Refer Capital management section below.) The transactions were partly hedged through forward exchange contracts and the acquisition of foreign currency, which earns a very low rate of interest due to the US Dollar denomination. The marked-to-market differences on the hedging instruments of R562 million after tax, that were recognised in other comprehensive income in terms of IFRS, were excluded from RoGEV as these will be capitalised against the investment once finalised in 2018.

Earnings

Shareholders' fund income statement for the year ended 31 December 2017			
R million	**2017**	2016	△
Net result from financial services	**8 549**	7 969	7%
Sanlam Personal Finance	**4 235**	4 099	3%
Sanlam Emerging Markets	**1 793**	1 557	15%
Sanlam Investments	**1 227**	1 096	12%
Santam	**851**	814	5%
Sanlam Corporate	**558**	510	9%
Group office and other	**(115)**	(107)	-7%
Net investment return	**1 663**	676	146%
Project costs and amortisation	**(375)**	(280)	-34%
Equity participation costs	**(2)**	(5)	60%
Normalised headline earnings	**9 835**	8 360	18%
Profit on disposal of subsidiaries and associates	**1 335**	31	>100%
Impairments	**(303)**	(265)	-14%
Net equity-accounted non-headline earnings	**134**	(3)	>100%
Normalised attributable earnings	**11 001**	8 123	35%

Net result from financial services (net operating profit) of R8.5 billion increased by 7% on 2016 (10% in constant currency), with substantial growth in SEM and Sanlam Investments' (SI) contributions.

Structural activity that influenced growth in 2017 included the following:

- The acquisition of a 30% stake in Saham Finances at the end of February 2016, followed by an additional 16.6% investment in May 2017;
- 23% direct stakes acquired in Shriram Life Insurance and Shriram General Insurance at the end of September 2016;
- The disposal of SEM's interests in the Enterprise Group in Ghana with effect from 1 July 2017;
- The acquisition of a 75% interest in PineBridge's East African investment management business, effective July 2017; and
- The acquisition of a 53% interest in BrightRock with effect from October 2017.

Sanlam Personal Finance (SPF) achieved strong growth in new recurring premium risk business, contributing to a 13% increase in new business strain recognised in terms of Sanlam's prudent accounting policies. This suppressed operational earnings growth at SPF, while Santam's performance was depressed by the abnormally large catastrophe events during June and October 2017. Excluding these, net result from financial services increased by 10% (12% in constant currency):

Analysis of net result from financial services for the year ended 31 December 2017

R million	2017	2016	△
Sanlam Personal Finance	**4 469**	4 099	9%
Sanlam Emerging Markets	**1 474**	1 346	10%
Sanlam Investments	**1 281**	1 096	17%
Santam	**1 007**	814	24%
Sanlam Corporate	**558**	510	9%
Group office and other	**(115)**	(107)	-7%
Normalised net result from financial services	**8 674**	7 758	12%
Sanlam Personal Finance additional new business strain	**(218)**	-	
Santam catastrophe claims	**(156)**	-	
Structural growth	**419**	211	
Foreign exchange impact	**(170)**	-	
Net result from financial services	**8 549**	7 969	7%

SPF delivered a solid performance for a mature business in an environment of stagnant economic growth, low investor confidence and a lacklustre equity market performance for a large part of 2017. The restructuring of SPF into a more agile and focused business was largely completed in 2017. SPF now comprises of the following main businesses:

- Sanlam Sky, which focuses on funeral insurance business.
- Recurring premiums sub cluster, which is responsible for all recurring premium risk and savings business. Included in the sub cluster are: Sanlam Individual Life (traditional recurring premium risk business), Sanlam Savings (traditional recurring premium savings business), Closed Book, BrightRock, MiWay Life and Indie.
- Glacier, which incorporates single premium life investments and the Linked Investment Savings Plan platform (LISP).
- Strategic business development, which focuses on Sanlam Personal Loans, Sanlam Reality and is an incubator for new initiatives.

The profit contribution from each business unit is presented in the following table:

SPF net result from financial services for the year ended 31 December 2017

R million	2017	2016	△
Sanlam Sky	**1 228**	1 194	3%
Recurring premium sub cluster	**2 568**	2 665	-4%
Glacier	**1 753**	1 492	17%
Life investments	**1 260**	976	29%
LISP	**493**	516	-5%
Strategic business development	**351**	340	3%
Sanlam Personal Loans	**375**	331	13%
Other	**(24)**	9	>-100%

Gross result from financial services	**5 900**	5 691	4%
Tax on gross result from financial services	**(1 679)**	(1 590)	-6%
Non-controlling interest	**14**	(2)	>100%
Net result from financial services	**4 235**	4 099	3%

As indicated, SPF's operational earnings for 2017 were impacted by a 13% rise in new business strain. BrightRock in addition added a maiden loss of R32 million in 2017, as this business is still in its growth phase, with profits released from the in-force book not sufficient to fully offset its new business strain. Excluding these, SPF's net result from financial services increased by 9%.

Sanlam Sky grew its profit contribution by 3%. Excluding additional new business strain, its gross result from financial services increased by 10%. Mortality experience weakened slightly, albeit still positive overall, while positive expense assumption changes recognised in 2016 did not repeat in 2017. These contributed to R67 million lower earnings in 2017 relative to 2016.

The *Recurring premium sub cluster's* gross result from financial services declined by 4%. Excluding additional new business strain and the BrightRock maiden contribution, the gross result from financial services was 6% higher than 2016. The relatively low level of growth is largely attributable to the following:

- Benefit improvements for accidental injury cover products and improved persistency experience that resulted in a lower release of reserves, in particular in respect of level premium business, suppressed profit growth from Risk business;
- Lacklustre investment market performance for a large part of the year limited growth in the average level of assets under management and commensurately asset-based fee income earned from Savings business and the Closed Book;
- Investments in MiWay Life and Indie of R113 million in 2017 compared to R80 million in 2016;
- Partly offset by the reallocation of administration costs to Glacier (refer below).

Glacier achieved sterling growth of 17%. Life investments achieved profit growth of 29%, largely due to positive annuity mortality experience and spread risk reserve releases. The LISP business's profit declined by 5%. Growth in average assets under management slowed down following lower net fund flows and weak investment market performance during the year. A reallocation of administration costs from the Recurring premium sub cluster to Glacier also occurred as part of the restructuring in 2017.

Strategic business development (SBD) profits increased by 3%. Growth in the size of the Sanlam Personal Loans book supported 13% growth in the business's profit contribution. Bad debt experience remained broadly in line with 2016. Net losses of R24 million were incurred in respect of other SBD activities, mostly related to initiatives aimed at further embedding and improving the benefits and attractiveness of the Reality loyalty scheme.

SEM grew its net result from financial services by 15% including structural activity and exchange rate differences. Organic growth in constant currency amounted to 10%.

Namibia's net result from financial services increased by 14% (down 7% on a gross basis). Capricorn Investment Holdings (CIH) sold 14.5% of its stake in Bank Windhoek during the year, resulting in Bank Windhoek becoming an associate of CIH. CIH's participation in Bank Windhoek's earnings is commensurately equity accounted on a net basis from the transaction date and not consolidated on a gross basis as in the past. This is the main contributor to the variance in the level of growth in Namibia's gross and net result from financial services. The performance of the life businesses improved since June 2017 as group life claims experience stabilised. Mismatch profits also increased compared to 2016. Bank Windhoek's profit contribution declined, attributable to the lower effective stake in the business as well as higher cost of capital and lower interest income emanating from the liquidity pressure experienced by Namibian banks.

The *Botswana* operations achieved mixed results with an overall decline of 6% in net result from financial services (-1% in constant currency). Life insurance profit declined by 12% (8% in constant currency) due to lower annuity new business volumes and asset mismatch losses recognised following credit-related provisions. Letshego, the second largest profit contributor, achieved growth of 5% (10% in constant currency). This was lower than expectations, due to low growth in advances and an increase in provisioning in respect of its East African exposure. The underperformance contributed to an impairment charge of R103 million against the carrying value of SEM's effective interest in Letshego (refer below). The asset base of the investment management business benefited from the large new mandate awarded by the Botswana Public Officers Pension Fund (BPOPF) in 2016, supporting 17% growth in its profit contribution (23% in constant currency).

The *Rest of Africa* operations achieved growth of 26% in net result from financial services. Excluding the structural impact of the Saham Finances and PineBridge acquisitions and the disposal of the Enterprise Group investments in Ghana, net result from financial services decreased by 5% (up 20% in constant currency). All businesses achieved growth in excess of 20% in constant currencies, apart from Kenya and Tanzania that reported declines in operating earnings. Kenya continues to experience cost pressures from low new business volumes, aggravated by one-off net credit-related provisions of some R20 million in 2017. Tanzania also underperformed due to lower new business volumes. Saham Finances tracked the business plan, contributing net result from financial services of R243 million in 2017 (R264 million in constant currency) compared to R88 million in 2016. Structural activity is the main contributor to the significant increase in Saham Finances contribution.

Net result from financial services in *India* rose 42% (54% in constant currency); 19% (29% in constant currency) excluding profit contributed by the 23% direct stakes acquired in Shriram Life Insurance and Shriram General Insurance during 2016. Shriram Transport Finance fully recovered from the impact of demonetisation in 2016 and grew its profit contribution by 38% (48% in constant currency). Double digit growth in the size of the loan book, recoveries from the equipment finance book and cost efficiency gains supported the strong performance. Shriram City Union Finance was more severely impacted by demonetisation as well as the introduction of Goods and Services Tax in 2017, given its exposure to small and medium enterprises. One-off consulting costs and higher minimum wages also placed pressure on its profit contribution, which declined by 28% (23% in constant currency). The insurance businesses recorded strong growth in operating earnings as their in-force books continue to expand. The Shriram General Insurance results were also positively impacted by R95 million of net realised profits recognised on the disposal of held-to-maturity fixed-interest instruments included in the float portfolio. Due to these disposals, the remaining held-to-maturity instruments in the portfolio are also required to be valued at fair value in terms of IFRS. The unrealised fair value gains on these instruments of R241 million (SEM's share) are recognised in other comprehensive income in the Statement of Changes in Equity, and will be recycled to net result from financial services and the IFRS Statement of Comprehensive Income on disposal.

The *Malaysian* businesses had another disappointing year. Net result from financial services declined by 61% (48% in constant currency), the aggregate of a 56% decline in general insurance earnings and a 4% lower contribution from the life insurance business. Growth in general insurance business premiums remained under pressure, with insufficient diversification of the product lines and further losses of market share in the core motorcycle market. The comparable 2016 period included one-off IBNR releases that furthermore increased the comparative base. Focus remains on product innovation and branding initiatives to regain market share and to expand its product lines. De-tariffing of the general insurance industry in the second half of 2017 did not have a significant impact on relative market pricing. The life insurance business continues to be under pressure from low new business production, resulting in negative expense experience. Weaker mortality claims experience also affected the 2017 earnings.

SI achieved overall growth of 12% in its net result from financial services (17% in constant currency), with sterling performances from Capital Management and the International businesses.

The *Investment Management SA* net result from financial services declined by 20% on 2016, attributable to the following:

- A R47 million after tax decline in performance fees. Some R40 million of the decline relates to performance fees earned by the Private Equity business in 2016 from the listing of Dis-Chem, with the remainder attributable to a relatively lower level of outperformance of the relevant benchmarks.
- Low growth in the average level of assets managed on behalf of the Sanlam life businesses. Net outflows from the legacy life book persisted, while the redeployment of discretionary capital further reduced assets under management. The legacy life book managed by SI is running off while SPF's open architecture approach results in only a portion, albeit increasing, of its new business being managed by SI. A weak equity market performance in the first half of the year aggravated the pressure on fee income earned from these portfolios, which declined by some 9%.
- The establishment of the CCM resulted in a reallocation of earnings of R12 million (after tax) from the SA Investment Management business to Capital Management.

These factors were partly offset by good growth in fees from third party and collective investment portfolios, which benefited from good net inflows during 2016 and 2017. Key focus areas to mitigate the impact of anticipated further outflows from the legacy life book include:

- Growing third party inflows as well as the share of open architecture business managed on behalf of SPF;
- Expanding capabilities in alternative asset classes to attract new inflows; and
- Stringent focus on cost efficiencies.

As indicated to the market in December 2017, Sanlam Investments' exposure to Steinhoff International (Steinhoff) equity instruments in Sanlam and third party portfolios was largely at or slightly above its index weighting. The collapse in the Steinhoff share price in December 2017 will therefore not have a disproportional impact on future fee income.

Wealth Management net result from financial services increased by 14%, supported by strong growth in performance fees and lower start-up losses incurred in new business units.

The *International* business experienced a sharp turnaround in profitability following the restructuring in 2016. Net result from financial services grew by 92% (116% in constant currency). Fee income benefited from the rise in global equity markets, augmented by a lower recurring cost base after the restructuring. The comparable period also included one-off restructuring costs.

Capital Management achieved 19% growth in its net result from financial services. One-off income from equity structuring and financing deals and the revaluation of property finance deals contributed some R50 million (after tax). Sanlam's largest exposure to Steinhoff instruments are within the Capital Management business:

- Steinhoff equities serve as partial security for some of the loans granted by the collateralised lending business. The maximum exposure, attaching no value to any security held, amounts to R580 million after tax. Significant progress has been made since December 2017 to obtain additional security and updated valuations for the security instruments. Allowing for the current best estimate value of security held, an after-tax adjustment of R37 million was raised in respect of this exposure. The eventual security value realised may differ from current best estimates with a potential positive or negative earnings impact in 2018.

- The non-participating policyholder portfolios managed by the CCM have exposure to foreign debt instruments of R368 million, which reflected an unrealised marked-to-market (MTM) decline of R157 million at 31 December 2017. These portfolios also have exposure to South African debt instruments of R771 million, which traded at unrealised MTM declines of R71 million. The MTM declines from these exposures were largely absorbed by discretionary margins held by the Group for such events. In the absence of actual defaults, the MTM declines will reverse up to the maturity date of the instruments. The utilisation of these margins did not affect GEV, as no value has been placed thereon in the Embedded Value of Covered Business.

Santam did exceptionally well to increase its net result from financial services by 5% despite the major catastrophe events highlighted before. Underwriting results increased by 1%, while the contributions from float income and SEM investments grew by 5% and 50% respectively.

An underwriting margin of 6% was achieved in 2017 (6.4% in 2016) including the catastrophe events, which decreased underwriting profit by R156 million after tax and non-controlling interest. The 2017 performance is in the middle of the target range of 4% to 8%, testimony to the resilience of its diversified insurance book. Net earned premiums increased by 8%, while the combined administration cost and float margin ratio remained broadly in line with 2016.

Santam Commercial and Personal experienced the costliest 12 months for natural catastrophe losses in Santam's history. The business was challenged by the Western Cape storms, devastating Garden Route fires, further large commercial and corporate fire claims and flash flooding, and hail events in Gauteng and KwaZulu-Natal. Underwriting margins were under less pressure than expected due to the benefits of the diversified portfolio and reinsurance support. Santam Commercial and Personal's year-on-year premium growth showed a significant increase mainly due to book acquisitions and dedicated focus on the Sanlam tied advisors and Santam Direct. There was a sustained focus on improving the profitability of the business, in particular the commercial property business.

Santam Specialist has a leadership position across most segments in which it operates and leverages this position across distribution channels and specialist intermediaries. The Santam Specialist business experienced competitive trading conditions, and underwriting results were negatively impacted by a number of large corporate property claims. The engineering class of business achieved excellent underwriting results with limited claims activity during 2017. The liability class was impacted by a number of large claims and estimate adjustments, and reported underwriting results significantly lower than the strong results achieved in 2016. The crop insurance business was negatively affected by significant hail claims during the weekend of 30 December 2017; it, however, still achieved an excellent underwriting result, mainly due to low incidents of drought claims during this period.

MiWay delivered solid premium growth on the back of new business offerings, although a slowdown in growth occurred during the second half of the year due to the increased focus on profitability during 2017. The disciplined underwriting resulted in excellent underwriting results following an improvement in the claims ratio net of catastrophe reinsurance recoveries to 56.9% (2016: 62.7%).

Santam Re continued to contribute to Santam's diversification strategy and its ability to create long-term value, and remains the main vehicle for Santam reinsurance optimisation. It continued to build partnerships with international reinsurers with portfolios of good standing.

The growth in float income is largely the function of prevailing short-term interest rates and the level of float balances.

Santam continued to provide comprehensive technical support to SEM business partnerships. This included product, pricing, underwriting and reinsurance input, which together with Saham Finances structural growth contributed to strong earnings growth from the SEM investments.

The 9% increase in **Sanlam Corporate's** net result from financial services is the aggregate of 29% growth in the Healthcare contribution and 4% growth at Sanlam Employee Benefits (SEB). The Healthcare businesses benefited from income earned on new business as well as cost efficiencies. At SEB, increased allowance for one-off project expenses and high disability and mortality claims experience partly offset good growth at the investments business, which benefited from positive annuity mortality experience and asset mismatch profits.

Normalised headline earnings of R9,8 billion are 18% up on 2016. This is the combined effect of the 7% increase in net result from financial services, a 146% increase in net investment return earned on the capital portfolio, a 3% increase in amortisation of intangible assets and equity participation costs as well as an increase in net project expenses from R29 million in 2016 to R114 million in 2017.

Net investment return benefited from the relatively stronger investment market performance in 2017 and the base effect of the R192 million additional deferred tax expense recognised in 2016 after the increase in the effective CGT rate in South Africa from 19% to 22%. This more than offset the R250 million lower after-tax investment income earned following the redeployment of discretionary capital during 2016 and 2017. As communicated to shareholders in December 2017, the Group had index-weighted exposure to Steinhoff shares in the South African capital portfolio. The collapse in the Steinhoff share price contributed to some R120 million lower investment return earned on the portfolio after tax.

Net project expenses include Shriram Life Insurance expansion cost of R26 million, due diligence and related costs incurred on investigating and concluding transactions of R47 million and one-off restructuring and small project costs of R41 million. Shriram Life Insurance is incurring an abnormal level of branch establishment costs as it aggressively expands its own distribution footprint. These costs are recognised as project expenses while expansion activities are significant relative to the size of the in-force book, to avoid distorting the underlying operational performance of the business. Once profit releases from the in-force book reach an appropriate size, the costs will be reallocated to net result from financial services on a prospective basis. This is anticipated to occur in the next three years. The remainder of project expenses are one-off in nature and related to specific corporate actions.

Normalised attributable earnings increased by 35% from R8.1 billion in 2016 to R11 billion in 2017. The biggest contributor to profit on disposal of subsidiaries and associates of R1.3 billion is the R1.2 billion realised on the disposal of the Enterprise Group investments in Ghana. Impairment charges largely relate to the impairment of the investments in Letshego (R103 million) and Pacific & Orient (R161 million) due to the operational underperformance in these businesses.

Business volumes

New business volumes declined by 1% amidst pressure on single premiums in South Africa, Namibia and Botswana. Life insurance new business volumes increased by 2%, investment business inflows declined by 5% and general insurance earned premiums increased by 16%. Excluding structural activity, exchange rate differences and the R4.6 billion new mandate received from the BPOPF in 2016, new business volumes increased by 1%.

SPF's new business sales declined by 5%, with lower discretionary single premium savings volumes concealing a solid recurring premium performance.

Sanlam Sky's new business increased by 12%. The change in mix between risk and savings business continued to improve in 2017, supporting exceptional growth in VNB (refer below). Individual life recurring premium new business increased by 8%, with a 32% decline in savings business partly offsetting 15% growth in risk business. Group recurring premium sales were supported by a number of large new schemes written by Safrican and the biennial renewal of the Zionist Christian Church (ZCC) scheme, increasing by 26%. Excluding the ZCC scheme, group recurring premium business increased by 9% against a high comparative base, which also included large new schemes at Safrican in 2016.

New business volumes in the *Recurring premium sub cluster* and *Strategic Business Development* increased by 10%. Risk business sales grew by 18%, supported by the first-time inclusion of BrightRock from October 2017 and more than 20% growth in credit life business. Excluding BrightRock, new risk business achieved solid growth of 8% against a high comparative base. Savings business sales increased by 8%, the combination of good growth in retirement annuities and lower demand for endowments and tax-free savings products.

Glacier new business declined by 6%. The LISP business was severely impacted by the heightened investor risk aversion, contributing to 9% and 17% declines in discretionary non-life and secondary new business sales respectively. Demand for life licence LISP solutions were more resilient with new business volumes increasing by 3%. Traditional life investment single premiums grew by 1%.

The slowdown in single premium business had a negative impact on SPF's net fund inflows, which declined from R16.5 billion in 2016 to R8.5 billion in 2017.

SEM new business volumes declined by 8% (up 8% in constant currency, excluding structural activity and the BPOPF mandate in 2016).

New business volumes in *Namibia* declined by 1%. New life business growth of 12% was more than offset by a 5% decline in the more volatile single premium investment business. The life business growth was, however, skewed towards lower margin lines of business following good entry-level market sales in 2016, contributing to a disappointing VNB performance (refer below).

The *Botswana* results include the impact of a stronger average rand exchange rate, as well as a high comparative base attributable to the R4.6 billion asset management mandate received from the BPOPF in 2016. Excluding the BPOPF, new business sales grew by 22% in constant currency. The investment manager continued to perform well, growing its new investment mandates by some 27% in constant currency (excluding the BPOPF from the comparable base). New life business sales (up 9% in constant currency) improved in the second half of the year after a major competitor increased its annuity pricing. Annuity volumes were, however, still lower than 2016 and at lower margins, contributing to lower VNB (refer below).

Rest of Africa new business volumes grew by 22% (36% in constant currency). Excluding structural activity, new business volumes decreased by 15% (up 1% in constant currency). All countries in the region contributed growth in excess of 20% in constant currency, apart from Kenya, Zambia and Tanzania. Kenya continued to struggle to gain traction amidst a very competitive market and internal challenges, while in Zambia, focus on the quality of new business written resulted in a decline in recurring premium business, which offset good single premium growth. A decline in agency headcount and lower productivity negatively affected the Tanzania new business performance. A particular highlight is Nigeria's new business growth of almost 50% in constant currency in a difficult operating environment. Nigeria is now the third largest contributor to Rest of Africa new business volumes after Kenya and Saham Finances. Saham Finances is tracking the business case.

The *Indian* insurance businesses continued to perform well, growing their new business contribution by 66% in 2017 (6% in constant currency and excluding structural activity). New life and general insurance business sales increased by 51% and 74% respectively. The life business continued to benefit from the investments made in growing its distribution footprint. Business from the Shriram City Union Finance client base exceeded targets, while volumes are also expanding from the Shriram Transport Finance base. Shriram General Insurance exceeded its new business targets for 2017, but the mix of business still needs more attention.

Malaysia's new business performance continued to disappoint, with both the life and general insurance businesses experiencing some 24% decline in new business volumes (down 13% in constant currency). Progress with diversifying the lines of business still lags expectations. Several initiatives are being implemented to address the current under performance.

Net fund flows declined from R10.9 billion in 2016 to R2.1 billion in 2017. This is mainly due to the R4.6 billion BPOPF inflow included in the comparative base, a negative R542 million exchange rate impact and more than R3 billion of investment fund withdrawals in Namibia by the Government pension fund.

SI's new business growth of 2% in constant currency (flat at actual exchange rate) is a solid performance in an environment of low investor confidence in South Africa. Net fund inflows increased threefold from R5.2 billion in 2016 to R16.1 billion in 2017, a particularly pleasing result. The South African asset manager gained further traction in the institutional market, partly offset by lower retail flows that were to a larger extent impacted by negative investor sentiment. The Wealth Management business recorded net outflows of R755 million. These relate mainly to R3.2 billion of outflows from low margin non-annuity products, mostly share incentive scheme mandates. The International business achieved a sterling turnaround in net fund flows, from an outflow of R4.7 billion in 2016 to a net inflow of R3.6 billion in 2017 (some R4 billion in constant currency). Most of the International business units achieved improved net inflows.

Gross written premiums at **Santam** increased by 15%. Organic growth of 9% was augmented by the first-time contribution from acquisitions. The three main lines of business, being motor, property and alternative risk, achieved double-digit organic growth, a robust performance in a highly competitive market. Net earned premiums grew by 8%, after allowing for reinsurance and reinstatement premiums of R160 million payable in respect of the catastrophe events.

Sanlam Corporate regained some recurring premium risk market share as competitors repriced risk business after a period of weak claims experience, driving exceptional growth of 45% in this line of business. The more volatile single premium business experienced marginally lower volumes than 2016, but with a promising pipeline for the first half of 2018.

Overall net fund inflows of R34.6 billion in 2017 is a satisfactory performance given the challenging market conditions and a high base in 2016.

Business volumes for the year ended 31 December 2017

R million	New business			Net inflows		
	2017	2016	△	**2017**	2016	△
Sanlam Personal Finance	**58 615**	61 748	-5%	**8 454**	16 493	-49%
Sanlam Emerging Markets	**21 903**	23 696	-8%	**2 140**	10 929	-80%
Sanlam Investments	**123 407**	122 879	0%	**16 110**	5 215	209%
Santam	**21 435**	19 826	8%	**7 265**	6 915	5%
Sanlam Corporate	**4 828**	5 029	-4%	**606**	1 369	-56%
Total	**230 188**	233 178	-1%	**34 575**	40 921	-16%
Covered business	**44 615**	43 599	2%	**10 235**	11 356	-10%
Investment business	**158 016**	165 740	-5%	**14 923**	21 169	-30%
Short-term insurance	**27 557**	23 839	16%	**9 417**	8 396	12%
Total	**230 188**	233 178	-1%	**34 575**	40 921	-16%

The discount rate used to determine VNB is directly linked to long-term interest rates. The 20bps and 60bps decline in the South African nine- and five-year benchmark rates respectively during 2017 resulted in a commensurate decline in the risk discount rate, with a 3% positive impact on VNB growth. VNB margins were only marginally affected by the lower discount rate. VNB margins were in general maintained on a per product basis, with the rise in average margins attributable to a change in mix to more profitable product lines, in particular at Sanlam Sky and the Recurring premium sub cluster. Net VNB commensurately increased by 15%, an exceptional performance in a challenging environment.

SPF achieved overall growth of 21% (17% on a comparable basis). The change in business mix in Sanlam Sky contributed to a 46% increase in its VNB contribution (35% on a comparable basis) and an increase in VNB margin from 7.12% in 2016 to 8.88% in 2017. The good growth in new risk business at the Recurring premium sub cluster and Strategic Business Development similarly supported VNB, which increased by 42% (38% excluding BrightRock). VNB margins in these businesses improved from 2.92% to 3.46%. Glacier's VNB declined by 7% due to the weak new business performance and the reallocation of administration costs from the Recurring premium sub cluster.

Net VNB at **SEM** declined by 3% (up 6% in constant currency). Excluding structural activity, VNB increased by 3% in constant currency. All regions contributed strong organic growth, apart from Namibia, Botswana and Tanzania. Namibia VNB was in line with 2016 despite the rise in new life business volumes. This is largely attributable to the change in mix to lower margin business, while the decline in annuity sales in Botswana contributed to a 9% decline in its constant currency contribution. Tanzania also experienced lower VNB in line with the decline in new life business.

The good growth in **Sanlam Corporate** recurring premium risk business enabled a 14% increase in the cluster's VNB contribution.

Value of new life business for the year ended 31 December 2017

R million	**2017**	2016	△
Net value of new covered business	**1 841**	1 605	15%
Sanlam Personal Finance	**1 407**	1 163	21%
Sanlam Emerging Markets	**347**	359	-3%
Sanlam Investments	**-**	7	-
Sanlam Corporate	**87**	76	14%
Gross of non-controlling interest	**2 008**	1 779	13%
Net present value of new business premiums	**62 604**	59 556	5%
Sanlam Personal Finance	**43 940**	41 507	6%
Sanlam Emerging Markets	**7 146**	6 827	5%
Sanlam Investments	**3 259**	3 411	-4%
Sanlam Corporate	**8 259**	7 811	6%
Gross of non-controlling interest	**65 377**	62 383	5%
Net new covered business margin	**2,94%**	2,69%	
Sanlam Personal Finance	**3,20%**	2,80%	
Sanlam Emerging Markets	**4,86%**	5,26%	
Sanlam Investments	**-**	0,21%	
Sanlam Corporate	**1.05%**	0.97%	
Gross of non-controlling interest	**3,07%**	2,85%	

Capital management

The Group started the year with discretionary capital of R550 million, after allowing for the BrightRock acquisition and a portion of the acquisition consideration in respect of the additional 16.6% stake in Saham Finances. A number of capital management actions during 2017 affected the balance of available discretionary capital, which amounted to R2 billion at 31 December 2017.

Discretionary capital at 31 December 2017	
R million	
Discretionary capital at 31 December 2016	**550**
Excess dividend cover	**805**
Capital released from Group operations	**1 712**
Sanlam Life	**1 362**
Sanlam Capital Management	**350**
Investment return and other	**98**
Corporate activity – disposals	**1 639**
Enterprise Group	**1 590**
Summit Trust	**49**
Corporate activity - acquisitions	**(2 804)**
South Africa	**(436)**
Absa Consultants and Actuaries	**(285)**
EasyEquities	**(85)**
Other	**(66)**
Other emerging markets	**(2 365)**
Saham Finances	**(1 863)**
Sanlam Investments East Africa	**(255)**
Soras Group	**(113)**
Sanlam General Insurance Uganda	**(94)**
Other	**(40)**
Developed markets	**(3)**
Discretionary capital at 31 December 2017	**2 000**

The discretionary capital portfolio was augmented by the following inflows:

- The excess cash operating earnings cover in respect of the dividend paid in 2017.
- Capital of R1.4 billion released from the covered business operations in Sanlam Life. As communicated in the Group's 2016 annual results announcement, capital allocated to the covered business operations on the Sanlam Life balance sheet can be reduced by R2 billion over time. Investment return earned on this capital base is also available for release. The first R500 million was released from the capital base in 2017, together with the net investment return of R862 million earned during the year. The remaining R1.5 billion will be released from the base during 2018.

- The introduction of the CCM enabled the transfer of credit exposures from the Sanlam Capital Markets balance sheet to Sanlam Life. This released R350 million of the capital allocated to the Sanlam Capital Markets business.
- Disposals of Group operations yielded R1.6 billion, with the main contribution from the Enterprise Group disposal announced earlier in 2017. Sanlam Investments also disposed of the developed market component of Summit Trust, retaining the Mauritian-based operations.
- Investment return and other small movements added R98 million.

A net total of R2.8 billion was redeployed in 2017 in respect of new transactions, which included the following major acquisitions:

- We entered into agreements for the acquisition of Absa's employee benefits and actuarial consulting business to add scale to SEB's offering. The transaction remains subject to final regulatory approval.
- Sanlam Investments acquired a 30% stake in EasyEquities, an innovative low-cost investment platform, which significantly enhanced the Cluster's reach into the lower income markets and complement its Satrix index-tracking offering.
- Debt funding of up to US$140 million was considered as part of the funding model for the acquisition of the additional 16.6% stake in Saham Finances. The Enterprise Group disposal eliminated the need for debt funding, with this portion of the acquisition consideration (R1.9 billion) also funded from discretionary capital.
- The acquisition of a controlling stake in PineBridge Investments East Africa (renamed to Sanlam Investments East Africa) and other smaller transactions utilised some R260 million. The PineBridge acquisition provides the Group with a meaningful investment management capability in East Africa for future growth in this line of business.
- Sanlam Emerging Markets acquired the non-controlling interests in the Soras Group in Rwanda for R113 million and invested R94 million to capitalise its Ugandan business, which expanded its products lines through the acquisition of a general insurance business.

Subsequent to the 2017 year-end, we concluded agreements to acquire the remaining 53.4% stake in Saham Finances. This transaction significantly enhances the strategic positioning of Sanlam as the leading insurance provider in Africa, and will accelerate the extraction of synergies from the combined footprint. The transaction price of US$ 1 050 million will be funded through a combination of available discretionary capital, debt and a Sanlam Limited share issuance within the limits of current approvals and the Group's risk appetite.

The rand experienced significant volatility during 2017, weakening in the latter half of the year as uncertainty around the outcome of the African National Congress' national elective conference heightened. General market consensus was that the rand could weaken further depending on which candidate was elected as the new party president. As the acquisition of the remaining stake in Saham Finances was only viable below a certain rand/US$ exchange rate, we decided to partially hedge the transaction through a combination of foreign currency acquisitions and forward exchange contracts. US$602 million of the total US$1 050 million consideration was hedged at an average exchange rate of R14.12. The unrealised fair value loss on the hedging instruments amounted to some R562 million after tax at 31 December 2017. The loss was recognised directly in other comprehensive income in terms of the hedge accounting applied under IFRS. The eventual profit or loss realised at payment date will be recognised as an adjustment to the acquisition price. The investment will meet Sanlam's hurdle rate at the hedged exchange rate, taking cognisance of the expected depreciation of the rand against the US$ over the long term.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of December 2017. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life, the holding company of the Group's major life insurance subsidiaries, covered its capital adequacy requirements (CAR) 5.8 times under the current solvency regime.

As indicated in previous results announcements, South Africa is implementing a new solvency regime (Solvency Assessment and Management – SAM) modelled on the European Solvency II regime with an anticipated effective date of 1 July 2018. A Solvency Capital Requirement (SCR) target cover range under SAM of between 1.7 times and 2.1 times has been set for Sanlam Life Insurance Limited's (Sanlam Life) covered business. The R9.5 billion of IFRS-based required capital allocated to these operations at the end of December 2017 translated into a SCR cover of 2.3 times. The SCR cover ratio for the Sanlam Life entity as a whole at 2.7 times exceeded the covered business ratio at the end of December 2017 due to the inclusion of discretionary and other capital held on the Sanlam Life balance sheet as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations (i.e. not included in the R9.5 billion allocated capital referred to above). The Sanlam Group SCR cover ratio of 2.2 times remained in line with the 2.2 times cover at 31 December 2016. The Group will increasingly focus on the Group SCR cover as the main solvency measure.

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. Dividend cover of cash operating earnings is managed broadly within a 1 to 1.1 times range to target consistent real growth of between 2% and 4% in the Group's normal dividend payment. The operational performance of the Group in the 2017 financial year enabled the Board to increase the normal dividend per share by 8% to 290 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 20% withholding tax, where applicable, which will result in a net final dividend, to the shareholders who are not exempt from paying dividend tax, of 232 cents per share. The number of ordinary shares in issue in the company's share capital as at the date of the declaration is 2 010 956 721 excluding treasury shares of 155 515 085 at 31 December 2017. The company's tax reference number is 9536/346/84/5.

Shareholders are advised that the final cash dividend of 290 cents for the year ended 31 December 2017 is payable on Monday, 9 April 2018 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 6 April 2018. The last date to trade to qualify for this dividend will be Tuesday, 3 April 2018, and Sanlam shares will trade ex-dividend from Wednesday, 4 April 2018.

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 April 2018 and Friday, 6 April 2018, both days included.

Sanlam Group

Summarised financial statements for the year ended 31 December 2017

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 2016, 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 2016 annual report.

The preparation of the Group's audited annual results was supervised by the Financial Director, Heinie Werth 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)
- IFRS 17 – *Insurance Contracts* (effective 1 January 2021)

IFRS 9: *Financial* Instruments will replace IAS 39: Financial Instruments: Recognition and Measurement. The Group will be adopting this standard from 1 January 2018 using the modified retrospective approach and will not make use of any of the deferral options provided in IFRS 4: Insurance Contracts. The standard introduces new requirements for the classification and measurement of financial instruments. During the year the Group conducted an assessment of the potential classification and measurement changes that may result from the adoption of the new standard, based on the composition of the Group Statement of Financial Position as at 31 December 2016, for the purposes of a preliminary impact assessment, as well as 31 December 2017, to assess the impact on adoption. The outcome of this process indicates that there will be limited changes in classification and measurement across the Group.

IFRS 9 introduces a new expected credit loss ("ECL") impairment model for all financial assets and certain loan commitments and guarantees.

As the majority of the group's financial assets subject to more than an insignificant amount of credit risk are measured at fair value through profit or loss, the potential significant impacts from changes in the measurement basis of impairment provisions are limited to the Group's investment in associated companies and joint ventures, as a number of these conduct credit business. Based on ongoing assessments, while the carrying value of these associates will decrease on adoption of IFRS 9, the impact based on current assessments indicate that this decrease should not be in excess of 2% of the balance of equity accounted investments, and therefore will not be material to the Group.

IFRS 15: *Revenue from Contracts with Clients* replaces all existing revenue recognition requirements in IFRS and applies to all revenue arising from contracts with clients, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments. The standard is effective for the Group for the financial year commencing 1 January 2018. The potential areas of significant impact for the Group relate to performance fees earned by the asset management operations, upfront fees received, deferred acquisition costs on investment business and isolated instances of more complex fee structures. Based on the level of performance fees earned, no significant impact from this is expected. The impact of other areas is still being assessed.

IFRS 16: *Leases* was issued by the IASB in January 2016 and replaces IAS 17: *Leases* for reporting periods beginning on or after 1 January 2019. The Group is in the process of assessing the impact of IFRS 16. Initial work performed, indicates that there will be limited impact on the financial statements as a result of this standard.

IFRS 17: *Insurance Contracts* was issued in May 2017. The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Initial work performed on the impact of IFRS 17 indicates that there will be a significant impact on the underlying valuation models, systems and processes. The Group is in the process of assessing the requirements of the standard against current data, processes and valuation models and is expected to finalise this assessment during the second half of 2018.

Restatement of investment classes

Sanlam Life Insurance Limited through its Bermuda branch, issued life insurance policies that were backed by an investment policy issued by a 3rd party with the underlying assets being held in investment funds. These assets were correctly classified as investment funds until 31 December 2015. This investment policy was terminated effective 1 January 2016 and was replaced by investments in various asset classes. The administration process for the classification of these assets in the relevant investment asset classes was not amended appropriately by the end of 31 December 2016, resulting in an incorrect classification on the statement of financial position with no impact on the statement of comprehensive income. The 31 December 2016 information is accordingly restated for this error.

R million		**2016**	
	Previously reported	Adjustments	Restated
Equities	176 944	6 300	183 244
Structured transactions	13 756	239	13 995
Investment funds	161 050	(6 539)	154 511

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 2017

Contents

GROUP EQUITY VALUE

at 31 December 2017

	2017 R million	2016 R million
Embedded value of covered business	**54 283**	51 246
Sanlam Personal Finance	**39 546**	38 216
Adjusted net worth	**6 256**	8 358
Value of in-force	**33 290**	29 858
Sanlam Emerging Markets	**6 686**	6 370
Adjusted net worth	**3 021**	2 857
Value of in-force	**3 665**	3 513
Sanlam Investments	**2 768**	1 137
Adjusted net worth	**2 644**	466
Value of in-force	**124**	671
Sanlam Corporate	**5 283**	5 523
Adjusted net worth	**3 117**	3 720
Value of in-force	**2 166**	1 803
Other Group operations	**59 546**	50 789
Sanlam Personal Finance	**3 855**	3 662
Sanlam Emerging Markets	**20 935**	15 727
Sanlam Investments	**15 563**	14 670
Santam	**18 108**	15 868
Sanlam Corporate	**1 085**	862
Other capital and net worth adjustments	**5 934**	8 132
	119 763	110 167
Discretionary capital	**2 000**	550
Group equity value	**121 763**	110 717
Group equity value per share (cents)	**5 940**	5 407

SHAREHOLDERS' FUND INCOME STATEMENT

for the year ended 31 December 2017

	2017	2016
	R million	R million
Result from financial services before tax	**13 558**	12 678
Sanlam Personal Finance	**5 900**	5 691
Sanlam Emerging Markets	**3 311**	2 896
Sanlam Investments	**1 577**	1 505
Santam	**2 173**	2 050
Sanlam Corporate	**779**	712
Group office and other	**(182)**	(176)
Tax on financial services income	**(3 726)**	(3 493)
Non-controlling interest	**(1 283)**	(1 216)
Net result from financial services	**8 549**	7 969
Net investment return	**1 663**	676
Net investment income	**808**	940
Net investment surpluses	**817**	(300)
Net equity-accounted headline earnings	**38**	36
Net project expenses	**(114)**	(29)
Equity participation costs	**(2)**	(5)
Amortisation of intangibles	**(261)**	(251)
Normalised headline earnings	**9 835**	8 360
Profit on disposal of operations	**1 335**	31
Net equity-accounted non-headline earnings	**134**	(3)
Impairments	**(303)**	(265)
Normalised attributable earnings	**11 001**	8 123
Fund transfers	**(78)**	1 500
Attributable earnings per Group statement of comprehensive income	**10 923**	9 623

NOTES TO THE SHAREHOLDERS' INFORMATION

for the year ended 31 December 2017

	2017 R million	2016 R million
1. NEW BUSINESS		
Analysed per licence:		
Life Insurance	**44 615**	43 599
Sanlam Personal Finance	**31 182**	30 175
Sanlam Emerging Markets	**5 468**	5 208
Sanlam Corporate	**4 828**	5 029
Sanlam Investments	**3 137**	3 187
Investment business and other	**185 573**	189 579
Sanlam Personal Finance	**27 433**	31 573
Sanlam Emerging Markets	**16 435**	18 488
Sanlam Investments	**120 270**	119 692
Santam	**21 435**	19 826
Total new business	**230 188**	233 178

	2017 R million	2016 R million
2. NET FLOW OF FUNDS		
Analysed per licence:		
Life Insurance	**10 235**	11 356
Sanlam Personal Finance	**6 840**	7 298
Sanlam Emerging Markets	**3 146**	2 941
Sanlam Corporate	**606**	1 369
Sanlam Investments	**(357)**	(252)
Investment business and other	**24 340**	29 565
Sanlam Personal Finance	**1 614**	9 195
Sanlam Emerging Markets	**(1 006)**	7 988
Sanlam Investments	**16 467**	5 467
Santam	**7 265**	6 915
Total net flow of funds	**34 575**	40 921

3. NORMALISED EARNINGS PER SHARE

In terms of IFRS, a consolidation reserve is created for differences in the valuation bases of long-term policy liabilities and assets supporting those liabilities. Certain investments held in policyholder portfolios may not be recognised at fair value in terms of IFRS, whereas the valuation of the related policy liabilities is based on the assets at fair value. Similarly, deferred tax assets recognised in respect of assessed tax losses in policyholder funds increases the Group's net assets without a corresponding increase in policy liabilities. These create mismatches with a corresponding impact on the shareholders' fund. A separate reserve is created for these valuation differences owing to the fact that they represent accounting differences and not economic gains or losses for the shareholders' fund. 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 these impacts.

	2017 cents	2016 cents
Normalised diluted earnings per share:		
Net result from financial services	**417,2**	389,4
Headline earnings	**480,0**	408,5
Profit attributable to shareholders' fund	**536,9**	396,9
	R million	R million
Analysis of normalised earnings (refer shareholders' fund income statement):		
Net result from financial services	**8 549**	7 969
Headline earnings	**9 835**	8 360
Profit attributable to shareholders' fund	**11 001**	8 123
	Million	Million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share	**2 027,3**	2 020,1
Add: Weighted average Sanlam shares held by policyholders	**21,8**	26,4
Adjusted weighted average number of shares for normalised diluted earnings per share	**2 049,1**	2 046,5
Number of ordinary shares in issue	**2 166,5**	2 166,5
Shares held by subsidiaries in shareholders' fund	**(137,4)**	(138,9)
Outstanding shares and share options in respect of Sanlam Limited long-term incentive scheme	**20,8**	19,9
Adjusted number of shares for value per share	**2 049,9**	2 047,5

EMBEDDED VALUE OF COVERED BUSINESS
at 31 December 2017

EMBEDDED VALUE OF COVERED BUSINESS at 31 DECEMBER 2017

	Note	**2017 R million**	2016 R million
Sanlam Personal Finance		**39 546**	38 216
Adjusted net worth		**6 256**	8 358
Net value of in-force covered business		**33 290**	29 858
Value of in-force covered business		**34 840**	31 823
Cost of capital		**(1 400)**	(1 965)
Non-controlling interest		**(150)**	-
Sanlam Emerging Markets		**6 686**	6 370
Adjusted net worth		**3 021**	2 857
Net value of in-force covered business		**3 665**	3 513
Value of in-force covered business		**5 962**	5 712
Cost of capital		**(593)**	(562)
Non-controlling interest		**(1 704)**	(1 637)
Sanlam Investments[(1)]		**2 768**	1 137
Adjusted net worth		**2 644**	466
Net value of in-force covered business		**124**	671
Value of in-force covered business		**828**	828
Cost of capital		**(704)**	(157)
Sanlam Employee Benefits[(1)]		**5 283**	5 523
Adjusted net worth		**3 117**	3 720
Net value of in-force covered business		**2 166**	1 803
Value of in-force covered business		**3 065**	2 857
Cost of capital		**(899)**	(1 054)
Embedded value of covered business		**54 283**	51 246
Adjusted net worth [(2)]		**15 038**	15 401
Net value of in-force covered business	1	**39 245**	35 845
Embedded value of covered business		**54 283**	51 246

[(1)] Sanlam UK and the Central Credit Manager are included in the Sanlam Investments cluster whereas Sanlam Employee Benefits forms part of the Sanlam Corporate cluster.
[(2)] Excludes subordinated debt funding of Sanlam Life.

EMBEDDED VALUE OF COVERED BUSINESS

at 31 December 2017 *(continued)*

CHANGE IN EMBEDDED VALUE OF COVERED BUSINESS for the year ended 31 December 2017

		2017			2016
R million	Note	**Total**	**Net Value of in-force**	**Adjusted net worth**	**Total**
Embedded value of covered business at the beginning of the year		**51 246**	**35 845**	**15 401**	47 222
Value of new business	2	**1 841**	**4 129**	**(2 288)**	1 605
Net earnings from existing covered business		**5 771**	**(1 429)**	**7 200**	6 042
Expected return on value of in-force business		**4 620**	**4 620**	**-**	4 634
Expected transfer of profit to adjusted net worth		**-**	**(6 061)**	**6 061**	-
Operating experience variances	3	**1 558**	**264**	**1 294**	983
Operating assumption changes	4	**(407)**	**(252)**	**(155)**	425
Expected investment return on adjusted net worth		**1 020**	**-**	**1 020**	1 199
Embedded value earnings from operations		**8 632**	**2 700**	**5 932**	8 846
Economic assumption changes	5	**234**	**246**	**(12)**	485
Tax changes	6	**-**	**-**	**-**	422
Investment variances – value of in-force		**691**	**432**	**259**	(159)
Investment variances – investment return on adjusted net worth		**(90)**	**-**	**(90)**	(1 312)
Profit on disposal of subsidiaries and associated companies		**789**	**-**	**789**	-
Goodwill from business		**(485)**	**(485)**	**-**	(183)
Exchange rate movements		**(163)**	**(163)**	**-**	(626)
Embedded value earnings from covered business		**9 608**	**2 730**	**6 878**	7 473
Acquired value of in-force		**1 443**	**1 018**	**425**	1 247
Transfer (to)/from other Group operations		**-**	**-**	**-**	(13)
Disposal of businesses		**(1 331)**	**(348)**	**(983)**	-
Net transfers from covered business		**(6 683)**	**-**	**(6 683)**	(4 683)
Embedded value of covered business at the end of the year		**54 283**	**39 245**	**15 038**	51 246
Analysis of earnings from covered business					
Sanlam Personal Finance		**6 659**	**2 329**	**4 330**	7 402
Sanlam Emerging Markets		**1 476**	**71**	**1 405**	37
Sanlam Investments		**403**	**4**	**399**	(403)
Sanlam Corporate		**1 070**	**326**	**744**	437
Embedded value earnings from covered business		**9 608**	**2 730**	**6 878**	7 473

EMBEDDED VALUE OF COVERED BUSINESS

VALUE OF NEW BUSINESS for the year ended 31 December 2017

R million	Note	2017	2016
Value of new business (at point of sale):			
Gross value of new business		**2 217**	2 026
Sanlam Personal Finance [(1)]		**1 512**	1 291
Sanlam Emerging Markets		**550**	589
Sanlam Investments		**7**	12
Sanlam Corporate		**148**	134
Cost of capital		**(209)**	(247)
Sanlam Personal Finance [(1)]		**(96)**	(128)
Sanlam Emerging Markets		**(45)**	(56)
Sanlam Investments		**(7)**	(5)
Sanlam Corporate		**(61)**	(58)
Value of new business		**2 008**	1 779
Sanlam Personal Finance		**1 416**	1 163
Sanlam Emerging Markets		**505**	533
Sanlam Investments		**-**	7
Sanlam Corporate		**87**	76
Value of new business attributable to:			
Shareholders' fund	2	**1 841**	1 605
Sanlam Personal Finance		**1 407**	1 163
Sanlam Emerging Markets		**347**	359
Sanlam Investments		**-**	7
Sanlam Corporate		**87**	76
Non-controlling interest		**167**	174
Sanlam Personal Finance		**9**	-
Sanlam Emerging Markets		**158**	174
Sanlam Investments		**-**	-
Sanlam Corporate		**-**	-
Value of new business		**2 008**	1 779

(1) As a result of improved modelling, R24 million was shifted between Sanlam Personal Finance's gross value of new business and cost of capital.

Geographical analysis:			
South Africa		**1 503**	1 239
Africa		**424**	461
Other international		**81**	79
Value of new business		**2 008**	1 779
Analysis of new business profitability:			
Before non-controlling interest:			
Present value of new business premiums		**65 377**	62 383
Sanlam Personal Finance		**44 101**	41 507
Sanlam Emerging Markets		**9 758**	9 654
Sanlam Investments		**3 259**	3 411
Sanlam Corporate		**8 259**	7 811
New business margin		**3,07%**	2,85%
Sanlam Personal Finance		**3,21%**	2,80%
Sanlam Emerging Markets		**5,18%**	5,52%
Sanlam Investments		**-**	0,21%
Sanlam Corporate		**1,05%**	0,97%

EMBEDDED VALUE OF COVERED BUSINESS
at 31 December 2017 *(continued)*

VALUE OF NEW BUSINESS for the year ended 31 December 2017 *(continued)*

R million	Note	**2017**	2016
Analysis of new business profitability *(continued)*:			
After non-controlling interest:			
Present value of new business premiums		**62 604**	59 556
Sanlam Personal Finance		**43 940**	41 507
Sanlam Emerging Markets		**7 146**	6 827
Sanlam Investments		**3 259**	3 411
Sanlam Corporate		**8 259**	7 811
New business margin		**2,94%**	2,69%
Sanlam Personal Finance		**3,20%**	2,80%
Sanlam Emerging Markets		**4,86%**	5,26%
Sanlam Investments		**-**	0,21%
Sanlam Corporate		**1,05%**	0,97%

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

for the year ended 31 December 2017

1. VALUE OF IN-FORCE COVERED BUSINESS 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	**42 620**	**(3 375)**	**39 245**	
• Risk discount rate increase by 1%	40 330	(3 854)	36 476	(7)
• Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	43 737	(3 368)	40 369	3
• Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	41 273	(3 307)	37 966	(3)
• Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	43 207	(3 188)	40 019	2
• Rand exchange rate depreciation by 10%	42 967	(3 474)	39 493	1
• Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	44 122	(3 405)	40 717	4
• Discontinuance rates decrease by 10%	43 914	(3 463)	40 451	3
• Mortality and morbidity decrease by 5% for life assurance business	44 374	(3 372)	41 002	4
• Mortality and morbidity decrease by 5% for annuity business	42 324	(3 378)	38 946	(1)

2. VALUE OF NEW COVERED 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	**2 036**	**(195)**	**1 841**	
• Risk discount rate increase by 1%	1 803	(217)	1 586	(14)
• Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	2 150	(193)	1 957	6
• Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	2 224	(197)	2 027	10
• Acquisition expenses (excluding commission and commission related expenses) decrease by 10%	2 227	(193)	2 034	10
• Discontinuance rates decrease by 10%	2 303	(206)	2 097	14
• Mortality and morbidity decrease by 5% for life assurance business	2 220	(194)	2 026	10
• Mortality and morbidity decrease by 5% for annuity business	2 022	(192)	1 830	(1)

	2017 R million	2016 R million
3. OPERATING EXPERIENCE VARIANCES		
Risk experience	**447**	438
Persistency	**67**	(11)
Maintenance expenses	**(9)**	30
Working capital management	**452**	354
Credit spread	**396**	89
Other	**205**	83
Total operating experience variances	**1 558**	983

4. OPERATING ASSUMPTION CHANGES

Risk experience	**183**	122
Persistency	**(115)**	54
Maintenance expenses	**(239)**	99
Modelling changes and other	**(236)**	150
Total operating assumption changes	**(407)**	425

5. ECONOMIC ASSUMPTION CHANGES

Investment yields	**260**	552
Long-term asset mix assumptions and other	**(26)**	(67)
Total economic assumption changes	**234**	485

6. CHANGES IN TAX BASIS

Risk Policy Fund (RPF)	**-**	674
Capital gains tax (inclusion rate)	**-**	(257)
Other	**-**	5
Total tax changes	**-**	422

Summarised Group IFRS financial statements for the year ended 31 December 2017

Contents

STATEMENT OF FINANCIAL POSITION at 31 December 2017

	2017 R million	Restated 2016 R million
ASSETS		
Equipment	**876**	881
Owner-occupied properties	**963**	1 171
Goodwill	**4 158**	3 596
Value of business acquired	**1 930**	1 606
Other intangible assets	**517**	575
Deferred acquisition costs	**3 659**	3 597
Long-term reinsurance assets	**1 063**	958
Investments	**656 020**	592 945
Properties	**11 505**	10 664
Equity-accounted investments	**26 476**	21 560
Equities and similar securities	**201 095**	183 244
Interest-bearing investments	**185 363**	170 584
Structured transactions	**15 381**	13 995
Investment funds	**177 235**	154 511
Cash, deposits and similar securities	**38 965**	38 387
Deferred tax	**2 083**	1 880
Assets of disposal groups classified as held for sale	**321**	663
General insurance technical assets	**6 400**	5 022
Working capital assets	**55 593**	59 665
Trade and other receivables	**33 633**	40 904
Cash, deposits and similar securities	**21 960**	18 761
Total assets	**733 583**	672 559
EQUITY AND LIABILITIES		
Shareholders' fund	**57 420**	53 390
Non-controlling interest	**6 017**	5 696
Total equity	**63 437**	59 086
Long-term policy liabilities	**524 441**	483 748
Insurance contracts	**178 868**	177 675
Investment contracts	**345 573**	306 073
Term finance	**6 426**	6 466
Margin business	**1 918**	1 652
Other interest-bearing liabilities	**4 508**	4 814
Structured transactions liabilities	**4 187**	1 298
External investors in consolidated funds	**62 329**	55 486
Cell owners' interest	**3 217**	1 153
Deferred tax	**2 435**	2 069
General insurance technical provisions	**18 668**	14 557
Working capital liabilities	**48 443**	48 696
Trade and other payables	**46 507**	46 636
Provisions	**333**	332
Taxation	**1 603**	1 728
Total equity and liabilities	**733 583**	672 559

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2017

	2017 R million	2016 R million
Net income	**113 976**	86 695
Financial services income	**63 930**	58 189
Reinsurance premiums paid	**(9 546)**	(7 626)
Reinsurance commission received	**1 685**	1 396
Investment income	**30 288**	28 413
Investment surpluses	**33 423**	9 150
Finance cost – margin business	**(134)**	(106)
Change in fair value of external investors liability	**(5 670)**	(2 721)
Net insurance and investment contract benefits and claims	**(72 576)**	(49 329)
Long-term insurance contract benefits	**(26 863)**	(24 143)
Long-term investment contract benefits	**(32 588)**	(13 204)
General insurance claims	**(21 036)**	(17 423)
Reinsurance claims received	**7 911**	5 441
Expenses	**(26 279)**	(24 731)
Sales remuneration	**(8 832)**	(8 140)
Administration costs	**(17 447)**	(16 591)
Impairments	**(395)**	(340)
Amortisation of intangibles	**(350)**	(326)
Net operating result	**14 376**	11 969
Equity-accounted earnings	**2 646**	2 095
Finance cost – other	**(690)**	(460)
Profit before tax	**16 332**	13 604
Taxation	**(4 342)**	(3 026)
Shareholders' fund	**(3 087)**	(1 832)
Policyholders' fund	**(1 255)**	(1 194)
Profit for the year	**11 990**	10 578
Other comprehensive income		
Movement in foreign currency translation reserve [(1)]	**(1 217)**	(4 367)
Movement in cash flow hedge	**(602)**	(469)
Other comprehensive income of equity accounted investments [(1)]	**21**	(248)
Employee benefits re-measurement loss	**(12)**	(54)
Comprehensive income for the year	**10 180**	5 440

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2017 *(continued)*

	2017 R million	2016 R million
Allocation of comprehensive income:		
Profit for the year	**11 990**	10 578
Shareholders' fund	**10 923**	9 623
Non-controlling interest	**1 067**	955
Comprehensive income for the year	**10 180**	5 440
Shareholders' fund	**9 272**	5 139
Non-controlling interest	**908**	301

Earnings attributable to shareholders of the company (cents):		
Basic earnings per share	**544,4**	481,1
Diluted earnings per share	**538,8**	476,4

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	2017 R million	2016 R million
Shareholders' fund:		
Balance at beginning of the year	**53 390**	53 621
Comprehensive income	**9 272**	5 139
Profit for the year	**10 923**	9 623
Other comprehensive income (1)	**(1 651)**	(4 484)
Net acquisition of treasury shares (2)	**(119)**	(690)
Share-based payments	**340**	325
Dividends paid (3)	**(5 400)**	(4 916)
Acquisitions, disposals and other movements in interests	**(63)**	(89)
Balance at end of the year	**57 420**	53 390
Non-controlling interest:		
Balance at beginning of the year	**5 696**	6 571
Comprehensive income	**908**	301
Profit for the year	**1 067**	955
Other comprehensive income(1)	**(159)**	(654)
Net (acquisition)/ disposal of treasury shares(2)	**(19)**	(41)
Share-based payments	**36**	37
Dividends paid (3)	**(796)**	(1 224)
Acquisitions, disposals and other movements in interests	**192**	52
Balance at end of the year	**6 017**	5 696
Shareholders' fund	**53 390**	53 621
Non-controlling interest	**5 696**	6 571
Total equity at beginning of the year	**59 086**	60 192
Shareholders' fund	**57 420**	53 390
Non-controlling interest	**6 017**	5 696
Total equity at end of the year	**63 437**	59 086

(1) *Other comprehensive income include a realisation of cash flow hedging adjustment of R56 million (R40 million net of tax) in respect of the acquisition of interests in Saham Finances, as well as an additional cash flow hedging adjustment of R781 million (R562 million net of tax) in respect of the cumulative fair value movements on the hedging instruments designated for funding of in an additional stake in Saham Finances for the current year.*

(2) *Comprises movement in cost of shares held by subsidiaries, the share incentive trust and other consolidated funds.*

(3) *A dividend of 290 cents per share (2016: 268 cents per share) was declared in 2018 in respect of the 2017 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R5,9 billion, but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.*

CASH FLOW STATEMENT for the year ended 31 December 2017

	2017 R million	2016 R million
Net cash flow from operating activities	**23 402**	14 428
Net cash flow from investment activities	**(20 267)**	(15 949)
Net cash flow from financing activities	**(215)**	165
Net increase in cash and cash equivalents	**2 920**	(1 356)
Net foreign exchange difference	**(122)**	(69)
Cash and cash equivalents at beginning of the year	**52 621**	54 046
Cash and cash equivalents at end of the year	**55 419**	52 621

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

	2017 cents	2016 cents
1. EARNINGS PER SHARE		
Basic earnings per share:		
Headline earnings	**486,3**	493,0
Profit attributable to shareholders' fund	**544,4**	481,1
Diluted earnings per share:		
Headline earnings	**481,3**	488,1
Profit attributable to shareholders' fund	**538,8**	476,4
	R million	R million
Analysis of earnings:		
Profit attributable to shareholders' fund	**10 923**	9 623
Less: Net profit on disposal of operations	**(1 335)**	(31)
Less: Equity-accounted non-headline earnings	**(134)**	3
Plus: Impairments	**303**	265
Headline earnings	**9 757**	9 860

	million	million
Number of shares:		
Number of ordinary shares in issue	**2 166,5**	2 166,5
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds (including policyholders)	**(160,0)**	(166,3)
Adjusted weighted average number of shares for basic earnings per share	**2 006,5**	2 000,2
Add: Total number of shares in respect of Sanlam Limited long-term incentive schemes	**20,8**	19,9
Adjusted weighted average number of shares for diluted earnings per share	**2 027,3**	2 020,1

2. RECONCILIATION OF SEGMENTAL INFORMATION

	2017	2016
	R million	R million
Segment financial services income (per shareholders' fund information)	**58 700**	54 382
Sanlam Personal Finance	**17 823**	16 421
Sanlam Emerging Markets	**7 978**	7 462
Sanlam Investments	**5 581**	5 546
Santam	**22 327**	20 608
Sanlam Corporate	**4 825**	4 217
Corporate and other	**166**	128
IFRS adjustments	**5 230**	3 807
Total financial services income	**63 930**	58 189
Segment result (per shareholders' fund information after tax and non-controlling interest)	**11 001**	8 123
Sanlam Personal Finance	**4 680**	4 411
Sanlam Emerging Markets	**3 057**	1 517
Sanlam Investments	**1 401**	913
Santam	**1 122**	846
Sanlam Corporate	**845**	554
Group office and other	**(104)**	(118)
Reverse Non-controlling interest included in segment result	**1 067**	955
Fund transfers	**(78)**	1 500
Total profit for the year	**11 990**	10 578

3. SHARE REPURCHASES

The Sanlam shareholders granted general authorities to the Group at the 2017 and 2016 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in terms of these general authorities.

4. CONTINGENT LIABILITIES

Shareholders are referred to the contingent liabilities disclosure in the 2017 annual financial statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

5. SUBSEQUENT EVENTS

Subsequent to the 2017 year-end, the Group concluded agreements to acquire the remaining 53.4% stake in Saham Finances. This transaction significantly enhances the strategic positioning of Sanlam as the leading insurance provider in Africa, and will accelerate the extraction of synergies from the combined footprint. The transaction price of US$ 1 050 million will be funded from the following sources:

- A Sanlam Limited share issuance of up to 5% of the issued Sanlam shares in terms of the general authority granted by shareholders at the 2017 annual general meeting. The opportunity to further enhance Sanlam's Black Economic Empowerment initiatives and shareholding at a minimum level of dilution will be considered as part of the share issuance.
- Available discretionary capital of R3 billion to R4 billion, allowing for the additional R1.5 billion to be released from the Sanlam Life covered business operations in 2018.

Debt funding for the remainder. Any utilisation of debt capacity will be subject to the Group's risk appetite, while also ensuring that the funding cost can be comfortably covered by dividend cash flows from the Saham Finances investment. The Group intends to redeem the R1,2 billion of Sanlam Life subordinated debt that reaches its call option date in August 2018, which will partly offset the increase in overall Group debt from this transaction.

The rand experienced significant volatility during 2017, weakening in the latter half of the year as uncertainty around the outcome of the African National Congress' national elective conference heightened. General market consensus was that the rand could weaken further depending on which candidate was elected as the new party president. As the acquisition of the remaining stake in Saham Finances was only viable below a certain rand/US$ exchange rate, the Group decided to partially hedge the transaction through a combination of foreign currency acquisitions and forward exchange contracts. US$602 million of the total US$1 050 million consideration was hedged at an average exchange rate of R14.12. The unrealised fair value loss on the hedging instruments amounted to some R562 million after tax at 31 December 2017. The loss was recognised directly in the Statement of Changes in Equity in terms of the hedge accounting applied under IFRS. The eventual profit or loss realised at payment date will be recognised as an adjustment to the acquisition price. The investment will meet Sanlam's hurdle rate at the hedged exchange rate, taking cognisance of the expected depreciation of the rand against the US$ over the long term.

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 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Properties	**-**	**-**	**11 505**	**11 505**
Investment in joint ventures	**-**	**-**	**359**	**359**
Equities and similar securities	**198 226**	**2 436**	**433**	**201 095**
Interest-bearing investments	**42 154**	**141 825**	**30**	**184 009**
Structured transactions	**7 130**	**8 251**	**-**	**15 381**
Investment funds	**173 802**	**3 103**	**330**	**177 235**
Trading account assets	**11 090**	**5 233**	**-**	**16 323**
Cash deposits and similar securities	**24 353**	**14 572**	**-**	**38 925**
Total assets at fair value	**456 755**	**175 420**	**12 657**	**644 832**
Investment contract liabilities	**-**	**343 368**	**2 205**	**345 573**
Term finance	**-**	**4 300**	**-**	**4 300**
Structured transactions liabilities	**-**	**4 187**	**-**	**4 187**
Trading account liabilities	**11 547**	**11 447**	**-**	**22 994**
External investors in consolidated funds	**61 802**	**-**	**527**	**62 329**
Total liabilities at fair value	**73 349**	**363 302**	**2 732**	**439 383**

6. FAIR VALUE DISCLOSURES *(continued)*

R million

Recurring fair value measurements

31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Properties	-	-	10 664	10 664
Properties held for sale	-	655	-	655
Equities and similar securities	180 752	2 072	420	183 244
Interest-bearing investments	48 621	120 570	392	169 583
Structured transactions	6 741	7 254	-	13 995
Investment funds	136 835	17 209	467	154 511
Trading account assets	3 661	19 288	-	22 949
Cash deposits and similar securities	22 792	15 595	-	38 387
Investment in joint ventures	-	-	423	423
Total assets at fair value	399 402	182 643	12 366	594 411
Investment contract liabilities	-	303 761	2 312	306 073
Term finance	-	4 300	201	4 501
Structured transactions liabilities	-	1 298	-	1 298
Trading account liabilities	1 828	21 170	-	22 998
External investors in consolidated funds	54 389	493	604	55 486
Total liabilities at fair value	56 217	331 022	3 117	390 356

R million

Reconciliation of movements in level 3 assets and liabilities measured at fair value
31 December 2017

Assets	Properties	Equities and similar securities	Interest bearing investments	Investment funds	Investment in joint ventures	Total Assets
Balance at 1 January 2017	**10 664**	**420**	**392**	**467**	**423**	**12 366**
Total gains/(loss) in statement of comprehensive income	**499**	**1**	**-**	**(19)**	**(64)**	**417**
Acquisitions	**544**	**21**	**-**	**-**	**-**	**565**
Disposals	**(501)**	**(2)**	**-**	**(118)**	**-**	**(621)**
Reclassified from disposal groups classified as held for sale	**551**	**-**	**-**	**-**	**-**	**551**
Settlements	**-**	**-**	**(362)**	**-**	**-**	**(362)**
Foreign exchange movements	**(239)**	**(7)**	**-**	**-**	**-**	**(246)**
Transfer to owner-occupied properties	**(13)**	**-**	**-**	**-**	**-**	**(13)**
Balance at 31 December 2017	**11 505**	**433**	**30**	**330**	**359**	**12 657**

31 December 2016

Balance at 1 January 2016	11 606	430	490	507	-	13 033
Total gains/(loss) in statement of comprehensive income	557	36	(114)	(33)	-	446
Acquisitions	1 050	54	50	-	423	1 577
Disposals	(1 014)	(83)	-	(7)	-	(1 104)
Reclassified as disposal groups classified as held for sale	(655)	-	-	-	-	(655)
Foreign exchange movements	(961)	(17)	(34)	-	-	(1 012)
Transfer from owner-occupied properties	81	-	-	-	-	81
Balance at 31 December 2017	10 664	420	392	467	423	12 366

Liabilities **R million**	**Investment contract liabilities**	**Term finance**	**External investors in consolidated funds**	**Total liabilities**
31 December 2017				
Balance at 1 January 2017	**2 312**	**201**	**604**	**3 117**
Total gains in statement of comprehensive income	**72**	**-**	**(38)**	**34**
Acquisitions	**36**	**-**	**-**	**36**
Disposals	**(189)**	**-**	**-**	**(189)**
Foreign exchange movements	**(26)**	**(37)**	**(39)**	**(102)**
Settlements	**-**	**(164)**	**-**	**(164)**
Balance at 31 December 2017	**2 205**	**-**	**527**	**2 732**
31 December 2016				
Balance at 1 January 2016	3 178	359	-	3 537
Total gains in statement of comprehensive income	(84)	-	(67)	(151)
Acquisitions	201	-	-	201
Disposals	(335)	-	-	(335)
Foreign exchange movements	(648)	(24)	-	(672)
Settlements	-	(134)	-	(134)
Transfers in [1]	-	-	671	671
Balance at 31 December 2016	2 312	201	604	3 117

[1] The market for the shares to which the external investors in consolidated funds relate became inactive in 2016.

Gains and losses (realised and unrealised) included in profit and loss **R million**	**2017**	**2016**
Total gains or losses included in profit or loss for the period	**383**	597
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	**258**	515

Transfers between categories

Assets

R million	Equities and similar securities	Interest-bearing investments	Structured transactions	Investment funds	Cash, deposits and similar securities	Total assets
2017						
Transfer from level 1 to level 2	**-**	**169**	**-**	**-**	**-**	**169**
Transfer from level 2 to level 1	**-**	**107**	**-**	**-**	**-**	**107**
2016						
Transfer from level 1 to level 2	-	15 521	162	-	350	16 033
Transfer from level 2 to level 1	-	10	-	6	-	16

Liabilities	External investors[2]	Term finance[1]	Total liabilities
2017			
Transfer from level 1 to level 2	**328**	**-**	**328**
2016			
Transfer from level 1 to level 2	**-**	3 145	3 145

1) During the year ended December 2016 management have re-evaluated their determination of what constitutes an active market to a more conservative approach. As a result, certain bonds are now considered to be classified as level 2 valuations.

2) During the year ended December 2017, instruments that were not actively traded in the market have been transferred from level 1 to level 2. Conversely, instrument that have become actively traded in the market have been transferred from level 2 to level 1.

3) External investors in consolidated funds transfers relate to investment funds that listed during the year ended December 2017. As a result, those funds are now classified as 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	2 and 3	Recently contracted prices 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	DCF, Earnings multiple	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Cost of Capital Earnings multiple
Interest bearing investments	2 and 3	DCF, Earnings multiple, Quoted put/surrender price by issuer	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Earnings multiple Discount rate
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. Earnings multiple DCF	Bond and interbank swap interest rate curve Cost of capital Consumer price index Bond interest rate curve	Earnings Multiple
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 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Capitalisation rate Discount rate
Cash, deposits and similar securities	2	Mark-to-market Yield curve	Bond and interbank swap interest rate curve	n/a
Investment in joint ventures	3	DCF	Bond and interbank swap interest rate curve, Cost of Capital, Consumer price index	Cost of Capital

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						
2017						
Cash flow risk adjustments	**11 505**	**(1 151)**	**1 151**	**-**	**-**	
Base rate	-	-	**-**	**8 091**	**(264)**	**284**
Capitalisation rate	-	-	**-**	**8 091**	**(357)**	**(437)**
2016						
Cash flow risk adjustments	10 664	(1 066)	1 066	-	-	-
Base rate	-	-		7 670	(290)	310
Capitalisation rate	-	-		7 670	(340)	411

R million	Carrying amount	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
Other Investments						
2017						
Equities and similar securities [4]	**433**	**43**	**(43)**	**-**	**-**	**-**
Interest-bearing investments	**-**	**-**	**-**	**30**	**(1)**	**1**
Investment funds[4]	**330**	**33**	**(33)**	**-**	**-**	**-**
Investment in joint ventures	**-**	**-**	**-**	**359**	**(32)**	**36**
Total	**763**	**76**	**(76)**	**389**	**(33)**	**37**
2016						
Equities and similar securities	420	42	(42)	-	-	-
Interest-bearing investments	361	36	(36)	31	(1)	1
Investment funds[2]	467	47	(47)	-	-	-
Investment in joint ventures	-	-	-	423	(29)	32
Total	1 248	125	(125)	454	(30)	33

6. FAIR VALUE DISCLOSURES *(continued)*

Liabilities

R million	Carrying amount	Effect of a 10% increase in value	Effect of a 10% decrease in value
2017			
Investment contract liabilities [(2)]	**2 205**	**221**	**(221)**
Term finance	**-**	**-**	**-**
External investors in consolidated funds	**527**	**53**	**(53)**
Total Liabilities	**2 732**	**274**	**(274)**
2016			
Investment contract liabilities [(2)]	2 312	231	(231)
Term finance	201	20	(20)
External investors in consolidated funds	604	60	(60)
Total Liabilities	3 117	311	(311)

[(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

Material acquisitions of the Group consolidated in the 2017 financial year

BrightRock Holdings

During August 2017 the Group acquired a 53% interest in BrighRock Holdings, a life insurance provider in South Africa. The acquisition is in line with Sanlam's commitment to invest in South Africa. The excess amount paid over fair value of net assets is recognised as goodwill. Non-controlling interests are measured at the proportional share of the acquiree's identifiable net assets. The Goodwill arising on the acquisition is attributable to synergies and future opportunities expected.

Santam Structured Insurance

During March 2017, the Santam group acquired a shareholding of 100% in RMB-SI Investments (Pty) Ltd (now Santam Structured Insurance (Pty) Ltd (SSI)) for R193 million in cash.

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	BrightRock Holdings	Santam Structured Insurance
Assets		
Equipment	**-**	**15**
Intangibles	**49**	**-**
Value of business acquired	**386**	**-**
Long-term reinsurance assets	**6**	**-**
General insurance technical assets	**-**	**400**
Investment assets	**243**	**4 358**
Cash, deposits and similar securities	**10**	**1 045**
Trade and other receivables	**50**	**519**
Deferred tax asset	**15**	**-**
Total identifiable assets	**756**	**6 337**
Liabilities		
Long-term policy liabilities	**(49)**	**(1 551)**
Cell owners' interest	**-**	**(1 849)**
General insurance technical provisions	**-**	**(2 242)**
Deferred tax liability	**(108)**	**(86)**
Trade and other payables	**(74)**	**(372)**
Provisions	**-**	**(30)**
Taxation	**-**	**(14)**
Total identifiable liabilities	**(231)**	**(6 144)**
Total identifiable net assets	**528**	**193**
Non-controlling interest	**(248)**	**-**
Goodwill arising on acquisition	**441**	**-**
Purchase consideration	**721**	**193**

Administration

Group Company secretary
Sana-Ullah Bray

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(Registration number: 1959/001562/06)
Tax reference number: 9536/346/84/5
JSE share code (primary listing): SLM
NSX share code: SLA
ISIN: ZAE000070660
Incorporated in South Africa

Transfer secretaries:
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(1) Executive

(2) British

(3) Appointed as Chairman 7 June 2017

(4) Resigned 5 January 2018

(5) Appointed 3 April 2017

(6) Resigned 8 March 2017

(7) Retired 8 January 2018

Bellville
7 March 2018

Sponsor
Deutsche Securities (SA) Proprietary Limited