



**interim results**  
for the six months ended  
30 June 2015



Insurance

Financial Planning

Retirement

Investments

Wealth



# Contents

---

## 1

### Overview

Key features	2
Salient results	3
Executive review	4
Comments on the results	7

---

## 2

### Interim financial statements

Accounting policies and basis of preparation	22
Shareholders' information	23
Independent auditors' review report on Sanlam Limited interim shareholders' information	24
Group Equity Value	25
Change in Group Equity Value	26
Return on Group Equity Value	27
Shareholders' fund at fair value	28
Shareholders' fund income statement	30
Notes to the shareholders' fund information	32
Embedded value of covered business	46
Interim condensed consolidated financial statements	53
Independent auditors' review report on interim condensed consolidated financial statements	54
Statement of financial position	55
Statement of comprehensive income	56
Statement of changes in equity	57
Cash flow statement	57
Notes to the interim condensed consolidated financial statements	58

---

## 3

### Administration

66

---

## Key features

### Earnings

- ⌚ Net result from financial services per share increased by **5%**
- ⌚ Normalised headline earnings per share up **4%**

### Business volumes

- ⌚ New business volumes up 22% to **R100 billion**
- ⌚ Net value of new covered business up 5% to **R655 million**
- ⌚ Net new covered business margin of **2,66%** (2,68% in 2014)
- ⌚ Net fund inflows of **R7 billion**

### Group Equity Value

- ⌚ Group Equity Value per share of **R47,53**
- ⌚ Annualised return on Group Equity Value per share of **13%**

### Capital management

- ⌚ Unallocated discretionary capital of **R2,5 billion** at 30 June 2015
- ⌚ Sanlam Life Insurance Limited CAR cover of **4,8 times**

# Salient results

for the six months ended 30 June 2015

		2015	2014	% Δ
<b>Sanlam Group</b>				
<b>Earnings</b>				
Net result from financial services per share	cents	<b>177,0</b>	169,2	5
Normalised headline earnings per share <sup>(1)</sup>	cents	<b>224,2</b>	214,8	4
Diluted headline earnings per share	cents	<b>233,1</b>	220,2	6
Net result from financial services	R million	<b>3 622</b>	3 461	5
Normalised headline earnings <sup>(1)</sup>	R million	<b>4 588</b>	4 393	4
Headline earnings	R million	<b>4 726</b>	4 447	6
Group administration cost ratio <sup>(2)</sup>	%	<b>30,0</b>	29,2	
Group operating margin <sup>(3)</sup>	%	<b>27,2</b>	27,5	
<b>Business volumes</b>				
New business volumes	R million	<b>99 879</b>	81 833	22
Net fund inflows	R million	<b>6 769</b>	19 222	(65)
Net new covered business				
Value of new covered business	R million	<b>655</b>	626	5
Covered business PVNBP <sup>(4)</sup>	R million	<b>24 633</b>	23 335	6
New covered business margin <sup>(5)</sup>	%	<b>2,66</b>	2,68	
<b>Group Equity Value</b>				
Group Equity Value <sup>(7)</sup>	R million	<b>97 263</b>	95 936	1
Group Equity Value per share <sup>(7)</sup>	cents	<b>4 753</b>	4 684	1
Annualised return on Group Equity Value per share <sup>(6)(7)</sup>	%	<b>13,0</b>	18,5	
<b>Sanlam Life Insurance Limited</b>				
Shareholders' fund <sup>(7)</sup>	R million	<b>72 665</b>	68 156	
Capital Adequacy Requirements (CAR) <sup>(7)</sup>	R million	<b>8 500</b>	8 325	
CAR covered by prudential capital <sup>(7)</sup>	Times	<b>4,8</b>	4,5	

## Notes

<sup>(1)</sup> Normalised headline earnings = headline earnings, excluding fund transfers.

<sup>(2)</sup> Administration costs as a percentage of income after sales remuneration.

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

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

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

<sup>(6)</sup> 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.

<sup>(7)</sup> Comparative figures are as at 31 December 2014.

Following the exceptional results achieved by the Group in its 2014 financial year, some headwinds contributed to a more subdued overall performance in the first half of 2015. The strong investment market performance over a number of years as well as favourable claims experience in most life and general insurance businesses in the recent past set a high comparable base for growth in 2015. Notwithstanding, overall new business production proved particularly resilient with growth of 22%. Net result from financial services, however, increased by a more modest 5% as under performance in a few areas concealed an otherwise sound result.

- ⌚ A challenging business environment persisted in **South Africa**, the region with the largest contribution to the Group's results. The South African economy continues to struggle with a modest growth outlook of below 2% for 2015. Disposable income remains under pressure from a combination of high exposure to debt and inflationary strain, in particular large hikes in electricity prices. The competitive environment also remains challenging in all lines of business.

These conditions are not supportive of growth in new business, with the middle income market segment bearing the brunt of the economic pressures. Individual Life new business volumes in the middle income market increased only marginally as a result. Strong growth in the entry-level and mass affluent markets, however, more than compensated for this with overall strong growth in South African new business sales. A strong investment market performance in 2014 increased average assets under management and fund based fee income in 2015, but to a lesser extent than for the first half of 2014.

- ⌚ Contrary to prior years, a number of our **Rest of Africa** markets are simultaneously facing some headwinds, including some of the larger contributors to Sanlam Emerging Markets' results. Low commodity prices, especially oil, are impacting on economic growth in several markets, with many African currencies that are experiencing significant volatility (Ghana, Zambia and Nigeria in particular). Ghana is also struggling with high levels of inflation and interest rates. The competitive environment is showing some change with an increase in competition where international players entered the markets (Ghana, Kenya and Nigeria).

Low levels of insurance penetration and the Group's diversified portfolio in the Rest of Africa region compensated somewhat for these conditions, with overall sound growth being achieved for the six months to 30 June 2015, albeit at a lower level than our longer-term targets.

- ⌚ The **Indian** economy continues to grow, although below its long-term potential. A renewed optimism for improved growth prospects emerged after the recent elections but any significant improvement will take some time to crystallise. The benefits of this are only expected to reflect in the results of our Indian operations over the medium term. This realisation is also evident in the Indian equity market that pulled back after its post-election run. Delays in the roll out of infrastructure development are impacting negatively on the bad debt experience in the banking and lending sectors, with Shriram Capital's equipment finance business being particularly hard hit, resulting in significant bad debt write-offs recognised in respect of this business in the Group's 2015 interim results.
- ⌚ Growth prospects for the **Malaysian** economy remain intact, despite some pressure from low oil prices.

Our primary strategic objective of optimising value creation for shareholders, as measured by Return on Group Equity Value (RoGEV), remains solidly in place. Given the nature of the Group's diversified business, we consider this measure of performance the most appropriate since it incorporates the results of all the major value drivers in the business. The annualised RoGEV per share for the six months to 30 June 2015 of 13% exceeded the target of 12,1%. Normalised RoGEV per share (annualised), which excludes the investment market performance in excess of long-term assumptions as well as changes in interest rates and other factors outside of management's control, amounted to 15,8%, also in excess of the target.

Net operating profit (net result from financial services) grew by 5%. Sanlam Personal Finance and Santam achieved solid growth of 11% and 17% respectively. Sanlam Investments and Sanlam Emerging Markets reported lower earnings than the comparable 2014 period. Lower performance fees and higher administration costs relating to outsourcing projects and capacity building were the main contributors to Sanlam Investments' earnings decline, with the remainder of the cluster achieving satisfactory growth. The bad debt experience in Shriram Capital and a particularly challenging environment in Zambia and Kenya, depressed an otherwise good performance from Sanlam Emerging Markets.

The net value of new covered business (VNB) increased by 5% at a margin of 2,66%. This is broadly in line with the 2,68% margin achieved in the first half of 2014.

### ➤ Strategic initiatives

The Sanlam board of directors (Board) reconfirmed the Group's strategic positioning at its recent Board summit. The strategy remains focused on five pillars:

- Improving performance through top-line growth
  - Increasing market share in key segments
  - Diversifying the base (including geographical presence, products, market segments and distribution platforms)
- Improved operating and cost efficiencies, including quality of business written
- Prioritising Sanlam's international positioning through diversification
- Improving capital efficiency on an ongoing basis
- Embracing and accelerating transformation of the Group.

Since introducing the strategy in 2003, different pillars have received emphasis from time to time as the Group evolved, the economic and operating environment changed and client needs and preferences developed. In line with this approach, specific attention will be given to the following strategic pillars in the remainder of 2015 and into 2016:

- After a number of years of stellar investment market performance a period of muted investment return is expected in South Africa. Given the impact that this will have on the Group's asset-based fee income in Sanlam Investments and Sanlam Personal Finance, these businesses will place increased attention on operating and cost efficiencies, while not losing focus on growing new business volumes profitably. Further diversification of these businesses remains a priority.

- The Sanlam Emerging Markets cluster is currently invested in more than 50 companies across Rest of Africa, India and Malaysia after making a number of acquisitions over the last few years. Increased emphasis will now be placed on organic growth and extracting maximum value from its current investments and relationships, while continuing to explore new investment opportunities.
- The South African life and general insurance businesses are making good progress in complying with the new solvency regime (Solvency Assessment and Management – a South African Solvency II-based regime) currently being implemented by the South African regulator with an effective date planned for early in 2016. Following compliance, the next phase for the Group is to evaluate the structure and strategic asset allocation of the capital supporting the South African insurance operations within the new regulatory environment to continue optimising RoGEV.

### ➤ Outlook

We expect that the economic and operating environment will remain challenging for the remainder of 2015 with a resulting impact on the Group's key operational performance indicators. Shareholders also need to be aware of the impact of the level of interest rates and financial market returns and volatility on the Group's earnings and Group Equity Value. Relative movements in these elements may have a major impact on the growth in normalised headline earnings and Group Equity Value to be reported for the 2015 financial year. Relatively strong operating earnings growth experienced in the second half of 2014 also causes an increase in the comparable base.

Despite the short-term pressure on operating earnings growth, we remain confident that we will deliver on our longer-term growth targets.

## 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, among 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. Any forward-looking information contained in this announcement has not been reviewed and reported on by Sanlam's external auditors.

## Comments on the results

### ➤ Introduction

The Sanlam Group International Financial Reporting Standards (IFRS) financial statements for the six months ended 30 June 2015 are presented based on and in compliance with IFRS, specifically IAS 34 on Interim Financial Reporting. The basis of presentation and accounting policies for the IFRS financial statements and shareholders' information are in all material respects consistent with those applied in the 2014 Annual Report.

Most of the Group's businesses achieved a sound underlying performance in the first half of 2015, but this was marred by the following that had a significant impact on the Group's overall performance:

- Sanlam Investments' operating earnings were negatively affected by a decline in performance fees as well as an increase in administration expenditure relating to outsourcing projects and increased client service capacity.
- An additional adjustment premium received by Sanlam Employee Benefits in respect of the 2014 AECI policy generated new business strain of R27 million for the period.
- The Group's Kenyan business went live with a new policy administration system towards the end of 2014. Initial system instability had an impact on both client service levels as well as the business' ability to accurately determine agent remuneration. The resulting instability in the distribution channel had a significantly negative impact on new business sales, VNB and the operating profit of the life insurance company. The system and relationships with the adviser force have been stabilised and an improvement in new business performance is expected over the coming months.
- Zambia experienced a particularly difficult business environment, including unplanned elections after the passing of its president, severe flooding and currency volatility. New business sales, VNB and profitability were severely impacted as a result.
- Shriram Transport Finance Company's subsidiary focused on equipment financing experienced abnormal levels of bad debt. The subsidiary expanded its lending book in

anticipation of the newly elected government's infrastructure projects. Delays in the roll out of these projects are placing a large number of clients under financial pressure, with the outstanding loan book growing outside of normal parameters. This required a significant strengthening in the provision for bad debts. In addition, the 2014 comparative results included a R72 million once-off release of provisions relating to Shriram General Insurance's third-party pool book, thereby increasing the comparative base.

### ➤ Operating environment

#### Economic conditions

Economic conditions in the first six months of the 2015 financial year were not conducive to growth in a number of countries where the Group operates, as expanded on in the executive review. Despite these conditions, we were able to deliver a generally sound operational performance, however, with certain areas under performing in the current environment. The medium to long-term growth potential of all regions remains intact.

#### Equity markets

The South African equity market delivered a relatively weaker performance with the FTSE/JSE All Share Index recording a total return of 6,7% for the six months to 30 June 2015, compared to a return of 11,8% in the comparable six-month period in 2014. Investment return earned on the Group's capital portfolio was commensurately lower, with a similar impact on headline earnings. The MSCI World Index return in rand of 7,8% was in line with the first half of 2014.

#### Interest rates

South African long-term interest rates rose by some 40 basis points since the end of 2014, but were broadly in line with the 30 June 2014 levels. RoGEV for the first six months of 2015 was negatively impacted by the rise in rates since the end of 2014. Growth in VNB was only marginally affected given the stability in rates compared to the 30 June 2014 comparable base for this metric. The South African All Bond Index returned 1,6% in the first half of 2015 compared to a return of 3,4% for the same period in 2014.

## Comments on the results continued

### Foreign currency exchange rates

The South African rand weakened against most developed market currencies over the 18 months to 30 June 2015, with a number of other African currencies also experiencing exchange rate weakness. A combination of weak commodity prices and current account and budget deficits were the main drivers of the volatility. The exchange rate of the rand against the currencies to which the Group has major exposure is summarised in the table below.

Foreign currency/ ZAR	Europe EUR	United Kingdom GBP	USA USD	Botswana BWP	India INR	Rest of Africa (weighted)
31/12/2014	14,01	18,05	11,57	1,23	0,18	
30/06/2015	<b>13,55</b>	<b>19,08</b>	<b>12,15</b>	<b>1,25</b>	<b>0,19</b>	
Weakening/(strengthening)	(3,3%)	5,7%	5,0%	1,5%	5,7%	(5,4%)
Average first half 2014	14,66	17,85	10,70	1,23	0,18	
Average first half 2015	<b>13,29</b>	<b>18,14</b>	<b>11,91</b>	<b>1,24</b>	<b>0,19</b>	
Weakening/(strengthening)	(9,4%)	1,6%	11,3%	0,9%	7,6%	(5,9%)

### > Group Equity Value

Group Equity Value (GEV) amounted to R97,3 billion or 4 753 cents per share on 30 June 2015. Including the dividend of 225 cents per share paid during the six months, a RoGEV per share of 6,3% (annualised 13%) was achieved for the first half of 2015, exceeding the 2015 performance hurdle of 5,9% (annualised 12,1%). Excluding the impact of investment returns in excess of the long-term expectations, higher long-term interest rates and certain other once-off effects, an adjusted RoGEV per share of 7,6% (annualised 15,8%) is also in excess of the return target.

The Group's life operations (covered business) achieved a RoGEV of 6,9% for the first six months of 2015, with the non-life businesses (other Group operations) delivering a return of 7,2%. This compares to returns of 9,1% and 10,1% respectively for covered business and other Group operations in the comparable 2014 period. The relatively weaker return on covered business in 2015 is largely attributable to the following:

- > The more benign investment market performance in the first half of 2015 contributed to a R395 million decrease in investment variances on the in-force life book, as well as a R95 million decline in investment variances on the capital portfolio backing the covered business operations.
- > The moderating mortality claims experience in a number of businesses contributed to a R69 million decline in the positive operating experience variances generated by the in-force life book. Positive persistency experience of R88 million for the first half of 2015 is a particularly satisfactory result in a challenging operating environment across many Group businesses.
- > Operating assumption changes contributed R96 million less to the earnings from covered business, primarily due to various model refinements and improvements.

The decline in return from other Group operations relative to the first half of 2014 is largely due to lower investment return earned on the listed Santam shareholding (7% in the first half of 2014 compared to only 2,5% in the first six months of 2015) and a significantly lower return contribution from Sanlam Emerging Markets' investment in Shriram Capital. The losses incurred in Shriram Transport Finance's equipment finance subsidiary had a negative effect on the 30 June 2015 valuations, as well as an increase in the effective dividend withholding tax rate. The 2014 comparative period also included a once-off valuation uplift following the introduction of the Piramal Group as a new equity investor in Shriram Capital, which further impacted returns on a relative basis.

All clusters exceeded their return hurdles for the period, apart from Sanlam Emerging Markets. The operational challenges in Zambia and Kenya, weaker Rest of Africa currencies and low return earned on the Shriram Capital investment depressed the Cluster's return in the first half of 2015.

## Comments on the results continued

### ➤ Group Equity Value at 30 June 2015

R million	GEV		RoGEV	
	June 2015	December 2014		%*
<b>Group operations</b>	<b>90 932</b>	87 739	6 165	7,0
Sanlam Personal Finance	<b>39 312</b>	38 453	3 129	8,1
Sanlam Emerging Markets	<b>14 859</b>	14 571	702	4,8
Sanlam Investments	<b>22 135</b>	20 122	1 975	9,8
Santam	<b>14 626</b>	14 593	359	2,5
<b>Covered business</b>	<b>49 006</b>	48 393	3 319	6,9
Value of in-force	<b>31 628</b>	31 207	2 629	8,4
Adjusted net worth	<b>17 378</b>	17 186	690	4,0
<b>Other operations</b>	<b>41 926</b>	39 346	2 846	7,2
<b>Group operations</b>	<b>90 932</b>	87 739	6 165	7,0
Discretionary capital and other	<b>6 331</b>	8 197	(263)	(3,2)
<b>Group Equity Value</b>	<b>97 263</b>	95 936	5 902	6,2
<i>Per share (cents)</i>	<b>4 753</b>	4 684	294	6,3

\* Return for the six months, non-annualised.

The negative return on discretionary and other capital is essentially the combined effect of the investment return earned on surplus capital (substantially invested in low-yielding liquid assets), offset by corporate costs and timing differences in respect of the recognition of long-term incentive scheme costs at the interim reporting stage.

### ➤ Earnings

#### Shareholders' fund income statement for the six months ended 30 June 2015

R million	2015	2014	% Δ
Net result from financial services	<b>3 622</b>	3 461	5
Sanlam Personal Finance	<b>1 955</b>	1 763	11
Sanlam Emerging Markets	<b>562</b>	624	(10)
Sanlam Investments	<b>712</b>	727	(2)
Santam	<b>413</b>	353	17
Corporate and other	<b>(20)</b>	(6)	(>100)
Net investment return	<b>1 148</b>	1 122	2
Project costs and amortisation	<b>(143)</b>	(123)	(16)
Equity participation costs	<b>(39)</b>	(67)	42
<b>Normalised headline earnings</b>	<b>4 588</b>	4 393	4
<i>Per share (cents)</i>	<b>224,2</b>	214,8	4

## Comments on the results continued

Net result from financial services (net operating profit) of R3,6 billion increased by 5% on 2014. A higher level of assets under management across most asset management and administration businesses supported fund-based fee income. After exceptionally favourable mortality experience in 2014, the level of claims normalised to some extent across most businesses, resulting in an overall marginal decline in life underwriting profit. This was aggravated by the abnormal items highlighted in the introductory paragraph above. Excluding the abnormal items, net result from financial services increased by 11%, a commendable performance against a high comparative base. The individual cluster results are discussed in more detail below.

Normalised headline earnings of R4,6 billion are 4% up on 2014. This is the combined effect of the 5% increase in net result from financial services and marginally higher investment return earned on the Group's capital portfolio. Investment surpluses declined by more than 20% following the weaker equity market performance in the first half of 2015 compared to the same period in 2014. This was partly offset by higher investment income earned in most businesses and the first-time inclusion of MCIS Malaysia's results.

### ➤ Business volumes

The Group achieved overall growth of 22% in new business volumes. Life insurance new business volumes increased by 6%, augmented by 29% and 9% growth in new investment and general insurance business respectively. All clusters contributed to the solid performance, despite some pressure experienced in the following segments:

- The South African middle income market continues to feel the pressure of high levels of inflation and debt as evident in only a marginal increase in new business sales in this segment.
- The group risk market in South Africa continues to be highly competitive with all market participants pricing keenly to retain business. Many schemes are accordingly not changing service providers, resulting in an overall decline in new business for the industry. Sanlam Employee Benefits is no exception, experiencing a marked decline in new recurring premium risk business.
- In Sanlam Emerging Markets, the Kenyan and Zambian businesses' results reflect the particular issues experienced by these businesses, as highlighted above.
- Sanlam Investments' International business recorded a marked decline in new business volumes, attributable to the disposal of Intrinsic during 2014.

Sanlam Sky's improved performance in the South African entry-level market is particularly pleasing.

As indicated in the Group's 2014 Annual Report, the Botswana Public Officers Pension Fund (BPOPF) withdrew R11,5 billion from the Group's Botswana asset manager. This withdrawal also coincided with a simultaneous withdrawal by the BPOPF of some R3 billion from Sanlam Investments' International asset management business. Excluding these flows, net fund inflows increased by some 10% on the comparable 2014 period.

### Business volumes for the six months ended 30 June 2015

R million	New business			Net inflows		
	2015	2014	% Δ	2015	2014	% Δ
Sanlam Personal Finance	29 162	23 662	23	10 188	8 087	26
Sanlam Emerging Markets	5 395	4 030	34	(8 981)	1 762	(>100)
Sanlam Investments	56 234	45 682	23	2 260	6 362	(64)
Santam	9 088	8 459	7	3 302	3 011	10
<b>Total</b>	<b>99 879</b>	<b>81 833</b>	<b>22</b>	<b>6 769</b>	<b>19 222</b>	<b>(65)</b>
Covered business	18 620	17 536	6	5 822	6 137	(5)
Investment business	71 359	55 251	29	(2 549)	9 926	(>100)
General insurance	9 900	9 046	9	3 496	3 159	11
<b>Total</b>	<b>99 879</b>	<b>81 833</b>	<b>22</b>	<b>6 769</b>	<b>19 222</b>	<b>(65)</b>

## Comments on the results continued

Following similar withdrawals in the past, the Public Investment Corporation gave notice during July 2015 for the further withdrawal of R10 billion of its assets managed by Sanlam Investments as part of the restructuring of its investment portfolio. This outflow will be recognised in the second half of the year.

The VNB written in the six months to 30 June 2015 increased by 5% on the same period in 2014. Sanlam Personal Finance and Sanlam Emerging Markets achieved good growth despite the challenges faced in certain segments. This was, however, partly offset by disappointing results from Sanlam Employee Benefits and Sanlam UK. The decline in group risk business at Sanlam Employee Benefits contributed to a 62% decline in its contribution to VNB. Similarly, the decline in new life business volumes at Sanlam UK led to a 55% decline in its VNB contribution. The overall VNB margin declined slightly from 2014, largely due to a change in business mix in most businesses.

### Value of new covered business for the six months ended 30 June 2015

R million	2015 economic basis			2014 economic basis		
	2015	2014	% Δ	2015	2014	% Δ
Value of new covered business	<b>730</b>	697	5	<b>736</b>	697	6
Sanlam Personal Finance	<b>482</b>	437	10	<b>486</b>	437	11
Sanlam Emerging Markets	<b>222</b>	196	13	<b>225</b>	196	15
Sanlam Investments	<b>26</b>	64	(59)	<b>25</b>	64	(61)
Net of non-controlling interest	<b>655</b>	626	5	<b>660</b>	626	5
Present value of new business premiums	<b>25 866</b>	24 202	7	<b>25 886</b>	24 202	7
Sanlam Personal Finance	<b>18 263</b>	15 990	14	<b>18 279</b>	15 990	14
Sanlam Emerging Markets	<b>3 599</b>	2 684	34	<b>3 606</b>	2 684	34
Sanlam Investments	<b>4 004</b>	5 528	(28)	<b>4 001</b>	5 528	(28)
Net of non-controlling interest	<b>24 633</b>	23 335	6	<b>24 649</b>	23 335	6
New covered business margin	<b>2,82%</b>	2,88%		<b>2,84%</b>	2,88%	
Sanlam Personal Finance	<b>2,64%</b>	2,73%		<b>2,66%</b>	2,73%	
Sanlam Emerging Markets	<b>6,17%</b>	7,30%		<b>6,24%</b>	7,30%	
Sanlam Investments	<b>0,65%</b>	1,16%		<b>0,62%</b>	1,16%	
Net of non-controlling interest	<b>2,66%</b>	2,68%		<b>2,68%</b>	2,68%	

## Comments on the results continued

### ➤ Cluster performance

#### Sanlam Personal Finance

##### Key performance indicators for the six months ended 30 June 2015

R million	2015	2014	% Δ
<b>Group Equity Value</b>			
Group Equity Value*	<b>39 312</b>	38 453	2
Covered business	<b>36 181</b>	35 444	2
Other operations	<b>3 131</b>	3 009	4
Return on Group Equity Value (six months)	<b>8,1%</b>	8,7%	
Covered business	<b>8,0%</b>	8,7%	
Other operations	<b>10,2%</b>	9,0%	
<b>Business volumes</b>			
New business volumes	<b>29 162</b>	23 662	23
Life business	<b>13 546</b>	11 552	17
Sanlam Sky	<b>546</b>	474	15
Individual life	<b>443</b>	373	19
Group life	<b>103</b>	101	2
Individual Life	<b>5 893</b>	5 672	4
Recurring premiums	<b>696</b>	645	8
Single premiums	<b>5 197</b>	5 027	3
Glacier	<b>7 107</b>	5 406	31
Investment business	<b>15 616</b>	12 110	29
Individual Life	<b>155</b>	149	4
Glacier	<b>15 461</b>	11 961	29
Net fund flows	<b>10 188</b>	8 087	26
Life business	<b>4 350</b>	3 538	23
Sanlam Sky	<b>1 373</b>	1 307	5
Individual Life	<b>(1 503)</b>	(820)	(83)
Glacier	<b>4 480</b>	3 051	47
Investment business	<b>5 838</b>	4 549	28
Value of new covered business (Gross)			
Value of new business	<b>482</b>	437	10
Sanlam Sky	<b>149</b>	135	10
Individual Life	<b>234</b>	228	3
Glacier	<b>99</b>	74	34
Present value of new business premiums	<b>18 263</b>	15 990	14
Sanlam Sky	<b>1 942</b>	1 772	10
Individual Life	<b>9 222</b>	8 812	5
Glacier	<b>7 099</b>	5 406	31
New business margin	<b>2,64%</b>	2,73%	
Sanlam Sky	<b>7,67%</b>	7,62%	
Individual Life	<b>2,54%</b>	2,59%	
Glacier	<b>1,39%</b>	1,37%	
<b>Earnings</b>			
Gross result from financial services	<b>2 718</b>	2 439	11
Sanlam Sky	<b>569</b>	518	10
Individual Life	<b>1 940</b>	1 750	11
Glacier	<b>209</b>	171	22
Net result from financial services	<b>1 955</b>	1 763	11

\* Comparative information as at 31 December 2014.

## Comments on the results continued

Sanlam Personal Finance had a solid start to the 2015 financial year, achieving a strong new business performance and delivering growth in net result from financial services in line with its longer-term targets despite a high comparative base in 2014.

Sanlam Personal Finance achieved a **RoGEV** of 8,1% for the six months to June 2015, compared to 8,7% for the comparable period in 2014. The slight decline in return on covered business relative to 2014 is largely attributable to lower positive mortality experience, a decline in investment variances following the more benign investment market performance in 2015 and an increase in negative economic assumption changes, with long-term interest rates increasing relatively more in the first half of 2015 than the first six months of 2014. The return on non-life operations was supported by an increase in the valuation of Glacier following good growth in its level of assets under management and hence future profitability.

**New business volumes** increased by 23% on the first half of 2014. The general trends emerging in the second half of 2014 continued into 2015 with strong growth in the entry-level and mass affluent market segments, but with the middle income market continuing to struggle as disposable income in this segment remains under pressure.

Sanlam Sky grew its new business sales by 15%, the combined effect of 19% growth in individual life recurring premiums and 2% growth in group life business. The agency channel achieved growth of more than 20% in individual life business, while brokers experienced growth of 4% after a few years of declines. Risk business sales continued to show good growth, supported by particularly strong sales of the newly launched savings products. The individual life growth should also be seen against the context of a weak first half in 2014 following the prolonged industrial action at platinum mines. Group life business sales in 2015 includes the biennial Zion Christian Church (ZCC) renewal that occurred in May this year, partly offsetting the effect of the loss of the Capitec credit life business in the second half of 2014. Excluding both the Capitec and ZCC policies, group life business increased by more than 20%. This includes a large new scheme awarded to Sanlam Sky. VNB increased by 10% (13% on a comparable economic basis) at a margin broadly in line with the first half of 2014. The average margin is expected to decline over time as the lower margin savings products start to

contribute more meaningfully to the average business mix.

Individual Life sales (predominantly middle income market) were 4% higher in the first six months of 2015 compared to the same period in 2014. Single premiums increased by only 3%, reflecting the strain in this market. Recurring premium sales increased by a satisfactory 8%, supported by endowments, ad hoc premium increases and Sanlam Personal Loans credit life business. Risk business volumes were flat on 2014, reversing the declining trend of the last few reporting periods. VNB grew by 3%, in line with the new life business growth. A relentless focus on cost efficiencies enabled the business to maintain margins at broadly similar levels than the 2014 comparable period.

Glacier achieved very strong growth of 30% in the mass affluent market, to some extent still reflecting the impact of the investment market performance over the last few years on the value of retirement funds becoming available for investment. The offshore and wrap solutions attracted strong demand.

**Net fund flows** increased by 26%, supported by the new business performance as well as overall persistency experience that remained intact despite some deterioration in certain areas. The only segment experiencing net outflows was the Individual Life market from a combination of higher maturity values and low growth in single premium new business.

**Result from financial services** increased by 11% gross and net of tax and minorities. Sanlam Sky's gross earnings were up 10%, the combination of higher profits released from the increasing in-force book being partly offset by some normalisation in mortality claims experience and lower investment variances. Individual Life profit grew by 11%. Savings products achieved good growth based on a higher level of assets under management, augmented by higher working capital income that benefited from an increase in average short-term interest rates. Profit from risk products declined marginally as claims experience in this segment also started normalising after exceptional experience over the last two years. Administration costs remain well under control. Higher assets under management due to strong recent equity markets and good sales momentum is the main driver of Glacier's earnings growth.

## Comments on the results continued

### Sanlam Emerging Markets

#### Key performance indicators for the six months ended 30 June 2015

R million	2015	2014	% Δ
<b>Group Equity Value</b>			
Group Equity Value*	14 859	14 571	2
Covered business	4 984	5 116	(3)
Other operations	9 875	9 455	4
Return on Group Equity Value (six months)	4,8%	12,3%	
Covered business	5,7%	10,3%	
Other operations	4,3%	13,5%	
<b>Business volumes</b>			
New business volumes	5 395	4 030	34
Namibia	1 286	1 541	(17)
Botswana	2 449	1 137	115
Rest of Africa	885	827	7
India	391	331	18
South-East Asia	384	194	98
Net fund flows	(8 981)	1 762	(>100)
Namibia	(41)	343	(>100)
Botswana	(9 983)	478	(>100)
Rest of Africa	799	814	(2)
India	120	53	126
South-East Asia	124	74	68
Value of new covered business (Gross)			
Value of new business	222	196	13
Namibia	39	45	(13)
Botswana	94	81	16
Rest of Africa	59	68	(13)
India	4	2	100
South-East Asia	26	—	
Present value of new business premiums	3 599	2 684	34
Namibia	439	432	2
Botswana	1 428	1 092	31
Rest of Africa	897	1 046	(14)
India	206	114	81
South-East Asia	629	—	
New business margin	6,17%	7,30%	
Namibia	8,88%	10,42%	
Botswana	6,58%	7,42%	
Rest of Africa	6,58%	6,50%	
India	1,94%	1,75%	
South-East Asia	4,13%	—	
<b>Earnings</b>			
Gross result from financial services	1 117	1 129	(1)
Namibia	257	254	1
Botswana	411	348	18
Rest of Africa	123	108	14
India	252	389	(35)
South-East Asia	75	43	74
Corporate	(1)	(13)	92
Net result from financial services	562	624	(10)

\* Comparative information as at 31 December 2014.

As highlighted in the introductory paragraph, a number of Sanlam Emerging Markets businesses experienced a particularly challenging business environment during the first six months of 2015. The affected businesses include the larger contributors to Sanlam Emerging Markets' results, having a major impact on most performance metrics. Most of the events are once-off in nature and we expect the business to return to its longer-term growth trends during 2016.

SEM achieved a disappointing **RoGEV** of 4,8%, well down on its 2014 comparable performance and below its target return. Both covered business and other Group operations under performed due to the operational issues experienced, currency volatility and an increase in the effective withholding tax percentage allowed for in the valuation of the Indian operations.

**New business volumes** increased by 34%, supported by an exceptional performance of the Botswana operations and the first-time contribution of acquisitions finalised after 30 June 2014. These include MCIS in Malaysia, Enterprise Insurance in Ghana and the Soras Group in Rwanda.

Namibian new business volumes declined by 17%. The more volatile unit trust and investment management business declined by 18%, with new life insurance business marginally down on the first half of 2014 in a competitive market.

The Botswana operations experienced an exceptional first half of 2015 and more than doubled its new business volumes. Both life and investment business grew strongly, the former benefiting from good annuity sales. Given the volatile nature of especially investment business, we do not expect this level of growth to continue for the full year.

Rest of Africa achieved new business growth of only 7%, attributable to some 30% decline in both the Kenya and Zambia contributions. The challenges faced by these businesses (refer introduction above) had a severe impact on their new business performance. With stability returning, we expect a much improved performance from these operations. Excluding Kenya and Zambia, new business volumes in Rest of Africa increased by some 60%, the combination of structural growth and strong organic growth in all businesses.

The Indian operations recorded an 18% increase in new business sales. The expansion of the life business' footprint is evident in growth of some 60%. General insurance business grew by 5%, in line with the slowdown in growth of the credit businesses' loan books.

The almost doubling of the South-East Asia contribution is largely attributable to the first-time inclusion of MCIS in Malaysia.

Growth in VNB of only 13% is due to a marked decline in Kenya's and Zambia's contributions in line with their poor new business performance. In addition, the credit life profit sharing arrangement with Bank Windhoek was revised during the first half of 2015, causing a decline in Namibia's VNB and margins. This was partly offset by the first-time inclusion of MCIS. Excluding these businesses, organic growth of more than 20% was achieved by the cluster.

The R11,5 billion withdrawal of funds by the Botswana Public Officers Pension Fund resulted in a **net outflow of funds** of R9 billion. Restructuring of the Botswana asset manager after the large outflow enabled us to limit the impact on gross result from financial services to less than R12 million.

Gross **result from financial services** declined by 1% compared to the first half of 2014. This is largely attributable to lower contributions from Shriram and the Zambian business. Excluding the abnormal bad debt experience in Shriram Equipment Finance, the R72 million once-off release of provisions in Shriram General Insurance in 2014 as well as the Zambia operating earnings, gross result from financial services increased by 12%. All of the remaining regions reported good growth, apart from Namibia where some R35 million of annuity mismatch profits in the first half of 2014 did not repeat in 2015. South-East Asia made a strong earnings contribution due to the first time inclusion of MCIS. A once-off strengthening in the Pacific & Orient IBNR reserve has been offset by the release of a corporate contingency reserve.

## Comments on the results continued

### Sanlam Investments

#### Key performance indicators for the six months ended 30 June 2015

R million	2015	2014	% Δ
<b>Group Equity Value</b>			
Group Equity Value*	<b>22 135</b>	20 122	10
Covered business	<b>7 841</b>	7 833	—
Other operations	<b>14 294</b>	12 289	16
Return on Group Equity Value (six months)	<b>9,8%</b>	11,2%	
Covered business	<b>2,6%</b>	10,3%	
Other operations	<b>14,4%</b>	11,8%	
<b>Business volumes</b>			
Net fund flows	<b>2 260</b>	6 362	(64)
Investments	<b>2 585</b>	4 871	(47)
Investment Management SA	<b>4 203</b>	3 883	8
Wealth Management	<b>2 446</b>	(457)	635
International	<b>(4 061)</b>	1 346	(402)
Capital Management	<b>(3)</b>	99	(103)
Life business	<b>(325)</b>	1 491	(122)
New life business volumes	<b>2 988</b>	4 389	(32)
Recurring premiums	<b>102</b>	222	(54)
Single premiums	<b>2 886</b>	4 167	(31)
Value of new covered business (Gross)			
Value of new business	<b>26</b>	64	(59)
Present value of new business premiums	<b>4 004</b>	5 528	(28)
New business margin	<b>0,65%</b>	1,16%	
<b>Earnings</b>			
Gross result from financial services	<b>933</b>	982	(5)
Investment Management	<b>592</b>	612	(3)
Employee Benefits	<b>206</b>	216	(5)
Capital Management	<b>135</b>	154	(12)
Net result from financial services	<b>712</b>	727	(2)

\* Comparative information as at 31 December 2014.

Sanlam Investments' operational performance was impacted by a number of items, as discussed in more detail below. Excluding these, net fund flows were on par with the first half of 2014 and gross result from financial services increased by 9%. This is a sound performance in the difficult operating environment.

Sanlam Investments achieved a RoGEV of 9,8% for the six months to June 2015, with a good return on other Group operations offsetting a poor performance from covered business. The valuation of Sanlam Investments' operations benefited from an increase in the level of assets under management, following a continuance of net fund inflows in a number of core businesses and net positive investment returns. Both Sanlam Employee Benefits and Sanlam UK's covered business under performed, achieving growth of only 3% and 0,6% respectively. Significant declines in VNB written in the first half of 2015 were aggravated by negative operating assumption changes emanating from improved modelling.

**New business volumes** increased by 23% with all business units contributing to the growth apart from International. The decline in the International business' contribution is due to the disposal of Intrinsic in the second half of 2014. Both Wealth Management and Investment Management SA are performing well in attracting retail funds onto their platforms. In the case of Wealth Management most of the flows were into the more profitable discretionary mandates. Investment Management SA also received a large new mandate from one of South Africa's major multi-manager platforms, a particularly pleasing development. Sanlam Employee Benefits received an additional premium of some R230 million in respect of the large AECI policy written in 2014, accounting for the majority of the growth in this business. The market for risk business is extremely competitive with most participants lowering rates to retain business. Recurring premium new business at Sanlam Employee Benefits declined by more than half as a result, with a similar impact on VNB and VNB margins.

The new business performance flowed through to Wealth Management and Asset Management SA's **net fund flows**, which almost doubled in aggregate. The International business experienced a net outflow of funds of R4 billion compared to a net inflow of R3,2 billion in the first six months of 2014. The decline is largely attributable to the impact of the disposal of Intrinsic as well as a R3 billion withdrawal linked to the Botswana Public Officers Pension Fund's withdrawal of funds from Sanlam Emerging Markets (refer above). Sanlam Investments' International business managed the offshore component of the funds, which were simultaneously withdrawn.

Gross **result from financial services** declined by 5%, but increased by 9% on a normalised basis.

A higher level of assets under management supported fee income in the investment businesses. This was, however, more than neutralised by lower performance fees and an increase in administration costs relating to collective investment scheme administration outsourcing, marketing and building additional capacity in the client-facing distribution businesses. The benefits of these initiatives will only reflect in future results. Excluding these items, investment management gross result from financial services increased by 12%.

The additional premium received by Sanlam Employee Benefits in respect of the AECI policy generated new business strain of R27 million for the six months to 30 June 2015, resulting in a 5% decline in its gross result from financial services. Excluding this, operating earnings grew by 8%, a satisfactory result given some normalisation of mortality claims experience in 2015.

Capital Management achieved gross result from financial services in line with the longer-term expectations for this business, albeit 12% lower than the high base in 2014 due to significantly lower performance fees earned by Sanlam Private Equity.

## Comments on the results continued

### Santam

#### Key performance indicators for the six months ended 30 June 2015

R million	2015	2014	% Δ
<b>Group Equity Value</b>			
Group Equity Value*	<b>14 626</b>	14 593	—
Return on Group Equity Value (six months)	<b>2,5%</b>	7,0%	
<b>Business volumes</b>			
Net earned premiums	<b>9 088</b>	8 459	7
Net fund flows	<b>3 302</b>	3 011	10
<b>Earnings</b>			
Gross result from financial services	<b>1 055</b>	871	21
Net result from financial services	<b>413</b>	353	17
<b>Ratios</b>			
Claims	<b>63,7%</b>	64,4%	
Administration costs	<b>18,2%</b>	18,9%	
Underwriting	<b>8,9%</b>	7,4%	

\* Comparative information as at 31 December 2014.

The RoGEV of Santam reflects the investment return earned on the listed Santam shares.

Gross written premium increased by 8% excluding cell captive business and 7% including cell captive business, a solid performance in a highly competitive and mature South African market. Competition is especially rife in the niche classes. MiWay continues to perform well with premium growth of 17%.

After some catastrophe events in the first quarter of 2015, claims experience improved considerably in the second quarter across most insurance lines, resulting in a decline in Santam's claims ratio from 64,4% in the first half of 2014 to 63,7% in 2015. This translated into an underwriting margin of 8,9% for the first six months of 2015, well in excess of Santam's target range and even surpassing an already excellent result in 2014. The current favourable claims environment is not expected to continue for the remainder of the year, with weather-related catastrophe events a particular risk in the fourth quarter.

### ➤ Capital management

The Group started the year with discretionary capital of R3,3 billion, earmarked for new growth and expansion opportunities as well as to strengthen existing relationships. Capital utilisation during the six months to 30 June 2015 was limited to a net amount of R285 million, with only small transactions concluded during the period:

- Some R70 million was invested by Sanlam Emerging Markets to enter the Mozambique market and to increase its stakes in the Nigerian and Tanzanian general insurance businesses.
- R46 million was received from Santam as its contribution to recent general insurance investments made in Africa.
- R169 million was invested in a seeding capital portfolio at Sanlam Investments, aimed at growing its international asset management operations. An additional R32 million was utilised by Sanlam Investments for investment in its US-based asset manager and for a trail payment for the acquisition of the Vukile property management agreement.
- Sanlam Personal Finance invested R57 million in a distribution business in the entry-level market in South Africa.

Investment return earned on the discretionary capital portfolio, excess capital released from Group businesses, the realisation of some illiquid investments and the 2014 dividend cover in excess of cash operating earnings added some R1,6 billion of surplus capital. Some R2 billion has been earmarked for transactions in an advanced stage of completion, including the acquisition of a 27% interest in ACT (a medical aid administration and risk management company based in South Africa) and an additional 23% in the Shriram insurance businesses. This leaves unallocated discretionary capital of some R2,5 billion at the end of June 2015, which remains earmarked for investment in value-accretive investment opportunities.

### Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2015. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life Insurance Limited (Sanlam Life), the holding company of the Group's major life insurance subsidiaries, of R41 billion, covered its CAR 4,8 times. Excluding the identified discretionary capital, investments in strategic Group subsidiaries and associated companies (participations) and cash accumulated in respect of the 2016 Group dividend payment, the R13 billion of capital allocated to Sanlam Life's life insurance operations covered its CAR 1,7 times. No policyholder portfolio had a negative bonus stabilisation reserve at the end of June 2015.

The South African insurance businesses are progressing well to reach compliance with the new Solvency Assessment and Management (SAM) requirements that are expected to be effective in the first half of 2016. The Group is at the same time preparing a revised solvency risk appetite based on the new regime. We currently aim for a solvency cover ratio of between 1,7 and 2,1 times the Solvency Capital Requirement (SCR) under SAM for the life insurance operations of Sanlam Life, i.e. excluding any identified discretionary capital, participations and cash accumulated in Sanlam Life in respect of the Group dividend payments. The range might change over time as the views from market participants, investors and rating agencies mature. Sanlam Life's life insurance operations are well capitalised under the SAM regime (taking into account the current R13 billion IFRS based capital allocation to these operations) with the cover ratio being at the upper end of the indicated target range. Santam is also progressing with its own compliance programme and will communicate its target range to the market at an appropriate time.

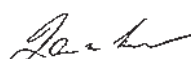
FitchRatings has affirmed the credit ratings of the Group in 2015 and the outlook remained stable. These include Sanlam Limited: National Long-term AA- (zaf); Sanlam Life Insurance Limited: National Insurer Financial Strength: AA+ (zaf), Subordinated debt: A+ (zaf).

### Dividend

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



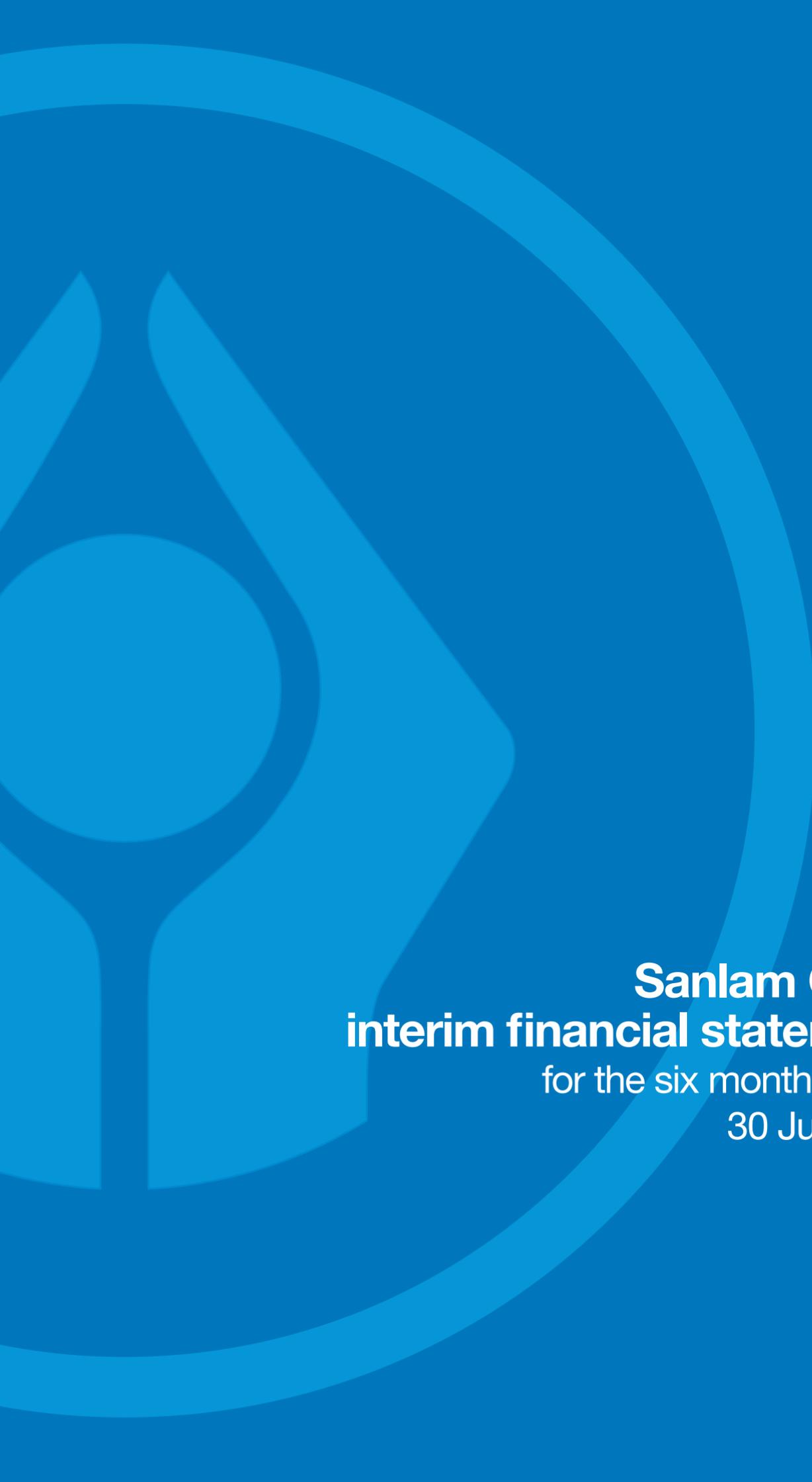
**Desmond Smith**  
Chairman



**Ian Kirk**  
Group Chief Executive

Sanlam Limited  
Cape Town  
2 September 2015





**Sanlam Group**  
**interim financial statements**  
for the six months ended  
30 June 2015

## 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 basis of presentation applied for purposes of the interim condensed financial statements is in accordance with and contains the information required by International Financial Reporting Standards (IFRS), specifically IAS 34 on interim financial reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The policy liabilities and profit entitlement rules are determined in accordance with prevailing legislation, generally accepted actuarial practice and the stipulations contained in the demutualisation proposal. There have been no material changes in the financial soundness valuation basis since 31 December 2014, apart from changes in the economic assumptions.

The accounting policies and basis of preparation for the IFRS financial statements and shareholders' information are in all material respects consistent with those applied in the 2014 annual report.

There were no new or revised IFRSs and interpretations that became effective in the current year.

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

- ⦿ IFRS 9 – *Financial Instruments* (effective 1 January 2018)
- ⦿ IFRS 15 – *Revenue from Contracts with Customers* (effective 1 January 2017)

The impact of the application of these revised standards and interpretations in future financial reporting periods on the Group's reported results, financial position and cash flows are still being assessed.

### ⦿ External review

The appointed auditors, Ernst & Young Inc., reviewed the interim condensed financial statements and Shareholders' information of the Group at 30 June 2015. These reviews were conducted in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Copies of the unqualified review reports of Ernst & Young Inc. are presented on pages 24 and 54.

# Shareholders' information

## Contents

---

1	Independent auditors' review report on Sanlam Limited interim shareholders' information	24
2	Group Equity Value	25
3	Change in Group Equity Value	26
4	Return on Group Equity Value	27
5	Shareholders' fund at fair value	28
6	Shareholders' fund income statement	30
7	Notes to the shareholders' fund information	32
8	Embedded value of covered business	46

# Independent auditors' review report on 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 2015, 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 25 to 52.

### Directors' responsibility for interim financial information

The directors of Sanlam Limited are responsible for the preparation and presentation of this interim financial information in accordance with the basis of accounting set out on page 22, and for such internal control as the directors determine is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express a conclusion on this interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the basis of accounting set out on page 22. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim Shareholders' Information for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with the basis of accounting set out on page 22.

### Basis of accounting

Without modifying our conclusion, we draw attention to page 22 of the Sanlam Limited Shareholders' Information, which describes the basis of accounting. The Sanlam Limited Interim Shareholders' Information is prepared to provide additional information in respect of the Group shareholders' fund in a format that corresponds with that used by management in evaluating the performance of the Group. As a result the Sanlam Limited Interim Shareholders' information may not be suitable for another purpose.

~~Ernst & Young Inc.~~

### Ernst & Young Inc.

Director: Johanna Cornelia de Villiers  
Registered Auditor  
Chartered Accountant (SA)

Ernst & Young House  
35 Lower Long Street  
Cape Town

2 September 2015

# Group Equity Value

at 30 June 2015

R million	Note	June reviewed 2015			December audited 2014		
		Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Sanlam Personal Finance		39 312	12 629	26 683	38 453	12 455	25 998
Covered business <sup>(1)</sup>		36 181	9 498	26 683	35 444	9 446	25 998
Glacier		1 747	1 747	—	1 542	1 542	—
Sanlam Personal Loans		900	900	—	907	907	—
Other operations		484	484	—	560	560	—
Sanlam Emerging Markets		14 859	12 106	2 753	14 571	11 779	2 792
Covered business <sup>(1)</sup>		4 984	2 231	2 753	5 116	2 324	2 792
Shriram Capital		5 714	5 714	—	5 595	5 595	—
Letshego		931	931	—	923	923	—
Pacific & Orient		742	742	—	704	704	—
Capricorn Investment Holdings		825	825	—	845	845	—
Other operations		1 663	1 663	—	1 388	1 388	—
Sanlam Investments		22 135	19 943	2 192	20 122	17 705	2 417
Covered business <sup>(1)</sup>		7 841	5 649	2 192	7 833	5 416	2 417
Sanlam Employee Benefits		6 479	5 025	1 454	6 640	5 025	1 615
Sanlam UK		1 362	624	738	1 193	391	802
Investment Management		13 589	13 589	—	11 604	11 604	—
Capital Management		705	705	—	685	685	—
Santam		14 626	14 626	—	14 593	14 593	—
Group operations		90 932	59 304	31 628	87 739	56 532	31 207
Discretionary capital		4 600	4 600	—	3 300	3 300	—
Balanced portfolio – other		3 329	3 329	—	6 453	6 453	—
Group Equity Value before adjustments to net worth		98 861	67 233	31 628	97 492	66 285	31 207
Net worth adjustments – present value of holding company expenses		(1 598)	(1 598)	—	(1 556)	(1 556)	—
<b>Group Equity Value</b>		<b>97 263</b>	<b>65 635</b>	<b>31 628</b>	<b>95 936</b>	<b>64 729</b>	<b>31 207</b>
<b>Value per share (cents)</b>	4	<b>4 753</b>	<b>3 208</b>	<b>1 545</b>	<b>4 684</b>	<b>3 160</b>	<b>1 524</b>
<b>Analysis per type of business</b>							
Covered business <sup>(1)</sup>		49 006	17 378	31 628	48 393	17 186	31 207
Sanlam Personal Finance		36 181	9 498	26 683	35 444	9 446	25 998
Sanlam Emerging Markets		4 984	2 231	2 753	5 116	2 324	2 792
Sanlam Investments		7 841	5 649	2 192	7 833	5 416	2 417
Other Group operations		41 926	41 926	—	39 346	39 346	—
Discretionary and other capital		6 331	6 331	—	8 197	8 197	—
<b>Group Equity Value</b>		<b>97 263</b>	<b>65 635</b>	<b>31 628</b>	<b>95 936</b>	<b>64 729</b>	<b>31 207</b>

<sup>(1)</sup> Refer embedded value of covered business on page 46.

# Change in Group Equity Value

for the six months ended 30 June 2015

R million	Six months reviewed	
	2015	2014
<b>Earnings from covered business<sup>(1)</sup></b>	<b>3 319</b>	3 945
<b>Earnings from other Group operations</b>	<b>2 846</b>	3 337
Operations valued based on ratio of price to assets under management <sup>(2)</sup>	—	1 160
Assumption changes	—	89
Change in assets under management	—	466
Earnings for the period and changes in capital requirements	—	436
Foreign currency translation differences and other	—	169
Operations valued based on discounted cash flows	<b>2 342</b>	1 057
Expected return	<b>1 758</b>	918
Operating experience variances	<b>(97)</b>	(54)
Assumption changes and other	<b>86</b>	(30)
Foreign currency translation differences	<b>595</b>	223
Operations valued at net asset value – earnings for the period	<b>145</b>	234
Listed operations – investment return	<b>359</b>	886
<b>Earnings from discretionary and other capital</b>	<b>(263)</b>	6
Portfolio investments and other	<b>41</b>	157
Net corporate expenses	<b>(20)</b>	(6)
Share-based payments transactions	<b>(242)</b>	(100)
Change in net worth adjustments	<b>(42)</b>	(45)
<b>Group Equity Value earnings</b>	<b>5 902</b>	7 288
Dividends paid	<b>(4 556)</b>	(4 044)
Cost of treasury shares acquired		
Share incentive scheme and other	<b>(19)</b>	(65)
<b>Group Equity Value at beginning of the period</b>	<b>95 936</b>	84 409
<b>Group Equity Value at end of the period</b>	<b>97 263</b>	87 588

<sup>(1)</sup> Refer embedded value of covered business on page 47.

<sup>(2)</sup> Businesses previously valued on a ratio of price to assets under management basis were changed to a discounted cash flow basis to ensure a consistent valuation basis across all unlisted Group operating businesses.

## Return on Group Equity Value

for the six months ended 30 June 2015

	Six months reviewed			
	2015		2014	
	Earnings R million	Return %	Earnings R million	Return %
<b>Sanlam Personal Finance</b>	<b>3 129</b>	<b>8,1</b>	3 107	8,7
Covered business <sup>(1)</sup>	<b>2 822</b>	<b>8,0</b>	2 870	8,7
Other operations	<b>307</b>	<b>10,2</b>	237	9,0
<b>Sanlam Emerging Markets</b>	<b>702</b>	<b>4,8</b>	1 258	12,3
Covered business <sup>(1)</sup>	<b>290</b>	<b>5,7</b>	363	10,3
Other operations	<b>412</b>	<b>4,3</b>	895	13,5
<b>Sanlam Investments</b>	<b>1 975</b>	<b>9,8</b>	2 031	11,2
Covered business <sup>(1)</sup>	<b>207</b>	<b>2,6</b>	712	10,3
Other operations	<b>1 768</b>	<b>14,4</b>	1 319	11,8
<b>Santam</b>	<b>359</b>	<b>2,5</b>	886	7,0
<b>Discretionary and other capital</b>	<b>(263)</b>		6	
<b>Return on Group Equity Value</b>	<b>5 902</b>	<b>6,2</b>	7 288	8,6
<b>Return on Group Equity Value per share</b>		<b>6,3</b>		8,6
<b>Annualised return on Group Equity Value per share</b>		<b>13,0</b>		18,0

<sup>(1)</sup> Refer embedded value of covered business on page 47.

R million	Six months reviewed	
	2015	2014
<b>Reconciliation of return on Group Equity Value:</b>		
The return on Group Equity Value reconciles as follows to normalised attributable earnings:		
Normalised attributable earnings per shareholders' fund income statement on page 30	<b>4 565</b>	4 485
Net foreign currency translation gains recognised in other comprehensive income	<b>393</b>	229
Earnings recognised directly in equity		
Share-based payment transactions	<b>(213)</b>	(96)
Net cost of treasury shares delivered	<b>(418)</b>	(262)
Share-based payments	<b>205</b>	166
Change in ownership of subsidiaries	<b>(301)</b>	63
Movement in fair value adjustment – shareholders' fund at fair value	<b>1 066</b>	1 389
Movement in adjustments to net worth	<b>(17)</b>	7
Present value of holding company expenses	<b>(42)</b>	(45)
Change in goodwill and value of business acquired adjustments less value of in-force acquired	<b>25</b>	52
Growth from covered business: value of in-force <sup>(1)</sup>	<b>409</b>	1 211
<b>Return on Group Equity Value</b>	<b>5 902</b>	7 288

<sup>(1)</sup> Refer embedded value of covered business on page 47.

# Shareholders' fund at fair value

at 30 June 2015

R million	Notes	June reviewed 2015			December audited 2014		
		Fair value	Fair value adjustment	Net asset value	Fair value	Fair value adjustment	Net asset value
<b>Covered business, discretionary and other capital</b>		<b>27 074</b>	<b>—</b>	<b>27 074</b>	28 691	112	28 579
Equipment		369	—	369	360	—	360
Owner-occupied properties		481	—	481	470	—	470
Goodwill <sup>(2)</sup>		644	—	644	648	—	648
Value of business acquired <sup>(2)</sup>		1 218	—	1 218	1 214	—	1 214
Other intangible assets		163	—	163	153	—	153
Deferred acquisition costs		2 518	—	2 518	2 457	—	2 457
Investments		25 640	—	25 640	25 365	112	25 253
Properties		455	—	455	338	—	338
Associated companies		1 600	—	1 600	1 540	—	1 540
Equities and similar securities		4 785	—	4 785	5 157	112	5 045
Other interest-bearing and preference share investments		10 589	—	10 589	9 792	—	9 792
Structured transactions		749	—	749	737	—	737
Investment funds		3 767	—	3 767	4 883	—	4 883
Cash, deposits and similar securities		3 695	—	3 695	2 918	—	2 918
Net term finance		—	—	—	—	—	—
Term finance		(3 579)	—	(3 579)	(3 875)	—	(3 875)
Assets held in respect of term finance		3 579	—	3 579	3 875	—	3 875
Net deferred tax		(982)	—	(982)	(1 145)	—	(1 145)
Net defined benefit asset		—	—	—	144	—	144
Net working capital		(413)	—	(413)	1 563	—	1 563
Structured transactions liability		(27)	—	(27)	(2)	—	(2)
Non-controlling interests		(2 537)	—	(2 537)	(2 536)	—	(2 536)
<b>Other Group operations</b>		<b>41 926</b>	<b>21 176</b>	<b>20 750</b>	39 346	19 998	19 348
Sanlam Personal Finance	2.1	3 131	2 168	963	3 009	2 092	917
Glacier		1 747	1 428	319	1 542	1 235	307
Sanlam Personal Loans <sup>(3)</sup>		900	322	578	907	365	542
Other operations		484	418	66	560	492	68
Sanlam Emerging Markets	2.2	9 875	202	9 673	9 455	415	9 040
Shriram Capital		5 714	102	5 612	5 595	516	5 079
Letshego		931	4	927	923	70	853
Pacific & Orient		742	117	625	704	71	633
Capricorn Investment Holdings		825	50	775	845	84	761
Other operations		1 663	(71)	1 734	1 388	(326)	1 714
Sanlam Investments	2.3	14 294	9 796	4 498	12 289	8 588	3 701
Investment Management		13 589	9 769	3 820	11 604	8 536	3 068
Capital Management		705	27	678	685	52	633
Santam		14 626	10 257	4 369	14 593	10 150	4 443
Goodwill held on Group level in respect of the above businesses		—	(1 247)	1 247	—	(1 247)	1 247
<b>Shareholders' fund at fair value</b>		<b>69 000</b>	<b>21 176</b>	<b>47 824</b>	68 037	20 110	47 927
<b>Value per share (cents)</b>	4	<b>3 372</b>	<b>1 035</b>	<b>2 337</b>	3 322	982	2 340

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

<sup>(2)</sup> The value of business acquired and goodwill relate mainly to the consolidation of Sanlam Developing Markets, Channel Life, Sanlam Investments and Pensions and MCIS Insurance, and are excluded in the build-up of 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.

<sup>(3)</sup> 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.

R million	June reviewed 2015			December audited 2014		
	Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
<b>Reconciliation to Group Equity Value</b>						
Group Equity Value	97 263	65 635	31 628	95 936	64 729	31 207
Add: Net worth adjustments	1 598	1 598	—	1 556	1 556	—
Add: Goodwill and value of business acquired replaced by value of in-force	1 767	1 767	—	1 752	1 752	—
Sanlam Life and Pensions	356	356	—	356	356	—
Sanlam Developing Markets	630	630	—	646	646	—
MCIS Insurance	475	475	—	506	506	—
Shriram Life Insurance <sup>(4)</sup>	210	210	—	210	210	—
Other	96	96	—	34	34	—
Less: Value of in-force	(31 628)	—	(31 628)	(31 207)	—	(31 207)
Shareholders' fund at fair value	69 000	69 000	—	68 037	68 037	—

<sup>(4)</sup> The carrying value of Shriram Life Insurance includes goodwill of R210 million (2014: 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.

# Shareholders' fund income statement

for the six months ended 30 June 2015 – reviewed

R million	Note	Sanlam Personal Finance		Sanlam Emerging Markets	
		2015	2014	2015	2014
Financial services income		7 500	6 985	2 926	2 437
Sales remuneration		(1 165)	(1 071)	(523)	(361)
Income after sales remuneration		6 335	5 914	2 403	2 076
Underwriting policy benefits		(1 727)	(1 695)	(582)	(494)
Administration costs		(1 890)	(1 780)	(704)	(453)
<b>Result from financial services before tax</b>		<b>2 718</b>	<b>2 439</b>	<b>1 117</b>	<b>1 129</b>
Tax on result from financial services		(758)	(674)	(323)	(328)
<b>Result from financial services after tax</b>		<b>1 960</b>	<b>1 765</b>	<b>794</b>	<b>801</b>
Non-controlling interests		(5)	(2)	(232)	(177)
<b>Net result from financial services</b>		<b>1 955</b>	<b>1 763</b>	<b>562</b>	<b>624</b>
Net investment income		561	501	80	61
Dividends received – Group companies		263	235	—	—
Other investment income		386	351	160	108
Tax on investment income		(88)	(85)	(45)	(30)
Non-controlling interests		—	—	(35)	(17)
Project expenses		—	—	(7)	(4)
Amortisation of value of business acquired and other intangibles		(24)	(20)	(21)	(7)
Equity participation costs		—	—	—	—
Net equity-accounted headline earnings		—	—	4	10
Equity-accounted headline earnings		—	—	8	24
Tax on equity-accounted headline earnings		—	—	(1)	(1)
Non-controlling interests		—	—	(3)	(13)
Net investment surpluses		(291)	1 312	90	13
Investment surpluses – Group companies		(429)	997	—	—
Other investment surpluses		157	406	211	17
Tax on investment surpluses		(19)	(91)	20	1
Non-controlling interests		—	—	(141)	(5)
<b>Normalised headline earnings</b>		<b>2 201</b>	<b>3 556</b>	<b>708</b>	<b>697</b>
Net profit on disposal of subsidiaries and associated companies		—	—	(1)	92
Profit on disposal of subsidiaries and associated companies		—	—	(2)	124
Tax on profit on disposal of subsidiaries and associated companies		—	—	—	(32)
Non-controlling interest		—	—	1	—
Impairments		—	—	—	(10)
<b>Normalised attributable earnings</b>		<b>2 201</b>	<b>3 556</b>	<b>707</b>	<b>779</b>
Fund transfers		—	—	—	—
<b>Attributable earnings per Group statement of comprehensive income</b>		<b>2 201</b>	<b>3 556</b>	<b>707</b>	<b>779</b>
<b>Ratios</b>					
Admin ratio <sup>(1)</sup>		29,8%	30,1%	29,3%	21,8%
Operating margin <sup>(2)</sup>		42,9%	41,2%	46,5%	54,4%
<b>Diluted earnings per share</b>	3				
Adjusted weighted average number of shares (million)					
Net result from financial services (cents)		95,5	86,2	27,5	30,5

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

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

<sup>(3)</sup> 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 <sup>(3)</sup>		Total	
2015	2014	2015	2014	2015	2014	2015	2014
4 214	3 923	9 335	8 704	112	103	24 087	22 152
(123)	(127)	(971)	(910)	—	—	(2 782)	(2 469)
4 091	3 796	8 364	7 794	112	103	21 305	19 683
(1 033)	(900)	(5 786)	(5 448)	—	—	(9 128)	(8 537)
(2 125)	(1 914)	(1 523)	(1 475)	(147)	(116)	(6 389)	(5 738)
933	982	1 055	871	(35)	(13)	5 788	5 408
(203)	(238)	(306)	(247)	15	7	(1 575)	(1 480)
730	744	749	624	(20)	(6)	4 213	3 928
(18)	(17)	(336)	(271)	—	—	(591)	(467)
712	727	413	353	(20)	(6)	3 622	3 461
99	92	63	40	(187)	(206)	616	488
—	—	—	—	(263)	(235)	—	—
125	118	124	72	19	26	814	675
(26)	(26)	(16)	(3)	57	3	(118)	(141)
—	—	(45)	(29)	—	—	(80)	(46)
—	—	—	—	—	—	(7)	(4)
(82)	(86)	(9)	(6)	—	—	(136)	(119)
—	(59)	(39)	(8)	—	—	(39)	(67)
5	—	36	10	—	—	45	20
5	—	60	17	—	—	73	41
—	—	—	—	—	—	(1)	(1)
—	—	(24)	(7)	—	—	(27)	(20)
111	165	149	124	428	(1 000)	487	614
—	—	—	—	429	(997)	—	—
123	215	315	245	(1)	(3)	805	880
(12)	(50)	(67)	(36)	—	—	(78)	(176)
—	—	(99)	(85)	—	—	(240)	(90)
845	839	613	513	221	(1 212)	4 588	4 393
—	19	—	—	—	—	(1)	111
—	19	—	—	—	—	(2)	143
—	—	—	—	—	—	—	(32)
—	—	—	—	—	—	1	—
(1)	(9)	(21)	—	—	—	(22)	(19)
844	849	592	513	221	(1 212)	4 565	4 485
—	—	—	—	138	54	138	54
844	849	592	513	359	(1 158)	4 703	4 539
51,9%	50,4%	18,2%	18,9%			30,0%	29,2%
22,8%	25,9%	12,6%	11,2%			27,2%	27,5%
34,8	35,5	20,2	17,3	(1,0)	(0,3)	2 046,4	2 045,6
						177,0	169,2

# Notes to the shareholders' fund information

for the six months ended 30 June 2015 – reviewed

## 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 <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Sanlam Personal Finance</b>	<b>13 546</b>	11 552	—	—	<b>15 616</b>	12 110	<b>29 162</b>	23 662
Sanlam Sky	<b>546</b>	474	—	—	—	—	<b>546</b>	474
Individual Life	<b>5 893</b>	5 672	—	—	<b>155</b>	149	<b>6 048</b>	5 821
Recurring	<b>696</b>	645	—	—	<b>13</b>	17	<b>709</b>	662
Single	<b>5 197</b>	5 027	—	—	<b>142</b>	132	<b>5 339</b>	5 159
Glacier	<b>7 107</b>	5 406	—	—	<b>15 461</b>	11 961	<b>22 568</b>	17 367
<b>Sanlam Emerging Markets</b>	<b>2 086</b>	1 595	<b>812</b>	587	<b>2 497</b>	1 848	<b>5 395</b>	4 030
Namibia	<b>161</b>	162	—	—	<b>1 125</b>	1 379	<b>1 286</b>	1 541
Recurring	<b>71</b>	66	—	—	—	—	<b>71</b>	66
Single	<b>90</b>	96	—	—	<b>1 125</b>	1 379	<b>1 215</b>	1 475
Botswana	<b>1 101</b>	745	<b>28</b>	31	<b>1 320</b>	361	<b>2 449</b>	1 137
Recurring	<b>135</b>	126	<b>28</b>	31	—	—	<b>163</b>	157
Single	<b>966</b>	619	—	—	<b>1 320</b>	361	<b>2 286</b>	980
Rest of Africa	<b>554</b>	612	<b>279</b>	107	<b>52</b>	108	<b>885</b>	827
Recurring	<b>335</b>	317	<b>279</b>	107	—	—	<b>614</b>	424
Single	<b>219</b>	295	—	—	<b>52</b>	108	<b>271</b>	403
India	<b>122</b>	76	<b>269</b>	255	—	—	<b>391</b>	331
Recurring	<b>74</b>	36	<b>269</b>	255	—	—	<b>343</b>	291
Single	<b>48</b>	40	—	—	—	—	<b>48</b>	40
South-East Asia	<b>148</b>	—	<b>236</b>	194	—	—	<b>384</b>	194
Recurring	<b>102</b>	—	<b>236</b>	194	—	—	<b>338</b>	194
Single	<b>46</b>	—	—	—	—	—	<b>46</b>	—
<b>Sanlam Investments</b>	<b>2 988</b>	4 389	—	—	<b>53 246</b>	41 293	<b>56 234</b>	45 682
Employee benefits	<b>1 182</b>	952	—	—	—	—	<b>1 182</b>	952
Recurring	<b>76</b>	154	—	—	—	—	<b>76</b>	154
Single	<b>1 106</b>	798	—	—	—	—	<b>1 106</b>	798
Investment Management	<b>1 806</b>	3 437	—	—	<b>53 246</b>	41 194	<b>55 052</b>	44 631
Investment Management SA	—	—	—	—	<b>39 909</b>	28 344	<b>39 909</b>	28 344
Wealth Management	—	—	—	—	<b>9 419</b>	7 594	<b>9 419</b>	7 594
International	<b>1 806</b>	3 437	—	—	<b>3 918</b>	5 256	<b>5 724</b>	8 693
Recurring	<b>26</b>	68	—	—	<b>10</b>	—	<b>36</b>	68
Single	<b>1 780</b>	3 369	—	—	<b>3 908</b>	5 256	<b>5 688</b>	8 625
Capital Management	—	—	—	—	—	99	—	99
<b>Santam</b>	—	—	<b>9 088</b>	8 459	—	—	<b>9 088</b>	8 459
<b>Total new business</b>	<b>18 620</b>	17 536	<b>9 900</b>	9 046	<b>71 359</b>	55 251	<b>99 879</b>	81 833
<b>Recurring premiums on existing funds:</b>								
Sanlam Personal Finance							<b>7 853</b>	7 553
Sanlam Sky							<b>2 153</b>	2 071
Individual Life							<b>5 700</b>	5 482
Sanlam Emerging Markets							<b>2 317</b>	1 230
Namibia							<b>465</b>	364
Botswana							<b>494</b>	434
Rest of Africa							<b>517</b>	386
India							<b>72</b>	46
South-East Asia							<b>769</b>	—
Sanlam Investments							<b>3 802</b>	2 823
Sanlam Employee Benefits							<b>2 116</b>	1 654
Sanlam Investments							<b>1 686</b>	1 169
Investment Management SA							<b>1 476</b>	1 043
International							<b>210</b>	126
<b>Total funds received</b>							<b>113 851</b>	93 439

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

<sup>(2)</sup> Includes life licence and investment 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. Business volumes (continued)

### 1.2 Analysis of payments to clients

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Sanlam Personal Finance</b>	<b>16 936</b>	15 461	—	—	<b>9 891</b>	7 667	<b>26 827</b>	23 128
Sanlam Sky	<b>1 326</b>	1 238	—	—	—	—	<b>1 326</b>	1 238
Surrenders	<b>193</b>	190	—	—	—	—	<b>193</b>	190
Other	<b>1 133</b>	1 048	—	—	—	—	<b>1 133</b>	1 048
Individual Life	<b>12 983</b>	11 868	—	—	<b>278</b>	294	<b>13 261</b>	12 162
Surrenders	<b>2 070</b>	1 876	—	—	—	—	<b>2 070</b>	1 876
Other	<b>10 913</b>	9 992	—	—	<b>278</b>	294	<b>11 191</b>	10 286
Glacier	<b>2 627</b>	2 355	—	—	<b>9 613</b>	7 373	<b>12 240</b>	9 728
<b>Sanlam Emerging Markets</b>	<b>2 606</b>	1 717	<b>618</b>	439	<b>13 469</b>	1 342	<b>16 693</b>	3 498
Namibia	<b>480</b>	587	—	—	<b>1 312</b>	975	<b>1 792</b>	1 562
Surrenders	<b>63</b>	204	—	—	—	—	<b>63</b>	204
Other	<b>417</b>	383	—	—	<b>1 312</b>	975	<b>1 729</b>	1 358
Botswana	<b>766</b>	710	<b>10</b>	16	<b>12 150</b>	367	<b>12 926</b>	1 093
Surrenders	<b>213</b>	192	—	—	—	—	<b>213</b>	192
Other	<b>553</b>	518	<b>10</b>	16	<b>12 150</b>	367	<b>12 713</b>	901
Rest of Africa	<b>453</b>	345	<b>143</b>	54	<b>7</b>	—	<b>603</b>	399
Surrenders	<b>84</b>	62	—	—	—	—	<b>84</b>	62
Other	<b>369</b>	283	<b>143</b>	54	<b>7</b>	—	<b>519</b>	337
India	<b>85</b>	75	<b>258</b>	249	—	—	<b>343</b>	324
Surrenders	<b>49</b>	52	—	—	—	—	<b>49</b>	52
Other	<b>36</b>	23	<b>258</b>	249	—	—	<b>294</b>	272
South-East Asia	<b>822</b>	—	<b>207</b>	120	—	—	<b>1 029</b>	120
Surrenders	<b>198</b>	—	—	—	—	—	<b>198</b>	—
Other	<b>624</b>	—	<b>207</b>	120	—	—	<b>831</b>	120
<b>Sanlam Investments</b>	<b>5 610</b>	4 678	—	—	<b>52 166</b>	37 465	<b>57 776</b>	42 143
Sanlam Employee Benefits	<b>3 699</b>	2 967	—	—	—	—	<b>3 699</b>	2 967
Terminations	<b>850</b>	668	—	—	—	—	<b>850</b>	668
Other	<b>2 849</b>	2 299	—	—	—	—	<b>2 849</b>	2 299
Investment Management	<b>1 911</b>	1 711	—	—	<b>52 163</b>	37 465	<b>54 074</b>	39 176
Investment Management SA	—	—	—	—	<b>37 182</b>	25 504	<b>37 182</b>	25 504
Wealth Management	—	—	—	—	<b>6 973</b>	8 051	<b>6 973</b>	8 051
International	<b>1 911</b>	1 711	—	—	<b>8 008</b>	3 910	<b>9 919</b>	5 621
Capital Management	—	—	—	—	<b>3</b>	—	<b>3</b>	—
<b>Santam</b>	<b>—</b>	—	<b>5 786</b>	5 448	—	—	<b>5 786</b>	5 448
<b>Total payments to clients</b>	<b>25 152</b>	21 856	<b>6 404</b>	5 887	<b>75 526</b>	46 474	<b>107 082</b>	74 217

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

<sup>(2)</sup> Includes life licence and investment 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 2015 – reviewed

## 1. Business volumes (continued)

### 1.3 Analysis of net inflow/(outflow) of funds

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Sanlam Personal Finance</b>	<b>4 350</b>	3 538	—	—	<b>5 838</b>	4 549	<b>10 188</b>	8 087
Sanlam Sky	<b>1 373</b>	1 307	—	—	—	—	<b>1 373</b>	1 307
Individual Life	<b>(1 503)</b>	(820)	—	—	<b>(10)</b>	(39)	<b>(1 513)</b>	(859)
Glacier	<b>4 480</b>	3 051	—	—	<b>5 848</b>	4 588	<b>10 328</b>	7 639
<b>Sanlam Emerging Markets</b>	<b>1 797</b>	1 108	<b>194</b>	148	<b>(10 972)</b>	506	<b>(8 981)</b>	1 762
Namibia	<b>146</b>	(61)	—	—	<b>(187)</b>	404	<b>(41)</b>	343
Botswana	<b>829</b>	469	<b>18</b>	15	<b>(10 830)</b>	(6)	<b>(9 983)</b>	478
Rest of Africa	<b>618</b>	653	<b>136</b>	53	<b>45</b>	108	<b>799</b>	814
India	<b>109</b>	47	<b>11</b>	6	—	—	<b>120</b>	53
South-East Asia	<b>95</b>	—	<b>29</b>	74	—	—	<b>124</b>	74
<b>Sanlam Investments</b>	<b>(325)</b>	1 491	—	—	<b>2 585</b>	4 871	<b>2 260</b>	6 362
Sanlam Employee Benefits	<b>(401)</b>	(361)	—	—	—	—	<b>(401)</b>	(361)
Investment Management	<b>76</b>	1 852	—	—	<b>2 588</b>	4 772	<b>2 664</b>	6 624
Investment Management SA	—	—	—	—	<b>4 203</b>	3 883	<b>4 203</b>	3 883
Wealth Management	—	—	—	—	<b>2 446</b>	(457)	<b>2 446</b>	(457)
International	<b>76</b>	1 852	—	—	<b>(4 061)</b>	1 346	<b>(3 985)</b>	3 198
Capital Management	—	—	—	—	<b>(3)</b>	99	<b>(3)</b>	99
<b>Santam</b>	—	—	<b>3 302</b>	3 011	—	—	<b>3 302</b>	3 011
<b>Total net inflows/(outflows)</b>	<b>5 822</b>	6 137	<b>3 496</b>	3 159	<b>(2 549)</b>	9 926	<b>6 769</b>	19 222

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

<sup>(2)</sup> Includes life licence and investment businesses. 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.

## 2. Cluster information

### 2.1 Sanlam Personal Finance

R million	Life operations		Non-life operations		Total	
	2015	2014	2015	2014	2015	2014
<b>Analysis of attributable earnings</b>						
Gross result from financial services	2 445	2 187	273	252	2 718	2 439
Entry-level market	569	518	—	—	569	518
Middle-income market life and investment	1 723	1 542	10	29	1 733	1 571
Glacier	91	74	118	97	209	171
Sanlam Personal Loans	62	53	114	95	176	148
Other operations	—	—	31	31	31	31
Tax on result from financial services	(687)	(615)	(71)	(59)	(758)	(674)
Non-controlling interests	—	—	(5)	(2)	(5)	(2)
<b>Net result from financial services</b>	<b>1 758</b>	<b>1 572</b>	<b>197</b>	<b>191</b>	<b>1 955</b>	<b>1 763</b>
Net investment return	377	430	(107)	1 383	270	1 813
Net other earnings	(24)	(20)	—	—	(24)	(20)
<b>Normalised attributable earnings</b>	<b>2 111</b>	<b>1 982</b>	<b>90</b>	<b>1 574</b>	<b>2 201</b>	<b>3 556</b>

#### Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period
<b>30 June 2015 – reviewed</b>					
Covered business	35 444	2 822	(325)	(1 760)	36 181
Non-life operations	3 009	307	—	(185)	3 131
Glacier	1 542	309	—	(104)	1 747
Sanlam Personal Loans	907	39	—	(46)	900
Other	560	(41)	—	(35)	484
<b>Group Equity Value</b>	<b>38 453</b>	<b>3 129</b>	<b>(325)</b>	<b>(1 945)</b>	<b>39 312</b>
<b>31 December 2014 – audited</b>					
Covered business	33 033	5 805	(284)	(3 110)	35 444
Non-life operations	2 633	567	97	(288)	3 009
Glacier	1 336	312	26	(132)	1 542
Sanlam Personal Loans	836	84	71	(84)	907
Other	461	171	—	(72)	560
<b>Group Equity Value</b>	<b>35 666</b>	<b>6 372</b>	<b>(187)</b>	<b>(3 398)</b>	<b>38 453</b>

# Notes to the shareholders' fund information continued

for the six months ended 30 June 2015 – reviewed

## 2. Cluster information (continued)

### 2.2 Sanlam Emerging Markets

R million	2015	2014
<b>Analysis of attributable earnings</b>		
Net result from financial services	<b>562</b>	624
Life insurance	<b>263</b>	217
General insurance	<b>73</b>	100
Investment management	<b>21</b>	23
Credit and banking	<b>204</b>	270
Other	<b>1</b>	14
Net investment return	<b>170</b>	74
Net investment income	<b>80</b>	61
Net investment surpluses	<b>90</b>	13
Net other earnings	<b>(25)</b>	81
<b>Normalised attributable earnings</b>	<b>707</b>	779
<b>Analysis of net result from financial services</b>		
Life insurance	<b>263</b>	217
Namibia	<b>59</b>	110
Botswana	<b>107</b>	93
Rest of Africa	<b>70</b>	5
India	<b>8</b>	9
South-East Asia	<b>19</b>	—
Non-life operations	<b>299</b>	407
Namibia	<b>57</b>	53
Botswana	<b>63</b>	66
Rest of Africa	<b>11</b>	16
India	<b>146</b>	250
South-East Asia	<b>22</b>	22
<b>Net result from financial services</b>	<b>562</b>	624

## 2. Cluster information (continued)

### 2.2 Sanlam Emerging Markets (continued)

#### Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period
<b>30 June 2015 – reviewed</b>					
Covered business	5 116	290	(159)	(263)	4 984
Non-life operations	9 455	412	89	(81)	9 875
Shriram Capital	5 595	124	(11)	6	5 714
Letshego	923	24	—	(16)	931
Pacific & Orient	704	52	—	(14)	742
Capricorn Investment Holdings	845	(15)	—	(5)	825
Sanlam Emerging Markets other operations	1 388	227	100	(52)	1 663
<b>Group Equity Value</b>	<b>14 571</b>	<b>702</b>	<b>(70)</b>	<b>(344)</b>	<b>14 859</b>
<b>31 December 2014 – audited</b>					
Covered business	3 541	932	1 120	(477)	5 116
Non-life operations	6 648	1 978	1 074	(245)	9 455
Shriram Capital	4 219	1 344	71	(39)	5 595
Letshego	698	297	35	(107)	923
Pacific & Orient	622	155	—	(73)	704
Capricorn Investment Holdings	682	169	—	(6)	845
Sanlam Emerging Markets other operations	427	13	968	(20)	1 388
<b>Group Equity Value</b>	<b>10 189</b>	<b>2 910</b>	<b>2 194</b>	<b>(722)</b>	<b>14 571</b>

# Notes to the shareholders' fund information continued

for the six months ended 30 June 2015 – reviewed

## 2. Cluster information (continued)

### 2.3 Sanlam Investments

#### Analysis of attributable earnings

R million	Investment Management		Capital Management		Sanlam Employee Benefits		Intra-cluster eliminations		Total	
	2015	2014*	2015	2014*	2015	2014	2015	2014	2015	2014
Financial services income**	2 174	1 975	300	303	1 695	1 516	(15)	(8)	4 154	3 786
Sales remuneration	(96)	(101)	—	—	(27)	(26)	—	—	(123)	(127)
Income after sales remuneration	2 078	1 874	300	303	1 668	1 490	(15)	(8)	4 031	3 659
Underwriting policy benefits	—	—	—	—	(1 033)	(900)	—	—	(1 033)	(900)
Administration cost**	(1 508)	(1 333)	(174)	(177)	(429)	(374)	15	8	(2 096)	(1 876)
Result from financial services before performance fees	570	541	126	126	206	216	—	—	902	883
Net performance fees	22	71	9	28	—	—	—	—	31	99
Result from financial services	592	612	135	154	206	216	—	—	933	982
Tax on result from financial services	(136)	(148)	(9)	(30)	(58)	(60)	—	—	(203)	(238)
Non-controlling interests	(18)	(17)	—	—	—	—	—	—	(18)	(17)
Net result from financial services	438	447	126	124	148	156	—	—	712	727
Net investment return	(2)	11	—	—	212	246	—	—	210	257
Net investment income	7	22	—	—	92	70	—	—	99	92
Net investment surpluses	(9)	(11)	—	—	120	176	—	—	111	165
Net other earnings	(78)	(135)	—	—	—	—	—	—	(78)	(135)
<b>Normalised attributable earnings</b>	<b>358</b>	<b>323</b>	<b>126</b>	<b>124</b>	<b>360</b>	<b>402</b>	<b>—</b>	<b>—</b>	<b>844</b>	<b>849</b>

\* Comparative information has been adjusted for the reallocation of the Sanlam Africa Funds from Capital Management to Investment Management.

\*\* Financial services income and administration costs on page 30 include performance fees and related administration costs.

#### Investment Management

##### Analysis of net result from financial services

R million	2015	2014
<b>Investment management</b>	<b>402</b>	<b>422</b>
Investment Management SA	223	235
Wealth Management	84	74
International	100	112
Support Services	(5)	1
<b>Capital Management</b>	<b>126</b>	<b>131</b>
<b>Asset management operations</b>	<b>528</b>	<b>553</b>
Covered business: Sanlam Employee Benefits	148	156
Covered business: Sanlam UK	36	18
<b>Sanlam Investments total</b>	<b>712</b>	<b>727</b>

## 2. Cluster information (continued)

### 2.3 Sanlam Investments (continued)

#### Asset management

	Assets under management		New business volumes		Fee income		Administration costs	
	June 2015	December* 2014	June 2015	December* 2014	June 2015	December* 2014	June 2015	December* 2014
	R million	R million	R million	R million	%	%	%	%
<b>Investment management</b>	<b>781 329</b>	758 132	<b>53 246</b>	89 171				
Investment Management SA	627 650	604 309	39 909	63 314	0,31	0,30	0,21	0,21
Wealth Management	170 406	163 091	9 419	14 716	0,72	0,72	0,57	0,58
International	130 130	131 863	3 918	11 141	0,71	0,71	0,52	0,53
Intra-cluster eliminations	(146 857)	(141 131)						
<b>Capital Management</b>	<b>2 848</b>	3 372	—	220	<b>0,81</b>	0,75	<b>0,81</b>	0,71
<b>Asset management operations</b>	<b>784 177</b>	761 504	<b>53 246</b>	89 391				
<b>Covered business:</b>								
Sanlam Employee Benefits	76 009	74 115	1 182	10 154				
Sanlam UK	43 360	39 787	1 806	3 705				
<b>Sanlam Investments total</b>	<b>903 546</b>	875 406	<b>56 234</b>	103 250				

\* Audited

#### Asset mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
<b>June 2015 – reviewed</b>						
Investment Management SA	139 968	291 528	64 082	17 151	114 921	627 650
Wealth Management	—	106 971	59 854	—	3 581	170 406
International	—	—	130 130	—	—	130 130
Capital Management	—	2 838	—	—	10	2 848
Intra-cluster eliminations						(146 857)
<b>Assets under management – Sanlam Investments</b>	<b>139 968</b>	<b>401 337</b>	<b>254 066</b>	<b>17 151</b>	<b>118 512</b>	<b>784 177</b>
<b>December 2014 – audited</b>						
Investment Management SA	143 188	271 801	61 997	17 790	109 533	604 309
Wealth Management	—	101 512	58 091	—	3 488	163 091
International	—	—	131 863	—	—	131 863
Capital Management	—	2 829	533	—	10	3 372
Intra-cluster eliminations						(141 131)
<b>Assets under management – Sanlam Investments</b>	<b>143 188</b>	<b>376 142</b>	<b>252 484</b>	<b>17 790</b>	<b>113 031</b>	<b>761 504</b>

# Notes to the shareholders' fund information continued

for the six months ended 30 June 2015 – reviewed

## 2. Cluster information (continued)

### 2.3 Sanlam Investments (continued)

#### *Analysis of covered business*

#### Sanlam Employee Benefits

R million	June Reviewed 2015	2014
<b>Analysis of attributable earnings</b>		
Net result from financial services	148	156
Risk underwriting	83	92
Investment and other	58	65
Working capital management	21	19
Administration	(14)	(20)
Net investment return	212	246
Net investment income	92	70
Net investment surpluses	120	176
<b>Normalised attributable earnings</b>	<b>360</b>	<b>402</b>
<b>Analysis of premiums</b>		
Recurring premiums	76	154
Guaranteed	18	28
Risk	58	126
Single premiums	1 106	798
Guaranteed	521	621
Risk	65	—
Retirement	36	—
Annuity	349	106
Special structures	135	71

#### Sanlam Investments and Pensions

(included in Investment Management on page 38)

R million	June Reviewed 2015	2014
<b>Analysis of attributable earnings</b>		
Financial services income	132	169
Sales remuneration	(57)	(59)
Income after sales remuneration	75	110
Administration costs	(39)	(92)
Gross result from financial services	36	18
Tax on result from financial services	—	—
Net result from financial services	36	18
Net investment return	—	1
<b>Normalised attributable earnings</b>	<b>36</b>	<b>19</b>

## 2. Cluster information (continued)

### 2.3 Sanlam Investments (continued)

#### Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital investment	Dividend paid	GEV at the end of period
<b>30 June 2015 – reviewed</b>					
Investment Management	12 797	1 641	1 069	(556)	14 951
Investment Management SA	4 823	991	602	(191)	6 225
Wealth Management	2 522	261	36	(86)	2 733
International	5 452	389	431	(279)	5 993
Covered business	1 193	7	198	(36)	1 362
Other operations	4 259	382	233	(243)	4 631
Sanlam Employee Benefits	6 640	200	(212)	(149)	6 479
Capital Management	685	134	—	(114)	705
<b>Group Equity Value</b>	<b>20 122</b>	<b>1 975</b>	<b>857</b>	<b>(819)</b>	<b>22 135</b>
<b>31 December 2014 – audited</b>					
Investment Management	11 648	2 075	(154)	(772)	12 797
Investment Management SA	4 974	58	167	(376)	4 823
Wealth Management	2 105	528	—	(111)	2 522
International	4 569	1 489	(321)	(285)	5 452
Covered business	1 194	147	(80)	(68)	1 193
Other operations	3 375	1 342	(241)	(217)	4 259
Sanlam Employee Benefits	5 707	1 355	(188)	(234)	6 640
Capital Management	616	241	75	(247)	685
<b>Group Equity Value</b>	<b>17 971</b>	<b>3 671</b>	<b>(267)</b>	<b>(1 253)</b>	<b>20 122</b>

# Notes to the shareholders' fund information continued

for the six months ended 30 June 2015 – reviewed

## 2. Cluster information (continued)

### 2.4 Valuation methodology

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

R million	Fair value	
	June 2015 Reviewed	December 2014 Audited
<b>Valuation method</b>		
<b>Ratio of price to assets under management<sup>(1)</sup></b>	—	10 802
Sanlam Investments	—	10 334
Investment Management SA	—	4 610
Wealth Management	—	2 360
International	—	3 279
Capital Management	—	85
Sanlam Emerging Markets	—	468
<b>Discounted cash flows</b>	<b>25 313</b>	12 433
Sanlam Investments	<b>12 962</b>	1 175
Investment Management SA	<b>5 711</b>	238
Wealth Management	<b>2 733</b>	162
International	<b>4 413</b>	775
Capital Management	<b>105</b>	—
Sanlam Emerging Markets	<b>9 220</b>	8 249
Shriram Capital <sup>(2)</sup>	<b>5 714</b>	5 595
Letshego <sup>(2)</sup>	<b>931</b>	923
Pacific & Orient	<b>742</b>	704
Capricorn Investment Holdings <sup>(2)</sup>	<b>825</b>	845
Other operations	<b>1 008</b>	182
Sanlam Personal Finance	<b>3 131</b>	3 009
Glacier	<b>1 747</b>	1 542
Sanlam Personal Loans	<b>900</b>	907
Other operations	<b>484</b>	560
<b>Net asset value</b>	<b>1 987</b>	1 518
Sanlam Investments	<b>1 332</b>	780
Investment Management SA	<b>514</b>	(25)
International	<b>218</b>	205
Capital Management	<b>600</b>	600
Sanlam Emerging Markets	<b>655</b>	738
	<b>27 300</b>	24 753

<sup>(1)</sup> Businesses previously valued on a ratio of price to assets under management basis were changed to a discounted cash flow basis to ensure a consistent valuation basis across all unlisted Group operating businesses.

<sup>(2)</sup> Includes the listed businesses at directors' valuation of R4 792 million (2014: R4 669 million) for Shriram Capital, R931 million (2014: R923 million) for Letshego and R825 million (2014: R845 million) for Capricorn Investment Holdings. The listed value of these operations are R5 618 million (2014: R6 552 million), R1 224 million (2014: R997 million) and R1 094 million (2014: R949 million) respectively.

## 2. Cluster information (continued)

### 2.4 Valuation methodology (continued)

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 2015 Reviewed		
%				
Risk discount rate (RDR)				1,0
Perpetuity growth rate (PGR)				1,0

R million	Weighted average assumption	Base value	Decrease in assumption	Increase in assumption
Discounted cash flows	RDR = 17,3% (Dec 2014: 16,6%)	25 313	28 703	22 569
Perpetuity growth rate	PGR = 2,5 – 5% (Dec 2014: 2,5 – 5%)	25 313	23 984	26 888

## Notes to the shareholders' fund information continued

for the six months ended 30 June 2015 – reviewed

### 3. Normalised diluted earnings per share

Cents	June 2015 Reviewed	June 2014 Reviewed
<b>Normalised diluted earnings per share:</b>		
Net result from financial services	177,0	169,2
Normalised headline earnings	224,2	214,8
Profit attributable to shareholders' fund	223,1	219,3
R million	June 2015 Reviewed	June 2014 Reviewed
<b>Analysis of normalised earnings (refer shareholders' fund income statement on page 30):</b>		
Net result from financial services	3 622	3 461
Headline earnings	4 588	4 393
Profit attributable to shareholders' fund	4 565	4 485
<b>Reconciliation of normalised headline earnings:</b>		
Headline earnings per note 1 on page 58	4 726	4 447
Fund transfers	(138)	(54)
<b>Normalised headline earnings</b>	<b>4 588</b>	<b>4 393</b>
Million	June 2015 Reviewed	June 2014 Reviewed
<b>Adjusted number of shares:</b>		
Weighted average number of shares for diluted earnings per share (refer note 1 on page 58)	2 027,1	2 019,1
Add: Weighted average Sanlam shares held by policyholders	19,3	26,5
<b>Adjusted weighted average number of shares for normalised diluted earnings per share</b>	<b>2 046,4</b>	<b>2 045,6</b>

#### 4. Value per share

Fair value per share is calculated on the Group shareholders' fund at fair value of R69 000 million (December 2014: R68 037 million), divided by 2 046,3 million (December 2014: 2 048,3 million) shares.

Net asset value per share is calculated on the Group shareholders' fund at net asset value of R47 824 million (December 2014: R47 927 million), divided by 2 046,3 million (December 2014: 2 048,3 million) shares.

Equity value per share is calculated on the Group Equity Value of R97 263 million (December 2014: R95 936 million), divided by 2 046,3 million (December 2014: 2 048,3 million) shares.

Million	June 2015 Reviewed	December 2014 Audited
<b>Number of shares for value per share:</b>		
Number of ordinary shares in issue	2 166,5	2 166,5
Shares held by subsidiaries in shareholders' fund	(141,9)	(142,1)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	21,7	23,9
<b>Adjusted number of shares for value per share</b>	<b>2 046,3</b>	<b>2 048,3</b>

# Embedded value of covered business

at 30 June 2015

R million	Note	June Reviewed 2015	December Audited 2014
<b>Sanlam Personal Finance</b>		<b>36 181</b>	35 444
Adjusted net worth		9 498	9 446
<b>Net value of in-force covered business</b>		<b>26 683</b>	25 998
Value of in-force covered business		28 527	27 872
Cost of capital		(1 844)	(1 874)
<b>Sanlam Emerging Markets</b>		<b>4 984</b>	5 116
Adjusted net worth		2 231	2 324
<b>Net value of in-force covered business</b>		<b>2 753</b>	2 792
Value of in-force covered business		4 617	4 618
Cost of capital		(446)	(384)
Non-controlling interest		(1 418)	(1 442)
<b>Sanlam UK<sup>(1)</sup></b>		<b>1 362</b>	1 193
Adjusted net worth		624	391
<b>Net value of in-force covered business</b>		<b>738</b>	802
Value of in-force covered business		904	858
Cost of capital		(166)	(56)
<b>Sanlam Employee Benefits<sup>(1)</sup></b>		<b>6 479</b>	6 640
Adjusted net worth		5 025	5 025
<b>Net value of in-force covered business</b>		<b>1 454</b>	1 615
Value of in-force covered business		2 362	2 520
Cost of capital		(908)	(905)
<b>Embedded value of covered business</b>		<b>49 006</b>	48 393
Adjusted net worth <sup>(2)</sup>		17 378	17 186
Net value of in-force covered business	1	31 628	31 207
<b>Embedded value of covered business</b>		<b>49 006</b>	48 393

<sup>(1)</sup> Sanlam UK and Sanlam Employee Benefits are part of the Sanlam Investments cluster.

<sup>(2)</sup> Excludes subordinated debt funding of Sanlam Life.

# Change in embedded value of covered business

for the six months ended 30 June 2015

R million	Notes	Six months reviewed							
		2015				2014			
		Total	Value of in-force	Cost of capital	Adjusted net worth	Total	Value of in-force	Cost of capital	Adjusted net worth
<b>Embedded value of covered business at the beginning of the year</b>		<b>48 393</b>	<b>34 299</b>	<b>(3 092)</b>	<b>17 186</b>	43 475	30 720	(3 045)	15 800
Value of new business	2	655	1 654	(79)	(920)	626	1 574	(74)	(874)
Net earnings from existing covered business		2 256	(836)	16	3 076	2 260	(546)	61	2 745
Expected return on value of in-force business		1 820	1 727	93	—	1 659	1 577	82	—
Expected transfer of profit to adjusted net worth		—	(2 639)	—	2 639	—	(2 381)	—	2 381
Operating experience variances	3	408	20	(19)	407	477	6	(31)	502
Operating assumption changes	4	28	56	(58)	30	124	252	10	(138)
Expected investment return on adjusted net worth		608	—	—	608	576	—	—	576
<b>Embedded value earnings from operations</b>		<b>3 519</b>	<b>818</b>	<b>(63)</b>	<b>2 764</b>	3 462	1 028	(13)	2 447
Economic assumption changes	5	(397)	(374)	(19)	(4)	(200)	(215)	8	7
Tax changes		—	—	—	—	(3)	(2)	—	(1)
Investment variances – value of in-force		132	107	(31)	56	527	462	(27)	92
Investment variances – investment return on adjusted net worth		94	—	—	94	189	—	—	189
Goodwill from business		(14)	(14)	—	—	—	—	—	—
Exchange rate movements		(15)	(7)	(8)	—	(30)	(29)	(1)	—
<b>Embedded value earnings from covered business</b>		<b>3 319</b>	<b>530</b>	<b>(121)</b>	<b>2 910</b>	3 945	1 244	(33)	2 734
Acquired value of in-force		18	12	—	6	43	43	(4)	4
Transfers from covered business		(2 724)	—	—	(2 724)	(2 560)	—	—	(2 560)
<b>Embedded value of covered business at the end of the period</b>		<b>49 006</b>	<b>34 841</b>	<b>(3 213)</b>	<b>17 378</b>	44 903	32 007	(3 082)	15 978
<b>Analysis of earnings from covered business</b>									
Sanlam Personal Finance		2 822	655	30	2 137	2 870	903	(34)	2 001
Sanlam Emerging Markets		290	(13)	(38)	341	363	65	4	294
Sanlam UK		7	46	(110)	71	98	65	(3)	36
Sanlam Employee Benefits		200	(158)	(3)	361	614	211	—	403
<b>Embedded value earnings from covered business</b>		<b>3 319</b>	<b>530</b>	<b>(121)</b>	<b>2 910</b>	3 945	1 244	(33)	2 734

# Value of new business

for the six months ended 30 June 2015

R million	Note	Six months reviewed 2015	2014
<b>Value of new business (at point of sale):</b>			
<b>Gross value of new business</b>		<b>817</b>	779
Sanlam Personal Finance		<b>530</b>	479
Sanlam Emerging Markets		<b>244</b>	213
Sanlam UK		<b>11</b>	24
Sanlam Employee Benefits		<b>32</b>	63
<b>Cost of capital</b>		<b>(87)</b>	(82)
Sanlam Personal Finance		<b>(48)</b>	(42)
Sanlam Emerging Markets		<b>(22)</b>	(17)
Sanlam UK		<b>(1)</b>	(2)
Sanlam Employee Benefits		<b>(16)</b>	(21)
<b>Value of new business</b>		<b>730</b>	697
Sanlam Personal Finance		<b>482</b>	437
Sanlam Emerging Markets		<b>222</b>	196
Sanlam UK		<b>10</b>	22
Sanlam Employee Benefits		<b>16</b>	42
<i>Value of new business attributable to:</i>			
<b>Shareholders' fund</b>	2	<b>655</b>	626
Sanlam Personal Finance		<b>482</b>	437
Sanlam Emerging Markets		<b>147</b>	125
Sanlam UK		<b>10</b>	22
Sanlam Employee Benefits		<b>16</b>	42
<b>Non-controlling interest</b>		<b>75</b>	71
Sanlam Personal Finance		<b>—</b>	—
Sanlam Emerging Markets		<b>75</b>	71
Sanlam UK		<b>—</b>	—
Sanlam Employee Benefits		<b>—</b>	—
<b>Value of new business</b>		<b>730</b>	697
<b>Geographical analysis:</b>			
South Africa		<b>498</b>	479
Africa		<b>192</b>	195
Other international		<b>40</b>	23
<b>Value of new business</b>		<b>730</b>	697
<b>Analysis of new business profitability:</b>			
<i>Before non-controlling interest:</i>			
<b>Present value of new business premiums</b>		<b>25 866</b>	24 202
Sanlam Personal Finance		<b>18 263</b>	15 990
Sanlam Emerging Markets		<b>3 599</b>	2 684
Sanlam UK		<b>1 890</b>	3 703
Sanlam Employee Benefits		<b>2 114</b>	1 825
<b>New business margin</b>		<b>2,82%</b>	2,88%
Sanlam Personal Finance		<b>2,64%</b>	2,73%
Sanlam Emerging Markets		<b>6,17%</b>	7,30%
Sanlam UK		<b>0,53%</b>	0,59%
Sanlam Employee Benefits		<b>0,76%</b>	2,30%
<i>After non-controlling interest:</i>			
<b>Present value of new business premiums</b>		<b>24 633</b>	23 335
Sanlam Personal Finance		<b>18 263</b>	15 990
Sanlam Emerging Markets		<b>2 366</b>	1 817
Sanlam UK		<b>1 890</b>	3 703
Sanlam Employee Benefits		<b>2 114</b>	1 825
<b>New business margin</b>		<b>2,66%</b>	2,68%
Sanlam Personal Finance		<b>2,64%</b>	2,73%
Sanlam Emerging Markets		<b>6,21%</b>	6,88%
Sanlam UK		<b>0,53%</b>	0,59%
Sanlam Employee Benefits		<b>0,76%</b>	2,30%

# Notes to the embedded value of covered business

for the six months ended 30 June 2015

	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 %
<b>1. Value of in-force sensitivity analysis</b>				
Base value at 30 June 2015	34 841	(3 213)	31 628	
• Risk discount rate increase by 1%	33 027	(3 950)	29 077	(8)
Base value at 31 December 2014	34 299	(3 092)	31 207	
• Risk discount rate increase by 1%	32 429	(3 792)	28 637	(8)
	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
<b>2. Value of new business sensitivity analysis</b>				
Base value at 30 June 2015	734	(79)	655	
• Risk discount rate increase by 1%	643	(103)	540	(18)
R million	Total	Value of in-force	Cost of capital	Adjusted net worth
<b>3. Operating experience variances</b>				
Six months reviewed 2015				
Risk experience	377	85	—	292
Persistency	88	85	(18)	21
Maintenance expenses	(5)	(2)	(1)	(2)
Working capital and other	(52)	(148)	—	96
Total operating experience variances	408	20	(19)	407
Six months reviewed 2014				
Risk experience	405	29	(2)	378
Persistency	(24)	34	(34)	(24)
Maintenance expenses	22	(1)	(1)	24
Working capital and other	74	(56)	6	124
Total operating experience variances	477	6	(31)	502

# Notes to the embedded value of covered business continued

for the six months ended 30 June 2015 – reviewed

R million	Total	Value of in-force	Cost of capital	Adjusted net worth
<b>4. Operating assumption changes</b>				
<b>Six months reviewed 2015</b>				
Risk experience	(28)	(30)	1	1
Persistency	2	4	—	(2)
Maintenance expenses	(55)	(55)	(2)	2
Modelling improvements and other	109	137	(57)	29
Total operating assumption changes	28	56	(58)	30
<b>Six months reviewed 2014</b>				
Risk experience	94	53	1	40
Persistency	73	94	(9)	(12)
Maintenance expenses	65	69	(2)	(2)
Modelling improvements and other	(108)	36	20	(164)
Total operating assumption changes	124	252	10	(138)
<b>5. Economic assumption changes</b>				
<b>Six months reviewed 2015</b>				
Investment yields	(395)	(372)	(19)	(4)
Long-term asset mix assumptions and other	(2)	(2)	—	—
Total economic assumption changes	(397)	(374)	(19)	(4)
<b>Six months reviewed 2014</b>				
Investment yields	(229)	(217)	(19)	7
Long-term asset mix assumptions and other	29	2	27	—
Total economic assumption changes	(200)	(215)	8	7

%	June Reviewed 2015	2014	December Audited 2014
<b>6. Economic assumptions</b>			
<b>Gross investment return, risk discount rate and inflation</b>			
<b>Sanlam Life</b>			
Point used on the relevant yield curve	<b>9 year</b>	9 year	9 year
Fixed-interest securities	<b>8,5</b>	8,5	8,1
Equities and offshore investments	<b>12,0</b>	12,0	11,6
Hedged equities	<b>9,0</b>	9,0	8,6
Property	<b>9,5</b>	9,5	9,1
Cash	<b>7,5</b>	7,5	7,1
Return on required capital	<b>9,5</b>	9,5	9,1
Inflation rate <sup>(1)</sup>	<b>6,5</b>	6,5	6,1
Risk discount rate	<b>11,0</b>	11,0	10,6
<sup>(1)</sup> Expense inflation of 8,5% (Dec 2014: 8,1%) assumed for retail business administered on old platforms			
<b>SDM Limited</b>			
Point used on the relevant yield curve	<b>5 year</b>	5 year	5 year
Fixed-interest securities	<b>8,0</b>	7,8	7,6
Equities and offshore investments	<b>11,5</b>	11,3	11,1
Hedged equities	<b>n/a</b>	n/a	n/a
Property	<b>9,0</b>	8,8	8,6
Cash	<b>7,0</b>	6,8	6,6
Return on required capital	<b>9,3</b>	9,1	8,9
Inflation rate	<b>6,0</b>	5,8	5,6
Risk discount rate	<b>10,5</b>	10,3	10,1
<b>Sanlam Investments and Pensions</b>			
Point used on the relevant yield curve	<b>15 year</b>	15 year	15 year
Fixed-interest securities	<b>2,5</b>	3,2	2,2
Equities and offshore investments	<b>5,7</b>	6,4	5,4
Hedged equities	<b>n/a</b>	n/a	n/a
Property	<b>5,7</b>	6,4	5,4
Cash	<b>2,5</b>	3,2	2,2
Return on required capital	<b>2,5</b>	3,2	2,2
Inflation rate	<b>3,3</b>	3,3	2,9
Risk discount rate	<b>6,2</b>	6,9	5,9
<b>Botswana Life Insurance</b>			
Fixed-interest securities	<b>7,5</b>	8,0	7,5
Equities and offshore investments	<b>11,0</b>	11,5	11,0
Hedged equities	<b>n/a</b>	n/a	n/a
Property	<b>8,5</b>	9,0	8,5
Cash	<b>6,5</b>	7,0	6,5
Return on required capital	<b>8,8</b>	8,1	8,8
Inflation rate	<b>4,5</b>	5,0	4,5
Risk discount rate	<b>11,0</b>	11,5	11,0

# Notes to the embedded value of covered business continued

for the six months ended 30 June 2015 – reviewed

%	June Reviewed 2015	2014	December Audited 2014
<b>6. Economic assumptions (continued)</b>			
<b>Liquidity premiums</b>			
Investment returns on non-participating and inflation-linked annuities, as well as guaranteed plans include assumed liquidity premiums due to matching assets being held to maturity.			
Assumed liquidity premiums generally amount to between 25bps and 55bps (2014: 25bps and 55bps) for non-participating annuities, between 25bps and 75bps (2014: 25bps to 75bps) for inflation-linked annuities and between 80bps and 140bps (2014: 50bps and 110bps) for guaranteed plans.			
<b>Asset mix for assets supporting required capital</b>			
<b>Sanlam Life</b>			
Equities	26	26	26
Offshore investments	10	10	10
Hedged equities	13	13	13
Fixed-interest securities	15	15	15
Cash	36	36	36
	100	100	100
<b>SDM Limited</b>			
Equities	50	50	50
Cash	50	50	50
	100	100	100
<b>Sanlam Investments and Pensions</b>			
Cash	100	100	100
	100	100	100
<b>Botswana Life Insurance</b>			
Equities	50	40	50
Cash	50	60	50
	100	100	100

# Interim condensed consolidated financial statements

for the six months ended 30 June 2015

## Contents

---

1	Independent auditors' review report on interim condensed consolidated financial statements	54
2	Statement of financial position	55
3	Statement of comprehensive income	56
4	Statement of changes in equity	57
5	Cash flow statement	57
6	Notes to the interim condensed consolidated financial statements	58

# Independent auditors' review report

## on interim condensed consolidated financial statements

### To the shareholders of Sanlam Limited

#### Introduction

We have reviewed the condensed consolidated financial statements of Sanlam Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2015 and condensed consolidated statements of comprehensive income, changes in equity and cash flow for the six-month period then ended and selected explanatory notes set out on pages 55 to 65 and the basis of accounting set out on page 22.

#### Directors' responsibility for the interim financial statements

The directors of Sanlam Limited 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", the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements. We conducted our review in accordance with International Standard of Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review is substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

#### 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 for the six-month period ended 30 June 2015 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting", the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

*Ernst & Young Inc.*

#### Ernst & Young Inc.

Director: Johanna Cornelia de Villiers  
Registered Auditor  
Chartered Accountant (SA)

Ernst & Young House  
35 Lower Long Street  
Cape Town

2 September 2015

# Statement of financial position

at 30 June 2015

R million	Reviewed June 2015	Audited December 2014
<b>ASSETS</b>		
Equipment	752	723
Owner-occupied properties	1 087	1 096
Goodwill	4 063	3 974
Other intangible assets	491	439
Value of business acquired	1 966	2 045
Deferred acquisition costs	3 354	3 281
Long-term reinsurance assets	967	941
Investments	555 782	538 155
Properties	10 827	10 333
Equity-accounted investments	12 336	11 895
Equities and similar securities	185 789	183 040
Interest-bearing investments	164 548	161 778
Structured transactions	12 239	12 348
Investment funds	142 404	133 552
Cash, deposits and similar securities	27 639	25 209
Deferred tax	358	365
Assets of disposal groups classified as held for sale	677	1 893
General insurance technical assets	4 205	3 964
Net defined benefit asset	—	144
Working capital assets	62 515	54 233
Trade and other receivables	47 002	37 974
Cash, deposits and similar securities	15 513	16 259
<b>Total assets</b>	<b>636 217</b>	<b>611 253</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Share capital and premium	22	22
Treasury shares	(3 573)	(3 584)
Other reserves	9 981	9 423
Retained earnings	39 691	40 176
<b>Shareholders' fund</b>	<b>46 121</b>	<b>46 037</b>
Non-controlling interests	5 656	5 198
<b>Total equity</b>	<b>51 777</b>	<b>51 235</b>
Long-term policy liabilities	460 175	443 672
Insurance contracts	187 293	186 626
Investment contracts	272 882	257 046
Term finance	5 308	5 775
Margin business	1 572	1 835
Other interest-bearing liabilities	3 736	3 940
Structured transaction liabilities	934	766
External investors in consolidated funds	49 063	49 625
Cell owners' interest	947	925
Deferred tax	2 374	2 498
Liabilities of disposal groups classified as held for sale	—	1 466
General insurance technical provisions	12 651	12 592
Working capital liabilities	52 988	42 699
Trade and other payables	50 730	40 529
Provisions	284	283
Taxation	1 974	1 887
<b>Total equity and liabilities</b>	<b>636 217</b>	<b>611 253</b>

# Statement of comprehensive income

for the six months ended 30 June 2015

R million	Note	Reviewed 2015	Reviewed 2014
<b>Net income</b>		<b>46 424</b>	50 160
Financial services income		26 259	24 025
Reinsurance premiums paid		(3 386)	(3 048)
Reinsurance commission received		608	521
Investment income		12 933	10 995
Investment surpluses		12 173	20 507
Finance cost – margin business		(52)	(51)
Change in fair value of external investors' liability		(2 111)	(2 789)
<b>Net insurance and investment contract benefits and claims</b>		<b>(28 231)</b>	(33 349)
Long-term insurance and investment contract benefits		(22 862)	(28 308)
Short-term insurance claims		(7 353)	(6 739)
Reinsurance claims received		1 984	1 698
<b>Expenses</b>		<b>(10 877)</b>	(9 750)
Sales remuneration		(3 388)	(2 988)
Administration costs		(7 489)	(6 762)
<b>Impairments</b>		<b>(36)</b>	(25)
<b>Amortisation of intangibles</b>		<b>(166)</b>	(131)
<b>Net operating result</b>		<b>7 114</b>	6 905
Equity-accounted earnings		642	665
Finance cost – other		(260)	(243)
<b>Profit before tax</b>		<b>7 496</b>	7 327
Taxation		(1 999)	(2 249)
Shareholders' fund		(1 502)	(1 565)
Policyholders' fund		(497)	(684)
<b>Profit for the period</b>		<b>5 497</b>	5 078
Other comprehensive income: to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		386	234
<b>Comprehensive income for the period</b>		<b>5 883</b>	5 312
<b>Allocation of comprehensive income:</b>			
Profit for the period		5 497	5 078
Shareholders' fund		4 703	4 539
Non-controlling interests		794	539
Comprehensive income for the period		5 883	5 312
Shareholders' fund		5 096	4 768
Non-controlling interests		787	544
<b>Earnings attributable to shareholders of the company (cents):</b>			
Profit for the period			
Basic earnings per share	1	234,5	227,6
Diluted earnings per share	1	232,0	224,8

## Statement of changes in equity

for the six months ended 30 June 2015

R million	Reviewed 2015	Reviewed 2014
<b>Shareholders' fund</b>		
Balance at beginning of the period	46 037	40 965
Comprehensive income	5 096	4 768
Profit for the period	4 703	4 539
Other comprehensive income	393	229
Net acquisition of treasury shares <sup>(1)</sup>	(447)	(494)
Share-based payments	205	166
Acquisitions, disposals and other movements in interests	(244)	10
Dividends paid <sup>(2)</sup>	(4 526)	(4 009)
<b>Balance at end of the period</b>	<b>46 121</b>	<b>41 406</b>
<b>Non-controlling interests</b>		
Balance at beginning of the period	5 198	3 651
Comprehensive income	787	544
Profit for the period	794	539
Other comprehensive income	(7)	5
Net acquisition of treasury shares <sup>(1)</sup>	(6)	(15)
Share-based payments	41	18
Acquisitions, disposals and other movements in interests	293	891
Dividends paid	(657)	(357)
<b>Balance at end of the period</b>	<b>5 656</b>	<b>4 732</b>
Shareholders' fund	46 037	40 965
Non-controlling interests	5 198	3 651
<b>Total equity at beginning of the period</b>	<b>51 235</b>	<b>44 616</b>
Shareholders' fund	46 121	41 406
Non-controlling interests	5 656	4 732
<b>Total equity at end of the period</b>	<b>51 777</b>	<b>46 138</b>

<sup>(1)</sup> Comprises movement in cost of shares held by subsidiaries, the share incentive trust and other consolidated funds.

<sup>(2)</sup> Dividend of 225 cents per share paid during 2015 in respect of the 2014 financial year (2014: 200 cents).

## Cash flow statement

for the six months ended 30 June 2015

R million	Reviewed 2015	Reviewed 2014
<b>Cash flow from operating activities</b>	<b>5 628</b>	8 334
<b>Cash flow from investment activities</b>	<b>(3 127)</b>	(4 226)
<b>Cash flow from financing activities</b>	<b>(909)</b>	(779)
<b>Net increase in cash and cash equivalents</b>	<b>1 592</b>	3 329
Cash, deposits and similar securities at beginning of the period	41 431	36 491
<b>Cash, deposits and similar securities at end of the period</b>	<b>43 023</b>	<b>39 820</b>

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2015

## 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 and treasury shares held by subsidiaries and policyholders. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Refer to page 44 for normalised earnings per share, which is based on the economic earnings attributable to the shareholders' fund, and in management's view should also be used when evaluating the Group's economic performance from a shareholder's perspective.

Cents	Reviewed 2015	Reviewed 2014
<b>Basic earnings per share:</b>		
Headline earnings	<b>235,7</b>	223,0
Profit attributable to shareholders' fund	<b>234,5</b>	227,6
<b>Diluted earnings per share:</b>		
Headline earnings	<b>233,1</b>	220,2
Profit attributable to shareholders' fund	<b>232,0</b>	224,8
R million		
<b>Analysis of earnings:</b>		
Profit attributable to shareholders' fund	<b>4 703</b>	4 539
Less: Net loss/(profit) on disposal of operations	<b>1</b>	(111)
Loss/(profit) on disposal of subsidiaries and associated companies	<b>2</b>	(143)
Tax on loss/(profit) on disposal of subsidiaries and associated companies	<b>—</b>	32
Non-controlling interests	<b>(1)</b>	—
Plus: Impairments	<b>22</b>	19
Gross impairments	<b>36</b>	25
Non-controlling interests	<b>(14)</b>	(6)
Headline earnings	<b>4 726</b>	4 447
Million		
<b>Number of shares:</b>		
Number of ordinary shares in issue at beginning of the period	<b>2 166,5</b>	2 100,0
Add: Reclassification of deferred shares	<b>—</b>	66,5
Less: Weighted Sanlam shares held by subsidiaries (including policyholders)	<b>(161,1)</b>	(172,3)
<b>Adjusted weighted average number of shares for basic earnings per share</b>	<b>2 005,4</b>	1 994,2
Add: Total number of shares to be issued by staff incentive schemes	<b>21,7</b>	24,9
<b>Adjusted weighted average number of shares for diluted earnings per share</b>	<b>2 027,1</b>	2 019,1

R million	Reviewed 2015	Reviewed 2014
<b>2. Reconciliation of segmental information</b>		
Segment financial services income (per shareholders' fund income statement)	<b>24 087</b>	22 152
Sanlam Personal Finance	<b>7 500</b>	6 985
Sanlam Emerging Markets	<b>2 926</b>	2 437
Sanlam Investments	<b>4 214</b>	3 923
Santam	<b>9 335</b>	8 704
Corporate, consolidation and other	<b>112</b>	103
IFRS adjustments	<b>2 172</b>	1 873
<b>Total financial services income</b>	<b>26 259</b>	24 025
Segment results (per shareholders' fund income statement after tax and non-controlling interest)	<b>4 565</b>	4 485
Sanlam Personal Finance	<b>2 201</b>	3 556
Sanlam Emerging Markets	<b>707</b>	779
Sanlam Investments	<b>844</b>	849
Santam	<b>592</b>	513
Corporate, consolidation and other	<b>221</b>	(1 212)
Non-controlling interests included in segment result	<b>794</b>	539
Fund transfers	<b>138</b>	54
<b>Total profit for the period</b>	<b>5 497</b>	5 078

Additional segmental information is provided in the shareholders' information (refer page 28 to 31).

### 3. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosed in the 2014 annual report. The circumstances surrounding the contingent liabilities remain materially unchanged.

### 4. Subsequent events

No material facts or circumstances have arisen between the dates of the statement of financial position and this report that affect the financial position of the Sanlam Group at 30 June 2015 as reflected in these financial statements.

### 5. Fair value disclosures

#### Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosure only cover instruments measured at fair value.

Included in **level 1** category are financial assets and liabilities that are measured by reference to unadjusted, quoted prices in an active market for identical assets and liabilities.

Included in **level 2** category are financial assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Assets and liabilities measured using inputs that are not based on observable market data are categorised as **level 3**.

# Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2015 – reviewed

## 5. Fair value disclosures (continued)

R million	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
<b>30 June 2015 – reviewed</b>				
Equities and similar securities	182 916	2 431	442	185 789
Interest-bearing investments	106 181	56 373	370	162 924
Structured transactions	5 696	6 543	—	12 239
Investment funds	121 207	20 705	492	142 404
Trading account assets	8 083	17 075	—	25 158
Cash deposits and similar securities	16 034	11 602	—	27 636
<b>Total financial assets</b>	<b>440 117</b>	<b>114 729</b>	<b>1 304</b>	<b>556 150</b>
Investment contract liabilities	—	270 251	2 631	272 882
Term finance	3 001	103	262	3 366
Margin business	3 001	—	—	3 001
Other interest-bearing liabilities	—	103	262	365
Structured transactions liabilities	—	934	—	934
Trading account liabilities	969	23 035	—	24 004
External investors in consolidated funds	48 879	184	—	49 063
<b>Total financial liabilities</b>	<b>52 849</b>	<b>294 507</b>	<b>2 893</b>	<b>350 249</b>
<b>31 December 2014 – audited</b>				
Equities and similar securities	180 185	2 460	395	183 040
Interest-bearing investments	107 061	53 063	396	160 520
Structured transactions	4 653	7 695	—	12 348
Investment funds	114 691	18 409	452	133 552
Trading account assets	7 522	15 304	—	22 826
Cash deposits and similar securities	20 053	5 153	—	25 206
<b>Total financial assets</b>	<b>434 165</b>	<b>102 084</b>	<b>1 243</b>	<b>537 492</b>
Investment contract liabilities	—	254 494	2 552	257 046
Term finance	3 031	111	347	3 489
Margin business	3 031	—	—	3 031
Other interest-bearing liabilities	—	111	347	458
Structured transactions liabilities	—	766	—	766
Trading account liabilities	1 008	21 111	—	22 119
External investors in consolidated funds	49 476	149	—	49 625
<b>Total financial liabilities</b>	<b>53 515</b>	<b>276 631</b>	<b>2 899</b>	<b>333 045</b>

## 5. Fair value disclosures (continued)

### Reconciliation of movements in level 3 financial instruments measured at fair value

R million	Equities and similar securities	Interest- bearing investments	Structured transactions	Investment funds	Cash, deposits and similar securities	Total financial assets
<b>30 June 2015 – reviewed</b>						
<b>Financial assets</b>						
<b>Balance at 1 January 2015</b>	<b>395</b>	<b>396</b>	<b>—</b>	<b>452</b>	<b>—</b>	<b>1 243</b>
Total gain/(loss) in statement of comprehensive income	214	(22)	—	40	—	232
Acquisitions/issues	103	—	—	—	—	103
Disposals	(258)	—	—	—	—	(258)
Foreign exchange movements	(1)	3	—	—	—	2
Transfers to level 1 and level 2	(11)	(7)	—	—	—	(18)
<b>Balance at 30 June 2015</b>	<b>442</b>	<b>370</b>	<b>—</b>	<b>492</b>	<b>—</b>	<b>1 304</b>
<b>31 December 2014 – audited</b>						
<b>Financial assets</b>						
<b>Balance at 1 January 2014</b>	1 313	394	—	459	—	2 166
Total gain/(loss) in statement of comprehensive income	82	34	2	50	—	168
Acquisitions	130	13	—	—	—	143
Disposals	(1 133)	(51)	(2)	(57)	—	(1 243)
Foreign exchange movements	3	6	—	—	—	9
<b>Balance at 31 December 2014</b>	<b>395</b>	<b>396</b>	<b>—</b>	<b>452</b>	<b>—</b>	<b>1 243</b>

# Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2015 – reviewed

## 5. Fair value disclosures (continued)

Reconciliation of movements in level 3 financial instruments measured at fair value (continued)

R million	Investment contract liabilities	Term finance	Structured trans- actions liabilities	Total financial liabilities
<b>30 June 2015 – reviewed</b>				
<b>Financial liabilities</b>				
<b>Balance at 1 January 2015</b>	<b>2 552</b>	<b>347</b>	<b>—</b>	<b>2 899</b>
Total (gain)/loss in statement of comprehensive income	7	—	—	7
Acquisitions	97	—	—	97
Disposals	(143)	—	—	(143)
Settlements	—	(100)	—	(100)
Foreign exchange movements	118	15	—	133
<b>Balance at 30 June 2015</b>	<b>2 631</b>	<b>262</b>	<b>—</b>	<b>2 893</b>
<b>31 December 2014 – audited</b>				
<b>Financial liabilities</b>				
<b>Balance at 1 January 2014</b>	767	259	203	1 229
Total (gain)/loss in statement of comprehensive income	82	59	94	235
Acquisitions	195	—	—	195
Disposals	(505)	—	(297)	(802)
Foreign exchange movements	29	29	—	58
Transfers from level 1 and level 2	1 984	—	—	1 984
<b>Balance at 31 December 2014</b>	<b>2 552</b>	<b>347</b>	<b>—</b>	<b>2 899</b>

## 5. Fair value disclosures (continued)

	Six months reviewed 2015	Full year audited 2014
<b>Gains and losses (realised and unrealised) included in profit and loss – level 3 instruments</b>		
Gains or losses included in profit or loss for the period	225	(67)
Gains or losses included in profit or loss for the period for assets held at the end of the reporting period	242	191

R million	Equities and similar securities	Interest-bearing investments	Structured transactions	Cash, deposits and similar securities	Total financial assets
<b>Transfers between categories</b>					
<b>Financial assets</b>					
<b>Six months reviewed – 2015</b>					
Transfer from level 1 to level 2 <sup>(1)</sup>	—	2 627	—	—	2 627
Transfer from level 2 to level 1	—	—	—	—	—
<b>Full year audited – 2014</b>					
Transfer from level 1 to level 2	—	380	106	36	522
Transfer from level 2 to level 1	5	—	—	—	5

<sup>(1)</sup> Listed bonds not traded within an active market have been transferred from level 1 to level 2.

# Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2015 – reviewed

## 5. Fair value disclosures (continued)

### Valuation techniques used in determining the fair value of financial instruments

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input
Equities and similar securities	2 and 3	Discounted cash flow model (DCF), earnings multiple	Bond and interbank swap interest rate curve, cost of capital, consumer price index	Cost of capital Earnings multiple
Interest-bearing investments (including insurance policies)	2 and 3	DCF, earnings multiple, quoted put/ surrender price by issuer	Bond and interbank swap interest rate curve, cost of capital, consumer price index	Earnings multiple
Trading account assets and liabilities	2	DCF	Forward rate Credit risk spread Liquidity spread	n/a
Investment contract liabilities and investment funds	2 and 3	Current unit price of underlying unitised financial asset, multiplied by the number of units held, DCF, earnings multiple	Bond and interbank swap interest rate curve, cost of capital, consumer price index bond interest rate curve	Earnings multiple n/a
Term finance	2 and 3	DCF	Bond and forward rate Credit ratings of issuer Liquidity spread Agreement interest curves	Liquidity spread
Structured transactions assets and liabilities	2	Option pricing models DCF	Bond and interbank swap interest rate curve, forward equity and currency rates Volatility risk adjustments	n/a
External investors in consolidated funds	2	Current unit price of underlying unitised financial asset, multiplied by the number of units held	n/a	n/a

## 5. Fair value disclosures (continued)

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

R million	Carrying amount <sup>(1)</sup>	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount <sup>(2)</sup>	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
<b>Six months – reviewed 30 June 2015</b>						
Equities and similar securities	378	38	(38)	64	3	(3)
Interest-bearing investments	370	37	(37)	—	—	—
Investment funds	492	49	(49)	—	—	—
<b>Financial assets</b>	<b>1 240</b>	<b>124</b>	<b>(124)</b>	<b>64</b>	<b>3</b>	<b>(3)</b>
Investment contract liabilities	2 631	263	(263)	—	—	—
Term finance	262	26	(26)	—	—	—
<b>Financial liabilities</b>	<b>2 893</b>	<b>289</b>	<b>(289)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Full year – audited 31 December 2014</b>						
Equities and similar securities	323	32	(32)	72	(3)	3
Interest-bearing investments	396	40	(40)	—	—	—
Investment funds	452	45	(45)	—	—	—
<b>Financial assets</b>	<b>1 171</b>	<b>117</b>	<b>(117)</b>	<b>72</b>	<b>(3)</b>	<b>3</b>
Investment contract liabilities	2 552	255	(255)	—	—	—
Term finance	347	35	(35)	—	—	—
<b>Financial liabilities</b>	<b>2 899</b>	<b>290</b>	<b>(290)</b>	<b>—</b>	<b>—</b>	<b>—</b>

<sup>(1)</sup> Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.

<sup>(2)</sup> Represents mainly private equity investments valued on a discounted cash flow basis, with sensitivities based on changes in the discount rate.

## 6. Business combinations

There were no material business combinations during 2015.

# Administration

## Registered name

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

## Group Secretary

Sana-Ullah Bray

## Registered office

2 Strand Road, Bellville, 7530  
South Africa  
Telephone +27 (0)21 947-9111  
Fax +27 (0)21 947-3670

## Postal address

PO Box 1, Sanlamhof 7532  
South Africa

## Sponsor

Deutsche Securities (SA) Proprietary Limited

## Internet address

<http://www.sanlam.com>

## Transfer secretaries

Computershare Investor Services (Pty) Limited  
(Registration number 2004/003647/07)  
70 Marshall Street, Johannesburg 2001  
South Africa  
PO Box 61051, Marshalltown 2107, South Africa  
Telephone +27 (0)11 373-0000  
Fax +27 (0)11 688-5200

## Directors

DK Smith (Chairman), PT Motsepe (Deputy Chairman), IM Kirk<sup>(1)</sup> (Group Chief Executive),  
MMM Bakane-Tuoane, CB Booth<sup>(2)</sup>, AD Botha, PR Bradshaw<sup>(2)</sup>, MV Moosa, JP Möller<sup>(1)</sup>, TI Mvusi<sup>(1)</sup>,  
SA Nkosi, P Rademeyer, Y Ramiah<sup>(1)</sup>, RV Simelane, CG Swanepoel, ZB Swanepoel, PL Zim

<sup>(1)</sup> Executive

<sup>(2)</sup> British

## Changes to the board

Resignation of Ms Philisiwe Mthethwa with effect from 13 February 2015.

Mr Arun Duggal retired with effect from 3 June 2015.

Dr Johan van Zyl stepped down as Group Chief Executive and retired from the Board with effect from 30 June 2015.

Mr Ian Kirk appointed as Group Chief Executive with effect from 1 July 2015.