

2020

INTERIM RESULTS

for the six months
ended 30 June 2020
Financial Information



Insurance

Financial Planning

Retirement

Investments

Wealth

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FINANCIAL AND OPERATIONAL REVIEW

2020 INTERIM RESULTS

Key performance indicators

Earnings

- Net result from financial services decreased by 22%
- Net operational earnings decreased by 39%

New business

- New business volumes increased by 40% to R157 billion
- Net fund inflows of R33 billion compared to R23 billion in 2019
- Net value of new covered business decreased by 29% to R666 million
- Net new covered business margin of 2,06% (2,79% in 2019)

Group Equity Value

- Group Equity Value per share of R58,08
- Return on Group Equity Value per share of -4,6%
- Adjusted Return on Group Equity Value per share of -0,9%

Capital management

- R1,3 billion invested in Group operations
- Discretionary capital of R264 million at 30 June 2020
- Sanlam Group SAM cover ratio of 187% (December 2019: 211%)

Dividend

- No interim dividend declared in line with Group policy

Salient results

for the six months ended 30 June 2020

		June 2020	June 2019	Δ
SANLAM GROUP				
Earnings				
Net result from financial services	R million	3 898	4 968	(22%)
Net operational earnings	R million	3 511	5 801	(39%)
Headline earnings	R million	3 893	3 534	10%
Weighted average number of shares ⁽¹⁾	million	2 095,8	2 090,8	–
Adjusted weighted average number of shares ⁽¹⁾	million	2 233,9	2 189,6	2%
Net result from financial services per share	cents	174,5	226,9	(23%)
Net operational earnings per share	cents	157,2	264,9	(41%)
Diluted headline earnings per share	cents	185,8	169,0	10%
Business volumes				
New business volumes	R million	157 480	112 102	40%
Net fund inflows	R million	33 413	23 283	44%
Net new covered business				
Value of new covered business	R million	666	942	(29%)
Covered business PVNBP ⁽²⁾	R million	32 403	33 779	(4%)
New covered business margin ⁽³⁾	%	2,06	2,79	
Group Equity Value				
Group Equity Value ⁽⁴⁾	R million	129 315	143 271	(9%)
Group Equity Value per share ⁽⁴⁾	cents	5 808	6 436	(9%)
Return on Group Equity Value per share ⁽⁵⁾	%	(4,6)	5,4	
Adjusted Return on Group Equity Value per share ⁽⁶⁾	%	(0,9)	4,6	
Solvency cover				
Sanlam Group ⁽⁴⁾	%	187	211	
Sanlam Life Insurance Limited ⁽⁴⁾	%	272	253	
Sanlam Life Insurance Limited covered business ^{(4) (7)}	%	201	206	

Notes

⁽¹⁾ Weighted average number of shares excludes Sanlam shares held directly or indirectly through consolidated investment funds in policyholder portfolios, as well as Sanlam shares held by the Group's broad-based black economic empowerment special purposes vehicle (B-BBEE SPV) that is consolidated in terms of International Financial Reporting Standards. These shares are treated as shares in issue for purposes of adjusted weighted average number of shares in issue, which is the base to determine net result from financial services per share and net operational earnings per share. Diluted headline earnings per share is based on the weighted average number of shares.

⁽²⁾ PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums, at the relevant risk discount rate for each business, plus single premiums.

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

⁽⁴⁾ Comparative figures as at 31 December 2019.

⁽⁵⁾ 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.

⁽⁶⁾ Adjusted Return on Group Equity Value = Return on Group Equity Value excluding investment market and currency volatility, changes in interest rates and other factors outside of management's control.

⁽⁷⁾ Excludes investments in subsidiaries and associated companies, discretionary capital, cash accumulated for dividend payments and the net asset value of non-covered operations.

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Executive review

The Group commenced the 2020 financial year from a solid base, with growth accelerating for most businesses in the second half of 2019. While recognising that we would continue to face headwinds in some of our key markets in 2020 due to subdued economic growth, we remained confident in our ability to deliver solid growth in all key performance indicators. This was achieved in the first two months of 2020, with most businesses outperforming targets for the period by a healthy margin. However, the outbreak of the 2019 coronavirus disease (COVID-19) pandemic, followed by the declaration of states of disaster and emergency in a number of countries where we operate, abruptly transformed the operating environment into one of the most challenging periods faced by the Group and our stakeholders.

As indicated in previous COVID-19 operational updates, we responded rapidly to the lockdowns and curfews implemented in most of our markets, with no significant disruption in back-office operations. General restrictions on face-to-face sales, however, had a severe impact on new life (covered) business sales and the value of new covered business written (VNB). The impacts on new business were particularly severe at the outset of the restrictions, but there has been a continued recovery as digital technology was rapidly adopted to allow for new business to be written. Investment market volatility rose to historic levels, with our key markets not yet recovering fully from the low points reached during the latter part of March. Global growth estimates were revised sharply down, with deep recessions anticipated across most of our footprint in 2020.

Despite these challenges we remain resilient as reflected in our underlying operational performance during the six months to 30 June 2020 and a healthy solvency position throughout the period. This resilience is founded on the quality of our client and other stakeholder relationships, a superior strategic positioning, highly skilled and motivated employees and a generally prudent approach to managing our business. Growth of 40% and 44% respectively in new business volumes and net fund flows represents a particularly satisfactory performance for the period. Return on Group Equity Value (RoGEV), VNB and earnings growth were, however, adversely affected by the COVID-19 operating environment.

Our prudent approach to capital management served us well during the turbulent times, with a Group solvency cover ratio of 187% at 30 June 2020 and with the ratio remaining resilient throughout the worst of the market turbulence. This positions us favourably to take advantage of opportunities that may emerge from the current challenging environment.

The Group's primary indicator of shareholder value creation remains RoGEV. 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. RoGEV per share for the six months to 30 June 2020 of -4,6 % (not annualised) compares to a target of 6,4% for the six months. The valuations of all non-life (non-covered) businesses were adversely affected by reduced top-line growth and future investment return assumptions in the short to medium term, while persistency assumptions were strengthened for life insurance (covered) business. The lower valuations also contributed to an impairment charge of R7,6 billion, mostly related to Saham intangible assets and the listed Indian credit businesses. Further information is provided in the results commentary section that follows. Adjusted 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, amounted to -0,9%. Adjusted RoGEV would have exceeded the hurdle rate for the period in the absence of negative operating assumption changes made in response to COVID-19.

Net result from financial services declined by 22%, impacted by the downturn in equity markets across our largest markets, a general widening in corporate credit spreads, an increase in doubtful debt provisions in respect of our institutional and retail credit books as well as substantial COVID-19 related relief offered to our clients and intermediaries. These are direct outcomes of the COVID-19 pandemic. We have estimated that the direct impacts of the pandemic have been such that in their absence, net result from financial services would have seen growth of 18% (as explained below).

New business volumes increased by 40%, with particularly strong contributions from Sanlam Emerging Markets (SEM), Sanlam Investment Group (SIG) and Sanlam Corporate. Investment business was the main contributor, augmented by satisfactory general insurance sales. Life business lagged due to the restrictions on face-to-face sales (although as we adopted digital technology these began to recover later in the period), with net VNB declining by 29% as a result.

Group strategy

The Sanlam Board reviewed the Group strategy in August 2020 under the leadership of the new Group Chief Executive, Paul Hanratty. The strategic intent of sustainable value creation for all stakeholders remains firmly in place. Our commitment to Africa is the cornerstone of our strategic positioning with a vision of becoming the most admired financial services player in Africa – by our clients, our staff, our partners, our peers and society in general. Africa's future growth prospects remain strong and we have an opportunity to use it as a base for inclusive wealth creation that will empower current and future generations to be financially confident, secure and prosperous. To achieve this vision, our strategy will focus on:

- Becoming an African champion.
 - Building a fortress position in South Africa in partnership with Ubuntu-Botho and African

Rainbow Capital – measured by a leading position in all of our chosen market segments

- o Increasing our market share in all lines of business through a leading client value proposition. This includes providing our clients with a superior experience and a simplified set of solutions that meet their needs in a cost-effective manner. Partnerships and digital transformation of our client and intermediary engagements will be key components of our execution.

- o Increasing product penetration through closer collaboration between Group clusters and utilising data analytics to better meet the needs of our clients.

- o Transforming our cost base to create value for both clients and shareholders.

- Accelerating growth outside of South Africa by improving the performance of our current operations, building scale through bolt-on acquisitions and expansion into new markets of the future.
- Strengthening our position where we operate outside of Africa as valuable diversifiers for the Group. This includes enhanced focus in our developed market business on expanding the client value propositions for our African client base.

The management of the Group's operations through focused clusters has created significant value over the years and remains appropriate going forward. The following structural and executive changes have, however, been implemented to support strategic execution (all changes effective 1 September 2020 unless otherwise indicated):

- To facilitate a better focus on specific important client segments and strong co-operation between different parts of the business in serving Sanlam's South African clients, the current Sanlam Personal Finance (SPF) business cluster has been split into two business clusters: SA Retail Mass, which consists of Sanlam Developing Markets, Safrican and African Rainbow Life; and SA Retail Affluent.
- Jurie Strydom, currently the Chief Executive Officer (CEO) of SPF, has been appointed CEO of the newly established Life and Savings cluster, which incorporates Sanlam Corporate, SA Retail Mass and SA Retail Affluent.
- Kanyisa Mkhize has been appointed CEO of Sanlam Corporate.
- Bongani Madikiza, former CEO of African Rainbow Life, has been appointed CEO of SA Retail Mass.
- Anton Gildenhuys, current Chief Risk Officer and Chief Actuary, has been appointed CEO: SA Retail Affluent with effect from 14 September 2020.

- Mlondolzi Mahlangeni has been appointed Chief Risk Officer and Chief Actuary with effect from 14 September 2020.
- Karl Socikwa, former CEO of Sanlam Sky, has been appointed Group Executive Market Development to take over from Temba Mvusi who retires at the end of the year.
- Wikus Olivier, currently the acting Chief Financial Officer, has been appointed Group Executive: Strategy from 01 October 2020.

The announcement in August 2020 of the agreement reached with African Rainbow Capital Financial Services to acquire a 25% stake in SIG's third-party asset management business in South Africa is a major step in positioning this business for future growth. The enhanced B-BBEE credentials will transform the business into the largest black-owned investment manager in South Africa, creating substantial opportunities to improve institutional market share and to partner with other asset managers. The transaction is subject to conditions precedent, including regulatory approvals.

Outlook

The operating environment will remain challenging in the second half of 2020, with the eventual outcome of COVID-19 subject to significant uncertainty. Pressure on new business volumes is persisting as restrictions on the movement of people remain in force in some of our markets post-June 2020. This is aggravated by deteriorating economic conditions and rising unemployment, materially eroding personal disposable income and the affordability of our solutions. These conditions also suppress client investor confidence. Growth in new business volumes is therefore expected to reduce towards the end of the year, also taking cognisance of an increasing comparative base given the stronger second half performance in 2019.

The impact of COVID-19 on claims and persistency experience in our life businesses was muted in the six months to 30 June 2020, but this situation is expected to deteriorate in the second half of 2020 as already evident in weakening claims experience subsequent to the end of June. Corporate and retail credit risk is likely to rise, dependent on how long restrictions on economic activity remain in place, further increasing the downside risk to earnings.

Average investment market levels, the relative strength of the Rand exchange rate and the level of long-term interest rates and corporate credit spreads are other key factors that may have an impact on the growth in net result from financial services, net operational earnings and Group Equity Value (GEV) to be reported for the year ended 31 December 2020.

The focus will remain on strategic execution and utilising the strength of the Sanlam balance sheet to pursue value-enhancing opportunities. We have the necessary depth of talent to continue delivering value to our shareholders and other stakeholders despite the current headwinds.

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Forward-looking statements

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

Results excluding the impact of COVID-19 and related market conditions

The information included in this interim results announcement indicated as ‘excluding the impact of COVID-19’ has been presented to illustrate the impact of the COVID-19 pandemic and other existing market conditions on the Group’s results and is the responsibility of the Group’s board of directors (Board). It is presented for illustrative purposes only and because of its nature may not fairly present the Group shareholders’ fund information, Group’s financial position, changes in equity, result of operations or cash flows. All references to information ‘excluding the impact of COVID-19’ was calculated by excluding those components of earnings that were most significantly impacted by COVID-19 and related market conditions. The performance indicators are specifically identified. For comparability, the same earnings components are also excluded from the comparative period. It should be noted that although these impacts are ascribed mainly to COVID-19, it is acknowledged there are also other external and market impacts that could have influenced these items. Given the exclusion of the current and prior year impacts of certain elements of the results, the variances are not necessarily an indication of what the profit growth would have been had COVID-19 not occurred.

Comments on the results**Introduction**

The Sanlam Group’s International Financial Reporting Standards (IFRS) financial statements for the six months ended 30 June 2020 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 2019 Integrated Report and Annual Financial Statements.

The Group acquired the majority interest in the Nigerian insurance operations with effect from 1 June 2020 (refer capital management section). These operations are consolidated from the effective date as opposed to equity-accounting being applied up to this date.

All of the Group’s businesses achieved a resilient underlying performance in the first half of 2020 in the context of the COVID-19 operating environment. Highlights and lowlights for the six months include the following:

Highlights

New business volumes and net fund inflows increased by 40% and 44% respectively

Value through partnerships: New Capitec Bank funeral business sold increased by 9% despite COVID-19 lockdowns

Strong recovery in underwriting margin of Sanlam Pan Africa general insurance to within the target range

Quality of earnings: Continued positive experience variances and resilient persistency despite difficult operating conditions

Lowlights

COVID-19 impact on performance:

- RoGEV and adjusted RoGEV per share underperform against hurdle rate
- 29% decline in VNB
- Growth in net result from financial services reduced from 18% to -22%
- Recognition of R7,5 billion of net impairments in respect of Shriram Capital and Saham

All references to 2019 relates to the first six months of the 2019 financial year, unless otherwise stated.

Operating environment**Economic conditions**

As highlighted, economic growth prospects deteriorated significantly across all of our markets, the aggregate outcome of in-country restrictions on economic activity as well as the second order effect of lower global growth prospects. All of our key markets are currently experiencing a period of contraction, with a recovery to 2019 levels of economic activity only expected in the medium term.

Real gross domestic product (GDP) growth forecasts (%)	2020	2021	2022	2023
South Africa	(8,0)	4,0	1,2	1,8
Namibia	(6,6)	(1,1)	1,0	1,0
Botswana	(7,4)	4,3	4,3	4,8
Morocco	(4,4)	4,3	3,9	3,9
Côte d’Ivoire	1,7	7,3	6,7	6,2
Angola	(6,6)	1,3	1,9	2,8
Nigeria	(3,3)	2,0	2,6	3,0
Zambia	(5,6)	1,6	2,5	3,1
Mozambique	(0,9)	3,1	5,2	6,8
Kenya	(0,5)	6,0	5,5	5,7
Uganda	1,8	5,2	5,8	6,5
Tanzania	2,0	6,0	6,1	6,1
India	(7,2)	6,6	6,0	6,0
Malaysia	(4,6)	6,6	4,0	4,0

Source: Sanlam Internal Forecasts.

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Equity and interest rate markets

The key investment markets where we operate followed global trends, recording marked declines up to the end of March, with some recovery since then. Equity markets in a number of countries remain at suppressed levels, including Morocco and Côte d'Ivoire having a particular impact on earnings.

The yield curve in South Africa steepened since the end of December 2019, with the benchmark nine-year point used for most of our South African Group Equity Value (GEV) valuations increasing by 70 basis points, but with a 60 basis points decline at the five-year point that is used for the Sanlam Sky embedded value. Reference interest rates in our other key markets were in line or lower than end-2019.

	Year-to-date	
	June 2020	March 2020
Equity markets – change in indices		
South Africa All Share	(4,8%)	(22,1%)
South Africa Swix	(7,9%)	(23,8%)
MSCI World (in Rand)	17,1%	0,8%
India Sensex	(15,4%)	(28,6%)
Botswana All Share	(4,5%)	(0,1%)
Morocco All Share	(16,5%)	(20,3%)
Côte d'Ivoire BRVM COMP	(14,7%)	(15,8%)
United Kingdom FTSE 100	(18,2%)	(24,8%)

	June 2020	March 2020	December 2019
Interest rates – Sanlam reference government bond yield			
South Africa (nine-year)	10,0%	11,8%	9,3%
Namibia	8,7%	11,9%	8,6%
Botswana	7,0%	6,5%	6,5%
Morocco	2,8%	2,7%	2,8%
Côte d'Ivoire	5,8%	6,5%	6,5%
India	6,2%	6,1%	6,8%
Malaysia	3,0%	3,4%	3,3%
United Kingdom	0,5%	0,5%	1,2%

Foreign currency exchange rates

The South African Rand weakened against most of the currencies where we operate, with the Angolan Kwanza the main exception.

Foreign currency/ZAR	United Kingdom	USA	Botswana	India	Morocco	Angola	Malaysia
31/12/2019	18,52	13,98	1,34	0,20	1,49	0,03	3,44
30/06/2020	21,47	17,37	1,47	0,23	1,78	0,03	4,05
Weakening/(strengthening)	15,9%	24,3%	9,6%	16,6%	20,1%	1,7%	17,6%
Average first half 2019	18,35	14,18	1,36	0,20	1,49	0,04	3,45
Average first half 2020	20,79	16,46	1,44	0,22	1,70	0,03	3,90
Weakening/(strengthening)	13,3%	16,1%	6,4%	10,5%	14,3%	(30,0%)	13,1%

The GEV valuations of the non-South African operations benefited in general from the weaker Rand at 30 June 2020 compared to the end of 2019.

The weaker average Rand exchange rates did not have an overall significant impact on the Group's operational earnings for the period due to offsetting positive and negative foreign currency translation differences. The latter primarily relates to the translation of negative investment return in SEM at the weaker average Rand exchange rate and the weaker Angolan Kwanza.

Impact of COVID-19 on key performance indicators

The COVID-19 pandemic had an adverse effect on all of the Group's key performance indicators, with the most significant areas of impact highlighted below. Any references in this review to information excluding the impact of COVID-19 are based on the exclusion of these financial effects.

New business volumes

Our intermediated distribution channels were generally not regarded as essential services in those countries that imposed lockdowns to prevent the spread of COVID-19, severely hampering our sales forces reliant on face-to-face client interactions. Life insurance sales were most severely impacted, with monthly sales volumes lagging targets by between 50% and 90% across many lines of business in the months of April, May and June 2020. Our digital and direct businesses, such as Sanlam Indie, MiWayLife and Sanlam Direct, and digital sales tools available to certain of our retail distribution channels provided some relief, but could not mitigate against markedly lower sales from the other traditional channels. Requests for new business quotes at

New business continued to improve since the end of June as digital adoption accelerated, as reflected in SPF's monthly sales as a percentage of target:

Channel	April 2020	May 2020	June 2020	July 2020
SPF distribution	57%	44%	52%	73%
Glacier distribution	86%	71%	82%	94%
Sanlam Sky	28%	39%	55%	74%
Sanlam Indie	120%	150%	172%	231%
MiWayLife	52%	73%	79%	87%

Monthly sales have not yet reached the pre-COVID-19 levels and are expected to remain below targets for the remainder of 2020.

Sanlam Corporate stalled in the second quarter, despite the business being able to support clients remotely through the peak of the South African lockdown. SIG bucked the trend and received sizeable new mandates in the second quarter of 2020, surpassing its first quarter performance. Excluding SIG, overall new business written in the second quarter of 2020 reduced by 16% compared to the first quarter of 2020.

New business volumes: Q2 2020 as a percentage of Q1 2020

Sanlam Personal Finance	85%
Life insurance	85%
Investments	84%
Sanlam Emerging Markets	90%
Life insurance	82%
General insurance	97%
Investments	89%
Sanlam Investment Group	139%
Santam	93%
Sanlam Corporate	43%
Life insurance	57%
Investment	29%
Sanlam Group	112%
Excluding Sanlam Investment Group	84%

The decline in new life business volumes contributed to a 29% decrease in net VNB, which is operationally highly geared to volumes.

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Net result from financial services

Net result from financial services declined by 22% as a direct consequence of deteriorating economic prospects and investment market volatility since the end of February 2020. The table below provides a summary of the direct impact of the COVID-19 pandemic per cluster, with further detail provided in the sections that follow. Asset-based fee income was also adversely affected by lower average investment market levels in the first half of 2020, but these are not separately identified based on materiality considerations.

R million	June 2020	June 2019
Sanlam Personal Finance	(272)	68
Sanlam Emerging Markets	(684)	44
Sanlam Investment Group	(554)	(97)
Santam	(115)	260
Impact on net result from financial services	(1 625)	275

Sanlam Personal Finance

R million	June 2020	June 2019
Support provided to intermediaries	(101)	-
Glacier participating products	(20)	107
Retail credit provisions	(151)	(39)
Impact on net result from financial services	(272)	68

Commission earned by intermediaries declined in line with the lower new life business sales, with entry-level market agents the most severely affected. Many agents lost most of their normal monthly income during levels 5 and 4 of the lockdown in South Africa when face-to-sales were prohibited. SPF provided total support of R193 million to its intermediaries to bridge this challenging period. R53 million of the support was in the form of loans, with the remainder (R140 million; R101 million after tax) being non-refundable grants recognised as an expense. Since the end of June 2020, additional support of R46 million has been granted, of which R24 million (before tax) will be expensed. This support has prevented a large-scale loss of agents that would otherwise have occurred and which subsequently would have required considerable investment in recruitment and training.

Glacier's product offering includes a line of business where it participates in the actual investment return earned on the underlying portfolios. The downturn in equity markets resulted in negative return being earned on the portfolios in 2020 compared to a positive performance in 2019, which commensurately reflects in fee income.

Sanlam Personal Loans' (SPL) retail credit book amounted to R5,7 billion at 30 June 2020 (December 2019: R5,6 billion). Repayment holidays were granted to clients representing 4% of the book as part of the relief offered to our client base. These repayment holidays, together with some deterioration in general arrears, required an increase in doubtful debt provisions in terms of IFRS 9. Total provisions were 18,1% of the book at 30 June 2020 compared to 13,2% at 31 December 2019.

Sanlam Emerging Markets

R million	June 2020	June 2019
Investment return on Saham general insurance funds	(145)	235
Investment variances: North and West Africa life insurance	(94)	(2)
Shriram retail credit provisions	(445)	(189)
Impact on net result from financial services	(684)	44

Lower equity and property market valuations in Morocco and Côte d'Ivoire resulted in a decline in net investment return earned on general insurance funds in these markets from R235 million in 2019 to negative R145 million in 2020. The weak equity markets also had an adverse effect on life insurance earnings in North and West Africa.

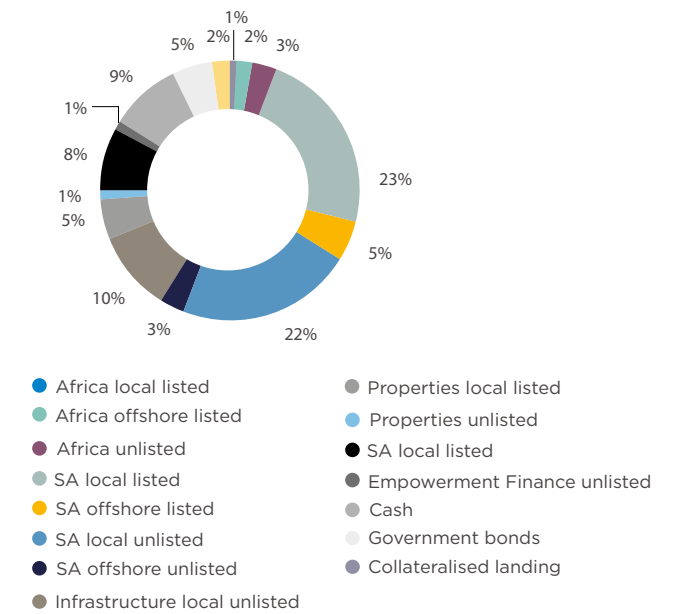
Regulations passed in India made it compulsory for credit businesses to grant a six-month repayment holiday to all of their clients from March to August 2020. This resulted in an increase in arrears at both Shriram Transport Finance Company (STFC) and Shriram City Union Finance (SCUF), requiring a strengthening in doubtful debt provisions in terms of IFRS 9. The earnings impact of changes in doubtful debt provisions increased commensurately from negative R189 million in 2019 to negative R445 million in 2020.

Sanlam Investment Group

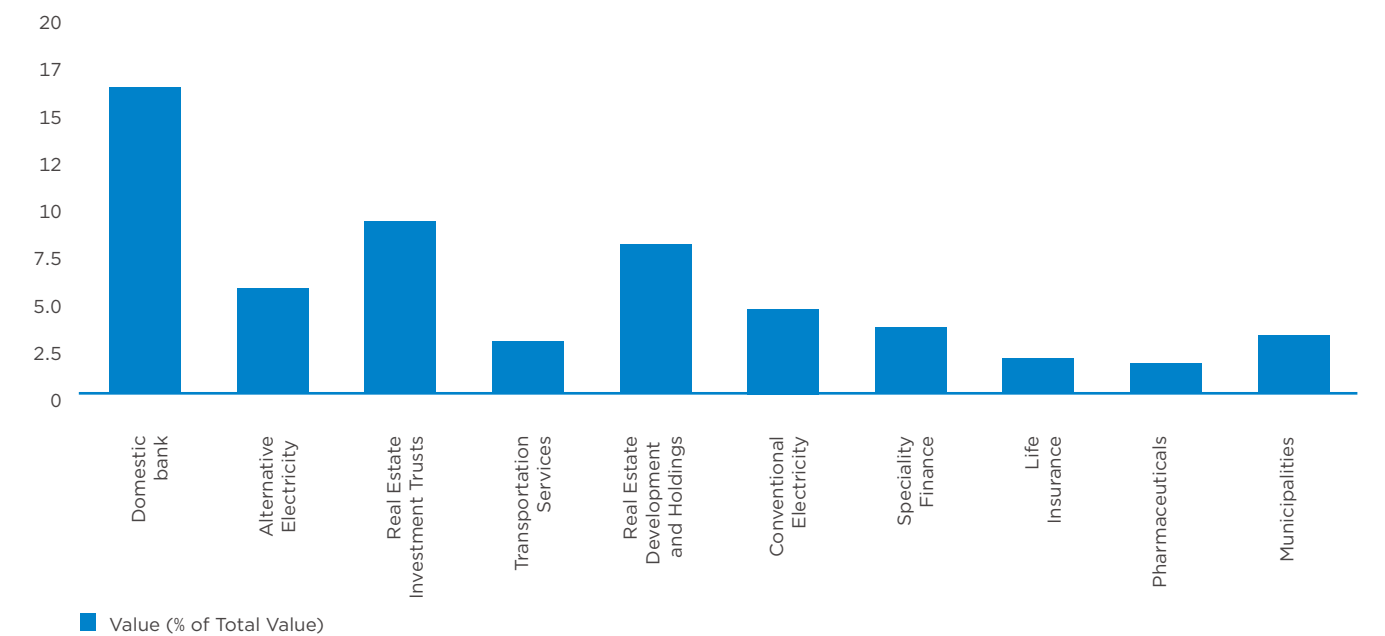
SanFin manages a R55 billion corporate credit portfolio in support of non-participating policyholder portfolios (through the Central Credit Manager (CCM)) and shareholders' funds for the shareholders' account. Most of the portfolio relates to the CCM. All realised and unrealised mark-to-market changes, changes in doubtful debt provisions and actual defaults are for the account of shareholders and recognised in net result from financial services.

The portfolio is well diversified with the following composition at 30 June 2020:

Portfolio Composition 30 June 2020



Portfolio Split by Sub Sector



FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

The diversification provided some protection against the adverse effect of COVID-19 on investment market volatility and credit risk:

R million	June 2020	June 2019
Credit spreads: listed and unlisted bonds	(227)	-
Gross movement in credit spreads	(597)	-
Transfer to asset mismatch reserve	282	-
Taxation	88	-
Marked-to-market changes: listed preference shares	(61)	20
Change in provision for doubtful debt	(171)	(117)
Credit defaults	(95)	-
Impact on net result from financial services	(554)	(97)

Credit spreads on listed debt widened to historic levels during March 2020, before narrowing somewhat towards the end of June 2020. Spreads on unlisted debt also widened, but not to the same extent. These spread movements caused marked-to-market losses of R597 million in SanFin for the six months to 30 June 2020. In terms of the Group's accounting policies, 50% of the movement in spreads relating to the CCM is transferred to the asset mismatch reserve held in respect of non-participating policyholder business, as it is considered to be changes in illiquidity premiums that will reverse over time, as opposed to reflecting deteriorating credit quality. In line with the asset mismatch reserves held in respect of SPF and Sanlam Corporate, the SanFin asset mismatch reserve is recognised in future earnings at a rate of 16% per annum of the asset mismatch reserve balance.

The listed prices of perpetual preference shares also deteriorated, contributing to negative marked-to-market changes in 2020 compared to profits in 2019.

The restrictions imposed on economic activity in South Africa during the lockdown have had a devastating impact on corporate earnings, with a commensurate rise in corporate credit risk. In light of these conditions, SanFin strengthened

its provision for doubtful debts by R238 million (R171 million after tax). The first actual default of R132 million (R95 million after tax – relating to a non-South African counterparty) was also experienced. Total provisions amounted to some R750 million at 30 June 2020.

SanFin's credit clients continue to feel the negative economic impact induced by the COVID-19 restrictions. For some clients, particularly in the property, gaming, hospitality and healthcare sectors, the impact has been more severe than others. This is especially true for clients with relatively higher gearing and tight liquidity. SanFin has received a number of concession requests for payment deferrals and/or covenant relaxations, which at this stage are mainly for the purposes of maintaining liquidity and assisting businesses to trade through this period. Some of the indulgence requests have expired (mainly on the property backed lending deals) and no further requests have been received from these clients. The exposure to clients with current indulgences amounts to some R4,8 billion. The longer the virus takes to peak, and economic restrictions persist, the higher the risk of defaults on these exposures. The recent announcement of a further relaxation in South Africa's lockdown restrictions from level 3 to 2 will provide welcome relief to some businesses.

R million	June 2020	June 2019
Motor book underwriting result	466	260
COVID-19 claims experience	(581)	-
Impact on net result from financial services	(115)	260

COVID-19 contributed to a R375 million (Sanlam's share net of tax) adverse change in Santam's underwriting performance, the combination of a R206 million improvement in the motor book underwriting result and net additional claims raised of R581 million.

The motor book benefited from reduced accidents during the initial phases of lockdown. The majority of the additional profit was utilised for relief to clients and suppliers, with the net profit from this book increasing by only some R200 million.

The results were, however, significantly impacted by COVID-19 related claims provisions for events cancellation, travel insurance and contingent business interruption (CBI) cover. The total claims expense (actual claims incurred and best estimate assumptions for further exposure) amounted to R581 million (after tax and non-controlling interest at a Sanlam level).

Net investment surpluses

Net investment surpluses declined from a positive R437 million in the first half of 2019 to a loss of R803 million in 2020. The 2020 results include a net R760 million expected credit loss provision raised in terms of IFRS 9 in respect of government and banking exposure on the Lebanon balance sheet. This additional provision was required due to a further rise in sovereign credit risk in Lebanon, with COVID-19 placing further pressure on an already fragile fiscal position. The remainder of the underperformance in 2020 relates to the relatively weaker investment market performance during the current period compared to 2019. The hedged equity strategy in place for the capital allocated to the South African life insurance operations mitigated the market impact to a large extent.

Group Equity Value

The valuations of all Group operations were adversely affected by the COVID-19 operating environment, contributing to negative RoGEV per share of -4,6% in the six months to 30 June 2020 compared to positive return of 5,4% in the first half of 2019.

- The underperformance in net result from financial services and net investment surpluses outlined above, contributed to lower GEV earnings for the current period across the life and non-life operations.
- A negative return was earned on the listed Santam share, with the Santam share price declining in the first half of 2020, albeit less than other listed financial services shares.
- A prudent approach was applied to the GEV valuations at 30 June 2020, given the significant uncertainty around the eventual outcome of COVID-19 and the trajectory of

economic recovery. The following key assumptions were adjusted:

- Non-covered business
 - Economic assumptions were revised downwards in the current uncertain environment, in respect of both economic growth forecasts and future investment returns. This affected the valuations of the investment management, administration and SEM general insurance operations.
 - Top-line growth was reduced across the board for non-life operations, through lower net fund inflow assumptions for investment management businesses and lower premium/fee income growth at other businesses.
 - The valuation of the Lebanon operations was reduced to zero as a meaningful economic recovery, as well as the potential to repatriate profits, is not expected in the foreseeable future.
 - Most of the premium paid for synergies in respect of the Saham acquisition has been written off. Realisation of the synergies will take longer than originally anticipated due to the slowdown in economic growth across the Saham footprint as a result of COVID-19. We remain confident that the synergies can be realised, but decided to rather follow a conservative approach and allow them to emerge as positive future experience variances.
 - The valuation of Shriram Capital was reduced to net asset value, in line with the lower listed share prices of STFC and SCUF. These businesses traded at particularly low levels at 30 June 2020.
- Covered business
 - Persistency assumptions were strengthened for the life insurance book, with the major portion attributable to SPF. Despite no noticeable weaker persistency experience in the first half of 2020, it is expected that persistency is likely to weaken in the remainder of the year in the context of rising unemployment in South Africa and increasing pressure on disposable income.
 - The valuation of the Lebanon covered business was reduced to zero in line with the non-life operations.
- The weaker Rand provided some support to the non-South African valuations.

Impairments of R7,6 billion were recognised in the shareholders' fund income statement and statement of comprehensive income as a result of the lower valuations (refer earnings section below for further information).

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Group Equity Value

GEV amounted to R129,3 billion or 5 808 cents per share at 30 June 2020. Including the dividend of 334 cents per share paid, RoGEV per share for the six months (not annualised) amounted to a negative 4,6%. This is lower than the 6,4% six-month target for 2020, largely attributable to the COVID-19 impact as outlined in the previous section. Adjusted RoGEV per share, which excludes the impact of lower actual investment return than the long-term assumptions, interest rate changes and other one-off effects not under management control, and assuming normalised exchange rate movements, amounted to -0,9%.

R million	GEV		RoGEV	
	June 2020	December 2019		%
Group operations	123 947	133 517	(6 047)	(4,5)
Sanlam Personal Finance	44 528	47 141	(402)	(0,9)
Sanlam Emerging Markets	37 398	40 731	(2 692)	(6,6)
Sanlam Investment Group	18 272	20 050	(1 913)	(9,5)
Santam	18 173	19 675	(1 015)	(5,2)
Sanlam Corporate	5 576	5 920	(25)	(0,4)
Covered business	58 372	60 156	(83)	(0,1)
Value of in-force business	42 930	45 179	(679)	(1,5)
Adjusted net worth	15 442	14 977	596	4,0
Other operations	65 575	73 361	(5 964)	(8,1)
Group operations	123 947	133 517	(6 047)	(4,5)
Discretionary capital and other	5 368	9 754	(77)	(0,8)
Group Equity Value	129 315	143 271	(6 124)	(4,3)
<i>Per share (cents)</i>	5 808	6 436	(294)	(4,6)

Group operations yielded an overall negative return of 4,5% for the six months to June 2020 (not annualised), the combination of a negative 0,1% return on covered business and negative 8,1% on other Group operations.

The main components contributing to the return on covered business at a consolidated Group level are summarised in the table below:

Return on covered business for the six months ended 30 June 2020		
%	2020	2019
Expected return – unwinding of the RDR	4,6	4,6
Value of new covered business	1,1	1,7
Operating experience variances	0,7	1,2
Operating assumption changes	(4,0)	0,1
Economic assumption changes	(0,6)	0,7
Expected investment return on capital portfolio	0,8	0,9
Investment variances	(2,4)	0,7
Value of in-force	(2,6)	1,0
Capital portfolio	0,2	(0,3)
Foreign currency translation differences and other	(0,3)	(0,3)
Return on covered business	(0,1)	9,6

- Expected return on covered business was in line with the comparable period in 2019 given comparable risk discount rates at the start of the periods.
- Return from VNB declined substantially due to the COVID-19 impact on new business volumes and hence VNB.
- Operating experience variances declined in the first half of 2020, mostly attributable to negative credit spread variances of R319 million in 2020 compared to positive experience of R102 million in 2019. This relates to the impact of COVID-19 on the CCM's credit spread earnings. Other major variances include:
 - Positive risk experience continued in 2020, amounting to R331 million compared to R207 million in 2019. All clusters contributed positive variances, with Sanlam Corporate the major contributor to the overall improvement.
 - Persistency and expense (maintenance and one-off) experience variances improved slightly from negative R23 million in 2019 to positive R20 million in 2020.
 - Working capital management experience profits declined from R254 million in 2019 to R220 million, in line with the lower short-term interest rates.
- Persistency and expense assumptions were strengthened in the first half of 2020. As indicated, it is anticipated that persistency experience will weaken in the short term. Expense assumptions were also

strengthened to allow for lower units resulting from weaker persistency assumptions, as well as an increase in one-off expenses relating to regulatory and other projects, including further digital enablement of intermediaries. The negative operating assumption changes also includes the write-off of the Lebanon covered business.

- The increase in the nine-year risk discount rate had a negative impact on economic assumption changes. Long-term interest rates decreased in the first half of 2019.
- Equity and interest rate markets significantly underperformed the actuarial assumptions in the first half of 2020, contributing to overall negative investment variances of 2,4%, compared to a positive variance in the comparable six months in 2019.
- Foreign currency translation differences and other in 2020 is the combined effect of R705 million of goodwill acquired through business combinations that has been written off in line with actuarial guidelines for embedded values and positive foreign currency translation differences. The majority of the goodwill relates to the acquisition of the remaining 65% interest in the Nigerian operations.

Other Group operations recorded a negative return of 8,1% for the six months. This is largely attributable to the assumption changes as outlined in the previous section. The Santam RoGEV reflects the investment return of the listed share price.

Earnings

Shareholders' fund income statement for the six months ended 30 June 2020

R million	Excluding COVID-19*					
	2020	2019	Δ	2020	2019	Δ
Net result from financial services	3 898	4 968	(22%)	5 523	4 693	18%
Sanlam Personal Finance	2 005	2 290	(12%)	2 277	2 222	2%
Sanlam Emerging Markets	985	1 363	(28%)	1 669	1 319	27%
Sanlam Investment Group	127	559	(77%)	681	656	4%
Santam	396	501	(21%)	511	241	112%
Sanlam Corporate	352	254	39%	352	254	39%
Group office and other	33	1	>100%	33	1	>100%
Net investment return	(275)	875	(131%)	528	438	21%
Project expenses	(112)	(42)	(167%)	(112)	(42)	(167%)
Net operational earnings	3 511	5 801	(39%)	5 939	5 089	17%
Amortisation of intangible assets	(410)	(383)	(7%)	(410)	(383)	(7%)
Equity participation costs	(1)	(595)	>100%	(1)	(595)	>100%
Profit on disposal of subsidiaries and associates	216	(4)	>100%	216	(4)	>100%
Impairments	(7 647)	(93)	>(100%)	-	-	-
Net non-operational equity-accounted earnings	16	11	45%	16	11	45%
Normalised attributable earnings	(4 315)	4 737	>(100%)	5 760	4 118	40%

* Excludes earnings components impacted by COVID-19, as outlined on pages 10 to 13.

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Net result from financial services (net operating profit) of R3,9 billion declined by 22% on the first six months of 2019, but increased by 18% excluding the impact of COVID-19.

SPF net result from financial services decreased by 12%, but was up 2% excluding COVID-19, and up 6% also excluding the R70 million one-off prior year tax adjustment at SPL in 2019.

SPF net result from financial services for the six months ended 30 June 2020

R million	2020	2019	Δ
Sanlam Sky	774	735	5%
Recurring premium sub-cluster	1 231	1 321	(7%)
Glacier	661	814	(19%)
Linked Investment Savings Plan (LISP)	278	269	3%
Life investments	383	545	(30%)
Strategic business development	63	183	(66%)
Sanlam Personal Loans	74	189	(61%)
Other	(11)	(6)	(83%)
Gross result from financial services	2 729	3 053	(11%)
Tax on gross result from financial services	(760)	(784)	3%
Non-controlling interest	36	21	(71%)
Net result from financial services	2 005	2 290	(12%)

- *Sanlam Sky* grew its gross result from financial services by 5% (up 21% excluding COVID-19 support provided to intermediaries). Growth was supported by an increase in the size of the in-force book after strong new business performance in prior years, in particular through the Capitec Bank partnership. Improved persistency and premium variances added R59 million additional profit in 2020, which were partly offset by R33 million lower investment variances. African Rainbow Life contributed start-up losses of R47 million compared to a loss of R29 million in 2019.
- Operating profit from the *recurring premium sub-cluster* declined by 7%. Strong growth at Sanlam Indie contributed to an increase in start-up losses from R24 million in 2019 to R78 million in 2020. Provisions for one-off expenses were increased by R215 million, the majority of which relate to further enhancing the business's digital capabilities. Excluding these, gross result from financial services increased by 13%. Risk profits more than doubled, benefiting from lower new business strain and an improvement in claims experience. COVID-19 mortality and sickness claims received up to the end of June 2020 amounted to only some R15 million. An increase in claims experience is anticipated in the second half of the year.

The pandemic reserve of R760 million held as part of the Sanlam Life policyholder liabilities is available for offset against these claims. Profit from savings business declined by 4% due to lower assets under management during the period.

- *Glacier*, which incorporates single premium life investments and the LISP recorded a 3% increase in gross result from financial services excluding the impact of COVID-19 on those products where Glacier participates in the actual investment return earned on the underlying portfolios. The negative impact of weaker equity markets on assets under administration was more than offset by strong net fund inflows and support from a weaker Rand exchange rate in respect of international products.
- *Strategic business development* includes SPL, Sanlam Trust, Multi-Data and Sanlam Reality. Excluding higher provisioning for doubtful debts attributable to COVID-19, gross result from financial services from this segment increased by 15%, driven by a larger average loan book in the first half of 2020 compared to 2019. Growth in SPL's loan book was muted in the first half of 2020 compared to the end of 2019, attributable to lower client demand and management actions implemented to manage the quality of the book under the current challenging conditions.

SEM's net result from financial services declined by 28% (up 27% excluding the impact of COVID-19).

SEM net result from financial services for the six months ended 30 June 2020

R million	2020	2019	Δ
Southern Africa	1 024	781	31%
Life insurance	408	358	14%
General insurance	255	97	163%
Credit and structuring	256	302	(15%)
Other	105	24	338%
North and West Africa	50	877	(94%)
Life insurance	84	235	(64%)
General insurance	74	822	(91%)
Other	(108)	(180)	40%
East Africa	16	123	(87%)
Life insurance	17	122	(86%)
General insurance	1	11	(91%)
Other	(2)	(10)	80%
Other international	830	1 177	(29%)
Life insurance	(27)	58	(147%)
General insurance	502	578	(13%)
Credit and structuring	299	529	(43%)
Other	56	12	367%
Corporate costs	(115)	(55)	(109%)
Gross result from financial services	1 805	2 903	(38%)
Life insurance	482	773	(38%)
General insurance	832	1 508	(45%)
Credit and structuring	555	831	(33%)
Other	(64)	(209)	69%
Tax on gross result from financial services	(456)	(986)	54%
Non-controlling interest	(364)	(554)	34%
Net result from financial services	985	1 363	(28%)

- *Life insurance* earnings declined by 38% (down 16% excluding the COVID-19 impact). Southern Africa achieved growth of 14%, with Botswana increasing its contribution by 35% due to lower new business strain and positive risk claims experience. Namibia's contribution declined by 8%, due to a strengthening in persistency assumptions and an increase in commission-related doubtful debts. Negative investment variances in Morocco and Côte d'Ivoire due to COVID-19 resulted in a 64% decline in earnings from North and West Africa (down 26% excluding COVID-19). Nigeria achieved strong growth of 40%, the combined effect of an increasing in-force book and the consolidation of the business from 1 June 2020. Earnings from East Africa decreased by 86%, with the comparative period including one-off reserve releases of R83 million relating to a relaxation in the regulatory reserving basis in Kenya. Other international earnings declined by 147%, largely attributable to an R88 million lower contribution from Lebanon.

- *General insurance* earnings decreased by 45%, but increased by 21% excluding the COVID-19 impact on investment return earned on the Morocco and Côte d'Ivoire general insurance funds. Earnings from Southern Africa increased by 163%, driven by improved claims experience in Angola and Saham Re. North and West Africa grew general insurance profits by 45% excluding investment return on insurance funds in Morocco and Côte d'Ivoire (down 91% including the latter). Other international declined by 13% from a high base in 2019, which included one-off reserve releases in respect of third-party pool business. Investment return on insurance funds form a pronounced component of general insurance earnings given the longer term nature of the liabilities compared to those in South Africa. Investment market returns commensurately have a more significant impact on earnings growth.

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Good progress has been made in improving the underwriting performance of the general insurance portfolio:

General insurance and reinsurance for the six months ended 30 June 2020

	Gross written premiums		Underwriting margin		Investment return on insurance funds		Net insurance result	
R million	2020	2019	2020	2019	2020	2019	2020	2019
Southern Africa	1 919	1 694	23,5%	12,4%	2,7%	4,0%	26,2%	16,4%
North and West Africa	8 441	7 121	4,1%	1,3%	(4,3%)	13,2%	(0,2%)	14,5%
East Africa	850	745	(7,7%)	(4,8%)	7,9%	5,9%	0,2%	1,1%
Other international	2 041	1 832	10,9%	19,1%	20,1%	24,7%	31,0%	43,8%
Total	13 251	11 392	7,0%	5,5%	1,7%	13,7%	8,7%	19,2%
Saham	10 437	8 908	7,6%	2,3%	(2,8%)	12,1%	4,8%	14,4%
Other	2 814	2 484	4,5%	17,3%	17,3%	19,7%	21,8%	37,0%
Total	13 251	11 392	7,0%	5,5%	1,7%	13,7%	8,7%	19,2%

- The overall underwriting margin improved from 5,5% in 2019 to 7% in 2020, with the former Saham portfolio improving from 2,3% to 7,6%. The decline in underwriting margin of Other International is mainly due to the decline in margins in India from a high base in 2019.
- The Africa portfolio experienced a particularly satisfactory improvement from 2,6% in 2019 to 6,1%, largely reflective of the accelerated performance in the former Saham operations.
- The Saham and Pan Africa margins are well within the 5% to 9% target range.
- Investment return on insurance funds amounted to 1,7% of net earned premiums compared to 13,7% in 2019. This is largely attributable to the negative return in Morocco and Côte d'Ivoire. Excluding these, a margin of 9,9% was earned in 2020. The Saham margin of 5,2% excluding Morocco and Côte d'Ivoire was lower than the 6% to 9% target range, with Saham Re and Angola also experiencing low returns. Management continue to monitor the composition of the investment portfolio in the context of local capital requirements, its risk appetite and the risk and return profile of the assets.
- All of the *Credit* businesses were affected by a deteriorating arrears position, with India in particular hard hit by the compulsory granting of payment holidays. Gross earnings from this line of business declined by 33% as a result (up 3% excluding changes in doubtful debt provisions in India). Growth in the size of the loan books are under pressure in the current environment, with an enhanced focus on credit risk management.

SIG's net result from financial services decreased by 77% (up 4% excluding the COVID-19 credit impact), a particularly satisfactory performance under challenging conditions.

SIG net result from financial services for the six months ended 30 June 2020

R million	2020	2019	Δ
Sanlam Investments (third party business)	290	315	(8%)
Wealth Management	101	99	2%
International	161	199	(19%)
Corporate services	(23)	(6)	(283%)
Investment management	529	607	(13%)
Sanlam Specialised Finance	(328)	165	>(100%)
Sanlam Asset Management	80	104	(23%)
CCM and other	(408)	61	>(100%)
Gross result from financial services	201	772	(74%)
Tax on gross result from financial services	(51)	(154)	67%
Non-controlling interest	(23)	(59)	61%
Net result from financial services	127	559	(77%)

- The *Sanlam Investments* third party asset manager's gross result from financial services declined by 8% from a high base in 2019 that included one-off income of R60 million in the Alternatives business relating to the Climate Investor One Fund reaching its fund-raising target. Excluding this, gross result from financial services increased by 14% despite lower average investment markets in the first half of 2020. Performance fees, stringent cost controls and strong net fund inflows at Sanlam Multi-Manager and Satrix supported the performance.
- Wealth Management* gross result from financial services increased by 2%. Brokerage income benefited from increased client trading activity, to some extent offsetting the impact of lower average equity markets. Managing the cost base under current conditions remains a key focus area.
- The weaker Rand exchange rate could not fully compensate for lower fee income at the *International* businesses, with a 19% decline in gross result from financial services. International investment markets were also lower in the first half of 2020 compared to 2019, suppressing assets under management and related fee income. Assets under management were also reduced by a repatriation of funds into South African portfolios due to the breaching of foreign investment limits as a result of the weaker Rand.
- SanFin* had a difficult first half as elaborated on in the COVID-19 section above. Gross result from financial services turned around from a profit of R165 million in 2019 to a loss of R328 million in 2020 as a direct consequence of the volatility and credit risk caused by the COVID-19 operating environment. Excluding this, earnings were in line with targets for the period, but decreased by 14% from a high base in 2019.

Santam's net result from financial services declined by 21% (more than doubling excluding the impact of COVID-19 on claims experience).

- The motor and property books benefited from lower claims experience during the initial lockdown phases in South Africa. This was, however, more than offset by the R1,3 billion of provisions in respect of CBI cover. Despite the CBI provisions, Santam achieved an overall underwriting margin of 4,3% (2019: 5,3%), remaining within its 4% to 8% target range.
- Investment return on insurance funds (float income) decreased by 4%, driven by lower short-term interest rates in 2020.
- Santam's share of earnings from the SEM general insurance businesses decreased by 49%, reflective of the Shriram General Insurance and Rest of Africa results.

Sanlam Corporate achieved strong growth in net result from financial services of 39%. The improvement in risk claims

experience in the second half of 2019 persisted into 2020, driving a more than doubling in risk profits. Good growth in administration and health profits also supported the overall performance. The positive mortality claims experience is not expected to continue, with an increase in COVID-19 related claims evident after the end of June. The R760 million pandemic reserve is also available to absorb any additional claims experience in Sanlam Corporate. A deterioration in disability claims experience is anticipated in the second half of the year, a trend usually associated with suppressed economic conditions.

Net operational earnings of R3,5 billion are 39% down on 2019 (up 17% excluding the COVID-19 impact). This is the combined effect of the 22% decrease in net result from financial services and a decline in net investment return earned on the capital portfolio from R875 million in 2019 to a loss of R275 million in 2020. The R760 million expected credit loss provision in Lebanon was the main contributor to the loss in 2020.

Normalised attributable earnings include the following significant items in addition to net operational earnings:

- An impairment charge of R7,6 billion recognised due to the lower valuation of Group operations, largely relating to the SEM operations, of which R5,8 billion (net of utilisation of hedge of R855 million) and R1,6 billion are attributable to Saham and Shriram Capital respectively. The Saham Impairment comprises of the following:
 - Write-down of the premium paid at acquisition for synergies (R2 712 million).
 - Reducing the valuation of the Lebanon businesses to zero (R1 995 million).
 - Reducing future economic growth and investment return assumptions (R1 928 million).

The Shriram Capital impairment is attributable to a prudent valuation approach followed as discussed above. Positive foreign currency translation differences of R6,1 billion have been recognised directly in equity in respect of the SEM businesses subject to impairment. The net effect on net asset value therefore amounts to a reduction of R1,5 billion.

- Equity participation cost, which included a one-off charge of R594 million in 2019 in respect of the 5% B-BBEE share issuance. The total one-off IFRS 2 charge amounted to R1 686 million. R594 million was recognised in normalised attributable earnings, representing the economic cost to Sanlam shareholders from issuing the shares at a higher-than market-related discount. The remainder was recognised in fund transfers.

Headlines earnings increased by 10%. The difference in growth between normalised attributable earnings and

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

headline earnings relates primarily to the exclusion of impairments and the inclusion of fund transfers of R786 million (2019: negative R1,3 billion) in headline earnings. Fund transfers include:

- Non-economical mismatch profits and losses recognised in terms of IFRS through the elimination of Sanlam shares held in policyholder portfolios as treasury shares and the recognition of deferred tax assets in respect of assessed losses in policyholder portfolios (R636 million; 2019: -R68 million).
- In 2019, the difference between the R1,7 billion IFRS 2 charge recognised in respect of the B-BBEE share issuance, and a market-related discount of R594 million (R1 092 million expense).
- Consolidation of the B-BBEE SPV, which results in the recognition of interest paid on external funding in the SPV, marked-to-market changes on the hedging instruments in the structure and administration costs incurred by the SPV in Sanlam's earnings (R71 million; 2019: -R214 million).

The number of shares used to calculate headline earnings per share is reduced by the 5% shares held by the SPV, as these are treated as treasury shares on consolidation and written down to zero against reserves in the IFRS statement of financial position.

Business volumes

New business volumes increased by 40% under particularly difficult trading conditions. All clusters contributed strong growth, apart from Santam where large specialist business written in the period resulted in an increase in the unearned premium and reinsurance reserves, reducing growth in net earned premiums relative to gross written premiums. Life insurance new business volumes were in line with 2019, investment business inflows increased by 64% and general insurance earned premiums increased by 6%.

SPF's new business sales increased by 8%, attributable to a robust performance by Glacier.

SPF new business volumes for the six months ended 30 June 2020

R million	2020	2019	Δ
Sanlam Sky	1 061	1 228	(14%)
Recurring premium sub-cluster and strategic business development	1 531	1 722	(11%)
Risk	519	494	5%
Savings	1 012	1 228	(18%)
Glacier	27 698	25 203	10%
Life investments	4 536	4 403	3%
LISP	23 162	20 800	11%
New business volumes	30 290	28 153	8%

- *Sanlam Sky's* new business decreased by 14% as a result of the COVID-19 lockdown restrictions. Sanlam Sky's traditional distribution channels are largely reliant on face-to-face contact, either at home or at worksites. This was prohibited for most of the second quarter, with these channels experiencing a more than 30% decline in new business volumes for the first half of 2020. The Capitec Bank partnership was more resilient than expected, achieving growth of 9% on 2019. African Rainbow Life also contributed new business sales of R41 million.
- The *recurring premium sub-cluster and strategic business development* experienced an 11% decline in new business volumes. Sanlam Indie and MiWayLife

achieved good combined growth of 80%, partly offsetting lower sales in the traditional intermediated channels during lockdown. Risk and savings business sales decreased by 2% and 17% respectively, excluding Sanlam Indie and MiWayLife.

- *Glacier* performed particularly well despite the lockdown restrictions. Life and investment business increased by 3% and 11% respectively, with healthy demand for annuities, international products and money market discretionary solutions.

The increase in single premium business supported SPF's net fund inflows, which increased by 85% from R3,6 billion in 2019 to R6,7 billion in 2020.

SEM new business volumes increased by 35%, supported by strong growth in investment business.

SEM new business volumes for the six months ended 30 June 2020

R million	2020	2019	Δ
Southern Africa	10 078	7 144	41%
North and West Africa	6 923	6 257	11%
East Africa	2 647	764	246%
Other international	2 242	2 071	8%
New business volumes	21 890	16 236	35%
<i>General insurance</i>	8 509	7 520	13%
<i>Life insurance</i>	3 838	4 323	(11%)
<i>Asset management</i>	9 543	4 393	117%

- Most of the markets where SEM operates were subject to a form of COVID-19 lockdown or curfew, which inhibited new business sales similar to South Africa. *Life insurance* new business volumes declined by 11% as a result, with most businesses recording lower sales. The major exceptions were Nigeria (up 85%), Kenya (up 32%) and Tanzania (up 77%). The Nigeria growth includes the effect of consolidating FBN Insurance with effect from 1 June 2020.
- *General insurance* new business increased by 13%, well in excess of the target for the period. All regions achieved solid growth despite COVID-19 restrictions and the deliberate non-renewal of a number of loss-making schemes aimed at improving the quality of the book, in particular in North and West Africa. The former Saham business achieved growth of 10%.
- *Investment* new business volumes more than doubled to R9,5 billion. This includes a welcome improvement in Kenya, where new business of R1,7 billion was achieved compared to zero flows in 2019, and large new mandates from the government employee retirement funds in Namibia and Botswana.

Net fund flows increased by 67% from R5,9 billion in 2019 to R9,8 billion in 2020, with all regions contributing to the growth.

SIG's new business volumes increased strongly by 69%, with growth in excess of 60% in all of the sub-clusters. This includes large institutional mandates awarded for index tracking (R5.7 billion) and money market (R3,5 billion) funds, as well as higher-than normal short-term asset allocation changes by retail clients in the uncertain environment. The strong new business flows also reflect in a 7% increase in net fund flows for the cluster. Lower net retail flows in the first half of 2020

more than offset good growth in institutional net inflows, contributing to a 16% decline in overall net fund inflows from the *Investment Management SA* business. *Wealth Management* experienced a welcome turnaround to net inflows of R1,5 billion compared to outflows of R171 million in 2019. The *International* business' 80% increase in net inflows is largely reflective of its new business performance with no large withdrawals in 2020.

Gross written premiums at **Santam** increased by 7%, the aggregate of 4% growth in conventional business and 23% in alternative risk transfer business. This is a satisfactory performance in the context of recessionary economic conditions. Motor, which contributes 36% of total gross written premiums, were in line with 2019 due to the premium relief offered to clients. Excluding these relief measures, gross motor premiums written grew by 4%. The property line of business (33% of total gross written premiums) grew by 12% on the back of strong growth in the specialist property business outside of South Africa. Gross written premiums from the other lines of conventional business were in line with 2019 in aggregate. Net earned premiums increased by 1%, with the lower growth compared to gross written premiums largely attributable to an increase in unearned premium reserves and increased reinsurance on the risk transfer business.

Sanlam Corporate grew its new business volumes by 42%, the combination of 14% growth in life business and an almost doubling in new investment business. New business was, however, skewed towards lower margin single premium business with new recurring premium sales declining by 29% amidst low quote activity in the second quarter.

Overall net fund inflows of R33 billion in 2020 is a particularly satisfactory performance given the challenging market conditions.

FINANCIAL AND OPERATIONAL REVIEW 2020 INTERIM RESULTS (continued)

Business volumes for the six months ended 30 June 2020

R million	New business			Net inflows		
	2020	2019	Δ	2020	2019	Δ
Sanlam Personal Finance	30 290	28 153	8%	6 704	3 622	85%
Sanlam Emerging Markets	21 890	16 236	35%	9 771	5 868	67%
Sanlam Investment Group	88 617	52 583	68%	10 755	10 027	7%
Santam	11 922	11 773	1%	4 129	4 155	(1%)
Sanlam Corporate	4 761	3 357	42%	2 054	(389)	>100%
Total	157 480	112 102	40%	33 413	23 283	44%
Covered business	23 740	23 633	0%	7 497	5 888	27%
Investment business	113 309	69 176	64%	18 239	10 314	77%
General insurance	20 431	19 293	6%	7 677	7 081	8%
Total	157 480	112 102	40%	33 413	23 283	44%

Value of new covered business

Net VNB declined by 29% at actual interest rates and by 25% on a comparable economic basis. The lower growth at actual interest rates is largely attributable to the rise in the nine-year interest rate in South Africa. Relative movements in interest rates did not have a significant impact on VNB growth outside of South Africa.

All of the clusters experienced lower VNB in the first half of 2020 compared to 2019, in line with lower new business sales in most of the more profitable lines of business such as Sanlam Sky.

Value of new life business for the six months ended 30 June 2020

R million	2020	2019	Δ
Net value of new covered business	666	942	(29%)
Sanlam Personal Finance	518	723	(28%)
Sanlam Emerging Markets	133	176	(24%)
Sanlam Investment Group	-	-	-
Sanlam Corporate	15	43	(65%)
Gross of non-controlling interest	791	1 064	(26%)
Net present value of new business premiums	32 403	33 779	(4%)
Sanlam Personal Finance	22 047	23 046	(4%)
Sanlam Emerging Markets	5 151	5 136	0%
Sanlam Investment Group	1 625	1 734	(6%)
Sanlam Corporate	3 580	3 863	(7%)
Gross of non-controlling interest	34 868	36 396	(4%)
Net new covered business margin	2,06%	2,79%	
Sanlam Personal Finance	2,35%	3,14%	
Sanlam Emerging Markets	2,58%	3,43%	
Sanlam Investment Group	-	-	
Sanlam Corporate	0,42%	1,11%	
Gross of non-controlling interest	2,27%	2,92%	

Capital management

The Group started the year with discretionary capital of R220 million. The only major transaction concluded in 2020 is the acquisition of the remaining 65% interest in the Nigerian insurance operations from FirstBank of Nigeria (FBN). SEM exercised its option to acquire the stake after a decision by FBN to dispose of the majority interest in line with its strategic repositioning to focus on core banking operations. The intention remains to introduce a new partner in the business for a majority stake of 51%, consistent with SEM's partnership approach. The acquisition price amounted to R1,3 billion and has been fully funded through South African debt, with commensurately no utilisation of discretionary capital. The introduction of debt is aimed at enhancing the return on the investment and to better facilitate the introduction of a new partner. No other significant movements occurred in the first half of 2020, with a discretionary capital balance of R264 million at 30 June 2020.

Utilisation of the shareholder approved Ubuntu-Botho (UB) facility

Further drawdowns were made by African Rainbow Capital Financial Services Holdings Pty Ltd (ARC FS) against the R2 billion funding facility to the UB Group, approved by Sanlam shareholders in December 2018. Cumulative funding of R1 173 million has been provided as at 30 June 2020, comprising of R1 108 million to fund the acquisition of shares in Alexander Forbes Group Holdings Limited and R65 million to fund ARC FS' capital contributions to African Rainbow Life Limited.

Solvency

All of the major life insurance businesses within the Group were sufficiently capitalised at the end of June 2020. The Sanlam Group solvency capital requirement (SCR) cover ratio remained at a healthy level of 187%. The SCR cover for the Sanlam Life Insurance Limited (Sanlam Life) covered business of 201% at 30 June 2020 was towards the upper end of the target cover range of between 170% and 210%. The SCR cover ratio for the Sanlam Life entity as a whole at 272% exceeded the covered business ratio at the end of June 2020 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.

Dividend

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

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ACCOUNTING POLICIES AND BASIS OF PREPARATION

The preparation of the Group's reviewed condensed consolidated interim financial statements was supervised by the Chief Financial Officer, ML Olivier CA(SA).

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 – *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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 2019, apart from changes in the economic persistency and expense 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 2019 annual report apart from the adoption of new IFRS at the beginning of the 2020 financial year. The effects of the new IFRS' on the Sanlam Group are described below.

The following new or revised IFRS and interpretations have been applied in the 2020 financial year:

- *The Conceptual Framework for Financial Reporting*
- *Definition of a Business (Amendments to IFRS 3)*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16)*

These amendments did not have a significant impact on these Interim Financial Statements and no further disclosures have therefore been made.

The following new or revised IFRS and interpretations, effective in future years and not early adopted, may have an impact on future results:

- Effective 1 January 2022:
 - *Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)*
 - *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*

- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Annual Improvements to IFRS Standards 2018-2020, pertaining to IFRS 9 and IFRS 16*
- *Classification of liabilities as current or non-current (Amendments to IAS 1)*
- Effective 1 January 2023:
 - IFRS 17 – *Insurance contracts*

IFRS 17 – Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The granular level of modelling and accounting required to meet the requirements of IFRS 17 will have a significant impact on the underlying valuation models, systems and processes. The Group's assessment of the requirements of the standard against current data, processes and valuation models is complete, as well as the overall design of the future actuarial and financial reporting processes and architecture. Solution build activities are tracking in line with the Group-wide programme plan.

The Group does not expect the other amendments to standards issued by the IASB, but not yet effective, to have a material impact on the Group.

Use of estimates, assumptions and judgements

The preparation of the condensed consolidated interim financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect items reported in the Group Statement of Financial Position and Statement of Comprehensive Income, as well as contingent liabilities. The accounting estimates and assumptions have been reviewed in line with the COVID-19 outbreak and included in considerations in the preparation of the interim consolidated financial statements. The major items subject to the application of estimates, assumptions and judgements include:

- Impairment of goodwill and value of business acquired;
- The liability arising from claims under general insurance contracts;
- The fair value of unlisted investments;
- The valuation of policy liabilities;
- Impairment of financial assets, including measurement of ECL (expected credit losses) allowances for trade receivables;
- Classification of financial assets;

ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

- Potential claims and contingencies;
- The consolidation of investment funds where the Group has less than a majority interest;
- Determining the lease term of contracts with renewal and termination options – Group as lessee; and
- Leases – Estimating the incremental borrowing rate.

Although estimates are based on management's best knowledge and judgement of current facts as at the Statement of Financial Position date, the actual outcome may differ from these estimates, possibly significantly. Refer to note 6 for further information on critical estimates and judgements and note 7 for information on contingencies.

There were no changes to segmental reporting as described on page 7.

EXTERNAL REVIEW

The appointed auditors, Ernst & Young Inc., reviewed the interim condensed financial statements and Shareholders' information of the Group at 30 June 2020. 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 27 and 87.

INDEPENDENT AUDITOR'S 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 2020, comprising Group Equity Value; Change in Group Equity Value; Return on Group Equity Value; Shareholders' fund at net asset value; Shareholders' fund income statement and Notes to the Shareholders' Information as set out on pages 28 to 85, and the basis of accounting set out on pages 25 and 26.

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 pages 25 and 26, for determining that the basis of preparation is acceptable in the circumstances, 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 pages 25 and 26. 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 2020 is not prepared, in all material respects, in accordance with the basis of accounting set out on pages 25 and 26.

Basis of accounting

Without modifying our conclusion, we draw attention to pages 25 and 26 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: Christo du Toit
Registered Auditor
Chartered Accountant (SA)

No. 3 Dock Road Waterway House
V&A Waterfront
Cape Town

9 September 2020

GROUP EQUITY VALUE

at 30 June 2020

R million	Note	Group Equity Value		Value of in-force/fair value adjustment		Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
		June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019
Sanlam Personal Finance		44 528	47 141	38 473	40 757	6 055	6 384	(1 073)	(1 097)	7 128	7 481
Covered business ⁽¹⁾	6.1	40 996	42 970	36 093	37 801	4 903	5 169	(1 073)	(1 097)	5 976	6 266
Sanlam Sky		9 983	10 025	9 184	9 234	799	791	(387)	(403)	1 186	1 194
Other		31 013	32 945	26 909	28 567	4 104	4 378	(686)	(694)	4 790	5 072
Other operations		3 532	4 171	2 380	2 956	1 152	1 215	-	-	1 152	1 215
Glacier		2 056	2 501	1 649	1 984	407	517	-	-	407	517
Sanlam Personal Loans		1 161	1 320	501	692	660	628	-	-	660	628
Other operations		315	350	230	280	85	70	-	-	85	70
Sanlam Emerging Markets		37 398	40 731	4 777	7 395	32 621	33 336	(3 647)	(3 316)	36 268	36 652
Covered business	6.2	9 214	8 794	4 067	4 254	5 147	4 540	(3 647)	(3 316)	8 794	7 856
Saham		1 879	2 306	165	539	1 714	1 767	(1 944)	(2 677)	3 658	4 444
Namibia		1 975	1 997	1 464	1 487	511	510	-	-	511	510
Botswana		1 745	1 575	1 330	1 263	415	312	(2)	(3)	417	315
Other African operations		1 662	1 293	262	302	1 400	991	(1 009)	(11)	2 409	1 002
Other international operations		1 953	1 623	846	663	1 107	960	(692)	(625)	1 799	1 585
Other operations		28 184	31 937	710	3 141	27 474	28 796	-	-	27 474	28 796
Saham		17 045	19 400	1 561	1 918	15 484	17 482	-	-	15 484	17 482
Shriram Capital		8 588	9 282	31	1 222	8 557	8 060	-	-	8 557	8 060
Other operations		2 551	3 255	(882)	1	3 433	3 254	-	-	3 433	3 254
Sanlam Investment Group		18 272	20 050	8 059	10 579	10 213	9 471	(356)	(356)	10 569	9 827
Covered business	6.3	3 109	3 056	(224)	(153)	3 333	3 209	(356)	(356)	3 689	3 565
Sanlam UK		1 542	1 374	713	669	829	705	(356)	(356)	1 185	1 061
Central Credit Manager ⁽¹⁾		1 567	1 682	(937)	(822)	2 504	2 504	-	-	2 504	2 504
Other operations		15 163	16 994	8 283	10 732	6 880	6 262	-	-	6 880	6 262
Investment Management SA		4 201 ⁽²⁾	5 058 ⁽²⁾	3 649	4 710	552	348	-	-	552	348
Wealth Management		1 903	2 275	1 643	2 024	260	251	-	-	260	251
International		7 490	7 997	1 503	2 526	5 987	5 471	-	-	5 987	5 471
Sanlam Specialised Finance		1 569	1 664	1 488	1 472	81	192	-	-	81	192
Santam		18 173	19 675	12 177	13 196	5 996	6 479	-	-	5 996	6 479
Sanlam Corporate		5 576	5 920	2 539	2 975	3 037	2 945	(197)	(207)	3 234	3 152
Covered business ⁽¹⁾	6.5	5 053	5 336	2 994	3 277	2 059	2 059	(197)	(207)	2 256	2 266
Other operations		523	584	(455)	(302)	978	886	-	-	978	886
Discretionary capital		264	220	-	-	264	220	-	-	264	220
Other capital		7 151	11 504	-	-	7 151	11 504	(1 197)	(1 197)	8 348	12 701
Present value of holding company expenses	14	(2 047)	(1 970)	(2 047)	(1 970)	-	-	-	-	-	-
Group Equity Value		129 315	143 271	63 978	72 932	65 337	70 339	(6 470)	(6 173)	71 807	76 512
Covered business	2	58 372	60 156	42 930	45 179	15 442	14 977	(5 273)	(4 976)	20 715	19 953
Other operations	4	65 575	73 361	23 095	29 723	42 480	43 638	-	-	42 480	43 638
Group operations		123 947	133 517	66 025	74 902	57 922	58 615	(5 273)	(4 976)	63 195	63 591
Discretionary and other capital		5 368	9 754	(2 047)	(1 970)	7 415	11 724	(1 197)	(1 197)	8 612	12 921
Group Equity Value		129 315	143 271	63 978	72 932	65 337	70 339	(6 470)	(6 173)	71 807	76 512
Value per share	8	58,08	64,36							32,25	34,37

⁽¹⁾ Excludes subordinated debt funding of Sanlam Life.

⁽²⁾ Include the third party asset management business of R4 380 million (31 December 2019: R5 395 million).

GROUP EQUITY VALUE

at 30 June 2020 (continued)

Analysis of Group Equity Value per line of business

R million	Total		Life business		General insurance	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019
Southern Africa	89 743	99 655	51 889	54 028	18 897	20 508
South Africa	81 718	91 654	47 616	49 988	18 173	19 675
Other ⁽¹⁾	8 025	8 001	4 273	4 040	724	833
North and West Africa ⁽¹⁾	18 181	20 579	2 327	2 017	17 154	18 562
East Africa ⁽¹⁾	1 242	1 138	668	583	688	511
Other international	20 149	21 899	3 488	3 528	2 491	2 798
Total	129 315	143 271	58 372	60 156	39 230	42 379

R million	Investment management		Credit and structuring		Administration, health and other	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019
Southern Africa	7 299	8 544	4 043	4 302	7 615	12 273
South Africa	6 621	7 874	2 095	2 354	7 213	11 763
Other ⁽¹⁾	678	670	1 948	1 948	402	510
North and West Africa ⁽¹⁾	-	-	-	-	(1 300)	-
East Africa ⁽¹⁾	169	207	-	-	(283)	(163)
Other international	7 608	8 086	6 397	7 382	165	105
Total	15 076	16 837	10 440	11 684	6 197	12 215

⁽¹⁾ Comparative information has been adjusted for the split of Saham into the underlying regions.

CHANGE IN GROUP EQUITY VALUE

for the six months ended 30 June 2020 (reviewed)

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	47 141	(402)	(324)	(1 887)	44 528
Covered business	42 970	244	(324)	(1 894)	40 996
Sanlam Sky	10 025	511	2	(555)	9 983
Other	32 945	(267)	(326)	(1 339)	31 013
Other operations	4 171	(646)	-	7	3 532
Glacier	2 501	(351)	-	(94)	2 056
Sanlam Personal Loans	1 320	(243)	-	84	1 161
Other operations	350	(52)	-	17	315
Sanlam Emerging Markets	40 731	(2 692)	257	(898)	37 398
Covered business	8 794	(256)	892	(216)	9 214
Saham	2 306	(406)	(93)	72	1 879
Namibia	1 997	66	(16)	(72)	1 975
Botswana	1 575	245	63	(138)	1 745
Other African operations	1 293	(519)	953	(65)	1 662
Other international operations	1 623	358	(15)	(13)	1 953
Other operations	31 937	(2 436)	(635)	(682)	28 184
Saham	19 400	(1 953)	146	(548)	17 045
Shriram Capital	9 282	(875)	-	181	8 588
Other operations	3 255	392	(781)	(315)	2 551
Sanlam Investment Group	20 050	(1 913)	84	51	18 272
Covered business	3 056	(117)	(27)	197	3 109
Sanlam UK	1 374	164	18	(14)	1 542
Central Credit Manager	1 682	(281)	(45)	211	1 567
Other operations	16 994	(1 796)	111	(146)	15 163
Investment Management SA	5 058	(801)	41	(97)	4 201
Wealth Management	2 275	(300)	-	(72)	1 903
International	7 997	(481)	70	(96)	7 490
Sanlam Specialised Finance	1 664	(214)	-	119	1 569
Santam	19 675	(1 015)	-	(487)	18 173
Sanlam Corporate	5 920	(25)	(37)	(282)	5 576
Covered business	5 336	46	(39)	(290)	5 053
Other operations	584	(71)	2	8	523
Discretionary capital	220	6	38	-	264
Other capital	11 504	(6)	3 018	(7 365)	7 151
Present value of holding company expenses	(1 970)	(77)	-	-	(2 047)
Elimination of inter-group dividends	-	-	(3 503)	3 503	-
Group Equity Value	143 271	(6 124)	(467)	(7 365)	129 315
Covered business	60 156	(83)	502	(2 203)	58 372
Other operations	73 361	(5 964)	(522)	(1 300)	65 575
Group operations	133 517	(6 047)	(20)	(3 503)	123 947
Discretionary and other capital	9 754	(77)	(447)	(3 862)	5 368
Group Equity Value	143 271	(6 124)	(467)	(7 365)	129 315

CHANGE IN GROUP EQUITY VALUE

for the six months ended 30 June 2019 (reviewed)

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period
Sanlam Personal Finance	43 185	4 971	(281)	(2 265)	45 610
Covered business	39 209	4 535	(281)	(2 033)	41 430
Sanlam Sky	8 755	1 280	(2)	(545)	9 488
Other	30 454	3 255	(279)	(1 488)	31 942
Other operations	3 976	436	-	(232)	4 180
Glacier	2 359	282	-	(114)	2 527
Sanlam Personal Loans	1 224	149	-	(107)	1 266
Other operations	393	5	-	(11)	387
Sanlam Emerging Markets	44 659	(185)	1 076	(1 241)	44 309
Covered business	9 151	212	506	(398)	9 471
Saham	2 968	(297)	494	(97)	3 068
Namibia	1 867	216	(24)	(77)	1 982
Botswana	1 587	125	32	(104)	1 640
Other African operations	1 274	4	22	(108)	1 192
Other international operations	1 455	164	(18)	(12)	1 589
Other operations	35 508	(397)	570	(843)	34 838
Saham	20 309	(594)	406	25	20 146
Shriram Capital	10 632	190	-	(140)	10 682
Other operations	4 567	7	164	(728)	4 010
Sanlam Investment Group	18 703	1 044	251	(362)	19 636
Covered business	2 797	123	137	(68)	2 989
Sanlam UK	1 268	81	(3)	(50)	1 296
Central Credit Manager	1 529	42	140	(18)	1 693
Other operations	15 906	921	114	(294)	16 647
Investment Management SA	4 821	443	(98)	(161)	5 005
Wealth Management	2 647	(133)	34	(62)	2 486
International	6 938	287	68	25	7 318
Sanlam Specialised Finance	1 500	324	110	(96)	1 838
Santam	20 102	692	-	(451)	20 343
Sanlam Corporate	6 009	474	(305)	(215)	5 963
Covered business	5 077	539	(305)	(201)	5 110
Other operations	932	(65)	-	(14)	853
AfroCentric	892	(56)	-	4	840
Other	40	(9)	-	(18)	13
Discretionary capital	(3 678)	60	4 188	-	570
Other capital	7 155	(83)	7 146	(6 884)	7 334
Present value of holding company expenses	(2 083)	12	-	-	(2 071)
Elimination of inter-group dividends	-	-	(4 534)	4 534	-
Group Equity Value	134 052	6 985	7 541	(6 884)	141 694
Covered business	56 234	5 409	57	(2 700)	59 000
Other operations	76 424	1 587	684	(1 834)	76 861
Group operations	132 658	6 996	741	(4 534)	135 861
Discretionary and other capital	1 394	(11)	11 334	(6 884)	5 833
Elimination of inter-group dividends	-	-	(4 534)	4 534	-
Group Equity Value	134 052	6 985	7 541	(6 884)	141 694

RETURN ON GROUP EQUITY VALUE

for the six months ended 30 June 2020 (reviewed)

	Six months reviewed		Twelve months audited
%	June 2020	June 2019	December 2019
Sanlam Personal Finance	(0,9)	11,5	20,0
Covered business	0,6	11,6	20,4
Sanlam Sky	5,1	14,6	25,8
Other	(0,8)	10,7	18,9
Other operations	(15,5)	11,0	15,8
Glacier	(14,0)	12,0	14,4
Sanlam Personal Loans	(18,4)	12,2	23,8
Other operations	(14,9)	1,3	(0,8)
Sanlam Emerging Markets	(6,6)	(0,4)	(7,1)
Covered business	(2,9)	2,3	(0,9)
Saham	(18,8)	(10,0)	(40,2)
Namibia	3,3	11,6	19,9
Botswana	15,6	7,9	23,4
Other African operations	(37,6)	0,3	11,5
Other international operations	22,1	11,3	15,1
Other operations	(7,6)	(1,1)	(8,7)
Saham	(10,0)	(2,9)	(7,7)
Shriram Capital	(9,4)	1,8	(7,9)
Other operations	12,6	0,1	(14,6)
Sanlam Investment Group	(9,5)	5,5	7,6
Covered business	(3,8)	4,1	11,8
Sanlam UK	12,0	6,4	10,9
Central Credit Manager	(16,8)	2,4	12,5
Other operations	(10,5)	5,8	6,8
Investment Management SA	(15,7)	9,1	13,7
Wealth Management	(13,2)	(5,0)	(10,6)
International	(6,0)	4,1	7,5
Sanlam Specialised Finance	(12,9)	21,6	11,7
Santam	(5,2)	3,4	1,4
Sanlam Corporate	(0,4)	8,2	13,4
Covered business	0,9	11,1	21,9
Other operations	(12,2)	(7,0)	(30,9)
Discretionary capital and other	(0,8)	(1,0)	65,4
Group Equity Value	(4,3)	5,2	6,3
Covered business	(0,1)	9,6	16,6
Other operations	(8,1)	2,1	(1,8)
Group operations	(4,5)	5,3	6,0
Discretionary and other capital	(0,8)	(1,0)	65,4
Group Equity Value	(4,3)	5,2	6,3
RoGEV per share	(4,6)	5,4	6,4
Sanlam Group hurdle rate	6,4	6,5	13,5

ANALYSIS OF GROUP EQUITY VALUE EARNINGS

for the six months ended 30 June 2020 (reviewed)

Covered business⁽¹⁾

R million	Total		Value of in-force		Cost of capital		Adjusted net asset value		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
Operational earnings	1 454	4 229	(815)	1 765	(29)	(162)	2 298	2 626	8 691
Value of new life insurance business ⁽²⁾	666	942	2 190	2 624	(108)	(103)	(1 416)	(1 579)	2 280
Unwinding of discount rate	2 778	2 582	2 671	2 479	107	103	-	-	5 285
Expected profit	-	-	(4 021)	(3 693)	-	-	4 021	3 693	-
Operating experience variances	425	663	425	186	(20)	(6)	20	483	1 361
Risk experience	331	207	109	74	(4)	4	226	129	454
Persistency	(76)	(56)	113	74	(12)	9	(177)	(139)	(22)
Maintenance expenses	84	64	12	(4)	(2)	(3)	74	71	83
Working capital management	220	254	-	-	-	-	220	254	527
Credit spread	(319)	102	-	(2)	-	-	(319)	104	294
Other	185	92	191	44	(2)	(16)	(4)	64	25
Operating assumption changes	(2 415)	42	(2 080)	169	(8)	(156)	(327)	29	(235)
Risk experience	(6)	26	(11)	16	-	2	5	8	208
Persistency	(1 555)	13	(1 529)	10	7	(3)	(33)	6	(98)
Maintenance expenses	(253)	102	(228)	125	3	(1)	(28)	(22)	255
Modelling changes and other	(601)	(99)	(312)	18	(18)	(154)	(271)	37	(600)
Net investment return	596	319	-	-	-	-	596	319	330
Expected return on adjusted net asset value	487	495	-	-	-	-	487	495	1 025
Investment variances on adjusted net asset value	109	(176)	-	-	-	-	109	(176)	(695)
Valuation and economic basis	(1 385)	878	(1 269)	908	(21)	(104)	(95)	74	347
Investment variances on in-force business	(1 569)	572	(1 502)	541	20	(33)	(87)	64	337
Economic assumption changes	(332)	414	(396)	505	72	(101)	(8)	10	318
Investment yields	(350)	501	(406)	494	64	13	(8)	(6)	164
Long-term asset mix assumptions and other	18	(87)	10	11	8	(114)	-	16	154
Foreign currency translation differences	516	(108)	629	(138)	(113)	30	-	-	(308)
Change in tax basis	(24)	-	(23)	-	(1)	-	-	-	-
Net project expenses	(19)	-	-	-	-	-	(19)	-	-
Goodwill and VOBA from business combinations	(705)	(17)	(705)	(17)	-	-	-	-	(17)
GEV earnings: covered business	(83)	5 409	(2 812)	2 656	(51)	(266)	2 780	3 019	9 351
Acquired value of in-force	941	29	852	31	(92)	(1)	181	(1)	128
Transfers from other group operations	(146)	-	(146)	-	-	-	-	-	-
Transfers from covered business	(2 496)	(2 672)	-	-	-	-	(2 496)	(2 672)	(5 557)
Embedded value of covered business at the beginning of the period	60 156	56 234	48 630	44 744	(3 451)	(3 288)	14 977	14 778	56 234
Embedded value of covered business at the end of the period	58 372	59 000	46 524	47 431	(3 594)	(3 555)	15 442	15 124	60 156
Per cluster									
Sanlam Personal Finance	40 996	41 430	37 326	37 484	(1 233)	(1 288)	4 903	5 234	42 970
Sanlam Emerging Markets	9 214	9 471	4 926	5 500	(859)	(771)	5 147	4 742	8 794
Sanlam Investment Group	3 109	2 989	692	793	(916)	(939)	3 333	3 135	3 056
Sanlam Corporate	5 053	5 110	3 580	3 654	(586)	(557)	2 059	2 013	5 336
Sanlam Group	58 372	59 000	46 524	47 431	(3 594)	(3 555)	15 442	15 124	60 156

⁽¹⁾ Refer to note 6 for an analysis per cluster.

⁽²⁾ Refer to note 1 for further information.

ANALYSIS OF GROUP EQUITY VALUE EARNINGS
for the six months ended 30 June 2020 (reviewed) (continued)

Other operations

R million	Total		Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group		Santam		Sanlam Corporate		December Audited 2019
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Earnings from operations valued at listed share prices	(1 036)	1 045	-	-	-	-	(21)	353	(1 015)	692	-	-	608
Earnings from operations valued at net asset value	278	14	-	-	329	10	(51)	4	-	-	-	-	(156)
Earnings from operations valued based on discounted cash flows	(5 206)	528	(646)	436	(2 765)	(407)	(1 724)	564	-	-	(71)	(65)	(1 833)
Unwinding of discount rate	3 509	3 806	342	362	2 052	2 370	1 026	996	-	-	89	78	7 852
Operating and investment experience variances	(6 902)	(61)	(566)	59	(3 640)	23	(2 628)	(66)	-	-	(68)	(77)	(596)
General insurance	(2 974)	(28)	-	-	(2 974)	(28)	-	-	-	-	-	-	(583)
Investment management	(2 613)	(38)	-	-	15	28	(2 628)	(66)	-	-	-	-	(87)
Credit and banking	(879)	55	(195)	54	(684)	1	-	-	-	-	-	-	97
Administration, health and other	(436)	(50)	(371)	5	3	22	-	-	-	-	(68)	(77)	(23)
Operating assumption changes	(4 695)	(3 902)	31	(166)	(5 582)	(2 488)	885	(1 144)	-	-	(29)	(104)	(7 660)
General insurance	(2 999)	(1 491)	-	-	(2 999)	(1 491)	-	-	-	-	-	-	(459)
Investment management	863	(1 191)	-	-	(22)	(47)	885	(1 144)	-	-	-	-	(2 755)
Credit and banking	(2 656)	(1 004)	(99)	(71)	(2 557)	(933)	-	-	-	-	-	-	(3 217)
Administration, health and other	97	(216)	130	(95)	(4)	(17)	-	-	-	-	(29)	(104)	(1 229)
Economic assumption changes	(4 011)	1 426	(453)	181	(1 182)	314	(2 313)	893	-	-	(63)	38	2 612
Foreign currency translation differences	6 893	(741)	-	-	5 587	(626)	1 306	(115)	-	-	-	-	(4 041)
GEV earnings: other operations	(5 964)	1 587	(646)	436	(2 436)	(397)	(1 796)	921	(1 015)	692	(71)	(65)	(1 381)

ANALYSIS OF GROUP EQUITY VALUE EARNINGS
for the six months ended 30 June 2020 (reviewed) (continued)

Discretionary and other capital

R million	Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	
Investment return	13	31	456
Corporate expenses	(44)	13	13
Net corporate expenses	33	1	(100)
Change in present value of holding company expenses	(77)	12	113
Share-based payment transactions	(46)	(55)	52
GEV earnings: discretionary and other capital	(77)	(11)	521

Reconciliation of Group Equity Value earnings

R million	June Reviewed 2020	June Reviewed 2019	December Audited 2019
IFRS earnings (excluding fund transfers)	3 215	3 991	5 448
Normalised attributable earnings	(4 315)	4 737	9 110
Earnings recognised directly in equity			
Foreign currency translation differences	7 768	(939)	(3 890)
Net cost of treasury shares delivered	(217)	(273)	(338)
Share-based payments	194	190	391
Change in ownership of subsidiaries	(139)	(115)	(112)
Other comprehensive income	(76)	391	287
Fair value adjustments	(9 491)	2 772	2 605
Change in fair value adjustments: non-life	(6 628)	382	(1 115)
Earnings from covered business: VIF	(2 863)	2 390	3 720
Adjustments to net worth	152	222	438
Present value of holding company expenses	(77)	12	113
Movement in book value of treasury shares: non-life subsidiaries	(88)	12	(11)
Change in goodwill/VOBA less VIF acquired	317	198	336
Group Equity Value earnings	(6 124)	6 985	8 491

ANALYSIS OF SHAREHOLDERS' FUND AT NET ASSET VALUE

at 30 June 2020

	Sanlam Life ⁽¹⁾		Sanlam Emerging Markets ⁽²⁾		Sanlam Investment Group		Santam		Group office ⁽³⁾		Consolidation entries ⁽⁴⁾		Shareholders' fund at net asset value	
	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019
R million														
Assets														
Equipment	417	432	711	707	144	103	306	291	-	-	-	-	1 578	1 533
Right-of-use assets	467	433	242	212	434	346	778	861	-	-	-	-	1 921	1 852
Owner-occupied properties	477	477	2 239	1 061	120	120	25	25	-	-	-	-	2 861	1 683
Goodwill	769	769	12 802	13 598	2 571	2 466	938	944	-	-	1 197	1 197	18 277	18 974
Value of business acquired	812	858	5 088	5 947	2 067	1 963	-	-	-	-	-	-	7 967	8 768
Other intangible assets	24	27	637	637	173	188	74	74	-	-	-	-	908	926
Deferred acquisition costs	2 512	2 572	364	269	26	24	-	-	-	-	-	-	2 902	2 865
Investments	13 241	13 912	42 461	39 432	4 937	5 007	23 960	24 145	6 544	5 707	(4 022)	(4 517)	87 121	83 686
Properties	-	-	6 592	6 815	-	-	-	-	-	-	-	-	6 592	6 815
Associated companies	1 066	1 011	15 482	15 380	292	280	3 726	4 508	-	-	(3 722)	(4 489)	16 844	16 690
Joint ventures	745	874	-	-	70	89	38	49	-	-	-	-	853	1 012
Equities and similar securities	423	462	7 807	7 199	387	348	1 435	2 089	367	367	4 036	4 310	14 455	14 775
Interest-bearing investments	3 507	2 766	5 018	3 477	572	596	13 001	11 919	6 177	5 340	(4 456)	(4 458)	23 819	19 640
Structured transactions	425	177	8	14	46	137	335	400	-	-	-	-	814	728
Investment funds	6 484	7 676	5 983	4 996	3 260	3 170	4 493	4 480	-	-	120	120	20 340	20 442
Cash, deposits and similar securities	591	946	1 571	1 551	310	387	932	700	-	-	-	-	3 404	3 584
Deferred tax	360	192	1 292	735	206	212	145	107	-	-	(32)	(15)	1 971	1 231
Assets of disposal groups classified as held for sale	-	-	75	127	-	-	-	-	-	-	-	-	75	127
General insurance technical assets	-	-	4 058	2 641	-	-	8 460	7 525	-	-	-	-	12 518	10 166
Working capital assets	4 847	8 456	21 973	17 347	16 357	14 923	16 254	14 654	3 971	3 897	(2 597)	(1 251)	60 805	58 026
Trade and other receivables	1 552	534	15 804	11 106	12 866	11 504	6 484	6 632	3 803	3 643	(3 028)	(1 386)	37 481	32 033
Taxation	460	6	843	842	4	3	10	16	-	-	-	-	1 317	867
Cash, deposits and similar securities	2 835	7 916	5 326	5 399	3 487	3 416	9 760	8 006	168	254	431	135	22 007	25 126
Total assets	23 926	28 128	91 942	82 713	27 035	25 352	50 940	48 626	10 515	9 604	(5 454)	(4 586)	198 904	189 837
Equity and liabilities														
Shareholders' fund	16 486	13 167	36 850	38 473	11 135	10 952	5 996	6 479	5 240	4 260	(3 900)	3 181	71 807	76 512
Non-controlling interest	107	150	12 293	11 538	759	650	3 950	4 405	-	-	(4 203)	(4 716)	12 906	12 027
Total equity	16 593	13 317	49 143	50 011	11 894	11 602	9 946	10 884	5 240	4 260	(8 103)	(1 535)	84 713	88 539
Term finance	1 008	1 013	1 250	545	691	882	2 089	2 080	2 871	2 954	-	-	7 909	7 474
Lease liabilities	515	478	246	223	465	370	919	978	-	-	-	-	2 145	2 049
Structured transactions liabilities	173	58	58	-	-	-	-	-	-	-	-	-	231	58
Cell owners' interest	-	-	-	-	-	-	3 968	3 935	-	-	-	-	3 968	3 935
Deferred tax	702	826	3 511	3 499	305	262	105	39	-	-	-	-	4 623	4 626
General insurance technical provisions	-	-	23 165	17 696	-	-	26 593	23 636	-	-	-	-	49 758	41 332
Working capital liabilities	4 935	12 436	14 569	10 739	13 680	12 236	7 320	7 074	2 404	2 390	2 649	(3 051)	45 557	41 824
Trade and other payables	4 885	12 298	13 535	9 720	13 199	11 692	6 805	6 585	2 394	2 378	2 624	(3 074)	43 442	39 599
Provisions	50	52	19	152	101	90	138	174	9	10	18	18	335	496
Taxation	-	86	1 015	867	380	454	377	315	1	2	7	5	1 780	1 729
Total equity and liabilities	23 926	28 128	91 942	82 713	27 035	25 352	50 940	48 626	10 515	9 604	(5 454)	(4 586)	198 904	189 837
Analysis of shareholders' fund														
Covered business	8 232	8 532	8 794	7 856	3 689	3 565	-	-	-	-	-	-	20 715	19 953
Other operations	2 130	2 101	27 474	28 796	6 880	6 262	5 996	6 479	-	-	-	-	42 480	43 638
Discretionary and other capital	6 124	2 534	582	1 821	566	1 125	-	-	5 240	4 260	(3 900)	3 181	8 612	12 921
Shareholders' fund at net asset value	16 486	13 167	36 850	38 473	11 135	10 952	5 996	6 479	5 240	4 260	(3 900)	3 181	71 807	76 512
Consolidation reserve	815	641	62	62	-	-	-	-	-	-	(9 128)	(9 898)	(8 251)	(9 195)
Shareholders' fund per Group statement of financial position on page 88	17 301	13 808	36 912	38 535	11 135	10 952	5 996	6 479	5 240	4 260	(13 028)	(6 717)	63 556	67 317

⁽¹⁾ Includes the operations of Sanlam Personal Finance and Sanlam Corporate (which includes Sanlam Health and Sanlam Employee Benefits) as well as discretionary capital held by Sanlam Life.

⁽²⁾ Includes discretionary capital held by Sanlam Emerging Markets.

⁽³⁾ Group office includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.

⁽⁴⁾ Elimination of inter-company balances, other investments and term finance between companies within the Group.

SHAREHOLDERS' FUND INCOME STATEMENT

for the six months ended 30 June 2020 (reviewed)

R million	Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group		Santam		Sanlam Corporate		Group office and other ⁽¹⁾		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Financial services income	10 417	10 168	11 950	12 410	2 990	3 204	12 386	12 398	2 975	2 965	11	(145)	40 729	41 000	84 250
Sales remuneration	(1 742)	(1 690)	(1 785)	(1 622)	(327)	(237)	(1 499)	(1 475)	(38)	(35)	-	-	(5 391)	(5 059)	(10 581)
Income after sales remuneration	8 675	8 478	10 165	10 788	2 663	2 967	10 887	10 923	2 937	2 930	11	(145)	35 338	35 941	73 669
Underwriting policy benefits	(2 959)	(2 608)	(5 052)	(4 796)	-	-	(7 794)	(7 618)	(1 692)	(1 817)	-	-	(17 497)	(16 839)	(34 075)
Administration costs	(2 987)	(2 869)	(3 308)	(3 089)	(2 462)	(2 195)	(2 091)	(2 057)	(777)	(758)	(138)	(148)	(11 763)	(11 116)	(23 478)
Result from financial services before tax	2 729	3 001	1 805	2 903	201	772	1 002	1 248	468	355	(127)	(293)	6 078	7 986	16 116
Tax on result from financial services	(760)	(784)	(456)	(986)	(51)	(154)	(297)	(357)	(116)	(101)	39	105	(1 641)	(2 277)	(4 671)
Result from financial services after tax	1 969	2 217	1 349	1 917	150	618	705	891	352	254	(88)	(188)	4 437	5 709	11 445
Non-controlling interest	36	73	(364)	(554)	(23)	(59)	(309)	(390)	-	-	121	189	(539)	(741)	(1 771)
Net result from financial services	2 005	2 290	985	1 363	127	559	396	501	352	254	33	1	3 898	4 968	9 674
Net investment income	172	132	105	175	63	37	91	56	51	25	46	13	528	438	1 044
Investment income	201	165	211	283	67	42	175	130	54	28	(5)	(10)	703	638	1 396
Tax on investment income	(27)	(31)	(64)	(62)	(4)	(5)	(26)	(29)	(3)	(3)	28	14	(96)	(116)	(214)
Non-controlling interest	(2)	(2)	(42)	(46)	-	-	(58)	(45)	-	-	23	9	(79)	(84)	(138)
Net investment surpluses	(92)	121	(677)	112	10	88	13	71	(12)	49	(45)	(4)	(803)	437	210
Investment surpluses	(101)	153	(745)	206	20	110	45	167	(18)	61	(14)	(34)	(813)	663	612
Tax on investment surpluses	8	(32)	24	(57)	(10)	(22)	(29)	(44)	6	(12)	5	11	4	(156)	(296)
Non-controlling interest	1	-	44	(37)	-	-	(3)	(52)	-	-	(36)	19	6	(70)	(106)
Project expenses	(1)	-	(75)	(25)	(8)	(17)	(14)	-	(3)	-	(11)	-	(112)	(42)	(130)
Net operational earnings	2 084	2 543	338	1 625	192	667	486	628	388	328	23	10	3 511	5 801	10 798
Net amortisation of value of business acquired and other intangibles	(31)	(27)	(228)	(228)	(123)	(98)	(18)	(18)	(10)	(11)	-	(1)	(410)	(383)	(766)
Equity participation costs ⁽¹⁾	-	-	-	-	-	-	(1)	(1)	-	-	-	(594)	(1)	(595)	(596)
Net non-operational equity-accounted earnings	-	-	-	-	-	-	15	14	1	(3)	-	-	16	11	19
Non-operational equity-accounted earnings	-	-	-	2	-	-	25	23	1	(3)	-	-	26	22	41
Tax on non-operational equity-accounted headline earnings	-	-	-	(2)	-	-	-	-	-	-	-	-	-	(2)	(2)
Non-controlling interest	-	-	-	-	-	-	(10)	(9)	-	-	-	-	(10)	(9)	(20)
Net profit on disposal of subsidiaries and associated companies	-	-	218	-	-	(1)	(2)	-	-	(3)	-	-	216	(4)	(6)
Profit on disposal of subsidiaries and associated companies	-	-	218	-	-	(1)	(3)	-	-	(3)	-	-	215	(4)	(9)
Tax on profit on disposal of subsidiaries and associated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	1	-	-	-	-	-	1	-	3
Impairments	-	(4)	(7 131)	(89)	(72)	-	(444)	-	-	-	-	-	(7 647)	(93)	(339)
Normalised attributable earnings	2 053	2 512	(6 803)	1 308	(3)	568	36	623	379	311	23	(585)	(4 315)	4 737	9 110
Fund transfers ⁽¹⁾	174	(78)	(2)	-	-	-	-	-	-	-	614	(1 220)	786	(1 298)	(1 960)
Attributable earnings per Group statement of comprehensive income	2 227	2 434	(6 805)	1 308	(3)	568	36	623	379	311	637	(1 805)	(3 529)	3 439	7 150
Net profit on disposal of subsidiaries and associated companies	-	-	(218)	-	-	1	2	-	-	3	-	-	(216)	4	6
Impairments	-	4	7 131	89	72	-	444	-	-	-	-	-	7 647	93	339
Net equity-accounted non-headline earnings	-	-	-	-	-	-	-	-	(9)	(2)	-	-	(9)	(2)	(14)
Headline earnings	2 227	2 438	108	1 397	69	569	482	623	370	312	637	(1 805)	3 893	3 534	7 481
Diluted earnings per share															
Weighted average number of shares for operational earnings per share (million)	-	-	-	-	-	-	-	-	-	-	-	-	2 233,9	2 189,6	2 208,5
Net result from financial services (cents)	89,8	104,6	44,1	62,2	5,7	25,5	17,7	22,9	15,8	11,6	1,4	0,1	174,5	226,9	438,0

⁽¹⁾ The B-BBEE transaction in 2019 gave rise to a non-recurring share-based payment charge of R1 686 million. The above market-related discount of R594 million was recognised as an equity participation cost in the shareholders' fund income statement, with the remainder recognised in fund transfers.

NET RESULT FROM FINANCIAL SERVICES

for the six months ended 30 June 2020 (reviewed)

Analysis per line of business

R million	Life business		General insurance		Investment management		Credit and structuring		Administration, health management and other		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Southern Africa	2 184	2 427	515	467	296	281	59	420	105	119	3 159	3 714	7 357
South Africa	1 973	2 252	313	384	279	265	(47)	305	206	165	2 724	3 371	6 479
Other	211	175	202	83	17	16	106	115	(101)	(46)	435	343	878
North and West Africa	46	142	130	398	-	-	-	-	(73)	(176)	103	364	565
East Africa	6	45	6	10	8	5	-	-	(8)	(4)	12	56	103
Other international	(33)	86	312	318	92	67	216	366	37	(3)	624	834	1 649
Emerging markets	(47)	36	312	318	-	-	216	366	37	(3)	518	717	1 420
Developed markets	14	50	-	-	92	67	-	-	-	-	106	117	229
Total	2 203	2 700	963	1 193	396	353	275	786	61	(64)	3 898	4 968	9 674

NOTES TO THE SHAREHOLDERS' FUND INFORMATION

for the six months ended 30 June 2020 (reviewed)

1. Value of new covered business

R million	Note	Total		Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investment Group		Sanlam Corporate	
		June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019
Value of new covered business (at point of sale)											
Gross value of new covered business		912	1 186	588	783	286	338	4	3	34	62
Cost of capital		(121)	(122)	(41)	(43)	(57)	(57)	(4)	(3)	(19)	(19)
Value of new covered business		791	1 064	547	740	229	281	-	-	15	43
Value of new business attributable to											
Shareholders' fund	3	666	942	518	723	133	176	-	-	15	43
Non-controlling interest		125	122	29	17	96	105	-	-	-	-
Value of new covered business		791	1 064	547	740	229	281	-	-	15	43
Analysis of new business profitability											
Before non-controlling interest											
Present value of new business premiums		34 868	36 396	22 554	23 451	7 109	7 348	1 625	1 734	3 580	3 863
New business margin		2,27%	2,92%	2,43%	3,16%	3,22%	3,82%	-	-	0,42%	1,11%
After non-controlling interest											
Present value of new business premiums		32 403	33 779	22 047	23 046	5 151	5 136	1 625	1 734	3 580	3 863
New business margin		2,06%	2,79%	2,35%	3,14%	2,58%	3,43%	-	-	0,42%	1,11%
Capitalisation factor – recurring premiums		3,8	4,0	4,3	4,4	2,9	3,0	3,6	4,3	5,4	5,5

Geographical analysis Before non-controlling interest

R million	Value of new covered business		Present value of new business premiums		New business margin (%)	
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed
	2020	2019	2020	2019	2020	2019
Southern Africa	719	956	28 811	30 615	2,50	3,12
South Africa	562	783	26 134	27 314	2,15	2,87
Sanlam Sky	172	329	3 271	3 970	5,26	8,29
Glacier	195	178	13 195	12 465	1,48	1,43
Other SPF	180	233	6 088	7 016	2,96	3,32
Sanlam Corporate	15	43	3 580	3 863	0,42	1,11
Other Southern Africa	157	173	2 677	3 301	5,86	5,24
North and West Africa	22	43	1 673	1 599	1,32	2,69
East Africa	9	(2)	638	509	1,41	(0,39)
Other international	41	67	3 746	3 673	1,09	1,82
Total	791	1 064	34 868	36 396	2,27	2,92

Geographical analysis After non-controlling interest

R million	Value of new covered business		Present value of new business premiums		New business margin (%)	
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed
	2020	2019	2020	2019	2020	2019
Southern Africa	623	867	27 448	29 150	2,27	2,97
South Africa	533	766	25 627	26 909	2,08	2,85
Sanlam Sky	169	329	3 224	3 970	5,24	8,29
Glacier	195	178	13 195	12 465	1,48	1,43
Other SPF	154	216	5 628	6 611	2,74	3,27
Sanlam Corporate	15	43	3 580	3 863	0,42	1,11
Other Southern Africa	90	101	1 821	2 241	4,94	4,51
North and West Africa	13	34	1 313	1 130	0,99	3,01
East Africa	6	(3)	415	360	1,45	(0,83)
Other international	24	44	3 227	3 139	0,74	1,40
Total	666	942	32 403	33 779	2,06	2,79

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

2. Covered business sensitivity analysis

R million	Gross		Cost of capital		Net		Change from base value (%)	
	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019
Value of in-force covered business sensitivity analysis								
Base value	46 524	48 630	(3 594)	(3 451)	42 930	45 179		
Risk discount rate increase by 1%	44 000	45 944	(4 036)	(3 862)	39 964	42 082	(7)	(7)
Gross value of in-force business profile (%)								
Years 1 – 5	53	55						
Year 1	15	17						
Year 2	12	12						
Year 3	10	10						
Year 4	9	9						
Year 5	7	7						
Years 6 – 10	25	24						
Years 11 – 20	18	17						
Years 20+	4	4						
Value of new covered business sensitivity analysis								
Base value	774	2 500	(108)	(220)	666	2 280		
Risk discount rate increase by 1%	658	2 214	(120)	(246)	538	1 968	(19)	(14)
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	831	2 652	(110)	(221)	721	2 431	8	7
Expenses and persistency								
Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	853	2 706	(110)	(222)	743	2 484	12	9
Acquisition expenses (excluding commission and commission-related expenses) decrease by 10%	888	2 725	(109)	(222)	779	2 503	17	10
Discontinuance rates decrease by 10%	906	2 820	(117)	(233)	789	2 587	18	13
Insurance risk								
Mortality and morbidity decrease by 5% for life assurance business	864	2 760	(109)	(222)	755	2 538	13	11
Mortality and morbidity decrease by 5% for annuity business	766	2 484	(109)	(224)	657	2 260	(1)	(1)

3. Economic assumptions – covered business

Gross investment return, risk discount rate and inflation

	June Reviewed 2020	December Audited 2019
%		
Sanlam Life⁽¹⁾		
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	10,0	9,3
Equities	13,5	12,8
Offshore investments	12,5	11,8
Hedged equity	9,0	8,3
Property	11,0	10,3
Cash	9,0	8,3
Inflation rate ⁽¹⁾	8,0	7,3
Risk discount rate	12,5	11,8
⁽¹⁾ Expense inflation of 12,0% (2019: 11,3%) assumed for retail business administered on old platforms.		
Sanlam Developing Markets⁽¹⁾		
Point used on the relevant yield curve	5 year	5 year
Fixed-interest securities	7,5	8,1
Equities and offshore investments	11,0	11,6
Hedged equities	6,5	7,1
Property	8,5	9,1
Cash	6,5	7,1
Inflation rate	5,5	6,1
Risk discount rate	10,0	10,6
⁽¹⁾ Excludes the Sanlam Life products written on the SDM licence.		
Botswana Life Insurance		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	7,0	6,5
Equities and offshore investments	10,5	10,0
Hedged equities	n/a	n/a
Property	8,0	7,5
Cash	6,0	5,5
Inflation rate	4,0	3,5
Risk discount rate	10,5	10,0
Saham Assurance Maroc		
Point used on the relevant yield curve	n/a	n/a
Fixed-interest securities	2,8	2,8
Equities and offshore investments	6,3	6,3
Hedged equities	n/a	n/a
Property	3,8	3,8
Cash	1,8	1,8
Inflation rate	0,0	0,0
Risk discount rate	6,8	6,8
Sanlam Investments and Pensions		
Point used on the relevant yield curve	15 year	15 year
Fixed-interest securities	0,5	1,2
Equities and offshore investments	3,7	4,4
Hedged equities	n/a	n/a
Property	3,7	4,4
Cash	0,5	1,2
Inflation rate	2,9	3,0
Risk discount rate	4,2	4,9

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

3. Economic assumptions – covered business (continued)

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 (2019: 25bps and 70bps) for non-participating annuities, between 25bps and 75bps (2019: 25bps and 75bps) for inflation-linked annuities and capped at 120bps (2019: 120bps) reflecting both illiquidity premiums and credit risk premiums for guarantee plans.

Asset mix of the assets supporting adjusted net asset value – covered business

	R million		Fixed-interest securities		Equities		Hedged equities		Property		Cash		Total	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
%														
Required capital														
South Africa ⁽¹⁾	9 440	9 676	-	-	3	3	92	91	-	-	5	6	100	100
Namibia	511	510	6	6	36	36	-	-	-	-	58	58	100	100
Botswana Life Insurance	415	312	-	-	-	-	-	-	50	50	50	50	100	100
Saham	1 091	903	95	95	5	5	-	-	-	-	-	-	100	100
Sanlam Life insurance (Kenya)	113	111	100	100	-	-	-	-	-	-	-	-	100	100
Other African operations	884	521	73	39	4	4	-	-	4	4	19	53	100	100
Shriram Life Insurance (India)	353	277	85	85	10	10	-	-	-	-	5	5	100	100
MCIS (Malaysia)	512	402	69	69	18	18	-	-	-	-	13	13	100	100
Sanlam Investments and Pensions (UK)	627	541	80	80	-	-	-	-	-	-	20	20	100	100
Total required capital	13 946	13 253												
Free surplus	1 496	1 724												
Adjusted net asset value	15 442	14 977												

⁽¹⁾ The 30 June 2020 asset mix backing the Sanlam Life required capital is 100% hedged (2019: 100%).

Assumed long-term expected return on required capital

	Gross return on required capital		Net return on required capital	
	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019
%				
Sanlam Life	9,0	8,3	7,5	6,9
Sanlam Developing Markets	7,4	8,0	5,7	6,2
Sanlam Namibia	11,0	10,3	9,9	9,2
Sanlam Namibia Holdings	8,6	8,5	7,5	7,4
Botswana Life Insurance	7,0	6,5	5,3	4,9
Saham Assurance Maroc	2,8	2,8	2,8	2,8
Sanlam Life insurance (Kenya)	11,7	10,7	8,2	7,5
Shriram Life Insurance (India)	7,6	7,8	6,0	6,1
MCIS (Malaysia)	3,7	4,1	3,4	3,8
Sanlam Investments and Pensions (UK)	0,9	1,6	0,7	1,2

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

4. Value of other Group operations sensitivity analysis

4.1 Valuation methodology

R million	Total	
	June Reviewed 2020	December Audited 2019
Listed share price	19 450	20 973
Sanlam	18 173	19 675
Sanlam Investment Group: Nucleus	1 277	1 298
Discounted cash flows	44 603	50 003
Sanlam Personal Finance	3 532	4 171
Glacier	2 056	2 501
Sanlam Personal Loans	1 161	1 320
Other operations	315	350
Sanlam Emerging Markets	28 833	31 556
Saham	17 045	19 400
Shriram Capital	8 588	9 282
Letshego	1 030	935
Pacific & Orient	300	330
Capricorn Investment Holdings	838	936
Other operations	1 032	673
Sanlam Investment Group	11 715	13 692
Investment Management SA	4 142	5 058
Wealth Management	1 903	2 275
International	4 491	5 085
Sanlam Specialised Finance	1 179	1 274
Sanlam Corporate	523	584
Net asset value	1 522	2 385
Sanlam Investment Group	2 171	2 004
Investment Management SA	59	-
International	1 722	1 614
Sanlam Specialised Finance	390	390
Sanlam Emerging Markets	(649)	381
Total	65 575	73 361

4.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019
Sanlam Personal Finance	3 532	4 171	3 240	3 832	3 651	4 323
Glacier	2 056	2 501	1 870	2 275	2 138	2 610
Sanlam Personal Loans	1 161	1 320	1 078	1 234	1 190	1 352
Other operations	315	350	292	323	323	361
Sanlam Emerging Markets	28 833	31 556	24 863	26 957	32 161	35 613
Saham	17 045	19 400	14 910	16 752	18 763	21 638
Shriram Capital	8 588	9 282	7 222	7 805	9 906	10 773
Letshego	1 030	935	883	805	1 145	1 033
Pacific & Orient	300	330	269	286	317	361
Capricorn Investment Holdings	838	936	747	817	891	1 026
Other operations	1 032	673	832	492	1 139	782
Sanlam Investment Group	11 715	13 692	10 158	11 990	12 818	14 781
Investment Management SA ⁽¹⁾	4 142	5 058	3 801	4 558	4 313	5 304
Wealth Management	1 903	2 275	1 734	2 059	1 981	2 386
International	4 491	5 085	3 536	4 198	5 299	5 772
Sanlam Specialised Finance	1 179	1 274	1 087	1 175	1 225	1 319
Sanlam Corporate	523	584	483	540	538	604
	44 603	50 003	38 744	43 319	49 168	55 321
Weighted average assumption			15,0%	14,6%	2 - 6%	2 - 5%

⁽¹⁾ Includes third party asset management business of R4 380 million (31 December 2019: R5 395 million) based on the following main assumptions:

- Weighted average discount rate: 16,8% (2019: 16,2%)

- Weighted average perpetuity growth rate: 5,0% (2019: 5,0%)

- Fee income (excluding performance fees) compound annual growth rate based on December 2019 (11 years): 9,2% (2019: 9,8%)

R million	Equities and properties -10%		Risk discount rate -1%		Rand exchange rate depreciation +10%	
	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019
Sanlam Personal Finance	3 351	4 173	3 874	4 570	3 532	4 171
Glacier	1 875	2 503	2 276	2 770	2 056	2 501
Sanlam Personal Loans	1 161	1 320	1 257	1 420	1 161	1 320
Other operations	315	350	341	380	315	350
Sanlam Emerging Markets	28 833	31 556	34 380	38 131	31 616	34 618
Saham	17 045	19 400	20 025	23 189	18 750	21 340
Shriram Capital	8 588	9 282	10 565	11 452	9 447	10 209
Letshego	1 030	935	1 225	1 107	1 133	1 029
Pacific & Orient	300	330	342	392	330	363
Capricorn Investment Holdings	838	936	951	1 092	838	936
Other operations	1 032	673	1 272	899	1 118	741
Sanlam Investment Group	10 764	11 775	13 780	15 880	12 205	14 223
Investment Management SA	3 872	3 963	4 549	5 658	4 172	5 071
Wealth Management	1 672	1 930	2 106	2 538	1 915	2 284
International	4 084	4 686	5 836	6 294	4 939	5 594
Sanlam Specialised Finance	1 136	1 196	1 289	1 390	1 179	1 274
Sanlam Corporate	523	584	569	636	523	584
	43 471	48 088	52 603	59 217	47 876	53 596

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

5. Business volumes

5.1 Analysis of new business and total funds received

R million	Life business ⁽¹⁾		General insurance ⁽²⁾		Investment business ⁽³⁾		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
	2020	2019	2020	2019	2020	2019	2020	2019	
Sanlam Personal Finance	15 736	15 372	-	-	14 554	12 781	30 290	28 153	61 813
Recurring premium sub-cluster	1 497	1 676	-	-	34	46	1 531	1 722	3 429
Recurring	993	1 120	-	-	8	7	1 001	1 127	2 438
Single	504	556	-	-	26	39	530	595	991
Sky	1 061	1 228	-	-	-	-	1 061	1 228	2 726
Glacier	13 178	12 468	-	-	14 520	12 735	27 698	25 203	55 658
Sanlam Emerging Markets	3 838	4 323	8 509	7 520	9 543	4 393	21 890	16 236	34 809
Southern Africa	1 642	2 235	596	516	7 840	4 393	10 078	7 144	15 695
Recurring	424	441	596	516	13	18	1 033	975	2 133
Single	1 218	1 794	-	-	7 827	4 375	9 045	6 169	13 562
North and West Africa	1 074	1 043	5 849	5 214	-	-	6 923	6 257	12 666
Recurring	597	887	5 849	5 214	-	-	6 446	6 101	11 503
Single	477	156	-	-	-	-	477	156	1 163
East Africa	466	331	478	433	1 703	-	2 647	764	2 362
Recurring	146	116	478	433	-	-	624	549	1 096
Single	320	215	-	-	1 703	-	2 023	215	1 266
Other international	656	714	1 586	1 357	-	-	2 242	2 071	4 086
Recurring	513	545	1 586	1 357	-	-	2 099	1 902	3 748
Single	143	169	-	-	-	-	143	169	338
Sanlam Investment Group	1 570	1 668	-	-	87 047	50 915	88 617	52 583	113 236
Investment Management SA	-	-	-	-	67 636	40 808	67 636	40 808	88 857
Wealth Management	-	-	-	-	5 572	3 030	5 572	3 030	6 890
International	1 570	1 668	-	-	13 839	7 077	15 409	8 745	17 489
Recurring	21	20	-	-	1	2	22	22	40
Single	1 549	1 648	-	-	13 838	7 075	15 387	8 723	17 449
Santam	-	-	11 922	11 773	-	-	11 922	11 773	24 227
Sanlam Corporate	2 596	2 270	-	-	2 165	1 087	4 761	3 357	15 238
Recurring	224	357	-	-	52	33	276	390	1 140
Single	2 372	1 913	-	-	2 113	1 054	4 485	2 967	14 098
Total new business	23 740	23 633	20 431	19 293	113 309	69 176	157 480	112 102	249 323

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

⁽²⁾ Sanlam Emerging Markets general insurance business comparatives have been adjusted for the inclusion of the Saham assistance business of R762 million.

⁽³⁾ Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

5. Business volumes (continued)

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

R million	Life business ⁽¹⁾		General insurance ⁽²⁾		Investment business ⁽²⁾		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
Recurring premiums on existing funds:									
Sanlam Personal Finance	11 194	10 140	-	-	69	80	11 263	10 220	20 893
Recurring premium sub-cluster	7 492	7 085	-	-	69	80	7 561	7 165	14 784
Sky	3 664	3 001	-	-	-	-	3 664	3 001	5 992
Glacier	38	54	-	-	-	-	38	54	117
Sanlam Emerging Markets	4 534	3 602	-	-	1 078	149	5 612	3 751	9 259
Southern Africa	1 801	1 602	-	-	-	-	1 801	1 602	3 199
North and West Africa	624	541	-	-	-	-	624	541	2 184
East Africa	378	288	-	-	1 078	149	1 456	437	1 179
Other international	1 731	1 171	-	-	-	-	1 731	1 171	2 697
Sanlam Investment Group	167	168	-	-	21	26	188	194	388
Investment Management SA	-	-	-	-	-	-	-	-	-
International	167	168	-	-	21	26	188	194	388
Sanlam Corporate	3 973	3 301	-	-	1 519	1 697	5 492	4 998	9 407
Total funds received	43 608	40 844	20 431	19 293	115 996	71 128	180 035	131 265	289 270

⁽¹⁾ Life 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 policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

5. Business volumes (continued)

5.2 Analysis of payments to clients

R million	Life business ⁽¹⁾		General insurance ⁽²⁾		Investment business ⁽³⁾		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
	2020	2019	2020	2019	2020	2019	2020	2019	
Sanlam Personal Finance	22 472	22 502	-	-	12 377	12 249	34 849	34 751	73 113
Recurring premium sub-cluster	9 347	9 244	-	-	139	203	9 486	9 447	20 285
Surrenders	961	1 066	-	-	-	-	961	1 066	2 234
Other	8 386	8 178	-	-	139	203	8 525	8 381	18 051
Sanlam Sky	2 143	2 215	-	-	-	-	2 143	2 215	4 237
Surrenders	194	228	-	-	-	-	194	228	476
Other	1 949	1 987	-	-	-	-	1 949	1 987	3 761
Glacier	10 982	11 043	-	-	12 238	12 046	23 220	23 089	48 591
Surrenders	2 318	1 946	-	-	-	-	2 318	1 946	4 397
Other	8 664	9 097	-	-	12 238	12 046	20 902	21 143	44 194
Sanlam Emerging Markets	5 395	4 758	4 961	4 594	7 375	4 767	17 731	14 119	32 829
Southern Africa	2 320	2 256	141	282	5 769	4 767	8 230	7 305	17 004
Surrenders	307	400	-	-	-	-	307	400	788
Other	2 013	1 856	141	282	5 769	4 767	7 923	6 905	16 216
North and West Africa	851	702	3 712	3 379	-	-	4 563	4 081	8 575
Surrenders	529	-	-	-	-	-	529	-	6
Other	322	702	3 712	3 379	-	-	4 034	4 081	8 569
East Africa	504	407	236	235	1 606	-	2 346	642	1 840
Surrenders	85	13	-	-	-	-	85	13	37
Other	419	394	236	235	1 606	-	2 261	629	1 803
Other international	1 720	1 393	872	698	-	-	2 592	2 091	5 410
Surrenders	492	319	-	-	-	-	492	319	651
Other	1 228	1 074	872	698	-	-	2 100	1 772	4 759
Sanlam Investment Group	2 315	2 234	-	-	75 735	40 516	78 050	42 750	92 403
Investment Management SA	-	-	-	-	59 598	31 265	59 598	31 265	68 778
Wealth Management	-	-	-	-	4 036	3 201	4 036	3 201	6 327
International	2 315	2 234	-	-	12 101	6 050	14 416	8 284	17 298
Santam	-	-	7 793	7 618	-	-	7 793	7 618	15 081
Sanlam Corporate	5 929	5 462	-	-	2 270	3 282	8 199	8 744	19 078
Surrenders	1 254	1 054	-	-	552	540	1 806	1 594	3 457
Other	4 675	4 408	-	-	1 718	2 742	6 393	7 150	15 621
Total payments to clients	36 111	34 956	12 754	12 212	97 757	60 814	146 622	107 982	232 504

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

⁽²⁾ Sanlam Emerging Markets general insurance business comparatives have been adjusted for the inclusion of the assistance business of R385 million.

⁽³⁾ Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

5. Business volumes (continued)

5.3 Analysis of net inflow/(outflow) of funds

R million	Life business ⁽¹⁾		General insurance ⁽²⁾		Investment business ⁽³⁾		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
	2020	2019	2020	2019	2020	2019	2020	2019	
Sanlam Personal Finance	4 458	3 010	-	-	2 246	612	6 704	3 622	9 593
Recurring premium sub-cluster	(358)	(483)	-	-	(36)	(77)	(394)	(560)	(2 072)
Sky	2 582	2 014	-	-	-	-	2 582	2 014	4 481
Glacier	2 234	1 479	-	-	2 282	689	4 516	2 168	7 184
Sanlam Emerging Markets	2 977	3 167	3 548	2 926	3 246	(225)	9 771	5 868	11 239
Southern Africa	1 123	1 581	455	234	2 071	(374)	3 649	1 441	1 890
North and West Africa	847	882	2 137	1 835	-	-	2 984	2 717	6 275
East Africa	340	212	242	198	1 175	149	1 757	559	1 701
Other international	667	492	714	659	-	-	1 381	1 151	1 373
Sanlam Investment Group	(578)	(398)	-	-	11 333	10 425	10 755	10 027	21 221
Investment Management SA	-	-	-	-	8 038	9 543	8 038	9 543	20 079
Wealth Management	-	-	-	-	1 536	(171)	1 536	(171)	563
International	(578)	(398)	-	-	1 759	1 053	1 181	655	579
Santam	-	-	4 129	4 155	-	-	4 129	4 155	9 146
Sanlam Corporate	640	109	-	-	1 414	(498)	2 054	(389)	5 567
Total funds received	7 497	5 888	7 677	7 081	18 239	10 314	33 413	23 283	56 766

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

⁽²⁾ Sanlam Emerging Markets general insurance business comparatives have been adjusted for the inclusion of the assistance business of R377 million.

⁽³⁾ Includes life licence and investment business. Life licence business relates to investment products provided by means of a policy where there is very little or no insurance risk that is excluded from the calculation of embedded value of covered business.

6. Cluster information

6.1 Sanlam Personal Finance

Analysis of earnings

R million	Life business		Non-life operations		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
	2020	2019	2020	2019	2020	2019	
Net result from financial services	1 894	2 033	111	257	2 005	2 290	4 265
Recurring premium sub-cluster	919	956	4	8	923	964	1 812
Sanlam Sky	555	545	-	-	555	545	974
Glacier	382	486	96	100	478	586	1 139
SBD and other	38	46	11	149	49	195	340
Net investment return	73	195	7	58	80	253	358
Net other earnings	(30)	(28)	(2)	(3)	(32)	(31)	(64)
Normalised attributable earnings	1 937	2 200	116	312	2 053	2 512	4 559

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.1 Sanlam Personal Finance (continued)

Assets under management

R million	Sanlam Sky		Recurring premium sub cluster		Glacier		Total	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019	2020	2019
Life business	5 431	5 267	153 043	158 816	206 261	201 775	364 735	365 858
Investment operations	-	-	1 732	1 827	153 884	147 316	155 616	149 143
Total assets under management	5 431	5 267	154 775	160 643	360 145	349 091	520 351	515 001

R million	Gross size of loan book (R million)		Interest margin		Bad debt ratio		Administration cost as % of net interest	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019	2020	2019
Sanlam Personal Loans	5 673	5 633	17,4%	16,5%	13,8%	5,6%	24,9%	29,9%

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value		December Audited 2019
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2020	2019	2020	2019	2020	2019	2020	2019	
Operational earnings	1 723	3 412	(347)	1 416	(9)	(2)	2 079	1 998	7 087
Value of new life insurance business	518	723	1 675	2 015	(41)	(42)	(1 116)	(1 250)	1 763
Unwinding of discount rate	2 167	2 022	2 126	1 974	41	48	-	-	4 109
Expected profit	-	-	(3 091)	(2 854)	-	-	3 091	2 854	-
Operating experience variances	665	501	352	138	(4)	(4)	317	367	952
Risk experience	255	241	82	76	-	-	173	165	455
Persistency	(31)	(164)	85	6	-	(1)	(116)	(169)	(91)
Maintenance expenses	90	59	(1)	(2)	-	-	91	61	82
Working capital management	143	189	-	-	-	-	143	189	380
Credit spread	40	59	-	(2)	-	-	40	61	83
Other	168	117	186	60	(4)	(3)	(14)	60	43
Operating assumption changes	(1 627)	166	(1 409)	143	(5)	(4)	(213)	27	263
Risk experience	(2)	-	(2)	-	-	-	-	-	154
Persistency	(1 356)	-	(1 352)	-	-	-	(4)	-	(23)
Maintenance expenses	(144)	159	(112)	140	-	-	(32)	19	339
Modelling changes and other	(125)	7	57	3	(5)	(4)	(177)	8	(207)
Net investment return	73	195	-	-	-	-	73	195	274
Expected return on adjusted net asset value	171	190	-	-	-	-	171	190	382
Investment variances on adjusted net asset value	(98)	5	-	-	-	-	(98)	5	(108)
Valuation and economic basis	(1 544)	945	(1 384)	967	25	(57)	(185)	35	669
Investment variances on in-force business	(1 342)	393	(1 180)	360	13	(12)	(175)	45	173
Economic assumption changes	(202)	552	(204)	607	12	(45)	(10)	(10)	496
Investment yields	(202)	594	(204)	600	12	4	(10)	(10)	308
Long-term asset mix assumptions and other	-	(42)	-	7	-	(49)	-	-	188
Goodwill and VOBA from business combinations	(8)	(17)	(8)	(17)	-	-	-	-	(17)
GEV earnings: covered business	244	4 535	(1 739)	2 366	16	(59)	1 967	2 228	8 013
Acquired value of in-force	16	33	15	32	-	(1)	1	2	138
Transfers from covered business	(2 234)	(2 347)	-	-	-	-	(2 234)	(2 347)	(4 390)
Embedded value of covered business at the beginning of the period	42 970	39 209	39 050	35 086	(1 249)	(1 228)	5 169	5 351	39 209
Embedded value of covered business at the end of the period	40 996	41 430	37 326	37 484	(1 233)	(1 288)	4 903	5 234	42 970

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.2 Sanlam Emerging Markets

Analysis of net result from financial services

R million	Life business		General insurance		Investment management		Credit and structuring		Corporate and other		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019 ⁽¹⁾	June Reviewed 2020	June Reviewed 2019 ⁽¹⁾	June Reviewed 2020	June Reviewed 2019 ⁽¹⁾	June Reviewed 2020	June Reviewed 2019 ⁽¹⁾	June Reviewed 2020	June Reviewed 2019 ⁽¹⁾	June Reviewed 2020	June Reviewed 2019 ⁽¹⁾	
Southern Africa	408	358	255	97	52	44	256	302	53	(20)	1 024	781	1 776
North and West Africa	84	235	74	822	-	-	-	-	(108)	(180)	50	877	1 515
East Africa	17	122	1	11	16	11	-	-	(18)	(21)	16	123	218
Other international	(27)	58	502	578	-	-	299	529	56	12	830	1 177	2 223
Corporate costs	-	-	-	-	-	-	-	-	(115)	(55)	(115)	(55)	(184)
Gross result from financial services	482	773	832	1 508	68	55	555	831	(132)	(264)	1 805	2 903	5 548
Tax on result from financial services	(131)	(157)	(102)	(454)	(22)	(21)	(186)	(347)	(15)	(7)	(456)	(986)	(1 788)
Non-controlling interests	(135)	(218)	(163)	(362)	(21)	(13)	(47)	(3)	2	42	(364)	(554)	(1 128)
Net result from financial services	216	398	567	692	25	21	322	481	(145)	(229)	985	1 363	2 632
<i>Southern Africa</i>	211	175	181	72	17	16	106	115	3	5	518	383	876
<i>North and West Africa</i>	46	142	128	376	-	-	-	-	(73)	(176)	101	342	525
<i>East Africa</i>	6	45	5	9	8	5	-	-	(8)	(4)	11	55	101
<i>Other international⁽²⁾</i>	(47)	36	253	235	-	-	216	366	37	(3)	459	634	1 282
<i>Corporate costs</i>	-	-	-	-	-	-	-	-	(104)	(51)	(104)	(51)	(152)
Saham ⁽²⁾	(103)	150	282	541	-	-	-	-	(156)	(210)	23	481	730
Other	319	248	285	151	25	21	322	481	11	(19)	962	882	1 902
Net result from financial services	216	398	567	692	25	21	322	481	(145)	(229)	985	1 363	2 632

⁽¹⁾ Comparatives have been adjusted to reflect corporate cost allocation on a separate line.

⁽²⁾ Earnings exclude cost allocation.

Analysis of general insurance and reinsurance gross result from financial services

R million	Gross written premiums		Net earned premiums ⁽¹⁾		Claims ratio (%)		Underwriting margin (%)		Investment return on insurance funds (%)		Net insurance result (%)	
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019
Southern Africa	1 919	1 694	968	940	41,0	52,7	23,5	12,4	2,7	4,0	26,2	16,4
North and West Africa	8 441	7 121	5 434	4 839	62,0	64,1	4,1	1,3	(4,3)	13,2	(0,2)	14,5
East Africa	850	745	440	417	53,8	56,3	(7,7)	(4,8)	7,9	5,9	0,2	1,1
Other international	2 041	1 832	1 583	1 354	55,9	52,6	10,9	19,1	20,1	24,7	31,0	43,8
Total general insurance and reinsurance	13 251	11 392	8 425	7 550	57,8	60,1	7,0	5,5	1,7	13,7	8,7	19,2
Saham	10 437	8 908	6 523	5 923	58,5	62,9	7,6	2,3	(2,8)	12,1	4,8	14,4
Other	2 814	2 484	1 902	1 627	55,4	49,8	4,5	17,3	17,3	19,7	21,8	37,0
Total general insurance and reinsurance	13 251	11 392	8 425	7 550	57,8	60,1	7,0	5,5	1,7	13,7	8,7	19,2

⁽¹⁾ Net earned premiums consists of General insurance, Reinsurance and Health business before consolidation.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)
6.2 Sanlam Emerging Markets (continued)
Analysis of insurance funds

	Asset allocation (%)									
	R million		Equities and similar securities		Investment properties		Interest-bearing investments		Cash, deposits and similar securities	
			June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Southern Africa	656	673	62	50	2	2	2	14	34	34
North and West Africa	13 280	12 518	45	44	41	45	13	11	1	-
East Africa	523	424	6	-	4	5	32	55	58	40
Other international	1 916	1 951	15	15	-	-	56	56	29	29
Total insurance funds	16 375	15 566	41	39	34	37	18	18	7	6
Saham	14 446	13 686	46	44	38	41	12	11	4	4
Other subsidiaries	507	309	1	-	-	-	27	45	72	55
Total subsidiaries	14 953	13 995	44	42	37	41	13	12	6	5
Associated companies ⁽¹⁾	1 422	1 571	6	9	-	-	76	74	18	17
Total insurance funds	16 375	15 566	41	39	34	37	18	18	7	6

⁽¹⁾ Sanlam's effective share.

Analysis of net investment return

R million	Life business		General insurance		Investment management		Credit and banking		Corporate and other		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
Southern Africa	56	124	(27)	24	78	19	(2)	-	10	3	115	170	144
North and West Africa	27	27	(138)	59	-	1	-	-	148	(44)	37	43	242
East Africa	17	21	21	20	-	-	-	-	(122)	(16)	(84)	25	55
Other international	(486)	101	(63)	113	-	-	-	(3)	9	52	(540)	263	187
Corporate	-	-	-	-	-	-	-	-	(62)	(12)	(62)	(12)	(12)
Gross investment return	(386)	273	(207)	216	78	20	(2)	(3)	(17)	(17)	(534)	489	616
Tax on investment return	(21)	(31)	22	(67)	(1)	(8)	-	1	(40)	(14)	(40)	(119)	(326)
Non-controlling interests	24	(22)	(10)	(54)	(31)	(3)	-	-	19	(4)	2	(83)	(127)
Net investment return	(383)	220	(195)	95	46	9	(2)	(2)	(38)	(35)	(572)	287	163
Saham	(458)	16	(213)	14	-	-	-	-	11	(46)	(660)	(16)	18
Other	75	204	18	81	46	9	(2)	(2)	(49)	11	88	303	145
Net investment return	(383)	220	(195)	95	46	9	(2)	(2)	(38)	(35)	(572)	287	163

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.2 Sanlam Emerging Markets (continued)

Analysis of capital portfolio

	R million		Asset allocation (%)							
			Equities and similar securities		Investment properties		Interest-bearing investments		Cash, deposits and similar securities	
			June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019 ⁽²⁾	2020	2019 ⁽²⁾	2020	2019 ⁽²⁾	2020	2019 ⁽²⁾
Southern Africa	2 317	2 462	46	39	7	4	23	32	24	25
North and West Africa	15 364	13 645	42	44	37	44	20	12	1	-
East Africa	2 061	1 793	10	10	38	42	31	33	21	15
Other International	2 768	3 600	15	19	-	-	59	54	26	27
Total capital portfolio	22 510	21 500	36	36	30	32	26	23	8	9
Saham	16 315	15 703	47	45	35	38	14	12	4	5
Other subsidiaries	4 637	3 294	2	5	18	24	59	49	21	22
Total subsidiaries	20 952	18 997	37	38	31	36	24	18	8	8
Associated companies ⁽¹⁾	1 558	2 503	21	28	5	-	54	59	20	13
Total capital portfolio	22 510	21 500	36	36	30	32	26	23	8	9

⁽¹⁾ Sanlam's effective share.

⁽²⁾ LIA has been reallocated from North and West Africa to Other International.

Assets under management

R million	Southern Africa		North and West Africa		East Africa		Other international		Total	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Life business	33 941	32 115	21 613	13 157	4 361	3 590	19 112	16 326	79 027	65 188
Investment operations	37 234	40 621	-	-	48 779	40 855	-	-	86 013	81 476
Total assets under management	71 175	72 736	21 613	13 157	53 140	44 445	19 112	16 326	165 040	146 664

Credit and structuring

R million	Size of loan books (Sanlam share)		Net interest margin (%)		Bad debt ratio (%)		Administration cost as % of net interest margin	
	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited	June Reviewed	December Audited
	2020	2019	2020	2019	2020	2019	2020	2019
Shriram Transport Finance Company	24 634	20 811	7,2	7,3	2,9	2,2	25,9	22,7
Shriram City Union Finance	5 886	5 158	12,7	12,3	3,4	2,3	41,3	40,6
Capricorn Investment Holdings	9 525	9 219	5,7	2,9	0,6	0,1	94,7	95,1
Letshego	2 466	2 201	18,1	21,1	1,4	1,7	55,2	52,7

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.2 Sanlam Emerging Markets (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
Operational earnings	11	370	(261)	158	(46)	(164)	318	376	485
Value of new life insurance business	133	176	386	465	(44)	(39)	(209)	(250)	343
Unwinding of discount rate	341	313	300	286	41	27	-	-	680
Expected profit	-	-	(580)	(535)	-	-	580	535	-
Operating experience variances	33	68	49	(6)	(14)	(4)	(2)	78	8
Risk experience	41	22	-	2	-	3	41	17	18
Persistency	(44)	16	29	(7)	(11)	(4)	(62)	27	(66)
Maintenance expenses	(6)	10	13	(2)	(2)	(3)	(17)	15	2
Working capital management	26	23	-	-	-	-	26	23	57
Credit spread	(1)	8	-	-	-	-	(1)	8	5
Other	17	(11)	7	1	(1)	-	11	(12)	(8)
Operating assumption changes	(496)	(187)	(416)	(52)	(29)	(148)	(51)	13	(546)
Risk experience	(4)	26	(9)	17	-	2	5	7	45
Persistency	(56)	13	(17)	10	(10)	(3)	(29)	6	(74)
Maintenance expenses	(4)	(55)	(7)	(18)	(1)	(1)	4	(36)	(105)
Modelling changes and other	(432)	(171)	(383)	(61)	(18)	(146)	(31)	36	(412)
Net investment return	333	(22)	-	-	-	-	333	(22)	(180)
Expected return on adjusted net asset value	161	142	-	-	-	-	161	142	317
Investment variances on adjusted net asset value	172	(164)	-	-	-	-	172	(164)	(497)
Valuation and economic basis	116	(136)	322	(158)	(104)	-	(102)	22	(388)
Investment variances on in-force business	(94)	42	8	37	1	(13)	(103)	18	33
Economic assumption changes	(201)	(84)	(187)	(74)	(15)	(14)	1	4	(106)
Investment yields	(219)	(81)	(197)	(74)	(23)	(11)	1	4	(118)
Long-term asset mix assumptions and other	18	(3)	10	-	8	(3)	-	-	12
Foreign currency translation differences	411	(94)	501	(121)	(90)	27	-	-	(315)
Goodwill and VOBA from business combinations	(697)	-	(697)	-	-	-	-	-	-
Net project expenses	(19)	-	-	-	-	-	(19)	-	-
GEV earnings: covered business	(256)	212	(636)	-	(150)	(164)	530	376	(83)
Acquired value of in-force	925	(4)	837	(1)	(92)	-	180	(3)	(10)
Transfers from other group operations	(146)	-	(146)	-	-	-	-	-	-
Transfers from covered business	(103)	112	-	-	-	-	(103)	112	(264)
Embedded value of covered business at the beginning of the period	8 794	9 151	4 871	5 501	(617)	(607)	4 540	4 257	9 151
Embedded value of covered business at the end of the period	9 214	9 471	4 926	5 500	(859)	(771)	5 147	4 742	8 794

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster Information (continued)

6.2 Sanlam Emerging Markets (continued)

Analysis of Saham (100%)

R million	Life business		General insurance ⁽¹⁾		Consolidation and other ⁽²⁾		Saham total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020 ⁽³⁾	June Reviewed 2019	
Financial services income	522	665	6 553	6 963	159	275	7 234	7 903	15 597
Long-term insurance contracts	474	635	-	-	-	-	474	635	1 139
General insurance contracts	-	-	6 523	5 923	-	-	6 523	5 923	12 248
Investment return on insurance funds	48	19	(189)	792	-	-	(141)	811	1 524
Other	-	11	219	248	159	275	378	534	686
Sales remuneration	(153)	(118)	(896)	(839)	-	-	(1 049)	(957)	(1 829)
Underwriting policy benefits	(131)	(171)	(3 819)	(3 724)	-	-	(3 950)	(3 895)	(8 133)
Administration costs	(190)	(226)	(1 542)	(1 475)	(267)	(411)	(1 999)	(2 112)	(3 875)
Gross result from financial services	48	150	296	925	(108)	(136)	236	939	1 760
Tax	(43)	(36)	5	(224)	32	(29)	(6)	(289)	(548)
Non-controlling interest	(15)	(19)	(22)	(162)	1	1	(36)	(180)	(398)
Net result from financial services	(10)	95	279	539	(75)	(164)	194	470	814
Project expenses	(13)	-	(17)	-	-	-	(30)	-	-
Net investment return on shareholders' funds	(495)	(7)	(311)	7	(13)	9	(819)	9	(211)
Amortisation of intangibles	-	(4)	(22)	(13)	(5)	(4)	(27)	(21)	(39)
Net other earnings	-	(3)	60	(13)	39	(13)	99	(29)	(116)
Attributable Earnings	(518)	81	(11)	520	(54)	(172)	(583)	429	448

⁽¹⁾ General insurance includes the following lines of business: namely, general insurance, health, property, reinsurance and Elite broker company.

⁽²⁾ Consolidation and other includes the following: central corporate costs, withholding tax incurred by holding companies in the structure and Netis Group.

⁽³⁾ Impairments and VOBA amortisation are excluded and are shown at a consolidated level.

Statement of financial position at 30 June 2020 – SAN JV/Saham consolidated

R million	June Reviewed 2020	December Audited 2019
Assets	63 757	59 209
Equipment	473	525
Right-of-use assets	88	74
Owner-occupied properties	1 836	830
Goodwill	11 398	14 106
Value of business acquired	4 609	5 439
Other intangible assets	547	542
Deferred acquisition costs	356	265
Investments	20 863	19 511
Investment properties	5 779	6 023
Equity-accounted investments	11	7
Equities and similar securities	7 607	7 017
Interest-bearing investments	2 434	1 748
Investment funds	4 706	4 143
Cash, deposits and similar securities	326	573
Deferred tax	1 221	669
General insurance technical assets	3 418	2 281
Working capital assets	18 948	14 967
Trade and other receivables	13 757	9 584
Cash, deposits and similar securities	4 452	4 596
Taxation	739	787
Liabilities	36 214	29 218
Term finance	450	534
Lease liabilities	83	76
Deferred tax	3 190	3 220
General insurance technical provisions	21 796	16 843
Working capital liabilities	10 695	8 545
Trade and other payables	9 482	7 410
Provisions	169	152
Tax	1 044	983
Net asset value	27 543	29 991
Non-controlling interest	5 510	4 848
Shareholders' fund	22 033	25 143

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster Information (continued)

6.3 Sanlam Investment Group

Analysis of net result from financial services

R million	Investment Management SA		Wealth Management		International		Sanfin		Consolidation		Total		December Audited 2019
	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	June Reviewed	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Financial services income ⁽¹⁾	1 031	1 059	444	427	1 516	1 254	(57)	449	(22)	(22)	2 912	3 167	6 627
Sales remuneration	-	-	-	-	(327)	(237)	-	-	-	-	(327)	(237)	(547)
Income after sales remuneration	1 031	1 059	444	427	1 189	1 017	(57)	449	(22)	(22)	2 585	2 930	6 080
Administration cost ⁽¹⁾	(814)	(772)	(343)	(328)	(1 028)	(818)	(272)	(286)	22	22	(2 435)	(2 182)	(4 625)
Results from financial services before performance fees	217	287	101	99	161	199	(329)	163	-	-	150	748	1 455
Net performance fees ⁽¹⁾	50	22	-	-	-	-	1	2	-	-	51	24	104
Results from financial services	267	309	101	99	161	199	(328)	165	-	-	201	772	1 559
Tax on result from financial services	(75)	(82)	(10)	(31)	(36)	(53)	70	12	-	-	(51)	(154)	(392)
Non-controlling interest	(4)	(30)	-	-	(19)	(29)	-	-	-	-	(23)	(59)	(97)
Net result from financial services	188	197	91	68	106	117	(258)	177	-	-	127	559	1 070
Covered	-	-	-	-	14	50	(211)	18	-	-	(197)	68	248
Non-covered	188	197	91	68	92	67	(47)	159	-	-	324	491	822
Net investment return	(38)	(4)	1	(3)	65	37	45	95	-	-	73	125	135
Covered	-	-	-	-	(8)	2	45	92	-	-	37	94	131
Non-covered	(38)	(4)	1	(3)	73	35	-	3	-	-	36	31	4
Project expenses	(8)	(16)	-	-	-	(1)	-	-	-	-	(8)	(17)	(39)
Net operational earnings	142	177	92	65	171	153	(213)	272	-	-	192	667	1 166
Amortisation of intangible assets	(13)	(10)	(9)	(8)	(101)	(80)	-	-	-	-	(123)	(98)	(211)
Loss on disposal of associates	-	-	-	-	-	(1)	-	-	-	-	-	(1)	1
Other	(38)	-	-	-	(34)	-	-	-	-	-	(72)	-	(5)
Normalised attributable earnings	91	167	83	57	36	72	(213)	272	-	-	(3)	568	951

⁽¹⁾ Financial services income and administration costs on page 42 include performance fees and the related administration costs.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.3 Sanlam Investment Group (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
Operational earnings	(405)	23	(8)	(14)	4	(15)	(401)	52	148
Value of new life insurance business	-	-	24	26	(4)	(3)	(20)	(23)	-
Unwinding of discount rate	42	38	25	22	17	16	-	-	72
Expected profit	-	-	(65)	(57)	-	-	65	57	-
Operating experience variances	(413)	(5)	6	(12)	(13)	(12)	(406)	19	141
Risk experience	6	5	(2)	1	-	-	8	4	16
Persistency	3	(1)	4	(1)	(1)	-	-	-	-
Maintenance expenses	(8)	(3)	-	-	-	-	(8)	(3)	(10)
Working capital management	-	-	-	-	-	-	-	-	-
Credit spread	(373)	17	-	-	-	-	(373)	17	172
Other	(41)	(23)	4	(12)	(12)	(12)	(33)	1	(37)
Operating assumption changes	(34)	(10)	2	7	4	(16)	(40)	(1)	(65)
Risk experience	-	-	-	(1)	-	-	-	1	9
Persistency	-	-	-	-	-	-	-	-	6
Maintenance expenses	-	-	-	-	-	-	-	-	(40)
Modelling changes and other	(34)	(10)	2	8	4	(16)	(40)	(2)	(40)
Net investment return	151	72	-	-	-	-	151	72	135
Expected return on adjusted net asset value	85	91	-	-	-	-	85	91	178
Investment variances on adjusted net asset value	66	(19)	-	-	-	-	66	(19)	(43)
Valuation and economic basis	161	28	(93)	26	50	(14)	204	16	76
Investment variances on in-force business	(22)	39	(225)	39	-	-	203	-	44
Economic assumption changes	78	3	4	4	73	(17)	1	16	25
Investment yields	78	18	4	4	73	14	1	-	40
Long-term asset mix assumptions and other	-	(15)	-	-	-	(31)	-	16	(15)
Foreign currency translation differences	105	(14)	128	(17)	(23)	3	-	-	7
Change in tax basis	(24)	-	(23)	-	(1)	-	-	-	-
GEV earnings: covered business	(117)	123	(124)	12	53	(29)	(46)	140	359
Transfers from other covered business group operations	-	231	-	-	-	(123)	-	354	231
Transfers from covered business	170	(162)	-	-	-	-	170	(162)	(331)
Embedded value of covered business at the beginning of the period	3 056	2 797	816	781	(969)	(787)	3 209	2 803	2 797
Embedded value of covered business at the end of the period	3 109	2 989	692	793	(916)	(939)	3 333	3 135	3 056

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.3 Sanlam Investment Group (continued)

Assets under management

R million	Assets under management		Fee income (%)		Administration cost (%)	
	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019	June Reviewed 2020	December Audited 2019
Investment Management SA ⁽¹⁾	640 728	663 705	0,30	0,31	0,21	0,22
Wealth Management	87 238	80 738	1,06	1,12	0,82	0,88
International	165 847	152 717	1,33	1,30	1,14	1,10
Intra-cluster eliminations	(36 452)	(39 314)				
Asset management operations	857 361	857 846				
Covered business	91 572	85 746				
Sanlam UK	59 269	51 668				
Central Credit Manager	32 303	34 078				
Assets under management	948 933	943 592				

⁽¹⁾ Includes Sanlam assets of R194,3 billion (2019: R215,4 billion).

Asset mix of assets under management

R million	Fixed interest	Equities	Offshore	Properties	Cash	Total
2020						
Investment Management SA	128 056	265 499	101 968	25 517	119 688	640 728
Wealth Management	-	42 699	41 300	-	3 239	87 238
International	-	-	165 847	-	-	165 847
Intra-cluster consolidation						(36 452)
Assets under management – asset management	128 056	308 198	309 115	25 517	122 927	857 361
2019						
Investment Management SA	111 329	311 003	93 332	37 692	110 349	663 705
Wealth Management	-	46 163	32 666	-	1 909	80 738
International	-	-	152 717	-	-	152 717
Intra-cluster consolidation						(39 314)
Assets under management – asset management	111 329	357 166	278 715	37 692	112 258	857 846

6.4 Santam

R million	June Reviewed 2020	June Reviewed 2019	December Audited 2019
Business volumes			
Gross written premiums	18 258	17 018	35 852
Net earned premiums	11 992	11 773	24 227
Net fund flows	4 129	4 155	9 146

Insurance activities

R million	Gross written premiums		Underwriting result	
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019
Conventional insurance	14 812	14 220	533	602
Motor	6 522	6 549	1 061	593
Property	5 976	5 322	(758)	(128)
Engineering	791	824	169	143
Liability	614	627	3	117
Transportation	386	376	27	(23)
Accident and health	337	306	42	3
Guarantee	37	115	(20)	(17)
Other	149	101	9	(86)
Alternative risk (ART)	3 446	2 798	5	19
Total	18 258	17 018	538	621

	June Reviewed 2020	June Reviewed 2019
Ratios (%)		
Administration cost ratio ⁽¹⁾	17,0	17,0
Claims ratio ⁽¹⁾	65,5	64,5
Underwriting margin ⁽¹⁾	4,3	5,3
Investment return on insurance funds margin ⁽¹⁾	2,3	2,5

⁽¹⁾ Ratios are calculated as a percentage of net earned premiums for the conventional business.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.4 Santam (continued)

R million	June Reviewed 2020	June Reviewed 2019	December Audited 2019
Conventional insurance			
Net earned premiums	11 761	11 457	23 673
Net claims incurred	(7 699)	(7 388)	(14 711)
Net commission	(1 529)	(1 514)	(2 950)
Management expenses (excluding BEE costs)	(2 000)	(1 953)	(4 192)
Underwriting result: conventional insurance	533	602	1 820
Investment return on insurance funds	275	285	579
Net insurance result	808	887	2 399
Net other income	50	76	173
Alternative risk ⁽¹⁾	54	72	171
Other	(4)	4	2
Strategic participations	145	285	483
Saham ⁽²⁾	3	82	162
SEM target shares	142	203	321
Santam BEE cost	(1)	-	(3)
Gross result from financial services	1 002	1 248	3 052
Tax and non-controlling interest	(606)	(747)	(1 835)
Net result from financial services	396	501	1 217

⁽¹⁾ Includes operating income and expenses relating to ART business and other operating income and expenses not related to underwriting results.

⁽²⁾ Includes SEM cluster cost allocation of R5 million (2019: R14 million).

6.5 Sanlam Corporate

Sanlam Employee Benefits

	Life business		Investment business		Total		
R million	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	December Audited 2019
New business volumes	2 596	2 270	2 165	1 087	4 761	3 357	15 238
Recurring premiums	224	357	52	33	276	390	1 140
Guaranteed	170	248	-	-	170	248	689
Risk	54	109	-	-	54	109	356
Other	-	-	52	33	52	33	95
Single premiums	2 372	1 913	2 113	1 054	4 485	2 967	14 098
Guaranteed	988	764	-	-	988	764	3 007
Retirement	277	528	-	-	277	528	2 874
Annuity	530	181	-	-	530	181	498
Special structures	577	440	-	-	577	440	1 366
Other	-	-	2 113	1 054	2 113	1 054	6 353

Analysis of earnings

	Life business		Non-life operations		Total		
R million	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	December Audited 2019
Net result from financial services	290	201	62	53	352	254	590
Sanlam Employee Benefits	269	183	-	-	269	183	478
ACA employee benefits	21	18	-	-	21	18	39
Healthcare and other	-	-	62	53	62	53	73
Net investment return	39	74	-	-	39	74	104
Net investment income	51	25	-	-	51	25	55
Net investment surpluses	(12)	49	-	-	(12)	49	49
Net other earnings	(13)	(11)	1	(6)	(12)	(17)	(32)
Normalised attributable earnings	316	264	63	47	379	311	662

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

6. Cluster information (continued)

6.5 Sanlam Corporate (continued)

Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
Operational earnings	125	424	(199)	205	22	19	302	200	971
Value of new life insurance business	15	43	105	118	(19)	(19)	(71)	(56)	174
Unwinding of discount rate	228	209	220	197	8	12	-	-	424
Expected profit	-	-	(285)	(247)	-	-	285	247	-
Operating experience variances	140	99	18	66	11	14	111	19	260
Risk experience	29	(61)	29	(5)	(4)	1	4	(57)	(35)
Persistence	(4)	93	(5)	76	-	14	1	3	135
Maintenance expenses	8	(2)	-	-	-	-	8	(2)	9
Working capital management	51	42	-	-	-	-	51	42	90
Credit spread	15	18	-	-	-	-	15	18	34
Other	41	9	(6)	(5)	15	(1)	32	15	27
Operating assumption changes	(258)	73	(257)	71	22	12	(23)	(10)	113
Risk experience	-	-	-	-	-	-	-	-	-
Persistence	(143)	-	(160)	-	17	-	-	-	(7)
Maintenance expenses	(105)	(2)	(109)	3	4	-	-	(5)	61
Modelling changes and other	(10)	75	12	68	1	12	(23)	(5)	59
Net investment return	39	74	-	-	-	-	39	74	101
Expected return on adjusted net asset value	70	72	-	-	-	-	70	72	148
Investment variances on adjusted net asset value	(31)	2	-	-	-	-	(31)	2	(47)
Valuation and economic basis	(118)	41	(114)	73	8	(33)	(12)	1	(10)
Investment variances on in-force business	(111)	98	(105)	105	6	(8)	(12)	1	87
Economic assumption changes	(7)	(57)	(9)	(32)	2	(25)	-	-	(97)
Investment yields	(7)	(30)	(9)	(36)	2	6	-	-	(66)
Long-term asset mix assumptions and other	-	(27)	-	4	-	(31)	-	-	(31)
GEV earnings: covered business	46	539	(313)	278	30	(14)	329	275	1 062
Transfers to other covered group operations	-	(231)	-	-	-	123	-	(354)	(231)
Transfers from covered business	(329)	(275)	-	-	-	-	(329)	(275)	(572)
Embedded value of covered business at the beginning of the period	5 336	5 077	3 893	3 376	(616)	(666)	2 059	2 367	5 077
Embedded value of covered business at the end of the period	5 053	5 110	3 580	3 654	(586)	(557)	2 059	2 013	5 336

6.6 Group office

Analysis of earnings

R million	Group office and other		Consolidation ⁽¹⁾		Total		December Audited 2019
	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	June Reviewed 2020	June Reviewed 2019	
Financial services income	184	140	(173)	(285)	11	(145)	(370)
Sales remuneration	-	-	-	-	-	-	-
Income after sales remuneration	184	140	(173)	(285)	11	(145)	(370)
Administration cost	(138)	(148)	-	-	(138)	(148)	(302)
Results from financial services	46	(8)	(173)	(285)	(127)	(293)	(672)
Tax on result from financial services	(13)	9	52	96	39	105	214
Non-controlling interest	-	-	121	189	121	189	358
Net result from financial services	33	1	-	-	33	1	(100)
Net investment income	46	13	-	-	46	13	232
Net investment surpluses	(45)	(4)	-	-	(45)	(4)	(10)
Project expenses	(11)	-	-	-	(11)	-	-
Net operational earnings	23	10	-	-	23	10	122
Amortisation of intangible assets	-	(1)	-	-	-	(1)	-
Net equity participation costs	-	(594)	-	-	-	(594)	(594)
Normalised attributable earnings	23	(585)	-	-	23	(585)	(472)

⁽¹⁾ Includes the consolidation entries relating to SEM target shares and Saham included within the Santam results.

NOTES TO THE SHAREHOLDERS' FUND INFORMATION
for the six months ended 30 June 2020 (reviewed) (continued)

7. Normalised diluted earnings per share

Cents	June Reviewed 2020	June Reviewed 2019
Normalised diluted earnings per share:		
Net result from financial services	174,5	226,9
Operational earnings	157,2	264,9
(Loss)/profit attributable to shareholders' fund	(193,2)	216,3
R million	June Reviewed 2020	June Reviewed 2019
Analysis of operational earnings (refer shareholders' fund income statement on page 42):		
Net result from financial services	3 898	4 968
Operational earnings	3 511	5 801
(Loss)/profit attributable to shareholders' fund	(4 315)	4 737
Reconciliation of operational earnings:		
Headline earnings per note 1 on page 92	3 893	3 534
(Less)/add:	(382)	2 267
Fund transfers	(786)	1 298
Net equity-accounted earnings	(7)	(9)
Net amortisation of value of business acquired and other intangibles	410	383
Equity participation costs	1	595
Operational earnings	3 511	5 801
	Million	Million
Adjusted number of shares:		
Weighted average number of shares for diluted earnings per share (refer note 1 on page 92)	2 095,8	2 090,8
Add: Weighted average Sanlam shares held by policyholders and B-BBEE SPV	138,1	98,8
Adjusted weighted average number of shares for normalised diluted earnings per share	2 233,9	2 189,6

8. Value per share

R million	June Reviewed 2020	December Audited 2019
Net asset value per share is calculated on the Group shareholders' fund at net asset value of R71 807 million (2019: R76 512 million), divided by 2226.6 million (2019: 2226.2 million) shares.		
Equity value per share is calculated based on the Group Equity Value of R 129 315 million (2019: R143 271 million), divided by 2226.6 million (2019: 2226.2 million) shares.		
Number of shares for value per share		
Number of ordinary shares in issue	2 343,3	2 343,3
Shares held by subsidiaries in shareholders' fund	(31,2)	(139,2)
Shares cancelled	(116,4)	-
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	30,9	22,1
Adjusted number of shares for value per share	2 226,6	2 226,2
9. Present value of holding company expenses		
The present value of holding company expenses has been calculated by applying a multiple of 8,4 (2019: 8,8) to the after-tax recurring corporate expenses.	8,4	8,8

10. Shares repurchased and cancelled

Sanlam shareholders granted general authorities to the Group at the 2020 and 2019 annual general meetings to repurchase Sanlam shares.

Sanlam Limited has repurchased 116 363 639 ordinary shares of 1 cent each held in treasury by its wholly owned subsidiary, Sanlam Life Insurance Limited, at a repurchase price of R56,29 per share (in aggregate R6 550 109 239).

The repurchase constitutes a transfer to, and subsequent cancellation of the treasury shares previously acquired by Sanlam Life Insurance Limited pursuant to the general authorities and is cash neutral for the Sanlam Group.

The treasury shares represented 4,97% of the issued share capital of the Company immediately prior to their cancellation. Following the cancellation, the issued share capital of the Company now comprises 2 226 974 408 ordinary shares of 1 cent each.

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INDEPENDENT AUDITOR’S 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 2020 and condensed consolidated statements of comprehensive income, changes in equity and cash flow for the six-month period then ended, selected explanatory notes set out on pages 88 to 119, the basis of accounting as set out on pages 25 and 26, and the segment information on pages 27 to 85 of the interim results report.

Directors’ responsibility for the interim financial statements

The directors of Sanlam Limited are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 – “Interim Financial Reporting”, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange Listings Requirements 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 2020 as set out on pages 88 to 119, the basis of accounting as set out on pages 25 and 26, and the segment information on pages 27 to 85 of the interim results report are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34, “Interim Financial Reporting”, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange Listings Requirements and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Christo du Toit
Registered Auditor Chartered Accountant (SA)

No. 3 Dock Road Waterway House
V&A Waterfront
Cape Town

09 September 2020

STATEMENT OF FINANCIAL POSITION

at 30 June 2020

R million	Reviewed June 2020	Audited December 2019
ASSETS		
Equipment	1 741	1 655
Right-of-use assets	1 981	1 912
Owner-occupied properties	2 960	1 794
Goodwill	18 277	18 974
Value of business acquired	7 967	8 768
Other intangible assets	908	926
Deferred acquisition costs	3 525	3 505
Long-term reinsurance assets	2 306	2 042
Investments	794 129	770 995
Properties	22 166	21 565
Investments in associates and joint ventures	18 744	18 682
Equities and similar securities	177 444	201 501
Interest-bearing investments	251 682	234 509
Structured transactions	29 572	23 090
Investment funds	236 071	222 141
Cash, deposits and similar securities	58 450	49 507
Deferred tax asset	2 803	1 872
Assets of disposal groups classified as held for sale	131	159
General insurance technical assets	12 518	10 166
Working capital assets	78 085	77 461
Trade and other receivables	49 075	46 180
Taxation	1 366	912
Cash, deposits and similar securities	27 644	30 369
Total assets	927 331	900 229
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	12 784	13 452
Treasury shares	(1 889)	(4 127)
Other reserves	6 215	(1 859)
Retained earnings	46 446	59 851
Shareholders' fund	63 556	67 317
Non-controlling interests	12 956	12 043
Total equity	76 512	79 360
Long-term policy liabilities	611 573	591 168
Term finance	11 630	11 187
Margin business	4 230	3 614
Other interest-bearing liabilities	7 400	7 573
Lease liabilities	2 209	2 110
Structured transaction liabilities	23 147	19 272
External investors in consolidated funds	80 167	85 187
Cell owners' interest	3 968	3 935
Deferred tax liability	6 082	5 766
General insurance technical provisions	49 758	41 332
Working capital liabilities	62 285	60 912
Trade and other payables	59 122	58 062
Provisions	368	523
Taxation	2 795	2 327
Total equity and liabilities	927 331	900 229

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2020

R million	Note	Reviewed 2020	Reviewed 2019
Net income		48 385	81 104
Financial services income	2	48 728	46 171
Reinsurance premiums paid		(8 958)	(7 722)
Reinsurance commission received		1 439	1 265
Investment income		16 607	16 493
Investment surpluses		(6 804)	28 491
Finance cost – margin business		(103)	(117)
Change in fair value of external investors' liability		(2 524)	(3 477)
Net insurance and investment contract benefits and claims		(21 096)	(54 127)
Long-term insurance and investment contract benefits		(9 948)	(43 522)
General insurance claims		(16 626)	(14 664)
Reinsurance claims received		5 478	4 059
Expenses		(19 886)	(20 324)
Sales remuneration		(6 812)	(6 317)
Administration costs		(13 074)	(14 007)
Impairments		(9 284)	(108)
Net impairment losses on financial assets		(998)	–
Other impairments		(8 286)	(108)
Amortisation of intangibles		(756)	(699)
Net operating result		(2 637)	5 846
Equity-accounted earnings		1 215	1 555
Finance cost – other		(645)	(419)
(Loss)/profit before tax		(2 067)	6 982
Taxation		(1 332)	(2 863)
Shareholders' fund		(540)	(1 812)
Policyholders' fund		(792)	(1 051)
(Loss)/profit for the period		(3 399)	4 119
Other comprehensive income (net of tax): to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		9 400	(1 389)
Other comprehensive income of equity-accounted investments		(56)	(207)
Comprehensive income for the period		5 945	2 523
Allocation of comprehensive income:			
(Loss)/profit for the period		(3 399)	4 119
Shareholders' fund		(3 529)	3 439
Non-controlling interests		130	680
Comprehensive income for the period		5 945	2 523
Shareholders' fund		4 163	2 298
Non-controlling interests		1 782	225
Earnings attributable to shareholders of the company (cents):			
(Loss)/profit for the period			
Basic earnings per share	1	(170,9)	166,2
Diluted earnings per share	1	(168,4)	164,5

STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2020

R million	Note	Reviewed 2020	Reviewed 2019
Shareholders' fund			
Balance at beginning of the period		67 317	69 506
Comprehensive income		4 163	2 298
Profit for the period		(3 529)	3 439
Other comprehensive income		7 692	(1 141)
Net acquisition of treasury shares ⁽¹⁾		(1 043)	(8 580)
Share-based payments		194	190
B-BBEE IFRS 2 costs ⁽²⁾		-	1 686
Acquisitions, disposals and other movements in interests		(137)	(224)
Shares issued		-	7 795
Dividends paid ⁽³⁾		(6 938)	(6 500)
Balance at the end of the period		63 556	66 171
Non-controlling interests			
Balance at beginning of the period		12 043	12 111
Comprehensive income		1 782	225
Profit for the period		130	680
Other comprehensive income		1 652	(455)
Net acquisition of treasury shares ⁽¹⁾		(53)	(20)
Share-based payments		13	16
Acquisitions, disposals and other movements in interests		(27)	49
Dividends paid		(802)	(743)
Balance at the end of the period		12 956	11 638
Shareholders' fund		67 317	69 506
Non-controlling interests		12 043	12 111
Total equity at the beginning of the period		79 360	81 617
Shareholders' fund		63 556	66 171
Non-controlling interests		12 956	11 638
Total equity at the end of the period		76 512	77 809

⁽¹⁾ Comprises movement in cost of shares held by subsidiaries, the share incentive trust, other consolidated funds and the broad-based black economic empowerment special purpose vehicle (B-BBEE SPV).

⁽²⁾ A one-off expense of R1 686 million was recognised during 2019 in terms of International Financial Reporting Standards (IFRS) 2 Share-Based Payment in respect of the B-BBEE share issuance to the new B-BBEE SPV.

⁽³⁾ Dividend of 334 cents per share declared and paid during 2020 in respect of the 2019 financial year (2019: 312 cents).

CASH FLOW STATEMENT

for the six months ended 30 June 2020

R million	Note	Reviewed 2020	Reviewed 2019
Cash flows from operating activities			
		4 236	(918)
Cash utilised in operations	5.1	(1 896)	(6 849)
Interest and preference share dividends received		9 197	9 819
Interest paid		(642)	(493)
Dividends received		6 835	6 278
Dividends paid		(7 626)	(7 062)
Taxation paid		(1 632)	(2 611)
Cash flows from investing activities			
		(1 008)	(94)
Acquisitions of subsidiaries and associated companies	5.2	(1 008)	(126)
Disposals of subsidiaries and associated companies		-	32
Cash flows from financing activities			
		(1 078)	2 444
Shares issued		-	7 795
Acquisition of treasury shares		(1 096)	(8 600)
Term finance raised		822	3 662
Term finance repaid		(481)	(149)
Lease liabilities repaid		(323)	(264)
Net increase in cash and cash equivalents			
		2 150	1 432
Effect of exchange rate movements on cash balances		3 617	(378)
Cash, deposits and similar securities at the beginning of the period		71 657	63 343
Cash, deposits and similar securities at end of the period	5.3	77 424	64 397

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2020

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 vehicles (including the B-BBEE SPV) 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 vehicles and policyholders. The shares held by the B-BBEE SPV are considered as an option for dilutive earnings per share purposes that will have an impact on the dilution as the Sanlam share price increase. Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Refer to page 84 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.

	Reviewed 2020	Reviewed 2019
Cents		
Basic earnings per share:		
Headline earnings	188,5	170,7
(Loss)/profit attributable to shareholders' fund	(170,9)	166,2
Diluted earnings per share:		
Headline earnings	185,8	169,0
(Loss)/profit attributable to shareholders' fund	(168,4)	164,5
R million		
Analysis of earnings:		
(Loss)/profit attributable to shareholders' fund	(3 529)	3 439
Less: Net (profit)/loss on disposal of subsidiaries and associated companies	(216)	4
Less: Equity-accounted non-headline earnings	(9)	(2)
Plus: Impairments	7 647	93
Gross impairments	8 286	142
Tax on impairments	(317)	-
Non-controlling interests	(322)	(49)
Headline earnings	3 893	3 534
Million		
Number of shares:		
Number of ordinary shares in issue at beginning of the period	2 343,3	2 232,0
Add: Weighted number of shares issued	-	74,2
Less: Weighted number of shares cancelled ⁽¹⁾	(38,8)	-
Less: Weighted Sanlam shares held by subsidiaries and consolidated vehicles (including policyholders and B-BBEE SPV)	(239,6)	(236,4)
Adjusted weighted average number of shares for basic earnings per share	2 064,9	2 069,8
Add: Number of shares in respect of Sanlam Limited long-term incentive schemes	30,9	21,0
Adjusted weighted average number of shares for diluted earnings per share	2 095,8	2 090,8

⁽¹⁾ For more information in respect of the share cancellations, refer to note 10 of the Shareholders' information section on page 85.

2. Reconciliation of segmental information

R million	Reviewed 2020	Reviewed 2019
Segment financial services income (per shareholders' fund income statement)	40 729	41 052
Sanlam Personal Finance	10 417	10 220
Sanlam Emerging Markets	11 950	12 410
Sanlam Investment Group	2 990	3 204
Santam	12 386	12 398
Sanlam Corporate	2 975	2 965
Group office and other	11	(145)
IFRS adjustments ⁽¹⁾	7 999	5 119
Total financial services income	48 728	46 171
Segment results (per shareholders' fund income statement after tax and non-controlling interest)	(4 315)	4 737
Sanlam Personal Finance	2 053	2 512
Sanlam Emerging Markets	(6 803)	1 308
Sanlam Investment Group	(3)	568
Santam	36	623
Sanlam Corporate	379	311
Group office and other	23	(585)
Non-controlling interests included in segment result	130	680
Fund transfers	786	(1 298)
Total profit for the period	(3 339)	4 119
Segment IFRS 15 Revenue from Contracts with Customers		
Sanlam Personal Finance	3 053	2 701
Sanlam Emerging Markets	464	394
Sanlam Investment Group	3 128	3 042
Santam	180	112
Sanlam Corporate	812	1 047
Total revenue in the scope of IFRS 15	7 637	7 296

⁽¹⁾ IFRS adjustments mainly include earnings on capital from operating associates and joint ventures and reinsurance premiums paid (these items are classified differently between the shareholder's fund income statement on pages 42 and 43 and the IFRS statement of comprehensive income).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

3. Financial services income

Financial services income is considered to be revenue for IFRS purposes and can be disaggregated as follows:

3.1 According to primary geography

R million	June 2020 – Reviewed			
	South Africa	Rest of Africa	Other international	Total
IFRS 15 revenue	5 501	481	1 655	7 637
Administration fees	3 678	265	234	4 177
Asset management and performance fees	1 187	170	1 082	2 439
Commissions	291	34	326	651
Consulting fees	122	12	11	145
Actuarial and risk management fees	110	-	-	110
Trust and estate fees	55	-	-	55
Other ⁽¹⁾	58	-	2	60
Revenue not within the scope of IFRS 15	25 762	13 532	1 797	41 091
Financial services income	31 263	14 013	3 452	48 728

R million	June 2019 – Reviewed (Restated)			
	South Africa	Rest of Africa	Other international	Total
IFRS 15 revenue	5 490	411	1 395	7 296
Administration fees	3 520	270	213	4 003
Asset management and performance fees	1 326	99	935	2 360
Commissions	219	37	244	500
Consulting fees	181	5	-	186
Actuarial and risk management fees	100	-	-	100
Trust and estate fees	68	-	-	68
Other ⁽¹⁾	76	-	3	79
Revenue not within the scope of IFRS 15 ⁽²⁾	25 228	12 441	1 206	38 875
Financial services income	30 718	12 852	2 601	46 171

⁽¹⁾ Other IFRS 15 revenue relates to rebates and scrip lending fees received.

⁽²⁾ In line with the current year's allocation to reportable segments, R970 million and R616 million have been reallocated from the South Africa geographical market to Rest of Africa and Other International, respectively. It did not affect the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity or the Statement of Cash flows.

R million	June 2020 – Reviewed			
	At a point in time	Over time	Not in the scope of IFRS 15	Total
3.2 According to timing of revenue recognition				
IFRS 15 revenue	553	7 084	-	7 637
Administration fees	25	4 152	-	4 177
Asset management and performance fees	1	2 438	-	2 439
Commissions	478	173	-	651
Consulting fees	7	138	-	145
Actuarial and risk management fees	-	110	-	110
Trust and estate fees	23	32	-	55
Other ⁽¹⁾	19	41	-	60
Revenue not within the scope of IFRS 15	-	-	41 091	41 091
Financial services income	553	7 084	41 091	48 728

R million	June 2019 – Reviewed			
	At a point in time	Over time	Not in the scope of IFRS 15	Total
IFRS 15 revenue	496	6 800	-	7 296
Administration fees	23	3 980	-	4 003
Asset management and performance fees	-	2 360	-	2 360
Commissions	395	105	-	500
Consulting fees	8	178	-	186
Actuarial and risk management fees	-	100	-	100
Trust and estate fees	32	36	-	68
Other ⁽¹⁾	38	41	-	79
Revenue not within the scope of IFRS 15	-	-	38 875	38 875
Financial services income	496	6 800	38 875	46 171

⁽¹⁾ Other IFRS 15 revenue relates to rebates and scrip lending fees received.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

4. Financial assets and financial liabilities
Classification of financial instruments

	Fair value through profit or loss		Fair value through other comprehensive income	Total fair value	Amortised cost gross	Expected credit loss allowance	Amortised cost net	Total
R million	Mandatorily	Designated						
June 2020 – Reviewed								
Investments	438 476	302 301	-	740 777	14 448	(1 571)	12 877	753 654
Equities and similar securities	177 444	-	-	177 444	-	-	-	177 444
Investment in joint ventures	-	435	-	435	-	-	-	435
Interest-bearing investments	-	239 697	-	239 697	12 817	(832)	11 985	251 682
Structured transactions	24 961	4 611	-	29 572	-	-	-	29 572
Investment funds	236 071	-	-	236 071	-	-	-	236 071
Cash, deposits and similar securities	-	57 558	-	57 558	1 631	(739)	892	58 450
Working capital assets	9 002	3 130	9	12 141	66 246	(2 272)	63 974	76 115
Trade and other receivables	9 002	3 130	-	12 132	38 611	(2 272)	36 339	48 471
Cash deposits and similar securities	-	-	9	9	27 635	-	27 635	27 644
Total financial assets	447 478	305 431	9	752 918	80 694	(3 843)	76 851	829 769
External investors in consolidated funds	-	80 167	-	80 167			-	80 167
Investment contract liabilities	-	417 812	-	417 812			-	417 812
Term finance	-	3 228	-	3 228			8 402	11 630
Structured transaction liabilities	23 147	-	-	23 147			-	23 147
Trade and other payables	2 310	9 926	-	12 236			43 340	55 576
Total financial liabilities	25 457	511 133	-	536 590			51 742	588 332
December 2019 – Audited								
Investments	442 108	279 293	-	721 401	10 364	(617)	9 747	731 148
Equities and similar securities	201 501	-	-	201 501	-	-	-	201 501
Investment in joint ventures	-	400	-	400	-	-	-	400
Interest-bearing investments	-	225 765	-	225 765	9 126	(382)	8 744	234 509
Structured transactions	18 466	4 624	-	23 090	-	-	-	23 090
Investment funds	222 141	-	-	222 141	-	-	-	222 141
Cash, deposits and similar securities	-	48 504	-	48 504	1 238	(235)	1 003	49 507
Working capital assets	9 562	2 779	3 515	15 856	61 763	(1 705)	60 058	75 914
Trade and other receivables	9 562	2 779	-	12 341	34 909	(1 705)	33 204	45 545
Cash, deposits and similar securities	-	-	3 515	3 515	26 854	-	26 854	30 369
Total financial assets	451 670	282 072	3 515	737 257	72 127	(2 322)	69 805	807 062
External investors in consolidated funds	-	85 187	-	85 187			-	85 187
Investment contract liabilities	-	401 481	-	401 481			-	401 481
Term finance	-	3 314	-	3 314			7 873	11 187
Structured transaction liabilities	19 272	-	-	19 272			-	19 272
Trade and other payables	2 823	9 503	-	12 326			41 869	54 195
Total financial liabilities	22 095	499 485	-	521 580			49 742	571 322

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

4. Financial assets and financial liabilities (continued)

Reconciliation of expected credit losses

R million	June 2020 - Reviewed				Total
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Lifetime ECL (simplified approach)	
Interest-bearing investments					
Government interest-bearing investments					
Balance at the beginning of year	75	-	102	-	177
Net remeasurement of loss allowance	-	-	172	-	172
Foreign currency translation differences	15	-	29	-	44
Balance at the end of the year	90	-	303	-	393
Corporate interest-bearing investments					
Balance at the beginning of year	5	-	14	-	19
Net remeasurement of loss allowance	-	-	118	-	118
Foreign currency translation differences	1	-	8	-	9
Balance at the end of the year	6	-	140	-	146
Other interest-bearing investments					
Balance at the beginning of year	182	1	3	-	186
Net remeasurement of loss allowance	68	-	-	-	68
Foreign currency translation differences	39	-	-	-	39
Balance at the end of the year	289	1	3	-	293
Total interest-bearing investments					
Balance at the beginning of year	262	1	119	-	382
Net remeasurement of loss allowance	68	-	290	-	358
Foreign currency translation differences	55	-	37	-	92
Balance at the end of the year	385	1	446	-	832
Cash, deposits and similar securities					
Balance at the beginning of year	11	-	224	-	235
Net remeasurement of loss allowance	-	-	436	-	436
Foreign currency translation differences	1	-	67	-	68
Balance at the end of the year	12	-	727	-	739
Trade and other receivables					
Accounts receivable					
Balance at the beginning of year	-	-	-	333	333
Net remeasurement of loss allowance	-	-	-	138	138
Foreign currency translation differences	-	-	-	45	45
Balance at the end of the year	-	-	-	516	516
Premiums receivable					
Balance at the beginning of year	-	-	-	1 372	1 372
Net remeasurement of loss allowance	-	-	-	132	132
Foreign currency translation differences	-	-	-	252	252
Balance at the end of the year	-	-	-	1 756	1 756
Total trade and other receivables					
Balance at the beginning of year	-	-	-	1 705	1 705
Net remeasurement of loss allowance	-	-	-	270	270
Foreign currency translation differences	-	-	-	297	297
Balance at the end of the year	-	-	-	2 272	2 272

R million	December 2019 - Audited				Total
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Lifetime ECL (simplified approach)	
Interest-bearing investments					
Government interest-bearing investments					
Balance at the beginning of year	-	-	-	-	-
Net remeasurement of loss allowance	77	-	102	-	179
Foreign currency translation differences	(2)	-	-	-	(2)
Balance at the end of the year	75	-	102	-	177
Corporate interest-bearing investments					
Balance at the beginning of year	12	-	-	-	12
Net remeasurement of loss allowance	(7)	-	14	-	7
Foreign currency translation differences	-	-	-	-	-
Balance at the end of the year	5	-	14	-	19
Other interest-bearing investments					
Balance at the beginning of year	167	14	3	-	184
Net remeasurement of loss allowance	18	(13)	-	-	5
Foreign currency translation differences	(3)	-	-	-	(3)
Balance at the end of the year	182	1	3	-	186
Total interest-bearing investments					
Balance at the beginning of year	179	14	3	-	196
Net remeasurement of loss allowance	88	(13)	116	-	191
Foreign currency translation differences	(5)	-	-	-	(5)
Balance at the end of the year	262	1	119	-	382
Cash, deposits and similar securities					
Balance at the beginning of year	-	-	-	-	-
Net remeasurement of loss allowance	12	-	224	-	236
Foreign currency translation differences	(1)	-	-	-	(1)
Balance at the end of the year	11	-	224	-	235
Trade and other receivables					
Accounts receivable					
Balance at the beginning of year	-	-	-	342	342
Net remeasurement of loss allowance	-	-	-	18	18
Foreign currency translation differences	-	-	-	(27)	(27)
Balance at the end of the year	-	-	-	333	333
Premiums receivable					
Balance at the beginning of year	-	-	-	1 246	1 246
Net remeasurement of loss allowance	-	-	-	145	145
Foreign currency translation differences	-	-	-	(19)	(19)
Balance at the end of the year	-	-	-	1 372	1 372
Total trade and other receivables					
Balance at the beginning of year	-	-	-	1 588	1 588
Net remeasurement of loss allowance	-	-	-	163	163
Foreign currency translation differences	-	-	-	(46)	(46)
Balance at the end of the year	-	-	-	1 705	1 705

Investment assets: Interest-bearing investments and cash, deposits and similar securities

The significant increase in lifetime ECL (credit impaired) net remeasurement of loss allowance mainly relates to further write-offs as result of significant increase in credit risk since initial recognition of the financial instruments held by the Group due to the economic environment and the downgrade of the credit sovereign rating by the three major rating agencies of Lebanon. LIA Insurance's investment portfolio is managed by the investment officer in accordance with the investment policy established by the respective Board of Directors. LIA Insurance's bank balances are maintained with a range of international and local banks in accordance with limits set by the same Board of Directors.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

4. Financial assets and financial liabilities (continued)

Investment assets: Interest-bearing investments and cash, deposits and similar securities (continued)

At the reporting date, the credit risk of interest-bearing investments rated between CCC and lower (default status) have significantly increased since initial recognition and the loss allowance is therefore measured at an amount equal to lifetime ECL. The probabilities of default (PD) and the loss given default (LGD) are extracted from the reports published by the rating agencies. When the issuer's rating deteriorates significantly it is indicative of a significant increase in credit risk since initial recognition.

For banks and corporates, the PD rates applied were sourced from Moody's and adjusted as appropriate, also considering forward looking information.

Since the Lebanon sovereign had defaulted prior to reporting date, 100% PD was applied to sovereign. The Moody's Sovereign default and recovery study dated May 2020 referenced high expected investor losses for Lebanon, which moved to a Ca rating in 2020. The upper end of the investor loss range was applied as 65% for LGD to all counterparties (banks, corporates and the sovereign) due to the systemic exposure of all counterparties to one another.

			December 2019 – audited	June 2020 – reviewed
R million	June 2020 – reviewed	Lifetime ECL (credit impaired)	Lifetime ECL (credit impaired)	Net remeasure- ment of loss allowance
Government interest-bearing investments	690	274	102	172
Corporate interest-bearing investments	51	132	14	118
Cash, deposits and similar securities (investment and working capital cash)	3 847	660	224	436

Trade and other receivables:

There has been a general increase in expected credit loss provisions for trade and other receivables, mostly as a result of COVID-19. The methodologies applied have however not changed since December 2019.

General insurance related receivables:

Santam:

Provisions for impairment are based on the recoverability of individual loans and receivables. The impairment model is based on the study of historical data and the forward-looking information.

It is considered that there is evidence of impairment if any of the following indicators are present: significant financial difficulties, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue). The loss rates are adjusted to reflect current and forward looking information on macro-economic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables.

Saham:

A provision matrix based on historical default rates adjusted for forward-looking information is used to estimate the amount of expected losses on receivables.

Unpaid premiums (excluding litigations) is analysed by homogeneous risk classes. Annual recovery rates are then estimated by homogeneous class of risk and seniority.

Expected recoveries are determined by applying the estimated recovery rates and then discounted accordingly. The expected credit losses comprise of the difference between the unpaid premiums and the sum of the discounted cash flows.

Contentious premiums and significant individual receivables are analysed on a case-by-case basis.

Other receivables:

Expected credit losses have been provided for as follows:

Premiums receivable: 100% of premiums receivable which has been outstanding for longer than 30 days.

Commission receivable (including accounts receivable):

- 50% of commission receivable in respect of active agents;
- 50% of commission receivable in respect of active sales representatives;
- 100% of commission receivable in respect of inactive sales representatives; and
- broker commission receivable is based on the debtors for which the amount due is higher than net present value of unearned commission:
 - Target of 83% is set as standard provision for brokers whose outstanding balance is higher than net present value of unearned commission
 - 100% of the outstanding amount for terminated brokers with high risk assessment as determined by broker support.

5. Notes to the cash flow statement

5.1 Cash generated/(utilised) in operations

R million	Reviewed 2020	Reviewed 2019
Profit before tax per statement of comprehensive income	(2 067)	6 982
Net movement in policy liabilities	(521)	30 507
Non-cash flow items	16 451	(26 738)
Depreciation	539	481
Bad debts written off	76	128
Share-based payments	207	206
(Profit)/loss on disposal of subsidiaries and associates	(216)	4
Fair value adjustments	7 020	(28 495)
Impairment of investments and goodwill	9 284	108
Amortisation of intangibles	756	699
IFRS 2 B-BBEE expense	–	1 686
Equity-accounted earnings	(1 215)	(1 555)
Items excluded from cash utilised in operations	(15 247)	(15 277)
Interest and preference share dividends received	(9 160)	(9 535)
Interest paid	748	536
Dividends received	(6 835)	(6 278)
Net acquisition of investments	(28 649)	(2 070)
Increase/(decrease) in net working capital assets and liabilities	28 137	(253)
Cash utilised in operations	(1 896)	(6 849)

5.2 Acquisition of subsidiaries and associated companies

During the year, various interests in subsidiaries were acquired within the Group.

The fair value of assets acquired via business combinations is as follows:

Equipment	(36)	–
Owner-occupied properties	(77)	–
Goodwill	(1 097)	–
Value of business acquired	–	(118)
Other intangible assets	(12)	–
Deferred acquisition cost	(8)	–
Long-term reinsurance assets	(50)	–
Investments	(5 436)	–
General insurance technical assets	(138)	–
Trade and other receivables	(105)	(83)
Cash, deposits and similar securities	(140)	–
Long-term policy liabilities	4 577	–
Deferred tax liabilities	10	–
General insurance technical provisions	251	–
Working capital liabilities	496	4
Non-controlling interest	69	–
Total purchase consideration	(1 696)	(197)
Less: Previously held interest at fair value	548	–
Cash element consideration	(1 148)	(197)
Less: Cash, deposits and similar securities acquired	140	–
Less: Contingent liability	–	71
Cash component of acquisition of subsidiaries and associated companies	(1 008)	(126)

Refer to note 9 for more information about the acquisition of FBN Insurance Limited. Included in the totals above are other immaterial acquisitions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2020 (continued)

5. Notes to the cash flow statement (continued)

5.3 Cash, deposits and similar securities

R million	June reviewed 2020	June reviewed 2019
Working capital: Cash, deposits and similar securities	27 644	25 662
Investment cash	52 275	39 471
Bank overdrafts	(2 495)	(736)
Total cash, deposits and similar securities	77 424	64 397

Included in cash and cash equivalents are restricted cash balances of R1 130 million (2019: R2 085 million) relating mainly to credit support agreements (CSA) with derivative counterparties as well as initial margins with the JSE in respect of exchange traded derivatives.

6. Critical accounting estimates and judgements

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the amounts reported for the Group's assets and liabilities. Management applies judgement in determining best estimates of future experience. These judgements are based on historical experience and reasonable expectations of future events and changes in experience. Estimates and assumptions are regularly updated to reflect actual experience. It is reasonably possible that actual outcomes in future financial years may differ to the current assumptions and judgements, possibly significantly, which could require a material adjustment to the carrying amounts of the affected assets and liabilities.

The critical estimates and judgements made in applying the Group's accounting policies which had a significant impact on the interim financial statements are summarised below.

6.1 Impairment of goodwill and value of business acquired and other assets

The recoverable amount of goodwill, value of business acquired and other intangible assets for impairment testing purposes has been determined based on the value in use of the businesses. For life businesses this is determined as the embedded value of life insurance businesses plus a value of new life insurance business multiple. For non-life businesses the value in use was determined on a discounted cash flow valuation basis.

The embedded value (plus a value of new life insurance business multiple) for life businesses or fair value of non-life businesses therefore has a significant impact on whether an impairment of goodwill and/or value of business acquired is required.

Refer to pages 49 to 51 of the Shareholders Information section respectively for the main assumptions applied in determining the embedded value of covered business and the fair value of other Group businesses. Embedded value of covered business and fair value sensitivity analyses are provided on pages 34 and 53 of the Shareholders' Information section respectively.

6.1.1 Saham

The carrying value of Saham comprise of net asset value (NAV), value of business acquired (VOBA) and goodwill. The recoverable amount is based on the value in use. The impairment test compares the value in use with the carrying value.

Changes to Saham's NAV impact the carrying value directly. Some valuation impacts will correspond to changes in the NAV. Other valuation impacts, such as assumption changes that affect longer-term cash flows, affect the carrying value through VOBA and Goodwill.

Saham's value in use reduced from R25 billion at 31 December 2019 to R22 billion at June 2020, mainly due to the impact of COVID-19 and the increased sovereign risk in Lebanon, partially offset by the impact of a weaker Rand. At 30 June 2020, the largest driver of the valuation is attributable to the non-life businesses, contributing 87% of the total value with the life businesses contributing the remaining 13%.

Given the significant uncertainty around the eventual outcome of COVID-19 and the trajectory of economic recovery, a prudent approach was applied in valuing the Saham operations at 30 June 2020. This resulted in generally lower valuations and necessitated an impairment of the carrying values of certain businesses.

Most of the premium paid for synergies as part of the Saham acquisition has been written off to R600 million at 30 June 2020. Realisation of the synergies will take longer than originally anticipated due to the slowdown in economic growth across the Saham footprint as a result of COVID-19.

6.1 Impairment of goodwill and value of business acquired and other assets (continued)

6.1.1 Saham (continued)

The following key assumptions were adjusted:

Non-life businesses

- Economic assumptions were revised downwards in the current uncertain environment, in respect of both economic growth forecasts and future investment returns. This resulted in lower assumed growth on the assets held backing the claims liabilities which affects the valuations of the general insurance operations.
- Top-line growth was reduced across the board for non-life operations, through lower assumed premium growth assumed in the valuation models for the non-life operations.
- The valuation of the non-life operations in Lebanon was reduced to zero as a meaningful economic recovery is not expected in the foreseeable future.

Life insurance businesses

- The valuation of the life insurance business in Lebanon was reduced to zero in line with the non-life operations. The other Saham life operations resulted in no significant impairments.
- New business inflow assumptions for the other life businesses were revised downwards due to lower economic growth forecasts.

Key assumptions

Key assumptions in determining the value in use for cash generating units:

R million	30 June 2020
Weighted average local discount rate (Dec 2019: 12.3%)*	12,0%
Weighted average perpetuity growth rate	5,5%
Revenue: compounded annual growth rate (10 years)	5,7% – 11,5%
Net insurance result margin**	11% – 18%

* It represents the total weighted average risk discount rate (RDR) in local currency terms. The devaluation of the Rand is expected to increase this return over time.

** Expressed as a percentage of net earned premiums.

For life embedded values, cash flows are projected over the lifetime of the in-force book. Future life new business and non-life cash flows are projected over 10 years.

Management has determined the values assigned to each of the key assumptions above as follows:

Assumption	Approach used to determine the values
Discount rates	This is a function of the local risk free rates (reflecting country risk) plus a specific risk premium per business.
Perpetuity growth rate	This is a function of expected long-term inflation and Gross Domestic Product (GDP) growth rates of each country.
Revenue annual growth rates	This is a function of expected long-term inflation and GDP growth rates of each country, including industry growth rates and management's expectations for the future.

The gross impairment of goodwill and VOBA amounts to R7,2 billion (R6,9 billion net of tax), with a net impact of R1,5 billion on the net asset value after utilisation of the hedge reserve and positive exchange rate impacts due to the weakening of the Rand.

The impairment comprises of the following:

- Write-down of goodwill in respect of the premium paid at acquisition for synergies of R2 822 million.
- Reducing the valuation of the Lebanon businesses to zero, resulting in impairments of goodwill of R815 million, VOBA of R1 088 million and other net assets of R444 million.
- Write-down of goodwill as a result of the COVID-19 impact on future economic growth and investment return assumptions amounts to R2 007 million.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2020 (continued)

6. Critical accounting estimates and judgements (continued)**6.1 Impairment of goodwill and value of business acquired and other assets** (continued)**6.1.1 Saham** (continued)

R million	Non-life	Life	Lebanon	Total
Value in use	19 300	2 733	-	22 033
Carrying value	23 627	3 235	2 075	28 937
Impairment	(4 327)	(502)	(2 075)	(6 904)
Utilisation of hedge reserve				855
Net impairment				(6 049)

Goodwill, included in the carrying value above, are allocated to the CGUs as follows: R13,8 billion (Non-life), R2,6 billion (Life) and R816 million (Lebanon) respectively. Remaining goodwill after impairments amounts to R9,5 billion (Non-life) and R2,1 billion (Life) respectively.

Non-life businesses sensitivity analysis

Refer to note 4.2 of the Shareholders' information section for sensitivity analysis iro Saham non-life excluding the notional dividends. These sensitivities are based on SEM's 90% shareholding and exclude Santam's 10% shareholding.

Life businesses sensitivity analysis (excluding Lebanon)

The sensitivities below are based on 100% shareholding. The total value in use of the businesses comprises the embedded value of R2 088 million and the value of new business of R645 million of which the sensitivities are provided below:

1. Embedded value sensitivity analysis

R million	Embedded value	Change
Base value	2 088	
Risk discount rate increase by 1%	2 028	(2,9%)

2. Value of new business sensitivity analysis

R million	Present value of future new business	Change
Base value	645	
Risk discount rate increase by 1%	579	(10,2%)

6.1.2 Shriram Capital

The valuation of Shriram Capital was reduced given the increased levels of expected credit losses in the credit businesses, and the impact that COVID-19 will have on economic growth rates in India, and hence top-line growth in all the Shriram businesses. This is also reflected in the lower listed share prices of Shriram Transport Finance Company (STFC) and Shriram City Union Finance (SCUF) as at 30 June 2020.

The gross impairment amounts to R561 million (STFC) and R1 001 million (SCUF) respectively:

R million	STFC	SCUF
Value in use	1 230	7 691
Carrying value	1 791	8 692
Gross impairment	(561)	(1 001)

Refer to note 4.2 of the Shareholders' information section for sensitivity analysis iro Shriram Capital.

6.2 The ultimate liability arising from claims under general insurance contracts

The estimation of the ultimate liability arising from claims under general insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will ultimately incur.

The risk environment can change suddenly and unexpectedly owing to a wide range of events or influences. The Group is constantly refining its general insurance risk monitoring and management tools to enable the Group to assess risks appropriately, despite the greatly increased pace of change. The growing complexity and dynamism of the environment in which the Group operates means that there are, however, natural limits. There will never be absolute certainty in respect of identifying risks at an early stage, measuring them sufficiently or correctly estimating their real hazard potential.

Refer to note 7 for more information about Santam's CBI provisions.

6.3 Financial assets: Impairment

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

Refer to note 4 for more information.

6.4 Investment properties

Due to the unprecedented pandemic, the value drivers underpinning the valuation of properties needed to be reassessed, to provide a realistic view of the impact of the COVID-19 pandemic on the value of properties. The economic downturn experienced in the first quarter of the year and the impacts of the COVID-19 pandemic placed pressure on the expected long-term rental growth rates and vacancy assumptions. The resultant overall impact on investment properties were muted by positive exchange rate movements due to the weakening Rand.

7. Commitments and contingencies

Shareholders are referred to the contingent liabilities disclosed in the 2019 annual financial statements. The circumstances surrounding the contingent liabilities remain materially unchanged.

During 2019, Sanlam Limited provided a back-to-back financing facility of R2 billion to Ubuntu-Botho. The facility was approved by the Board in 2018 and granted in 2019. An amount of R813 million was utilised during the first 6 months of 2020 financial year (31 December 2019: R360 million).

Security to third parties in respect of the preference share business subject to and within the overall approved limit of R10 billion (2019: R3,5 billion).

Santam

Santam has raised a net technical provision of R1 290 million at 30 June 2020 as a best estimate of its exposure relating to policies with CBI extensions. There remains, however, significant uncertainty regarding these claims against Santam.

Santam's position with respect to policies containing the CBI extension for contagious and infectious diseases is that a policyholder's loss must be due to a peril insured in the policy contract. This requires that any interruption of an insured's business must be directly attributable to a localised COVID-19 infection, which is the peril insured under Santam policies, and not for any other reason, such as the national lockdown or other international responses, which are not insured perils. This view is in line with the majority of Santam's counterparts and reinsurers in the non-life insurance industry, both locally and globally.

A recent South African court ruling on another insurance company's policy wording found the insurer liable to indemnify the insured in terms of the business interruption section of the relevant policy for any loss suffered since 27 March 2020 as a result of the COVID-19 outbreak in South Africa. The insurance company was granted leave to appeal, which will be heard during the latter part of 2020. Santam's Ma-Afrika case was heard in the Western Cape High Court on 1 September 2020.

It is important to note that Santam's reinsurance programme will only respond to claims covered under the terms of the Santam's policies. In order to formulate a reinsurance claim under a different interpretation of the policy wording to our own, such interpretation would have to be definitively decided by the South African courts.

8. Subsequent events**8.1 Sanlam Investment Holdings**

As announced to the market in August 2020, an agreement has been reached in respect of a transaction to establish a leading South African black-owned asset management company. The transaction will support Sanlam to grow and enhance its position in this important market, whilst also building on the Sanlam philosophy of mutually beneficial partnerships in pursuit of shareholder value creation. African Rainbow Capital Financial Services Holdings Proprietary Limited ("ARC FS"), which is a wholly-owned subsidiary of Ubuntu-Botho Investments Proprietary Limited ("UBI") which is a material shareholder in Sanlam, will purchase 25% of the shares in NewCo (a new investment company that will hold the 3rd party asset management business of Sanlam Investment Holdings (SIH)) which will give it an effective economic interest of 25% in SIH. Based on an anticipated effective date of 1 December 2020, the expected maximum ARC FS purchase price would be R815 million at the current prevailing prime rate. If the assets under management of SIH decline by any amount or increase by more than 14% before the effective date, it could result in the purchase price being reconsidered. Up to 80% of the purchase price will be settled by utilising a portion of the preference share facility made available to UBI, which was approved by Shareholders in December 2018.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

8. Subsequent events (continued)

8.2 Santam

8.2.1 Relief payments

Santam announced on 26 July 2020 that it will provide up to R1 billion of relief payments to support mainly small and medium-sized commercial policyholders in the hospitality, leisure and non-essential retail services industries that have the CBI extension to their policies and suffered a loss due to the national lockdown. This will be in the form of a relief payment to support policyholders who are in financial distress and not an indemnity payment under a policy contract, as the scope of the cover still needs to be determined by the South African courts. Policyholders were required to register a claim in order to qualify for the relief.

Santam commenced with the relief payments from the first week of August 2020. By 2 September 2020, R950 million in payments were already made to policyholders.

Should the courts ultimately rule in Santam's favour and determine that the lockdown is not an insured peril, then the amount paid will still be considered relief payments in respect of registered claims to policyholders and will not be recovered from policyholders. However, in the event that the courts rule against Santam and determine that the national lockdown is an insured peril, the amount will become an advance payment against any finally determined claims against Santam under the CBI extension.

8.2.2 Equity collar

On 6 August 2020, Santam entered into a zero cost collar over equities to the value of R1 billion, based on the SWIX 40 to provide capital protection in the current volatile market conditions. The structure offers full downside protection from the implementation level 10 858, with upside participation (excluding dividends) of 0,275% and expires on 6 November 2020.

No other 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 2020 as reflected in these financial statements.

9. Business combinations

Sanlam has acquired the remaining stake in the Nigerian insurance business FBN Insurance from its partner, FBN Holdings Plc (FBNH), effective 1 June 2020. This gives the Group 100% ownership of FBN Insurance Limited (FBNI) and its subsidiary, FBN General Insurance Limited.

The goodwill arising on the acquisition is attributable to synergies. The acquisition accounting of the above acquisition has been based on provisional estimates, which might result in adjustments to goodwill, value of business acquired, other intangibles, as well as deferred tax during the next 12 months.

Details of the assets acquired and liabilities assumed, at fair value, are as follows:

R million	Total
Assets	
Equipment	36
Owner-occupied properties	77
Other intangible assets	12
Deferred acquisition costs	8
Long-term reinsurance assets	50
Investments	5 436
General insurance technical assets	138
Working capital assets	237
Total identifiable assets	5 994
Liabilities	
Long-term policy liabilities	(4 577)
General insurance technical provisions	(251)
Deferred tax liability	(10)
Trade and other payables	(354)
Taxation	(142)
Total identifiable liabilities	(5 334)
Total identifiable net assets	660
Goodwill arising on acquisition	1 097
Net purchase consideration	1 757
Less: Previously held interest at fair value	(548)
Net cash consideration	1 209

10. 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 disclosures 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

Recurring fair value measurements (financial instruments)

30 June 2020 – reviewed	Level 1	Level 2	Level 3	Total
Financial instruments				
Equities and similar securities	169 826	6 227	1 391	177 444
Investment in joint ventures	-	-	435	435
Interest-bearing investments	82 390	156 802	505	239 697
Structured transactions	915	28 657	-	29 572
Investment funds	229 401	6 027	643	236 071
Trade and other receivables	3 747	8 302	83	12 132
Cash, deposits and similar securities: Investments	-	57 558	-	57 558
Cash, deposits and similar securities: Working capital	-	9	-	9
Total assets at fair value	486 279	263 582	3 057	752 918
Financial instruments				
External investors in consolidated funds	79 141	427	599	80 167
Investment contract liabilities	-	415 921	1 891	417 812
Term finance	-	3 228	-	3 228
Structured transactions liabilities	-	23 147	-	23 147
Trade and other payables	633	11 603	-	12 236
Total liabilities at fair value	79 774	454 326	2 490	536 590

31 December 2019 – audited	Level 1	Level 2	Level 3	Total
Financial instruments				
Equities and similar securities	195 603	4 764	1 134	201 501
Investment in joint ventures	-	-	400	400
Interest-bearing investments	77 456	147 811	498	225 765
Structured transactions	862	22 228	-	23 090
Investment funds	200 354	21 073	714	222 141
Trade and other receivables	4 308	7 971	62	12 341
Cash, deposits and similar securities: Investments	-	48 504	-	48 504
Cash, deposits and similar securities: Working capital	-	3 515	-	3 515
Total assets at fair value	478 583	255 866	2 808	737 257
Financial instruments				
External investors in consolidated funds	84 247	397	543	85 187
Investment contract liabilities	-	399 840	1 641	401 481
Term finance	-	3 314	-	3 314
Structured transactions liabilities	-	19 272	-	19 272
Trading and other payables	656	11 670	-	12 326
Total liabilities at fair value	84 903	434 493	2 184	521 580

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

10. Fair value disclosures (continued)

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

R million	Equities and similar securities	Interest-bearing investments	Investment in joint ventures	Investment funds	Trade and other receivables	Total assets
Assets						
30 June 2020 – reviewed						
Balance at 1 January 2020	1 134	498	400	714	62	2 808
Net (loss)/gains in statement of comprehensive income	(155)	(5)	35	84	2	(39)
Acquisitions	197	12	-	-	52	261
Disposals	-	-	-	(168)	-	(168)
Foreign exchange movements	112	-	-	13	(33)	92
Transfers from level 2	103	-	-	-	-	103
Balance at 30 June 2020	1 391	505	435	643	83	3 057
31 December 2019 – audited						
Balance at 1 January 2019	504	69	539	732	-	1 844
Net gains/(loss) in statement of comprehensive income	100	(2)	(139)	(68)	-	(109)
Acquired through business combinations	175	437	-	56	-	668
Disposals	(86)	(6)	-	(5)	-	(97)
Foreign exchange movements	(15)	-	-	(1)	-	(16)
Transfers from level 2	456	-	-	-	62	518
Balance at 31 December 2019	1 134	498	400	714	62	2 808

R million	External investors in consolidated funds	Investment contract liabilities	Total liabilities
Liabilities			
30 June 2020 – reviewed			
Balance at 1 January 2020	543	1 641	2 184
Net (gains)/loss in statement of comprehensive income	(71)	13	(58)
Acquisitions	-	40	40
Disposals	-	(63)	(63)
Foreign exchange movements	127	260	387
Balance at 30 June 2020	599	1 891	2 490
31 December 2019 – audited			
Balance at 1 January 2019	613	1 665	2 278
Net (gains)/loss in statement of comprehensive income	(55)	49	(6)
Acquisitions	-	50	50
Disposals	-	(141)	(141)
Foreign exchange movements	(15)	18	3
Balance at 31 December 2019	543	1 641	2 184

	Six months Reviewed 2020	Full year Audited 2019
Gain or loss on level 3 instruments (realised and unrealised) included in profit or loss		
Total losses included in profit or loss for the period	(531)	(804)
Total unrealised losses included in profit or loss for the period for assets held at the end of the reporting period	(131)	(112)

Transfers between levels

R million	Equities and similar securities	Interest-bearing investments ⁽¹⁾	Structured transactions	Investment funds ⁽¹⁾	Total assets
Financial assets					
Six months reviewed – 2020					
Transfer from level 1 to level 2	-	740	-	-	740
Transfer from level 2 to level 1	-	-	-	9 905	9 905
Full year audited – 2019					
Transfer from level 1 to level 2	(172)	(2 043)	(4 291)	-	(6 506)

⁽¹⁾ Investments traded in a market that became inactive during the period 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
for the six months ended 30 June 2020 (continued)

10. Fair value disclosures (continued)

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

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input
Equities and similar securities	2 and 3	Discounted cash flow model (DCF), earnings multiple	Cost of capital, consumer price index	Cost of capital Adjusted earnings multiple Budgets Forecasts
Interest-bearing investments	2 and 3	DCF, quoted put/surrender price by issuer	Bond and interbank swap interest rate curve, consumer price index	Discount rate, cost of capital
Investment in joint ventures	3	Earnings multiple	Earnings multiple, country risk, size of the business and marketability	Adjusted earnings multiple Sustainable EBITDA
Structured transactions assets and liabilities	2	Option pricing models, DCF	Bond and interbank swap interest rate curve, forward equity and currency rates, volatility risk adjustments	n/a
Trade and other receivables/payables	2 and 3	DCF, earnings multiple, quoted put/surrender price by issuer, option pricing models	Bond and interbank swap interest rate curve, cost of capital, consumer price index, forward rate, credit risk spread, liquidity spread	n/a
Cash, deposits and similar securities	2	Mark-to market yield curve	Bond and interbank swap interest rate curve	n/a
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held	Bond and interbank swap interest rate curve, cost of capital, consumer price index, unit prices	Based on underlying assets
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, consumer price index, bond interest rate curve	Earnings multiple, cost of capital
Term finance	2	DCF	Bond and forward rate, credit ratings of issuer, liquidity spread, agreement interest curves	n/a

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

R million	Carrying amount	Effect of a 10% increase in multiple	Effect of a 10% decrease in multiple	Carrying amount	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
Six months – reviewed						
30 June 2020						
Other investments						
Equities and similar securities ⁽¹⁾	1 391	139	(139)	-	-	-
Interest-bearing investments	88	9	(9)	417	(26)	26
Investment in joint ventures	435	44	(44)	-	-	-
Investment funds ⁽¹⁾	643	64	(64)	-	-	-
Trade and other receivables	-	-	-	83	(42)	44
Total	2 557	256	(256)	500	(68)	70
Liabilities						
External investors in consolidated funds	599	60	(60)	-	-	-
Investment contract liabilities	1 891	189	(189)	-	-	-
Total	2 490	249	(249)	-	-	-
Full year – audited						
31 December 2019						
Assets						
Other investments						
Equities and similar securities	1 134	113	(113)	-	-	-
Interest-bearing investments	-	-	-	498	(23)	14
Investment in joint ventures	400	40	(40)	-	-	-
Investment funds	714	71	(71)	-	-	-
Trade and other receivables	-	-	-	62	(20)	21
Total	2 248	224	(224)	560	(43)	35
Liabilities						
External Investors in consolidated funds	543	54	(54)	-	-	-
Investment contract liabilities	1 641	164	(164)	-	-	-
Total	2 184	218	(218)	-	-	-

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2020 (continued)

11. Capital and risk management

Shareholders are referred to the capital and risk management report disclosed in the 2019 annual report.

Below are specific areas highlighted where changes since December 2019 are considered to be material.

11.1 Market and credit risk

Comprehensive measures and limits are in place to control the exposure of the Group's capital to market and credit risks. Continuous monitoring takes place to ensure that appropriate assets are held in support of the capital and investment return targets. Limits are applied in respect of the exposure to asset classes and individual counters.

11.1.1 Currency risk: Group's capital portfolio

The exposure of the Group's capital portfolio to currency risk is analysed in the table below:

R million	Euro	United States dollar	British pound ⁽³⁾	Botswana pula	Indian rupee ⁽³⁾	Moroccan dirham	Lebanese pound	Angolan kwanza	Malaysian ringgit	Other currencies	Total
June 2020 – Reviewed											
Investment properties	-	-	-	15	-	5 196	-	-	-	1 566	6 777
Equities and similar securities	22	1 007	24	49	-	5 874	196	-	-	952	8 124
Equity-accounted investments ⁽¹⁾	-	-	-	1 668	10 762	-	-	-	453	-	12 883
Interest-bearing instruments	2	185	557	87	-	679	51	2	780	3 081	5 424
Government interest-bearing investments	-	46	214	43	-	(109)	240	-	135	2 064	2 633
Corporate interest-bearing investments	2	139	343	(14)	-	769	(189)	2	645	929	2 626
Mortgages, policy and other loans	-	-	-	58	-	19	-	-	-	88	165
Investment funds	-	406	34	1 194	-	4 533	-	3	3	332	6 505
Cash, deposits and similar securities	29	88	308	231	36	-	303	-	288	654	1 937
General insurance technical assets	-	546	-	92	-	1 029	358	190	-	1 842	4 057
Net working capital	293	1 421	814	(282)	355	10 040	(1 852)	(967)	351	(509)	9 664
Other liabilities ⁽²⁾	(117)	(397)	(2)	(260)	(924)	(14 848)	(917)	(336)	-	(6 195)	(23 996)
Foreign currency exposure	229	3 256	1 735	2 794	10 229	12 503	(1 861)	(1 108)	1 875	1 723	31 375
Exchange rates (rand):											
Closing rate	19,51	17,37	21,47	1,47	0,23	1,78	0,01	0,03	4,05		
Average rate	18,13	16,46	20,79	1,44	0,22	1,70	0,01	0,03	3,90		
December 2019 – Audited (Restated)											
Investment properties	-	-	-	14	-	5 180	-	-	-	1 585	6 779
Equities and similar securities	1	709	18	15	-	5 522	182	3	-	900	7 350
Equity-accounted investments ⁽¹⁾	-	-	-	1 522	10 529	-	-	-	505	-	12 556
Interest-bearing instruments	2	211	237	77	-	593	107	1	603	1 609	3 440
Government interest-bearing investments	-	116	18	1	-	(85)	910	-	113	1 135	2 208
Corporate interest-bearing investments	2	95	219	9	-	664	(803)	1	490	447	1 124
Mortgages, policy and other loans	-	-	-	67	-	14	-	-	-	27	108
Investment funds	-	373	83	733	-	3 964	-	-	5	316	5 474
Cash, deposits and similar securities	-	21	220	310	30	(224)	797	-	214	306	1 674
General insurance technical assets	-	296	-	62	-	657	337	201	-	1 088	2 641
Net working capital	177	1 138	445	186	335	7 984	(1 364)	(750)	352	(468)	8 035
Other liabilities ^{(2) (3)}	(39)	(141)	(2)	(221)	(886)	(13 296)	(839)	(542)	(67)	(4 590)	(20 623)
Foreign currency exposure	141	2 607	1 001	2 698	10 008	10 380	(780)	(1 087)	1 612	746	27 326
Exchange rates (rand):											
Closing rate	15,70	13,98	18,52	1,34	0,20	1,49	0,01	0,03	3,44		
Average rate	16,16	14,43	18,42	1,36	0,21	1,52	0,01	0,04	3,49		

⁽¹⁾ Equity-accounted investments only include significant entities that have foreign currency exposure.

⁽²⁾ Other liabilities include structured transaction liabilities and general insurance technical provisions.

⁽³⁾ The signage of other liabilities in terms of British pound and Indian rupee has been corrected. It did not affect the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity or the Statement of Cash flows.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2020 (continued)

11. Capital and risk management (continued)**11.1 Market and credit risk** (continued)**11.1.2 Credit risk: policyholder solutions and capital**

Sanlam's life businesses (including Saham non-life businesses) are exposed to credit risk via policyholder solutions and the capital portfolio. There have been no significant changes in the way that Sanlam Group assesses and manages credit risk since 31 December 2019.

The governance structures ensure that an appropriate credit culture and environment are maintained, such that no transactions are concluded outside areas of competence or without following normal procedures. This credit culture is the product of a formal credit risk strategy and credit risk policy.

The credit risk strategy stipulates the parameters for approval of credit applications, such as: economic sector; risk concentration; maximum exposure per obligor, group and industry; geographical location; product type; currency; maturity; anticipated profitability or excess spread; economic capital limits; and cyclical aspects of the economy.

The Group has also considered the impact of changes in credit risk on the valuation of its liabilities. Credit risk changes will only have an impact in extreme situations and are not material for 30 June 2020 reporting or the 2019 financial year. Given the strong financial position and rating of the Group, the credit ratings of its liabilities remained unchanged.

The tables below provide an analysis of the ratings attached to the Group's life insurance businesses' and Saham non-life businesses' exposure, including the exposure managed by Sanfin, to instruments subject to credit risk using international rating scales. Santam is excluded from the below tables, refer to note 11.2. As indicated by the table below, COVID-19 has not resulted in significant concentration risk changes by credit rating:

Credit risk concentration by credit rating

	AAA %	AA %	A %	BBB %	BB %	B %	Not rated %	Other %	Total %	Carrying value R million
Assets backing policy liabilities										
June 2020 – Reviewed										
Government interest-bearing investments	1	1	18	1	50	20	9	–	100	56 929
Corporate interest-bearing investments	3	4	3	23	54	6	5	2	100	81 293
Mortgages, policy and other loans	–	–	–	5	57	20	13	5	100	22 042
Structured transactions	–	24	8	48	16	2	2	–	100	21 403
Cash, deposits and similar securities	10	16	7	23	36	–	8	–	100	36 897
Net working capital	–	–	–	–	–	–	100	–	100	1 509
	3	7	8	18	46	10	7	1	100	220 073
December 2019 – Audited										
Government interest-bearing investments	14	9	1	8	49	10	9	–	100	43 563
Corporate interest-bearing investments	3	8	5	21	52	5	4	2	100	78 332
Mortgages, policy and other loans	–	–	–	6	57	16	18	3	100	20 151
Structured transactions	–	31	9	39	17	2	2	–	100	20 056
Cash, deposits and similar securities	11	13	2	21	40	–	13	–	100	27 966
Net working capital	–	–	–	–	–	–	100	–	100	1 785
	6	11	3	18	46	6	9	1	100	191 853
Capital portfolio										
June 2020 – Reviewed										
Government interest-bearing investments	1	1	1	1	14	57	19	6	100	2 762
Corporate interest-bearing investments	11	6	5	18	38	4	17	1	100	5 921
Mortgages, policy and other loans	–	–	–	5	24	9	60	2	100	322
Structured transactions	1	21	7	44	21	2	4	–	100	502
Cash, deposits and similar securities	12	5	19	12	15	2	20	15	100	2 513
Net working capital	2	6	14	16	21	8	33	–	100	5 535
	6	5	9	14	26	13	24	3	100	17 555
December 2019 – Audited										
Government interest-bearing investments	3	3	–	9	11	60	13	1	100	1 277
Corporate interest-bearing investments	6	8	11	22	31	7	15	–	100	4 688
Mortgages, policy and other loans	–	–	4	6	27	8	52	3	100	287
Structured transactions	4	26	8	41	15	2	4	–	100	323
Cash, deposits and similar securities	3	13	10	8	14	1	51	–	100	2 800
Net working capital	5	14	3	11	24	10	31	2	100	7 508
	5	11	6	14	23	11	29	1	100	16 883

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

11. Capital and risk management (continued)

11.1 Market and credit risk (continued)

11.1.3 Credit risk: Sanfin

Credit spread stress tests are calculated for all instruments sensitive to credit spread changes. The stress test results are determined as follows:

- Credit ratings for external credit assets and funding are deteriorated by three rating notches;
- The impact of the deterioration in credit spreads is determined with reference to an internally generated credit spread matrix;
- The stressed credit spreads are used to revalue the credit assets and funding; and
- The cumulative net change in the valuations of credit assets and funding is reported as the test results.

The table below shows the possible effect of increased spreads related to a three notch deterioration in credit ratings.

R million	Reviewed 2020	Reviewed 2019
Stress results 3 (3 notch)	(1 067)	(741)

11. Capital and risk management (continued)

11.2 Santam: Financial assets and insurance receivables credit risk

There have been no significant changes in the way that Santam group assesses and manages credit risk since 31 December 2019, except as indicated below. Santam continues to monitor all credit exposures and follow-up on overdue amounts. Premiums that are overdue in terms of the cancellation policy are provided for. There has been no significant change in premium collections.

Market risk, credit risk and exposures	Key mitigants and controls
COVID-19 has generated increased levels of market volatility, in particular in late March 2020 increasing the risk of credit default and downgrade.	• Santam's investment strategy to back insurance funds with cash and high-quality money market and other interest-bearing instruments reduces the risk of default and ensures sufficient liquidity. Shareholder funds are invested in high-quality interest-bearing instruments, a listed equity portfolio and diversified strategic equity investments on the African continent, India and Malaysia. Santam also entered into a zero cost collar to protect the value of the equity portfolio, refer to note 8.2.2.
Customers facing financial difficulty may not make premium payments.	• Strategy continues to be reviewed in light of COVID-19 developments and frequency of engagement with the group fund managers has been increased. • Increased credit risk monitoring is in place to proactively management financial risk arising from potential default of policyholders on their premiums. • Santam has provided payment relief to customers experiencing financial difficulty as a result of COVID-19.
There is a risk to Santam's insurance funds arising from movements in macro-economic variables, including widening credit spreads, fluctuating bond yields and currency fluctuations.	• The group matches its foreign currency liabilities and capital requirements with appropriate foreign currency assets. The impact of exchange-rate movements on the group's performance and capital position is closely monitored. When deemed necessary, the group implements foreign currency hedging structures in order to manage its financial exposure to exchange rate movements.

The following table provides information regarding the aggregated credit risk exposure for financial assets without taking collateral into account. The credit ratings provided in this table were determined as follows: Sanlam Investments (SI) provided management with reports generated from its credit system on a quarterly basis, detailing all counterparties, duration and credit risk. These reports include international, national and internal ratings. SI also provides management with a conversion table that is then applied to standardise the ratings to standardised international long-term rates. For assets held by subsidiaries and not managed by SI, a process is agreed with the subsidiaries to align the credit rating analysis with Santam's requirements.

As can be seen from the following table, the majority of financial asset investments have moved one level down in terms of credit rating from BBB- to BB+ following the downgrade of the South African government's issuer ratings by major credit rating agencies. Most issuers in South Africa will have their credit ratings capped at the sovereign credit rating, and therefore the rating BB+ represents the best available ratings within the South African investable universe. This still falls within Santam's documented risk appetite and does not pose a significant risk for Santam. It has had no significant impact on expected credit losses provided for.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2020 (continued)

11. Capital and risk management (continued)

11.2 Santam: Financial assets and insurance receivables credit risk (continued)

	Credit rating						Credit rating												
R million	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	Below BB-	Not rated	Carrying value			
June 2020 – Reviewed																			
Financial assets:																			
Government interest-bearing investments	-	-	-	-	-	-	-	-	-	29	2 085	1 110	1	-	61	3 286			
Corporate interest-bearing investments	123	23	-	51	21	78	87	52	79	151	10 099	689	898	183	1 234	13 768			
Mortgages and loans	-	-	-	-	-	-	-	-	-	-	-	72	56	37	-	165			
Interest-bearing investments	123	23	-	51	21	78	87	52	79	180	12 184	1 871	955	220	1 295	17 219			
Structured transactions	-	-	-	-	-	-	-	-	-	90	220	15	7	3	-	335			
Investment funds	-	-	-	-	-	-	-	-	-	-	1	-	-	-	4 492	4 493			
Cash, deposits and similar securities	-	-	143	-	139	-	-	-	-	-	1 321	20	-	-	125	1 748			
Other loans and receivables	-	-	6	130	41	50	19	9	1	88	93	14	67	1	720	1 239			
Cash and cash equivalents	-	56	410	492	16	-	61	103	20	-	4 239	-	128	81	7	5 613			
Total financial assets	123	79	559	673	217	128	167	164	100	358	18 058	1 920	1 157	305	6 639	30 647			
Insurance receivables:																			
Receivables due from contract holders/ intermediaries	-	28	-	323	-	50	14	-	-	-	15	11	41	-	4 083	4 565			
Reinsurance receivables	-	58	49	97	13	3	35	16	-	1	13	-	-	-	380	665			
Total insurance receivables	-	86	49	420	13	53	49	16	-	1	28	11	41	-	4 463	5 230			
December 2019 – Audited (Restated)																			
Financial assets:																			
Government interest-bearing investments	-	-	-	-	-	-	-	-	-	2 892	64	18	5	1	39	3 019			
Corporate interest-bearing investments	16	18	-	-	-	-	-	11	10	9 259	463	608	585	226	893	12 089			
Mortgages and loans	-	-	-	-	-	-	-	-	-	-	-	18	85	55	7	165			
Interest-bearing investments ⁽¹⁾	16	18	-	-	-	-	-	11	10	12 151	527	644	675	282	939	15 273			
Structured transactions ⁽¹⁾	-	-	-	-	-	-	-	-	-	339	3	33	17	8	-	400			
Investment funds ⁽¹⁾	-	-	-	-	-	-	-	-	-	7	-	218	-	-	4 255	4 480			
Cash, deposits and similar securities	-	-	225	-	-	-	-	-	-	1 366	-	-	-	-	164	1 755			
Other loans and receivables	-	12	8	23	3	-	-	10	61	73	5	9	4	1	910	1 119			
Cash and cash equivalents	-	92	267	113	15	-	-	2	11	3 595	72	262	98	94	21	4 642			
Total financial assets	16	122	500	136	18	-	-	23	82	17 531	607	1 166	794	385	6 289	27 669			
Insurance receivables:																			
Receivables due from contract holders/ intermediaries	-	-	187	30	-	6	69	-	-	10	1	-	-	-	4 442	4 745			
Reinsurance receivables	-	5	4	80	24	3	37	-	-	1	20	-	-	-	199	373			
Total insurance receivables	-	5	191	110	24	9	106	-	-	11	21	-	-	-	4 641	5 118			

⁽¹⁾ Due to the reclassification of financial assets, total assets rated as BBB- and not rated are different to amounts presented in the Santam annual financial statements for the year ended 31 December 2019. In the table above, BBB- includes derivatives to the value of R35 million and not rated included investment funds with underlying equity securities, which were both omitted from the note in the Santam annual financial statements.

ADMINISTRATION

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
A2X share code: SLM
ISIN: ZAE000070660
Incorporated in South Africa

Group Company Secretary

Sana-Ullah Bray

Registered Office

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Sponsor

The Standard Bank Group of South Africa Limited

Investor relations

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Directors⁽¹⁾

E Masilela (Chair), PT Motsepe (Deputy Chair),
SA Nkosi, P Hanratty (Group Chief Executive),
MJ Modise, HC Werth, AD Botha, RV Simelane,
KT Nondumo, M Mokoka, TI Mvusi, S Zinn, AS Birrell,
JP Möller, J van Zyl, NAS Kruger (effective 26 May 2020)

⁽¹⁾ *Abigail Mukhuba (effective 01 October 2020) – appointed as director to the Board.*

Bellville
9 September 2020

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