Welcome

Sanlam Interim Results

Thinking ahead Sanlam

NOTES:

Agenda

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

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NOTES:

Strategic Themes

- Domestic growth
  - Investment performance
  - Operational excellence
- Client Relationships
  - Wealth Management
  - Innovative solutions
- Internationalisation

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NOTES:

Financial Results

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NOTES:

Salient Features

		6 months June '02	6 months June '01	12 months Dec '01
Operating profit	R'm	1 085	1 040	2 092
LTRR headline earnings	cps	58,9	61,1	133,2
Comparable headline earnings	cps	68,8	60,3	116,5
Total new business	R'm	14 816	15 335	39 085
Net outflow of funds	R'm	(1 326)	(2 746)	(963)
Life insurance new business APE	R'm	1 032	1 016	2 204
New Business EV	R'm	146	143	290
NUBev margin	%	14,1	14,1	13,2

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NOTES:

Comparable Headline earnings: Refer to page 8

Further detail :

Analysis of net inflow of funds : p. 47

Analysis of gross funds paid to clients : p. 48

Analysis of gross funds received : p. 49

Analysis of new business : p. 50

Income Statement

Rand Million	6 months June '02	6 months June '01	12 months Dec '01
Gross Funds received	19 666	19 804	48 628
Operating profit	1 085	1 040	2 092
Tax	(279)	(254)	(330)
Minorities	(64)	(44)	(92)
Net operating profit	742	742	1 670
ABSA equity accounted	107	216	443
LTRR Investment return	705	673	1 421
Headline earnings	1 554	1 631	3 534
Comparable headline earnings	1 815	1 610	3 120

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NOTES:

Further detail :

Full Income Statement : p. 44

Segmental Investment Return : p. 46

Operating Profit Contribution

Rand Million	6 months June '02	6 months June '01	12 months Dec '01
Sanlam Life	765	665	1 371
Sanlam Investment Management	161	145	291
Gensec Bank	51	112	191
Santam	127	95	188
Other	5	34	73
Net Corporate	(24)	(11)	(22)
Group Operating Profit	1 085	1 040	2 092

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NOTES:

Rand Million	6 months June '02	6 months June '01	12 months Dec '01
Other			
Gensec Properties	7	33	48
Fundamo	(2)	(4)	(4)
Tasc	–	(2)	(4)
Sanlam Health	–	7	33
	5	34	73
Net Corporate			
Corporate Income	53	53	103
Corporate Expenses	(77)	(64)	(125)
	(24)	(11)	(22)

Further detail :

Segmental Operating Profit : p. 45

Corporate Costs : p. 52

Headcount : p. 55

Impact of abnormal items

Rand Million	6 months June '02	6 months June '01	△%	12 months Dec '01
Net operating profit	742	742	0%	1 670
• Tax reversal	–	–		(185)
• Gensec Bank FCTR	–	(21)		(158)
	742	721	3%	1 327
Investment return	812	889	-9%	1 864
• Tax reversal	–	–		(99)
• Impact of Unifer	189	–		–
• Introduction of CGT	72	–		28
	1 073	889	21%	1 793
Comparable Headline Earnings	1 815	1 610	13%	3 120

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NOTES:

FCTR = Foreign Currency Translation Reserve
(Reclassification of foreign subsidiaries as foreign entities resulted in currency translation difference now accounted for in non-distributable reserves)

Key Ratios

		6 months June '02	6 months June '01	12 months Dec '01
Average Shareholders' fund	R'm	20 672	19 759	20 351
Net Operating profit ROE	%	7,2	7,5	8,2
LTRR Investment Return ROE	%	7,8	9,0	9,2
Headline ROE	%	15,0	16,5	17,4
Return on embedded value	%	(7,1)	11,7	12,3
Admin ratio	%	33,6	32,2	33,4
Operating margin	%	18,0	19,0	18,3

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NOTES:

Returns for six months are annualised

Further detail :

Return analysis of businesses : p. 55

Actuarial Review

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NOTES:

Embedded Value

	6 months June '02	6 months June '01	12 months Dec '01
Shareholders' net assets	22 601	22 684	24 399
Adjustment for corporate expenses & Capital Gains Tax	(696)	(788)	(603)
Adjusted net assets	21 905	21 896	23 796
Value of existing business	6 822	6 964	6 941
• Gross value of existing business	8 572	8 670	8 756
• Cost of holding prud. reserves	(1 750)	(1706)	(1 815)
Embedded value	28 727	28 860	30 737
Value of new business	146	143	290
• Gross value of new business	171	165	359
• Cost of holding prud. reserves	(25)	(22)	(69)

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NOTES:

- The economic assumptions and risk discount rate increased by 0,4% since 31 December 2001.
- New business value at point of sale.

Further detail :
Shareholders' Fund Balance Sheet @ fair value, NAV : p. 51 & 52
Capital adequacy requirements (CAR) and CAR cover : p. 53
Embedded Value : Analysis per business : p. 54
Net value of new life business as % of APE : p. 54
EV Sensitivities : p. 55
Assumptions for gross investment returns and inflation : p. 54
Prudential reserves asset mix : p. 55

Analysis of Embedded Value Earnings

	6 months June '02	6 months June '01	12 months Dec '01
EV of new business	146	143	290
EV earnings from existing business	650	724	1 111
• Expected return	595	578	1 204
• Operating experience variations	42	72	32
• Operating assumptions changes	13	74	(125)
EV earnings from operations	796	867	1 401

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NOTES:

- The main contributor to the positive operating experience was R70 million in respect of risk underwriting.

Analysis of Embedded Value Earnings (continued)

	6 months June '02	6 months June '01	12 months Dec '01
EV earnings from operations	796	867	1 401
Economic & other assumption changes	(48)	134	105
Tax changes	–	(536)	(613)
Investment variances	(325)	(14)	200
Growth from life insurance business 1 093		423	451
Investment return on adj. net worth 2 356		(1 512)	1 124
Total embedded value earnings	(1 089)	1 575	3 449

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NOTES:

- The investment return on adjusted net worth includes the effect of realised and unrealised investment surpluses.

Growth from Life Business

	6 months June '02	6 months June '01	12 months Dec '01
Value of existing business at year-end	6 822	6 964	6 941
+ Net operating profit transferred	542	469	1 134
Opening value of existing business	(6 941)	(6 982)	(6 982)
Growth from Life business	423	451	1 093
% Growth from Life business	6,1%	6,5%	15,7%
% Growth annualised	12,6%	13,4%	15,7%

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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

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NOTES:

Sanlam Life activities include :

- Individual and group life insurance
- Multi Data - money transfer business
- Sanlam Unit Trusts - management of Unit Trust products
- Sanlam Trust - providing trust and estate services to individual clients
- Total Care Strategy - group retirement fund administration (60% interest)
- Sanlam Direct Axis - personal loans (70% interest)
- Innofin - linked products and cash management

Further detail on Sanlam Life : p. 58 to 60

Highlights

- Operating profit growth of 15%
- NUBev margin maintained at 14%
- Administration costs contained to 3% increase
- Total expenses decreased by 2%
- Innovative new products

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NOTES:

Rand Million	6 months June '02	6 months June '01	%
Total expenses			
Administration costs	898	872	3%
System development costs	44	86	-49%
Total expenses	942	958	-2%

New business

Rand Million	6 months June '02	6 months June '01	12 months Dec '01
Total new business	10 129	9 299	20 522
• Life insurance new business	5 758	5 338	11 701
• Other new business	4 371	3 961	8 821
EV of new life business	144	141	288
NUBev margin	14,1%	14,2%	13,3%
Total net funds flow	251	(427)	1 035

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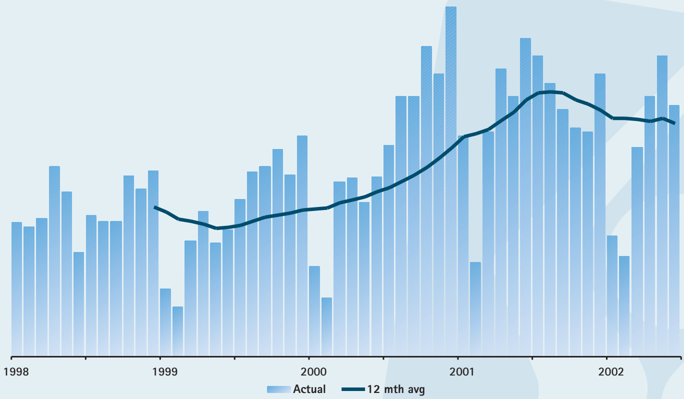
NOTES:

NUBev = New business embedded value

- Other new business includes Innofin, Unit Trust and Life licence business *(see page 64 for details)*.
- EV of new life business and NUBev margin exclude Sanlam Namibia Limited figures.

Individual: New recurring premiums - per month



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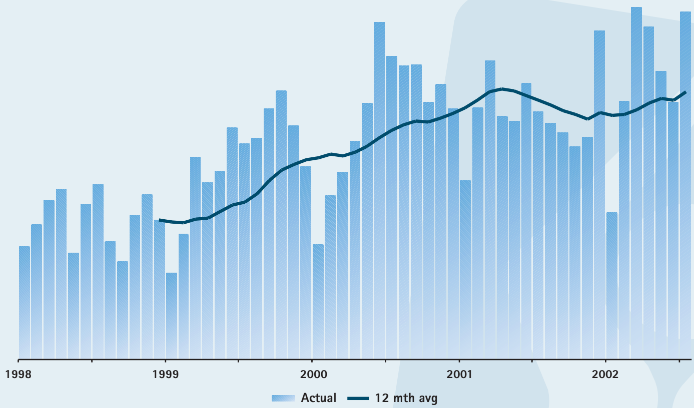
NOTES:

Individual: Single premiums (excl. continuations) -per m



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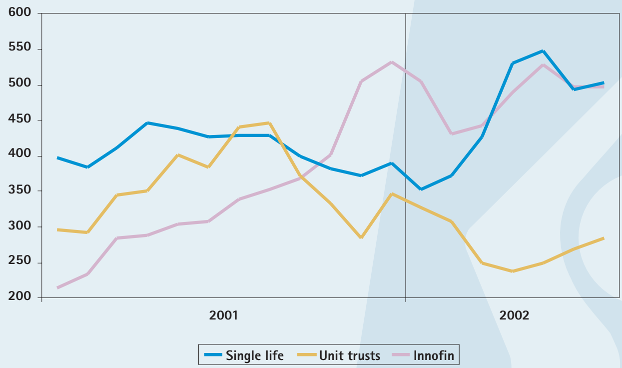
NOTES:

Individual new business (R'm)



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NOTES:

Profitability

Rand Million	6 months June '02	6 months June '01	12 months Dec '01
Operating profit	765	665	1 371
• Funds management	512	446	878
• Risk management	297	305	685
• Exceptional items	(44)	(86)	(192)
Operating profit margin	27,5%	25,8%	25,6%
Admin ratio	32,3%	33,8%	35,2%
Return on equity (net profit)	6,0%	5,4%	6,4%

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NOTES:

Sanlam Wealth Management

Established to further enhance Sanlam's core focus on clients and wealth creation

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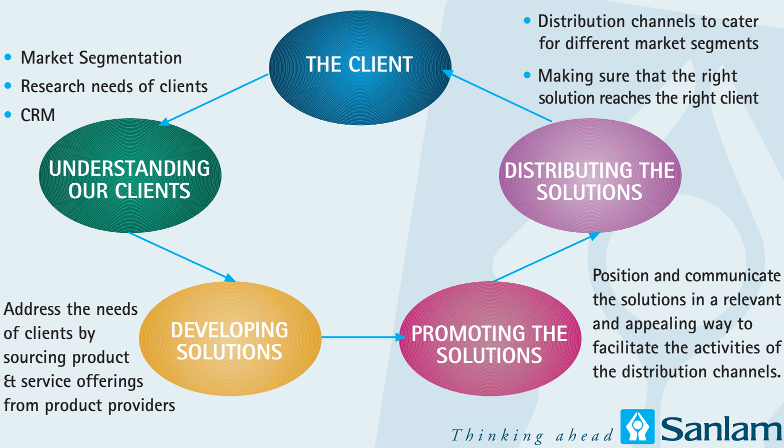
NOTES:

The Sanlam Wealth Management Process



NOTES:

Sanlam Life

- Will deliver innovative individual life, employee benefit and unit trust products and services to Sanlam's distribution channels
- The focus will be to maintain and enhance client service and operational excellence

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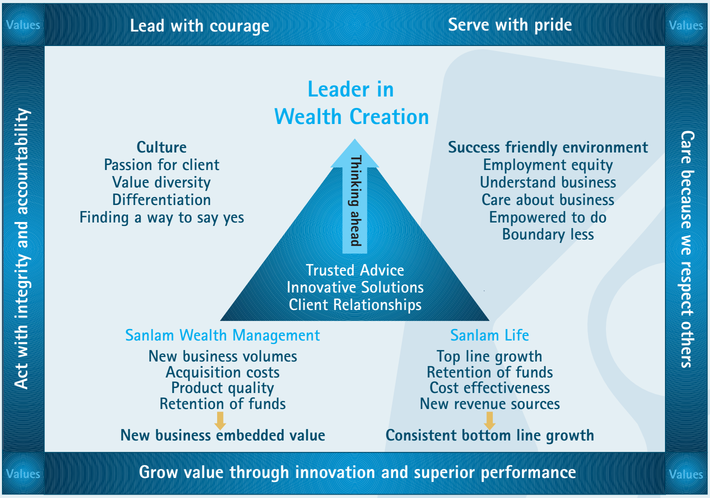
NOTES:


Values
Lead with courage
Serve with pride
Values
Act with integrity and accountability
Care because we respect others
Leader in
Wealth Creation
Culture
Passion for client
Value diversity
Differentiation
Finding a way to say yes
Thinking ahead
Success friendly environment
Employment equity
Understand business
Care about business
Empowered to do
Boundary less
Trusted Advice
Innovative Solutions
Client Relationships
Sanlam Wealth Management
New business volumes
Acquisition costs
Product quality
Retention of funds
New business embedded value
Sanlam Life
Top line growth
Retention of funds
Cost effectiveness
New revenue sources
Consistent bottom line growth
Values
Grow value through innovation and superior performance
Values

NOTES:

Sanlam Investment Management

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NOTES:

Further detail on Sanlam Invesment Management : p. 61 to 62

Achievements

- Sanlam Development Fund-of-funds launched
- Absolute Return funds launched
- Sanlam Private Investment: Merrill Lynch acquisition implemented
- Improved Unit Trust performance

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NOTES:

Investment performance

	12 months ended 2001	7 months to 31 July 2002
Institutional		
• Global Balanced *	9/10	8/10
• Domestic Balanced *	8/10	7/10
Unit Trusts		
• Above median of peers (16 funds managed by SIM)	28%	75%
• Above median of peers (25 funds including multi-managed funds)	40%	60%

* AF Large Manager Watch

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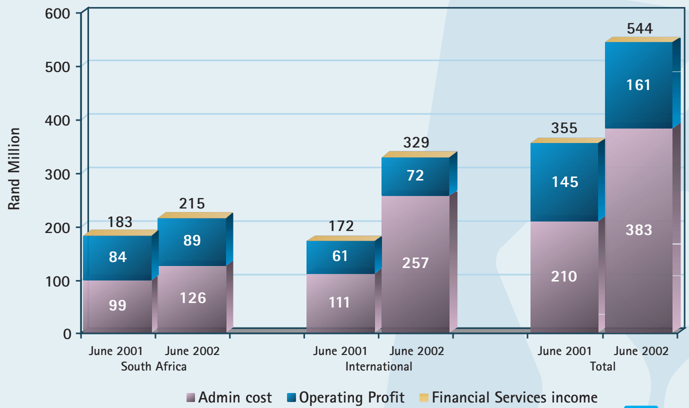
NOTES:

Profitability : Geographic



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NOTES:

International Developments

- PSigma
  - Rapid organic growth
  - Funds under advice doubles to $20bn
  - BGJ acquisition completed
- Hichens
  - Hichens Harrisons acquisition completed
  - Private Client Business launched
- io Investors
  - 26 institutional/retail funds launched
  - Weak markets resulted in 16% decline in dollar profit

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NOTES:

Deliver with urgency

Priority #1 : Improve investment performance!

Priority #2 : Improve investment performance!

Priority #3 : Improve investment performance!

Priority #4 : Improve revenues and profit

Priority #5 : Become real Employer of Choice

Priority #6 : Become truly South African company

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NOTES:

Gensec Bank

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NOTES:

Further detail on Gensec Bank : p. 63

Operating Environment

- Depressed investment banking environment
- Volatile financial markets
- Financial reporting shocks

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NOTES:

Problem Areas

- Underwriting impacted by the market downturn
- Diminished deal flow and market volatility strained
  - Equity derivatives business
  - Arbitrage
  - Advisory
- Lack of asset growth leads to unwinding of Kiwane

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NOTES:

Achievements

- JV with Imperial to form Safair Lease Finance
- Strong performance by the structured and interest rate products
- Strong growth in wholesale brokerage

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NOTES:

Looking forward

- Diversify Revenue
  - Client base
  - Product range
- Group Synergies

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NOTES:

Santam

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NOTES:

Further detail on Santam : p. 64

Financial Achievements

- 18% Growth in gross written premiums
- Underwriting surplus of R79m represents a 52% increase
- Headline eps of 220cps up by 9%
- Strong cash flow generation from operating activities
- Solvency ratio of 68%

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NOTES:

Focus and initiatives

- Acquisition of small UK insurer on track (R350m)
- Procurement initiatives
- Improved reinsurance efficiency
- Benefits from the bedding down of strategic business units
- Further restructuring to
  - enhance client and distribution focus
  - increase business process efficiency (IT in particular)
- Developing the strategic business partner model

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NOTES:

Sanlam Limited

Strategy & Focus

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NOTES:

Focus Areas

- Operational performance
- Investment performance
- Integrated business model
  - Wealth Management
  - Banking strategy
- Four pillars of Black Economic Empowerment
  - Employment Equity
  - Ownership
  - South African development
  - Procurement

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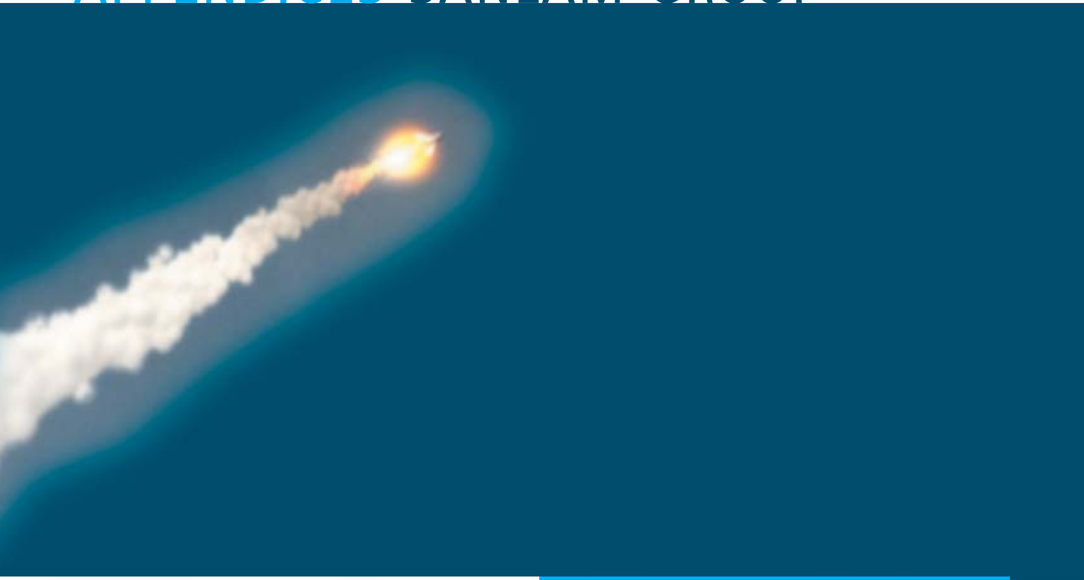
NOTES:

APPENDICES SANLAM GROUP



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Sanlam

INCOME STATEMENT

Rand Million	June 2002	June 2001	Dec 2001
Net operating profit	742	742	1 670
Operating profit before tax	1 085	1 040	2 092
Normal & deferred tax	(279)	(254)	(515)
Minority interest	(64)	(44)	(92)
Net operating profit before tax reversal	742	742	1 485
Deferred tax reversal	–	–	185
Net LTRR Investment Return	812	889	1 864
Investment return	(532)	761	2 993
• Investment income	372	613	1 265
• Investment surpluses	(904)	148	1 728
Normal & deferred tax	71	(152)	(526)
• Investment income	(16)	(137)	(287)
• Investment surpluses	(34)	(15)	(18)
• Deferred capital gains tax	121	–	(221)
Minorities	(37)	(159)	(273)
• Investment income	(45)	(58)	(119)
• Investment surpluses	8	(101)	(154)
Net investment return before tax reversal	(498)	450	2 194
Deferred tax reversal	–	–	99
Actual investment return after tax reversal	(498)	450	2 293
Long term rate of return adjustment	1 310	439	(429)
• Investment income	1 555	414	(606)
• Taxation	(179)	(27)	116
• Minorities	(66)	52	61
LTRR Headline Earnings	1 554	1 631	3 534
Short term investment fluctuations after tax & minorities	(1 310)	(439)	429
Amortisation of goodwill	(129)	(111)	(215)
Accounting policy change by subsidiary	–	–	(62)
Net investment return on investment in associated companies	(385)	796	323
Attributable earnings	(270)	1 877	4 009
Headline earnings after tax reversal (cps)	58,9	61,1	133,2
Headline earnings before tax reversal (cps)	58,9	61,1	122,5
Adjusted weighted average number of shares (million)	2 639	2 670	2 653

SHAREHOLDERS' FUNDS : Segmental Operating Profit

R million	Life			Investment Management			Gensec Bank			Gensec Property Services			Santam			Corporate & other (1)			TOTAL		
	June 2002	June 2001	Dec 2001	June 2002	June 2001	Dec 2001	June 2002	June 2001	Dec 2001	June 2002	June 2001	Dec 2001	June 2002	June 2001	Dec 2001	June 2002	June 2001	Dec 2001	June 2002	June 2001	Dec 2001
Financial services income	3 340	3 091	6 446	544	355	797	258	231	508	59	94	171	2 616	2 354	4 851	122	192	367	6 939	6 317	13 140
Sales remuneration	(561)	(514)	(1 082)	-	-	-	-	-	-	-	-	-	(325)	(300)	(636)	(19)	(17)	(16)	(905)	(831)	(1 734)
Income after sales remuneration	2 779	2 577	5 364	544	355	797	258	231	508	59	94	171	2 291	2 054	4 215	103	175	351	6 034	5 486	11 406
Underwriting policy benefits	(1 072)	(954)	(1 915)	-	-	-	-	-	-	-	-	-	(1 807)	(1 637)	(3 367)	-	-	(3)	(2 879)	(2 591)	(5 285)
Administration costs	(898)	(872)	(1 886)	(383)	(210)	(488)	(207)	(119)	(317)	(51)	(61)	(114)	(357)	(322)	(660)	(129)	(185)	(339)	(2 025)	(1 769)	(3 804)
Profit before exceptionals	809	751	1 563	161	145	309	51	112	191	8	33	57	127	95	188	(26)	(10)	9	1 130	1 126	2 317
Exceptional items	(44)	(86)	(192)	-	-	(18)	-	-	-	(1)	-	(9)	-	-	-	-	-	(6)	(45)	(86)	(225)
Operating profit before tax	765	665	1 371	161	145	291	51	112	191	7	33	48	127	95	188	(26)	(10)	3	1 085	1 040	2 092
Tax on operating profit	(213)	(168)	(183)	(45)	(36)	(73)	16	(2)	18	2	(9)	(14)	(39)	(29)	(57)	-	(10)	(21)	(279)	(254)	(330)
• Normal	(213)	(168)	(368)	(45)	(36)	(73)	16	(2)	18	2	(9)	(14)	(39)	(29)	(57)	-	(10)	(21)	(279)	(254)	(515)
• One-off	-	-	185	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	185
Operating profit after tax	552	497	1 188	116	109	218	67	110	209	9	24	34	88	66	131	(26)	(20)	(18)	806	786	1 762
Minority interest	(1)	7	10	(9)	(8)	(13)	-	-	-	-	-	-	(54)	(43)	(89)	-	-	-	(64)	(44)	(92)
Net operating profit	**551**	**504**	**1 198**	**107**	**101**	**205**	**67**	**110**	**209**	**9**	**24**	**34**	**34**	**23**	**42**	**(26)**	**(20)**	**(18)**	**742**	**742**	**1 670**
Ratios																					
Admin ratio (2)	32,3%	33,8%	35,2%	70,4%	59,2%	61,2%	80,2%	51,5%	62,4%	86,4%	64,9%	66,7%	15,6%	15,7%	15,7%	125,2%	105,7%	96,6%	33,6%	32,2%	33,4%
Operating margin (2)	27,5%	25,8%	25,6%	29,6%	40,8%	36,5%	19,8%	48,5%	37,6%	11,9%	35,1%	28,1%	5,5%	4,6%	4,5%	-25,2%	-5,7%	0,9%	18,0%	19,0%	18,3%
Operating profit eps																					
Net Operating profit before tax one-offs	20,9	18,9	38,2	4,1	3,8	7,7	2,5	4,1	7,9	0,3	0,9	1,3	1,3	0,9	1,6	-1,0	-0,7	-0,8	28,1	27,8	56,0
Operating profit after tax one-offs	20,9	18,9	45,1	4,1	3,8	7,7	2,5	4,1	7,9	0,3	0,9	1,3	1,3	0,9	1,6	-1,0	-0,7	-0,8	28,1	27,8	62,9
Return on equity (3)																					
Operating profit before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,7%	10,2%	9,9%
Operating profit after tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,2%	7,5%	8,2%

(1) Corporate & other includes Corporate income and expenses, the previous Gensec corporate and other smaller businesses.
(2) Calculated as a percentage of income earned by the shareholders less sales remuneration.
(3) Annualised

SHAREHOLDERS' FUNDS : Segmental Investment Return

Rand Million	Life			Santam			Remainder of Sanlam Group			Total		
	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001
Investment return	(577)	374	2 019	118	305	539	(73)	82	435	(532)	761	2 993
Investment income	165	167	292	106	111	230	54	35	122	325	313	644
Equity accounting	60	300	619	(12)	-	2	-	-	-	47	301	621
Investment surpluses	(802)	(93)	1 108	24	194	307	(127)	47	313	(904)	147	1 728
Tax on investment return	133	(134)	(230)	(56)	(46)	(84)	(6)	28	(113)	71	(152)	(427)
Investment income	18	(147)	(33)	(18)	(18)	(34)	(16)	28	(121)	(16)	(137)	(188)
Normal tax	18	(147)	(132)	(18)	(18)	(34)	(16)	28	(121)	(16)	(137)	(287)
Deferred tax reversal	-	-	99	-	-	-	-	-	-	-	-	99
Investment surpluses	115	13	(197)	(38)	(28)	(50)	10	-	8	87	(15)	(239)
Minorities	-	-	-	(37)	(159)	(273)	-	-	-	(37)	(159)	(273)
Net actual investment return	(444)	240	1 789	25	100	182	(79)	110	322	(498)	450	2 293
Long term rate of return (LTRR) adjustment	978	284	(971)	51	(28)	(50)	281	183	592	1 310	439	(429)
NET LTRR INVESTMENT RETURN	**534**	**524**	**818**	**76**	**72**	**132**	**202**	**293**	**914**	**812**	**889**	**1 864**

ANALYSIS OF NET INFLOW OF FUNDS

	Total			Life Insurance*			Life Licence*			Other		
	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001
Sanlam Life	**251**	**(427)**	**1 035**	**(1 321)**	**(1 398)**	**(2 031)**	**441**	**286**	**843**	**1 131**	**685**	**2 223**
• Individual Life	(922)	(792)	(1 187)	(922)	(792)	(1 187)	-	-	-	-	-	-
• Group Life	(399)	(606)	(844)	(399)	(606)	(844)	-	-	-	-	-	-
• Unit Trust	18	116	564	-	-	-	-	-	-	18	116	564
• Innofin	1 554	855	2 502	-	-	-	441	286	843	1 113	569	1 659
SIM	**(3 618)**	**(3 212)**	**(6 945)**	**-**	**-**	**-**	**(1 776)**	**(1 838)**	**(5 018)**	**(1 842)**	**(1 374)**	**(1 927)**
• Life (Employee Benefit Life licence)	(1 776)	(1 838)	(5 018)	-	-	-	(1 776)	(1 838)	(5 018)	-	-	-
Total	(1 836)	(2 985)	(6 355)	-	-	-	(1 836)	(2 985)	(6 355)	-	-	-
Less: Inter group switches	60	1 147	1 337	-	-	-	60	1 147	1 337	-	-	-
• SUT Wholesale business	(195)	(232)	(1 266)	-	-	-	-	-	-	(195)	(232)	(1 266)
• Segregated	(1 647)	(1 142)	(661)	-	-	-	-	-	-	(1 647)	(1 142)	(661)
Total	(1 587)	5	676	-	-	-	-	-	-	(1 587)	5	676
Less: Inter group switches	(60)	(1 147)	(1 337)	-	-	-	-	-	-	(60)	(1 147)	(1 337)
Sanlam Health	**-**	**19**	**60**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19**	**60**
Santam	**761**	**674**	**1 394**	**-**	**-**	**-**	**-**	**-**	**-**	**761**	**674**	**1 394**
Other	**996**	**200**	**392**	**27**	**67**	**216**	**-**	**-**	**(104)**	**969**	**133**	**280**
Unit Trust White label	**284**	**-**	**3 101**	**-**	**-**	**-**	**-**	**-**	**-**	**284**	**-**	**3 101**
	(1 326)	**(2 746)**	**(963)**	**(1 294)**	**(1 331)**	**(1 815)**	**(1 335)**	**(1 552)**	**(4 279)**	**1 303**	**137**	**5 131**

** Life licence business relates to investment products provided by Sanlam Investment Management and Innofin by means of a life insurance policy where there is very little or no insurance risk. The employee benefit investment products provided by means of an insurance policy was 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.*

ANALYSIS OF GROSS FUNDS PAID TO CLIENTS

	Total			Life Insurance*			Life Licence*			Other		
	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001
Sanlam Life	**14 447**	**13 881**	**28 369**	**11 648**	**10 891**	**22 614**	**149**	**108**	**242**	**2 650**	**2 882**	**5 513**
• Individual Life	8 570	8 333	16 518	8 570	8 333	16 518	-	-	-	-	-	-
Surrenders	2 397	2 093	4 155	2 397	2 093	4 155	-	-	-	-	-	-
Other	6 173	6 240	12 363	6 173	6 240	12 363	-	-	-	-	-	-
• Unit Trust	1 534	2 071	3 781	-	-	-	-	-	-	1 534	2 071	3 781
• Group Life	3 078	2 558	6 096	3 078	2 558	6 096	-	-	-	-	-	-
Terminations (2)	987	704	2 240	987	704	2 240	-	-	-	-	-	-
Other benefits	2 091	1 854	3 856	2 091	1 854	3 856	-	-	-	-	-	-
• Innofin	1 265	919	1 974	-	-	-	149	108	242	1 116	811	1 732
SIM	**4 746**	**6 568**	**16 634**	**-**	**-**	**-**	**2 071**	**2 420**	**6 007**	**2 675**	**4 148**	**10 627**
• Life	2 071	2 420	6 007	-	-	-	2 071	2 420	6 007	-	-	-
Terminations (2)	1 541	2 890	5 863	-	-	-	1 541	2 890	5 863	-	-	-
Other benefits	598	695	1 556	-	-	-	598	695	1 556	-	-	-
Less: Inter group switches (3)	(68)	(1 165)	(1 412)	-	-	-	(68)	(1 165)	(1 412)	-	-	-
• SUT Wholesale business	953	1 521	3 648	-	-	-	-	-	-	953	1 521	3 648
• Segregated	1 722	2 627	6 979	-	-	-	-	-	-	1 722	2 627	6 979
Total Outflow	1 743	2 627	6 979	-	-	-	-	-	-	1 743	2 627	6 979
Less: Inter group switches	(21)	-	-	-	-	-	-	-	-	(21)	-	-
Sanlam Health	**-**	**313**	**487**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**313**	**487**
Santam	**1 807**	**1 637**	**3 366**	**-**	**-**	**-**	**-**	**-**	**-**	**1 807**	**1 637**	**3 366**
Other	**(765)**	**151**	**354**	**57**	**36**	**87**	**-**	**-**	**(16)**	**(822)**	**115**	**283**
Unit Trust White label	**757**	**-**	**381**	**-**	**-**	**-**	**-**	**-**	**-**	**757**	**-**	**381**
	20 992	**22 550**	**49 591**	**11 705**	**10 927**	**22 701**	**2 220**	**2 528**	**6 233**	**7 067**	**9 095**	**20 657**

(1) Life licence business relates to investment products provided by Sanlam Investment Management and Innofin by means of a life insurance policy where there is very little or no insurance risk. The employee benefit investment products provided by means of an insurance policy was 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.

(2) Includes retirement fund taxation paid on behalf of certain funds

(3) Included in terminations

ANALYSIS OF GROSS FUNDS RECEIVED FROM CLIENTS

	Total			Life Insurance*			Life Licence*			Other		
	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001
Sanlam Life	**14 698**	**13 454**	**29 404**	**10 327**	**9 493**	**20 583**	**590**	**394**	**1 085**	**3 781**	**3 567**	**7 736**
• Individual Life	7 648	7 541	15 331	7 648	7 541	15 331	-	-	-	-	-	-
Recurring	3 994	3 832	8 257	3 994	3 832	8 257	-	-	-	-	-	-
Single	3 654	3 709	7 074	3 654	3 709	7 074	-	-	-	-	-	-
• Unit Trust	1 552	2 187	4 345	-	-	-	-	-	-	1 552	2 187	4 345
• Group Life	2 679	1 952	5 252	2 679	1 952	5 252	-	-	-	-	-	-
Recurring	1 334	1 100	2 291	1 334	1 100	2 291	-	-	-	-	-	-
Single	1 345	852	2 961	1 345	852	2 961	-	-	-	-	-	-
• Innofin	2 819	1 774	4 476	-	-	-	590	394	1 085	2 229	1 380	3 391
SIM	**1 128**	**3 356**	**9 689**	**-**	**-**	**-**	**295**	**582**	**989**	**833**	**2 774**	**8 700**
• Life	295	582	989	-	-	-	295	582	989	-	-	-
Recurring	243	298	605	-	-	-	243	298	605	-	-	-
Single	60	302	459	-	-	-	60	302	459	-	-	-
Less: Inter group switches	(8)	(18)	(75)	-	-	-	(8)	(18)	(75)	-	-	-
• SUT Wholesale business	758	1 289	2 382	-	-	-	-	-	-	758	1 289	2 382
• Segregated	75	1 485	6 318	-	-	-	-	-	-	75	1 485	6 318
Total Inflow	135	2 634	7 657	-	-	-	-	-	-	135	2 634	7 657
Less: Inter group switches	(60)	(1 149)	(1 339)	-	-	-	-	-	-	(60)	(1 149)	(1 339)
Sanlam Health	**-**	**332**	**547**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**332**	**547**
Santam	**2 568**	**2 311**	**4 760**	**-**	**-**	**-**	**-**	**-**	**-**	**2 568**	**2 311**	**4 760**
Other	**231**	**351**	**746**	**84**	**103**	**303**	**-**	**-**	**(120)**	**147**	**248**	**563**
Unit Trust White label	**1 041**	**-**	**3 482**	**-**	**-**	**-**	**-**	**-**	**-**	**1 041**	**-**	**3 482**
	19 666	**19 804**	**48 628**	**10 411**	**9 596**	**20 886**	**885**	**976**	**1 954**	**8 370**	**9 232**	**25 788**

** Life licence business relates to investment products provided by Sanlam Investment Management and Innofin by means of a life insurance policy where there is very little or no insurance risk. The employee benefit investment products provided by means of an insurance policy was 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.*

ANALYSIS OF NEW BUSINESS

	Total			Life Insurance*			Life Licence*			Other		
	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001	30 June 2002	30 June 2001	31 Dec. 2001
Sanlam Life	**10 129**	**9 299**	**20 522**	**5 758**	**5 338**	**11 701**	**590**	**394**	**1 085**	**3 781**	**3 567**	**7 736**
• Individual Life	4 344	4 438	8 569	4 344	4 438	8 569	-	-	-	-	-	-
Recurring	690	729	1 495	690	729	1 495	-	-	-	-	-	-
Single	2 763	2 511	4 880	2 763	2 511	4 880	-	-	-	-	-	-
Continuations	891	1 198	2 194	891	1 198	2 194	-	-	-	-	-	-
• Unit Trust	1 552	2 187	4 345	-	-	-	-	-	-	1 552	2 187	4 345
• Group Life	1 414	900	3 132	1 414	900	3 132	-	-	-	-	-	-
Recurring	69	48	171	69	48	171	-	-	-	-	-	-
Single	1 345	852	2 961	1 345	852	2 961	-	-	-	-	-	-
• Innofin	2 819	1 774	4 476	-	-	-	590	394	1 085	2 229	1 380	3 391
SIM	**885**	**3 052**	**9 084**	**-**	**-**	**-**	**52**	**278**	**384**	**833**	**2 774**	**8 700**
• Life	52	278	384	-	-	-	52	278	384	-	-	-
Single	60	296	459	-	-	-	60	296	459	-	-	-
Less: Inter group switches	(8)	(18)	(75)	-	-	-	(8)	(18)	(75)	-	-	-
• SUT Wholesale business	758	1 289	2 382	-	-	-	-	-	-	758	1 289	2 382
• Segregated	75	1 485	6 318	-	-	-	-	-	-	75	1 485	6 318
Total	135	2 634	7 657	-	-	-	-	-	-	135	2 634	7 657
Less: Inter group switches	(60)	(1 149)	(1 339)	-	-	-	-	-	-	(60)	(1 149)	(1 339)
Sanlam Health	**-**	**332**	**547**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**332**	**547**
Santam	**2 568**	**2 311**	**4 760**	**-**	**-**	**-**	**-**	**-**	**-**	**2 568**	**2 311**	**4 760**
Other	**193**	**341**	**690**	**46**	**93**	**247**	**-**	**-**	**(120)**	**147**	**248**	**563**
Unit Trust white label	**1 041**	**-**	**3 482**	**-**	**-**	**-**	**-**	**-**	**-**	**1 041**	**-**	**3 482**
	14 816	**15 335**	**39 085**	**5 804**	**5 431**	**11 948**	**642**	**672**	**1 349**	**8 370**	**9 232**	**25 788**

** Life licence business relates to investment products provided by Sanlam Investment Management and Innofin by means of a life insurance policy where there is very little or no insurance risk. The employee benefit investment products provided by means of an insurance policy was 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.*

SHAREHOLDERS' FUND BALANCE SHEET AT FAIR VALUE

(Santam, Sanlam Unit Trusts, Sanlam Investment Management, Gensec Bank & Gensec Properties not consolidated, but reflected as investments at fair value)

Rand Million	June 2002	June 2001	Dec 2001
Assets			
Fixed assets	147	143	158
Investments	26 818	27 926	28 423
Sanlam businesses			
• Sanlam Investment Management	3 287	3 955	3 705
• Gensec Bank	1 255	1 365	1 442
• Gensec Properties	84	74	65
• Sanlam Unit Trusts (1)	263	384	341
Strategic investment – Santam	1 814	1 698	1 709
Associated company – ABSA	4 015	4 045	4 036
Other investments			
• Other equities	6 726	6 637	7 373
• Public sector stocks and loans	1 607	1 834	1 859
• Properties	1 168	1 239	1 208
• Other interest-bearing investments	6 599	6 695	6 685
Deferred tax	38	48	88
Current assets	4 223	3 507	4 531
TOTAL ASSETS	31 226	31 624	33 200
Equity and liabilities			
Shareholders' Funds	22 601	22 684	24 399
Term Finance	4 450	4 641	4 331
Deferred Tax	165	284	244
Current Liabilities	4 010	4 015	4 226
TOTAL EQUITY AND LIABILITIES	31 226	31 624	33 200
Excess of fair value over net asset value			
Fair value of these businesses per above	6 703	7 476	7 262
Less : Tangible Net Asset Value	3 608	2 941	3 537
Santam	1 407	1 272	1 370
Sanlam Unit Trusts	126	85	112
Sanlam Investment Management	556	187	536
Gensec Bank	1 467	1 339	1 444
Gensec Properties	52	58	75
Less : Goodwill in respect of above businesses	1 454	1 950	1 540
Less : Capital gains tax on investments at fair value	24	–	17
Excess of fair value over net asset value	**1 617**	**2 585**	**2 168**

(1) The SUT fair value of R874 million at 31 December 2001 has been reclassified to reflect the current Group structure: surplus cash of R350 million is now included in other investments and the SUT Wholesale business was transferred to Sanlam Investment Management (R183 million).

SHAREHOLDERS' FUND BALANCE SHEET AT NET ASSET VALUE

Rand Million	June 2002	June 2001	Dec 2001
Assets			
Fixed assets	263	274	295
Goodwill	2 014	1 950	1 840
Investments	24 446	23 705	24 420
• Properties	1 171	1 242	1 021
• Equities	13 023	12 350	13 472
• Public sector stocks and loans	2 196	3 070	2 479
• Other interest-bearing investments	8 056	7 043	7 448
Deferred tax	125	87	146
General reinsurance provision	1 576	1 239	1 800
Current assets	22 922	22 079	26 069
TOTAL ASSETS	51 346	49 334	54 570
Equity and liabilities			
Capital and reserves : Shareholders' Funds	20 984	20 099	22 231
Minority shareholders and policyholders' interest	2 010	1 934	2 049
Term Finance	5 565	5 059	4 936
Deferred Tax	277	297	346
Gross general insurance provisions	3 199	3 104	3 458
Current Liabilities	19 311	18 841	21 550
TOTAL EQUITY AND LIABILITIES	51 346	49 334	54 570

CORPORATE COSTS

Rand Million	June 2002	June 2001	Dec 2001
Corporate marketing	7	5	11
Shareholder costs	12	16	23
Corporate support services	59	37	90
Shared services & Other	(1)	6	1
Total	77	64	125

BALANCE SHEET ANALYSIS : Life fund

		June 2002	June 2001	Dec 2001
Shareholders' funds	R'm	18 125	18 232	19 909
Capital Adequacy Requirement	R'm	8 825	7 630	7 102
CAR Cover	times	2,1	2,4	2,8
Shareholders' funds/policy liabilities	%	13,2	13,3	13,7
Shareholders' funds/non-market-related liabilities	%	20,2	21,2	21,6

EMBEDDED VALUE

Rand Million	June 2002	June 2001	Dec 2001
1. EMBEDDED VALUE			
Sanlam Group shareholders' fund at fair value	22 601	22 684	24 399
Adjustment for discounting capital gains tax [1]	37	–	61
Present value of strategic corporate expenses [2] [3]	(733)	(788)	(664)
Sanlam group shareholders' adjusted net assets	21 905	21 896	23 796
Net value of life insurance business in force	6 822	6 964	6 941
• Value of life insurance business in force [3]	8 572	8 670	8 756
• Cost of holding prudential reserves	(1 750)	(1 706)	(1 815)
Sanlam Group embedded value	28 727	28 860	30 737
2. EMBEDDED VALUE EARNINGS			
Embedded value from new life insurance business [3]	146	143	290
Earnings from existing life insurance business	650	724	1 111
• Expected return	595	578	1 204
• Operating experience variations [4]	42	72	32
• Operating assumption changes	13	74	(125)
Embedded value earnings from life operations	796	867	1 401
Economic and other (including asset mix) assumption changes	(48)	134	105
Tax changes	–	(536)	(613)
Investment variances	(325)	(14)	200
Growth from life insurance business	423	451	1 093
Investment return on shareholders' adjusted net assets	(1 512)	1 124	2 356
Total embedded value earnings before dividends are paid	(1 089)	1 575	3 449
Dividends paid	(921)	(790)	(790)
Increase in Sanlam Group embedded value	(2 010)	785	2 659

Rand Million	June 2002	June 2001	Dec 2001

2. EMBEDDED VALUE EARNINGS *(.../continued)*

	June 2002	June 2001	Dec 2001
APE for embedded value purposes [5]	1 032	1 016	2 204
Embedded value of new life business as a percentage of APE	14,1%	14,1%	13,2%
Growth from life insurance business as a % of beginning value of in-force	12,6%*	13,4%*	15,7%

** annualised*

3. ANALYSIS PER BUSINESS

	June 2002	June 2001	Dec 2001
Net value of life insurance business in force			
Individual business	6 075	6 215	6 144
Group business	711	812	848
Sanlam Namibia Limited	36	24	34
Corporate expenses not included in the above	–	(87)	(85)
Sanlam group	6 822	6 964	6 941

	June 2002		June 2001		Dec 2001	
New business embedded value and APE margin	**R'm**	**margin**	**R'm**	**Margin**	**R'm**	**margin**
Individual business	102	12,3%	117	13,3%	208	12,0%
Group business	44	21,6%	26	20,3%	82	17,6%
Sanlam group	146	14,1%	143	14,1%	290	13,2%

(1) Adjustment to allow for the delay before incurring the capital gains tax liability included in the fair value.

(2) The value was calculated by multiplying half the projected full year corporate expenses not related to life business (after tax) of R101million (2001: R96 million full year) by the share price of 859 cents (2001: 919 cents) and dividing by the headline earnings per share based on the long term rate of return of 58,9 cents (2001: 133,2 cents for full year)

(3) The June 2001 figure was restated for the changes in treatment of corporate expenses.

(4) The main contributor to the positive operating experience variation is risk profits of R70m.

(5) APE (annual premium equivalent) is equivalent to new recurring premiums plus 10% of single premiums. APE excludes life licence business.

4. PRINCIPAL ASSUMPTIONS

	June 2002 %	June 2001 %	Dec 2001 %
Pre-tax investment returns			
• Equities and offshore investments	14,2	13,1	13,8
• Hedged equities	11,2	10,1	10,8
• Properties	13,2	12,1	12,8
• Fixed-interest securities	12,2	11,1	11,8
• Cash	10,2	9,1	9,8
Risk discount rate	14,7	13,6	14,3
Unit cost inflation	7,7	6,6	7,3
Consumer price index inflation	6,2	6,1	5,8

EMBEDDED VALUE : Sensitivity of value at 30 June 2002

Value of in-force business less cost of holding prudential reserves	R'million	% Change from base
Base value	6 822	
• Risk discount rate increase by 1,5% to 16,2%	5 689	-17%
• Risk discount rate decrease by 1,5% to 13,2%	8 237	21%

Value of new business less cost of holding prudential reserves	R'million	% Change from base
Base value	146	
• Risk discount rate increase by 1,5% to 16,2%	115	-21%
• Risk discount rate decrease by 1,5% to 13,2%	184	26%

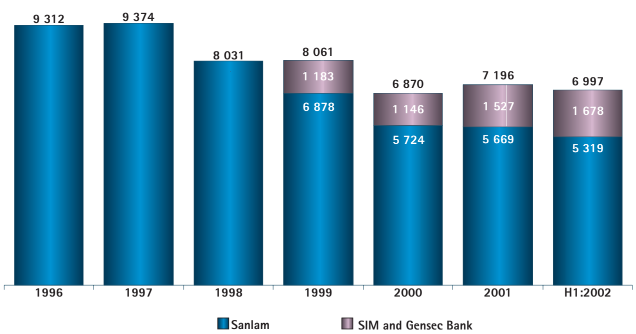
RETURN ANALYSIS : Based on NAV of capital allocated to business

	Operating Profit Return Gross %	Operating Profit Return Net %	LTRR Investment Return %	LTRR Headline Return %
Sanlam Life	8,3	6,0	6,9	12,9
Sanlam Investment Management	47,7	31,7	–	31,7
Gensec Bank - own capital	7,0	9,2	–	9,2
Santam	7,8	4,9	10,9	15,8
Sanlam Group	**10,5**	**7,2**	**7,8**	**15,0**

LONG-TERM ASSET MIX FOR FUNDS SUPPORTING PRUDENTIAL RESERVES

%	30 June 2002	30 June 2001	31 Dec 2001
Equities and off-shore investments	54	54	54
Hedged equities	18	18	18
Property	16	16	16
Fixed-interest securities	10	10	10
Cash	2	2	2
Total	100	100	100

COST CONTROL: Headcount



APPENDICES INDIVIDUAL BUSINESSES

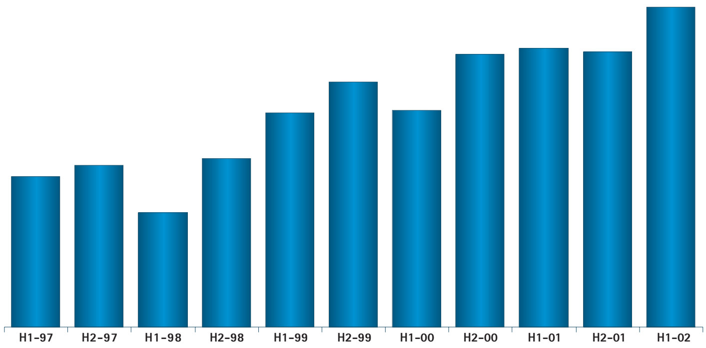
Thinking ahead Sanlam

NET FUNDS FLOW

Rand Million	June 2002	June 2001	Dec 2001
TOTAL BUSINESS			
Inflows			
Single	4 108	3 363	7 841
Continuations	891	1 198	2 194
Recurring	5 328	4 932	10 548
Total life inflows	10 327	9 493	20 583
Innofin inflows	2 819	1 774	4 476
Unit trust inflows	1 552	2 187	4 345
Total Inflows	**14 698**	**13 454**	**29 404**
New life business recurring premiums	**759**	**777**	**1 666**
White label unit trust inflows	1 041	–	3 482
Outflows			
Life business benefits paid	(11 648)	(10 891)	(22 614)
Innofin outflow	(1 265)	(919)	(1 974)
SUT outflows	(1 534)	(2 071)	(3 781)
Total Outflows	**(14 447)**	**(13 881)**	**(28 369)**
White label unit trust outflow	757	–	381
Total net (outflow)/inflow	**251**	**(427)**	**1 035**
White label unit trust net inflow	284	-	3 101

Rand Million	June 2002	June 2001	Dec 2001
INDIVIDUAL BUSINESS			
Inflows			
Single	2 763	2 511	4 880
Continuations	891	1 198	2 194
Recurring	3 994	3 832	8 257
Life inflows	7 648	7 541	15 331
Innofin inflows	2 819	1 774	4 476
Unit trust inflows	1 552	2 187	4 345
Total Inflows	**12 019**	**11 502**	**24 152**
New life business recurring premiums	**690**	**729**	**1 495**
White label unit trust inflows	1 041	–	3 482
Outflows			
Benefits	(8 570)	(8 333)	(16 518)
Innofin outflow	(1 265)	(919)	(1 974)
SUT outflows	(1 534)	(2 071)	(3 781)
Total Outflows	**(11 369)**	**(11 323)**	**(22 273)**
White label unit trust outflows	757	–	381
Net inflow/(outflow)			
Life business	(922)	(792)	(1 187)
Innofin	1 554	855	2 502
SUT (excl wholesale)	18	116	564
Total individual business net inflow/(outflow)	**650**	**179**	**1 879**
White label unit trust net inflow	284	-	3 101
GROUP BUSINESS			
Inflows			
Single premiums	1 345	852	2 961
Recurring	1 334	1 100	2 291
Total Group life inflows	2 679	1 952	5 252
New Recurring premiums	**69**	**48**	**171**
Outflows			
Group Benefits	(2 091)	(1 854)	(3 856)
Terminations	(987)	(704)	(2 240)
Total Group life outflows	(3 078)	(2 558)	(6 096)
Net (Outflow)	**(399)**	**(606)**	**(844)**

INDIVIDUAL LIFE: Surrenders (R'm)



INCOME STATEMENT

Rand Million	Total		South Africa		International	
	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001
Total Income	544	355	215	183	329	172
Administration Costs	(383)	(210)	(126)	(99)	(257)	(111)
Profit before tax	161	145	89	84	72	61
Tax and minorities	(54)	(44)	(27)	(26)	(27)	(18)
Operating profit after Tax	107	101	62	58	45	43

INCOME STATEMENT : South Africa

Rand Million	Total		SIM Wholesale		SPI		Properties *	
	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001
Fee income	199	177	156	162	11	2	32	13
Brokerage	16	6	–	–	15	6	1	–
Administration costs	(126)	(99)	(89)	(86)	(26)	(10)	(11)	(3)
Profit before tax	89	84	67	76	–	(2)	22	10
Tax and minorities	(27)	(26)	(20)	(24)	–	1	(7)	(3)
Operating profit after tax	62	58	47	52	–	(1)	15	7

** Sanlam Property Asset Management*

INCOME STATEMENT : International

Rand Million	Total		io investors		Psigma		Hitchens		Other	
	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001
Fee and consulting income	318	172	92	66	215	96	2	–	9	10
Brokerage	11	–	–	–	–	–	11	–	–	–
Administration costs	(257)	(111)	(49)	(31)	(190)	(78)	(11)	–	(7)	(2)
Profit before tax	72	61	43	35	25	18	2	–	2	8
Tax and minorities	(27)	(18)	(13)	(9)	(11)	(6)	(1)	–	(2)	(3)
Operating profit after tax	45	43	30	26	14	12	1	–	–	5

Notes

1. *Currency conversion rates R/US$:*
   2002: 10,94
   2001: 7,88
2. *The international divisions include the following business units:*

	Business	***Activity description***
io investors	*io investors*	*Multi Manager*
Psigma	*Punter Southall & Co*	*Actuarial Consultancy*
	BGJ	*Actuarial Consultancy (Included with effect from 1 January 2002)*
	PSFM	*IFA*
	Psolve	*Investment Consultancy*
Hichens	*Hichens Harrisons*	*Brokerage*
	Hichens Investment Management	*Private Client Discretionary Fund Manager*

SPLIT IN ASSETS UNDER MANAGMENT

	30 June 2002	31 Dec 2001	31Dec 2000	31 Dec 1999
Total AUM	227,9	224,1	202,0	196,1
Total International AUM	34,9	37,8	27,0	23,0
SA Business related	30,7	37,8	27,0	23,0
Internationally sourced *	4,2			
Total South African AUM	193,0	186,3	175,0	173,1
Sanlam	141,8	142,9	140,7	146,4
Segregated	39,9	40,5	34,3	26,7
SPI : Sanlam Private Investments	11,3	2,9		

** mainly Hichens Harrisons purchased qtr. 1 2002*

INTERNATIONAL EXPANSION

	30 June 2002	2001	2000	1999
Assets under management (R'bn)	34,9	37,8	27	23
No of employees	426	290	14	12
Income (R'm)	329	415	167	104

INCOME STATEMENT

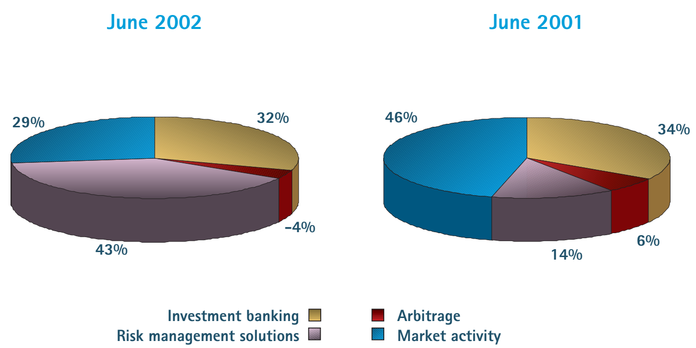
Rand Million		June 2002	June 2001	Dec 2001
Revenue		200	231	508
• Market activity		69	107	241
• Investment banking		59	78	139
• Risk management solutions		80	33	79
• Arbitrage		(8)	13	49
Expenses		(141)	(119)	(317)
Fieldstone net income		(8)	-	-
Net operating income		51	112	191
Return On Equity	%	9	18	17
Expense / Income ratio	%	70	52	62

Expense Analysis

Reasons for expense movements:

- *Increase in international staff costs*
- *Increase costs in information feeds, software applications and new credit risk management software*

REVENUE ANALYSIS



INCOME STATEMENT

Rand Million	June 2002	June 2001	Dec 2001
Gross written premium	3 429	2 898	6 206
Net written premium	2 549	2 325	4 574
Net Earned Premium	2 568	2 311	4 760
Claims incurred	1 807	1 637	3 366
Acquisition costs	682	622	1 297
Underwriting surplus	79	52	97
Investment return on insurance funds	48	43	88
Operating profit	127	95	185
Investment return based on the long-term rate of return	217	193	398
Income from associates	(12)	-	2
Income before taxation	332	288	585
Taxation	82	63	128
Minority interest	5	3	12
Headline earnings based on the long-term rate of return	245	222	445
Short-term investment fluctuations	(98)	90	126
Attributable earnings to shareholders	147	312	571

	Cents	Cents	Cents
Headline earnings per share based on the long-term rate of return	220	202	404
Attributable earnings per share	132	284	518
Dividends per share	65	59	154
Net asset value per share (cents)	2 946	2 742	2,914
Solvency margin (%)	68	68	71

THE SA ECONOMY

Outlook for next 12 to 18 months

- Inflation remaining stubbornly high because of upward pressure on international and domestic food prices. CPIX-inflation to peak above 10% in Q4 2002. Gradual decline in 2003 highly unlikely to result in average falling within SARB target range of 3-6%. Medium-term trend to lower inflation still in place.
- Rand supported by current account surplus, but remains vulnerable to uncertain outlook for global economy and therefore commodity prices, as well as fluctuating sentiment because of political question marks.
- Interest rates expected to remain on hold until mid-2003, then to start declining as year-on-year CPIX-inflation falls towards 6% upper limit. Risk of further rise has however increased.
- Economic activity remains resilient in spite of slower world growth, supported by buoyant domestic demand and exports gaining market share. GDP expected to grow by 2,5-3% in 2002 and 3-3,5% in 2003.
- Household consumption expenditure continuing to benefit from real wage increases and tax relief. Household balance sheets are sound, and debt levels are low.
- Government sector has started contributing to economic growth for first time since Q1 2000 with delivery improving.
- Growth in fixed capital formation accelerating, especially in private business enterprises, enhancing future growth potential.
- 10-year bond yield staying in 11-12% range, looking through inflation spike and supported by continuing supply squeeze.

Government Finances

- Continuing improvement in tax collection to result in budgeted revenue to be exceeded again in current fiscal year, reducing deficit to approximately 1,5% of GDP vs. 2,1% budgeted.
- Broadening of tax base will make further reduction in tax rates in 2003/2004 budget possible.
- Government dissaving has been eliminated.
- Social and infrastructure delivery improving.

Exchange Controls

- Policy of gradual easing of capital controls remains unchanged. Future steps expected to be cautious.

Impact of HIV/Aids

- HIV\Aids concentrated among low skilled and unemployed workers. Financial sector therefore less affected.
- Will raise labour costs because of productivity losses, medical costs and higher training budgets, but impact on economic growth limited.
- Will raise health care and welfare budgets, but will not threaten fiscal dicipline.

Black Economic Empowerment

- Government's policy of economically empowering black population taking shape. Purpose is to alleviate past inequalities for the sake of greater social stability.
- Policy approach is to actively seek private sector's participation in formulating and implementing strategy.
- Companies with comprehensive black economic empowerment strategies will be better placed in changing SA business environment.
- Should essentially be viewed as a development strategy. Bringing more people into mainstream of the economy will grow markets for most industries.

Political Stability

- Upcoming ANC party congress in December 2002 will heighten political rhetoric.
- With 2004 election drawing closer, government is under pressure to step up delivery.
- No threat of government abandoning faith in market system.
- Should governing coalition of ANC, COSATU, and SA Communist Party break up in future it will create opposition party to the left of government, but highly unlikely to result in change in government.

Regional Political and Economic Situation

- South Africa continue to suffer contagion from Zimbabwean crisis. SA's ability to intervene in Zimbabwe limited. Investors should realise that SA is constitutional democracy with strong civil society.
- Vast opportunities in Angola after peace settlement has been reached, also for SA businesses. Likely to become strongest Southern African country after SA.
- South Africa is promoting NEPAD as strategy for Africa's recovery, with emphasis on improved governance.

South Africa vs. Emerging Market Universe

- Relative soundness of SA macroeconomic fundamentals is being demonstrated more and more, recognised by credit rating agencies.
- South African economy inherently less volatile than emerging market peer group.
- SA weathered fall-out from turbulence in Brazil well.

SANLAM GROUP STRATEGY

Term	Short term	Medium term	Long term
Theme Three Internationalisation	• Internationalisation vision and strategy	• Building capacity	• Internationalise
Theme Two Client relationships	• Live the brand	• Trusted advice • Innovative solutions	• CRM • Integrated life time value management
Theme One Domestic growth	• Investment excellence	• Operational excellence • Deepen middle market penetration • Positioning	• Broaden market base

People	Employer of Choice, EE
Processes and Systems	Integrated and dynamic
Capital efficiency	Investment of choice

BUSINESS STRUCTURE

Sanlam

c o r e   b u s i n e s s e s

sanlam life

One of the product manufacturers in the Sanlam Group, delivering innovative individual life, employee benefit and unit trust products and services to Sanlam's distribution channels.

sanlam wealth management

Sanlam Wealth Management concentrates on developing and delivering appropriate client solutions that address the needs of clients in different market segments as effectively as possible. It aims to provide individuals amd groups with quality financial advice and innovative products, which it will source from all businesses in the Sanlam group.

sanlam investment management

South Africa's second largest asset manager measured by assets under management.

gensec bank

Providing investment banking solutions for the South African savings industry, public sector enterprises and corporates.

gensec property services

Property management services such as letting, rental collection, marketing, contracting and administration

SANTAM – *54,3%*

strategic investment

The largest short term insurance company and market leader in the motor and personal insurance sector in South Africa

42,9% HELD BY SHAREHOLDERS
11,4% HELD BY POLICYHOLDERS

ABSA – *22,6%*

associated company

One of the largest commercial banks in South Africa

19,0% HELD BY SHAREHOLDERS
3,6% HELD BY POLICYHOLDERS

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