



interim results for the six months ended 30 June 2016



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Financial Planning

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Key features

Earnings

- ① Net result from financial services per share increased by **11%**
- ① Normalised headline earnings per share down **7%**

Business volumes

- ① New business volumes up 15% to **R115 billion**
- ① Net value of new covered business up 7% to **R702 million**
- ① Net new covered business margin of **2,44%** (2,66% in 2015)
- ① Net fund inflows of **R22 billion** compared to R7 billion in 2015

Group Equity Value

- ① Group Equity Value per share of **R52,12**
- ① Return on Group Equity Value per share for the six months of **7,9%**

Capital management

- ① Unallocated discretionary capital of **R3,1 billion** at 30 June 2016
- ① Sanlam Life Insurance Limited CAR cover of **5,3 times**

Salient results

for the six months ended 30 June 2016

		2016	2015	%Δ
Sanlam Group				
Earnings				
Net result from financial services per share	cents	196,8	177,0	11
Normalised headline earnings per share ⁽¹⁾	cents	208,0	224,2	(7)
Diluted headline earnings per share	cents	214,1	233,1	(8)
Net result from financial services	R million	4 028	3 622	11
Normalised headline earnings ⁽¹⁾	R million	4 256	4 588	(7)
Headline earnings	R million	4 322	4 726	(9)
Business volumes				
New business volumes	R million	115 353	99 879	15
Net fund inflows	R million	21 746	6 769	221
Net new covered business				
Value of new covered business	R million	702	655	7
Covered business PVNBP ⁽²⁾	R million	28 759	24 633	17
New covered business margin ⁽³⁾	%	2,44	2,66	
Group Equity Value				
Group Equity Value ⁽⁵⁾	R million	106 599	103 506	3
Group Equity Value per share ⁽⁵⁾	cents	5 212	5 057	3
Return on Group Equity Value per share ⁽⁴⁾	%	7,9	6,3	
Sanlam Life Insurance Limited				
Shareholders' fund ⁽⁵⁾	R million	80 042	77 970	
Capital Adequacy Requirements (CAR) ⁽⁵⁾	R million	8 375	8 250	
CAR covered by prudential capital ⁽⁵⁾	Times	5,3	5,8	

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

⁽²⁾ PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.

⁽³⁾ New covered business margin = value of new covered business as a percentage of PVNBP.

⁽⁴⁾ 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.

⁽⁵⁾ Comparative figures are as at 31 December 2015.

Executive review

In an unsupportive business environment during the first half of the 2016 financial year, the Group once again achieved a solid operational performance. Delivering double digit Return on Group Equity Value (RoGEV) (annualised) and double digit growth in new business volumes and net result from financial services under challenging conditions is testimony to the resilience of the Group's strategy and its operations.

Economic growth in most of the markets where the Group operates remained below longer-term potential, in particular in South Africa, the Group's largest market. Investment market volatility also persisted as global investors navigated an increasingly uncertain global environment. Markets grappled with the risk of an economic slowdown in China, the downturn in the commodity cycle, rising geopolitical risks and the impact of potentially opposing monetary policy stances by central banks in the United States (US), United Kingdom (UK), Europe and Japan. The fragile outlook for global economic growth was dealt a further blow at the end of the second quarter by the UK electorate's surprise vote in favour of Britain leaving the European Union, signifying rising pressure in a number of countries for more protectionist policies. These conditions contributed to rising risk aversion, increasing the pressure on the economies, currencies and investment markets of emerging market countries.

① In **South Africa**, the economy continued to grow at a pedestrian pace in nominal terms with no real growth expected in 2016. Both internal and external factors are depressing economic activity. The current soft commodity cycle amidst weak global growth and demand is placing severe pressure on the mining and ancillary sectors, exports and consequently the current account balance. A depreciating rand exchange rate over the last two years and weaker consumer demand alleviated some of the pressure on the current account, with recent data suggesting some rebalancing in the economy. Business

confidence in the private sector has declined in an environment of policy uncertainty, the risk of a downgrade in South Africa's sovereign debt rating and suppressed profitability due to real growth in employment costs without associated gains in productivity. Fixed capital investment by the private sector is consequently lagging, placing pressure on employment growth and consumer disposable income.

A major positive development since the end of December 2015 is renewed cooperation between the public and private sectors to address the structural challenges that are hampering economic and employment growth. Various initiatives have already been launched, which assisted in South Africa maintaining its investment grade sovereign debt ratings in June 2016. The Finance Ministry and private sector are committed to achieve the common goals of the initiatives, which bode well for accelerated future economic growth.

The South African equity and bond markets followed international events closely and exhibited periods of intense volatility. Average market levels during the first half of 2016 were some 1% lower than the comparable period in 2015, limiting growth in assets under management and fund-based fee income at Sanlam Investments and Sanlam Personal Finance.

The economic, political and volatile investment market conditions had a pronounced negative impact on institutional and retail investor confidence during the first half of 2016. Institutional clients refrained from making significant investment decisions, including the reallocation of investment management mandates. The retail sector exhibited similar trends, with waning demand for discretionary single premium investment products.

- ① The **Rest of Africa** region continued to experience tough operating conditions with economic growth below the region's long-term potential. In many countries sustained loose fiscal policies following the global financial crisis left economies exposed to deteriorating economic and financial conditions. The shift towards tighter monetary policy in the US, albeit modest and slow, tighter global financial conditions and a significant downturn in the region's commodity export prices have led to a period of macro-economic adjustment. This is especially true of countries which have been running large current account and government budget deficits along with high government debt levels, including Ghana, Zambia, Kenya, Angola, Mozambique and Tanzania.

Oil exporters have been especially hard hit, notably Angola and Nigeria, where deteriorating balance of payment positions, reflected in falling foreign exchange reserves levels, have forced devaluation of the Angolan kwanza and the Nigerian naira. The negative shock to the terms of trade of these countries are also restricting growth in domestic demand. Nigeria, for example, is expected to record negative economic growth in 2016, followed by a mild recovery only in 2017. Currency weakness has also contributed to sharp increases in inflation in these economies.

Elsewhere, inflation is also elevated in a number of economies including Ghana, Zambia, Tanzania and Malawi. Domestic policy interest rates remained high or were increased in these countries in the first half of 2016 as a result. In addition, drought conditions in some countries have also weighed heavily on economic activity, including Zimbabwe, Zambia and Malawi.

Oil importing countries, however, benefited from low oil prices, which have supported their terms of trade and purchasing power. Kenya is one example among the larger countries where economic growth has remained robust. Other commodity producers that have improved their terms of trade significantly since the global financial crisis include Botswana and Namibia where the production of diamonds is material. Botswana recorded a healthy current account surplus and a small budget deficit in 2015. In contrast, Namibia is running large twin deficits, which cannot be sustained indefinitely. Even so, Namibia's international reserves did increase in the first quarter of 2016 due to capital inflows and valuation adjustments.

Despite the difficult conditions, the overall Rest of Africa region continues to expand at a much faster pace than South Africa. Low levels of insurance penetration also supported the Group's growth in the region.

- ② **India** is making steady progress to improve economic growth, with the economy expanding in 2015 at a six year high. Consumption tailwinds, supported by slower inflation and declining short-term interest rates, continue to drive economic activity in 2016, benefiting growth at the Group's Indian operations. The roll-out of the anticipated infrastructure projects and diligent management of arrears in the equipment finance book is yielding positive results with no additional bad debt provisions being required.
- ③ Economic growth in **Malaysia** moderated somewhat in the first quarter of 2016 to 4.2 percent on an annualised basis. Increased consumption spending by the public and private sector are not fully compensating for a decline in investment and exports in the current weak commodity cycle. Motorcycle sales remain under pressure, impacting on premium growth in the Group's Malaysian general insurance business.

The Group's primary strategic objective of optimising value creation for shareholders, as measured by **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 result of all the major value drivers in the business. The RoGEV per share for the six months to 30 June 2016 of 7,9% exceeded the target of 6,8%. Normalised RoGEV per share, which excludes investment market and currency volatility as well as changes in interest rates and other factors outside of management's control, was slightly above the actual RoGEV for the period.

Net result from financial services increased by 11%. Sanlam Personal Finance (SPF) achieved solid growth of 9%. Sanlam Emerging Markets (SEM) grew its contribution by 40%, the combination of solid organic growth and the first-time inclusion of Saham Finances. As anticipated, underwriting margins at Santam normalised from an exceptional performance in 2015 to within its target range, resulting in a 6% decline in its net result from financial services. Pressure on fee income in the asset management operations of Sanlam Investments (SI) and weaker claims experience at Sanlam Employee Benefits (SEB), limited growth in the cluster's profit contribution to 1%.

New business volumes increased by 15%, a strong performance under difficult conditions. All of the major businesses contributed to the growth. Diligent focus on client centricity and the quality of new business written over many years significantly improved the resilience of the life insurance in-force book as reflected in decent persistency experience despite the pressure on consumer disposable income. The net value of the new covered business (VNB) increased by 7% at a margin of 2,44%. The slight reduction in margin from 2,66% in the first half of 2015 is due to changes in business mix and relatively higher long-term interest rates, with profitability mostly maintained on a per product basis.

➤ Strategic initiatives

The Group strategy is embedded in five pillars:

- ① Improving performance through top-line growth
 - Increasing market share in key segments
 - Diversifying the base (including geographical presence, products, market segments and distribution platforms)
- ① Improved operating and cost efficiencies, including quality of business written
- ① Prioritising Sanlam's international positioning through diversification
- ① Improving capital efficiency on an ongoing basis
- ① Embracing and accelerating transformation of the Group.

Varying emphasis is placed on the different pillars over time as the Group evolves, the economic and operating environment changes and client needs and preferences develop. This approach is applied throughout the business clusters, tailored to their specific circumstances.

The Group's international positioning remains focused on emerging markets, specifically Africa, India and South-East Asia. A niche presence is maintained in selected developed markets to provide an investment and wealth management capability to the African client base, augmented by local distribution capacity to achieve economies of scale.

Steady progress has been made on a number of strategic initiatives:

- ① **SEM** finalised the Saham Finances acquisition. This transaction significantly expands the Group's footprint, which is unmatched in Africa. The expanded footprint presents the Group with a significant opportunity to provide a holistic and seamless insurance, investment and employee benefits offering to corporate clients and brokers operating across the continent.

Conscious of management capacity available in the Group, focus in the near term has been shifted to successfully execute on this opportunity, with less emphasis on further acquisitive growth in South-East Asia for the time being.

Good progress has been made with the acquisition of additional 23% stakes in Shriram General Insurance and Shriram Life Insurance in India. The transaction remains subject to final regulatory approval.

Capacity within the SEM central support team has been strengthened in line with the increased focus on accelerated organic growth.

- ① **SPF** refined its strategy to become the leader in insurance, investment and ancillary services in all segments of the South African retail sector. The business is being realigned along broad solution categories to enhance management focus and agility, which will significantly improve its ability to anticipate and fulfil rapidly evolving client needs, while being optimally competitive. The realignment will also strategically position the business to operate effectively in a regulatory environment post the introduction of the South African regulator's Retail Distribution Review proposals.

The importance of digital distribution and support channels is rising at a rapid pace. These channels are demanded by a new generation of clients and can also be a key component in improving the cost effectiveness and affordability of products to the benefit of clients. The optimal digital offering, including both channel design and tailored product solutions, is under development.

Life insurance products were launched on the MiWay direct distribution platform during 2015 under the MiWay Life brand. Satisfactory sales traction was achieved during the first six months of 2016.

- ② **SI's** implemented consulting offering continues to gain popularity with strong retail inflows generated during the first half of 2016. Particularly satisfactory is the increased portion of funds invested in internally managed portfolios. This offering also positions the cluster for a post Retail Distribution Review regulatory environment. Institutional net inflows, however, continued to disappoint. The positioning of the business to gain market share in this highly competitive segment will receive particular attention going forward. Improving cost efficiencies will also be a strategic focus area.
- ③ **Santam's** strategy is aimed at maintaining its leadership position in South Africa, while building its non-South African emerging market presence together with SEM. Good progress has been made in optimising the support model for the general insurance businesses in SEM. MiWay, Santam's direct offering in South Africa, continues on a strong growth path, now competing in both the retail and small enterprises markets.
- ④ Progress has been made in implementing the strategy of the new **Sanlam Corporate** cluster announced earlier in the year. Recruitment of a Chief Executive for the cluster is progressing after Junior Ngulube's appointment as Chief Executive of SEM.

➤ Outlook

We expect that the economic and operating environment will remain challenging for the remainder of 2016, apart from India where robust economic growth is expected. Global economic growth prospects for the second half of the year is weighed to the downside as markets absorb the consequences of the UK exiting the European Union. Business and investor confidence is unlikely to improve under these conditions, while investment market and currency volatility are expected to persist. We remain confident in the Group's ability to grow operational earnings and new business

volumes despite the challenging environment, but shareholders need to be aware of the impact that the level of interest rates, currency exchange rates and financial market returns and volatility have 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, VNB and GEV to be reported for the 2016 financial year.

We will continue to diligently execute on the strategic priorities identified in the Group's 2015 Annual Report in the second half of the 2016 financial year.

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's International Financial Reporting Standards (IFRS) financial statements for the six months ended 30 June 2016 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 2015 Annual Report.

Most of the Group businesses achieved a solid underlying performance in the first half of 2016 despite challenging economic and investment market conditions. Highlights for the six months include the finalisation of the Saham Finances transaction, in absolute terms the largest acquisition concluded by the Group to date, and a continued improvement in the operational performances of SEM and Sanlam Capital Markets (SCM).

➤ Operating environment

Economic conditions

Economic conditions in the first six months of the 2016 financial year were not conducive to growth, as expanded on in the Executive Review.

Equity markets

The South African equity market delivered a relatively weaker performance with the FTSE/JSE All Share Index recording a total return of 4,3% for the six months to 30 June 2016, compared to a return of 6,7% in the comparable six-month period in 2015. The MSCI World Index return in rand of -3,9% was significantly lower than the 7,8% return for the first half of 2015. A number of the Rest of Africa markets where the Group operates also experienced significantly lower relative investment market performance. Investment return earned on the Group's capital portfolio was commensurately lower, with a similar impact on headline earnings.

Interest rates

South African long-term interest rates declined by 110 basis points since the end of 2015, but were still 50 basis points higher than the 30 June 2015 levels. RoGEV for the first six months of 2016 was supported by the decline in rates since the end of 2015. Growth in VNB was, however, negatively impacted by the higher rates relative to the 30 June 2015 comparable base. The South African All Bond Index returned 11,2% in the first half of 2016 compared to a return of 1,6% for the same period in 2015, partly offsetting the negative impact of the lacklustre equity market performance on the South African operations' assets under management.

Foreign currency exchange rates

The South African rand strengthened against most currencies over the six months to 30 June 2016, after a significant depreciation during the 2015 financial year. Currency volatility was a key feature in a number of African countries. 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)
31/12/2015	16,84	22,83	15,49	1,41	0,24	
30/06/2016	16,31	19,57	14,78	1,37	0,22	
Weakening/(strengthening)	(3,1%)	(14,3%)	(4,6%)	(2,4%)	(6,7%)	(9,6%)
Average first half 2015	13,29	18,14	11,91	1,24	0,19	
Average first half 2016	17,18	22,05	15,40	1,40	0,23	
Weakening/(strengthening)	29,3%	21,6%	29,3%	13,5%	21,0%	10,7%

Comments on the results continued

The stronger closing exchange rate of the rand had a negative impact on the rand-based valuations and RoGEV of the Group's non-South African operations. The weaker average exchange rates, however, benefited the translated rand earnings, new business volumes and VNB of these operations.

Taxation

The following changes in South African tax legislation affected the Group's results for the six months to 30 June 2016:

- ① The effective capital gains tax (CGT) rate on unrealised market value appreciation was increased from 18,67% to 22,4% during the first half of 2016, requiring re-measurement of the Group's deferred tax balances. This resulted in the recognition of a R175 million one-off capital gains tax charge in the Group's earnings for the six months to 30 June 2016 net of non-controlling interests.
- ① The taxation of risk business written by life insurance companies was amended through the introduction of a separate risk policy fund (RPF) for taxation purposes. The net effect was as follows:
 - For new business, tax relief for the upfront costs incurred in respect of writing new business is delayed until the product becomes profitable from a cash flow perspective, impacting negatively on VNB. Together with product design changes and re-pricing, the margin of new risk business was unaffected.
 - In respect of existing business transferred to the RPF, investment income earned on policyholder liabilities attributable to the RPF is not subject to tax in the RPF, resulting in an increase in the discretionary reserves of the RPF to ensure profit is still recognised over the lifetime of the affected policies. This increase in the discretionary reserve led to an increase in the value of in-force life business.

➤ Group Equity Value

GEV amounted to R106,6 billion or 5 212 cents per share on 30 June 2016. Including the dividend of 245 cents per share paid during the year, a RoGEV per share of 7,9% was achieved for the first six months of 2016. This exceeds the 2016 six-month target of 6,8% by a healthy margin. Adjusted RoGEV per share, which excludes the impact of investment market and currency volatility, interest rate changes and other one-off effects not under management control (such as tax changes), was slightly in excess of the actual return.

South African and Namibian long-term interest rates declined by 110bp during the first half of 2016, with a corresponding 110bp decrease in the risk discount rate (RDR) used to value the Group's South African and Namibian operations for GEV purposes. This had a commensurate positive impact on the 30 June 2016 valuations and RoGEV of these businesses. The benefit was, however, to a large extent offset by:

- ① Currency translation losses on the non-South African operations due to the stronger rand exchange rate;
- ① A strengthening in the valuation assumptions used for the SEM and SEB operations;
- ① The utilisation of prudent investment market return assumptions in the valuation of the investment management businesses; and
- ① Weak investment market returns and a worsening in risk underwriting experience in the first half of 2016.

After underperforming in 2015, the Group's shareholding in Santam achieved a stellar return of 24% for the six months to 30 June 2016. The investment in Santam is valued at its listed market price for GEV purposes and reflects the share price performance during the period.

Comments on the results continued

Group Equity Value at 30 June 2016

R million	GEV		RoGEV – %	
	June 2016	December 2015	June 2016	June 2015
Group operations	101 077	91 558	9,1	7,0
Sanlam Personal Finance	41 408	38 249	13,8	8,1
Sanlam Emerging Markets	22 335	18 047	1,5	4,8
Sanlam Investments	21 780	22 412	(0,4)	9,8
Santam	15 554	12 850	23,8	2,5
Covered business	49 966	47 222	8,8	6,9
Value of in-force	34 612	32 114	13,2	8,4
Adjusted net worth	15 354	15 108	(0,5)	4,0
Other operations	51 111	44 336	9,4	7,2
Group operations	101 077	91 558	9,1	7,0
Discretionary capital and other	5 522	11 948	(3,8)	(3,2)
Group Equity Value	106 599	103 506	7,9	6,2
Per share (cents)	5 212	5 057	7,9	6,3

Group operations yielded an overall return of 9,1% in the first half of 2016, the combination of 8,8% return on covered business and 9,4% on other Group operations. The reduction in return on adjusted net worth reflects the relatively weaker investment market return earned during the first six months of 2016, especially on the non-South Africa exposure, as well as the one-off impact of the change in the effective CGT rate in South Africa (refer above).

SPF's RoGEV of 13,8% was well in excess of its target. Covered business yielded a return of 12,8% compared to 8,0% in the first half of 2015. A decline in return on adjusted net worth and some reduction in positive experience variances and operating assumption changes were more than compensated for by the positive impact on the value of in-force of the lower RDR and the introduction of the RPF. The valuation of other group operations benefited from the lower RDR applied in the discounted cash flow valuation models, supporting a return of 22,7% from these operations in the first half of 2016 compared to 10,2% in the comparable 2015 period.

Notwithstanding **SEM** achieving solid growth in operating earnings and VNB for the first half of 2016, the cluster did not achieve its RoGEV hurdle for the six-month period. RoGEV for the first half of 2016 of 1,5% (2015: 4,8%) is the combined result of -0,8% (2015: 5,7%) return on covered business and a yield of 2,3% (2015: 4,3%) on other operations. The following factors impacted on the return:

- ① The strengthening of the rand against particularly the Indian rupee, Botswana pula, Ghanaian cedi and Nigerian naira had a 6% negative impact on the reported RoGEV. In constant currency terms, a RoGEV of 7,5% was achieved.

Comments on the results continued

- ① Some of the general insurance operations have not yet succeeded with the successful implementation of diversification strategies, resulting in a more prudent view being taken in the valuation bases of these businesses. Pacific & Orient and Shriram General Insurance in particular yielded inadequate returns as a result.
- ① Negative variances from the correction of Soras Assurances Generales' results, following corrective measures taken to address financial irregularities uncovered during the period.
- ① Excess capital carried by MCIS, Botswana Insurance Holdings and Shriram Capital detracts from the total returns achieved on the SEM portfolio given the low rate of investment return earned on the underlying investments. Redeploying the excess capital remains a focus area.
- ① The return on covered business also fell short of target. In Kenya and Zambia the turnaround has been slower than anticipated. Despite profitable new business written by MCIS, returns were negatively impacted by changes to in-force modelling assumptions. Similar to the South African operations, investment return earned on the capital supporting the life operations also underperformed.
- ① In support of the accelerated organic growth strategy, the SEM support structure has been expanded. Although the increase in group costs have been capitalised, no allowance has been made in the valuations for the future benefits arising from expected accelerated organic growth.

The **SI** operations recorded negative RoGEV of 0,4% in the first half of 2016 compared to 9,8% in the first six months of 2015. Covered business yielded -3,3% (2015: 2,6%) and other operations 1,0% (2015: 14,4%). The return on covered business was

negatively impacted by the significant strengthening of the rand against the British pound, weak investment return earned on the capital supporting these operations and negative risk underwriting experience at SEB. Last mentioned is in line with trends already visible in peer's 2015 results. The low return on other operations is mostly attributable to currency translation losses on the International sub-cluster businesses. The South African Wealth and Investment management businesses achieved acceptable growth in light of prudent investment market return assumptions being allowed for in the valuation bases in an uncertain environment. The valuations were supported by the lower RDR and some growth in the level of assets under management. In constant currency, the cluster achieved overall RoGEV of 3,0% and a RoGEV of 4,7% on other operations.

As mentioned above, the RoGEV on Santam reflects the return on the listed Santam share.

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

- ① Net corporate expenses recognised in net result from financial services.
- ① A relatively low level of return earned on the portfolio's exposure to low yielding liquid assets.
- ① Hedging of the Saham Finances and Shriram life and general insurance transactions. The transactions were hedged through the acquisition of foreign currency, which earns a very low rate of interest due to the US dollar denomination. The application of hedge accounting principles in the GEV presentation furthermore eliminated the foreign currency movements, essentially exposing the portfolio to some R5 billion of assets that earned close to zero return – in respect of the Saham Finances transaction for a period of two months and six months in respect of the Shriram insurance transactions.

Comments on the results continued

➤ Earnings

Shareholders' fund income statement for the six months ended 30 June 2016

R million	2016	2015	%Δ
Net result from financial services	4 028	3 622	11%
Sanlam Personal Finance	2 133	1 955	9%
Sanlam Emerging Markets	788	562	40%
Sanlam Investments	721	712	1%
Santam	388	413	(6%)
Corporate and other	(2)	(20)	90%
Net investment return	377	1 148	(67%)
Project costs and amortisation	(145)	(143)	(1%)
Equity participation costs	(4)	(39)	90%
Normalised headline earnings	4 256	4 588	(7%)
Per share (cents)	208,0	224,2	(7%)

Net result from financial services (net operating profit) of R4 billion increased by 11% on 2015, with a strong performance by SEM augmented by solid growth at SPF. As anticipated, Santam experienced a normalisation in underwriting margins after exceptional results in 2015, contributing to a 6% decline in its contribution to operational earnings. SI's 1% operating earnings growth is the combined effect of a strong recovery at SCM, offset by lower earnings at SEB and the asset management businesses.

SPF achieved particularly satisfactory growth for a largely mature business in a challenging South African business environment.

Sanlam Individual Life grew its net result from financial services by 8% in the first half of 2016. Excluding the first-time contribution from Afrocentric of R43 million and start-up losses at MiWay Life of R20 million, Individual Life net result from financial services grew by 7%. Profit from investment products grew by 18%, supported by an 11% increase in the average level of assets under management. Strong guaranteed plan sales over the last two years contributed to the increase in the asset base. Profit from risk products declined by 25%, the combined effect of significantly higher new business strain following the strong new business performance (refer Business volumes section below) and an increase in claims experience. Profit released from the asset mismatch reserve declined by 6% due to the lower level of this reserve in the first half of 2016 compared to the same period in 2015. Positive annuity mortality experience, higher annuity spread margins and an increase in interest earned on working capital supported the profit contribution from other life products, which increased by 20%. Sanlam Personal Loans profit declined by 1%, attributable to only a marginal increase in the size of the loan book. The implementation of the National Credit Amendment Act added substantially to the administration process surrounding loan applications and also introduced more strict affordability requirements. This resulted in an increase in the number of clients not completing the loan application process due to the additional administrative burden, and also a decline in the number of clients qualifying for loans. Focus remained on maintaining the quality of the book. Bad debt experience remained at some 5% as a result, which was in line with the 2015 experience.

Sanlam Sky's net result from financial services increased by 7%, broadly in line with the growth in the size of the in-force book.

Comments on the results continued

Glacier grew its net profit contribution by 20%. Although fees are under constant pressure, fund-based fee income benefited from an increase in assets under management due to good net fund inflows.

SEM grew its net result from financial services by 40%. This includes a first-time contribution of R95 million (before group cost allocation) from Saham Finances. The transaction contributed to the cluster's earnings from 1 March 2016. Excluding Saham Finances, net result from financial services increased by 24%.

Namibia (up 29% net of tax and non-controlling interests; 10% on a gross basis) benefited from strong profit growth at Capricorn Investment Holdings (CIH). The life operations achieved growth of 13% in gross result from financial services, augmented by 31% growth in CIH's contribution. Claims experience normalised at Santam Namibia after exceptional underwriting results in 2015, contributing to a 21% decline in the business' operating earnings. The higher growth on a net basis relative to gross earnings is largely attributable to relatively stronger growth in businesses without non-controlling interests and a tax overprovision in the first half of 2015 that reversed in the second half of 2015.

Botswana achieved growth of 19% in its net result from financial services (20% before tax and non-controlling interests). The weaker average rand exchange rate in the first half of 2016 contributed 14% to the growth, with underlying organic growth of some 5%. The life insurance operations achieved only marginal growth in constant currency terms due to lower investment related earnings in volatile market conditions as well as a decline in annuity new business sales and margins from a high base in 2015. Asset management earnings were negatively impacted by the large withdrawal of Botswana Public Officers Pension Fund (BPOPF) funds in 2015 and volatile investment market conditions. Slow growth in loan advances, combined with currency depreciation in some markets, suppressed growth in Letshego's profit contribution.

The *Rest of Africa* operations (excluding Saham Finances) recorded a 23% decline in net result from financial services (33% in constant currency). A first-time contribution by Zimbabwe and good growth in Ghana, Nigeria and Tanzania was more than offset by a lower profit contribution from Zambia, Malawi and Rwanda, lower residential property sales in Kenya and an increase in cluster level cost allocations based on the expanded central support capacity. As highlighted in the Executive Review, the Zambian and Malawi operations are under pressure from a difficult economic environment. Financial irregularities relating to prior years were identified in the Rwandan operations, which negatively impacted on the results of the general insurance business. Corrective actions were taken to address these activities.

Net result from financial services in *India* rose 73%; 14% in constant currency terms and excluding the abnormal equipment finance bad debt provisions recognised in the first half of 2015. The credit businesses increased their profit contribution by 19% in constant currency terms and excluding the equipment finance provisions in 2015, largely attributable to an increase in the size of the loan books. Both businesses are benefiting from the strong economic growth in India. Higher claims experience in the general insurance business limited its profit growth to 6% in constant currency. Life insurance profits declined compared to the first half of 2015, attributable to higher new business strain following strong new business sales and costs incurred on growing the distribution footprint.

In *Malaysia*, net result from financial services decreased by 41%, the aggregate of 55% growth in general insurance earnings and a net loss of R10 million from the life insurance operations. Growth in general insurance business premiums remained under pressure from a combination of lower sales of two-wheelers and increased competition. This was, however, more than offset by further anticipated releases of the IBNR reserves recognised in 2015 as experience develops. Product innovation is a key focus for the business to regain market share and to expand its product lines. A

Comments on the results continued

number of new products are planned for release over the coming months. The life insurance business had a difficult year with operating earnings declining substantially. This is attributable to a number of one-off items:

- ① Higher reinsurance premiums payable in respect of Group Life products in terms of renewed treaties.
- ① Continued medical losses due to the delayed effect of repricing of the product.
- ① Asset mismatch losses following the sharp decrease in Malaysian government bond yields during 2016.

SI net result from financial services increased by 1%.

Significant investment market volatility resulted in a decline in the average level of most asset class indices during the first half of 2016 compared to the same period in 2015. The impact of lower average market levels on the investment management businesses' assets under management was partly offset by good net fund inflows, in particular strong retail flows. Average assets under management increased by only 2% as a result, contributing to a 5% decline in Investment Management net result from financial services. Fee income increased broadly in line with assets under management. Project-related cost in Sanlam UK and the impact of the weaker average rand exchange rate on the translated rand-based cost of the international businesses contributed to a higher than inflationary increase in the cost base.

SEB's net profit contribution declined by 5%. Risk profits declined substantially due to higher claims experience (a trend already visible in peer group experience in 2015) and the impact of keen pricing to retain business. This was partly offset by lower new business strain at SEB Investments, a decline in administration losses and an increase in working capital profits due to higher short-term interest rates.

Capital Management experienced a reversal of credit and structured finance related losses incurred in 2015. A narrowing of credit spreads on Eurobonds

and an increase in the listed price of equities underlying equity-backed financing structures resulted in marked-to-market gains on these exposures and contributed to a 55% increase in the business' gross result from financial services. Net of tax, operating earnings grew at a lower rate of 29% due to an increase in the effective tax rate following the utilisation of available assessed losses during 2015.

As anticipated, **Santam** experienced a normalisation in underwriting margins after an exceptional 2015 reporting period. The claims ratio increased from 63,7% in the first six months of 2015 to 64,8% in the first half of 2016, attributable to a number of large corporate claims experienced in 2016 and an increase in drought-related agricultural claims. Sales remuneration increased by 25%. A decrease in the gross commission ratio due to the growth in MiWay, where limited commission expenses are incurred, was offset by lower reinsurance commissions earned on specialist business lines, including crop and corporate property, following relatively worse loss ratios compared to 2015. Furthermore, gross commission on inwards reinsurance business from Santam Re as well as business written in Africa, typically carries higher commission rates than South African business. Focus on cost efficiencies and the disposal of Indwe contributed to a decline in the administration cost ratio during the first half of 2016. The net effect was a decline in the underwriting margin from 8,9% in the first half of 2015 to 6,4% in 2016.

Normalised headline earnings of R4,3 billion are 7% down on the comparable 2015 period. This is the combined effect of the 11% increase in net result from financial services, offset by a 67% decline in net investment return earned on the capital portfolio due to:

- ① Relatively weaker investment market performance, in particular on non-South African exposure;
- ① The R175 million one-off CGT expense incurred in 2016 due to the increase in the effective CGT rate in South Africa; and

Comments on the results continued

- ① Some R120 million reduction in net investment income earned following the utilisation of discretionary capital for the Saham Finances acquisition.

Excluding the one-off CGT expense, normalised headline earnings declined by 3%.

➤ Business volumes

The Group achieved overall growth of 15% in new business volumes during the first half of 2016, a particularly pleasing performance in a difficult operating environment.

Life insurance new business volumes increased by 17%, investment business inflows by 15% and general insurance earned premiums by 16% (8% excluding the first-time contribution by Saham Finances).

SPF's new business sales grew by 9%, a satisfactory performance in a difficult market for single premium business.

Sanlam Sky, operating largely in the South African entry-level market, achieved growth of 8%. Individual life recurring premium new business increased by a disappointing 2%, with 5% growth in risk sales being offset by a 13% decline in savings sales. This reflects management effort to reduce the proportion of sales from low margin savings products. Group recurring premium sales increased by 34% following two large schemes written by Safrican. These new schemes more than offset the impact of the biennial renewal of the Zionist Christian Church scheme that occurred in 2015.

New business volumes in the *Individual Life* segment, which is largely focused on the middle-income segment in South Africa, declined by 1%. Single premium sales decreased by 3%, impacted by waning investor confidence and continued focus by bank brokers on their own in-house products. New recurring premiums grew by 12%, with a sterling performance by new risk business sales that increased by 24%. This was augmented by solid

growth in ad hoc premium increases and tax free savings product sales. New recurring premium retirement annuity sales reflect the pressure on middle-income consumers and grew by only 2%.

Glacier achieved a solid performance in the first half of 2016, growing its new business volumes by 12%. Life insurance new business continued to grow strongly at 22%, with good demand for offshore and wrap solutions. Suppressed investor confidence in the affluent market segment, however, had a marked impact on discretionary non-life product sales, which increased by only 8%.

The **SEM** operations grew their new business contribution by 37%; 19% excluding the first-time contributions by Saham Finances and the Zimbabwe operations (11% in constant currency). New life business increased by 23% (22% excluding Saham Finances and Zimbabwe), investment business inflows by 23% (20% excluding Zimbabwe – Saham Finances does not contribute to investment business) and general insurance earned premiums by 115% (9% excluding Saham Finances and Zimbabwe).

New business volumes in *Namibia* increased by 27%, the combined result of a more than doubling in new life business and 15% growth in unit trust inflows. *Glacier Namibia* volumes are included in SEM for the first time in 2016 (previous reported by SPF). New life business sales were also supported by strong entry-level market and group business sales.

As anticipated, *Botswana's* new business performance was more subdued against a high base in 2015. A slowdown in annuity sales is the primary driver behind a 5% decline in new business sales in constant currency (8% growth in rand terms).

Rest of Africa new business volumes increased by 141% (32% excluding the first-time contributions by Saham Finances and Zimbabwe). Tanzania, Nigeria and Kenya achieved excellent new business sales growth, offsetting lower volumes in Zambia and

Comments on the results continued

Malawi and a slow start to the year in Ghana. The growth in Kenya was driven by strong investment flows into Pan Africa Asset Management and good single premium corporate sales. The agency channel continues to recover after the disruption caused by the implementation of a new policy administration system during 2015 and restructuring of the distribution model in 2016, but individual life sales volumes were not yet at the desired level and declined slightly compared to the first half of 2015.

New business growth in *India* of 43% was supported by the weaker average rand exchange rate. Constant currency growth of some 20% represents a solid overall performance.

As indicated before, lower two-wheeler sales and competitive pressures impacted negatively on Pacific & Orient in *Malaysia*. This is evident in its earned premiums that declined by 16%. MCIS continues to do well from a new business perspective and increased sales by 57%.

SI's new business volumes increased by 18% with strong contributions from all businesses. SEB in particular attracted good inflows into its investment products, elevating its new business growth to 81%. The market for recurring premium risk business, however, remains highly competitive with all competitors pricing keenly to retain business. The Wealth Management and Investment Management businesses continued to attract strong retail inflows in South Africa as elaborated on in the Executive Review. Some internal focus during the restructuring of Sanlam UK is impacting on new business performance.

The majority of **Santam's** premiums are still written in the highly competitive South African market. Earned premiums grew by 7%, reflecting the maturity of the South African market and highly competitive niche and specialist market segments that depressed renewals. MiWay, Santam's direct insurance business, grew its premium base by 20%, with strong growth also achieved by Santam Re.

Net fund inflows of R21,7 billion in the first half of 2016 were well in excess of the R6,8 billion net inflows achieved in the comparable period in 2015. Excluding the BPOPF withdrawal of some R14,5 billion in the first six months of 2015, the 2016 first-half net inflows were broadly in line with 2015.

Business volumes for the six months ended 30 June 2016

R million	New business			Net inflows		
	2016	2015	%Δ	2016	2015	%Δ
Sanlam Personal Finance	31 906	29 162	9	8 485	10 188	(17)
Sanlam Emerging Markets	7 387	5 395	37	2 757	(8 981)	>100
Sanlam Investments	66 360	56 234	18	7 093	2 260	214
Santam	9 700	9 088	7	3 411	3 302	3
Total	115 353	99 879	15	21 746	6 769	221
Covered business	21 853	18 620	17	6 034	5 822	4
Investment business	82 054	71 359	15	11 680	(2 549)	>100
General insurance	11 446	9 900	16	4 032	3 496	15
Total	115 353	99 879	15	21 746	6 769	221

The discount rate used to determine VNB is directly linked to long-term interest rates. The 50 basis points higher long-term interest rates in South Africa and Namibia at the end of June 2016 compared to 30 June 2015 resulted in a commensurate increase in the risk discount rate and a consequential negative impact on

Comments on the results continued

VNB growth and margins. This was partly alleviated by a decline in the Botswana long-term rate. VNB at actual discount rates increased by 9%; on a comparable basis (before economic assumption changes) VNB increased by 11%.

SPF achieved overall growth of 8% on a comparable basis. The introduction of the low margin tax free savings product in the entry-level market at the end of March 2015 resulted in a change in business mix for Sanlam Sky with a commensurate decline in overall VNB and VNB margins. Despite a normalisation in mix between risk and savings products in 2016, the first half of 2015 included a lower percentage of tax free savings sales relative to 2016 due to the product only being sold for two months in first-half 2015. VNB at Sanlam Sky declined by 7% on a comparable basis as a result, with VNB margins also declining from 7,67% in the first half of 2015 to 6,51% in 2016. The strong growth in recurring premium risk business in the Individual Life segment more than compensated for the lower single premium sales, with VNB increasing by 11% and the VNB margin expanding from 2,54% to 2,68% on a comparable basis. Glacier VNB growth of 23% is broadly in line with its new life business performance.

VNB growth and margins at **SEM** were negatively impacted by the lower new business production in Zambia and Malawi, as well as the decline in individual life sales in Kenya. This was more than compensated for by strong VNB growth in the other regions. On a consistent economic basis, overall VNB increased by 23% to R265 million. The underperformance in Zambia, Malawi and Kenya, together with the inclusion of the low margin Glacier life business in the Namibian results in 2016 contributed to a decline in the overall VNB margin for the cluster.

SI's VNB declined by 15%, largely due to the change in sales mix at SEB from recurring premium risk business to lower margin savings products.

Value of new covered business for the six months ended 30 June 2016

R million	2016 economic basis			2015 economic basis		
	2016	2015	%Δ	2016	2015	%Δ
Value of new covered business	798	730	9	807	730	11
Sanlam Personal Finance	499	482	4	520	482	8
Sanlam Emerging Markets	277	222	25	265	222	19
Sanlam Investments	22	26	(15)	22	26	(15)
Net of non-controlling interest	702	655	7	714	655	9
Present value of new business premiums	30 735	25 866	19	30 813	25 866	19
Sanlam Personal Finance	20 038	18 263	10	20 169	18 263	10
Sanlam Emerging Markets	5 688	3 599	58	5 634	3 599	57
Sanlam Investments	5 009	4 004	25	5 010	4 004	25
Net of non-controlling interest	28 759	24 633	17	28 860	24 633	17
New covered business margin	2,60%	2,82%		2,62%	2,82%	
Sanlam Personal Finance	2,49%	2,64%		2,58%	2,64%	
Sanlam Emerging Markets	4,87%	6,17%		4,70%	6,17%	
Sanlam Investments	0,44%	0,65%		0,44%	0,65%	
Net of non-controlling interest	2,44%	2,66%		2,47%	2,66%	

Comments on the results continued

➤ Capital management

Progress on Solvency Assessment and Management (SAM) implementation

The South African insurance businesses have made good progress with their SAM implementation programmes and will be compliant with the new solvency regime when it becomes effective during the course of 2017.

As indicated in previous results announcements, a SCR target cover range of between 1,7 times and 2,1 times has been set for Sanlam Life Insurance Limited's (Sanlam Life) covered business. The R10 billion of IFRS-based required capital allocated to these operations at the end of June 2016 translated into a SCR cover at the upper end of this target range. The SCR cover ratio for the Sanlam Life entity as a whole exceeded the covered business ratio at the end of June 2016 due to the inclusion of discretionary and other capital held on the Sanlam Life balance sheet as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations (i.e. not included in the R10 billion allocated capital referred to above).

Discretionary capital

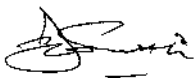
The Group started the year with unallocated discretionary capital of R2,3 billion. The utilisation of unallocated discretionary capital during the six months to 30 June 2016 was limited to a few small transactions. Together with investment return earned on the discretionary capital portfolio and the 2015 dividend cover in excess of cash operating earnings, available discretionary capital increased to R3,1 billion at 30 June 2016. We remain focused on utilising the available discretionary capital for value-accretive investment opportunities.

➤ Solvency

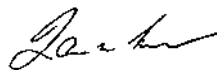
All of the life insurance businesses within the Group were sufficiently capitalised at the end of June 2016. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life, the holding company of the Group's major life insurance subsidiaries, of R44,4 billion, covered its capital adequacy requirements (CAR) 5,3 times. No policyholder portfolio had a negative bonus stabilisation reserve at the end of June 2016.

➤ 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

7 September 2016

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).

These reviewed interim condensed consolidated results have been prepared in accordance with and contains the information required by International Financial Reporting Standards (IFRS), specifically IAS 34 on Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and 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 2015, 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 2015 annual report.

None of the new or revised IFRSs or interpretations that became effective in the current period affected the results.

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:

- ① IFRS 9 – *Financial Instruments* (effective 1 January 2018)
- ① IFRS 15 – *Revenue from Contracts with Customers* (effective 1 January 2018)
- ① IFRS 16 – *Leases* (effective 1 January 2019)

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 2016. 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 21 and 60.

Shareholders' information

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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 2016, 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 23 to 58.

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 19, 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 19. 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 2016 is not prepared, in all material respects, in accordance with the basis of accounting set out on page 19.

Independent auditors' review report

on Sanlam Limited interim shareholders' information

continued

Basis of accounting

Without modifying our conclusion, we draw attention to page 19 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

7 September 2016

Group Equity Value

at 30 June 2016

R million	Note	June reviewed 2016 Fair value of Value of			December audited 2015 Fair value of Value of		
		Total	assets	in-force	Total	assets	in-force
Sanlam Personal Finance		41 408	12 636	28 772	38 249	12 010	26 239
Covered business ⁽¹⁾		37 100	8 328	28 772	34 526	8 287	26 239
Glacier		2 144	2 144	—	1 605	1 605	—
Sanlam Personal Loans		939	939	—	913	913	—
Afrocentric		703	703	—	703	703	—
Other operations		522	522	—	502	502	—
Sanlam Emerging Markets		22 335	18 877	3 458	18 047	14 884	3 163
Covered business ⁽¹⁾		6 089	2 631	3 458	5 486	2 323	3 163
Shriram Capital		7 965	7 965	—	7 594	7 594	—
Saham Finances		3 522	3 522	—	—	—	—
Letshego		1 356	1 356	—	1 106	1 106	—
Pacific & Orient		735	735	—	812	812	—
Capricorn Investment Holdings		1 008	1 008	—	877	877	—
Other operations		1 660	1 660	—	2 172	2 172	—
Sanlam Investments		21 780	19 398	2 382	22 412	19 700	2 712
Covered business ⁽¹⁾		6 777	4 395	2 382	7 210	4 498	2 712
Sanlam Employee Benefits		5 347	3 720	1 627	5 577	3 720	1 857
Sanlam UK		1 430	675	755	1 633	778	855
Investment Management		14 326	14 326	—	14 417	14 417	—
Capital Management		677	677	—	785	785	—
Santam		15 554	15 554	—	12 850	12 850	—
Group operations		101 077	66 465	34 612	91 558	59 444	32 114
Discretionary capital		3 100	3 100	—	2 300	2 300	—
Balanced portfolio – other		4 240	4 240	—	11 199	11 199	—
Group Equity Value before adjustments to net worth		108 417	73 805	34 612	105 057	72 943	32 114
Net worth adjustments – present value of holding company expenses		(1 818)	(1 818)	—	(1 551)	(1 551)	—
Group Equity Value		106 599	71 987	34 612	103 506	71 392	32 114
Value per share (cents)	4	5 212	3 520	1 692	5 057	3 488	1 569
Analysis per type of business							
Covered business ⁽¹⁾		49 966	15 354	34 612	47 222	15 108	32 114
Sanlam Personal Finance		37 100	8 328	28 772	34 526	8 287	26 239
Sanlam Emerging Markets		6 089	2 631	3 458	5 486	2 323	3 163
Sanlam Investments		6 777	4 395	2 382	7 210	4 498	2 712
Other Group operations		51 111	51 111	—	44 336	44 336	—
Discretionary and other capital		5 522	5 522	—	11 948	11 948	—
Group Equity Value		106 599	71 987	34 612	103 506	71 392	32 114

⁽¹⁾ Refer embedded value of covered business on page 49.

Change in Group Equity Value

for the six months ended 30 June 2016

R million	Six months reviewed	
	2016	2015
Earnings from covered business⁽¹⁾	4 146	3 319
Earnings from other Group operations	4 393	2 846
Operations valued based on discounted cash flows	1 241	2 342
Expected return	2 229	1 758
Operating experience variances	(179)	(97)
Assumption changes	330	86
Foreign currency translation differences	(1 139)	595
Operations valued at net asset value – earnings for the period	90	145
Listed operations – investment return	3 062	359
Earnings from discretionary and other capital	(363)	(263)
Portfolio investments and other	44	41
Net corporate expenses	(2)	(20)
Share-based payment transactions	(138)	(242)
Change in net worth adjustments	(267)	(42)
Group Equity Value earnings	8 176	5 902
Dividends paid	(4 967)	(4 556)
Cost of treasury shares acquired		
Share incentive scheme and other	(116)	(19)
Group Equity Value at beginning of the period	103 506	95 936
Group Equity Value at end of the period	106 599	97 263

⁽¹⁾ Refer embedded value of covered business on page 50.

Return on Group Equity Value

for the six months ended 30 June 2016

	Six months reviewed			
	2016		2015	
	Earnings R million	Return %	Earnings R million	Return %
Sanlam Personal Finance	5 271	13,8	3 129	8,1
Covered business ⁽¹⁾	4 427	12,8	2 822	8,0
Other operations	844	22,7	307	10,2
Sanlam Emerging Markets	296	1,5	702	4,8
Covered business ⁽¹⁾	(43)	(0,8)	290	5,7
Other operations	339	2,3	412	4,3
Sanlam Investments	(90)	(0,4)	1 975	9,8
Covered business ⁽¹⁾	(238)	(3,3)	207	2,6
Other operations	148	1,0	1 768	14,4
Santam	3 062	23,8	359	2,5
Discretionary and other capital	(363)		(263)	
Return on Group Equity Value	8 176	7,9	5 902	6,2
Return on Group Equity Value per share		7,9		6,3
Annualised return on Group Equity Value per share		16,4		13,0

⁽¹⁾ Refer embedded value of covered business on page 50.

R million	Six months reviewed	
	2016	2015
Reconciliation of return on Group Equity Value:		
The return on Group Equity Value reconciles as follows to normalised attributable earnings:		
Normalised attributable earnings per shareholders' fund income statement on page 28	4 176	4 565
Net foreign currency translation gains recognised in other comprehensive income	(1 460)	393
Earnings recognised directly in equity		
Share-based payment transactions	(98)	(213)
Net cost of treasury shares delivered	(266)	(418)
Share-based payments	168	205
Other comprehensive income	(410)	—
Change in ownership of subsidiaries	(31)	(301)
Movement in fair value adjustment – shareholders' fund at fair value	4 333	1 066
Movement in adjustments to net worth	(242)	(17)
Present value of holding company expenses	(267)	(42)
Change in goodwill and value of business acquired adjustments less value of in-force acquired	25	25
Growth from covered business: value of in-force ⁽¹⁾	1 908	409
Return on Group Equity Value	8 176	5 902

⁽¹⁾ Refer embedded value of covered business on page 50.

Shareholders' fund at fair value

at 30 June 2016

R million	Note	June reviewed 2016			December audited 2015		
		Fair value	Fair value adjust- ment	Net asset value	Fair value	Fair value adjust- ment	Net asset value
Covered business, discretionary and other capital		24 969	(79)	25 048	30 324	(419)	30 743
Property and equipment		388	—	388	458	—	458
Owner-occupied properties		663	—	663	668	—	668
Goodwill ⁽²⁾		673	—	673	679	—	679
Value of business acquired ⁽²⁾		1 122	—	1 122	1 177	—	1 177
Other intangible assets		187	—	187	195	—	195
Deferred acquisition costs		2 595	—	2 595	2 572	—	2 572
Investments		23 576	(110)	23 686	27 412	(574)	27 986
Properties		619	—	619	456	—	456
Associated companies		3 028	—	3 028	2 304	—	2 304
Equities and similar securities		2 285	—	2 285	3 130	—	3 130
Other interest-bearing and preference share investments		5 945	—	5 945	8 351	—	8 351
Structured transactions		521	—	521	821	—	821
Investment funds		7 803	—	7 803	4 780	—	4 780
Cash, deposits and similar securities		3 375	(110)	3 485	7 570	(574)	8 144
Net term finance		—	—	—	—	—	—
Term finance		(3 522)	—	(3 522)	(3 698)	—	(3 698)
Assets held in respect of term finance		3 522	—	3 522	3 698	—	3 698
Net deferred tax		(769)	—	(769)	(870)	—	(870)
Net working capital		(874)	31	(905)	803	155	648
Structured transaction liability		(72)	—	(72)	(31)	—	(31)
Non-controlling interests		(2 520)	—	(2 520)	(2 739)	—	(2 739)
Other Group operations		51 111	23 608	27 503	44 336	19 615	24 721
Sanlam Personal Finance	2.1	4 308	2 574	1 734	3 723	1 942	1 781
Glacier		2 144	1 783	361	1 605	1 239	366
Sanlam Personal Loans ⁽³⁾		939	340	599	913	314	599
Afrocentric		703	15	688	703	—	703
Other operations		522	436	86	502	389	113
Sanlam Emerging Markets	2.2	16 246	1 196	15 050	12 561	512	12 049
Shriram Capital		7 965	1 432	6 533	7 594	863	6 731
Saham Finances		3 522	108	3 414	—	—	—
Letshego		1 356	171	1 185	1 106	83	1 023
Pacific & Orient		735	5	730	812	75	737
Capricorn Investment Holdings		1 008	117	891	877	31	846
Other operations		1 660	(637)	2 297	2 172	(540)	2 712
Sanlam Investments	2.3	15 003	10 560	4 443	15 202	10 645	4 557
Investment Management		14 326	10 499	3 827	14 417	10 507	3 910
Capital Management		677	61	616	785	138	647
Santam		15 554	10 475	5 079	12 850	7 713	5 137
Goodwill held on Group level in respect of the above businesses		—	(1 197)	1 197	—	(1 197)	1 197
Shareholders' fund at fair value		76 080	23 529	52 551	74 660	19 196	55 464
Value per share (cents)	4	3 719	1 150	2 569	3 648	938	2 710

Shareholders' fund at fair value continued

at 30 June 2016

R million	June reviewed 2016			December audited 2015		
	Total	Fair value of assets	Value of in-force	Total	Fair value of assets	Value of in-force
Reconciliation to Group Equity Value						
Group Equity Value	106 599	71 987	34 612	103 506	71 392	32 114
Add: Net worth adjustments	1 818	1 818	—	1 551	1 551	—
Add: Goodwill and value of business acquired replaced by value of in-force	2 275	2 275	—	1 717	1 717	—
Sanlam Life and Pensions	356	356	—	356	356	—
Sanlam Developing Markets	590	590	—	607	607	—
Saham Finances ⁽⁵⁾	541	541	—	—	—	—
MCIS Insurance	477	477	—	446	446	—
Shriram Life Insurance ⁽⁴⁾	210	210	—	210	210	—
Other	101	101	—	98	98	—
Less: Value of in-force	(34 612)	—	(34 612)	(32 114)	—	(32 114)
Shareholders' fund at fair value	76 080	76 080	—	74 660	74 660	—

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

⁽²⁾ The value of business acquired and goodwill relate mainly to the consolidation of Sanlam Developing Markets, Channel Life, Sanlam Life and Pensions, and MCIS Insurance and are excluded in the build-up of GEV, as the current value of in-force business for these life insurance companies are included in the embedded value of covered business.

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

⁽⁴⁾ The carrying value of Shriram Life Insurance includes goodwill of R210 million (2015: R210 million) that is excluded in the build-up of GEV, as the current value of in-force business for Shriram Life Insurance is included in the embedded value of covered business.

⁽⁵⁾ The carrying value of Saham Finances includes value of business acquired of R541 million that is excluded in the build-up of GEV, as the current value of in-force business for Saham Finances is included in the embedded value of covered business.

Shareholders' fund income statement

for the six months ended 30 June 2016 – reviewed

R million	Note	Sanlam Personal Finance	
		2016	2015
Financial services income		8 079	7 500
Sales remuneration		(1 324)	(1 165)
Income after sales remuneration		6 755	6 335
Underwriting policy benefits		(1 699)	(1 727)
Administration costs		(2 091)	(1 890)
Result from financial services before tax		2 965	2 718
Tax on result from financial services		(830)	(758)
Result from financial services after tax		2 135	1 960
Non-controlling interests		(2)	(5)
Net result from financial services		2 133	1 955
Net investment income		536	561
Dividends received – Group companies		288	263
Other investment income		328	386
Tax on investment income		(80)	(88)
Non-controlling interests		—	—
Project expenses		—	—
Amortisation of value of business acquired and other intangibles		(25)	(24)
Equity participation costs		—	—
Net equity-accounted headline earnings		(11)	—
Equity-accounted headline earnings		(11)	—
Tax on equity-accounted headline earnings		—	—
Non-controlling interests		—	—
Net investment surpluses		(93)	(291)
Investment surpluses – Group companies		(20)	(429)
Other investment surpluses		68	157
Tax on investment surpluses		(141)	(19)
Non-controlling interests		—	—
Normalised headline earnings		2 540	2 201
Net profit/(loss) on disposal of subsidiaries and associated companies		15	—
Profit/(loss) on disposal of subsidiaries and associated companies		18	—
Tax on profit/(loss) on disposal of subsidiaries and associated companies		(3)	—
Non-controlling interest		—	—
Impairments		—	—
Net equity accounted non-headline earnings		(3)	—
Normalised attributable earnings		2 552	2 201
Fund transfers		—	—
Attributable earnings per Group statement of comprehensive income		2 552	2 201
Diluted earnings per share	3		
Adjusted weighted average number of shares (million)			
Net result from financial services (cents)		104,2	95,5

⁽¹⁾ 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.

Shareholders' fund income statement

for the six months ended 30 June 2016 – reviewed

Sanlam Emerging Markets		Sanlam Investments		Santam		Corporate and Other ⁽¹⁾		Total	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
3 687	2 926	4 707	4 214	10 067	9 335	120	112	26 660	24 087
(603)	(523)	(145)	(123)	(1 217)	(971)	—	—	(3 289)	(2 782)
3 084	2 403	4 562	4 091	8 850	8 364	120	112	23 371	21 305
(802)	(582)	(1 198)	(1 033)	(6 289)	(5 786)	—	—	(9 988)	(9 128)
(878)	(704)	(2 381)	(2 125)	(1 578)	(1 523)	(134)	(147)	(7 062)	(6 389)
1 404	1 117	983	933	983	1 055	(14)	(35)	6 321	5 788
(391)	(323)	(249)	(203)	(274)	(306)	12	15	(1 732)	(1 575)
1 013	794	734	730	709	749	(2)	(20)	4 589	4 213
(225)	(232)	(13)	(18)	(321)	(336)	—	—	(561)	(591)
788	562	721	712	388	413	(2)	(20)	4 028	3 622
85	80	76	99	53	63	(281)	(187)	469	616
—	—	—	—	—	—	(288)	(263)	—	—
202	160	86	125	112	124	(6)	19	722	814
(92)	(45)	(10)	(26)	(22)	(16)	13	57	(191)	(118)
(25)	(35)	—	—	(37)	(45)	—	—	(62)	(80)
(3)	(7)	(6)	—	—	—	—	—	(9)	(7)
(28)	(21)	(79)	(82)	(4)	(9)	—	—	(136)	(136)
—	—	—	—	(4)	(39)	—	—	(4)	(39)
3	4	(1)	5	13	36	—	—	4	45
7	8	(1)	5	21	60	—	—	16	73
(1)	(1)	—	—	—	—	—	—	(1)	(1)
(3)	(3)	—	—	(8)	(24)	—	—	(11)	(27)
(25)	90	(45)	111	35	149	32	428	(96)	487
—	—	—	—	—	—	20	429	—	—
(32)	211	17	123	143	315	12	(1)	208	805
(4)	20	(62)	(12)	(85)	(67)	—	—	(292)	(78)
11	(141)	—	—	(23)	(99)	—	—	(12)	(240)
820	708	666	845	481	613	(251)	221	4 256	4 588
19	(1)	—	—	—	—	—	—	34	(1)
19	(2)	—	—	—	—	—	—	37	(2)
—	—	—	—	—	—	—	—	(3)	—
—	1	—	—	—	—	—	—	—	1
(111)	—	—	(1)	—	(21)	—	—	(111)	(22)
—	—	—	—	—	—	—	—	(3)	—
728	707	666	844	481	592	(251)	221	4 176	4 565
—	—	—	—	—	—	66	138	66	138
728	707	666	844	481	592	(185)	359	4 242	4 703
38,5	27,5	35,2	34,8	19,0	20,2	(0,1)	(1,0)	2 046,30	2 046,40
								196,8	177,0

Notes to the shareholders' fund information

for the six months ended 30 June 2016 – reviewed

1. Business volumes

1.1 Analysis of new business and total funds received

Analysed per business, reflecting the split between life insurance, general insurance and investment business.

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sanlam Personal Finance	15 107	13 546	—	—	16 799	15 616	31 906	29 162
Sanlam Sky	588	546	—	—	—	—	588	546
Individual Life	5 870	5 893	—	—	105	155	5 975	6 048
Glacier	8 649	7 107	—	—	16 694	15 461	25 343	22 568
Sanlam Emerging Markets	2 575	2 086	1 746	812	3 066	2 497	7 387	5 395
Namibia	334	161	—	—	1 297	1 125	1 631	1 286
Recurring	92	71	—	—	—	—	92	71
Single	242	90	—	—	1 297	1 125	1 539	1 215
Botswana	1 017	1 101	66	28	1 550	1 320	2 633	2 449
Recurring	167	135	66	28	—	—	233	163
Single	850	966	—	—	1 550	1 320	2 400	2 286
Rest of Africa	786	554	1 130	279	219	52	2 135	885
Recurring	462	335	1 130	279	79	—	1 671	614
Single	324	219	—	—	140	52	464	271
India	206	122	352	269	—	—	558	391
Recurring	120	74	352	269	—	—	472	343
Single	86	48	—	—	—	—	86	48
South-East Asia	232	148	198	236	—	—	430	384
Recurring	203	102	198	236	—	—	401	338
Single	29	46	—	—	—	—	29	46
Sanlam Investments	4 171	2 988	—	—	62 189	53 246	66 360	56 234
Employee benefits	2 142	1 182	—	—	—	—	2 142	1 182
Recurring	121	76	—	—	—	—	121	76
Single	2 021	1 106	—	—	—	—	2 021	1 106
Investment Management	2 029	1 806	—	—	62 189	53 246	64 218	55 052
Investment Management SA	—	—	—	—	46 572	39 909	46 572	39 909
Wealth Management ⁽³⁾	—	—	—	—	8 172	10 295	8 172	10 295
International ⁽³⁾	2 029	1 806	—	—	7 445	3 042	9 474	4 848
Recurring	44	26	—	—	8	10	52	36
Single	1 985	1 780	—	—	7 437	3 032	9 422	4 812
Capital Management	—	—	—	—	—	—	—	—
Santam	—	—	9 700	9 088	—	—	9 700	9 088
Total new business	21 853	18 620	11 446	9 900	82 054	71 359	115 353	99 879

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

⁽²⁾ Includes life licence 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.

⁽³⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

1. Business volumes (continued)

1.1 Analysis of new business and total funds received (continued)

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Recurring premiums on existing funds:								
Sanlam Personal Finance	7 899	7 740	—	—	99	113	7 998	7 853
Sanlam Sky	2 143	2 153	—	—	—	—	2 143	2 153
Individual Life	5 756	5 587	—	—	99	113	5 855	5 700
Sanlam Emerging Markets	2 645	2 317	—	—	—	—	2 645	2 317
Namibia	488	465	—	—	—	—	488	465
Botswana	586	494	—	—	—	—	586	494
Rest of Africa	636	517	—	—	—	—	636	517
India	100	72	—	—	—	—	100	72
South-East Asia	835	769	—	—	—	—	835	769
Sanlam Investments	2 784	2 297	—	—	1 142	1 505	3 926	3 802
Sanlam Employee Benefits	2 579	2 116	—	—	—	—	2 579	2 116
Sanlam Investments	205	181	—	—	1 142	1 505	1 347	1 686
Investment Management SA	—	—	—	—	1 104	1 476	1 104	1 476
International	205	181	—	—	38	29	243	210
Total funds received	35 181	30 974	11 446	9 900	83 295	72 977	129 922	113 851

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

⁽²⁾ Includes life licence 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 2016 – reviewed

1. Business volumes (continued)

1.2 Analysis of payments to clients

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sanlam Personal Finance	19 056	16 936	—	—	12 363	9 891	31 419	26 827
Sanlam Sky	1 175	1 326	—	—	—	—	1 175	1 326
Surrenders	214	193	—	—	—	—	214	193
Other	961	1 133	—	—	—	—	961	1 133
Individual Life	14 122	12 983	—	—	284	278	14 406	13 261
Surrenders	2 081	2 070	—	—	—	—	2 081	2 070
Other	12 041	10 913	—	—	284	278	12 325	11 191
Glacier	3 759	2 627	—	—	12 079	9 613	15 838	12 240
Sanlam Emerging Markets	3 436	2 606	1 125	618	2 714	13 469	7 275	16 693
Namibia	573	480	—	—	1 043	1 312	1 616	1 792
Surrenders	80	63	—	—	—	—	80	63
Other	493	417	—	—	1 043	1 312	1 536	1 729
Botswana	1 034	766	31	10	1 555	12 150	2 620	12 926
Surrenders	216	213	—	—	—	—	216	213
Other	818	553	31	10	1 555	12 150	2 404	12 713
Rest of Africa	683	453	650	143	116	7	1 449	603
Surrenders	119	84	—	—	—	—	119	84
Other	564	369	650	143	116	7	1 330	519
India	109	85	358	258	—	—	467	343
Surrenders	65	49	—	—	—	—	65	49
Other	44	36	358	258	—	—	402	294
South-East Asia	1 037	822	86	207	—	—	1 123	1 029
Sanlam Investments	6 655	5 610	—	—	56 538	52 166	63 193	57 776
Sanlam Employee Benefits	4 542	3 699	—	—	—	—	4 542	3 699
Terminations	932	850	—	—	—	—	932	850
Other	3 610	2 849	—	—	—	—	3 610	2 849
Investment Management	2 113	1 911	—	—	56 506	52 163	58 619	54 074
Investment Management SA	—	—	—	—	39 146	37 182	39 146	37 182
Wealth Management ⁽³⁾	—	—	—	—	7 305	6 198	7 305	6 198
International ⁽³⁾	2 113	1 911	—	—	10 055	8 783	12 168	10 694
Capital Management	—	—	—	—	32	3	32	3
Santam	—	—	6 289	5 786	—	—	6 289	5 786
Total payments to clients	29 147	25 152	7 414	6 404	71 615	75 526	108 176	107 082

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

⁽²⁾ Includes life licence 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.

⁽³⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

1. Business volumes (continued)

1.3 Analysis of net inflow/(outflow) of funds

R million	Life insurance ⁽¹⁾		General insurance		Investment business ⁽²⁾		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sanlam Personal Finance	3 950	4 350	—	—	4 535	5 838	8 485	10 188
Sanlam Sky	1 556	1 373	—	—	—	—	1 556	1 373
Individual Life	(2 496)	(1 503)	—	—	(80)	(10)	(2 576)	(1 513)
Glacier	4 890	4 480	—	—	4 615	5 848	9 505	10 328
Sanlam Emerging Markets	1 784	1 797	621	194	352	(10 972)	2 757	(8 981)
Namibia	249	146	—	—	254	(187)	503	(41)
Botswana	569	829	35	18	(5)	(10 830)	599	(9 983)
Rest of Africa	739	618	480	136	103	45	1 322	799
India	197	109	(6)	11	—	—	191	120
South-East Asia	30	95	112	29	—	—	142	124
Sanlam Investments	300	(325)	—	—	6 793	2 585	7 093	2 260
Sanlam Employee Benefits	179	(401)	—	—	—	—	179	(401)
Investment Management	121	76	—	—	6 825	2 588	6 946	2 664
Investment Management SA	—	—	—	—	8 530	4 203	8 530	4 203
Wealth Management ⁽³⁾	—	—	—	—	867	4 097	867	4 097
International ⁽³⁾	121	76	—	—	(2 572)	(5 712)	(2 451)	(5 636)
Capital Management	—	—	—	—	(32)	(3)	(32)	(3)
Santam	—	—	3 411	3 302	—	—	3 411	3 302
Total net inflows/(outflows)	6 034	5 822	4 032	3 496	11 680	(2 549)	21 746	6 769

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

⁽²⁾ Includes life licence 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.

⁽³⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

2. Cluster information

2.1 Sanlam Personal Finance

Key performance indicators

Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital invest- ment	Dividend paid	GEV at the end of period	RoGEV (%)
30 June 2016 – reviewed						
Covered business	34 526	4 427	19	(1 872)	37 100	12,8
Other operations	3 723	844	(21)	(238)	4 308	22,7
Glacier	1 605	623	—	(84)	2 144	38,8
Sanlam Personal Loans	913	108	—	(82)	939	11,8
Afrocentric	703	43	—	(43)	703	6,1
Other	502	70	(21)	(29)	522	13,9
Group Equity Value	38 249	5 271	(2)	(2 110)	41 408	13,8
31 December 2015 – audited						
Covered business	35 444	4 363	(1 835)	(3 446)	34 526	12,3
Non-life operations	3 009	295	769	(350)	3 723	9,8
Glacier	1 542	257	—	(194)	1 605	16,7
Sanlam Personal Loans	907	111	—	(105)	913	12,2
Afrocentric	—	—	703	—	703	
Other	560	(73)	66	(51)	502	(13,0)
Group Equity Value	38 453	4 658	(1 066)	(3 796)	38 249	12,1

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.1 Sanlam Personal Finance (continued)

Key performance indicators (continued)

Business volumes

R million	Life business		Investment business		Total	
	2016	2015	2016	2015	2016	2015
New business volumes						
Sanlam Sky	588	546	—	—	588	546
Individual life	450	443	—	—	450	443
Group life	138	103	—	—	138	103
Individual life	5 870	5 893	105	155	5 975	6 048
Recurring premiums	782	696	15	13	797	709
Single premiums	5 088	5 197	90	142	5 178	5 339
Glacier	8 649	7 107	16 694	15 461	25 343	22 568
Total	15 107	13 546	16 799	15 616	31 906	29 162

Value of new covered business

R million	Value of new business		Present value of new business premiums		New business margin (%)	
	2016	2015	2016	2015	2016	2015
Sanlam Sky	129	149	2 081	1 942	6,20	7,67
Individual life	251	234	9 601	9 222	2,61	2,54
Glacier	119	99	8 356	7 099	1,42	1,39
Total	499	482	20 038	18 263	2,49	2,64

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.1 Sanlam Personal Finance (continued)

Key performance indicators (continued)

Analysis of earnings

R million	Life insurance		Non-life operations		Total	
	2016	2015	2016	2015	2016	2015
Gross result from financial services	2 608	2 445	357	273	2 965	2 718
Sanlam Sky	611	569	—	—	611	569
Individual Life and investment	1 827	1 723	28	10	1 855	1 733
Investment products	695	591	—	—	695	591
Risk products	248	329	—	—	248	329
Asset mismatch reserve release	227	242	—	—	227	242
Annuities, combined products and other	657	561	28	10	685	571
Glacier	109	91	140	118	249	209
Sanlam Personal Loans	61	62	113	114	174	176
Other operations	—	—	76	31	76	31
Tax on result from financial services	(736)	(687)	(94)	(71)	(830)	(758)
Non-controlling interests	—	—	(2)	(5)	(2)	(5)
Net result from financial services	1 872	1 758	261	197	2 133	1 955
Net investment return	71	377	372	(107)	443	270
Net other earnings	(21)	(24)	(3)	—	(24)	(24)
Normalised attributable earnings	1 922	2 111	630	90	2 552	2 201

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.2 Sanlam Emerging Markets

Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital invest- ment	Dividend paid	GEV at the end of period	RoGEV (%)
30 June 2016 – reviewed						
Covered business	5 486	(43)	916	(270)	6 089	(0,8)
Other operations	12 561	339	3 705	(359)	16 246	2,3
Shriram Capital	7 594	373	24	(26)	7 965	4,9
Saham Finances	—	111	3 411	—	3 522	4,9
Letshego	1 106	129	120	1	1 356	11,1
Pacific & Orient	812	(50)	—	(27)	735	(6,2)
Capricorn Investment Holdings	877	128	—	3	1 008	14,6
Sanlam Emerging Markets other operations	2 172	(352)	150	(310)	1 660	(16,2)
Group Equity Value	18 047	296	4 621	(629)	22 335	1,5
31 December 2015 – audited						
Covered business	5 116	1 403	(430)	(603)	5 486	27,4
Other operations	9 455	2 966	831	(691)	12 561	31,2
Shriram Capital	5 595	2 068	28	(97)	7 594	37,0
Letshego	923	229	—	(46)	1 106	24,8
Pacific & Orient	704	128	—	(20)	812	18,2
Capricorn Investment Holdings	845	47	—	(15)	877	5,6
Sanlam Emerging Markets other operations	1 388	494	803	(513)	2 172	34,7
Group Equity Value	14 571	4 369	401	(1 294)	18 047	29,9

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.2 Sanlam Emerging Markets (continued)

Business volumes

R million	New business volumes		Net fund flows		Value of new covered business		Present value of new business premiums		New business margin (%)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Namibia	1 631	1 286	503	(41)	71	39	1 651	439	4,30%	8,88%
Botswana	2 633	2 449	599	(9 983)	109	94	1 530	1 428	7,12%	6,58%
Rest of Africa	2 135	885	1 322	799	60	59	1 248	897	4,81%	6,58%
India	558	391	191	120	4	4	358	206	1,12%	1,94%
South-East Asia	430	384	142	124	33	26	901	629	3,66%	4,13%
Total	7 387	5 395	2 757	(8 981)	277	222	5 688	3 599	4,87%	6,17%

Analysis of earnings

R million	2016	2015
Net result from financial services	788	562
Life insurance	270	263
General insurance	157	73
Investment management	22	21
Credit and banking	354	204
Other	(15)	1
Net investment return	60	170
Net investment income	85	80
Net investment surpluses	(25)	90
Net other earnings	(120)	(25)
Normalised attributable earnings	728	707

Analysis of net result from financial services

R million	Life insurance		Non-life operations		Total	
	2016	2015	2016	2015	2016	2015
Namibia	79	59	71	57	150	116
Botswana	126	107	76	63	202	170
Rest of Africa	86	70	68	11	154	81
India	(11)	8	278	146	267	154
South-East Asia	(10)	19	34	22	24	41
Corporate and other	—	—	(9)	—	(9)	—
Net result from financial services	270	263	518	299	788	562

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.3 Sanlam Investments

Analysis of Group Equity Value (GEV)

R million	GEV at the beginning of period	Earnings	Net capital invest- ment	Dividend paid	GEV at the end of period	RoGEV (%)
2016						
Investment Management	16 050	(133)	156	(317)	15 756	(0,8)
Investment Management SA	6 102	606	191	(262)	6 637	9,9
Wealth Management	1 759	250	6	(21)	1 994	14,2
International	8 189	(989)	(41)	(34)	7 125	(12,1)
Covered business	1 633	(169)	4	(38)	1 430	(10,3)
Other operations	6 556	(820)	(45)	4	5 695	(12,5)
Sanlam Employee Benefits	5 577	(69)	(20)	(141)	5 347	(1,2)
Sanlam Capital Management	785	112	—	(220)	677	14,3
Group Equity Value	22 412	(90)	136	(678)	21 780	(0,4)
2015						
Sanlam Investment Management	12 797	3 130	1 144	(1 021)	16 050	24,5
Investment Management SA	4 823	1 059	566	(346)	6 102	20,1
Wealth Management ⁽¹⁾	1 497	390	19	(147)	1 759	25,9
International	6 477	1 681	559	(528)	8 189	26,0
Covered business	1 193	277	237	(74)	1 633	23,2
Other operations ⁽¹⁾	5 284	1 404	322	(454)	6 556	26,7
Sanlam Employee Benefits	6 640	994	(1 696)	(361)	5 577	15,0
Sanlam Capital Management	685	262	—	(162)	785	38,2
Group Equity Value	20 122	4 386	(552)	(1 544)	22 412	21,3

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Business volumes

R million	New business volumes		Net fund flows	
	2016	2015	2016	2015
Investment Management	64 218	55 052	6 946	2 664
Investment Management SA	46 572	39 909	8 530	4 203
Wealth Management ⁽¹⁾	8 172	10 295	867	4 097
International ⁽¹⁾	9 474	4 848	(2 451)	(5 636)
Sanlam Employee Benefits	2 142	1 182	179	(401)
Sanlam Capital Management	—	—	(32)	(3)
Total	66 360	56 234	7 093	2 260

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Analysis of earnings

R million	Investment Management		Capital Management	
	2016	2015	2016	2015
Financial services income*	2 349	2 174	419	300
Sales remuneration	(117)	(96)	—	—
Income after sales remuneration	2 232	2 078	419	300
Underwriting policy benefits	—	—	—	—
Administration cost*	(1 681)	(1 508)	(210)	(174)
Result from financial services before performance fees	551	570	209	126
Net performance fees	27	22	—	9
Result from financial services	578	592	209	135
Tax on result from financial services	(148)	(136)	(46)	(9)
Non-controlling interest	(13)	(18)	—	—
Net result from financial services	417	438	163	126
Net investment return	10	(2)	—	—
Net investment income	9	7	—	—
Net investment surpluses	1	(9)	—	—
Net other earnings	(85)	(78)	—	—
Normalised attributable earnings	342	358	163	126

* Financial services income and administration costs on page 28 includes performance fees and related administration costs.

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

Value of new covered business		Present value of new business premiums		New business margin (%)	
2016	2015	2016	2015	2016	2015
11	10	2 209	1 890	0,50%	0,53%
11	10	2 209	1 890	0,50%	0,53%
11	16	2 800	2 114	0,39%	0,76%
22	26	5 009	4 004	0,44%	0,65%

Sanlam Employee Benefits		Intra-cluster consolidation		Total	
2016	2015	2016	2015	2016	2015
1 905	1 695	(8)	(15)	4 665	4 154
(28)	(27)	—	—	(145)	(123)
1 877	1 668	(8)	(15)	4 520	4 031
(1 198)	(1 033)	—	—	(1 198)	(1 033)
(483)	(429)	8	15	(2 366)	(2 096)
196	206	—	—	956	902
—	—	—	—	27	31
196	206	—	—	983	933
(55)	(58)	—	—	(249)	(203)
—	—	—	—	(13)	(18)
141	148	—	—	721	712
20	212	—	—	30	210
67	92	—	—	76	99
(47)	120	—	—	(46)	111
—	—	—	—	(85)	(78)
161	360	—	—	666	844

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Investment Management

Analysis of net result from financial services

	Reviewed	
R million	2016	2015
Investment Management	379	402
Investment Management SA	231	223
Wealth Management ⁽¹⁾	61	64
International ⁽¹⁾	92	120
Support Services	(5)	(5)
Capital Management	163	126
Asset management operations	542	528
Covered business:		
Sanlam Employee Benefits	141	148
Sanlam UK	38	36
Sanlam Investments total	721	712

Assets under management – reviewed

	Assets under management		Fee income		Administration cost	
	June 2016 R million	December* 2015 R million	June 2016 %	December* 2015 %	June 2016 %	December* 2015 %
Investment Management	791 496	782 685				
Investment Management SA	668 657	623 414	0,30	0,31	0,20	0,22
Wealth Management ⁽¹⁾	144 151	139 283	0,73	0,65	0,57	0,51
International ⁽¹⁾	149 663	182 334	0,69	0,78	0,53	0,63
Intra-cluster eliminations	(170 975)	(162 346)				
Capital Management	3 890	3 860	0,84	0,74	0,68	0,70
Asset management operations	795 386	786 545				
Covered business:						
Sanlam Employee Benefits	79 907	76 191				
Sanlam UK	45 652	51 787				
Sanlam Investments total	920 945	914 523				

* Audited

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Assets under management (continued)

Asset mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
June 2016 – reviewed						
Investment Management SA	160 854	302 394	69 299	18 220	117 890	668 657
Wealth Management ⁽¹⁾	—	107 397	32 272	—	4 482	144 151
International ⁽¹⁾	—	—	149 663	—	—	149 663
Capital Management	—	3 228	652	—	10	3 890
Intra-cluster consolidation						(170 975)
Assets under management – Sanlam Investments	160 854	413 019	251 886	18 220	122 382	795 386
December 2015 – audited						
Investment Management SA	143 451	276 206	70 838	17 088	115 831	623 414
Wealth Management ⁽¹⁾	—	103 407	32 260	—	3 616	139 283
International ⁽¹⁾	—	—	182 334	—	—	182 334
Capital Management	—	3 122	728	—	10	3 860
Intra-cluster consolidation						(162 346)
Assets under management – Sanlam Investments	143 451	382 735	286 160	17 088	119 457	786 545

⁽¹⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Analysis of covered business

Sanlam Employee Benefits

R million	June – Reviewed	
	2016	2015
Analysis of attributable earnings		
Net result from financial services	141	148
Risk underwriting	36	83
Investment and other	91	58
Working capital management	25	21
Administration	(11)	(14)
Net investment return	20	212
Net investment income	67	92
Net investment surpluses	(47)	120
Normalised attributable earnings	161	360
Analysis of premiums		
Recurring premiums	121	76
Guaranteed	75	18
Risk	46	58
Single premiums	2 021	1 106
Guaranteed	843	521
Risk	—	65
Retirement	1 012	36
Annuity	106	349
Special structures	60	135

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.3 Sanlam Investments (continued)

Analysis of covered business (continued)

Sanlam Investments and Pensions (included in Investment Management on page 40)

R million	June – Reviewed	
	2016	2015
<i>Analysis of attributable earnings</i>		
Financial services income	186	132
Sales remuneration	(76)	(57)
Income after sales remuneration	110	75
Administration costs	(72)	(39)
Gross result from financial services	38	36
Tax on result from financial services	—	—
Net result from financial services	38	36
Net investment return	2	—
Normalised attributable earnings	40	36

2.4 Santam

R million	June – Reviewed	
	2016	2015
Business volumes		
Gross written premiums	12 134	11 270
Net earned premiums	9 700	9 088
Net fund flows	3 411	3 302
Analysis of earnings		
Gross result from financial services	983	1 055
Net result from financial services	388	413
Ratios		
Admin cost ratio	17,8%	18,2%
Claims ratio	64,8%	63,7%
Underwriting margin	6,4%	8,9%

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.5 Valuation methodology

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

R million	Fair value	
	June 2016 Reviewed	December 2015 Audited
Discounted cash flows	33 389	28 915
Sanlam Investments	13 567	13 785
Investment Management SA	6 051	5 557
Wealth Management ⁽²⁾	2 051	2 868
International ⁽²⁾	5 388	5 175
Capital Management	77	185
Sanlam Emerging Markets	15 514	11 407
Shriram Capital ⁽¹⁾	7 965	7 594
Saham Finances	3 522	—
Letshego ⁽¹⁾	1 356	1 106
Pacific & Orient	735	812
Capricorn Investment Holdings ⁽¹⁾	1 008	877
Other operations	928	1 018
Sanlam Personal Finance	4 308	3 723
Glacier	2 144	1 605
Sanlam Personal Loans	939	913
Afrocentric	703	703
Other operations	522	502
Net asset value	2 168	2 571
Sanlam Investments	1 436	1 417
Investment Management SA ⁽²⁾	586	545
Wealth Management ⁽²⁾	(57)	(49)
International ⁽²⁾	307	321
Capital Management	600	600
Sanlam Emerging Markets	732	1 154
Total	35 557	31 486

⁽¹⁾ Includes the listed businesses at directors' valuation of R6 646 million (2015: R6 183 million) for Shriram Capital, R1 356 million (2015: R1 106 million) for Letshego and R1 008 million (2015: R877 million) for Capricorn Investment Holdings. The listed value of these operations are R7 939 million (2015: R6 634 million), R1 157 million (2015: R1 250 million) and R1 189 million (2015: R1 169 million) respectively.

⁽²⁾ Comparative information has been adjusted for the reallocation of business units between the International and Wealth Management sub-clusters.

Notes to the shareholders' fund information continued

for the six months ended 30 June 2016 – reviewed

2. Cluster information (continued)

2.5 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 2016 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 = 14,0% (Dec 2015: 15,4%)	33 389	38 183	29 763
Perpetuity growth rate	PGR = 2,5 – 5% (Dec 2015: 2,5 – 5%)	33 389	31 508	35 949

3. Normalised diluted earnings per share

Cents	June 2016 Reviewed	June 2015 Reviewed
Normalised diluted earnings per share:		
Net result from financial services	196,8	177,0
Headline earnings	208,0	224,2
Profit attributable to shareholders' fund	204,1	223,1
R million		
Analysis of normalised earnings (refer shareholders' fund income statement on page 28):		
Net result from financial services	4 028	3 622
Headline earnings	4 256	4 588
Profit attributable to shareholders' fund	4 176	4 565
Reconciliation of normalised headline earnings:		
Headline earnings per note 1 on page 65	4 322	4 726
Less: Fund transfers	(66)	(138)
Normalised headline earnings	4 256	4 588
Million		
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 1 on page 65)	2 018,8	2 027,1
Add: Weighted average Sanlam shares held by policyholders	27,5	19,3
Adjusted weighted average number of shares for normalised diluted earnings per share	2 046,3	2 046,4

Notes to the shareholders' fund information *continued*

for the six months ended 30 June 2016 – reviewed

4. Value per share

Fair value per share is calculated on the Group shareholders' fund at fair value of R76 080 million (December 2015: R74 660 million), divided by 2 045.3 million (December 2015: 2 046.6 million) shares.

Net asset value per share is calculated on the Group shareholders' fund at net asset value of R52 551 million (December 2015: R55 464 million), divided by 2 045.3 million (December 2015: 2 046.6 million) shares.

Equity value per share is calculated on the Group Equity Value of R106 599 million (December 2015: R103 506 million), divided by 2 045.3 million (December 2015: 2 046.6 million) shares.

Million	June 2016 Reviewed	December 2015 Audited
Number of shares for value per share		
Number of ordinary shares in issue	2 166,5	2 166,5
Shares held by subsidiaries in shareholders' fund	(141,2)	(141,2)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	20,0	21,3
Adjusted number of shares for value per share	2 045,3	2 046,6

5. Share repurchases

The Sanlam shareholders granted general authorities to the Group at the 2016 and 2015 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire shares during 2016.

Embedded value of covered business

at 30 June 2016

R million	Note	June Reviewed 2016	December Audited 2015
Sanlam Personal Finance		37 100	34 526
Adjusted net worth		8 328	8 287
Net value of in-force covered business		28 772	26 239
Value of in-force covered business		30 683	28 139
Cost of capital		(1 911)	(1 900)
Sanlam Emerging Markets		6 089	5 486
Adjusted net worth		2 631	2 323
Net value of in-force covered business		3 458	3 163
Value of in-force covered business		5 718	5 317
Cost of capital		(626)	(525)
Non-controlling interests		(1 634)	(1 629)
Sanlam UK⁽¹⁾		1 430	1 633
Adjusted net worth		675	778
Net value of in-force covered business		755	855
Value of in-force covered business		941	1 066
Cost of capital		(186)	(211)
Sanlam Employee Benefits⁽¹⁾		5 347	5 577
Adjusted net worth		3 720	3 720
Net value of in-force covered business		1 627	1 857
Value of in-force covered business		2 672	2 804
Cost of capital		(1 045)	(947)
Embedded value of covered business		49 966	47 222
Adjusted net worth ⁽²⁾		15 354	15 108
Net value of in-force covered business	1	34 612	32 114
Embedded value of covered business		49 966	47 222

⁽¹⁾ Sanlam UK and Sanlam Employee Benefits are part of the Sanlam Investments cluster.

⁽²⁾ Excludes subordinated debt funding of Sanlam Life.

Change in embedded value of covered business

for the six months ended 30 June 2016

R million	Note	Six months reviewed							
		2016				2015			
		Total	Value of in-force	Cost of capital	Adjusted net worth	Total	Value of in-force	Cost of capital	Adjusted net worth
Embedded value of covered business at beginning of the year		47 222	35 506	(3 392)	15 108	48 393	34 299	(3 092)	17 186
Value of new business	2	702	1 815	(107)	(1 006)	655	1 654	(79)	(920)
Net earnings from existing covered business		2 339	(982)	63	3 258	2 256	(836)	16	3 076
Expected return on value of in-force business		2 197	2 112	85	—	1 820	1 727	93	—
Expected transfer of profit to adjusted net worth		—	(3 007)	—	3 007	—	(2 639)	—	2 639
Operating experience variances	3	75	(150)	(8)	233	408	20	(19)	407
Operating assumption changes	4	67	63	(14)	18	28	56	(58)	30
Expected investment return on adjusted net worth		604	—	—	604	608	—	—	608
Embedded value earnings from operations		3 645	833	(44)	2 856	3 519	818	(63)	2 764
Economic assumption changes	5	764	753	25	(14)	(397)	(374)	(19)	(4)
Tax changes	6	488	724	(107)	(129)	—	—	—	—
Investment variances – value of in-force		190	192	(55)	53	132	107	(31)	56
Investment variances – investment return on adjusted net worth		(528)	—	—	(528)	94	—	—	94
Goodwill from business		(172)	(172)	—	—	(14)	(14)	—	—
Exchange rate movements		(241)	(278)	37	—	(15)	(7)	(8)	—
Embedded value earnings from covered business		4 146	2 052	(144)	2 238	3 319	530	(121)	2 910
Acquired value of in-force		853	541	—	312	18	12	—	6
Transfers from/(to) other Group operations		49	49	—	—	—	—	—	—
Transfers from covered business		(2 304)	—	—	(2 304)	(2 724)	—	—	(2 724)
Embedded value of covered business at the end of the period		49 966	38 148	(3 536)	15 354	49 006	34 841	(3 213)	17 378
Analysis of earnings from covered business									
Sanlam Personal Finance		4 427	2 495	(11)	1 943	2 822	655	30	2 137
Sanlam Emerging Markets		(43)	(186)	(60)	203	290	(13)	(38)	341
Sanlam UK		(169)	(125)	25	(69)	7	46	(110)	71
Sanlam Employee Benefits		(69)	(132)	(98)	161	200	(158)	(3)	361
Embedded value earnings from covered business		4 146	2 052	(144)	2 238	3 319	530	(121)	2 910

Value of new business

for the six months ended 30 June 2016

R million	Note	Six months – Reviewed	
		2016	2015
Value of new business (at point of sale):			
Gross value of new business		917	817
Sanlam Personal Finance		557	530
Sanlam Emerging Markets		312	244
Sanlam UK		12	11
Sanlam Employee Benefits		36	32
Cost of capital		(119)	(87)
Sanlam Personal Finance		(58)	(48)
Sanlam Emerging Markets		(35)	(22)
Sanlam UK		(1)	(1)
Sanlam Employee Benefits		(25)	(16)
Value of new business		798	730
Sanlam Personal Finance		499	482
Sanlam Emerging Markets		277	222
Sanlam UK		11	10
Sanlam Employee Benefits		11	16
Value of new business attributable to:			
Shareholders' fund	2	702	655
Sanlam Personal Finance		499	482
Sanlam Emerging Markets		181	147
Sanlam UK		11	10
Sanlam Employee Benefits		11	16
Non-controlling interest		96	75
Sanlam Personal Finance		—	—
Sanlam Emerging Markets		96	75
Sanlam UK		—	—
Sanlam Employee Benefits		—	—
Value of new business		798	730
Geographical analysis:			
South Africa		510	498
Africa		239	192
Other international		49	40
Value of new business		798	730

Value of new business continued

for the six months ended 30 June 2016

R million	Note	Six months – Reviewed	
		2016	2015
Analysis of new business profitability:			
<i>Before non-controlling interest:</i>			
Present value of new business premiums		30 735	25 866
Sanlam Personal Finance		20 038	18 263
Sanlam Emerging Markets		5 688	3 599
Sanlam UK		2 209	1 890
Sanlam Employee Benefits		2 800	2 114
New business margin		2,60%	2,82%
Sanlam Personal Finance		2,49%	2,64%
Sanlam Emerging Markets		4,87%	6,17%
Sanlam UK		0,50%	0,53%
Sanlam Employee Benefits		0,39%	0,76%
<i>After non-controlling interest:</i>			
Present value of new business premiums		28 759	24 633
Sanlam Personal Finance		20 038	18 263
Sanlam Emerging Markets		3 712	2 366
Sanlam UK		2 209	1 890
Sanlam Employee Benefits		2 800	2 114
New business margin		2,44%	2,66%
Sanlam Personal Finance		2,49%	2,64%
Sanlam Emerging Markets		4,88%	6,21%
Sanlam UK		0,50%	0,53%
Sanlam Employee Benefits		0,39%	0,76%

Notes to the embedded value of covered business

for the six months ended 30 June 2016 – reviewed

1. Value of in-force sensitivity analysis

	Gross value of in-force business R million	Cost of capital R million	Net value of in-force business R million	Change from base value %
Base value at 30 June 2016	38 148	(3 536)	34 612	
⌚ Risk discount rate increase by 1%	36 051	(4 077)	31 974	(8)
Base value at 31 December 2015	35 506	(3 392)	32 114	
⌚ Risk discount rate increase by 1%	33 675	(4 025)	29 650	(8)

2. Value of new business sensitivity analysis

	Gross value of new business R million	Cost of capital R million	Net value of new business R million	Change from base value %
Base value at 30 June 2016	809	(107)	702	
⌚ Risk discount rate increase by 1%	702	(124)	578	(18)
Base value at 30 June 2015	734	(79)	655	
⌚ Risk discount rate increase by 1%	643	(103)	(540)	(18)

3. Operating experience variances

R million	Total	Value of in-force	Cost of capital	Adjusted net worth
Six months reviewed 2016				
Risk experience	80	(20)	(3)	103
Persistency	(99)	(56)	2	(45)
Maintenance expenses	(57)	(1)	—	(56)
Working capital and other	151	(73)	(7)	231
Total operating experience variances	75	(150)	(8)	233
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

Notes to the embedded value of covered business continued

for the six months ended 30 June 2016 – reviewed

4. Operating assumption changes

R million	Total	Value of in-force	Cost of capital	Adjusted net worth
Six months reviewed				
2016				
Risk experience	50	3	—	47
Persistency	(50)	(16)	—	(34)
Maintenance expenses	80	59	(2)	23
Modelling improvements and other	(13)	17	(12)	(18)
Total operating assumption changes	67	63	(14)	18
2015				
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

5. Economic assumption changes

Six months reviewed				
2016				
Investment yields	759	748	25	(14)
Long-term asset mix assumptions and other	5	5	—	—
Total economic assumption changes	764	753	25	(14)
2015				
Investment yields	(395)	(372)	(19)	(4)
Long-term asset mix assumptions and other	(2)	(2)	—	—
Total economic assumption changes	(397)	(374)	(19)	(4)

Notes to the embedded value of covered business continued

for the six months ended 30 June 2016 – reviewed

6. Tax changes

R million	Six months – Reviewed 2016			
	Total	Value of in-force	Cost of capital	Adjusted net worth
Risk Policy Fund (RPF)	719	719	—	—
Capital Gains Tax inclusion rate	(234)	3	(108)	(129)
Other	3	2	1	—
Total tax changes	488	724	(107)	(129)

7. Economic assumptions

%	June Reviewed		December Audited
	2016	2015	2015
Gross investment return, risk discount rate and inflation			
Sanlam Life			
Point used on the relevant yield curve	9 year	9 year	9 year
Fixed-interest securities	9,0	8,5	10,1
Equities and offshore investments	12,5	12,0	13,6
Hedged equities	8,4	9,0	9,5
Property	10,0	9,5	11,1
Cash	8,0	7,5	9,1
Inflation rate ⁽¹⁾	7,0	6,5	8,1
Risk discount rate	11,5	11,0	12,6
⁽¹⁾ Expense inflation of 9,0% (Dec 2015: 10,1%) assumed for retail business administered on old platforms			
SDM Limited			
Point used on the relevant yield curve	5 year	5 year	5 year
Fixed-interest securities	8,5	8,0	9,6
Equities and offshore investments	12,0	11,5	13,1
Hedged equities	n/a	n/a	n/a
Property	9,5	9,0	10,6
Cash	7,5	7,0	8,6
Inflation rate	6,5	6,0	7,6
Risk discount rate	11,0	10,5	12,1
Sanlam Investments and Pensions			
Point used on the relevant yield curve	15 year	15 year	15 year
Fixed-interest securities	1,5	2,5	2,4
Equities and offshore investments	4,8	5,7	5,6
Hedged equities	n/a	n/a	n/a
Property	4,8	5,7	5,6
Cash	1,5	2,5	2,4
Inflation rate	2,9	3,3	3,2
Risk discount rate	5,3	6,2	6,1

Notes to the embedded value of covered business continued

for the six months ended 30 June 2016 – reviewed

7. Economic assumptions (continued)

%	June Reviewed		December Audited
	2016	2015	2015
Botswana Life Insurance			
Fixed-interest securities	7,0	7,5	7,5
Equities and offshore investments	10,5	11,0	11,0
Hedged equities	n/a	n/a	n/a
Property	8,0	8,5	8,5
Cash	6,0	6,5	6,5
Inflation rate	4,0	4,5	4,5
Risk discount rate	10,5	11,0	11,0

Illiquidity premiums

Investment returns on non-participating and inflation-linked annuities, as well as guarantee plans include assumed illiquidity premiums due to matching assets being held to maturity.

Assumed illiquidity premiums generally amount to between 25bps and 70bps (December 2015: 25bps and 60bps) for non-participating annuities, between 25bps and 75bps (December 2015: 25bps to 75bps) for inflation-linked annuities and capped at 120bps reflecting both illiquidity premium and credit risk premium (December 2015: 80bps for illiquidity premium only) for guarantee plans.

Notes to the embedded value of covered business continued

for the six months ended 30 June 2016 – reviewed

7. Economic assumptions (continued)

Asset mix for assets supporting required capital

		%						
	R million	Fixed-interest securities	Equities	Offshore	Hedged equities	Property	Cash	Total
June 2016 – Reviewed								
Required capital								
South Africa	12 038	—	4	7	73	—	16	100
Namibia	514	6	35	—	—	—	59	100
Botswana	326	—	50	—	—	—	50	100
Ghana	58	35	40	—	—	20	5	100
Kenya	82	100	—	—	—	—	—	100
Other Africa	598	39	11	—	—	5	45	100
India	84	53	45	—	—	—	2	100
South-East Asia	276	75	15	—	—	—	10	100
Other International	575	—	—	—	—	—	100	100
Total required capital	14 551							
Free surplus	803							
Adjusted net worth	15 354							
December 2015 – Reviewed								
Required capital								
South Africa	11 998	—	4	7	73	—	16	100
Namibia	496	6	35	—	—	—	59	100
Botswana	279	—	50	—	—	—	50	100
Ghana	58	35	40	—	—	20	5	100
Kenya	83	35	40	—	—	15	10	100
Other Africa	301	28	8	—	—	5	59	100
India	64	59	8	—	—	—	33	100
South East Asia	205	75	15	—	—	—	10	100
Other International	670	—	—	—	—	—	100	100
Total required capital	14 154							
Free surplus	954							
Adjusted net worth	15 108							

Notes to the embedded value of covered business continued

for the six months ended 30 June 2016 – reviewed

7. Economic assumptions (continued)

Asset mix for assets supporting required capital (continued)

%	June – Reviewed		December Audited
	2016	2015	2015
Return on required capital			
Sanlam Life			
Gross return on required capital	8,7	9,5	9,8
Net return on required capital	7,0	7,6	8,4
SDM Limited			
Gross return on required capital	9,8	9,3	10,9
Net return on required capital	7,6	7,4	8,7
Sanlam Investments and Pensions			
Gross return on required capital	1,5	2,5	2,4
Net return on required capital	1,2	2,0	1,9
Botswana Life Insurance			
Gross return on required capital	6,9	8,8	8,8
Net return on required capital	5,2	6,6	6,6
Sanlam Life Namibia Limited			
Gross return on required capital	9,9	9,4	11,0
Net return on required capital	8,7	8,2	9,7
Sanlam Namibia Limited			
Gross return on required capital	8,7	8,2	9,9
Net return on required capital	7,6	7,1	8,6

Interim condensed consolidated financial statements

for the six months ended 30 June 2016

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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 2016 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 61 to 71 and the basis of accounting set out on page 19.

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 the International Financial Reporting Standard, (IAS 34) – *"Interim Financial Reporting"*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and 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 2016 is not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS 34) – *"Interim Financial Reporting"*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and 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

7 September 2016

Group statement of financial position

at 30 June 2016

R million	Reviewed June 2016	Audited December 2015
ASSETS		
Equipment	844	892
Owner-occupied properties	1 317	1 329
Goodwill	3 727	3 895
Other intangible assets	459	487
Value of business acquired	1 733	1 943
Deferred acquisition costs	3 502	3 463
Long-term reinsurance assets	993	945
Investments	603 131	590 894
Properties	11 766	11 606
Equity-accounted investments	21 639	15 999
Equities and similar securities	185 665	189 214
Interest-bearing investments	171 067	165 261
Structured transactions	15 732	14 179
Investment funds	162 350	157 288
Cash, deposits and similar securities	34 912	37 347
Deferred tax	573	368
Assets of disposal groups classified as held for sale	125	540
General insurance technical assets	4 686	4 251
Working capital assets	68 733	65 501
Trade and other receivables	51 983	45 360
Cash, deposits and similar securities	16 750	20 141
Total assets	689 823	674 508
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	22	22
Treasury shares	(3 805)	(3 683)
Other reserves	11 011	12 505
Retained earnings	43 423	44 777
Shareholders' fund	50 651	53 621
Non-controlling interests	6 168	6 571
Total equity	56 819	60 192
Long-term policy liabilities	490 817	480 910
Insurance contracts	187 006	183 972
Investment contracts	303 811	296 938
Term finance	6 278	5 637
Margin business	1 542	1 737
Other interest-bearing liabilities	4 736	3 900
Structured transaction liabilities	1 208	2 374
External investors in consolidated funds	57 422	53 641
Cell owners' interest	1 060	980
Deferred tax	2 354	2 180
General insurance technical provisions	14 323	13 523
Working capital liabilities	59 542	55 071
Trade and other payables	57 626	52 751
Provisions	326	319
Taxation	1 590	2 001
Total equity and liabilities	689 823	674 508

Group statement of comprehensive income

for the six months ended 30 June 2016

R million	Note	Reviewed 2016	Reviewed 2015
Net income		49 796	46 424
Financial services income		28 514	26 259
Reinsurance premiums paid		(3 828)	(3 386)
Reinsurance commission received		657	608
Investment income		14 494	12 933
Investment surpluses		11 940	12 173
Finance cost – margin business		(54)	(52)
Change in fair value of external investors' liability		(1 927)	(2 111)
Net insurance and investment contract benefits and claims		(31 237)	(28 231)
Long-term insurance and investment contract benefits		(25 403)	(22 862)
General insurance claims		(8 658)	(7 353)
Reinsurance claims received		2 824	1 984
Expenses		(12 088)	(10 877)
Sales remuneration		(3 937)	(3 388)
Administration costs		(8 151)	(7 489)
Impairments		(147)	(36)
Amortisation of intangibles		(153)	(166)
Net operating result		6 171	7 114
Equity-accounted earnings		985	642
Finance cost – other		(311)	(260)
Profit before tax		6 845	7 496
Taxation		(2 133)	(1 999)
Shareholders' fund		(1 793)	(1 502)
Policyholders' fund		(340)	(497)
Profit for the period		4 712	5 497
Other comprehensive income: to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		(1 591)	386
Other comprehensive income of equity accounted investments		(34)	—
Movement in cash flow hedge		(428)	—
Comprehensive income for the period		2 659	5 883
Allocation of comprehensive income:			
Profit for the period		4 712	5 497
Shareholders' fund		4 242	4 703
Non-controlling interests		470	794
Comprehensive income for the period		2 659	5 883
Shareholders' fund		2 372	5 096
Non-controlling interests		287	787
Earnings attributable to shareholders of the company (cents):			
Profit for the period			
Basic earnings per share	1	212,2	234,5
Diluted earnings per share	1	210,1	232,0

Group statement of changes in equity

for the six months ended 30 June 2016

R million	Reviewed 2016	Reviewed 2015
Shareholders' fund		
Balance at beginning of the period	53 621	46 037
Comprehensive income	2 372	5 096
Profit for the period	4 242	4 703
Other comprehensive income	(1 870)	393
Net acquisition of treasury shares ⁽¹⁾	(566)	(447)
Share-based payments	168	205
Acquisitions, disposals and other movements in interests	(28)	(244)
Dividends paid ⁽²⁾	(4 916)	(4 526)
Balance at end of the period	50 651	46 121
Non-controlling interests		
Balance at beginning of the period	6 571	5 198
Comprehensive income	287	787
Profit for the period	470	794
Other comprehensive income	(183)	(7)
Net acquisition of treasury shares ⁽¹⁾	(40)	(6)
Share-based payments	19	41
Acquisitions, disposals and other movements in interests	(34)	293
Dividends paid	(635)	(657)
Balance at end of the period	6 168	5 656
Shareholders' fund	53 621	46 037
Non-controlling interests	6 571	5 198
Total equity at beginning of the period	60 192	51 235
Shareholders' fund	50 651	46 121
Non-controlling interests	6 168	5 656
Total equity at end of the period	56 819	51 777

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

⁽²⁾ Dividend of 245 cents per share declared and paid during 2016 in respect of the 2015 financial year (2015: 225 cents).

Group cash flow statement

for the six months ended 30 June 2016

R million	Reviewed 2016	Reviewed 2015
Cash flow from operating activities	(3 231)	5 628
Cash flow from investment activities	(2 679)	(3 127)
Cash flow from financing activities	25	(909)
Net increase in cash and cash equivalents	(5 885)	1 592
Net foreign exchange difference	58	—
Cash, deposits and similar securities at beginning of the period	57 343	41 431
Cash, deposits and similar securities at end of the period	51 516	43 023

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2016

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, consolidated investment funds 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, consolidated investment funds 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 47 for normalised earnings per share, which is based on the economic earnings attributable to the shareholders' fund, and should also be used when evaluating the Group's economic performance.

Cents	Reviewed 2016	Reviewed 2015
Basic earnings per share:		
Headline earnings	216,2	235,7
Profit attributable to shareholders' fund	212,2	234,5
Diluted earnings per share:		
Headline earnings	214,1	233,1
Profit attributable to shareholders' fund	210,1	232,0
R million		
Analysis of earnings:		
Profit attributable to shareholders' fund	4 242	4 703
Less: Net loss/(profit) on disposal of operations	(34)	1
Loss/(profit) on disposal of subsidiaries and associated companies	(37)	2
Tax on loss/(profit) on disposal of subsidiaries and associated companies	3	—
Non-controlling interests	—	(1)
Less: Equity-accounted non-headline earnings	3	—
Plus: Impairments	111	22
Gross impairments	147	36
Tax on impairments	(12)	—
Non-controlling interests	(24)	(14)
Headline earnings	4 322	4 726
Million		
Number of shares:		
Number of ordinary shares in issue at beginning of the period	2 166,5	2 166,5
Less: Weighted Sanlam shares held by subsidiaries and consolidated investment funds (including policyholders)	(167,7)	(161,1)
Adjusted weighted average number of shares for basic earnings per share	1 998,8	2 005,4
Add: Number of shares in respect of Sanlam Limited long-term incentive schemes	20,0	21,7
Adjusted weighted average number of shares for diluted earnings per share	2 018,8	2 027,1

Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2016

2. Reconciliation of segmental information

R million	Reviewed 2016	Reviewed 2015
Segment financial services income (per shareholders' fund income statement)	26 660	24 087
Sanlam Personal Finance	8 079	7 500
Sanlam Emerging Markets	3 687	2 926
Sanlam Investments	4 707	4 214
Santam	10 067	9 335
Corporate, consolidation and other	120	112
IFRS adjustments	1 854	2 172
Total financial services income	28 514	26 259
Segment results (per shareholders' fund income statement after tax and non-controlling interest)	4 176	4 565
Sanlam Personal Finance	2 552	2 201
Sanlam Emerging Markets	728	707
Sanlam Investments	666	844
Santam	481	592
Corporate, consolidation and other	(251)	221
Non-controlling interests included in segment result	470	794
Fund transfers	66	138
Total profit for the period	4 712	5 497

Additional segmental information is provided in the Shareholders' information (refer page 26 to 29).

3. Contingent liabilities

Shareholders are referred to the contingent liabilities disclosed in the 2015 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 2016 as reflected in these financial statements.

Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2016

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 assets and liabilities measured at fair value.

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

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

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

R million	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
30 June 2016 – reviewed				
Equities and similar securities	182 535	2 714	416	185 665
Interest-bearing investments	69 172	98 172	483	167 827
Structured transactions	6 373	9 353	6	15 732
Investment funds	136 934	24 891	525	162 350
Trading account assets	4 990	18 104	—	23 094
Cash, deposits and similar securities	19 579	15 166	—	34 745
Total assets at fair value	419 583	168 400	1 430	589 413
Investment contract liabilities	—	301 198	2 613	303 811
Term finance	4 021	98	217	4 336
Term finance valued at stock exchange prices	4 021	—	—	4 021
Term finance based on internal valuation	—	98	217	315
Structured transactions liabilities	—	1 208	—	1 208
Trading account liabilities	1 952	20 427	—	22 379
External investors in consolidated funds	56 561	207	654	57 422
Total liabilities at fair value	62 534	323 138	3 484	389 156
31 December 2015 – audited				
Equities and similar securities	186 222	2 562	430	189 214
Interest-bearing investments	72 478	91 049	490	164 017
Structured transactions	6 391	7 788	—	14 179
Investment funds	132 186	24 595	507	157 288
Trading account assets	5 549	24 243	—	29 792
Cash, deposits and similar securities	25 769	11 573	—	37 342
Total assets at fair value	428 595	161 810	1 427	591 832
Investment contract liabilities	—	293 760	3 178	296 938
Term finance	2 937	104	359	3 400
Term finance valued at stock exchange prices	2 937	—	—	2 937
Term finance based on internal valuation	—	104	359	463
Structured transactions liabilities	—	2 374	—	2 374
Trading account liabilities	170	33 416	—	33 586
External investors in consolidated funds	53 437	204	—	53 641
Total liabilities at fair value	56 544	329 858	3 537	389 939

Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2016

5. Fair value disclosures (continued)

Reconciliation of movements in level 3 assets and liabilities measured at fair value.

R million	Equities and similar securities	Interest-bearing investments	Structured transactions	Investment funds	Total assets
Assets					
30 June 2016 – reviewed					
Balance at 1 January 2016	430	490	—	507	1 427
Total gain/(loss) in statement of comprehensive income	(15)	(58)	6	77	10
Acquisitions/issues	21	54	—	—	75
Disposals	(19)	—	—	(59)	(78)
Foreign exchange movements	(1)	(11)	—	—	(12)
Transfers in	—	8	—	—	8
Balance at 30 June 2016	416	483	6	525	1 430
31 December 2015 – audited					
Balance at 1 January 2015	395	396	—	452	1 243
Total gain in statement of comprehensive income	23	41	—	60	124
Acquisitions	64	—	—	2	66
Disposals	(70)	(1)	—	(7)	(78)
Foreign exchange movements	18	54	—	—	72
Balance at 31 December 2015	430	490	—	507	1 427

R million	External investors in consolidated funds	Investment contract liabilities	Term finance	Total liabilities
Liabilities				
30 June 2016 – reviewed				
Balance at 1 January 2016	—	3 178	359	3 537
Total gain in statement of comprehensive income	(17)	(125)	—	(142)
Acquisitions	—	147	—	147
Disposals	—	(245)	(134)	(379)
Foreign exchange movements	—	(342)	(8)	(350)
Transfers in ⁽¹⁾	671	—	—	671
Balance at 30 June 2016	654	2 613	217	3 484
31 December 2015 – audited				
Balance at 1 January 2015	—	2 552	347	2 899
Total loss in statement of comprehensive income	—	152	21	173
Acquisitions	—	73	—	73
Disposals	—	(193)	(101)	(294)
Foreign exchange movements	—	594	92	686
Balance at 31 December 2015	—	3 178	359	3 537

⁽¹⁾ The market for the shares to which the external investors in consolidated funds relate became inactive in the current period.

Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2016

5. Fair value disclosures (continued)

	Six months Reviewed 2016	Full year Audited 2015
Gains and losses on level 3 instruments (realised and unrealised) included in profit and loss		
Total gains or losses included in profit or loss for the period	152	(7)
Total unrealised gains or losses included in profit or loss for the period for assets held at the end of the reporting period	159	(47)

Transfers between categories

R million	Equities and similar securities	Interest-bearing investments	Structured transactions	Investment funds	Cash, deposits and similar securities	Total assets
Financial assets						
Six months Reviewed – 2016						
Transfer from level 1 to level 2	—	2 576	10	—	—	2 586
Transfer from level 2 to level 1	—	843	—	—	—	843
Full year Audited – 2015						
Transfer from level 1 to level 2	—	2 603	—	—	1 331	3 934
Transfer from level 2 to level 1	—	313	142	469	153	1 077

Investments traded in a market that became inactive during the year have been transferred from level 1 to level 2. Conversely, investments traded in a market that became active have been transferred from level 2 to level 1.

Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2016

5. Fair value disclosures (continued)

Valuation techniques used in determining the fair value of financial assets and liabilities

Instrument	Appli- cable 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 asset, multiplied by the number of units held. Earnings multiple DCF	Bond and interbank swap interest rate curve, Cost of capital, Consumer price index Bond interest rate curve	Earnings multiple n/a
Term finance	2 and 3	DCF	Bond & forward rate Credit ratings of issuer Liquidity spread Agreement interest curves	Liquidity spread
Structured transactions assets and liabilities	2 and 3	Option pricing models DCF	Bond and interbank swap interest rate curve Forward equity and currency rates Volatility risk adjustments	n/a
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held	Based on underlying assets as discussed above	Based on underlying assets as discussed above
Cash, deposits and similar securities	2	Mark-to-market Yield curve	Bond and interbank swap interest rate curve	n/a

Notes to the interim condensed consolidated financial statements continued

for the six months ended 30 June 2016

5. Fair value disclosures (continued)

Sensitivity of level 3 assets and liabilities measured at fair value to changes in key assumptions

R million	Carrying amount ⁽¹⁾	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount ⁽²⁾	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
Six months – reviewed 30 June 2016						
Other investments						
Equities and similar securities	395	40	(40)	21	(2)	2
Interest-bearing investments	483	48	(48)	—	—	—
Structured transactions	6	—	—	—	—	—
Investment funds	525	53	(53)	—	—	—
Total assets	1 409	141	(141)	21	(2)	2
Liabilities						
Investment contract liabilities	2 613	261	(261)	—	—	—
Term finance	217	22	(22)	—	—	—
External investors in consolidated funds	654	65	(65)	—	—	—
Total liabilities	3 484	348	(348)	—	—	—
Full year – audited 31 December 2015						
Other investments						
Equities and similar securities	399	40	(40)	31	(6)	5
Interest-bearing investments	490	49	(49)	—	—	—
Investment funds	507	51	(51)	—	—	—
Total assets	1 396	140	(140)	31	(6)	5
Liabilities						
Investment contract liabilities	3 178	318	(318)	—	—	—
Term finance	359	36	(36)	—	—	—
Total liabilities	3 537	354	(354)	—	—	—

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

⁽²⁾ Represents mainly instruments 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 2016.

7. Acquisition of associated companies

During the period, the Group finalised the Saham Finances acquisition at a cost of R6 217 million. The hedge reserve of R542 million has been released to reduce the initial cost of the investment.

Administration

Registered name

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

Group Company Secretary

Sana-Ullah Bray

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Sponsor

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Transfer secretaries

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Directors

DK Smith (Chairman), PT Motsepe (Deputy Chairman), Ian Kirk⁽¹⁾ (Group Chief Executive), MM Bakane-Tuoane, CB Booth⁽²⁾, AD Botha, PR Bradshaw⁽²⁾, JP Möller⁽¹⁾, MV Moosa, TI Mvusi⁽¹⁾, SA Nkosi, K Nondumo, P de V Rademeyer, Y Ramiah⁽¹⁾, RV Simelane, CG Swanepoel, PL Zim, J van Zyl⁽³⁾

⁽¹⁾ Executive

⁽²⁾ British

⁽³⁾ Appointed 18 January 2016

