



Interim Results

for the six months ended 30 June 2012



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Sanlam Group Interim Results June 2012

Key features

Earnings

- › Net result from financial services per share increased by 14%
- › Normalised diluted headline earnings per share up 16%

Business volumes

- › New business volumes up 11% to R61 billion
- › Net value of new covered business up 38% to R491 million
- › Net new covered business margin of 2,86%, up from 2,52%
- › Net fund inflows of R10 billion

Group Equity Value

- › Group Equity Value per share of R32,93
- › Annualised return on Group Equity Value per share of 18,4%

Capital management

- › Discretionary capital of R4 billion at 30 June 2012
- › Sanlam Life Insurance Limited Capital Adequacy Requirements (CAR) cover of 3,7 times

SALIENT RESULTS

for the six months ended 30 June 2012

| | | 2012 | 2011 | Δ |
|--|-----------|--------|--------|------|
| SANLAM GROUP | | | | |
| Earnings | | | | |
| Net result from financial services per share | cents | 96,2 | 84,7 | 14% |
| Normalised diluted headline earnings per share ⁽¹⁾ | cents | 125,5 | 108,6 | 16% |
| Diluted headline earnings per share | cents | 120,1 | 109,6 | 10% |
| Net result from financial services | R million | 1 946 | 1 716 | 13% |
| Normalised headline earnings ⁽¹⁾ | R million | 2 539 | 2 202 | 15% |
| Headline earnings | R million | 2 408 | 2 205 | 9% |
| Group administration cost ratio ⁽²⁾ | % | 30,4 | 29,5 | |
| Group operating margin ⁽³⁾ | % | 19,9 | 19,8 | |
| Business volumes | | | | |
| New business volumes | R million | 60 977 | 55 062 | 11% |
| Net fund inflows | R million | 10 183 | 11 418 | -11% |
| Net new covered business | | | | |
| Value of new covered business | R million | 491 | 356 | 38% |
| Covered business PVNBP ⁽⁴⁾ | R million | 17 150 | 14 112 | 22% |
| New covered business margin ⁽⁵⁾ | % | 2,86 | 2,52 | |
| Group Equity Value | | | | |
| Group Equity Value ⁽⁷⁾ | R million | 66 820 | 63 521 | 5% |
| Group Equity Value per share ⁽⁷⁾ | cents | 3 293 | 3 146 | 5% |
| Annualised return on Group Equity Value per share ⁽⁶⁾ | % | 18,4 | 12,8 | |
| SANLAM LIFE INSURANCE LIMITED | | | | |
| Shareholders' fund ⁽⁷⁾ | R million | 48 260 | 45 172 | |
| Capital Adequacy Requirements (CAR) ⁽⁷⁾ | R million | 7 250 | 7 350 | |
| CAR covered by prudential capital ⁽⁷⁾ | Times | 3,7 | 3,7 | |

Notes

⁽¹⁾ Normalised headline earnings = headline earnings, excluding fund transfers.

⁽²⁾ Administration costs as a percentage of income after sales remuneration.

⁽³⁾ Result from financial services as a percentage of income after sales remuneration.

⁽⁴⁾ PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.

⁽⁵⁾ New covered business margin = value of new covered business as a percentage of PVNBP.

⁽⁶⁾ Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.

⁽⁷⁾ Comparative figures are as at 31 December 2011.

EXECUTIVE REVIEW

Sustainable delivery has been a key theme of Sanlam's performance over a number of years. We continued on this track record for the six months to 30 June 2012, delivering another set of solid results.

As anticipated in our 2011 annual report global economic conditions remained weak during the first half of 2012. A lasting resolution to the Eurozone debt crisis still eludes political leaders, with austerity measures throughout the region adding to lower consumer demand and economic contraction in a number of territories. The US economy also continues to be weak with key indicators reflecting only marginal growth. These conditions impact negatively on developed market demand for resources and manufactured goods from emerging markets, slowing down economic expansion in most of the emerging markets where the Group operates. Notwithstanding this, economic growth remained positive in most of these territories, including that of South Africa, to which Sanlam has the largest exposure. Of the larger African regions, the economy of Botswana has been hardest hit given its reliance on diamond exports.

Global market volatility continued into 2012. The South African equity market closely followed international events, reflecting similar levels of volatility, but ending the six months on a positive note.

We remained focussed on executing on the five pillars of the Group's strategy, namely optimal capital utilisation, earnings growth, costs and efficiencies, diversification and transformation. This enabled us to achieve overall strong operational results despite the challenging environment.

Some of our salient results:

- › Net result from financial services per share up 14%
- › New business volumes increased by 11% to R61 billion
- › Net value of new covered business up 38%

Our primary performance target is to optimise shareholder value through maximising the return on Group Equity Value (RoGEV) per share. This measure of performance is regarded as the most appropriate given the nature of the Group's diversified business and incorporates the result of all the major value drivers in the business. The RoGEV target for 2012 is 12,2%, based on the objective to outperform the Group's cost of capital by 100 basis points. Cost of capital is set at 300 basis points above the 9-year RSA government bond yield at the start of each financial year. The annualised RoGEV per share for the first six months of 2012 of 18,4% exceeded the target by a comfortable margin. The annualised adjusted RoGEV per share, which excludes the impact of investment markets and tax changes during the period, amounted to 17,1%, also well in excess of the target.

The Group achieved a very pleasing 13% growth (14% on a per share basis) in its net result from financial services (net operational result). Sanlam Emerging Markets (SEM) and Sanlam Personal Finance (SPF) delivered strong growth of 56% and 19% respectively. Santam and Sanlam Investments' Capital Management business reported lower operational earnings against a high base in 2011, which is in line with expectations.

Sanlam remains well capitalised with identified discretionary capital of R4 billion at 30 June 2012.

Delivering on strategy

Specific priorities are set for each financial year as an integral part of executing on the Group's five-pillar strategy. Good progress was made in achieving the priorities for 2012, with some of the major initiatives listed below:

- › Grow earnings by attracting new clients in new markets and by cross selling to existing clients

Expanding our presence in emerging markets in Africa and Asia is a key focus area for future growth. SEM was established during the second half of 2011 as a separate cluster to focus exclusively on these markets. As part of the restructuring, operations formerly managed within SPF, Sanlam Developing Markets, Santam and Sanlam Investments were transferred to SEM. The integration of these businesses within SEM was successfully completed during the first half of 2012, without losing operational focus. SEM achieved exemplary growth in the first half of 2012, increasing new business volumes by 40% and net result from financial services by 56%, despite challenging economic conditions.

The integration of all segments of the South African retail market within SPF was also finalised during the first six months of 2012. The combined business is making good progress in establishing the platforms required to seamlessly meet changing client needs and expectations. Cross selling initiatives focussed on providing clients with a full set of appropriate solutions, product innovation and expanding the Sanlam Personal Loans (SPL) model into the lower end of the market, contributing to strong growth in SPF's new business volumes and in SPL's profitability.

Sanlam Investments acquired the 50% interest in Satrix Managers that it did not own. The index tracking market is growing rapidly in South Africa and also globally. Satrix is the leading manager of listed index tracking instruments in South Africa and through this transaction Sanlam will have a larger stake in the future growth of this market. Sanlam Investments also acquired a 50% interest in JP Morgan's South African investment administration operations upon its exit from this market segment.

- › Strengthen distribution channels in South Africa

SPF successfully expanded its distribution reach. Advisers in the entry-level market received specific attention and grew by 12% to 2 357 from the end of December 2011 (up 20% since June 2011), while at the same time not losing strategic focus on the quality of new business.

- › Closing and bedding down the Shriram transaction

The transaction is in the final phases of regulatory approval. We are confident that the final conclusion of the transaction is imminent. We look forward to working with Shriram Capital's management in our expanded relationship to jointly realise the synergies and growth prospects anticipated in the transaction.

- › Explore further opportunities in Africa and South East Asia

Our immediate focus in Africa is strengthening the Group's existing business relationships rather than expanding into new countries. We are actively working with our partners in these ventures to identify appropriate opportunities. In a recent transaction SEM reached agreement to acquire a 10% interest in Enterprise Group Limited, the 51% shareholder of Enterprise Life Assurance in Ghana, in which SEM holds the remaining 49%. A sizable portion of the discretionary capital is earmarked for similar investments in Africa. Attractive opportunities to expand into other African countries will still be considered, when available.

As indicated before, South East Asia has been identified as a potential growth market for the Group. Any acquisition in this market is subject to finding a suitable business partner and meeting the Group's hurdle rate for capital investments. We are currently investigating a number of opportunities.

Looking ahead

The operating environment in the second half of the year is expected to remain challenging with weak global economic growth and volatility in investment markets also likely to continue. In addition, positive one-off items in this reporting period as well as in the second half of 2011 are likely to impact on our ability to sustain the current level of growth in operating profit for the full year. The financial services industry across the globe is facing a fast changing regulatory landscape. South Africa is no exception with many international developments finding their way into local legislation. Although we are supportive of the objectives of the new regulations, the fast pace and simultaneous implementation of the changes place severe pressure on senior resources within the industry and the Sanlam Group. However, we remain confident that we have the depth of skills and experience to meet these challenges and to continue relentlessly in the execution of the Group's strategy in pursuit of sustainable delivery.

Forward-looking statements

In this report we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results not yet determinable, relating, amongst others, to new business volumes, investment returns (including exchange rate fluctuations) and actuarial assumptions. These statements may also relate to our future prospects, developments and business strategies. These are forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. Forward-looking statements apply only as of the date on which they are made, and Sanlam does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

COMMENTS ON THE RESULTS

Introduction

The Sanlam Group results for the six months ended 30 June 2012 are presented based on and in compliance with International Financial Reporting Standards (IFRS), specifically IAS 34 on Interim Financial Reporting. The accounting policies and basis of preparation are consistent with those applied in the 2011 annual report, apart from the following:

- › Comparative segmental and shareholders' information for the six months ended 30 June 2011 has been restated in line with the revised Group management structure, implemented in the second half of the 2011 financial year. This is consistent with the 31 December 2011 reporting structure.
- › Corporate expenses relating to the SEM cluster that was included in the overall Group adjustment for holding company expenses is now allocated to the SEM cluster. Comparative information for June 2011 and December 2011 has been restated accordingly.
- › The Sanlam Investments cluster has been restructured, which affects the presentation of Group Equity Value and the Shareholders' fund at fair value. Comparative information for June 2011 and December 2011 has been restated accordingly.

Business environment

Economic conditions

General economic conditions remained challenging during the first half of 2012, as highlighted above. The Group's largest exposure is to the economies of South Africa, Namibia and Botswana. The South African and Namibian economies are withstanding the global economic headwinds reasonably well and still reflect positive growth. The Botswana economy has in contrast been hard hit by the low developed market demand for resources, in particular diamonds that form the core of the Botswana economy. The Botswana government in response announced another year of no general salary increases in the public sector, placing further pressure on consumer spending.

In South Africa, historic low interest rates and some growth in employment supported real growth in disposable income. Consumer debt levels remain high, with lending to the entry-level market segment growing at a particularly fast rate. Credit providers are through increased lending competing for a larger share of the increasing disposable income. Under these conditions we continued to focus on the quality of new business to limit the risk of a disproportionate deterioration in future persistency when interest rates start rising again.

Equity markets

The South African equity market reflected similar levels of volatility to global investment markets, but ended the six months in positive territory, with the FTSE/JSE All Share Index closing 5,4% up on its 31 December 2011 level, compared to a decline of 0,8% in the comparable six months of 2011. Average market levels were 4% higher in the first half of 2012 compared to the same period in 2011, providing some support to fund-based fee income. The MSCI World index delivered marginally lower returns in rand on a relative basis. The Group's overall exposure to international equity markets remains relatively low.

Interest rates

Long-term interest rates decreased since 31 December 2011 and had a positive impact on the valuation of new life business for the six months and the in-force life book as at the end of June 2012. The South African All Bond Index provided a return of 7,7% during 2012 (2,2% in the comparable period in 2011), while short-term interest rates remained low. Lower short-term interest rates have a negative impact on interest earned by companies in the Group on working capital as well as the demand for traditional guaranteed and money market solutions offered by the Group.

Foreign currency exchange rates

The rand exchange rate at 30 June 2012 closed at broadly similar levels than at the end of 2011 for all major currencies to which the Group has exposure, apart from Malawi where its central bank devalued their currency. This resulted in a 12% strengthening of the rand against the Rest of Africa basket of currencies. The weakening of the rand against developed market currencies during 2011 resulted in a much weaker average exchange rate for the first half of 2012 compared to the same period in 2011. A 12,3% strengthening in the GBP supported earnings reported from operations in the United Kingdom (UK).

| Foreign currency/ZAR | Europe EUR | United Kingdom GBP | USA US\$ | Botswana BWP | India INR | Rest of Africa (weighted) |
|-------------------------|---------------|-----------------------|-------------|-----------------|--------------|------------------------------|
| 31/12/2011 | 10,48 | 12,55 | 8,07 | 1,11 | 0,15 | |
| 30/06/2012 | 10,37 | 12,82 | 8,18 | 1,10 | 0,15 | |
| | -1,0% | 2,2% | 1,4% | -1,0% | -1,4% | -12,2% |
| Average first half 2011 | 9,67 | 11,14 | 6,89 | 1,07 | 0,15 | |
| Average first half 2012 | 10,29 | 12,51 | 7,93 | 1,09 | 0,15 | |
| | 6,4% | 12,3% | 15,1% | 1,6% | 1,1% | 1,9% |

Group Equity Value (GEV)

GEV is the aggregate of the following components:

- › *The embedded value of covered business, being the life insurance businesses of the Group, which comprises the required capital supporting these operations and the net present value of their in-force books of business (VIF);*
- › *The fair value of other Group operations based on longer term assumptions, which includes the investment management, capital markets, credit, short-term insurance and the non-covered wealth management operations of the Group; and*
- › *The fair value of discretionary and other capital.*

GEV provides an indication of the value of the Group's operations, but without placing any value on future new covered business to be written by the Group's life insurance businesses. Sustainable return on GEV is the primary performance benchmark used by the Group in evaluating the success of its strategy to maximise shareholder value.

GROUP EQUITY VALUE

at 30 June 2012

| R million | June 2012 | | |
|---|---------------|----------------------|-------------------|
| | Total | Fair value of assets | Value of in-force |
| Covered business | 36 073 | 14 552 | 21 521 |
| Sanlam Personal Finance | 27 819 | 8 555 | 19 264 |
| Sanlam Emerging Markets | 2 345 | 1 020 | 1 325 |
| Sanlam Investments | 5 909 | 4 977 | 932 |
| Other group operations | 23 621 | 23 621 | - |
| Sanlam Personal Finance | 2 234 | 2 234 | - |
| Sanlam Emerging Markets | 1 098 | 1 098 | - |
| Sanlam Investments | 9 155 | 9 155 | - |
| Santam | 11 134 | 11 134 | - |
| Other capital and net worth adjustments | 3 126 | 3 126 | - |
| | 62 820 | 41 299 | 21 521 |
| Discretionary capital | 4 000 | 4 000 | - |
| Group Equity Value | 66 820 | 45 299 | 21 521 |
| Issued shares for value per share (million) | 2 029,1 | | |
| Group Equity Value per share (cents) | 3 293 | | |
| Share price (cents) | 3 575 | | |
| Premium | 9% | | |

| R million | December 2011 (restated) | | |
|---|--------------------------|----------------------|-------------------|
| | Total | Fair value of assets | Value of in-force |
| Covered business | 34 875 | 14 553 | 20 322 |
| Sanlam Personal Finance | 26 687 | 8 622 | 18 065 |
| Sanlam Emerging Markets | 2 320 | 1 012 | 1 308 |
| Sanlam Investments | 5 868 | 4 919 | 949 |
| Other group operations | 21 934 | 21 934 | - |
| Sanlam Personal Finance | 2 189 | 2 189 | - |
| Sanlam Emerging Markets | 1 089 | 1 089 | - |
| Sanlam Investments | 9 041 | 9 041 | - |
| Santam | 9 615 | 9 615 | - |
| Other capital and net worth adjustments | 2 812 | 2 812 | - |
| | 59 621 | 39 299 | 20 322 |
| Discretionary capital | 3 900 | 3 900 | - |
| Group Equity Value | 63 521 | 43 199 | 20 322 |
| Issued shares for value per share (million) | 2 018,9 | | |
| Group Equity Value per share (cents) | 3 146 | | |
| Share price (cents) | 2 885 | | |
| Discount | 8% | | |

The GEV per share increased by 4,7% from 3 146 cents at 31 December 2011 to 3 293 cents at 30 June 2012, after payment of a 130 cents per share dividend in May 2012. The Sanlam share price traded at a 9% premium to GEV by close of trading on 30 June 2012.

After achieving a RoGEV per share of 6,2% in 2011, the per share return of 8,8% in 2012 is an overall satisfactory performance. This was supported by a very strong performance of the Santam share price in the first half of 2012 and lower long term interest rates (that impacted positively on the valuation of the in-force life business), partly offset by negative tax changes and operating assumption changes in the Sanlam UK operations. The adjusted RoGEV per share for the first half of 2012, which excludes the tax changes and assumes long-term investment return assumptions, was 8,2%, well in excess of the return target of 5,9% (the half year equivalent of the 12,2% full year target).

The lower RoGEV on a per share basis is the result of the further vesting of the conversion right in respect of 8,9 million 'A' Deferred shares in terms of the value add arrangement with our BBBEE partner Ubuntu-Botho. In aggregate, the conversion right in respect of 50,4 million of the issued 56,5 million 'A' Deferred shares have vested to date.

RETURN ON GROUP EQUITY VALUE

for the six months ended 30 June 2012

| | June 2012 | | June 2011 (restated) | |
|--|-----------------------|-------------|-----------------------|-------------|
| | Earnings R million | Return % | Earnings R million | Return % |
| Covered business | 2 941 | 8,4 | 3 158 | 10,2 |
| Sanlam Personal Finance | 2 430 | 9,1 | 2 650 | 11,2 |
| Sanlam Emerging Markets | 182 | 7,8 | 152 | 8,6 |
| Sanlam Investments | 329 | 5,6 | 356 | 6,4 |
| Other operations | 3 133 | 14,3 | 852 | 4,4 |
| Sanlam Personal Finance | 153 | 7,0 | 182 | 9,3 |
| Sanlam Emerging Markets | 33 | 3,0 | 70 | 7,9 |
| Sanlam Investments | 611 | 6,8 | 357 | 4,4 |
| Santam | 2 336 | 24,3 | 243 | 2,9 |
| Discretionary and other capital | (207) | | (259) | |
| Portfolio investments and other | 65 | | 175 | |
| Net corporate expenses | (59) | | (52) | |
| Share based payment transactions | (97) | | (142) | |
| Change in net worth adjustments | (116) | | (240) | |
| Return on Group Equity Value | 5 867 | 9,2 | 3 751 | 6,5 |
| Return on Group Equity Value per share | | 8,8 | | 6,2 |
| Annualised return on Group Equity Value per share | | 18,4 | | 12,8 |

Covered business yielded a return of 8,4% compared to 10,2% in the first half of 2011. The 2011 results were positively impacted by the reversal of secondary tax on companies (STC) of R1,2 billion, compared to negative tax changes of R234 million in 2012 following the announcement of a higher effective capital gains tax rate in South Africa. The relatively stronger investment market performance in the first half of 2012, combined with lower long term interest rates contributed R599 million of positive investment variances and economic assumption changes in 2012. This compares to negative investment variances and economic assumption changes of R410 million in the first six months of 2011. Excluding tax changes, investment variances and economic assumption changes, the adjusted RoGEV of covered business amounted to 7,4% (7,5% in 2011), a solid performance on a comparable basis. Strong VNB growth and continued positive operating experience variances supported the results.

The valuations of the other Group operations were in general positively impacted by a higher average level of assets under management and a lower discount rate, offset by a higher allowance for cluster level corporate expenses in SEM and Sanlam UK. Santam is valued at its listed share price. The Santam share price substantially outperformed general equity markets in South Africa, which supported the 24,3% return earned on this investment.

Earnings

SUMMARISED SHAREHOLDERS' FUND INCOME STATEMENT

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|---|--------------|--------------|------------|
| Net result from financial services | 1 946 | 1 716 | 13% |
| Net investment return | 891 | 766 | 16% |
| Net investment income | 555 | 413 | 34% |
| Net investment surpluses | 312 | 299 | 4% |
| Net equity-accounted earnings | 24 | 54 | -56% |
| Project expenses | (8) | (21) | 62% |
| BEE transaction costs | (1) | (2) | 50% |
| Secondary tax on companies | (229) | (192) | -19% |
| Amortisation of intangible assets | (60) | (65) | 8% |
| NORMALISED HEADLINE EARNINGS | 2 539 | 2 202 | 15% |
| Other non-headline earnings and impairments | (6) | 69 | |
| Normalised attributable earnings | 2 533 | 2 271 | 12% |

Net result from financial services

The net result from financial services or net operating profit increased by 13%, a particularly strong performance. All businesses contributed to the growth in net result from financial services, apart from Santam and Sanlam Investments' Capital Management operations, which as anticipated, declined from a high base in 2011. The strong growth reported in interim operating earnings was in part enhanced by once-off items in both the current and the comparative period in 2011. As a result, the percentage growth achieved for the first six months is therefore not likely to be sustained for the full financial year.

NET RESULT FROM FINANCIAL SERVICES

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|---|--------------|--------------|------------|
| Sanlam Personal Finance | 1 077 | 904 | 19% |
| Sanlam Emerging Markets | 183 | 117 | 56% |
| Sanlam Investments | 471 | 430 | 10% |
| Investment Management | 276 | 236 | 17% |
| Employee Benefits | 136 | 93 | 46% |
| Capital Management | 59 | 101 | -42% |
| Santam | 274 | 317 | -14% |
| Corporate and other | (59) | (52) | -13% |
| Net result from financial services | 1 946 | 1 716 | 13% |

The performance of the individual clusters is discussed in further detail below.

Normalised headline earnings

Normalised headline earnings of R2,5 billion are 15% higher than in 2011, largely attributable to the following:

- › The 13% increase in net result from financial services.
- › A 16% increase in net investment return. Net investment income increased by 34% on 2011 due to higher dividend income received on the capital allocated to the life operations as well as a higher average level of discretionary capital in the first half of 2012 compared to the same period in 2011. Net investment surpluses increased by 4%, supported by the relatively stronger South African equity market performance in 2012, which was offset by a once-off capital gains tax charge of some R100 million emanating from the increase in the effective capital gains tax rate in South Africa with effect from 2013. The change in effective tax rate required a rebasing of the deferred tax liability recognised in terms of IFRS for unrealised mark-to-market differences on the investments held by the Group.
- › A 19% increase in secondary tax on companies (STC). STC was replaced with a dividend withholding tax in South Africa during the first half of 2012. The dividend paid by Sanlam in May 2012 was still subject to STC, with the higher dividend commensurately contributing to an increase in the STC charge. In addition, the deferred tax asset recognised in terms of IFRS for unused STC credits also had to be written off with the change in tax legislation. This resulted in an additional once-off STC charge during 2012. The Group will not incur STC in respect of future dividend payments while limited STC credits will be available to offset some of the first year's dividend withholding tax.

Business volumes

New business flows

The Group achieved satisfactory growth of 11% in new business volumes. New life business recorded exceptional growth of 26%, with investment and short-term insurance business increasing by 5% and 10% respectively. Retail business delivered strong growth, somewhat offset by low growth in institutional investment business in a very competitive environment. Net fund flows were impacted by a R2,3 billion outflow of low margin business from a single client at Sanlam Private Investments. Excluding this once-off outflow, net fund flows increased by 9%.

BUSINESS VOLUMES

for the six months ended 30 June 2012

| R million | New business | | |
|-------------------------|---------------|---------------|------------|
| | 2012 | 2011 | Δ |
| Sanlam Personal Finance | 15 192 | 13 365 | 14% |
| Sanlam Emerging Markets | 6 483 | 4 616 | 40% |
| Sanlam Investments | 27 396 | 26 842 | 2% |
| Santam | 7 703 | 7 028 | 10% |
| | 56 774 | 51 851 | 9% |
| White label | 4 203 | 3 211 | 31% |
| Total | 60 977 | 55 062 | 11% |

| R million | Net flows | | |
|-------------------------|---------------|---------------|-------------|
| | 2012 | 2011 | Δ |
| Sanlam Personal Finance | 3 615 | 2 859 | 26% |
| Sanlam Emerging Markets | 2 296 | 1 237 | 86% |
| Sanlam Investments | 1 027 | 4 405 | -77% |
| Santam | 2 614 | 2 541 | 3% |
| | 9 552 | 11 042 | -13% |
| White label | 631 | 376 | 68% |
| Total | 10 183 | 11 418 | -11% |

Value of new covered business

The value of new life business (VNB) written during the first half of 2012 increased by 33% on the comparable period in 2011 to R533 million, supported by the growth in new life business as well as the decline in long term interest rates during the period. Net of minorities, VNB increased by 38% to R491 million.

VALUE OF NEW COVERED BUSINESS

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|--|--------|--------|-----|
| <i>Actual</i> | | | |
| Value of new covered business | 533 | 401 | 33% |
| Sanlam Personal Finance | 390 | 287 | 36% |
| Sanlam Emerging Markets | 108 | 89 | 21% |
| Sanlam Investments | 35 | 25 | 40% |
| Net of minorities | 491 | 356 | 38% |
| Present value of new business premiums | 17 930 | 14 785 | 21% |
| Sanlam Personal Finance | 12 680 | 10 856 | 17% |
| Sanlam Emerging Markets | 2 199 | 1 732 | 27% |
| Sanlam Investments | 3 051 | 2 197 | 39% |
| Net of minorities | 17 150 | 14 112 | 22% |
| New covered business margin | 2,97% | 2,71% | |
| Sanlam Personal Finance | 3,08% | 2,64% | |
| Sanlam Emerging Markets | 4,91% | 5,14% | |
| Sanlam Investments | 1,15% | 1,14% | |
| Net of minorities | 2,86% | 2,52% | |

VALUE OF NEW COVERED BUSINESS

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|--|--------|--------|-----|
| <i>Before economic basis change *</i> | | | |
| Value of new covered business | 509 | 401 | 27% |
| Sanlam Personal Finance | 370 | 287 | 29% |
| Sanlam Emerging Markets | 105 | 89 | 18% |
| Sanlam Investments | 34 | 25 | 36% |
| Net of minorities | 468 | 356 | 31% |
| Present value of new business premiums | 17 691 | 14 785 | 20% |
| Sanlam Personal Finance | 12 535 | 10 856 | 15% |
| Sanlam Emerging Markets | 2 185 | 1 732 | 26% |
| Sanlam Investments | 2 971 | 2 197 | 35% |
| Net of minorities | 16 916 | 14 112 | 20% |
| New covered business margin | 2,88% | 2,71% | |
| Sanlam Personal Finance | 2,95% | 2,64% | |
| Sanlam Emerging Markets | 4,81% | 5,14% | |
| Sanlam Investments | 1,14% | 1,14% | |
| Net of minorities | 2,77% | 2,52% | |

* 2012 based on 31/12/2011 economic basis

The performance of the individual clusters is discussed in further detail below.

Cluster performance

Sanlam Personal Finance

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|--|--------|--------|------|
| Group Equity Value | | | |
| Group Equity Value * | 30 053 | 28 876 | 4% |
| Covered business | 27 819 | 26 687 | 4% |
| Other operations | 2 234 | 2 189 | 2% |
| Return on Group Equity Value | 8,9% | 11,1% | |
| Covered business | 9,1% | 11,2% | |
| Other operations | 7,0% | 9,3% | |
| Business volumes | | | |
| New business volumes | 15 192 | 13 365 | 14% |
| Life business | 8 733 | 7 210 | 21% |
| Entry-level market | 607 | 637 | -5% |
| <i>Recurring premiums</i> | 430 | 451 | -5% |
| <i>Single premiums</i> | 177 | 186 | -5% |
| Middle-income market | 4 287 | 3 442 | 25% |
| <i>Recurring premiums</i> | 594 | 564 | 5% |
| <i>Single premiums</i> | 3 693 | 2 878 | 28% |
| Affluent market | 3 839 | 3 131 | 23% |
| Investment business | 6 459 | 6 155 | 5% |
| Middle-income market | 136 | 151 | -10% |
| Affluent market | 6 323 | 6 004 | 5% |
| Net fund flows | 3 615 | 2 859 | 26% |
| Life business | 2 913 | 1 926 | 51% |
| Entry-level market | 886 | 844 | 5% |
| Middle-income market | (144) | (839) | 83% |
| Affluent market | 2 171 | 1 921 | 13% |
| Investment business | 702 | 933 | -25% |
| Value of new covered business | | | |
| Value of new business | 390 | 287 | 36% |
| Entry-level market | 150 | 102 | 47% |
| Middle-income market | 186 | 145 | 28% |
| Affluent market | 54 | 40 | 35% |
| Present value of new business premiums | 12 680 | 10 856 | 17% |
| Entry-level market | 1 839 | 1 910 | -4% |
| Middle-income market | 7 002 | 5 815 | 20% |
| Affluent market | 3 839 | 3 131 | 23% |
| New business margin | 3,08% | 2,64% | |
| Entry-level market | 8,16% | 5,34% | |
| Middle-income market | 2,66% | 2,49% | |
| Affluent market | 1,41% | 1,28% | |
| Earnings | | | |
| Gross result from financial services | 1 499 | 1 256 | 19% |
| Entry-level market | 199 | 204 | -2% |
| Middle-income market | 1 209 | 968 | 25% |
| Affluent market | 91 | 84 | 8% |
| Net result from financial services | 1 077 | 904 | 19% |
| Administration cost ratio | 35,5% | 35,5% | |
| Operating margin | 33,0% | 29,8% | |

* Comparative information as at 31 December 2011

SPF reported a very strong set of results for the first half of 2012, with lower Group recurring premium new business in the entry-level market and marginal growth in middle-income market new risk business the only areas performing below expectations.

SPF achieved a **RoGEV** of 8,9% for the first half of 2012, compared to 11,1% for the comparable period in 2011. The covered business results were supported in 2011 by the reversal of **STC** from the **VIF**, with this once-off adjustment resulting in a high comparative base in 2011. Strong growth in the value of new life business and continued positive experience variances supported the 2012 results. The return on other operations were positively impacted by an increase in the valuation of Sanlam Glacier and Sanlam Personal Loans, attributable to an increase in the level of assets under management and the size of the loan book respectively. This was offset by a lower valuation of Sanlam Healthcare Management following the termination of the Bestmed administration agreement.

New business sales increased by 14% on the first half of 2011, with single premium business the main contributor to the growth.

New business volumes in the South African *entry-level market* decreased by 5%. Single premiums continued to decline as roll-overs of the discontinued single premium business in Sanlam Sky reduce over time while the book runs off. This trend was in line with expectations. New individual life recurring premiums increased by 22%, offset by a 47% decline in new group life recurring premium sales. Individual life sales reflect the increase in the sales force as well as the improved quality of business written (lower not taken up policies). All group life distribution channels achieved lower new business sales in 2012, further impacted by the ZCC bi-annual premium adjustment that occurred in 2011 and thus increasing the comparative base. VNB benefited from the change in sales mix to the more profitable individual life business, increasing by 47% with average VNB margins also increasing from 5,34% in the first half of 2011 to 8,16% in 2012.

The *middle-income market* segment recorded growth of 25% in new life business, driven by exemplary growth in new single premium sales. Demand for traditional guaranteed solutions remains low in the current low interest rate environment. This was compensated for by continued strong growth in single premium sales of new solutions launched over the last two years. Recurring premium life business sales were impacted by a continuance of competitive risk underwriting rates. VNB increased by 28% on 2011, broadly in line with the growth in new business volumes. VNB margins before economic basis changes were maintained at similar levels than in 2011. Net fund outflows improved significantly on the back of the strong single premium sales.

Sanlam Glacier continued to perform well in the *affluent market* with growth of 23% in life business sales, with a similar increase in VNB. Demand for Sanlam Glacier's new international offering and linked annuities remained strong.

Gross **result from financial services** increased by 19%. The entry-level market recorded gross operating earnings of R199 million, 2% down on 2011 after once-off costs associated with closing the Channel4Life distribution channel, as well as increased new business strain from the strong growth in new individual life recurring business. Excluding the Channel4Life closure costs, entry-level market operating earnings increased by 9%. Middle-income market profit increased by 25%, mainly attributable to an increase in administration profit following higher average assets under management, 27% growth in Sanlam Personal Loans' contribution and a lower impact from actuarial basis changes. The mortality basis was strengthened in the first half of 2011, which did not recur in 2012. Sanlam Glacier also reported satisfactory profit growth of 8%. Given the high base set in the second half of 2011 the overall percentage earnings growth achieved by SPF in the first half of 2012 is not expected to be maintained for the full 2012 financial year.

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|--|--------|-------|-------|
| Group Equity Value | | | |
| Group Equity Value * | 3 443 | 3 409 | 1% |
| Covered business | 2 345 | 2 320 | 1% |
| Other operations | 1 098 | 1 089 | 1% |
| Return on Group Equity Value | 6,3% | 8,3% | |
| Covered business | 7,8% | 8,6% | |
| Other operations | 3,0% | 7,9% | |
| Business volumes | | | |
| New business volumes | 6 483 | 4 616 | 40% |
| Namibia | 4 599 | 3 232 | 42% |
| Botswana | 837 | 925 | -10% |
| Rest of Africa* | 828 | 253 | 227% |
| India | 219 | 206 | 6% |
| Net fund flows | 2 296 | 1 237 | 86% |
| Namibia | 648 | 222 | 192% |
| Botswana | 649 | 595 | 9% |
| Rest of Africa | 917 | 282 | 225% |
| India | 82 | 138 | -41% |
| Value of new covered business | | | |
| Value of new business | 108 | 89 | 21% |
| Namibia | 24 | 16 | 50% |
| Botswana | 39 | 58 | -33% |
| Rest of Africa | 46 | 12 | 283% |
| India | (1) | 3 | -133% |
| Present value of new business premiums | 2 199 | 1 732 | 27% |
| Namibia | 502 | 319 | 57% |
| Botswana | 832 | 858 | -3% |
| Rest of Africa | 739 | 398 | 86% |
| India | 126 | 157 | -20% |
| New business margin | 4,91% | 5,14% | |
| Namibia | 4,78% | 5,02% | |
| Botswana | 4,69% | 6,76% | |
| Rest of Africa | 6,22% | 3,02% | |
| India | -0,79% | 1,91% | |
| Earnings | | | |
| Gross result from financial services | 381 | 272 | 40% |
| Namibia | 97 | 92 | 5% |
| Botswana | 247 | 217 | 14% |
| Rest of Africa | 38 | (29) | 231% |
| India | 7 | 8 | -13% |
| Corporate | (8) | (16) | 50% |
| Net result from financial services | 183 | 117 | 56% |
| Administration cost ratio | 34,6% | 37,3% | |
| Operating margin | 37,2% | 32,7% | |

* Comparative information as at 31 December 2011

* Rest of Africa includes Malawi, Kenya, Tanzania, Zambia, Ghana, Uganda and Nigeria.

SEM reported solid overall results, despite a difficult operating environment in especially Botswana. Due to the continued economic downturn in Botswana, government has indicated in the 2012 budget speech that there will again not be general salary increases in the public sector. This is putting consumer spending and individual life savings under severe pressure in one of SEM's largest markets. Rest of Africa is, however, performing strongly, reinforcing the value of the Group's diversification strategy.

SEM's **RoGEV** for the period was negatively impacted by a low return on its investment management operations in Botswana, where prudent valuation assumptions were used following continued fee and cost pressures in a competitive and challenging environment. In addition, the return of both covered and non-covered business was reduced by an increased allowance for cluster level corporate expenses. The anticipated growth in the SEM cluster required additional investments in capacity on a cluster level.

New business volumes increased by a healthy 40% on the first half of 2011, with exceptional growth in Namibia and Rest of Africa.

Namibia had a good start to the year, with both life and non-life business sales increasing substantially. The growth is mostly attributable to strong single premium inflows, which are more volatile in nature. The positive sales trend in the entry-level segment in Namibia is continuing, with recent product launches in the middle-income and affluent segments also performing well, albeit lower margin business. VNB and net fund flows benefited from the good sales volumes and increased by 50% and 192% respectively.

Individual life sales in Botswana is struggling in the challenging operating environment, with recurring premium life sales decreasing by 32% and new investment business by 43%. Single premium life business weathered the conditions surprisingly well and increased by 16%. VNB and VNB margins declined as a result of the lower individual life sales. The business is placing particular focus on cost control in the current environment, which limited the decline in VNB margins.

The Rest of Africa operations recorded new business volumes of R828 million, up 227% on the same period in 2011. All countries contributed to the growth, resulting in very strong growth in VNB and a substantial expansion in VNB margins. Single premium sales did particularly well, which are similar to Namibia more volatile in nature.

Despite adapting well to the new regulatory environment, our Indian life business is still struggling with overall new business volumes down 29% on 2011. This is attributable to much lower single premium volumes, somewhat compensated for by an encouraging doubling in recurring premium sales. Single premium sales were negatively impacted by the attractive returns that are currently available on banking products in India. Under these conditions we are taking proactive steps to address the cost base in Shriram Life Insurance to improve VNB. Shriram General Insurance is, however, doing very well and increased its net earned premiums by 57%.

SEM achieved a 40% increase in its gross **result from financial services**. The Namibian operations' contribution increased by 5%, impacted by once-off expenses incurred in the first half of 2012. The Botswana operations' operating earnings increased by 14%, supported by the increased holding in Letshego from the second half of 2011. The good growth in Rest of Africa over the last two years is also reflecting in the region's operating earnings, which increased by R67 million compared to the first half of 2011.

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|--|--------|---------|-------|
| Group Equity Value | | | |
| Group Equity Value * | 15 064 | 14 909 | 1% |
| Covered business | 5 909 | 5 868 | 1% |
| Other operations | 9 155 | 9 041 | 1% |
| Return on Group Equity Value | 6,3% | 5,2% | |
| Covered business | 5,6% | 6,4% | |
| Other operations | 6,8% | 4,4% | |
| Business volumes | | | |
| Net fund flows | 1 027 | 4 405 | -77% |
| Investments | 683 | 4 750 | -86% |
| South Africa segregated | (844) | (1 337) | 37% |
| South Africa collective investments | 1 851 | 3 422 | -46% |
| South Africa private investments | (886) | 1 526 | -158% |
| Non-South Africa | 562 | 1 139 | -51% |
| Life business | 344 | (345) | 200% |
| New life business volumes | 1 933 | 1 292 | 50% |
| Recurring premiums | 194 | 145 | 34% |
| Single premiums | 1 739 | 1 147 | 52% |
| Value of new covered business | | | |
| Value of new business | 35 | 25 | 40% |
| Present value of new business premiums | 3 051 | 2 197 | 39% |
| New business margin | 1,15% | 1,14% | |
| Earnings | | | |
| Gross result from financial services | 631 | 560 | 13% |
| Investment management | 369 | 307 | 20% |
| Employee Benefits | 189 | 129 | 47% |
| Capital Management | 73 | 124 | -41% |
| Net result from financial services | 471 | 430 | 10% |
| Administration cost ratio | 48,4% | 46,1% | |
| Operating margin | 20,4% | 19,9% | |

* Comparative information as at 31 December 2011

Sanlam Investments achieved a RoGEV of 6,3%, the combined effect of a 5,6% return on covered business and a 6,8% return on other operations. Low interest rates in the UK depressed the investment return earned on the capital allocated to the UK life operations. This contributed to a return on covered business of marginally below the Group's hurdle rate. The Sanlam UK operations invested in capacity at a cluster level to support the growth in the cluster as well as increased regulatory requirements. This is reflected in a negative allowance of some R90 million for cluster level corporate expenses as part of the overall valuation of the UK operations. This had a negative once-off impact on Sanlam Investment cluster's RoGEV for the first six months of 2012.

The cluster achieved overall satisfactory operational results, impacted by some large once-off items in both net fund flows and operating earnings.

New business volumes for the cluster were up 2% on 2011. South African new investment business grew by 2%, with growth of 11% and 8% in private investments and segregated mandates being offset by marginally lower collective investments inflows from a high base in 2011. Non-South African investment business sales declined by 18% in a very challenging global investment market, with investor risk aversion exasperated by the market volatility. New life business volumes increased by 50%, with both Sanlam Employee Benefits (SEB) and Sanlam UK contributing to the growth. This supported a 40% increase in VNB at similar margins than in the first half of 2011. Net fund flows decreased from R4,4 billion in the first half of 2011 to R1 billion in 2012. Sanlam Private Investments (SPI) experienced a R2,3 billion once-off outflow of low margin business from a single client, which impacted negatively on SPI and the cluster's net fund flows. Collective investments net inflows remained strong, albeit lower than in 2011.

Gross result from financial services of R631 million is 13% up on the prior year with SEB being a main contributor to the growth. The investment management businesses increased their contribution by 20%, despite costs incurred in the wealth management division on the integration of the newly acquired businesses. The international business cluster achieved strong results, supported by the weaker average exchange rate but also solid growth in local currency. SEB's earnings benefited from an improvement in retirement fund administration losses and some once-off income in Structured Solutions. As indicated in the 2011 results, the Capital Management business earned once-off profit of R45 million on a property transaction in the first half of 2011, which increased the comparative base. Excluding this transaction, operating earnings in the business were 8% lower in the first six months of 2012. This is attributable to lower revenue from the equities division, where deal flow and structured transactions were hampered by volatile markets and the low interest rate environment.

KEY PERFORMANCE INDICATORS

for the six months ended 30 June 2012

| R million | 2012 | 2011 | Δ |
|--------------------------------------|--------|-------|------|
| Group Equity Value | | | |
| Group Equity Value * | 11 134 | 9 615 | 16% |
| Return on Group Equity Value | 24,3% | 2,9% | |
| Business volumes | | | |
| Net earned premiums | 7 703 | 7 028 | 10% |
| Net fund flows | 2 614 | 2 541 | 3% |
| Earnings | | | |
| Gross result from financial services | 672 | 791 | -15% |
| Net result from financial services | 274 | 317 | -14% |
| Ratios | | | |
| Claims | 66,1% | 63,9% | |
| Administration costs | 16,3% | 14,6% | |
| Combined | 93,9% | 91,5% | |
| Underwriting | 6,1% | 8,5% | |

* Comparative information as at 31 December 2011

Santam achieved very satisfactory growth of 10% in net earned premiums in a competitive short-term insurance market, with continued good growth from new ventures at MiWay and Santam Re. Flooding related claims in the first half of 2012, however, impacted negatively on the overall underwriting margin, which reduced from 8,5% in 2011 to 6,1% in 2012, still being well within the target range. Santam's result from financial services commensurately reduced by 15%.

The RoGEV of the short-term insurance cluster reflects the investment return earned on the listed Santam shares, which performed ahead of the South African equity market.

Capital management

Optimal capital allocation and management remains a key priority for the Group, with specific focus on the following:

- › Optimising the capital allocated to Group operations within the applicable regulatory requirements. Continuous attention is given to products attracting suboptimal levels of capital and thus reducing RoGEV. Product design, pricing and new business targets are also based on capital requirements and meeting return hurdle rates. An ongoing development is the Financial Services Board's implementation of a third country equivalent of the European Solvency II regime in South Africa (Solvency Assessment and Management (SAM)), with a planned effective date of 1 January 2015. Sanlam is a participant in this process with our own SAM implementation project running according to plan. Together with the rest of the South African industry, we are busy completing the second quantitative impact study. We are still of the opinion that the Group's life insurance operations are sufficiently capitalised. The mix of the Group's in-force life book is still changing to less capital intensive products, which resulted in a largely unchanged capital requirement for the life insurance operations. The investment return earned on the allocated capital during the six months could therefore be released to discretionary capital.
- › Releasing capital from illiquid investments. Some R750 million was released during the first half of 2012 through the disposal of illiquid investments, the majority of which comprised of investment properties in South Africa.
- › Utilisation of discretionary capital. The Group's approach to the utilisation of discretionary capital remains unchanged. The preference is to invest in value-adding growth opportunities, with specific focus on the identified growth markets. Any discretionary capital that is unlikely to be utilised within a reasonable timeframe is returned to shareholders. Utilisation of discretionary capital during the first half of 2012 comprised of:
 - o The Shriram Capital transaction announced in the latter half of 2011 is expected to conclude imminently. The capital earmarked for the transaction is included in other capital in the GEV statement.
 - o R22 million was used to buy back a limited number of Sanlam shares. This had no material impact on the reported results.
 - o Some R85 million was utilised to capitalise SEM's operations in Kenya, Nigeria and India.
 - o R66 million was provided to the SPF operations, with R36 million utilised to fund the growth in Sanlam Personal Loans' book and R30 million to acquire the minority interest in Safrican.
 - o The Sanlam Investments cluster invested R94 million in its international operations.

The Group held discretionary capital of R3,9 billion at 31 December 2011. The above corporate actions, together with investment return and other smaller transactions, increased the level of discretionary capital marginally to R4 billion. A number of potential opportunities are currently being considered that, if successful, will utilise a substantial portion of the available discretionary capital. Progress on these potential transactions will be evaluated at year-end and share buy-backs and/or a special dividend will be considered if a substantial portion of the discretionary capital is unlikely to be utilised during the course of 2013.

Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2012. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life Insurance Limited, the holding company of the Group's major life insurance subsidiaries, of R27,1 billion covered its capital adequacy requirements (CAR) 3,7 times. No policyholder portfolio had a negative bonus stabilisation reserve at the end of June 2012.

The Group's credit rating by FitchRatings remained unchanged:

Sanlam Limited:

- › National Long-term: AA- (zaf)

Sanlam Life Insurance Limited:

- › National Insurer Financial Strength: AA+ (zaf)
- › National Long-term: AA (zaf)
- › National Short-term: F1+ (zaf)
- › Subordinated debt: A+ (zaf)

Dividend

The Group only declares an annual dividend due to the costs involved in distributing an interim dividend to our large shareholder base.

Desmond Smith
Chairman

Johan van Zyl
Group Chief Executive

Sanlam Limited
Bellville
5 September 2012

Sanlam Group

Interim financial statements
for the six months ended 30 June 2012

Accounting policies and basis of preparation

The preparation of the Group's reviewed interim financial statements was supervised by the Financial Director, Kobus Möller CA(SA).

The accounting policies adopted for purposes of the interim condensed consolidated financial statements comply with International Financial Reporting Standards (IFRS), specifically IAS 34 on interim financial reporting, the AC 500 Standards as issued by the Accounting Practices Board or its successor, and with applicable legislation. The condensed financial statements are presented in terms of IAS 34, with additional disclosure where applicable, using accounting policies consistent with those applied in the 2011 financial statements, apart from the changes indicated below. The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, generally accepted actuarial practice and the stipulations contained in the demutualisation proposal. There have been no material changes in the financial soundness valuation basis since 31 December 2011, apart from changes in the economic assumptions.

Application of new and revised IFRSs and interpretations

The following new or revised IFRSs and interpretations are applied in the Group's 2012 financial year:

- › Amendment to IFRS 1 – Severe hyperinflation and removal of fixed dates for first-time adopters (effective 1 July 2011)
- › Amendment to IFRS 7 – Transfers of financial assets (effective 1 July 2011)
- › Amendment to IAS 12 – Deferred tax: Recovery of underlying assets (effective 1 January 2012)

The application of these standards and interpretations did not have a significant impact on the Group's financial position, reported results and cash flows.

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

- › IFRS 9 Financial Instruments (effective 1 January 2015)
- › IFRS 10 Consolidated financial statements (effective 1 January 2013)
- › IFRS 11 Joint Arrangements (effective 1 January 2013)
- › IFRS 12 Disclosure of interests in other entities (effective 1 January 2013)
- › IFRS 13 Fair Value measurement (effective 1 January 2013)
- › IAS 1 Presentation of financial statements – Amendment regarding presentation of other comprehensive income (effective 1 July 2012)
- › IAS 19 Employee benefits – Amendment regarding removal of corridor method and other comprehensive income treatment (effective 1 January 2013)
- › IAS 27 Separate Financial Statements – Consequential amendments resulting from consolidation project (effective 1 January 2013)
- › IAS 28 Investments in Associates and Joint Ventures – Consequential amendments resulting from consolidation project (effective 1 January 2013)
- › Amendment to IAS 32 – Clarification of the instances in which the set off of financial assets and financial liabilities is allowed (effective 1 January 2014)
- › Amendment to IFRS 7 – Disclosures relating to offsetting of financial assets and financial liabilities (effective 1 January 2013)
- › 2012 Annual Improvements Project (effective 1 January 2013)

The application of these revised standards and interpretations in future financial reporting periods is not expected to have a significant impact on the Group's reported results, financial position and cash flows.

The basis of preparation of the Shareholders' information is also consistent with that applied in the 2011 annual report, apart from the following:

- › Comparative segmental and Shareholders' information for the six months ended 30 June 2011 has been restated in line with the revised Group management structure, implemented in the second half of the 2011 financial year. This is consistent with the 31 December 2011 reporting structure.
- › Corporate expenses relating to the SEM cluster that were included in the overall Group adjustment for holding company expenses are now allocated to the SEM cluster. Comparative information for June 2011 and December 2011 has been restated accordingly.
- › The Sanlam Investments cluster has been restructured, which affects the presentation of Group Equity Value and the Shareholders' fund at fair value. Comparative information for June 2011 and December 2011 has been restated accordingly.

External audit review

The appointed external auditors, Ernst & Young Inc, reviewed the interim condensed consolidated financial statements and the Shareholders' information of the Group as at 30 June 2012. These reviews were conducted in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Copies of the unqualified reports of Ernst & Young Inc are presented on pages 27 and 60.

Shareholders' information for the six months ended 30 June 2012

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External review report

REPORT ON REVIEW OF SANLAM LIMITED INTERIM SHAREHOLDERS' INFORMATION

To the directors of Sanlam Limited

Introduction

We have reviewed the accompanying interim Shareholders' Information of Sanlam Limited for the six months ended 30 June 2012, comprising Group Equity Value; Change in Group Equity Value; Return on Group Equity Value; Shareholders' fund at fair value; Shareholders' fund income statement; Notes to the shareholders' fund information; and Embedded Value of covered business, Change in Embedded Value of covered business, Value of New Business and Notes to the Embedded Value of covered business; as set out on pages 28 to 58. Management is responsible for the preparation and presentation of this interim financial information in accordance with the basis of preparation set out on pages 24 to 25. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim Shareholders' Information is not prepared, in all material respects, in accordance with the basis of preparation set out on pages 24 to 25.

Ernst & Young Inc
Director: Malcolm Rapson
Registered Auditor
Chartered Accountant (SA)

Ernst & Young House
35 Lower Long Street
Cape Town

5 September 2012

GROUP EQUITY VALUE

at 30 June 2012

| R million | Note | June Reviewed 2012 | | |
|--|------|-----------------------|-------------------------|----------------------|
| | | Total | Fair value of assets | Value of in-force |
| Sanlam Personal Finance | | 30 053 | 10 789 | 19 264 |
| Covered business ⁽¹⁾ | | 27 819 | 8 555 | 19 264 |
| Sanlam Glacier | | 1 206 | 1 206 | - |
| Sanlam Personal Loans | | 620 | 620 | - |
| Multi-Data | | 91 | 91 | - |
| Sanlam Trust | | 180 | 180 | - |
| Anglo African Finance | | 41 | 41 | - |
| Sanlam Healthcare Management | | 96 | 96 | - |
| Sanlam Emerging Markets | | 3 443 | 2 118 | 1 325 |
| Covered business ⁽¹⁾ | | 2 345 | 1 020 | 1 325 |
| Sanlam Namibia Holdings | | 123 | 123 | - |
| Shriram General Insurance | | 153 | 153 | - |
| BIFM | | 253 | 253 | - |
| Sanlam Emerging Markets other operations | | 569 | 569 | - |
| Sanlam Investments | | 15 064 | 14 132 | 932 |
| Covered business ⁽¹⁾ | | 5 909 | 4 977 | 932 |
| South African Investment Management and Corporate | | 5 618 | 5 618 | - |
| Sanlam UK operations | | 869 | 869 | - |
| Other International | | 2 668 | 2 668 | - |
| Sanlam | | 11 134 | 11 134 | - |
| Group operations | | 59 694 | 38 173 | 21 521 |
| Discretionary capital | | 4 000 | 4 000 | - |
| Balanced portfolio - other | | 4 441 | 4 441 | - |
| Group Equity Value before adjustments to net worth | | 68 135 | 46 614 | 21 521 |
| Net worth adjustments | | (1 315) | (1 315) | - |
| Present value of holding company expenses | | (1 315) | (1 315) | - |
| Group Equity Value | | 66 820 | 45 299 | 21 521 |
| Value per share (cents) | 4 | 3 293 | 2 232 | 1 061 |
| Analysis per type of business | | | | |
| Covered business ⁽¹⁾ | | 36 073 | 14 552 | 21 521 |
| Sanlam Personal Finance | | 27 819 | 8 555 | 19 264 |
| Sanlam Emerging Markets | | 2 345 | 1 020 | 1 325 |
| Sanlam Investments | | 5 909 | 4 977 | 932 |
| Other Group operations | | 23 621 | 23 621 | - |
| Discretionary and other capital | | 7 126 | 7 126 | - |
| Group Equity Value | | 66 820 | 45 299 | 21 521 |

⁽¹⁾ Refer embedded value of covered business on page 51.

⁽²⁾ Comparative information has been restated as referred to in the basis of preparation.

| June Reviewed ⁽²⁾ 2011 | | | December Audited ⁽²⁾ 2011 | | | |
|--------------------------------------|-------------------------|----------------------|---|-------------------------|----------------------|--|
| Total | Fair value of assets | Value of in-force | Total | Fair value of assets | Value of in-force | |
| 27 365 | 10 608 | 16 757 | 28 876 | 10 811 | 18 065 | |
| 25 346 | 8 589 | 16 757 | 26 687 | 8 622 | 18 065 | |
| 1 061 | 1 061 | - | 1 169 | 1 169 | - | |
| 406 | 406 | - | 494 | 494 | - | |
| 110 | 110 | - | 112 | 112 | - | |
| 143 | 143 | - | 168 | 168 | - | |
| 49 | 49 | - | 50 | 50 | - | |
| 250 | 250 | - | 196 | 196 | - | |
| 3 066 | 1 943 | 1 123 | 3 409 | 2 101 | 1 308 | |
| 2 015 | 892 | 1 123 | 2 320 | 1 012 | 1 308 | |
| 105 | 105 | - | 119 | 119 | - | |
| 145 | 145 | - | 152 | 152 | - | |
| 302 | 302 | - | 294 | 294 | - | |
| 499 | 499 | - | 524 | 524 | - | |
| 13 792 | 12 852 | 940 | 14 909 | 13 960 | 949 | |
| 5 684 | 4 744 | 940 | 5 868 | 4 919 | 949 | |
| 5 389 | 5 389 | - | 5 681 | 5 681 | - | |
| 717 | 717 | - | 866 | 866 | - | |
| 2 002 | 2 002 | - | 2 494 | 2 494 | - | |
| 8 466 | 8 466 | - | 9 615 | 9 615 | - | |
| 52 689 | 33 869 | 18 820 | 56 809 | 36 487 | 20 322 | |
| 3 200 | 3 200 | - | 3 900 | 3 900 | - | |
| 3 376 | 3 376 | - | 4 011 | 4 011 | - | |
| 59 265 | 40 445 | 18 820 | 64 720 | 44 398 | 20 322 | |
| (1 380) | (1 380) | - | (1 199) | (1 199) | - | |
| (1 380) | (1 380) | - | (1 199) | (1 199) | - | |
| 57 885 | 39 065 | 18 820 | 63 521 | 43 199 | 20 322 | |
| 2 877 | 1 942 | 936 | 3 146 | 2 140 | 1 006 | |
| 33 045 | 14 225 | 18 820 | 34 875 | 14 553 | 20 322 | |
| 25 346 | 8 589 | 16 757 | 26 687 | 8 622 | 18 065 | |
| 2 015 | 892 | 1 123 | 2 320 | 1 012 | 1 308 | |
| 5 684 | 4 744 | 940 | 5 868 | 4 919 | 949 | |
| 19 644 | 19 644 | - | 21 934 | 21 934 | - | |
| 5 196 | 5 196 | - | 6 712 | 6 712 | - | |
| 57 885 | 39 065 | 18 820 | 63 521 | 43 199 | 20 322 | |

CHANGE IN GROUP EQUITY VALUE

for the six months ended 30 June 2012

| R million | Six months Reviewed ⁽²⁾ | | Full year Audited ⁽²⁾ |
|--|------------------------------------|---------|----------------------------------|
| | 2012 | 2011 | 2011 |
| Earnings from covered business ⁽¹⁾ | 2 941 | 3 158 | 6 273 |
| Earnings from other Group operations | 3 133 | 852 | 2 744 |
| Operations valued based on ratio of price to assets under management | 588 | 233 | 809 |
| Assumption changes | 44 | - | (113) |
| Change in assets under management | 355 | 171 | 231 |
| Earnings for the year and changes in capital requirements | 165 | 12 | 377 |
| Foreign currency translation differences and other | 24 | 50 | 314 |
| Operations valued based on discounted cash flows | 106 | 262 | 603 |
| Expected return | 250 | 205 | 415 |
| Operating experience variances and other | 40 | 25 | (19) |
| Assumption changes | (203) | (3) | 72 |
| Foreign currency translation differences | 19 | 35 | 135 |
| Operations valued at net asset value – earnings for the period | 58 | 120 | 183 |
| Listed operations – investment return | 2 381 | 237 | 1 149 |
| Earnings from discretionary and other capital | (207) | (259) | 388 |
| Portfolio investments and other | 65 | 175 | 575 |
| Net corporate expenses | (59) | (52) | (124) |
| Share-based payments transactions | (97) | (142) | (4) |
| Change in net worth adjustments | (116) | (240) | (59) |
| Group Equity Value earnings | 5 867 | 3 751 | 9 405 |
| Dividends paid | (2 581) | (2 279) | (2 279) |
| Cost of treasury shares acquired | 13 | (948) | (966) |
| Sanlam share buy back | (22) | (944) | (979) |
| Share incentive scheme and other | 35 | (4) | 13 |
| Group Equity Value at beginning of the period | 63 521 | 57 361 | 57 361 |
| Group Equity Value at end of the period | 66 820 | 57 885 | 63 521 |

RETURN ON GROUP EQUITY VALUE

for the six months ended 30 June 2012

| | Six months Reviewed ⁽²⁾ | | | | Full year Audited ⁽²⁾ | |
|---|------------------------------------|----------|--------------------|----------|----------------------------------|----------|
| | 2012 | | 2011 | | 2011 | |
| | Earnings R million | Return % | Earnings R million | Return % | Earnings R million | Return % |
| Sanlam Personal Finance | 2 583 | 8,9 | 2 832 | 11,1 | 5 519 | 21,5 |
| Covered business ⁽¹⁾ | 2 430 | 9,1 | 2 650 | 11,2 | 5 146 | 21,7 |
| Other operations | 153 | 7,0 | 182 | 9,3 | 373 | 19,1 |
| Sanlam Emerging Markets | 215 | 6,3 | 222 | 8,3 | 634 | 23,8 |
| Covered business ⁽¹⁾ | 182 | 7,8 | 152 | 8,6 | 571 | 32,1 |
| Other operations | 33 | 3,0 | 70 | 7,9 | 63 | 7,1 |
| Sanlam Investments | 940 | 6,3 | 713 | 5,2 | 1 669 | 12,2 |
| Covered business ⁽¹⁾ | 329 | 5,6 | 356 | 6,4 | 556 | 9,9 |
| Other operations | 611 | 6,8 | 357 | 4,4 | 1 113 | 13,8 |
| Santam | 2 336 | 24,3 | 243 | 2,9 | 1 195 | 14,2 |
| Discretionary and other capital | (207) | | (259) | | 388 | |
| Return on Group Equity Value | 5 867 | 9,2 | 3 751 | 6,5 | 9 405 | 16,4 |
| Return on Group Equity Value per share | | 8,8 | | 6,2 | | 15,7 |
| Annualised return on Group Equity Value per share | | 18,4 | | 12,8 | | 15,7 |

RETURN ON GROUP EQUITY VALUE (continued)

for the six months ended 30 June 2012

| R million | Six months Reviewed ⁽²⁾ | Full year Audited ⁽²⁾ |
|---|---------------------------------------|-------------------------------------|
| | 2012 | 2011 |
| Reconciliation of return on Group Equity Value: | | |
| The return on Group Equity Value reconciles as follows to normalised attributable earnings: | | |
| Normalised attributable earnings per shareholders' fund income statement on page 36 | 2 533 | 2 271 |
| Net foreign currency translation gains recognised in other comprehensive income | 15 | 111 |
| Recognised directly in equity | | |
| Share based payment transactions | (105) | (152) |
| Movement in book value of treasury shares | (266) | (239) |
| Share based payments | 161 | 87 |
| Movements in subsidiary interests | (2) | (4) |
| Recognised in Statement of Changes in Equity | (26) | (29) |
| Less: Included in value of in-force | 24 | 25 |
| Movement in fair value adjustment – shareholders' fund at fair value | 2 344 | (59) |
| Movement in adjustments to net worth and other | (93) | (199) |
| Present value of holding company expenses and other | (118) | (226) |
| Change in goodwill and value of business acquired adjustments less value of in-force acquired | 25 | 27 |
| Growth from covered business: value of in-force ⁽¹⁾ | 1 175 | 1 783 |
| Return on Group Equity Value | 5 867 | 3 751 |

⁽¹⁾ Refer embedded value of covered business on page 52.

⁽²⁾ Comparative information has been restated as referred to in the basis of preparation.

SHAREHOLDERS' FUND AT FAIR VALUE

at 30 June 2012

| R million | Note | June Reviewed 2012 | | |
|---|----------|-----------------------|----------------------------------|-----------------------|
| | | Fair value | Fair value adjust- ment | Net asset value |
| Covered business, discretionary and other capital | | 24 360 | 112 | 24 248 |
| Property and equipment | | 282 | - | 282 |
| Owner-occupied properties | | 547 | - | 547 |
| Goodwill ⁽²⁾ | | 472 | - | 472 |
| Value of business acquired ⁽²⁾ | | 692 | - | 692 |
| Other intangible assets | | 26 | - | 26 |
| Deferred acquisition costs | | 2 132 | - | 2 132 |
| Non-current assets held for sale | | - | - | - |
| Investments | | 21 993 | 112 | 21 881 |
| Equities and similar securities | | 7 955 | 112 | 7 843 |
| Associated companies | | 847 | - | 847 |
| Joint ventures - Shriram Life Insurance | | 267 | - | 267 |
| Public sector stocks and loans | | 105 | - | 105 |
| Investment properties | | 57 | - | 57 |
| Other interest-bearing and preference share investments | | 12 762 | - | 12 762 |
| Net term finance | | - | - | - |
| Term finance | | (4 917) | - | (4 917) |
| Assets held in respect of term finance | | 4 917 | - | 4 917 |
| Net deferred tax | | (107) | - | (107) |
| Net working capital | | (751) | - | (751) |
| Minority shareholders' interest | | (926) | - | (926) |
| Other Group operations | 2 | 23 621 | 13 702 | 9 919 |
| Sanlam Investments | | 9 155 | 5 747 | 3 408 |
| South African Investment Management and Corporate | | 5 618 | 4 388 | 1 230 |
| Sanlam UK operations | | 869 | 132 | 737 |
| Other International | | 2 668 | 1 227 | 1 441 |
| Sanlam Personal Finance | | 2 234 | 1 402 | 832 |
| Sanlam Glacier | | 1 206 | 920 | 286 |
| Sanlam Personal Loans ⁽³⁾ | | 620 | 198 | 422 |
| Multi-Data | | 91 | 84 | 7 |
| Sanlam Trust | | 180 | 168 | 12 |
| Anglo African Finance | | 41 | 28 | 13 |
| Sanlam Healthcare Management | | 96 | 4 | 92 |
| Sanlam Emerging Markets | | 1 098 | (10) | 1 108 |
| Sanlam Namibia Holdings | | 123 | 97 | 26 |
| Shriram General Insurance | | 153 | - | 153 |
| BIFM | | 253 | (59) | 312 |
| Sanlam Emerging Markets other operations | | 569 | (48) | 617 |
| Santam | | 11 134 | 7 810 | 3 324 |
| Goodwill held on Group level in respect of the above businesses | | - | (1 247) | 1 247 |
| Shareholders' fund at fair value | | 47 981 | 13 814 | 34 167 |
| Value per share (cents) | 4 | 2 365 | 681 | 1 684 |

⁽¹⁾ Group businesses listed above are not consolidated, but reflected as investments at fair value.

⁽²⁾ The value of business acquired and goodwill relate mainly to the consolidation of Sanlam Sky Solutions, Channel Life and Sanlam Life and Pensions and are excluded in the build-up of the Group Equity Value, as the current value of in-force business for these life insurance companies are included in the embedded value of covered business.

⁽³⁾ The life insurance component of Sanlam Personal Loans' operations is included in the value of in-force business and therefore excluded from the Sanlam Personal Loans fair value.

⁽⁴⁾ Comparative information has been restated as referred to in the basis of preparation.

| June Reviewed ⁽⁴⁾ 2011 | | | December Audited ⁽⁴⁾ 2011 | | | |
|--------------------------------------|-----------------------|-----------------|---|-----------------------|-----------------|--|
| Fair value | Fair value adjustment | Net asset value | Fair value | Fair value adjustment | Net asset value | |
| 22 210 | 184 | 22 026 | 23 828 | 112 | 23 716 | |
| 258 | - | 258 | 332 | - | 332 | |
| 487 | - | 487 | 416 | - | 416 | |
| 497 | - | 497 | 478 | - | 478 | |
| 696 | - | 696 | 694 | - | 694 | |
| 34 | - | 34 | 29 | - | 29 | |
| 1 551 | - | 1 551 | 1 888 | - | 1 888 | |
| - | - | - | 512 | - | 512 | |
| 19 887 | 196 | 19 691 | 20 422 | 112 | 20 310 | |
| 8 474 | 112 | 8 362 | 8 440 | 112 | 8 328 | |
| 1 268 | 84 | 1 184 | 786 | - | 786 | |
| 267 | - | 267 | 267 | - | 267 | |
| 13 | - | 13 | 13 | - | 13 | |
| 792 | - | 792 | 489 | - | 489 | |
| 9 073 | - | 9 073 | 10 427 | - | 10 427 | |
| - | - | - | - | - | - | |
| (5 801) | - | (5 801) | (5 108) | - | (5 108) | |
| 5 801 | - | 5 801 | 5 108 | - | 5 108 | |
| 290 | (12) | 302 | 111 | - | 111 | |
| (761) | - | (761) | (137) | - | (137) | |
| (729) | - | (729) | (917) | - | (917) | |
| 19 644 | 10 349 | 9 295 | 21 934 | 11 358 | 10 576 | |
| 8 108 | 5 059 | 3 049 | 9 041 | 5 453 | 3 588 | |
| 5 389 | 3 813 | 1 576 | 5 681 | 4 058 | 1 623 | |
| 717 | 71 | 646 | 866 | 166 | 700 | |
| 2 002 | 1 175 | 827 | 2 494 | 1 229 | 1 265 | |
| 2 019 | 1 326 | 693 | 2 189 | 1 407 | 782 | |
| 1 061 | 798 | 263 | 1 169 | 865 | 304 | |
| 406 | 88 | 318 | 494 | 141 | 353 | |
| 110 | 101 | 9 | 112 | 98 | 14 | |
| 143 | 142 | 1 | 168 | 150 | 18 | |
| 49 | 31 | 18 | 50 | 39 | 11 | |
| 250 | 166 | 84 | 196 | 114 | 82 | |
| 1 051 | 167 | 884 | 1 089 | 2 | 1 087 | |
| 105 | 93 | 12 | 119 | 88 | 31 | |
| 145 | - | 145 | 152 | - | 152 | |
| 302 | 69 | 233 | 294 | (35) | 329 | |
| 499 | 5 | 494 | 524 | (51) | 575 | |
| 8 466 | 5 044 | 3 422 | 9 615 | 5 743 | 3 872 | |
| - | (1 247) | 1 247 | - | (1 247) | 1 247 | |
| 41 854 | 10 533 | 31 321 | 45 762 | 11 470 | 34 292 | |
| 2 081 | 524 | 1 557 | 2 267 | 568 | 1 699 | |

SHAREHOLDERS' FUND AT FAIR VALUE (continued)

at 30 June 2012

| R million | June Reviewed 2012 | | |
|--|-----------------------|-------------------------|----------------------|
| | Total | Fair value of assets | Value of in-force |
| Reconciliation to Group Equity Value | | | |
| Group Equity Value before adjustments to net worth | 68 135 | 46 614 | 21 521 |
| Add: Goodwill and value of business acquired replaced by value of in-force | 1 367 | 1 367 | - |
| Sanlam Life and Pensions | 356 | 356 | - |
| Sanlam Developing Markets | 771 | 771 | - |
| Shriram Life Insurance ⁽⁵⁾ | 210 | 210 | - |
| Other | 30 | 30 | - |
| Less: Value of in-force | (21 521) | - | (21 521) |
| Shareholders' fund at fair value | 47 981 | 47 981 | - |

⁽⁵⁾ The carrying value of Shriram Life Insurance includes goodwill of R210 million (2011: R210 million) that is excluded in the build-up of the Group Equity Value, as the current value of in-force business for Shriram Life Insurance is included in the embedded value of covered business.



| June Reviewed 2011 | | | December Audited 2011 | | |
|-----------------------|-------------------------|----------------------|--------------------------|-------------------------|----------------------|
| Total | Fair value of assets | Value of in-force | Total | Fair value of assets | Value of in-force |
| 59 265 | 40 445 | 18 820 | 64 720 | 44 398 | 20 322 |
| 1 409 | 1 409 | - | 1 364 | 1 364 | - |
| 356 | 356 | - | 356 | 356 | - |
| 825 | 825 | - | 780 | 780 | - |
| 210 | 210 | - | 210 | 210 | - |
| 18 | 18 | - | 18 | 18 | - |
| (18 820) | - | (18 820) | (20 322) | - | (20 322) |
| 41 854 | 41 854 | - | 45 762 | 45 762 | - |

SHAREHOLDERS' FUND INCOME STATEMENT

for the six months ended 30 June 2012

| R million | Sanlam Personal Finance | | Sanlam Emerging Markets | |
|--|-------------------------|--------------|-------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Financial services income | 5 496 | 5 139 | 1 300 | 1 088 |
| Sales remuneration | (947) | (930) | (276) | (256) |
| Income after sales remuneration | 4 549 | 4 209 | 1 024 | 832 |
| Underwriting policy benefits | (1 435) | (1 457) | (289) | (250) |
| Administration costs | (1 615) | (1 496) | (354) | (310) |
| Result from financial services before tax | 1 499 | 1 256 | 381 | 272 |
| Tax on result from financial services | (416) | (346) | (67) | (44) |
| Result from financial services after tax | 1 083 | 910 | 314 | 228 |
| Minority shareholders' interest | (6) | (6) | (131) | (111) |
| NET RESULT FROM FINANCIAL SERVICES | 1 077 | 904 | 183 | 117 |
| Net investment income | 489 | 359 | 23 | 62 |
| Dividends received – Group companies | 157 | 128 | - | - |
| Other investment income | 411 | 292 | 47 | 90 |
| Tax on investment income | (79) | (61) | (17) | 8 |
| Minority shareholders' interest | - | - | (7) | (36) |
| Project expenses | - | (1) | (3) | (7) |
| Amortisation of value of business acquired and other intangibles | (18) | (18) | (6) | (7) |
| BEE transaction costs | - | - | - | - |
| Net equity-accounted headline earnings | - | - | 1 | 3 |
| Equity-accounted headline earnings | - | - | 1 | 5 |
| Minority shareholders' interest | - | - | - | (2) |
| Net investment surpluses | 1 032 | 123 | 47 | (4) |
| Investment surpluses – Group companies | 836 | (20) | - | - |
| Other investment surpluses | 277 | 155 | 55 | 12 |
| Tax on investment surpluses | (81) | (12) | (4) | 20 |
| Minority shareholders' interest | - | - | (4) | (36) |
| Secondary tax on companies – after minorities | (81) | (106) | - | - |
| NORMALISED HEADLINE EARNINGS | 2 499 | 1 261 | 245 | 164 |
| Loss on disposal of subsidiaries | - | - | - | (6) |
| Net profit on disposal of associated companies | - | - | - | - |
| Profit on disposal of associated companies | - | - | - | - |
| Tax on profit on disposal of associated companies | - | - | - | - |
| Impairments | - | - | - | (1) |
| NORMALISED ATTRIBUTABLE EARNINGS | 2 499 | 1 261 | 245 | 157 |
| Fund transfers | - | - | - | - |
| Attributable earnings per Group statement of comprehensive income | 2 499 | 1 261 | 245 | 157 |
| Ratios | | | | |
| Admin ratio ⁽¹⁾ | 35,5% | 35,5% | 34,6% | 37,3% |
| Operating margin ⁽²⁾ | 33,0% | 29,8% | 37,2% | 32,7% |
| Diluted earnings per share | | | | |
| Adjusted weighted average number of shares (million) | | | | |
| Net result from financial services (cents) | | | | |

⁽¹⁾ Administration costs as a percentage of income earned by the shareholders' fund less sales remuneration.

⁽²⁾ Result from financial services before tax as a percentage of income earned by the shareholders' fund less sales remuneration.

⁽³⁾ Comparative information for all of the above clusters were restated as outlined in the basis of preparation.

⁽⁴⁾ Corporate and Other includes the consolidation entries in respect of the dividends received and the investment surpluses on the Sanlam Limited shares held by Sanlam Life Insurance Limited.

| Sanlam Investments | | Santam | | Corporate and Other ⁽⁴⁾ | | Total | | |
|---------------------------|---------------------------|-----------------------------|---------------------------|------------------------------------|-----------------------|------------------------------|------------------------------|--|
| 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | |
| 3 152 (56) | 2 877 (43) | 7 906 (1 025) | 7 220 (1 037) | 79 - | 72 - | 17 933 (2 304) | 16 396 (2 266) | |
| 3 096 (967) (1 498) | 2 834 (960) (1 314) | 6 881 (5 089) (1 120) | 6 183 (4 487) (905) | 79 - (158) | 72 - (147) | 15 629 (7 780) (4 745) | 14 130 (7 154) (4 172) | |
| 631 (154) | 560 (128) | 672 (198) | 791 (225) | (79) 20 | (75) 23 | 3 104 (815) | 2 804 (720) | |
| 477 (6) | 432 (2) | 474 (200) | 566 (249) | (59) - | (52) - | 2 289 (343) | 2 084 (368) | |
| 471 100 | 430 76 | 274 35 | 317 13 | (59) (92) | (52) (97) | 1 946 555 | 1 716 413 | |
| - 121 (21) | - 92 (16) | - 57 4 (26) | - 18 6 (11) | (157) 39 26 - | (128) 30 1 - | - 675 (87) (33) | - 522 (62) (47) | |
| (5) | (4) | - | - | - | (9) | (8) | (21) | |
| (24) | (20) | (12) | (20) | - | - | (60) | (65) | |
| - | - | (1) | (2) | - | - | (1) | (2) | |
| - | (1) | 23 | 26 | - | 26 | 24 | 54 | |
| - | (1) | 38 | 46 | - | 26 | 39 | 76 | |
| - | - | (15) | (20) | - | - | (15) | (22) | |
| 57 | 30 | 50 | 53 | (874) | 97 | 312 | 299 | |
| - 71 (14) | - 33 (3) | - 178 (93) (35) | - 74 18 (39) | (836) (40) 1 1 | 20 73 4 - | - 541 (191) (38) | - 347 27 (75) | |
| (2) | (1) | (86) | (19) | (60) | (66) | (229) | (192) | |
| 597 - | 510 - | 283 - | 368 - | (1 085) - | (101) - | 2 539 - | 2 202 (6) | |
| - | - | - | - | - | 97 | - | 97 | |
| - | - | - | - | - | 113 | - | 113 | |
| - | - | - | - | - | (16) | - | (16) | |
| (6) | (21) | - | - | - | - | (6) | (22) | |
| 591 - | 489 - | 283 - | 368 - | (1 085) (131) | (4) 3 | 2 533 (131) | 2 271 3 | |
| 591 | 489 | 283 | 368 | (1 216) | (1) | 2 402 | 2 274 | |
| 48,4% 20,4% | 46,4% 19,8% | 16,3% 9,8% | 14,6% 12,8% | | | 30,4% 19,9% | 29,5% 19,8% | |
| | | | | | | 2 023,2 | 2 027,0 | |
| | | | | | | 96,2 | 84,7 | |

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the six months ended 30 June 2012

1. BUSINESS VOLUMES

1.1 ANALYSIS OF NEW BUSINESS AND TOTAL FUNDS RECEIVED

Analysed per business, reflecting the split between life and non-life business

| R million | Life Insurance ⁽¹⁾ | | Other ⁽²⁾ | | Total | |
|---|-------------------------------|--------------|----------------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Sanlam Personal Finance | 8 733 | 7 210 | 6 459 | 6 155 | 15 192 | 13 365 |
| Entry-level | 607 | 637 | - | - | 607 | 637 |
| Recurring | 430 | 451 | - | - | 430 | 451 |
| Single | 177 | 186 | - | - | 177 | 186 |
| Middle-income | 4 287 | 3 442 | 136 | 151 | 4 423 | 3 593 |
| Recurring | 594 | 564 | 24 | 42 | 618 | 606 |
| Single | 3 693 | 2 878 | 112 | 109 | 3 805 | 2 987 |
| Affluent | 3 839 | 3 131 | 6 323 | 6 004 | 10 162 | 9 135 |
| Sanlam Emerging Markets | 1 493 | 1 105 | 4 990 | 3 511 | 6 483 | 4 616 |
| Namibia | 284 | 139 | 4 315 | 3 093 | 4 599 | 3 232 |
| Recurring | 58 | 50 | - | - | 58 | 50 |
| Single | 226 | 89 | 4 315 | 3 093 | 4 541 | 3 182 |
| Botswana | 657 | 609 | 180 | 316 | 837 | 925 |
| Recurring | 69 | 102 | 21 | - | 90 | 102 |
| Single | 588 | 507 | 159 | 316 | 747 | 823 |
| Rest of Africa | 465 | 235 | 363 | 18 | 828 | 253 |
| Recurring | 166 | 96 | - | - | 166 | 96 |
| Single | 299 | 139 | 363 | 18 | 662 | 157 |
| India | 87 | 122 | 132 | 84 | 219 | 206 |
| Recurring | 42 | 20 | 132 | 84 | 174 | 104 |
| Single | 45 | 102 | - | - | 45 | 102 |
| Sanlam Investments | 1 933 | 1 292 | 25 463 | 25 550 | 27 396 | 26 842 |
| South Africa | 943 | 618 | 22 719 | 22 202 | 23 662 | 22 820 |
| Employee benefits | 943 | 618 | - | - | 943 | 618 |
| Recurring | 173 | 134 | - | - | 173 | 134 |
| Single | 770 | 484 | - | - | 770 | 484 |
| Collective investment schemes | - | - | 11 528 | 11 935 | 11 528 | 11 935 |
| Private Investments | - | - | 4 210 | 3 778 | 4 210 | 3 778 |
| Segregated funds | - | - | 6 981 | 6 489 | 6 981 | 6 489 |
| Sanlam Multi-Manager | - | - | 1 574 | 1 532 | 1 574 | 1 532 |
| Other | - | - | 5 407 | 4 957 | 5 407 | 4 957 |
| Non-South African | 990 | 674 | 2 744 | 3 348 | 3 734 | 4 022 |
| Sanlam UK | 990 | 674 | 712 | - | 1 702 | 674 |
| Recurring | 21 | 11 | - | - | 21 | 11 |
| Single | 969 | 663 | 712 | - | 1 681 | 663 |
| SIM Global | - | - | 234 | 666 | 234 | 666 |
| SIIP | - | - | 506 | 1 066 | 506 | 1 066 |
| Other | - | - | 1 292 | 1 616 | 1 292 | 1 616 |
| Santam | - | - | 7 703 | 7 028 | 7 703 | 7 028 |
| New business excluding white label | 12 159 | 9 607 | 44 615 | 42 244 | 56 774 | 51 851 |
| White label | - | - | 4 203 | 3 211 | 4 203 | 3 211 |
| Total new business | 12 159 | 9 607 | 48 818 | 45 455 | 60 977 | 55 062 |

1. BUSINESS VOLUMES *(continued)*

1.1 ANALYSIS OF NEW BUSINESS AND TOTAL FUNDS RECEIVED *(continued)*

| R million | Life Insurance ⁽¹⁾ | | Other ⁽²⁾ | | Total | |
|---------------------------------------|-------------------------------|------|----------------------|------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Recurring premiums on existing funds: | | | | | | |
| Sanlam Personal Finance | | | | | 6 617 | 6 279 |
| Sanlam Emerging Markets | | | | | 1 042 | 872 |
| Sanlam Investments | | | | | 2 583 | 1 988 |
| Sanlam Employee Benefits | | | | | 1 655 | 1 455 |
| Sanlam UK | | | | | 231 | 238 |
| Sanlam Investment Management | | | | | 697 | 295 |
| Total funds received | | | | | 71 219 | 64 201 |

⁽¹⁾ Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

⁽²⁾ Includes life licence, investment and short-term insurance business. Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2012

1.2 ANALYSIS OF PAYMENTS TO CLIENTS

| R million | Life Insurance ⁽¹⁾ | | Other ⁽²⁾ | | Total | |
|---|-------------------------------|---------------|----------------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Sanlam Personal Finance | 12 323 | 11 488 | 5 870 | 5 297 | 18 193 | 16 785 |
| Entry-level | 1 240 | 1 246 | - | - | 1 240 | 1 246 |
| Surrenders | 158 | 153 | - | - | 158 | 153 |
| Other | 1 082 | 1 093 | - | - | 1 082 | 1 093 |
| Middle-income | 9 415 | 9 032 | 176 | 125 | 9 591 | 9 157 |
| Surrenders | 1 532 | 1 560 | - | - | 1 532 | 1 560 |
| Other | 7 883 | 7 472 | 176 | 125 | 8 059 | 7 597 |
| Affluent | 1 668 | 1 210 | 5 694 | 5 172 | 7 362 | 6 382 |
| Sanlam Emerging Markets | 1 360 | 1 156 | 3 870 | 3 095 | 5 230 | 4 251 |
| Namibia | 660 | 539 | 3 604 | 2 775 | 4 264 | 3 314 |
| Surrenders | 336 | 52 | - | - | 336 | 52 |
| Other | 324 | 487 | 3 604 | 2 775 | 3 928 | 3 262 |
| Botswana | 446 | 458 | 178 | 250 | 624 | 708 |
| Surrenders | 130 | 150 | - | - | 130 | 150 |
| Other | 316 | 308 | 178 | 250 | 494 | 558 |
| Rest of Africa | 155 | 101 | 2 | - | 157 | 101 |
| Surrenders | 15 | 12 | - | - | 15 | 12 |
| Other | 140 | 89 | 2 | - | 142 | 89 |
| India | 99 | 58 | 86 | 70 | 185 | 128 |
| Surrenders | 75 | 58 | - | - | 75 | 58 |
| Other | 24 | - | 86 | 70 | 110 | 70 |
| Sanlam Investments | 3 475 | 3 330 | 25 477 | 21 095 | 28 952 | 24 425 |
| South Africa | 2 626 | 2 680 | 23 295 | 18 886 | 25 921 | 21 566 |
| Sanlam Employee Benefits | 2 626 | 2 680 | - | - | 2 626 | 2 680 |
| Terminations | 253 | 600 | - | - | 253 | 600 |
| Other | 2 373 | 2 080 | - | - | 2 373 | 2 080 |
| Collective investment schemes | - | - | 9 677 | 8 513 | 9 677 | 8 513 |
| Private Investments | - | - | 5 096 | 2 252 | 5 096 | 2 252 |
| Segregated funds | - | - | 8 522 | 8 121 | 8 522 | 8 121 |
| Multi-manager | - | - | 2 631 | 2 217 | 2 631 | 2 217 |
| Other | - | - | 5 891 | 5 904 | 5 891 | 5 904 |
| Non-South African | 849 | 650 | 2 182 | 2 209 | 3 031 | 2 859 |
| Sanlam UK | 849 | 650 | - | - | 849 | 650 |
| Surrenders | 654 | 498 | - | - | 654 | 498 |
| Other | 195 | 152 | - | - | 195 | 152 |
| SIM Global | - | - | 182 | 197 | 182 | 197 |
| SIIP | - | - | 1 266 | 1 306 | 1 266 | 1 306 |
| Other | - | - | 734 | 706 | 734 | 706 |
| Santam | - | - | 5 089 | 4 487 | 5 089 | 4 487 |
| Payments to clients excluding white label | 17 158 | 15 974 | 40 306 | 33 974 | 57 464 | 49 948 |
| White label | - | - | 3 572 | 2 835 | 3 572 | 2 835 |
| Total payments to clients | 17 158 | 15 974 | 43 878 | 36 809 | 61 036 | 52 783 |

⁽¹⁾ Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

⁽²⁾ Includes life licence, investment and short-term insurance business. Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

1.3 ANALYSIS OF NET INFLOW/(OUTFLOW) OF FUNDS

| R million | Life Insurance ⁽¹⁾ | | Other ⁽²⁾ | | Total | |
|---|-------------------------------|--------------|----------------------|--------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Sanlam Personal Finance | 2 913 | 1 926 | 702 | 933 | 3 615 | 2 859 |
| Entry-level | 886 | 844 | - | - | 886 | 844 |
| Middle-income | (144) | (839) | 73 | 101 | (71) | (738) |
| Affluent | 2 171 | 1 921 | 629 | 832 | 2 800 | 2 753 |
| Sanlam Emerging Markets | 1 176 | 821 | 1 120 | 416 | 2 296 | 1 237 |
| Namibia | (63) | (96) | 711 | 318 | 648 | 222 |
| Botswana | 647 | 529 | 2 | 66 | 649 | 595 |
| Rest of Africa | 556 | 264 | 361 | 18 | 917 | 282 |
| India | 36 | 124 | 46 | 14 | 82 | 138 |
| Sanlam Investments | 344 | (345) | 683 | 4 750 | 1 027 | 4 405 |
| South Africa | (28) | (607) | 121 | 3 611 | 93 | 3 004 |
| Sanlam Employee Benefits | (28) | (607) | - | - | (28) | (607) |
| Collective investment schemes | - | - | 1 851 | 3 422 | 1 851 | 3 422 |
| Private Investments | - | - | (886) | 1 526 | (886) | 1 526 |
| Segregated funds | | | | | | |
| Sanlam Multi-Manager | - | - | (604) | (685) | (604) | (685) |
| Other | - | - | (240) | (652) | (240) | (652) |
| Non-South African | 372 | 262 | 562 | 1 139 | 934 | 1 401 |
| Sanlam UK | 372 | 262 | 712 | - | 1 084 | 262 |
| SIIP | - | - | (760) | (240) | (760) | (240) |
| SIM Global | - | - | 52 | 469 | 52 | 469 |
| Other | - | - | 558 | 910 | 558 | 910 |
| Santam | - | - | 2 614 | 2 541 | 2 614 | 2 541 |
| Net inflow excluding white label | 4 433 | 2 402 | 5 119 | 8 640 | 9 552 | 11 042 |
| White label | - | - | 631 | 376 | 631 | 376 |
| Total net inflow | 4 433 | 2 402 | 5 750 | 9 016 | 10 183 | 11 418 |

⁽¹⁾ Life insurance business relates to business written under a life licence that is included in the calculation of embedded value of covered business.

⁽²⁾ Includes life licence, investment and short-term insurance business. Life licence business relates to investment products provided by means of a life insurance policy where there is very little or no insurance risk. Life licence business is excluded from the calculation of embedded value of covered business.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2012

2. CLUSTER INFORMATION

2.1 SANLAM PERSONAL FINANCE

| R million | Life operations | | Non-life operations | | Total | |
|---|-----------------|--------------|---------------------|------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Analysis of attributable earnings | | | | | | |
| Gross result from financial services | 1 304 | 1 108 | 195 | 148 | 1 499 | 1 256 |
| Entry-level market | 199 | 204 | - | - | 199 | 204 |
| Middle-income market life and investments | 1 033 | 841 | 10 | 4 | 1 043 | 845 |
| Administration | 260 | 159 | - | - | 260 | 159 |
| Risk underwriting: long-term insurance | 342 | 281 | - | - | 342 | 281 |
| Asset mismatch reserve | 223 | 198 | - | - | 223 | 198 |
| Working capital management | 139 | 131 | - | - | 139 | 131 |
| Other | 69 | 72 | 10 | 4 | 79 | 76 |
| Sanlam Glacier | 37 | 31 | 54 | 53 | 91 | 84 |
| Sanlam Personal Loans | 35 | 32 | 98 | 73 | 133 | 105 |
| Other operations | - | - | 33 | 18 | 33 | 18 |
| Tax on results from financial services | (364) | (298) | (52) | (48) | (416) | (346) |
| Minority shareholders' interest | (3) | (3) | (3) | (3) | (6) | (6) |
| Net result from financial services | 937 | 807 | 140 | 97 | 1 077 | 904 |
| Net investment return | 1 518 | 479 | 3 | 3 | 1 521 | 482 |
| Net investment income | 486 | 356 | 3 | 3 | 489 | 359 |
| Net investment surpluses | 1 032 | 123 | - | - | 1 032 | 123 |
| Net other earnings | (99) | (125) | - | - | (99) | (125) |
| Amortisation of intangibles and other | (18) | (19) | - | - | (18) | (19) |
| Secondary tax on companies | (81) | (106) | - | - | (81) | (106) |
| Normalised attributable earnings | 2 356 | 1 161 | 143 | 100 | 2 499 | 1 261 |

Analysis of Group Equity Value (GEV)

| R million | GEV at the beginning of period | Earnings | Capital movement | Dividend paid | GEV at the end of period |
|---------------------------|--------------------------------|--------------|------------------|----------------|--------------------------|
| 30 June 2012 | | | | | |
| Life insurance operations | 26 687 | 2 430 | 41 | (1 339) | 27 819 |
| Non-life operations | 2 189 | 153 | 36 | (144) | 2 234 |
| Sanlam Glacier | 1 169 | 117 | - | (80) | 1 206 |
| Sanlam Personal Loans | 494 | 129 | 36 | (39) | 620 |
| Other | 526 | (93) | - | (25) | 408 |
| Group Equity Value | 28 876 | 2 583 | 77 | (1 483) | 30 053 |

| | | | | | |
|---------------------------|---------------|--------------|----------|----------------|---------------|
| 30 June 2011 | | | | | |
| Life insurance operations | 23 663 | 2 650 | - | (967) | 25 346 |
| Non-life operations | 1 949 | 182 | - | (112) | 2 019 |
| Sanlam Glacier | 965 | 170 | - | (74) | 1 061 |
| Sanlam Personal Loans | 365 | 41 | - | - | 406 |
| Other | 619 | (29) | - | (38) | 552 |
| Group Equity Value | 25 612 | 2 832 | - | (1 079) | 27 365 |

| Analysis of business volumes | Life insurance | | Investment | | Total | |
|----------------------------------|----------------|---------------|--------------|--------------|---------------|---------------|
| R million | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Recurring premiums | 1 024 | 1 015 | 24 | 42 | 1 048 | 1 057 |
| Risk | 626 | 654 | - | - | 626 | 654 |
| Investment | 147 | 127 | 19 | 28 | 166 | 155 |
| Retirement annuities | 152 | 128 | 3 | 3 | 155 | 131 |
| Premium changes | 99 | 106 | 2 | 11 | 101 | 117 |
| Single premiums | 7 709 | 6 195 | 6 435 | 6 113 | 14 144 | 12 308 |
| Discretionary savings | 2 631 | 1 518 | 6 409 | 6 091 | 9 040 | 7 609 |
| Retirement savings | 346 | 311 | 9 | 9 | 355 | 320 |
| Continuations | 1 032 | 976 | - | - | 1 032 | 976 |
| Contractual life business | 3 548 | 3 265 | - | - | 3 548 | 3 265 |
| Other | 152 | 125 | 17 | 13 | 169 | 138 |
| Total new business | 8 733 | 7 210 | 6 459 | 6 155 | 15 192 | 13 365 |
| Death and disability benefits | 1 930 | 1 747 | - | - | 1 930 | 1 747 |
| Maturity benefits | 5 979 | 5 591 | - | - | 5 979 | 5 591 |
| Life and term annuities | 2 651 | 2 281 | - | - | 2 651 | 2 281 |
| Surrenders | 1 690 | 1 713 | - | - | 1 690 | 1 713 |
| Other | 73 | 156 | 5 870 | 5 297 | 5 943 | 5 453 |
| Total payments to clients | 12 323 | 11 488 | 5 870 | 5 297 | 18 193 | 16 785 |

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2012

2. CLUSTER INFORMATION (continued)

2.2 SANLAM EMERGING MARKETS

| | R million | R million |
|---|------------|------------|
| Analysis of attributable earnings | 2012 | 2011 |
| Net result from financial services | 183 | 117 |
| Life insurance | 144 | 85 |
| Short-term insurance | (12) | - |
| Investment management | 12 | 13 |
| Credit and banking | 42 | 27 |
| Other | (3) | (8) |
| Net investment return | 70 | 58 |
| Net investment income | 23 | 62 |
| Net investment surpluses | 47 | (4) |
| Net other earnings | (8) | (18) |
| Amortisation of intangibles and impairments | (6) | (8) |
| Project expenses and other | (2) | (4) |
| Loss on disposal of operations | - | (6) |
| Normalised attributable earnings | 245 | 157 |
| Analysis of net result from financial services | | |
| Life insurance operations | 144 | 85 |
| Namibia | 59 | 50 |
| Botswana | 55 | 54 |
| Rest of Africa | 20 | (20) |
| India | 10 | 1 |
| Non-life operations | 39 | 32 |
| Namibia | 6 | 5 |
| Botswana | 44 | 30 |
| Rest of Africa | - | (2) |
| India | (11) | (1) |
| Net result from financial services | 183 | 117 |

Analysis of Group Equity Value (GEV)

| R million | GEV at the beginning of period | Earnings | Capital movement | Dividend paid | GEV at the end of period |
|---------------------------|--------------------------------|------------|------------------|---------------|--------------------------|
| 30 June 2012 | | | | | |
| Life insurance operations | 2 320 | 182 | (5) | (152) | 2 345 |
| Non-life operations | 1 089 | 33 | - | (24) | 1 098 |
| Botswana | 830 | 12 | - | (8) | 834 |
| Namibia | 119 | 20 | - | (16) | 123 |
| Other operations | 140 | 1 | - | - | 141 |
| Group Equity Value | 3 409 | 215 | (5) | (176) | 3 443 |
| 30 June 2011 | | | | | |
| Life insurance operations | 1 777 | 152 | 99 | (13) | 2 015 |
| Non-life operations | 886 | 70 | 146 | (51) | 1 051 |
| Botswana | 706 | 49 | 146 | (42) | 859 |
| Namibia | 105 | 8 | - | (8) | 105 |
| Other operations | 75 | 13 | - | (1) | 87 |
| Group Equity Value | 2 663 | 222 | 245 | (64) | 3 066 |

Analysis of business volumes

| | Life insurance R million | Other R million | Total R million |
|--|--------------------------------|--------------------|--------------------|
| 2012 | | | |
| Recurring premiums | 335 | 153 | 488 |
| Risk | 213 | - | 213 |
| Investment and Short-term | 111 | 153 | 264 |
| Annuities | 11 | - | 11 |
| Recurring premiums - 2011 | 268 | 84 | 352 |
| Single premiums | 1 158 | 4 837 | 5 995 |
| Risk | 423 | - | 423 |
| Savings | 710 | 4 837 | 5 547 |
| Continuations | 25 | - | 25 |
| Single premiums - 2011 | 837 | 3 427 | 4 264 |
| Total new business | 1 493 | 4 990 | 6 483 |
| Recurring premiums on existing business | 1 042 | - | 1 042 |
| Risk | 579 | - | 579 |
| Investment | 368 | - | 368 |
| Annuities | 95 | - | 95 |
| Total funds received from clients | 2 535 | 4 990 | 7 525 |
| Total funds received from clients - 2011 | 1 977 | 3 511 | 5 488 |
| Death and disability benefits | 309 | - | 309 |
| Maturity benefits | 204 | - | 204 |
| Life and term annuities | 197 | - | 197 |
| Surrenders | 556 | - | 556 |
| Other | 94 | 3 870 | 3 964 |
| Total payments to clients | 1 360 | 3 870 | 5 230 |
| Total payments to clients - 2011 | 1 156 | 3 095 | 4 251 |

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2012

2. CLUSTER INFORMATION (continued)

2.3 SANLAM INVESTMENTS

Analysis of attributable earnings

| R million | Asset management | | Capital management | | Wealth management | | Investment services | |
|--|------------------|------------|--------------------|------------|-------------------|----------|---------------------|-----------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Financial services income* | 376 | 335 | 230 | 264 | 329 | 211 | 444 | 401 |
| Sales remuneration | - | - | - | - | - | - | - | - |
| Income after sales remuneration | 376 | 335 | 230 | 264 | 329 | 211 | 444 | 401 |
| Underwriting policy benefits | - | - | - | - | - | - | - | - |
| Administration cost* | (208) | (193) | (157) | (140) | (303) | (176) | (398) | (356) |
| Result from financial services before performance fees | 168 | 142 | 73 | 124 | 26 | 35 | 46 | 45 |
| Net performance fees | 9 | 26 | - | - | 2 | 1 | 5 | 1 |
| Result from financial services before tax | 177 | 168 | 73 | 124 | 28 | 36 | 51 | 46 |
| Tax on result from financial services | (49) | (47) | (14) | (23) | (10) | (11) | (16) | (13) |
| Minority shareholders' interest | (4) | (2) | - | - | 1 | - | (1) | - |
| Net result from financial services | 124 | 119 | 59 | 101 | 19 | 25 | 34 | 33 |
| Net investment return | 1 | (2) | 4 | 3 | 1 | (1) | - | - |
| Net investment income | 1 | - | 4 | 3 | - | - | - | - |
| Net investment surpluses | - | (2) | - | - | 1 | (1) | - | - |
| Net other earnings | - | - | 1 | (1) | (23) | (21) | (5) | (1) |
| Normalised attributable earnings | 125 | 117 | 64 | 103 | (3) | 3 | 29 | 32 |
| Administration cost ratio | 55% | 58% | 68% | 53% | 92% | 83% | 90% | 89% |

* Excludes performance fees and related costs.

| International | | Sanlam Employee Benefits | | Corporate services | | Intra-cluster consolidation | | Total | |
|--------------------|-------------------|--------------------------------|-------------------------|-----------------------|------------------|--------------------------------|-----------------|---------------------------|---------------------------|
| 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| 327 (32) | 269 (27) | 1 491 (24) | 1 433 (16) | 20 - | 6 - | (105) - | (85) - | 3 112 (56) | 2 834 (43) |
| 295 - (182) | 242 - (159) | 1 467 (967) (311) | 1 417 (960) (328) | 20 - (29) | 6 - (35) | (105) - 105 | (85) - 85 | 3 056 (967) (1 483) | 2 791 (960) (1 302) |
| 113 9 | 83 3 | 189 - | 129 - | (9) - | (29) - | - - | - - | 606 25 | 529 31 |
| 122 (14) (2) | 86 (6) - | 189 (53) - | 129 (36) - | (9) 2 - | (29) 8 - | - - - | - - - | 631 (154) (6) | 560 (128) (2) |
| 106 (46) | 80 (16) | 136 175 | 93 124 | (7) 22 | (21) (2) | - - | - - | 471 157 | 430 106 |
| 5 (51) (9) | 4 (20) (13) | 89 86 (1) | 69 55 (1) | 1 21 - | - (2) (10) | - - - | - - - | 100 57 (37) | 76 30 (47) |
| 51 | 51 | 310 | 216 | 15 | (33) | - | - | 591 | 489 |
| 62% | 66% | 21% | 23% | 145% | 583% | | | 49% | 46% |

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2012

2. CLUSTER INFORMATION (continued)

2.3 SANLAM INVESTMENTS (continued)

Analysis of Group Equity Value (GEV)

| R million | GEV at the beginning of period | Earnings | Capital movement | Dividend paid | GEV at the end of period |
|---|--------------------------------|------------|------------------|---------------|--------------------------|
| 30 June 2012 | | | | | |
| Sanlam Investments | | | | | |
| Asset management and corporate | 3 410 | 158 | - | (133) | 3 435 |
| Capital Management | 801 | 67 | - | (177) | 691 |
| Wealth management | 1 272 | 77 | - | (35) | 1 314 |
| Investment services | 866 | 71 | - | (62) | 875 |
| International operations | 3 483 | 270 | 142 | (278) | 3 617 |
| Life insurance operations | 791 | 33 | - | (47) | 777 |
| Non-life insurance operations | 2 692 | 237 | 142 | (231) | 2 840 |
| Sanlam Employee Benefits: Life insurance operations | 5 077 | 296 | - | (241) | 5 132 |
| Group Equity Value | 14 909 | 939 | 142 | (926) | 15 064 |

30 June 2011

| | | | | | |
|---|---------------|------------|------------|--------------|---------------|
| Sanlam Investments | | | | | |
| Asset management and corporate | 3 360 | (54) | - | (107) | 3 199 |
| Capital Management | 931 | 107 | - | (203) | 835 |
| Wealth Management | 899 | 43 | 87 | (46) | 983 |
| Investment services | 797 | 37 | - | (43) | 791 |
| International operations | 2 729 | 296 | 80 | (168) | 2 937 |
| Life insurance operations | 638 | 72 | - | (73) | 637 |
| Non-life insurance operations | 2 091 | 224 | 80 | (95) | 2 300 |
| Sanlam Employee Benefits: Life insurance operations | 4 967 | 284 | - | (204) | 5 047 |
| Group Equity Value | 13 683 | 713 | 167 | (771) | 13 792 |

| Income base | June 2012 | December 2011 |
|---|----------------|----------------|
| Asset management | 326 074 | 311 804 |
| Capital Management - Private equity | 3 414 | 3 532 |
| Wealth Management | 89 056 | 76 952 |
| Investment services | 128 317 | 122 178 |
| International operations | 59 367 | 54 977 |
| Inter-cluster consolidation | (54 497) | (46 691) |
| Sanlam Investments excluding life operations | 551 731 | 522 752 |

Valuation methodology

The fair value of the unlisted Sanlam Investments businesses has been determined by the application of the following valuation methodologies:

| Valuation method | Fair value | |
|---|------------------------|----------------------------|
| | June 2012 R million | December 2011 R million |
| Ratio of price to assets under management | 7 143 | 7 018 |
| Asset Management | 3 435 | 3 410 |
| Capital Management | 107 | 130 |
| Wealth Management | 1 119 | 1 064 |
| Investment services | 875 | 866 |
| International operations | 1 607 | 1 548 |
| Discounted cashflows | | |
| International operations | 850 | 853 |
| Net asset value | 1 162 | 1 170 |
| Capital Management | 584 | 671 |
| Wealth Management | 195 | 208 |
| International operations | 383 | 291 |
| | 9 155 | 9 041 |

The main assumptions applied in the primary valuation for the unlisted businesses are presented below. The sensitivity analysis is based on the following changes in assumptions:

| | | Change in assumption | | |
|---|--|----------------------|------------------------|------------------------|
| | | June 2012 | December 2011 | |
| Ratio of price to assets under management (P/AuM) | | 0,1 | 0,1 | |
| Risk discount rate (RDR) | | 1,0 | 1,0 | |
| Perpetuity growth rate (PGR) | | 1,0 | 1,0 | |
| R million | Weighted average assumption | Base value | Decrease in assumption | Increase in assumption |
| Ratio of price to assets under management | P/AuM = 1,12% (Dec 2011: 1,16%) | 7 143 | 6 459 | 7 732 |
| Discounted cash flows | RDR = 17,9% (Dec 2011: 17,4%) | 850 | 881 | 821 |
| | PGR = 2,5 - 5% (Dec 2011: 2,5 - 5%) | 850 | 836 | 864 |

NOTES TO THE SHAREHOLDERS' FUND INFORMATION (continued)

for the six months ended 30 June 2012

2. CLUSTER INFORMATION (continued)

2.4 SANTAM

| | R million 2012 | R million 2011 |
|--------------------------------------|-------------------|-------------------|
| Business volumes | | |
| Net earned premiums | 7 703 | 7 028 |
| Net fund flows | 2 614 | 2 541 |
| Analysis of earnings | | |
| Gross result from financial services | 672 | 791 |
| Ratios | | |
| Admin cost ratio | 16,3% | 14,6% |
| Claims ratio | 66,1% | 63,9% |
| Underwriting margin | 6,1% | 8,5% |

3. NORMALISED DILUTED EARNINGS PER SHARE

| | Cents | Cents |
|---|-------|-------|
| Normalised diluted earnings per share: | | |
| Net result from financial services | 96,2 | 84,7 |
| Normalised headline earnings | 125,5 | 108,6 |
| Profit attributable to shareholders' fund | 125,2 | 112,0 |

| | R million | R million |
|--|--------------|--------------|
| Analysis of normalised earnings (refer shareholders' fund income statement on page 36): | | |
| Net result from financial services | 1 946 | 1 716 |
| Headline earnings | 2 539 | 2 202 |
| Profit attributable to shareholders' fund | 2 533 | 2 271 |
| Reconciliation of normalised headline earnings: | | |
| Headline earnings per note 1 on page 65 | 2 408 | 2 205 |
| Fund transfers | 131 | (3) |
| Normalised headline earnings | 2 539 | 2 202 |

| | Million | Million |
|---|----------------|----------------|
| Adjusted number of shares: | | |
| Weighted average number of shares for diluted earnings per share (refer note 1 on page 65) | 2 005,3 | 2 011,0 |
| Add: Weighted average Sanlam shares held by policyholders | 17,9 | 16,0 |
| Adjusted weighted average number of shares for normalised diluted earnings per share | 2 023,2 | 2 027,0 |

4. VALUE PER SHARE

Fair value per share is calculated on the Group shareholders' fund at fair value of R47 981 million (2011: R41 854 million), divided by 2 029,1 million (2011: 2 011,7 million) shares.

Net asset value per share is calculated on the Group shareholders' fund at net asset value of R34 167 million (2011: R31 321 million), divided by 2 029,1 million (2011: 2 011,7 million) shares.

Equity value per share is calculated on the Group Equity Value of R66 820 million (2011: R57 885 million), divided by 2 029,1 million (2011: 2 011,7 million) shares.

| Million | June Reviewed | |
|---|----------------|----------------|
| | 2012 | 2011 |
| Number of shares for value per share: | | |
| Number of ordinary shares in issue | 2 100,0 | 2 100,0 |
| Shares held by subsidiaries in shareholders' fund | (154,5) | (157,9) |
| Outstanding shares and share options in respect of Sanlam Limited long-term incentive schemes | 33,2 | 38,3 |
| Number of shares under option that would have been issued at fair value | 0,0 | (1,2) |
| Convertible deferred shares held by Ubuntu-Botho | 50,4 | 32,5 |
| Adjusted number of shares for value per share | 2 029,1 | 2 011,7 |

EMBEDDED VALUE OF COVERED BUSINESS

at 30 June 2012

EMBEDDED VALUE OF COVERED BUSINESS

| R million | Note | June Reviewed | | December Audited |
|---|------|---------------|---------------------|------------------|
| | | 2012 | 2011 ⁽²⁾ | 2011 |
| Sanlam Personal Finance | | 27 819 | 25 346 | 26 687 |
| Adjusted net worth | | 8 555 | 8 589 | 8 622 |
| Net value of in-force covered business | | 19 264 | 16 757 | 18 065 |
| Value of in-force covered business | | 21 001 | 18 526 | 19 813 |
| Cost of capital | | (1 737) | (1 755) | (1 721) |
| Minority shareholders' interest | | - | (14) | (27) |
| Sanlam Emerging Markets | | 2 345 | 2 015 | 2 320 |
| Adjusted net worth | | 1 020 | 892 | 1 012 |
| Net value of in-force covered business | | 1 325 | 1 123 | 1 308 |
| Value of in-force covered business | | 2 240 | 1 890 | 2 181 |
| Cost of capital | | (235) | (177) | (226) |
| Minority shareholders' interest | | (680) | (590) | (647) |
| Sanlam UK | | 777 | 637 | 791 |
| Adjusted net worth | | 236 | 177 | 250 |
| Net value of in-force covered business | | 541 | 460 | 541 |
| Value of in-force covered business | | 592 | 485 | 575 |
| Cost of capital | | (51) | (25) | (34) |
| Minority shareholders' interest | | - | - | - |
| Sanlam Employee Benefits | | 5 132 | 5 047 | 5 077 |
| Adjusted net worth | | 4 741 | 4 567 | 4 669 |
| Net value of in-force covered business | | 391 | 480 | 408 |
| Value of in-force covered business | | 1 320 | 1 395 | 1 319 |
| Cost of capital | | (929) | (915) | (911) |
| Minority shareholders' interest | | - | - | - |
| Embedded value of covered business | | 36 073 | 33 045 | 34 875 |
| Adjusted net worth ⁽¹⁾ | | 14 552 | 14 225 | 14 553 |
| Net value of in-force covered business | 1 | 21 521 | 18 820 | 20 322 |
| Embedded value of covered business | | 36 073 | 33 045 | 34 875 |

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life.

⁽²⁾ Comparative information has been restated as referred to in the basis of preparation.

EMBEDDED VALUE OF COVERED BUSINESS (continued)

for the six months ended 30 June 2012

CHANGE IN EMBEDDED VALUE OF COVERED BUSINESS

| R million | Note | Six months Reviewed 2012 | | | |
|--|------|-----------------------------|----------------------|--------------------|-----------------------|
| | | Total | Value of in-force | Cost of capital | Adjusted net worth |
| Embedded value of covered business at the beginning of the period | | 34 875 | 23 145 | (2 823) | 14 553 |
| Value of new business | 2 | 491 | 1 272 | (68) | (713) |
| Net earnings from existing covered business | | 1 557 | (524) | 101 | 1 980 |
| Expected return on value of in-force business | | 1 259 | 1 197 | 62 | - |
| Expected transfer of profit to adjusted net worth | | - | (1 641) | - | 1 641 |
| Operating experience variances | 3 | 230 | (175) | - | 405 |
| Operating assumption changes | 4 | 68 | 95 | 39 | (66) |
| Expected investment return on adjusted net worth | | 528 | - | - | 528 |
| Embedded value earnings from operations | | 2 576 | 748 | 33 | 1 795 |
| Economic assumption changes | 5 | 375 | 401 | 41 | (67) |
| Tax changes | 6 | (234) | (83) | (91) | (60) |
| Investment variances - value of in-force | | 207 | 202 | (39) | 44 |
| Investment variances - investment return on adjusted net worth | | 54 | - | - | 54 |
| Exchange rate movements | | (37) | (41) | 4 | - |
| Net project expenses | 7 | - | - | - | - |
| Embedded value earnings from covered business | | 2 941 | 1 227 | (52) | 1 766 |
| Acquired value of in-force | | 36 | 25 | (1) | 12 |
| Transfers from/(to) other Group operations | | - | - | - | - |
| Transfers from covered business | | (1 779) | - | - | (1 779) |
| Embedded value of covered business at the end of the period | | 36 073 | 24 397 | (2 876) | 14 552 |
| Analysis of earnings from covered business | | | | | |
| Sanlam Personal Finance | | 2 430 | 1 188 | (16) | 1 258 |
| Sanlam Emerging Markets | | 182 | 21 | (1) | 162 |
| Sanlam UK | | 33 | 17 | (17) | 33 |
| Sanlam Employee Benefits | | 296 | 1 | (18) | 313 |
| Embedded value earnings from covered business | | 2 941 | 1 227 | (52) | 1 766 |

⁽¹⁾ Comparative information has been restated as referred to in the basis of preparation.

| | Six months Reviewed 2011 ⁽¹⁾ | | | Full year Audited 2011 |
|---------|--|--------------------|-----------------------|------------------------------|
| Total | Value of in-force | Cost of capital | Adjusted net worth | Total |
| 31 045 | 19 840 | (2 828) | 14 033 | 31 045 |
| 356 | 1 035 | (42) | (637) | 958 |
| 1 450 | (181) | 58 | 1 573 | 3 125 |
| 1 181 | 1 116 | 65 | - | 2 404 |
| - | (1 443) | - | 1 443 | - |
| 231 | 15 | (16) | 232 | 681 |
| 38 | 131 | 9 | (102) | 40 |
| 521 | - | - | 521 | 1 062 |
| 2 327 | 854 | 16 | 1 457 | 5 145 |
| (215) | (195) | (19) | (1) | 132 |
| 1 249 | 1 244 | 2 | 3 | 1 244 |
| (87) | (153) | 15 | 51 | (136) |
| (127) | - | - | (127) | (259) |
| 19 | 20 | (1) | - | 151 |
| (8) | - | - | (8) | (4) |
| 3 158 | 1 770 | 13 | 1 375 | 6 273 |
| 99 | 30 | (5) | 74 | 235 |
| - | - | - | - | 34 |
| (1 257) | - | - | (1 257) | (2 712) |
| 33 045 | 21 640 | (2 820) | 14 225 | 34 875 |
| 2 650 | 1 581 | 26 | 1 043 | 5 146 |
| 152 | 50 | 6 | 96 | 571 |
| 72 | 30 | 4 | 38 | 229 |
| 284 | 109 | (23) | 198 | 327 |
| 3 158 | 1 770 | 13 | 1 375 | 6 273 |

EMBEDDED VALUE OF COVERED BUSINESS (continued)

for the six months ended 30 June 2012

VALUE OF NEW BUSINESS

| R million | Note | Six months Reviewed 2012 | 2011 ⁽¹⁾ | Full year Audited 2011 |
|--|------|--------------------------------|---------------------|------------------------------|
| Value of new business (at point of sale): | | | | |
| Gross value of new business | | 610 | 452 | 1 193 |
| Sanlam Personal Finance | | 412 | 308 | 755 |
| Sanlam Emerging Markets | | 126 | 103 | 248 |
| Sanlam UK | | 10 | 7 | 11 |
| Sanlam Employee Benefits | | 62 | 34 | 179 |
| Cost of capital | | (77) | (51) | (142) |
| Sanlam Personal Finance | | (22) | (21) | (50) |
| Sanlam Emerging Markets | | (18) | (14) | (25) |
| Sanlam UK | | (2) | (1) | (3) |
| Sanlam Employee Benefits | | (35) | (15) | (64) |
| Value of new business | | 533 | 401 | 1 051 |
| Sanlam Personal Finance | | 390 | 287 | 705 |
| Sanlam Emerging Markets | | 108 | 89 | 223 |
| Sanlam UK | | 8 | 6 | 8 |
| Sanlam Employee Benefits | | 27 | 19 | 115 |
| Value of new business attributable to: | | | | |
| Shareholders' fund | 2 | 491 | 356 | 958 |
| Sanlam Personal Finance | | 390 | 286 | 701 |
| Sanlam Emerging Markets | | 66 | 45 | 134 |
| Sanlam UK | | 8 | 6 | 8 |
| Sanlam Employee Benefits | | 27 | 19 | 115 |
| Minority shareholders' interest | | 42 | 45 | 93 |
| Sanlam Personal Finance | | - | 1 | 4 |
| Sanlam Emerging Markets | | 42 | 44 | 89 |
| Sanlam UK | | - | - | - |
| Sanlam Employee Benefits | | - | - | - |
| Value of new business | | 533 | 401 | 1 051 |
| Geographical analysis: | | | | |
| South Africa | | 417 | 298 | 820 |
| Africa | | 109 | 95 | 223 |
| Other international | | 7 | 8 | 8 |
| Value of new business | | 533 | 401 | 1 051 |

⁽¹⁾ Comparative information has been restated as referred to in the basis of preparation.

| R million | Six months Reviewed 2012 | 2011 ⁽¹⁾ | Full year Audited 2011 |
|--|--------------------------------|---------------------|------------------------------|
| Analysis of new business profitability: | | | |
| Before minorities: | | | |
| Present value of new business premiums | 17 930 | 14 785 | 32 786 |
| Sanlam Personal Finance | 12 680 | 10 856 | 23 423 |
| Sanlam Emerging Markets | 2 199 | 1 732 | 3 642 |
| Sanlam UK | 1 042 | 695 | 1 374 |
| Sanlam Employee Benefits | 2 009 | 1 502 | 4 347 |
| New business margin | 2,97% | 2,71% | 3,21% |
| Sanlam Personal Finance | 3,08% | 2,64% | 3,01% |
| Sanlam Emerging Markets | 4,91% | 5,14% | 6,12% |
| Sanlam UK | 0,77% | 0,86% | 0,58% |
| Sanlam Employee Benefits | 1,34% | 1,26% | 2,65% |
| After minorities: | | | |
| Present value of new business premiums | 17 150 | 14 112 | 31 449 |
| Sanlam Personal Finance | 12 669 | 10 823 | 23 353 |
| Sanlam Emerging Markets | 1 430 | 1 092 | 2 375 |
| Sanlam UK | 1 042 | 695 | 1 374 |
| Sanlam Employee Benefits | 2 009 | 1 502 | 4 347 |
| New business margin | 2,86% | 2,52% | 3,05% |
| Sanlam Personal Finance | 3,08% | 2,64% | 3,00% |
| Sanlam Emerging Markets | 4,62% | 4,12% | 5,64% |
| Sanlam UK | 0,77% | 0,86% | 0,58% |
| Sanlam Employee Benefits | 1,34% | 1,26% | 2,65% |

EMBEDDED VALUE OF COVERED BUSINESS (continued)

for the six months ended 30 June 2012

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS

1. Value of in-force sensitivity analysis

| | Gross value of in-force business R million | Cost of capital R million | Net value of in-force business R million | Change from base value % |
|-------------------------------------|---|---------------------------------|---|--------------------------------------|
| Base value | 24 397 | (2 876) | 21 521 | |
| • Risk discount rate increase by 1% | 22 995 | (3 531) | 19 464 | (10) |

2. Value of new business sensitivity analysis

| | Gross value of new business R million | Cost of capital R million | Net value of new business R million | Change from base value % |
|-------------------------------------|---|---------------------------------|---|--------------------------------------|
| Base value | 559 | (68) | 491 | |
| • Risk discount rate increase by 1% | 485 | (84) | 401 | (18) |

| R million | Six months Reviewed 2012 | 2011 | Full year Audited 2011 |
|--|--------------------------------|--------------|------------------------------|
| 3. Operating experience variances | | | |
| Risk experience | 340 | 207 | 431 |
| Working capital and other | (110) | 24 | 250 |
| Total operating experience variances | 230 | 231 | 681 |
| 4. Operating assumption changes | | | |
| Mortality and morbidity | (54) | (131) | 13 |
| Persistency | 29 | (29) | (147) |
| Modelling improvements and other | 93 | 198 | 174 |
| Total operating assumption changes | 68 | 38 | 40 |
| 5. Economic assumption changes | | | |
| Investment yields | 312 | (222) | 130 |
| Long-term asset mix assumptions, inflation gap change and other | 63 | 7 | 2 |
| Total economic assumption changes | 375 | (215) | 132 |

6. Tax changes

Tax changes for 2012 are mostly due to withholding dividend tax and the change to the inclusion rate for capital gains tax.

7. Net project expenses

Net project expenses relate to once-off expenditure on the Group's distribution platform that has not been allowed for in the embedded value assumptions.

8. Economic assumptions

| % | June Reviewed | | December Audited |
|--|------------------|---------|---------------------|
| | 2012 | 2011 | 2011 |
| Gross investment return, risk discount rate and inflation | | | |
| Sanlam Life | | | |
| Point used on the relevant yield curve | 9 year | 9 year | 9 year |
| Fixed-interest securities | 7,6 | 8,7 | 8,2 |
| Equities and offshore investments | 11,1 | 12,2 | 11,7 |
| Hedged equities | 8,1 | 9,2 | 8,7 |
| Property | 8,6 | 9,7 | 9,2 |
| Cash | 6,6 | 7,7 | 7,2 |
| Return on required capital | 8,6 | 9,6 | 9,1 |
| Inflation rate ⁽¹⁾ | 5,6 | 5,7 | 5,2 |
| Risk discount rate | 10,1 | 11,2 | 10,7 |
| SDM Limited | | | |
| Point used on the relevant yield curve | 5 year | 5 year | 5 year |
| Fixed-interest securities | 6,7 | 8,1 | 7,4 |
| Equities and offshore investments | 10,2 | 11,6 | 10,9 |
| Hedged equities | n/a | n/a | n/a |
| Property | 7,7 | 9,1 | 8,4 |
| Cash | 5,7 | 7,1 | 6,4 |
| Return on required capital | 8,0 | 9,4 | 8,7 |
| Inflation rate | 4,7 | 5,1 | 4,4 |
| Risk discount rate | 9,2 | 10,6 | 9,9 |
| Sanlam Life and Pensions UK Limited | | | |
| Point used on the relevant yield curve | 15 year | 15 year | 15 year |
| Fixed-interest securities | 2,3 | 4,0 | 2,5 |
| Equities and offshore investments | 5,5 | 7,2 | 5,7 |
| Hedged equities | n/a | n/a | n/a |
| Property | 5,5 | 7,2 | 5,7 |
| Cash | 2,3 | 4,0 | 2,5 |
| Return on required capital | 2,3 | 4,0 | 2,5 |
| Inflation rate | 2,3 | 3,5 | 2,7 |
| Risk discount rate | 6,0 | 7,7 | 6,2 |
| Botswana Life Insurance | | | |
| Fixed-interest securities | 9,5 | 10,0 | 9,5 |
| Equities and offshore investments | 13,0 | 13,5 | 13,0 |
| Hedged equities | n/a | n/a | n/a |
| Property | 10,5 | 11,0 | 10,5 |
| Cash | 8,5 | 9,0 | 8,5 |
| Return on required capital | 9,6 | 10,1 | 9,6 |
| Inflation rate | 6,5 | 7,0 | 6,5 |
| Risk discount rate | 13,0 | 13,5 | 13,0 |

⁽¹⁾ Expense inflation of 7,6% (Dec 2011: 7,2%) assumed for Retail business administered on old platforms.

Illiquidity premiums

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

Assumed illiquidity premiums generally amount to between 25bps and 50bps (2011: 25bps and 50bps) for non-participating annuities and between 25bps and 110bps (2011: 25bps and 110bps) for guaranteed plans.

EMBEDDED VALUE OF COVERED BUSINESS *(continued)* for the six months ended 30 June 2012

NOTES TO THE EMBEDDED VALUE OF COVERED BUSINESS *(continued)*

8. Economic assumptions *(continued)*

| % | June Reviewed | | December Audited |
|---|------------------|------|---------------------|
| | 2012 | 2011 | 2011 |
| Asset mix for assets supporting required capital | | | |
| Sanlam Life | | | |
| Equities | 26 | 24 | 26 |
| Offshore investments | 10 | 10 | 10 |
| Hedged equities | 13 | 13 | 13 |
| Property | - | 3 | - |
| Fixed-interest securities | 15 | 15 | 15 |
| Cash | 36 | 35 | 36 |
| | 100 | 100 | 100 |
| SDM Limited | | | |
| Equities | 50 | 50 | 50 |
| Cash | 50 | 50 | 50 |
| | 100 | 100 | 100 |
| Sanlam Life and Pensions UK Limited | | | |
| Cash | 100 | 100 | 100 |
| | 100 | 100 | 100 |
| Botswana Life Insurance | | | |
| Equities | 15 | 15 | 15 |
| Property | 10 | 10 | 10 |
| Fixed-interest securities | 25 | 25 | 25 |
| Cash | 50 | 50 | 50 |
| | 100 | 100 | 100 |

Interim condensed consolidated financial statements for the six months ended 30 June 2012

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External review report

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the directors of Sanlam Limited

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sanlam Limited as of 30 June 2012 and the related statements of comprehensive income, changes in equity and cash flow for the six-month period then ended and other explanatory notes set out on pages 61 to 66. The Group's directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 – "Interim Financial Reporting" and the requirements of the Companies Act of South Africa. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard of Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Sanlam Limited is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, *"Interim Financial Reporting"* and the requirements of the Companies Act of South Africa.

Ernst & Young Inc
Director: Malcolm Rapson
Registered Auditor
Chartered Accountant (SA)

Ernst & Young House
35 Lower Long Street
Cape Town

5 September 2012

STATEMENT OF FINANCIAL POSITION

at 30 June 2012

| R million | June Reviewed 2012 | December Audited 2011 |
|--|--------------------------|-----------------------------|
| ASSETS | | |
| Property and equipment | 488 | 514 |
| Owner-occupied properties | 586 | 586 |
| Goodwill | 3 182 | 3 195 |
| Other intangible assets | 42 | 47 |
| Value of business acquired | 1 599 | 1 611 |
| Deferred acquisition costs | 2 570 | 2 427 |
| Long-term reinsurance assets | 748 | 674 |
| Investments | 349 280 | 329 150 |
| Properties | 16 086 | 15 310 |
| Equity-accounted investments | 3 123 | 2 938 |
| Equities and similar securities | 175 833 | 165 582 |
| Public sector stocks and loans | 58 667 | 58 831 |
| Debentures, insurance policies, preference shares and other loans | 37 446 | 35 002 |
| Cash, deposits and similar securities | 58 125 | 51 487 |
| Deferred tax | 439 | 640 |
| Non-current assets held for sale | - | 1 390 |
| Short-term insurance technical assets | 2 010 | 1 831 |
| Working capital assets | 44 664 | 40 138 |
| Trade and other receivables | 30 070 | 25 761 |
| Cash, deposits and similar securities | 14 594 | 14 377 |
| Total assets | 405 608 | 382 203 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital and premium | 22 | 22 |
| Treasury shares | (3 739) | (3 780) |
| Other reserves | 8 990 | 9 228 |
| Retained earnings | 28 130 | 28 352 |
| Shareholders' fund | 33 403 | 33 822 |
| Minority shareholders' interest | 2 700 | 3 046 |
| Total equity | 36 103 | 36 868 |
| Long-term policy liabilities | 298 610 | 282 421 |
| Insurance contracts | 139 298 | 135 742 |
| Investment contracts | 159 312 | 146 679 |
| Term finance | 6 356 | 6 295 |
| Margin business | 2 397 | 2 414 |
| Other interest-bearing liabilities | 3 959 | 3 881 |
| Derivative liabilities | 214 | 212 |
| External investors in consolidated funds | 14 871 | 11 592 |
| Cell owners' interest | 611 | 603 |
| Deferred tax | 902 | 902 |
| Short-term insurance technical provisions | 8 694 | 8 682 |
| Working capital liabilities | 39 247 | 34 628 |
| Trade and other payables | 36 648 | 32 502 |
| Provisions | 433 | 423 |
| Taxation | 2 166 | 1 703 |
| Total equity and liabilities | 405 608 | 382 203 |

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2012

| R million | Note | Reviewed 2012 | Reviewed 2011 |
|--|------|------------------|------------------|
| Net income | | 36 638 | 24 862 |
| Financial services income | | 19 397 | 17 505 |
| Reinsurance premiums paid | | (2 188) | (1 707) |
| Reinsurance commission received | | 270 | 214 |
| Investment income | | 9 171 | 7 442 |
| Investment surpluses | | 10 780 | 1 512 |
| Finance cost – margin business | | (82) | (110) |
| Change in fair value of external investors' liability | | (710) | 6 |
| Net insurance and investment contract benefits and claims | | (24 589) | (13 930) |
| Long-term insurance and investment contract benefits | | (19 859) | (9 664) |
| Short-term insurance claims | | (5 859) | (5 220) |
| Reinsurance claims received | | 1 129 | 954 |
| Expenses | | (7 542) | (6 821) |
| Sales remuneration | | (2 589) | (2 485) |
| Administration costs | | (4 953) | (4 336) |
| Impairments | | (6) | (22) |
| Amortisation of intangibles | | (70) | (78) |
| Net operating result | | 4 431 | 4 011 |
| Equity-accounted earnings | | 271 | 221 |
| Finance cost – other | | (163) | (179) |
| Profit before tax | | 4 539 | 4 053 |
| Taxation | | (1 779) | (1 303) |
| Shareholders' fund | | (1 298) | (947) |
| Policyholders' fund | | (481) | (356) |
| Profit for the period | | 2 760 | 2 750 |
| Other comprehensive income | | | |
| Movement in foreign currency translation reserve | | 2 | 101 |
| Comprehensive income for the period | | 2 762 | 2 851 |
| Allocation of comprehensive income | | | |
| Profit for the period | | 2 760 | 2 750 |
| Shareholders' fund | | 2 402 | 2 274 |
| Minority shareholders' interest | | 358 | 476 |
| Comprehensive income for the period | | 2 762 | 2 851 |
| Shareholders' fund | | 2 417 | 2 370 |
| Minority shareholders' interest | | 345 | 481 |
| Earnings attributable to shareholders of the company (cents): | | | |
| Profit for the period | | | |
| Basic earnings per share | 1 | 124,8 | 117,0 |
| Diluted earnings per share | 1 | 119,8 | 113,1 |

STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2012

| R million | Reviewed 2012 | Reviewed 2011 |
|---|------------------|------------------|
| Shareholders' fund: | | |
| Balance at beginning of the period | 33 822 | 31 778 |
| Comprehensive income | 2 417 | 2 370 |
| Profit for the period | 2 402 | 2 274 |
| Other comprehensive income: movement in foreign currency translation reserve | 15 | 96 |
| Net acquisition of treasury shares ⁽¹⁾ | (413) | (1 170) |
| Share-based payments | 161 | 87 |
| Acquisitions, disposals and other movements in interests | (28) | (14) |
| Dividends paid ⁽²⁾ | (2 556) | (2 261) |
| Balance at end of the period | 33 403 | 30 790 |
| Minority shareholders' interest | | |
| Balance at beginning of the period | 3 046 | 2 608 |
| Comprehensive income | 345 | 481 |
| Profit for the period | 358 | 476 |
| Other comprehensive income: movement in foreign currency translation reserve | (13) | 5 |
| Net acquisition of treasury shares ⁽¹⁾ | - | (14) |
| Share-based payments | 15 | 9 |
| Dividends paid | (682) | (305) |
| Acquisitions, disposals and other movements in interests | (24) | 42 |
| Balance at end of the period | 2 700 | 2 821 |
| Shareholders' fund | 33 822 | 31 778 |
| Minority shareholders' interest | 3 046 | 2 608 |
| Total equity at beginning of the period | 36 868 | 34 386 |
| Shareholders' fund | 33 403 | 30 790 |
| Minority shareholders' interest | 2 700 | 2 821 |
| Total equity at end of the period | 36 103 | 33 611 |

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

⁽²⁾ Dividend of 130 cents per share paid during 2012 (2011: 115 cents per share) in respect of the 2011 financial year.

CASH FLOW STATEMENT

for the six months ended 30 June 2012

| R million | Reviewed 2012 | Reviewed 2011 |
|--|------------------|------------------|
| Cash flow from operating activities | 6 523 | 5 532 |
| Cash flow from investment activities | 796 | (5 802) |
| Cash flow from financing activities | (456) | (948) |
| Net increase/(decrease) in cash and cash equivalents | 6 863 | (1 218) |
| Cash, deposits and similar securities at beginning of the period | 65 857 | 61 164 |
| Cash, deposits and similar securities at end of the period | 72 720 | 59 946 |

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the six months ended 30 June 2012

Reviewed
2012

Reviewed
2011

1. EARNINGS PER SHARE

For basic earnings per share the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries and policyholders. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

For diluted earnings per share the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme, treasury shares held by subsidiaries and the conversion of deferred shares. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Refer to page 50 for normalised earnings per share, which is based on the economic earnings attributable to the shareholders' fund, and should be used when evaluating the Group's economic performance.

| | cents | cents |
|--|----------------|----------------|
| Basic earnings per share: | | |
| Headline earnings | 125,1 | 113,5 |
| Profit attributable to shareholders' fund | 124,8 | 117,0 |
| Diluted earnings per share: | | |
| Headline earnings | 120,1 | 109,6 |
| Profit attributable to shareholders' fund | 119,8 | 113,1 |
| | R million | R million |
| Analysis of earnings: | | |
| Profit attributable to shareholders' fund | 2 402 | 2 274 |
| Less: Net profit on disposal of operations | - | (91) |
| Profit on disposal of subsidiaries | - | (103) |
| Tax on profit on disposal of subsidiaries and businesses | - | 17 |
| Minority shareholders' interest | - | (5) |
| Plus: Impairments | 6 | 22 |
| Headline earnings | 2 408 | 2 205 |
| | million | million |
| Number of shares: | | |
| Number of ordinary shares in issue at beginning of the period | 2 100,0 | 2 100,0 |
| Less: Weighted Sanlam shares held by subsidiaries (including policyholders) | (174,6) | (156,8) |
| Adjusted weighted average number of shares for basic earnings per share | 1 925,4 | 1 943,2 |
| Add: Weighted conversion of deferred shares | 46,7 | 30,7 |
| Add: Total number of shares and options | 33,2 | 38,3 |
| Less: Number of shares (under option) that would have been issued at fair value | - | (1,2) |
| Adjusted weighted average number of shares for diluted earnings per share | 2 005,3 | 2 011,0 |

| R million | Reviewed 2012 | Reviewed 2011 |
|--|------------------|------------------|
| 2. RECONCILIATION OF SEGMENTAL INFORMATION | | |
| Segment financial services income (per shareholders' fund information) | 17 933 | 16 396 |
| Sanlam Personal Finance | 5 496 | 5 139 |
| Sanlam Emerging Markets | 1 300 | 1 088 |
| Sanlam Investments | 3 152 | 2 877 |
| Santam | 7 906 | 7 220 |
| Corporate, consolidation and other | 79 | 72 |
| IFRS adjustments | 1 464 | 1 109 |
| Total financial services income | 19 397 | 17 505 |
| Segment results (per shareholders' fund information after tax and minorities) | 2 533 | 2 271 |
| Sanlam Personal Finance | 2 499 | 1 261 |
| Sanlam Emerging Markets | 245 | 157 |
| Sanlam Investments | 591 | 489 |
| Santam | 283 | 368 |
| Corporate, consolidation and other | (1 085) | (4) |
| Reverse minority shareholders' interest included in segment result | 358 | 476 |
| Fund transfers | (131) | 3 |
| Total profit for the period | 2 760 | 2 750 |
| Additional segmental information is provided in the Shareholders' information (refer page 32 to 37). | | |

3. CONTINGENT LIABILITIES

Shareholders are referred to the contingent liabilities disclosed in the 2011 annual report. The circumstances surrounding the other contingent liabilities remain materially unchanged, apart from the total utilisation of guarantees by SCM which increased from R8.5 billion to a maximum of R11 billion at any one time.

4. SUBSEQUENT EVENTS

As indicated in the overview of the results, the transaction in terms of which the Group will invest R2 billion in the Shriram Capital Group is expected to conclude imminently. The cash component of the purchase consideration will be settled from existing cash resources.

No other material facts or circumstances have arisen between the dates of the balance sheet and this report that affect the financial position of the Sanlam Group at 30 June 2012 as reflected in these financial statements.

ADMINISTRATION

GROUP SECRETARY

Sana-Ullah Bray

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(Registration number 1959/001562/06)
JSE share code (primary listing): SLM
NSX share code: SLA
ISIN: ZAE000070660
Incorporated in South Africa

TRANSFER SECRETARIES

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DIRECTORS

DK Smith (Chairman), PT Motsepe (Deputy Chairman), J van Zyl ⁽¹⁾ (Group Chief Executive),
MMM Bakane-Tuoane, AD Botha, P Buthelezi, FA du Plessis, MV Moosa, JP Möller ⁽¹⁾,
YG Muthien ⁽¹⁾, TI Mvusi ⁽¹⁾, SA Nkosi, I Plenderleith ⁽²⁾, P de V Rademeyer, RV Simelane,
CG Swanepoel, ZB Swanepoel, PL Zim

⁽¹⁾ Executive

⁽²⁾ British

SPONSOR

Deutsche Securities (SA) (Proprietary) Limited



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