



Welcome

2001 Interim Results

Notes :

Agenda

- Overview
- Financial results and Embedded Value
- Review of Businesses
- Strategic Focus

Notes :

Introduction

New phase entered

Difficult markets

Sound performance

Notes :

Achievements

- Strong share price performance, also relative
 - Narrowing of discount to embedded value
- Redefinition of vision and strategy
- Merger of SPF and SEB into Sanlam Life
- Board structure completed (including executives)
- Top management strengthened and aligned
- Strategic development process commenced

Notes :

Financial Achievements

- 56% growth in new business embedded value
- New business EV margin increased from 9,3% to 12,6%
- Growth in net operating profit of 20,7%
- LTRR headline return on equity of 16,9%
- Growth in life insurance business of 13,0%

Notes :

Needs Attention

- Net outflow of R3bn
- Decline in total new business
- Declining profits Sanlam Investment Management and Gensec Bank
- Investment performance still unsatisfactory

Notes :



Financial Results

Notes :

Detail :

Gensec Property Services : p. 77

Sanlam Health : p. 78

Innofin : p. 79

Salient Features

		6 months June '01	6 months June '00	12 months Dec '00
Life insurance APE	R'm	1 258	1 091	2 948
New Business EV	R'm	128	82	209
NUBEV margin	%	12,6	9,3	8,4
Total new business	R'm	14 901	17 117	37 700
Net inflow of funds	R'm	(3 002)	45	777
Net operating profit	cps	27,3	22,9	46,3
LTRR headline earnings	cps	61,1	66,9	131,5

Notes :

Further detail :

Analysis of new business : p. 59

Analysis of net inflow of funds : p. 60

Analysis of gross funds received : p. 61

Analysis of benefits paid : p. 62

Income Statement

Rand Million	6 months June '01	6 months June '00	12 months Dec '00
Gross Funds received	19 370	21 868	46 926
Operating profit	1 004	774	1 656
Tax	(242)	(78)	(180)
Minorities	(32)	(91)	(246)
Net operating profit	730	605	1 230
LTRR investment return	902	1 162	2 265
Headline earnings	1 632	1 767	3 495
Attributable earnings	1 877	615	2 209

Notes :

Net LTRR investment return

Rand Million	6 months June '01	6 months June '00	12 months Dec '00
Investment return	804	89	1 322
Tax	(164)	(70)	(326)
Minorities	(178)	182	(33)
Net investment return	462	201	963
Deferred Tax Reversal	–	63	124
LTRR adjustment	440	898	1 178
Net LTRR investment return	902	1 162	2 265

Further detail :

Full Income Statement : p. 56

Segmental Income Statement : p. 58

Long Term Rate of Return : p. 65 & 66

Operating Profit Contribution

Rand Million	6 months June '01	6 months June '00	12 months Dec '00
Personal Finance	585	496	1 044
Employee Benefits	122	106	202
Investment Management	129	145	263
Gensec Bank	112	138	239
Santam	52	(13)	100
Other	39	41	22
Gensec Corporate and Trading	—	(108)	(146)
Net Corporate	(35)	(31)	(68)
Group Operating Profit	1 004	774	1 656

Notes :

Other

Rand Million	6 months June '01	6 months June '00	12 months Dec '00
Gensec Properties	42	52	59
Health	7	7	15
Other activities	(10)	(18)	(52)
	39	41	(22)

Gensec Corporate & Trading

Trading activities	—	(102)	(96)
Exceptionals	—	—	(41)
Corporate services	—	(6)	(9)
	—	(108)	(146)

Further detail :

Segmental Net Operating Profit : p. 57

Corporate Costs : p.66

Headcount : p. 69

Impact of abnormal items

Rand Million	6 months June '01	6 months June '00	12 months Dec '00
Net operating profit	730	605	1 230
• Tax reversal	—	(118)	(230)
• Gensec minorities	—	99	190
	730	586	1 190
Investment return	902	1 162	2 265
• Tax reversal	—	(63)	(124)
• Effect of buy-out of Gensec	—	(180)	(354)
	902	919	1 787

Notes :

Cents per share

Net operating profit

- Tax reversal
- Gensec minorities

	6 months June '01	6 months June '00	12 months Dec '00
	27.3	22.9	46.3
	—	(4.4)	(8.7)
	—	3.7	7.2
	27.3	22.2	44.8

Investment return

- Tax reversal
- Effect of buy-out of Gensec

	6 months June '01	6 months June '00	12 months Dec '00
	33.8	44.0	85.2
	—	(2.4)	(4.7)
	—	(6.8)	(13.3)
	33.8	34.8	67.2

Also refer to note on page 10

Key Ratios

%		6 months June '01	6 months June '00	12 months Dec '00
Average shareholders' fund	R'm	19 285	17 779	18 554
Return on Sanlam share price *		28,8	22,4	26,6
Operating profit ROE before tax *		10,0	7,5	7,3
after tax *		7,6	6,8	6,6
Investment Return *		9,4	13,1	12,2
Headline ROE *		16,9	19,9	18,8
Return on embedded value *		12,1	-6,4	5,1
Admin ratio		32,3	31,6	32,3
Operating margin		19,9	19,0	20,0

* Annualised

Notes :

Further detail :

Return analysis of businesses : p. 68

Allocation of Capital : 30 June 2001

	Rand Million	%
Sanlam Life		
• Capital required	12 000	
• Buffer capital	2 280	
• Excess capital	2 360	
• Attributable earnings	1 592	
	18 232	82,2

Notes :

Allocation of Capital : 30 June 2001 *(continued)*

	Rand Million	%
Sanlam Life	18 232	82,2
Gensec Bank	3 000	13,5
• Own capital	1 339	
• Backing capital	1 661	
Sanlam Investment Management	506	2,3
Other	350	1,6
Corporate cash	935	4,2
Held by Life	(838)	(3,8)
Total	<u>22 185</u>	

Notes :

Analysis of Capital Deployment : *30 June 2001*

	Rand Million	%
Balanced Portfolio and cash	9 674	44
Illiquid portfolio	5 063	23
Business and Strategic	7 448	33
• Sanlam Investment Management	3 629	16
• Gensec Bank	1 365	6
• Santam	1 698	8
• Gensec Properties	200	1
• Other assets	556	2
Total	<u>22 185</u>	

Notes :

Issues regarding Capital Management

- Appropriate return measures and targets implemented
- Excess capital of R2,36 billion, however :
 - FSB reviewing capital requirements, including valuation of subsidiaries
 - Illiquid capital of R5,1 billion
 - Investment in core business of R7,4 billion
- Minimise profit and cash retention by subsidiaries
- Improved liquidity will enable share buy-back by Sanlam Life
- Net utilisation of capital in Gensec transaction of R2,5 billion

Notes :



Actuarial Review

Notes :

Embedded Value

	6 months June '01	6 months June '00	12 months Dec '00
Shareholders' net assets	20 099	18 292	18 222
Revaluation Gensec and Santam	2 086	1 447	2 290
Adjusted net assets	22 185	19 739	20 512
Value of existing business	6 702	6 070	6 726
• Gross value of existing business	8 408	7 655	7 900
• Cost of holding prud. reserves	(1 706)	(1 585)	(1 174)
Embedded value	28 887	25 809	27 238
Value of new business	128	82	209
• Gross value of new business	150	97	245
• Cost of holding prud. reserves	(22)	(15)	(36)

Notes :

- R433 million of the increase in the cost of holding prudential reserves from December 2000 is due to the introduction of capital gains tax, which decreased the net investment return on the assets supporting the prudential reserves.
- The economic assumptions (other than inflation) and risk discount rate decreased by 2% since 31 December 2000.
- New business value at point of sale.

Further detail :

Shareholders' Fund Balance Sheet @ market value, NAV : p. 63 & 64

Capital adequacy requirements (CAR) and CAR cover : p.66

Embedded Value : Segmental Analysis : p. 67

Net value of new life business as % of APE : p. 67

EV Sensitivities : p. 67

Assumptions for gross investment returns and inflation : p. 68

Prudential reserves asset mix : p. 68

Analysis of Embedded Value Earnings

	6 months June '01	6 months June '00	12 months Dec '00
EV of new business	128	82	209
EV earnings from existing business	724	657	1 330
• Expected return	578	574	1 173
• Operating experience variations	72	75	137
• Operating assumptions changes	74	8	20
EV earnings from operations	852	739	1 539

Notes :

- The main contributor to the positive operating experience was R109 million in respect of risk underwriting (R92 million from SPF and R17 million from SEB Group Risk underwriting.)
- Changes in expense charges made a positive contribution of R82 million to the operating assumption changes.

Analysis of Embedded Value Earnings *(continued)*

	6 months June '01	6 months June '00	12 months Dec '00
EV earnings from operations	852	739	1 539
Economic & other assumption changes	134	(66)	289
Tax changes	(536)	(23)	(22)
Investment variances	(14)	(292)	(304)
Growth from life insurance business	436	358	1 502
Investment return on adj. net worth	1 213	(1 205)	(130)
Total embedded value earnings	1 649	(847)	1 372

Notes :

- Economic and other assumption changes of R134 million consists of a positive contribution of R146 million for the reduction in interest rates and an associated decrease in risk discount rate. This is offset by a reduction of R12 million in respect of a decrease in the inflation gap with fixed interest from 6,5% to 4,5% for unit cost inflation and to 5,0% for premium indexation inflation (SPF) respectively.
- Allowing for capital gains tax for the first time reduced the EV by R536 million. This reduction was due to lower net of tax investment return both on assets supporting prudential reserves which increased the cost of holding prudential reserves (by R433 million), and on policyholders' fund assets which decreased future fund charges (reduction of R103 million).
- The investment return experience includes the effect of realised and unrealised investment surpluses.

Growth from Life Business

	6 months June '01	6 months June '00	12 months Dec '00
Value of existing business at year-end	6 702	6 070	6 726
+ Net operating profit transferred	460	481	969
Opening value of existing	(6 726)	(6 193)	(6 193)
Growth from Life business	436	358	1 502
% Growth from Life business	6,5%	5,8%	24,3%
% Growth annualised	13,0%	11,6%	24,3%

Notes :

- Percentage growth from Life business is expressed as a percentage of value of business in-force at the beginning of the year.



Sanlam

Life

Notes :

SEB : *Highlights*

- Operating profit growth of 15%
- New business margin at 20%
- NUBEV down from R38m to R27m
- Rated by SAFSIA as best group assurer — service and products
- Leading risk underwriter with 25% market share

Notes :

SEB : *Funds Flow*

Rand Million	6 months June '01	6 months June '00	%△	12 months Dec '00
Premium Income	1 952	1 565	25	5 754
• Recurring	1 100	1 073	3	2 355
• Single	852	492	73	3 399
Payments to Clients	(2 558)	(2 666)	(4)	(5 954)
• Policyholder benefits	1 854	1 718	8	3 740
• Fund terminations	704	948	(26)	2 214
Net Flow of funds	(606)	(1 101)		(200)

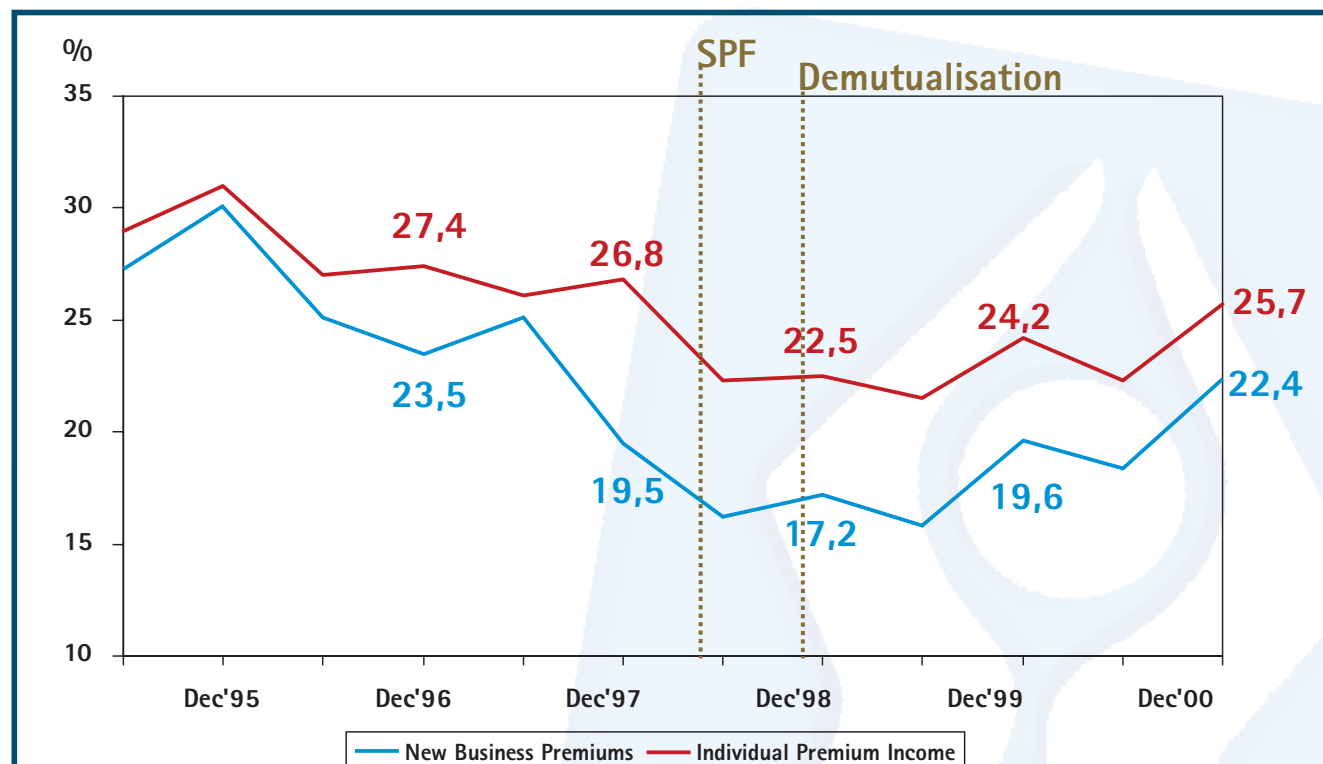
Notes :

SPF : 2001 Achievements

- Operating profit up 18%
- New business embedded value R123m vs R63m
- Single life premiums up 16%
- Net new recurring premiums up 22%
- 33% retention of non RA maturities
- Market share gains

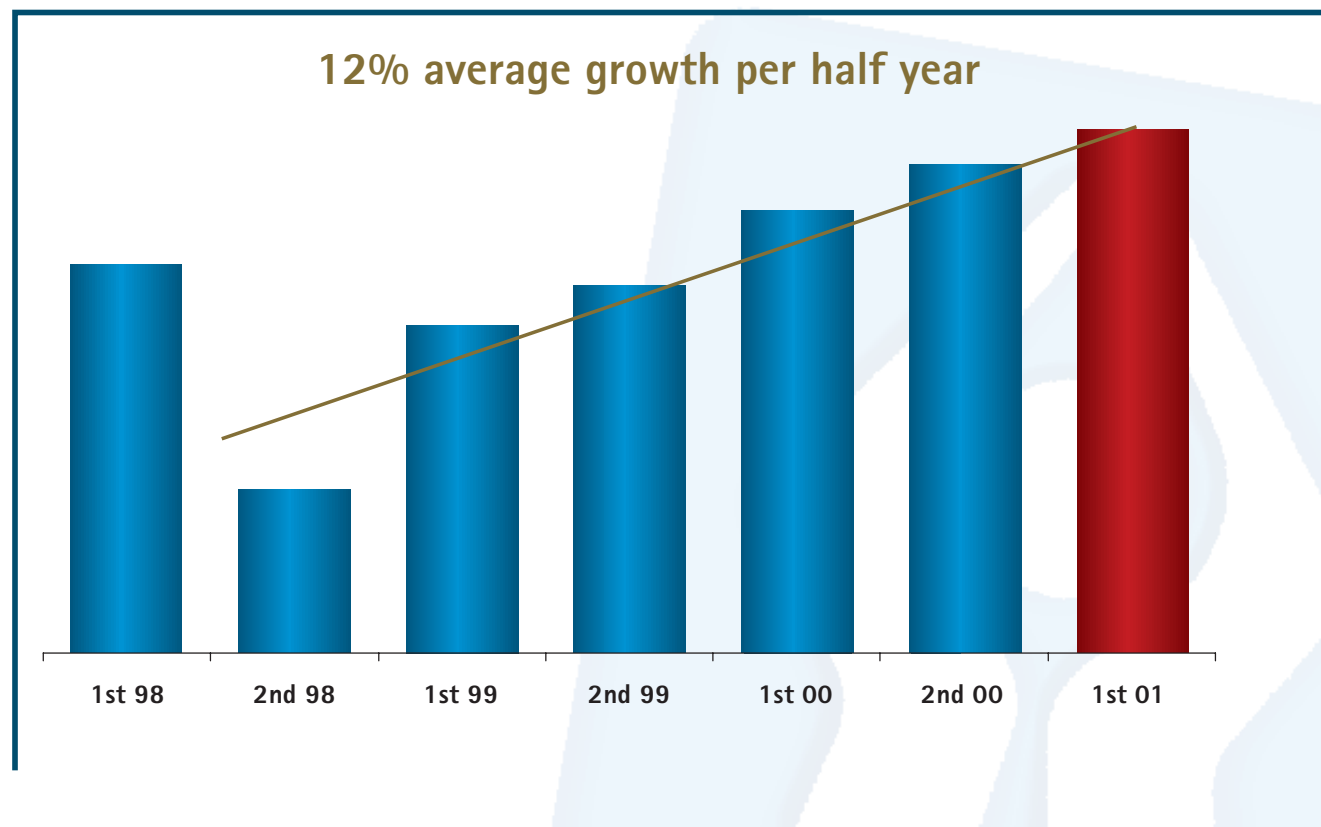
Notes :

SPF : *Market share*



Notes :

SPF : *Operating profit – half year results*



Notes :

SPF : *Sources of Operating Profit*

Rand Million	6 months June '01	6 months June '00	%△	12 months Dec '00
Administration surplus	189	137	38	296
Risk profits	188	181	4	404
Market-related income	278	273	2	605
	655	591	11	1 305
Systems/projects	(70)	(85)	18	(182)
Other exceptional items	—	(10)	—	(79)
Operating profit	585	496	18	1 044

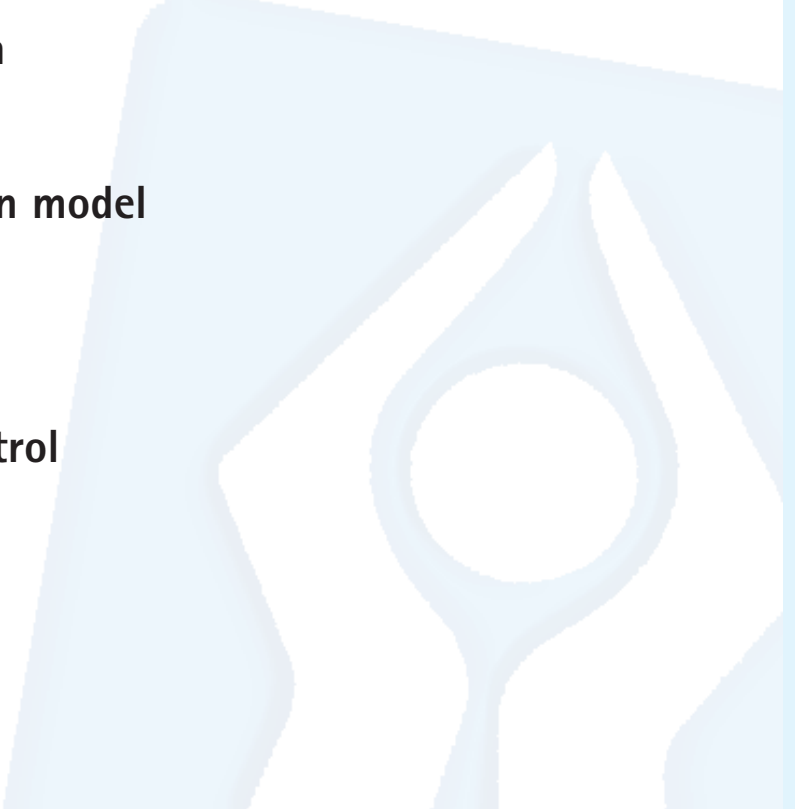
Notes :

SPF : *Financial Features*

		6 mnths June '01	6 mnths June '00	12 mnths Dec '00
Operating profit margin	%	36	32	34
Return on EV	%	7	-1	9
EV of new business	R'm	123	63	190
APE margin	%	14	9	10
Admin cost to income	%	37	37	37

Notes :

Sanlam Life : *2001 Focus Areas*

- Sanlam Life integration
 - New business volumes
 - Market segmentation model
 - PPR impact
 - Retention of outflows
 - Productivity / Cost control
- 

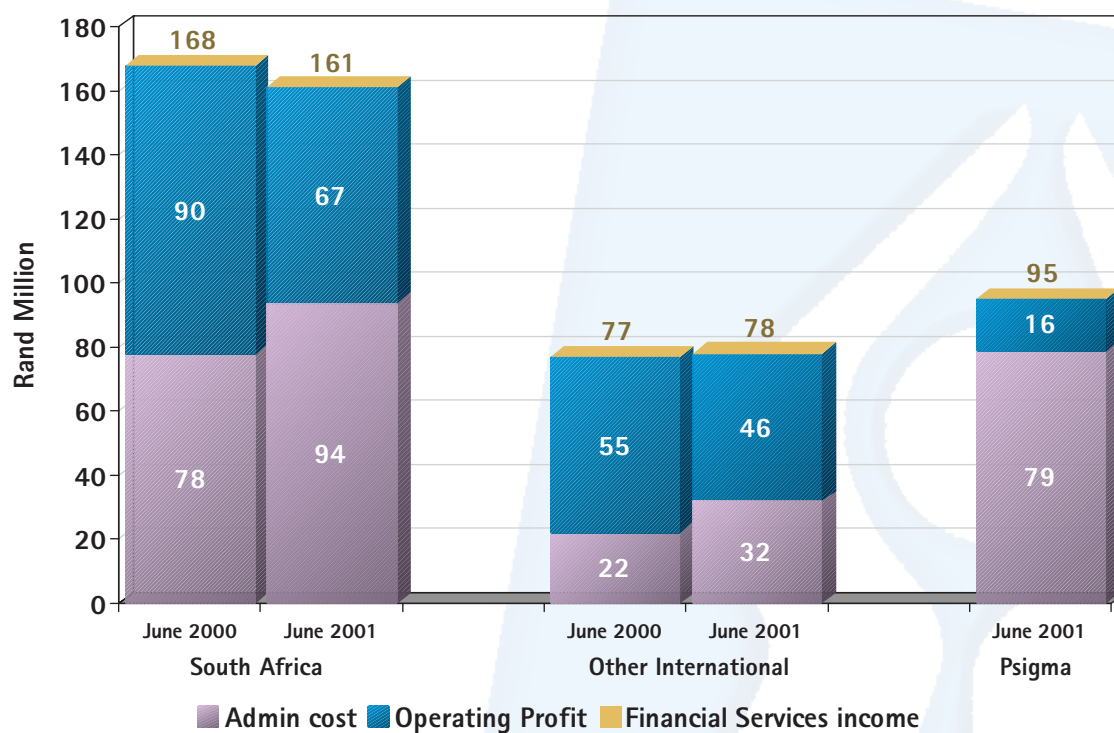
Notes :



Investment Management

Notes :

Profitability : *Geographic*



Notes :

Achievements

- Integration of ABN Amro private client business
- Specialist mandates continue to attract funds
- New Products (eg)
 - Passive Range
 - Fixed Benchmarks
- Refining of Risk Management Process
- Turnaround of investment performance

Notes :

Products outperforming Benchmark

	Q1	Q2	YTD
Cash	1/5	5/5	2/5
Bonds	3/6	6/6	6/6
Equities	2/7	6/7	3/7
International	0/1	1/1	0/1
	6/19	18/19	11/19

Notes :

International Achievements

- Integration of Psigma complete
- Boston office at breakeven
- Fund range expanded
- Advisory business on target for 25% growth
- Core business developing

Notes :

Focus Areas

- Investment Performance
- Efficiency
- Distribution, Marketing & Sales
- Internationalisation
- Retail
- Leverage Talent

Notes :



GENSEC | BANK

Notes :

Gensec Bank : *Achievements & Focus*

- **Achievements**
 - Satisfactory ROE achieved in difficult markets
 - Successful diversification into debt markets
 - Strong performance by equity derivatives business
- **Focus**
 - Internationalisation
 - Diversification of income
 - Continue exploiting group synergies
 - Operational efficiency
 - Client focus
 - Leveraging talent

Notes :



Notes :

Santam : Achievements & Focus

- **Solid financial performance**
 - 54% increase in gross premium, 12% on a comparative basis
 - E.p.s growth of 65% to 142cps
 - Underwriting profit of R52 million
- **Focus**
 - Investigating growth opportunities to utilise capital base
 - Profitability
 - Consolidating product and service platform
 - Migration of GNI policies to Santam platform
 - Continue strict underwriting approach
 - Develop and launch innovative products

Notes :



Notes :

ABSA

- Strong financial performance to March 2001
 - Strengthening share price, also relative
- Universa shareholders unbundling
- Voting pool, pre-emption remains
 - Sanlam, Rembrandt, Mines Pension Fund, Sage
- Increase/Decrease in holdings subject to all-party negotiations
- Pursuing various co-operation initiatives

Notes :



Strategic Focus

Notes :

Sanlam's vision is to be ...

the *Leader in Wealth Creation*

- The business we are in can thus be defined as:
 - building,
 - preserving and
 - growing
- wealth for our clients

Notes :

The key driver of success is ...

**building and maintaining
long-term client relationships**

by providing value for money through:

- Trusted advice
- Innovative solutions
- Service excellence
- Operational excellence

Notes :

Group objective

To achieve sustained,
10% real earnings growth

Notes :

How we operate

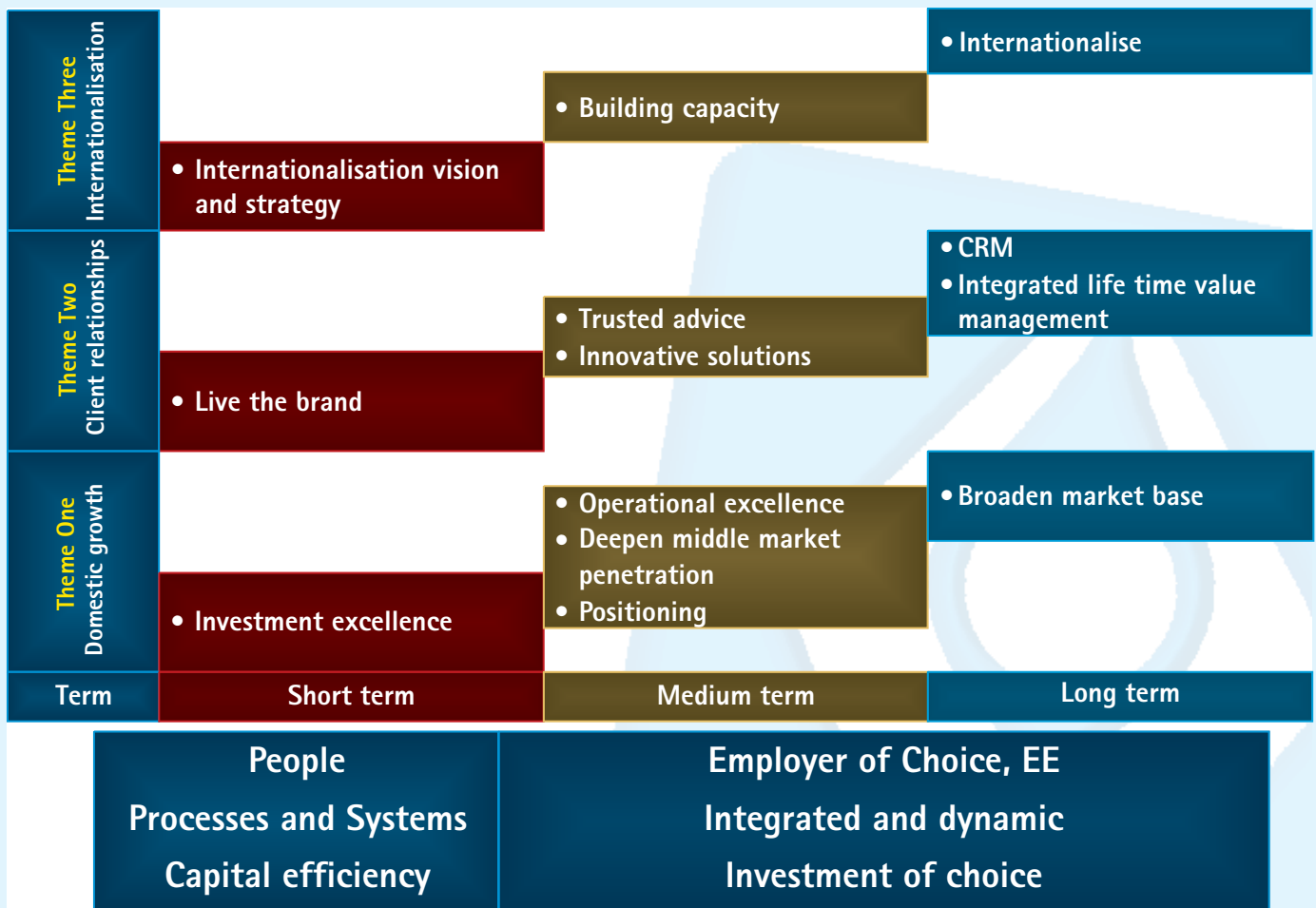
Decentralised, related businesses
co-operate to achieve their targets

Notes :

Values

- Grow value...
through innovation and superior performance
- Leading...
with courage
- Serving...
with pride
- Caring...
because we respect others
- Act...
with integrity and accountability

Notes :



Notes :

Sanlam positioning

From:
trusted, safe and secure

To:
Innovative, dynamic leader

Thinking ahead

Notes :



Sanlam

Thinking ahead

Notes :

Outlook

- Financial markets strained
 - Weak equity/capital markets
 - Declining interest rates
 - Regulatory : PPR implementation
 - Hiatus in retirement funds
- Operating profitability
 - Life business on track, reasonable growth
 - SIM and Bank under pressure, targeting better second half
- Investment returns lower due to lower capital base
- Impact of the tax reversal in 2000, no clarity yet on balance
- Depends on favourable market conditions

Notes :

Targets

- Embedded value of new business
 - R340m in 2001 : probably 10 – 20% lower
- Real growth of 10% in operating EPS
 - excluding tax reversal effect
- ROE of 10% real
- Value of in-force 10% real

Subject to influence of financial markets

Notes :

appendices

Income Statement

Rand Million	6 months June 2001	6 months June 2000	12 months Dec 2000
Net operating profit	730	605	1 230
Operating profit before tax	1 004	774	1 656
Normal & deferred tax	(242)	(196)	(410)
Minority interest	(32)	(91)	(246)
Net operating profit before tax reversal	730	487	1 000
Deferred tax reversal	–	118	230
Net LTRR Investment Return	902	1 162	2 265
Investment return	804	89	1 322
• Investment income	612	694	1 232
• Gensec income	16	(168)	115
• Investment surpluses	176	(437)	(25)
Normal & deferred tax	(164)	(70)	(326)
• Investment income	(136)	(70)	(291)
• Investment surpluses	(28)	–	(35)
Minorities	(178)	182	(33)
• Investment income	(77)	(11)	(116)
• Investment surpluses	(101)	193	83
Net investment return before tax reversal	462	201	963
Deferred tax reversal	–	63	124
Actual investment return after tax reversal	462	264	1 087
Long term rate of return adjustment	440	898	1 178
• Investment income	416	1 385	1 598
• Taxation	(29)	(128)	(105)
• Minorities	53	(359)	(315)
LTRR Headline Earnings	1 632	1 767	3 495
Short term investment fluctuations after tax & minorities	(440)	(898)	(1 178)
Goodwill written off	(111)	–	–
Other net investment surpluses	796	(254)	(108)
Attributable earnings	1 877	615	2 209
Headline earnings after tax reversal (cps)	61.1	66.9	131.5
Headline earnings before tax reversal (cps)	61.1	60.1	118.2
Adjusted weighed average number of shares (million)	2 670	2 641	2 657

Segmental Net Operating Profit

	SPF			SEB			Sanlam Health			Gensec Bank			SIM			Gensec Properties			Santam			Corporate & Other ⁽¹⁾			Total		
	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000
Financial services income	2 333	2 265	4 809	770	763	1 558	79	70	143	231	222	481	334	245	516	106	104	184	2 311	1 709	3 836	130	12	116	6 294	5 390	11 643
Sales remuneration	475	459	1 000	23	24	43	-	-	-	-	-	-	-	-	-	-	-	-	300	231	444	17	17	18	815	731	1 505
INCOME after sales remuneration	1 858	1 806	3 809	747	739	1 515	79	70	143	231	222	481	334	245	516	106	104	184	2 011	1 478	3 392	113	(5)	98	5 479	4 659	10 138
Underwriting policy benefits	508	554	1 089	451	477	984	-	-	-	-	-	-	-	-	-	-	-	-	1 661	1 269	2 763	-	-	4	2 620	2 300	4 840
Administration costs	695	661	1 415	158	140	301	72	63	128	119	84	238	205	100	239	64	52	111	298	222	529	158	151	313	1 769	1 473	3 274
Operating profit before exceptional items	655	591	1 305	138	122	230	7	7	15	112	138	243	129	145	277	42	52	73	52	(13)	100	(45)	(156)	(219)	1 090	886	2 024
Exceptional items	70	95	261	16	16	28	-	-	-	-	-	4	-	-	14	-	-	14	-	-	-	-	1	47	86	112	368
Operating profit before tax	585	496	1 044	122	106	202	7	7	15	112	138	239	129	145	263	42	52	59	52	(13)	100	(45)	(157)	(266)	1 004	774	1 656
Tax on operating profit	(158)	(42)	(105)	(19)	(2)	(5)	-	-	-	(2)	(4)	(5)	(31)	(34)	(58)	(12)	(15)	(20)	(17)	3	(21)	(3)	16	34	(242)	(78)	(180)
Normal	(158)	(142)	(301)	(19)	(23)	(46)	-	-	-	(2)	(4)	(5)	(31)	(34)	(58)	(12)	(15)	(20)	(17)	3	(21)	(3)	19	41	(242)	(196)	(410)
Deferred tax reversal	-	100	196	-	21	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(7)	-	118	230
Operating profit after tax	427	454	939	103	104	197	7	7	15	110	134	234	98	111	205	30	37	39	35	(10)	79	(48)	(141)	(232)	762	696	1 476
Minority interest in operating profit	-	-	-	-	-	-	-	-	-	-	(67)	(117)	(8)	(56)	(102)	-	(18)	(19)	(24)	8	(56)	-	42	48	(32)	(91)	(246)
Net operating profit	427	454	939	103	104	197	7	7	15	110	67	117	90	55	103	30	19	20	11	(2)	23	(48)	(99)	(184)	730	605	1 230

RATIOS :

Admin expense/income after sales rem %	37.4	36.6	37.1	21.2	18.9	19.9	91.1	90.0	89.5	51.5	37.8	49.5	61.4	40.8	46.3	60.4	50.0	60.3	14.8	15.0	15.6				32.3	31.6	32.3
Operating profit/income after sales rem %	35.3	32.7	34.3	18.5	16.5	15.2	8.9	10.0	10.5	48.5	62.2	50.5	38.6	59.2	53.7	39.6	50.0	39.7	2.6	-0.9	2.9				19.9	19.0	20.0

1. Corporate & other includes corporate income, expenses, the previous Gensec Corporate and other smaller businesses

Segmental Income Statement

	SPF & SEB			Sanlam Health			Bank, SIM, Properties, etc ⁽¹⁾			Santam			Corporate & Other			Total		
	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	31 Dec 2000
NET OPERATING PROFIT	530	558	1 136	7	7	15	230	141	240	11	(2)	23	(48)	(99)	(184)	730	605	1 230
Investment return	449	403	1 108	17	(10)	17	3	(168)	(26)	348	(186)	155	(13)	50	68	804	89	1 322
Investment income	179	313	598	8	24	47	-	-	-	154	105	238	(16)	46	67	325	488	950
Gensec income	-	-	-	-	-	-	3	(168)	(26)	-	-	-	-	-	-	3	(168)	(26)
Equity accounting	300	206	420	-	-	-	-	-	-	-	-	3	-	-	-	300	206	423
Investment surpluses	(30)	(116)	90	9	(34)	(30)	-	-	-	194	(291)	(86)	3	4	1	176	(437)	(25)
Tax on investment return	(114)	(60)	(125)	-	-	-	8	76	23	(58)	(21)	(95)	-	(2)	(5)	(164)	(7)	(202)
Investment income	(114)	(60)	(125)	-	-	-	8	76	23	(30)	(21)	(60)	-	(2)	(5)	(136)	(7)	(167)
Normal	(114)	(123)	(249)	-	-	-	8	76	23	(30)	(21)	(60)	-	(2)	(5)	(136)	(70)	(291)
Deferred tax reversal	-	63	124	-	-	-	-	-	-	-	-	-	-	-	-	-	63	124
Investment surpluses	-	-	-	-	-	-	-	-	-	(28)	-	(35)	-	-	-	(28)	-	(35)
Minorities	-	-	-	-	-	-	-	46	3	(178)	136	(36)	-	-	-	(178)	182	(33)
Net actual investment return	335	343	983	17	(10)	17	11	(46)	-	112	(71)	24	(13)	48	63	462	264	1 087
Long term rate of return adjustment	374	583	857	(2)	65	70	80	110	129	(27)	129	92	15	11	30	440	898	1 178
NET LTRR INVESTMENT RETURN	709	926	1 840	15	55	87	91	64	129	85	58	116	2	59	93	902	1 162	2 265
LTRR HEADLINE EARNINGS	1 239	1 484	2 976	22	62	102	321	205	369	96	56	139	(46)	(40)	(91)	1 632	1 767	3 495
Short term investment fluctuations after tax & minorities	(374)	(583)	(857)	2	(65)	(70)	(80)	(110)	(129)	27	(129)	(92)	(15)	(11)	(30)	(440)	(898)	(1 178)
Other net investment surpluses	796	(254)	(108)	-	-	-	(21)	-	-	(4)	-	-	(86)	-	-	685	(254)	(108)
ATTRIBUTABLE EARNINGS	1 661	647	2 011	24	(3)	32	220	95	240	119	(73)	47	(147)	(51)	(121)	1 877	615	2 209

1. Includes the net operating profit of Gensec Bank, Sanlam Investment Management and Gensec Properties and the net investment return of the Gensec private and underwriting equity and corporate cash portfolios.

Analysis of new business

	30 June 2001	TOTAL 30 June 2000	31 Dec 2000	Life Insurance * 30 June 2001	31 Dec 2000	30 June 2001	Life Licence * 30 June 2000	31 Dec 2000	30 June 2001	Other 30 June 2000	31 Dec 2000
Sanlam Personal Finance											
Life	7 914	8 678	17 945	4 438	3 786	8 871	-	-	3 476	4 892	9 074
	4 438	3 786	8 871	4 438	3 786	8 871	-	-	-	-	-
Recurring	258	234	514	258	234	514	-	-	-	-	-
- Indexed growth	471	373	1 128	471	373	1 128	-	-	-	-	-
- Other	2 511	2 159	4 989	2 511	2 159	4 989	-	-	-	-	-
Single	1 198	1 020	2 240	1 198	1 020	2 240	-	-	-	-	-
Continuations	3 476	4 892	9 074	-	-	-	-	-	3 479	4 892	9 074
Unit trust	900	584	3 594	900	584	3 594	-	-	-	-	-
Sanlam Employee Benefits											
Recurring	48	92	195	48	92	195	-	-	-	-	-
Single	852	492	3 399	852	492	3 399	-	-	-	-	-
Sanlam Investment Management											
Life	1 763	4 283	8 744	-	-	-	278	350	1 485	3 933	7 973
	278	350	771	-	-	-	278	350	-	-	-
Recurring	-	3	24	-	-	-	-	3	-	-	-
Single	278	347	747	-	-	-	278	347	-	-	-
Total	296	347	747	-	-	-	296	347	-	-	-
Less : Inter group switches	(18)	-	-	-	-	-	(18)	-	-	-	-
Segregated	1 485	3 933	7 973	-	-	-	-	-	1 485	3 933	7 973
Total	2 634	4 293	9 066	-	-	-	-	-	2 634	4 293	9 066
Less : Inter group switches	(1 149)	(360)	(1 093)	-	-	-	-	-	(1 149)	(360)	(1 093)
Innofin	1 341	1 284	2 449	-	-	-	394	361	947	923	1 687
Sanlam Health	332	330	668	-	-	-	-	-	332	330	668
Santam	2 310	1 709	3 836	-	-	-	-	-	2 310	1 709	3 836
Other	341	249	464	93	100	196	-	-	248	149	268
Recurring	17	16	32	17	16	32	-	-	-	-	-
Single	76	84	164	76	84	164	-	-	-	-	-
Other	248	149	268	-	-	-	-	-	248	149	268
	14 901	17 117	37 700	5 431	4 470	12 661	672	711	8 798	11 936	23 506

* Life licence business relates to investment products provided by Sanlam Investment Management and Innofin by means of life insurance policies. The employee benefit investment products provided by means of insurance policies were previously reported as Sanlam Employee Benefit business. With effect from 1/1/2001, the responsibility for the bulk of this business was transferred to Sanlam Investment Management. For comparative purposes the 2000 new business figures were restated to reflect a reasonable approximation of the split in this business.

Analysis of net inflow of funds

	30 June 2001	TOTAL 30 June 2000	31 Dec 2000	Life Insurance *	Life Licence *	30 June 2001	30 June 2000	31 Dec 2000	30 June 2001	30 June 2000	Other 30 June 2000	31 Dec 2000
Sanlam Personal Finance												
Life	(936)	(267)	183	(820)	(222)	(322)	-	-	(116)	(45)	505	-
Unit trust	(820)	(222)	(322)	(820)	(222)	(322)	-	-	(116)	(45)	505	-
	(116)	(45)	505	-	-	-	-	-	-	-	-	-
Sanlam Employee Benefits	(606)	(1 101)	(200)	(606)	(1 101)	(200)	-	-	-	-	-	-
Sanlam Investment Management	(2 980)	39	(1 837)	-	-	-	(1 838)	(2 485)	(1 142)	2 524	3 623	-
Life (Employee Benefit Life license)	(1 838)	(2 485)	(5 460)	-	-	-	(1 838)	(2 485)	-	-	-	-
Total	(2 985)	(2 845)	(6 167)	-	-	-	(2 985)	(2 845)	-	-	-	-
Less : Inter group switches	1 147	360	707	-	-	-	1 147	360	-	-	-	-
Segregated	(1 142)	2 524	3 623	-	-	-	-	-	(1 142)	2 524	3 623	-
Total	5	2 884	4 716	-	-	-	-	-	5	2 884	4 716	-
Less : Inter group switches	(1 147)	(360)	(1 093)	-	-	-	-	-	(1 147)	(360)	(1 093)	-
Innofin	652	777	1 316	-	-	-	286	301	366	476	696	-
Sanlam Health	19	9	28	-	-	-	-	-	19	9	28	-
Sanlam	649	420	1 073	-	-	-	-	-	649	420	1 073	-
Other	200	168	214	67	91	105	-	-	133	77	109	-
	(3 002)	45	777	(1 359)	(1 232)	(417)	(1 552)	(2 184)	(91)	3 461	6 034	-

* Life licence business relates to investment products provided by Sanlam Investment Management and Innofin by means of life insurance policies. The employee benefit investment products by means of insurance policies were previously reported as Sanlam Employee Benefit business. With effect from 1/1/2001, the responsibility for the bulk of this business was transferred to Sanlam Investment Management. For comparative purposes the 2000 net inflow of funds figures were restated to reflect a reasonable approximation of the split in this business.

Analysis of gross funds received from clients

	30 June 2001	TOTAL 30 June 2000	31 Dec 2000	Life Insurance *		Life Licence *		30 June 2001	31 Dec 2000	30 June 2001	Other 30 June 2000	31 Dec 2000
Sanlam Personal Finance												
Life	11 017	11 896	24 704	7 541	7 004	15 630	-	-	-	3 476	4 892	9 074
	7 541	7 004	15 630	7 541	7 004	15 630	-	-	-	-	-	-
Recurring Single	3 832	3 825	8 401	3 832	3 825	8 401	-	-	-	-	-	-
	3 709	3 179	7 229	3 709	3 179	7 229	-	-	-	-	-	-
Unit trust	3 476	4 892	9 074	-	-	-	-	-	-	3 476	4 892	9 074
Sanlam Employee Benefits	1 952	1 565	5 754	1 952	1 565	5 754	-	-	-	-	-	-
Recurring Single	1 100	1 073	2 355	1 100	1 073	2 355	-	-	-	-	-	-
	852	492	3 399	852	492	3 399	-	-	-	-	-	-
Sanlam Investment Management	2 067	4 809	9 063	-	-	-	582	876	1 090	1 485	3 933	7 973
Life	582	876	1 090	-	-	-	582	876	1 090	-	-	-
Recurring Single	298	516	695	-	-	-	298	516	695	-	-	-
	302	360	781	-	-	-	302	360	781	-	-	-
	600	876	1 476	-	-	-	600	876	1 476	-	-	-
	(18)	-	(386)	-	-	-	(18)	-	(386)	-	-	-
Segregated Total	1 485	3 933	7 973	-	-	-	-	-	-	1 485	3 933	7 973
	2 634	4 293	9 066	-	-	-	-	-	-	2 634	4 293	9 066
Less : Inter group switches	(1 149)	(360)	(1 093)	-	-	-	-	-	-	(1 149)	(360)	(1 093)
Innofin	1 341	1 284	2 449	-	-	-	394	361	762	947	923	1 687
Sanlam Health	332	330	668	-	-	-	-	-	-	332	330	668
Santam	2 310	1 709	3 836	-	-	-	-	-	-	2 310	1 709	3 836
Other	351	275	452	103	126	184	-	-	-	248	149	268
Life	103	126	184	103	126	184	-	-	-	-	-	-
Recurring Single	33	22	54	33	22	54	-	-	-	-	-	-
	70	104	130	70	104	130	-	-	-	-	-	-
Other	248	149	268	-	-	-	-	-	-	248	149	268
	19 370	21 868	46 926	9 596	8 695	21 568	976	1 237	1 852	8 798	11 936	23 506

* Life licence business relates to investment products provided by Sanlam Investment Management and Innofin by means of life insurance policies. The employee benefit investment products by means of insurance policies were previously reported as Sanlam Employee Benefit business. With effect from 1/1/2001, the responsibility for the bulk of this business was transferred to Sanlam Investment Management. For comparative purposes the 2000 gross funds received from clients figures were restated to reflect a reasonable approximation of the split in this business.

Analysis of benefits paid to clients

	30 June 2001	TOTAL 30 June 2000	31 Dec 2000
Sanlam Personal Finance	11 953	12 163	24 521
Life	8 361	7 226	15 952
Surrenders	2 093	1 627	3 672
Other	6 268	5 599	12 280
Unit trust	3 592	4 937	8 569
Sanlam Employee Benefits	2 558	2 666	5 954
Terminations & tax on retirement funds	704	948	2 214
Other benefits	1 854	1 718	3 740
Sanlam Investment Management	5 047	4 770	10 900
Life	2 420	3 361	6 550
Terminations & tax on retirement funds	2 888	2 625	5 782
Other benefits	697	1 096	1 861
Less : Inter group switches	3 585 (1 165)	3 721 (360)	7 643 (1 093)
Segregated	2 627	1 409	4 350
Total Outflow	2 627	1 409	4 736 (386)
Less : Inter group switches	-	-	-
Innofin	689	507	1 133
Sanlam Health	313	321	640
Sanlam	1 661	1 289	2 763
Other	151	107	238
	22 372	21 823	46 149

	30 June 2001	Life Insurance *	30 June 2001	Life Licence *	30 June 2001	31 Dec 2000	30 June 2001	Other 30 June 2000	31 Dec 2000
Sanlam Personal Finance	8 361	7 226	15 952	-	-	-	3 592	4 937	8 569
Life	8 361	7 226	15 952	-	-	-	-	-	-
Surrenders	2 093	1 627	3 672	-	-	-	-	-	-
Other	6 268	5 599	12 280	-	-	-	-	-	-
Unit trust	-	-	-	-	-	-	3 592	4 937	8 569
Sanlam Employee Benefits	2 558	2 666	5 954	-	-	-	-	-	-
Terminations & tax on retirement funds	704	948	2 214	-	-	-	-	-	-
Other benefits	1 854	1 718	3 740	-	-	-	-	-	-
Sanlam Investment Management	-	-	-	2 420	3 361	6 550	2 627	1 409	4 350
Life	-	-	-	2 420	3 361	6 550	-	-	-
Terminations & tax on retirement funds	-	-	-	2 888	2 625	5 782	-	-	-
Other benefits	-	-	-	697	1 096	1 861	-	-	-
Less : Inter group switches	-	-	-	3 585 (1 165)	3 721 (360)	7 643 (1 093)	-	-	-
Segregated	-	-	-	-	-	-	2 627	1 409	4 350
Total Outflow	-	-	-	-	-	-	2 627	1 409	4 736 (386)
Less : Inter group switches	-	-	-	-	-	-	-	-	-
Innofin	-	-	-	108	60	142	581	447	991
Sanlam Health	-	-	-	-	-	-	313	321	640
Sanlam	-	-	-	-	-	-	1 661	1 289	2 763
Other	36	35	79	-	-	-	115	72	159
	10 955	9 927	21 985	2 528	3 421	6 692	8 889	8 475	17 472

* Life licence business relates to investment products provided by Sanlam Investment Management and Inuofn by means of life insurance policies. The employee benefit investment products by means of insurance policies were previously reported as Sanlam Employee Benefit business. With effect from 1/1/2001, the responsibility for the bulk of this business was transferred to Sanlam Investment Management. For comparative purposes the 2000 gross funds paid to clients figures were restated to reflect a reasonable approximation of the split in this business.

Shareholders' Fund Balance Sheet at market value

(Santam, Sanlam Investment Management, Gensec Bank & Gensec Properties not consolidated and reflected as investments)

Rand Million	Unaudited 30 June		Full year audited	
	June 2001	June 2000	Dec 2000 (Restated) ⁽¹⁾	Dec 2000 (Published) ⁽¹⁾
Assets				
Fixed assets	144	156	144	106
Investment	27 144	24 051	25 770	26 652
Properties	1 054	682	1 074	1 074
Equities				
• Gensec ^{(2) (3)}	–	3 409	–	8 473
• Sanlam Investment Management ⁽²⁾	3 629	–	3 588	–
• Gensec Properties ⁽²⁾	200	–	225	–
• Gensec Bank ⁽²⁾	1 365	–	1 600	–
• ABSA	4 045	2 383	2 751	2 751
• Santam ⁽²⁾	1 698	1 078	1 274	1 274
• Other	5 538	7 902	5 730	5 742
Private and underwriting equities	1 018	–	1 203	–
Public sector stocks and loans	1 840	3 115	1 913	1 913
Other interest-bearing investments	6 757	5 482	6 412	5 425
Deferred tax	48	–	146	–
Current assets	3 850	4 346	4 696	4 619
TOTAL ASSETS	31 186	28 553	30 756	31 377

Equity and liabilities

Shareholders' Funds	22 185	19 739	20 512	20 512
Term Finance	4 641	4 119	4 711	4 711
Deferred Tax	284	406	284	284
Current Liabilities	4 076	4 289	5 249	5 870
TOTAL EQUITY AND LIABILITIES	31 186	28 553	30 756	31 377

Notes :

1. During 2001 the Gensec Group activities were integrated into the Sanlam activities. Previously it was treated as a separate entity. The restated 2000 full year results reflect the balance sheet after the integration of the Gensec activities

2. Excess of fair value over net asset value

Tangible Net Asset Value

Santam	1 272	917	1 067	1 067
Gensec	–	2 123	–	4 679
Sanlam Investment Management	181	–	323	–
Gensec Bank	1 339	–	1 234	–
Gensec Properties	64	–	62	–
Goodwill in respect of above businesses	1 950	–	1 711	1 711
	4 806	3 040	4 397	7 457
Market value of these businesses per above	6 892	4 487	6 687	9 747
Excess of fair value over net asset value	2 086	1 447	2 290	2 290

3. Holding in Gensec at 30 June 2000 : 50% and at 31 December 2000 : 100%

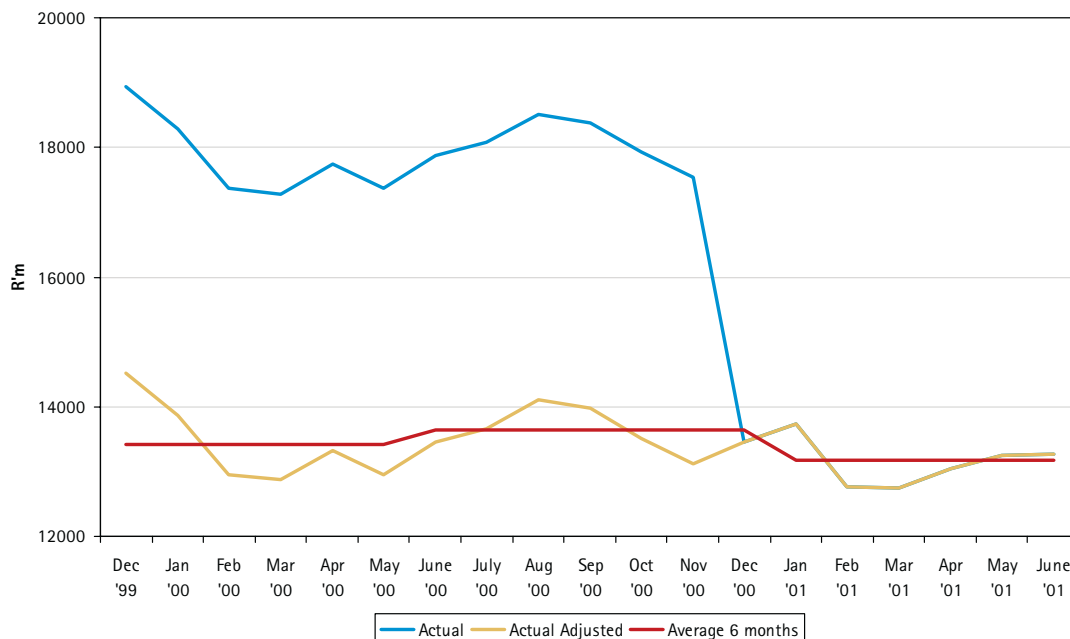
Shareholders' Fund Balance Sheet at Net Asset Value

Rand Million	June 2001	June 2000	Dec 2000
Assets			
Fixed assets	274	320	256
Goodwill	1 950	34	1 711
Investments	24 515	25 703	23 123
• Properties	1 057	682	1 074
• Equities	12 535	14 174	11 550
• Public sector stocks and loans	3 070	3 636	2 958
• Other interest-bearing investments	7 853	7 211	7 541
Deferred tax	87	224	115
Current assets	21 269	16 572	18 742
Total assets	48 095	42 853	43 947
Equity and liabilities			
Capital and reserves : Shareholders' Funds	20 099	18 292	18 222
Minority shareholders and policyholders interest	1 934	3 847	1 897
Term Finance	5 059	4 153	4 698
Deferred Tax	297	406	284
Current Liabilities	20 706	16 155	18 846
TOTAL EQUITY AND LIABILITIES	48 095	42 853	43 947

Long Term Rate of Return

Asset Base

The following graph illustrates the movement in the asset base which in turn impacts the LTRR returns.



Note : The adjusted actual represents the actual asset base reduced by the value of the assets to acquire the minority share in Gensec.

Rand Million	June 2001	June 2000	Dec 2000
Aggregate actual vs LTRR return			
A comparison of the aggregate actual and LTRR return since 1 January 1999 is set out below.			
Actual returns	4 049	3 601	3 588
Long term returns	4 821	2 602	3 919
(Deficit)/Excess aggregate short term fluctuations	(772)	999	(331)

Reconciliation of the investment included in the LTRR return

Investments per shareholders' balance sheet	24 515	25 703	23 123
Less : Investment in Absa	4 045	2 383	2 751
Investment held in respect of term finance	4 626	3 695	4 369
Free float assets of subsidiary	1 832	1 525	1 814
Other	447	255	473
LTRR investments	13 565	17 845	13 716
Analysis of LTRR investments			
Equities	7 884	11 244	7 522
Public sector stocks and loans	2 294	3 458	2 111
Other interest bearing investments	1 302	1 048	1 796
Properties	1 057	682	1 074
Private Equity	774	729	873
Underwriting	254	684	340
LTRR investments	13 565	17 845	13 716

Gross investment return by asset class

Rand Million	Inv. Income		Inv surpluses		LTRR Adj		Total	
	June 2001	June 2000	June 2001	June 2000	June 2001	June 2000	June 2001	June 2000
Equities	113	81	142	(345)	229	879	484	615
Interest bearing	90	267	43	(85)	45	150	178	332
Properties	47	30	(9)	(7)	33	28	71	51
Private equity	57	(209)	–	–	(12)	261	45	52
Underwriting	(74)	(13)	–	–	89	72	15	59
Gensec cash	33	54	–	–	32	(5)	65	49
Total LTRR investments	266	210	176	(437)	416	1 385	858	1 158
Equity accounted earnings	300	206	–	–	–	–	300	206
Free float of subsidiary	75	57	–	–	–	–	75	57
Other	(13)	53	–	–	–	–	(13)	53
Total	628	526	176	(437)	416	1 385	1 220	1 474

Corporate Costs

Rand Million	June 2001	June 2000	Dec 2000
Corporate marketing	22	23	45
Shareholder costs	16	14	28
Corporate support services	41	49	105
Shared services & Other	10	9	12
Total	89	95	190

Balance Sheet Analysis : Life fund

		June 2001	June 2000	Dec 2000
Shareholders' funds	R'm	18 232	16 043	16 640
Capital Adequacy Requirement	R'm	7 630	7 175	6 996
CAR Cover	times	2,4	2,2	2,4
Shareholders' funds/policy Liabilities	%	13,3	12,4	12,4
Shareholders' funds/non-market-related liabilities	%	21,2	20,8	20,4

Embedded value : Segmental analysis

Rand Million	June 2001	June 2000	Dec 2000
Net value of in-force business			
Personal Finance	6 215	5 623	6 152
Employee Benefits	812	789	897
Corporate	(325)	(342)	(323)
Sanlam Group	6 702	6 070	6 726
Net value of new business			
Personal Finance	123	63	190
Employee Benefits	27	38	70
Corporate	(22)	(19)	(51)
Sanlam Group	128	82	209

Embedded value : Net value of new life business as % of annual premium equivalent

Rand Million	June 2001	June 2000	Dec 2000
Personal Finance	14,3%	8,8%	10,0%
Employee Benefits	20,3%	26,9%	13,1%
Sanlam Group	12,6%	9,3%	8,4%

The Annual Premium Equivalent definition changed and therefore the 30 June 2000 and 31 December 2000 Annual Premium Equivalent and margins were restated. The following premiums which previously formed part of Annual Premium Equivalent, are now excluded from all the figures above

- *SP² and Innofin.* This includes SP² Investment-linked life annuities, which would have had no contribution to embedded value at 30 June 2001, but would have increased the Annual Premium Equivalent by R38 million, thereby reducing the margin for Sanlam Personal Finance from 14,3% to 13,6%.
- *Sanlam Investment Management business written under the insurance licence of Sanlam Employee Benefits.* Sanlam Investment Management business would have had a negligible contribution to embedded value at 30 June 2001, but would have increased the Annual Premium Equivalent by R28 million, thereby reducing the margin for Sanlam Employee Benefits from 20,3% to 16,8%

Embedded value : Sensitivity of value at 30 June 2001

Value of in-force business less cost of holding prudential reserves	R'million	% Change from base
Base value	6 702	
• Risk discount rate increase by 1,5% to 15,1%	5 521	-18%
• Risk discount rate decrease by 1,5% to 12,1%	8 094	21%
Value of new business less cost of holding prudential reserves	R'million	% Change from base
Base value	128	
• Risk discount rate increase by 1,5% to 15,1%	100	-22%
• Risk discount rate decrease by 1,5% to 12,1%	159	24%

Embedded Value : Assumptions

Gross investment returns and inflation

The more significant assumptions used in the determination of the embedded value are:

% per annum	30 June 2001	30 June 2000	31 Dec 2000
Fixed-interest securities	11.1	14.7	13.1
Equities and off-shore investments	13.1	14.7	15.1
Hedged equities ⁽¹⁾	10.1	13.7	12.1
Property	12.1	15.7	14.1
Cash	9.1	12.7	11.1
Risk Discount Rate	13.6	16.7	15.6
Prudential reserves asset returns ⁽²⁾	12.1	15.1	14.1
Unit cost inflation	6.6	8.2	6.6
Consumer Price Index inflation ⁽³⁾	6.1	8.2	6.6

1. The assumed future return for these assets is lower than that of equities which are not hedged, reflecting the cost of the derivative instruments.
2. The investment return on assets supporting the prudential reserves is based on the long-term asset mix for these funds (as shown below)
3. Premium indexation inflation for SPF is assumed to be equal to Consumer Price Index inflation.

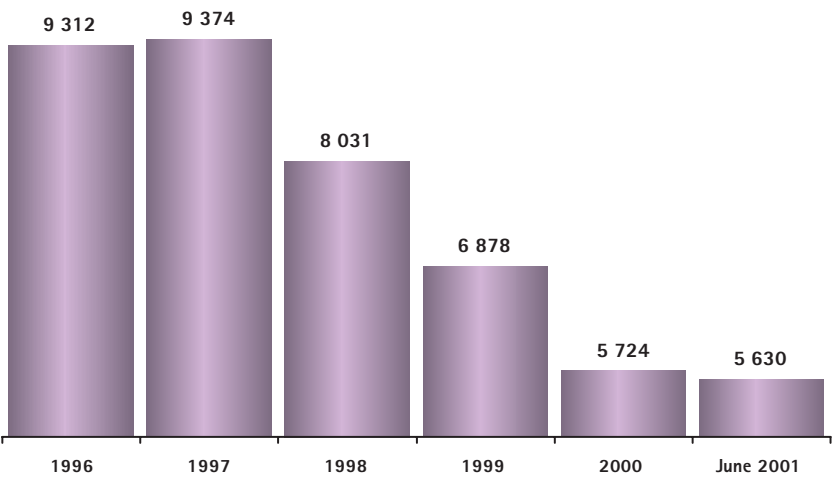
Long-term asset mix for funds supporting prudential reserves

%	30 June 2001	30 June 2000	31 Dec 2000
Equities and off-shore investments	54	32	54
Hedged equities	18	17	18
Property	16	10	16
Fixed-interest securities	10	33	10
Cash	2	8	2
Total	100	100	100

Return analysis : Based on NAV

	Operating Profit Return Gross %	Return Net %	Investment Return %	Headline Return %
Personal Finance	16,1	11,7	11,0	22,7
Employee Benefits	5,2	4,4	11,0	15,4
Investment Management	51,2	35,7	–	35,7
Gensec Bank	7,6	7,4	6,0	13,4
Santam	3,5	1,8	14,2	16,0
Gensec Properties	135,5	96,8	–	96,8
Sanlam Group	10,0	7,6	9,3	16,9

Cost Control: Headcount

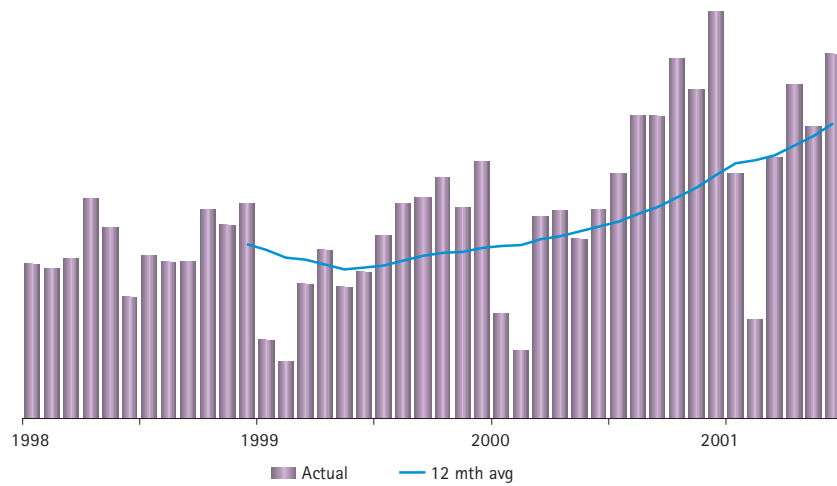


sanlam group businesses

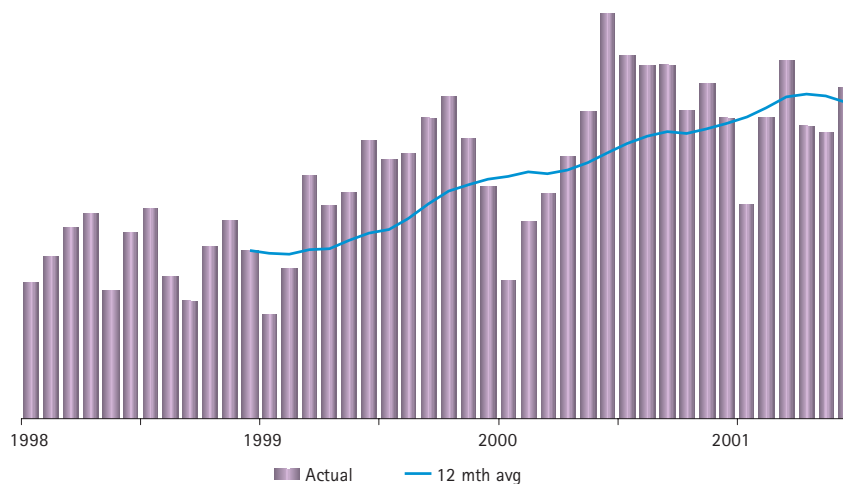
Gross Funds Received

Rand Billion	6 months June '01	6 months June '00	12 months Dec '00
Single premiums	2 511	2 159	4 989
Continuations	1 198	1 020	2 240
Recurring premiums	3 832	3 825	8 401
Life business inflows	7 541	7 004	15 630
Unit Trust inflows	3 476	4 892	9 074
TOTAL	11 017	11 896	24 704

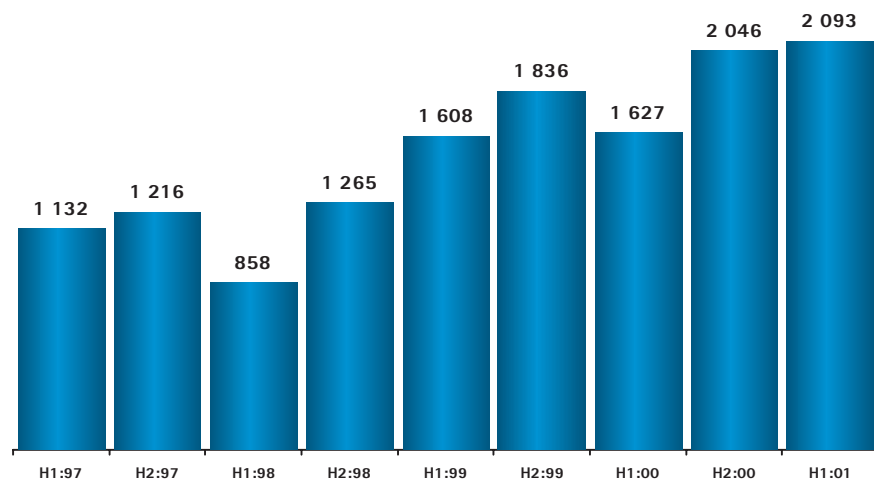
SPF: Net new recurring premiums (*per month*)



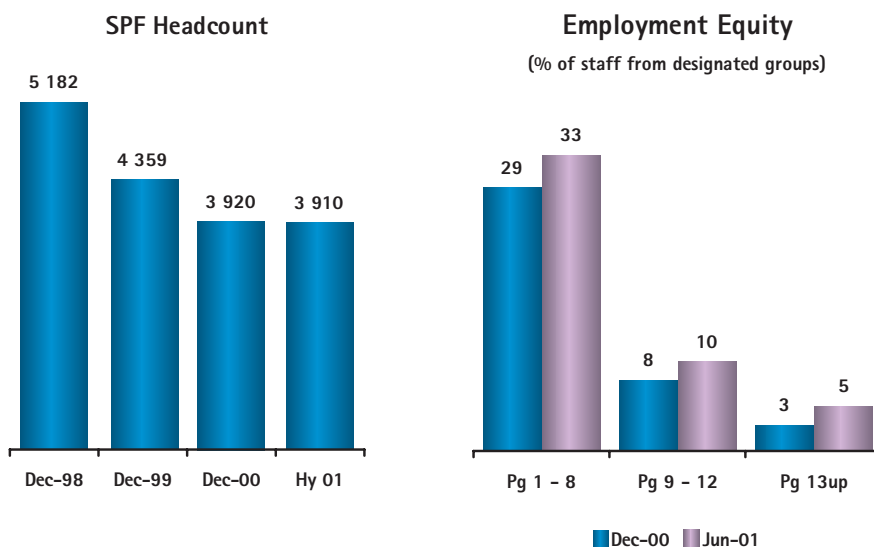
SPF : Life Single premiums (*per month*)



SPF : Surrenders (R'm)



SPF : Employment Equity



SANLAM EMPLOYEE BENEFITS

SEB : Sources of Operating Profit

Rand Million	6 months June '01	6 months June'00	12 months Dec '00
Risk business	49	45	81
Administration business	10	11	19
Investment business	79	64	125
Consulting	1	2	5
Operating profit (pre-exceptions)	139	122	230
Systems/projects	(16)	(16)	(32)
Exceptional items	(1)	0	4
Operating profit	122	106	202

SEB : Financial Features

		6 months June '01	6 months June'00	12 months Dec '00
Admin cost to income	%	21	19	20
Operating profit margin	%	19	17	15
Embedded value				
Value of new business	R'm	27	38	70
Value of in-force business	R'm	812	789	897
New business margin	%	20	27	13

SANLAM INVESTMENT MANAGEMENT

Income Statement

Rand Million	6 months June '01	6 months June '00	12 months Dec '00
Financial Services Income	334	245	515
• Asset Management	239	245	515
• Advisory	95	-	-
Administration costs	205	100	252
Gross operating profit	129	145	263
Tax	31	34	58
Minority shareholder interest	8	-	-
Net operating profit	90	111	205
Assets under management	R'bn	210	192
Third party funds	R'bn	37	31

Sources of operating profit

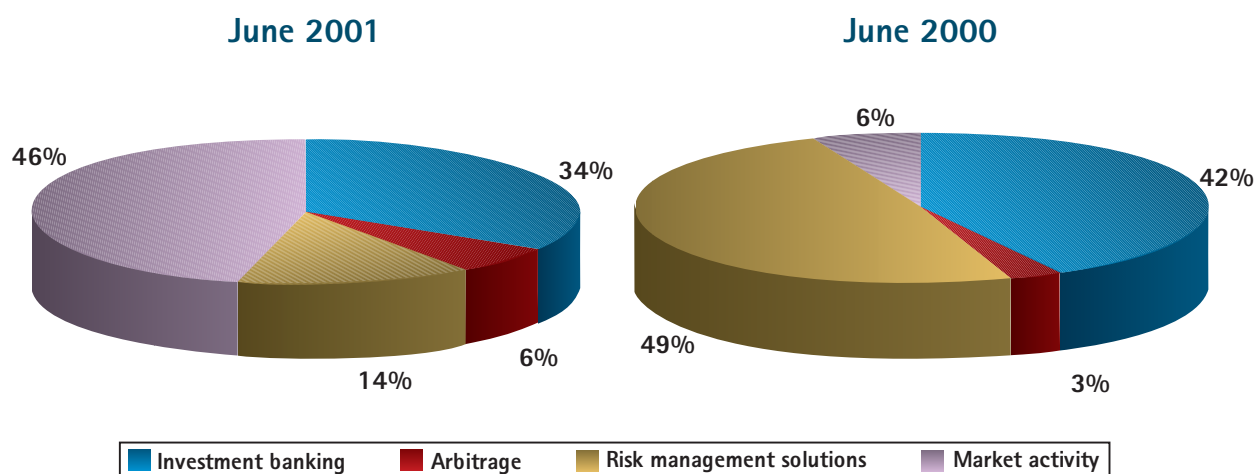
Rand Billion	South Africa		International *		Psigma
	June 01	June 00	June 01	June 00	June 01
Financial Services Income	161	168	173	77	95
Administration costs	94	78	111	22	79
Operating profit before tax	67	90	62	55	16
Tax	20	26	11	8	4
Operating profit after tax	47	64	51	47	12
Minority shareholder interest	-	-	8	-	2
Net operating profit	47	64	43	47	10

* Including Psigma

Investment performance : Products outperforming benchmark

	Q1	Q2	YTD
Cash	1/5	5/5	2/5
Money Market fund	✓	✓	✓
Moderate	✗	✓	✗
Enhanced	✗	✓	✗
Stable income	✗	✓	✓
Income trust	✗	✓	✗
Bonds	3/6	6/6	6/6
Asset Liability Matching	✓	✓	✓
Conservative	✓	✓	✓
Moderate	✓	✓	✓
Aggressive	✗	✓	✓
Bonds fund	✗	✓	✓
Specialised Aggressive	✗	✓	✓
Equities	2/7	6/7	3/7
Passive	✓	✓	✓
Enhanced equity	✗	✓	✗
Balanced	✗	✗	✗
Large Cap	✗	✓	✗
Tax	✗	✓	✓
Unit trusts	✗	✓	✗
Specialised Equities	✓	✓	✓
International	0/1	1/1	0/1
Balanced	✗	✓	✗
Total	6/19	18/19	11/19

Gensec Bank : Revenue Analysis



Gensec Bank : Income Statement

Rand Million	6 months June '01	6 months June '00	12 months Dec '00
Fees, commissions & negotiated margins	51	166	284
Dividend income	77	33	113
Principal transactions	85	25	79
Net interest revenue	18	(2)	9
Revenue	231	222	481
Expenses	(119)	(84)	(242)
Operating income before tax	112	138	239
Expense / Income ratio	52%	38%	50%

Gensec Properties : Achievements & Focus

Achievement

- Outperformed the SAPIX results by 2%

Focus

- Increased tradability of commercial property
- Broaden ownership base (Securitisation)
- Growth of non-Sanlam sources of income
- Joint ventures with black empowerment groups

Gensec Properties : Income Statement

Rand Million	6 months June '01	6 months June'00	12 months Dec '00
Fee income	101	95	174
Net interest income	5	9	12
Financial services income	106	104	184
Administration costs	(64)	(52)	(111)
Operating profit (pre-exceptions)	42	52	85
Exceptional items	–	–	(14)
Gross operating profit	42	52	59
Tax	(12)	(15)	(20)
Net operating profit	30	37	39

Gensec Properties : Financial Features

		6 months June '01	6 months June'00	12 months Dec '00
Admin cost ratio	%	60	50	60
Operating profit margin	%	40	50	40
Value of property under management				
Sanlam Group	R'm	12 042	12 218	12 512
Other	R'm	1 250	921	1 131

Health : Achievements & Focus

- Membership growth :
 - Retail 14%
 - Wholesale (Solutio) 19%
- Successful positioning of Solutio as brand in risk management product market

Health : Financial Features

		6 months June'01	6 months June'00	12 months Dec'00
Income	R'm	79	70	143
Operating profit	R'm	7	7	15
Admin cost ratio	%	91	90	89
Operating margin	%	9	10	11

Innofin : Achievements & Focus

- First product launched 1 May 2001 – Cash Management Fund
- Inflow of funds still small, expect growth in second half
- Cumulative gross funds received :
 - 30 June R14 million
 - 31 July R35 million
- Portfolio Management Service to be developed
 - Acquisition of SP² first step

SP² : Achievements & Focus

- Volatile market had a negative impact on expected net inflows
 - Net inflows of R650 million was 17% lower than June 2000
- Increased market share
 - Net inflows more than 25%
 - Funds under administration 10%

Breakeven of Innofin and SP² expected in 2003

Santam Financial Features

Rand Million		6 months June'01	6 months June'00	12 months Dec'00
Gross written premium income		2 898	1 883	4 603
Underwriting surplus		52	(13)	100
Investment income		154	105	238
Attributable earnings		156	73	255
Earnings	cps	142	86	261
Net asset value	cps	2 877	2 415	2681
Solvency margin	%	68	60	78

The results for the six months to 30 June 2001 include the full six month's consolidated results for Santam and Guardian, whereas during the same period last year Guardian was consolidated as a subsidiary only from May onwards.



The SA Economy

Outlook for 2001/2002

- GDP growth for 2001 at 2.5–3%, accelerating to 3–3.5% in 2002
- Exports performing well, and fixed capital formation picking up
- CPIX-inflation to decline to 6% by end 2001, 5% end 2002 – inflation target to be met
- Interest rates to decline by 150–200 basis points in next twelve months in reaction to lower inflation
- R/\$ exchange rate to move sideways around R8.25 next six months, then to depreciate further in line with stronger dollar
- Bond yields have limited further downside
- Government is searching for strategies to accelerate economic growth with emphasis on microeconomic policies.

Government finances

- Budgeted Telkom privatisation proceeds of R18 billion will not to be met.
- 2002 budgeted revenues to be exceeded, budget deficit expected to be 1.5–2% of GDP (budgeted 2.5%), leaving room for further tax relief/reform in 2002
- Increasing emphasis on capital/infrastructure spending to gain momentum

Exchange controls

- To include limits on foreign exposure in prudential investment guidelines
- Government signalling a slowdown in pace of forex liberalisation
- Further relaxation depends on elimination of SARB's net open forward currency position of \$4.8 billion.

Impact of AIDS

- HIV/AIDS more prevalent among low skilled workers, unemployed in rural areas
- Impact to some extent already in the numbers
- Will not derail fiscal discipline
- Impact on companies being managed
- Macroeconomic impact therefore limited.

Regional developments

- Investors should distinguish between South Africa and the rest of the region
- The South African economy enjoys low volatility compared with the emerging market universe
- South Africa's economic fundamentals are sound relative to international norms

Expanding of product range

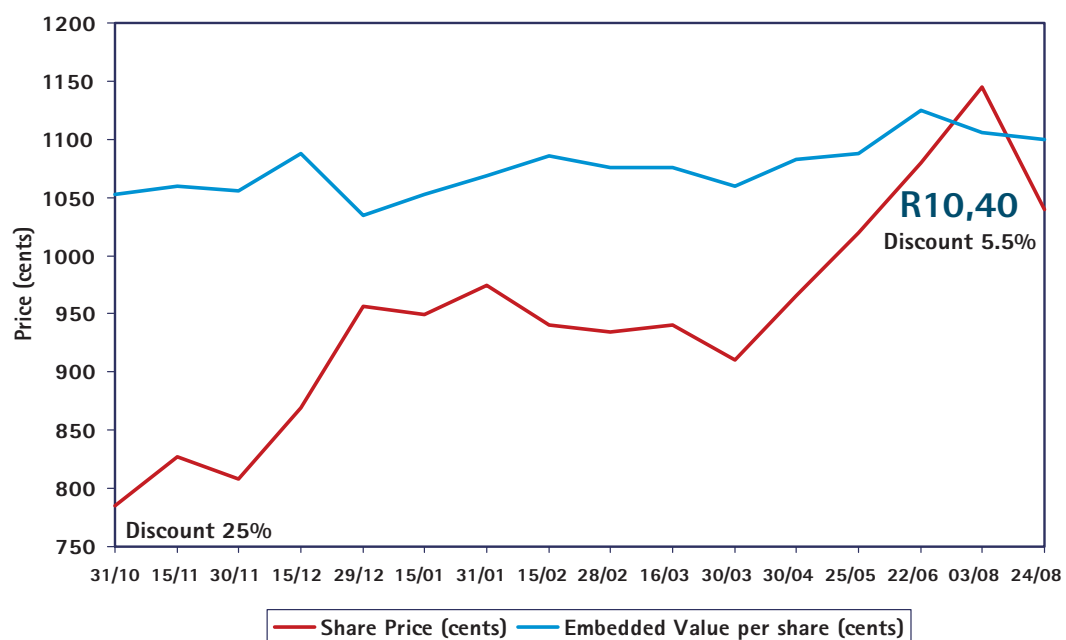
Broaden product range to :

- Savings products
- Credit products

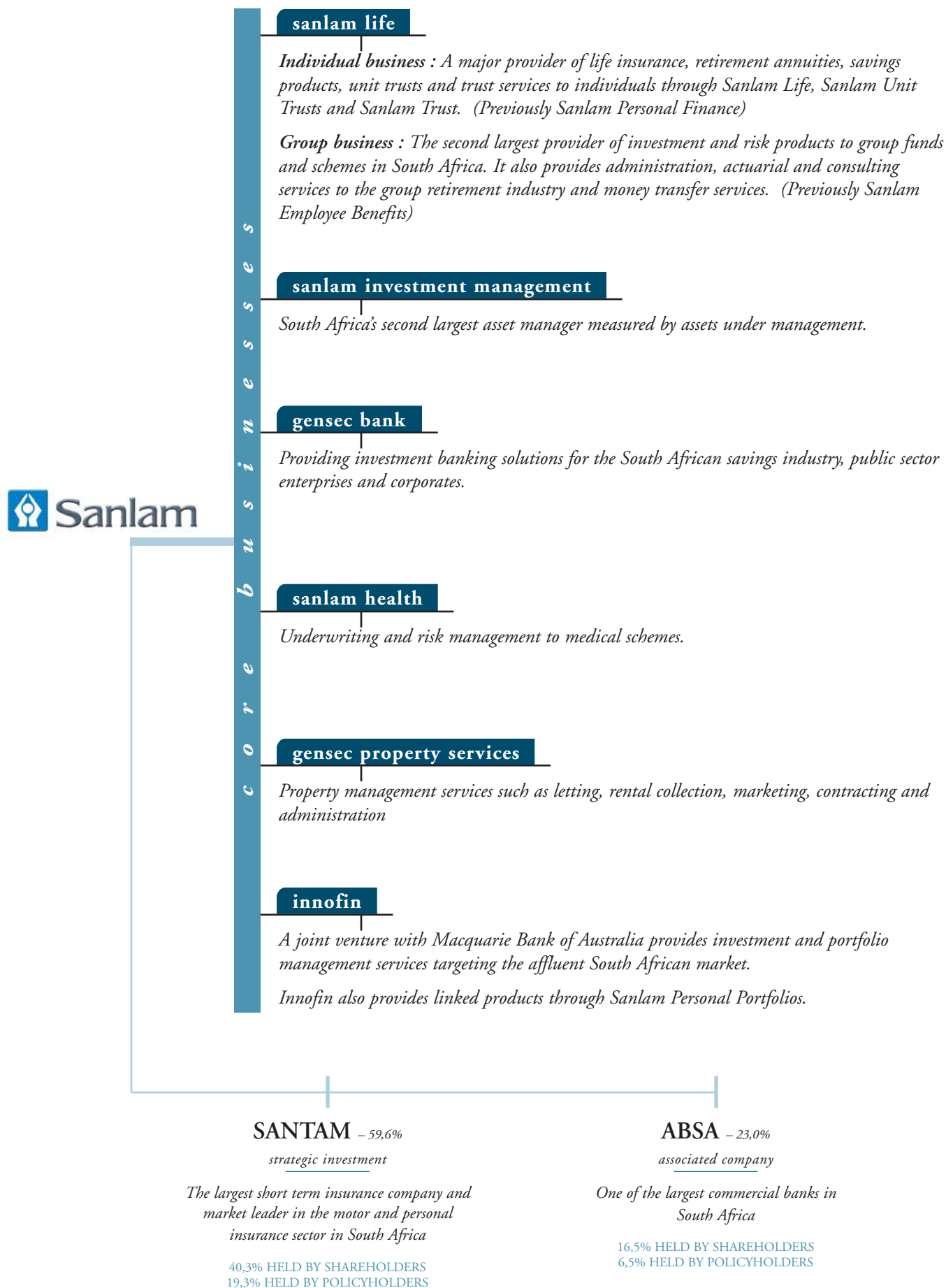
Potential sources/capability :

- Build
- In-source
- By provider

Discount to Embedded Value



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