



# Annual Results 2017

## **Investor Presentation**

Insurance | Financial Planning | Retirement | Investments | Wealth





## Investor Presentation

2017 Annual Results

8 March 2018

Insurance

Financial Planning

Retirement

Investments

Wealth

### Notes

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# Strategic review

| Good progress on all pillars in 2017



## Notes

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## A century of value creation

Milestone for our clients, shareholders, employees and other stakeholders



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## A strategy that stood the test of time

An enduring foundation to launch us into our centenary year and the decades to come



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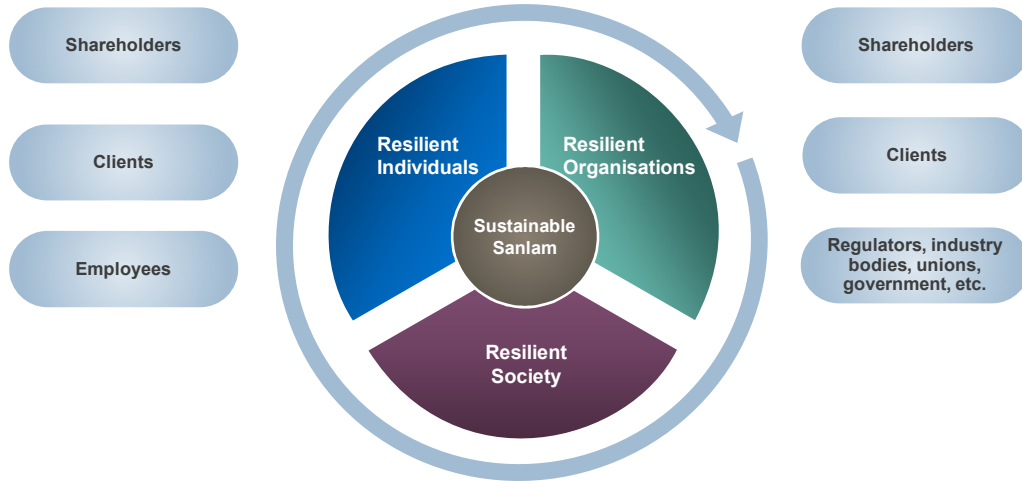
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## Superior returns to shareholders

sustained through shared value creation



**Our purpose is to build a world of Wealthsmiths™, supporting people in living their best possible lives through financial resilience and prosperity**

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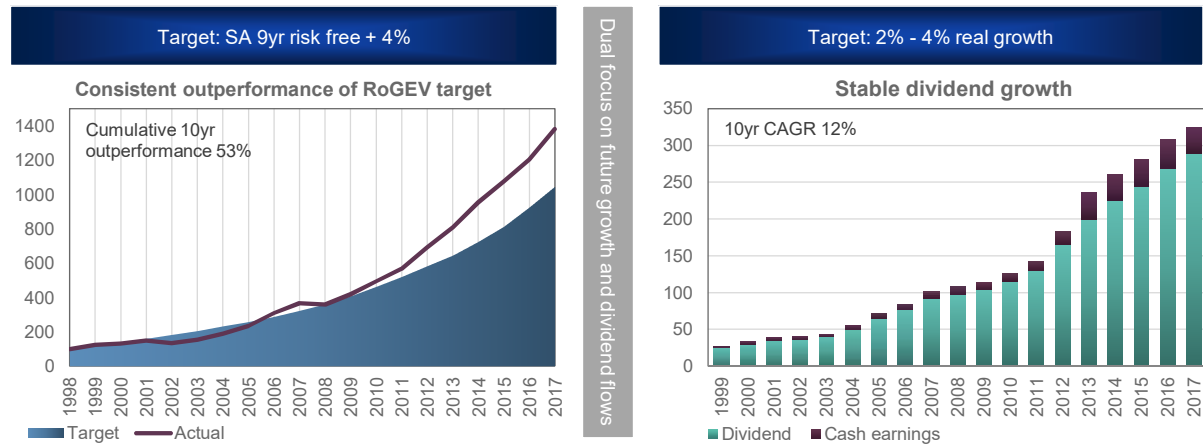
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## Sustainable superior returns and dividend growth



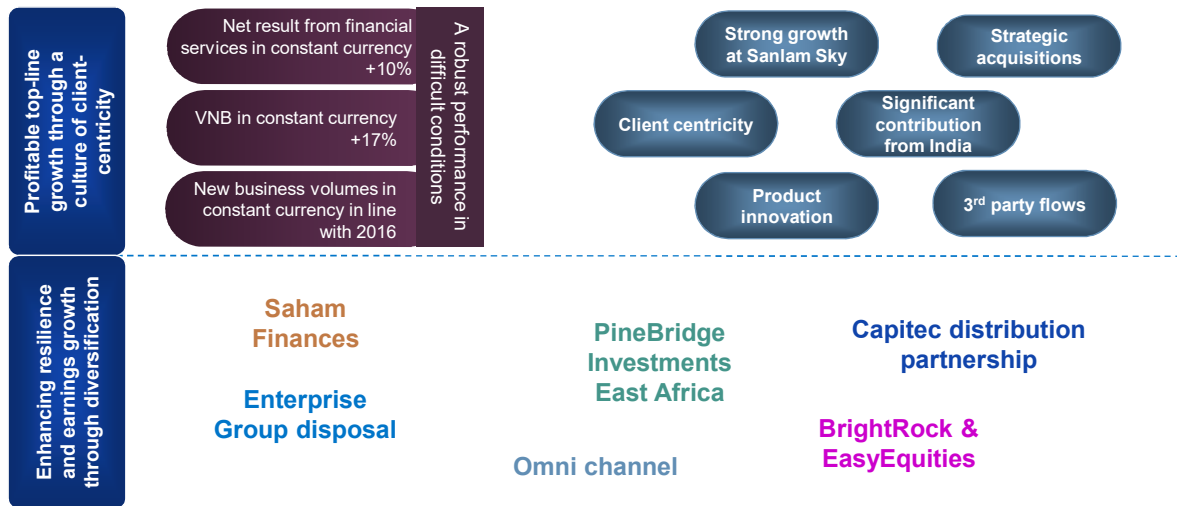
**Prudent accounting policies ensure sustainable dividends – paid from cash operating earnings**



## Notes

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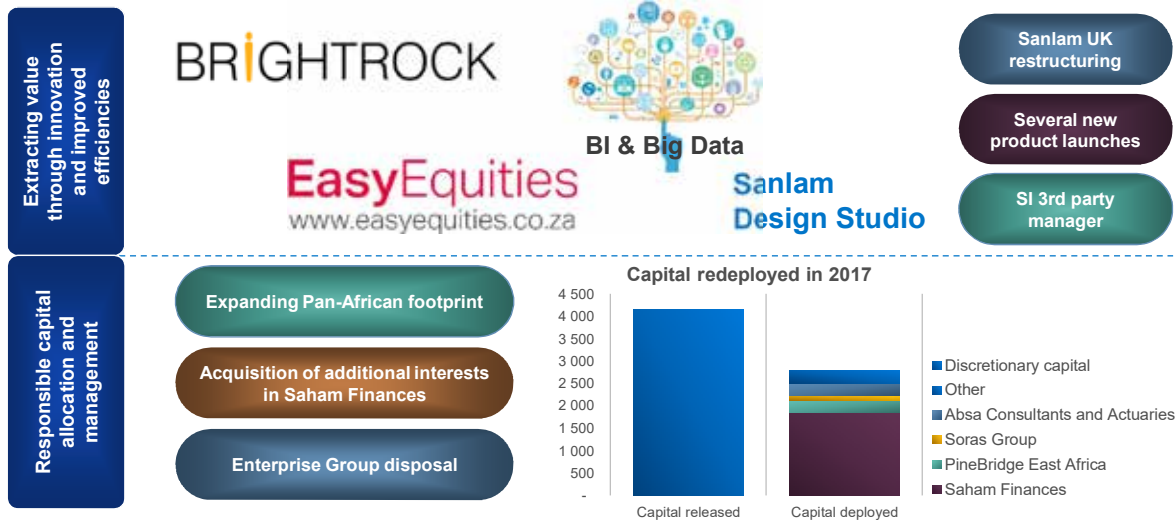
## Our progress in 2017



## Notes

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## Our progress in 2017

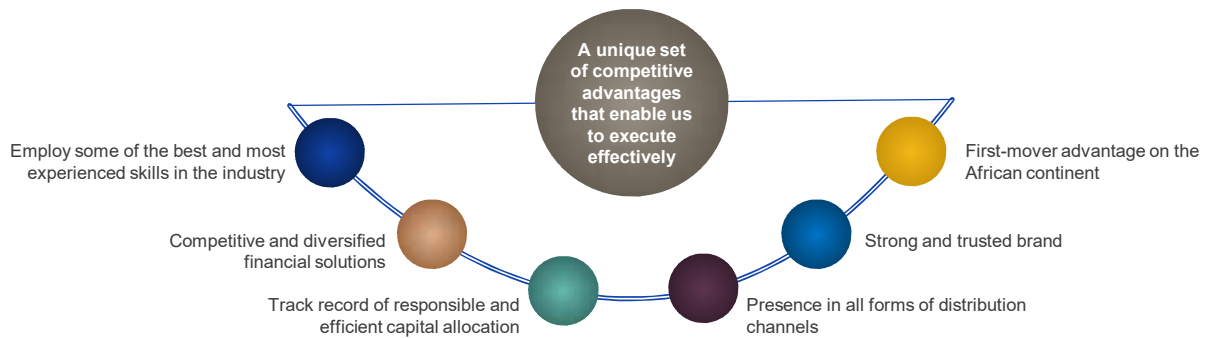


## Notes

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## Our competitive advantage into the future

Superior execution has set us apart from our peers and will continue to do so



**Our diversification creates resilience while offering growth opportunities grounded in our culture of client-centricity**



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# Our competitive advantage into the future

Acquisition of remaining stake in Saham Finances provides us with unique opportunity



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# Operating environment in 2017

Challenging conditions in South Africa, Namibia and Botswana



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## Global environment supportive of emerging markets

Political and policy uncertainty hampered SA growth



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## Political environment not conducive to economic growth

- Business and investor confidence under pressure
- Pedestrian economic growth
- Sovereign credit rating downgrade risk
- Investment market and currency volatility
- Rebound in December 2017

- ① Historic high levels of unemployment
- ② Widening wealth inequality
- ③ Technical skills development a priority
- ④ Slow progress on inclusive growth initiatives
- ⑤ Corporate governance breakdowns in private sector

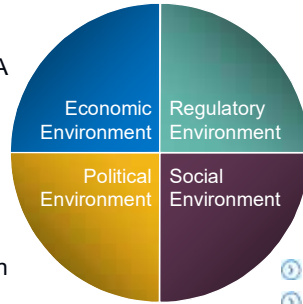


## Rest of Africa

Improvement in terms of trade, but high levels of government debt

- The diagram is a circle divided into four equal quadrants, each representing a different environmental factor. The quadrants are labeled as follows:

  - Economic Environment (Top Left, Blue):**
    - Improved terms of trade for commodity-based economies
    - Oil-based economies adapting to structurally lower oil price (Nigeria & Angola)
    - Much higher growth prospects than SA in medium to long term
    - Namibia liquidity constraints
    - Competitive pressures in Botswana eased somewhat in 2H17
  - Regulatory Environment (Top Right, Teal):**
    - Risk-based capital regimes on the agenda of a few countries
    - TCF and RDR following international trends
  - Political Environment (Bottom Left, Yellow):**
    - Some disruption in economic activity in Kenya over election period
    - Otherwise period of relative stability
    - Positive developments in Zimbabwe
  - Social Environment (Bottom Right, Purple):**
    - Technical skills shortage
    - Favourable demographic profile over long term
    - Increased need for insurance and investments

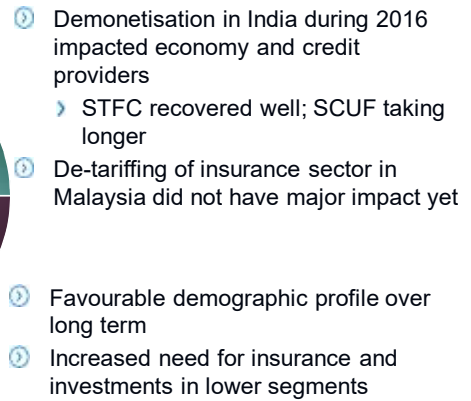


## Notes

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## Economic growth gaining traction

- ② Indian economy recovering well after demonetisation and introduction of Goods and Services Tax – positive for long term growth prospects
- ② Malaysian economy accelerating



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# Financial Review

A resilient performance under difficult conditions



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## Overview of 2017 performance

HIGHLIGHTS	LOWLIGHTS
Actual & adjusted RoGEV exceeded target	Underperformance in Kenya and Malaysia
Exceptional growth in VNB at improved margins	Lower single premium sales in South Africa, Namibia and Botswana
Turnaround in Sanlam UK profitability	Lower net fund inflows at Sanlam Personal Finance
Improved institutional inflows at Sanlam Investments	Higher claims experience at Santam, Sanlam Employee Benefits and Sanlam Namibia
Recovery in Indian profitability Santam maintaining underwriting margin despite catastrophes	Discovery of irregularities at Steinhoff International, with a consequential impact on the valuation of Steinhoff instruments held in client and shareholder investment portfolios
Acquisition of remaining 53.4% in Saham Finances	



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## Key Performance Indicators

- ④ Earnings per share
  - › Net operating profit per share increased by 7% (10% constant currency)
  - › Normalised headline earnings per share up 18%
- ④ Business volumes
  - › New business volumes declined by 1% to R230bn (in line with 2016 in constant currency)
  - › Net life VNB up 15% (17% constant currency)
  - › Net VNB margin of 2.94%, up from 2.69% in 2016
  - › Net fund inflows of R35bn compared to R41bn in 2016
- ④ Group Equity Value
  - › Group Equity Value of R59.40 per share
  - › RoGEV per share of 14.8%, adjusted 15.8% - above hurdle rate
- ④ Dividend per share of 290 cents; up 8.2%



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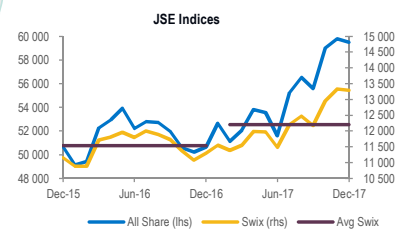
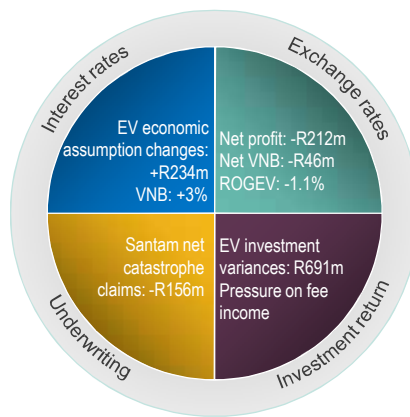
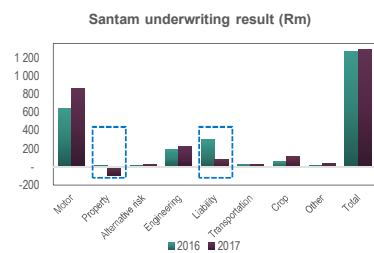
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### Significant impact from stronger Rand and catastrophe claims

[illegible]

## Steinhoff International exposure

R million	1/12/2017	Exposure <sup>(2)</sup> 31/12/2017	28/2/2018	Earnings impact 2017	2018 <sup>(3)</sup>
Debt <sup>(1)</sup>				(12)	-
Local	771	700	-	-	-
Foreign	368	211	282	(12)	-
Equity <sup>(1)</sup>	81	7	7	-	-
Collateralised lending	804	751	733	(37)	32
Net result from financial services				(49)	32
Net investment return				(122)	14
Equity	325	191	195	(103)	2
Local debt	125	100	25	(19)	12
Normalised headline earnings				(171)	46

Client portfolios: at or above benchmark weighting

<sup>(1)</sup> After hedges and utilising R286m risk reserves

(3) Based on 28/2/2018 valuations

(2) Before tax



## Notes

SANLAM INVESTOR PRESENTATION 2017 ANNUAL RESULTS

# Financial Review

| Sanlam Personal Finance



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## Sanlam Personal Finance

R million	2017	2016	△
<b>New business volumes</b>	<b>58 615</b>	<b>61 748</b>	<b>-5%</b>
Sanlam Sky	1 455	1 295	12%
<i>Risk</i>	1 361	1 157	18%
<i>Savings</i>	94	138	-32%
Recurring premium & SBD	2 838	2 572	10%
Glacier	54 322	57 881	-6%
<i>Life</i>	27 135	26 562	2%
<i>Non-life</i>	27 187	31 319	-13%
<b>Net flows</b>	<b>8 454</b>	<b>16 493</b>	
Sanlam Sky	3 623	3 173	
Recurring premium & SBD	(4 074)	(5 196)	
Glacier	8 905	18 516	



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## Sanlam Personal Finance

R million	2017	2016	△
<b>Net value of new life business</b>	<b>1 407</b>	<b>1 163</b>	<b>21%</b>
Sanlam Sky	521	358	46%
Recurring premium & SBD	396	279	42%
Glacier	490	526	-7%
<b>Net new business margin</b>	<b>3,20%</b>	<b>2,80%</b>	
Sanlam Sky	8,88%	7,12%	
Recurring premium & SBD	3,55%	2,73%	
Glacier	1,82%	2,01%	



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## Sanlam Personal Finance

R million	2017	2016	△
<b>Net operating profit</b>	<b>4 235</b>	<b>4 099</b>	<b>3%</b>
Sanlam Sky	875	860	2%
Recurring premium sub cluster	1 856	1 918	-3%
Glacier	1 264	1 074	18%
SBD & Other	240	247	-3%
<i>Sanlam Personal Loans</i>	270	239	13%
<i>Other</i>	(30)	8	>-100%
<b>Constant new business strain</b>	<b>4 453</b>	<b>4 099</b>	<b>9%</b>
<b>Group Equity Value</b>	<b>43 401</b>	<b>41 878</b>	
RoGEV	17,5%	22,7%	



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# Financial Review

| Sanlam Emerging Markets



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## Sanlam Emerging Markets

R million	2017	2016	Δ	ΔCCY
<b>New business volumes</b>	<b>21 903</b>	<b>23 696</b>	<b>-8%</b>	<b>-2%</b>
<i>Excluding structural growth &amp; BPOPF</i>	16 973	16 664	2%	8%
Namibia	5 593	5 649	-1%	-1%
Botswana	7 137	10 716	-33%	-30%
Rest of Africa	6 360	5 220	22%	36%
<i>Excluding structural growth</i>	2 619	3 083	-15%	1%
India	2 224	1 337	66%	78%
<i>Excluding structural growth</i>	1 035	1 042	-1%	6%
Malaysia	589	774	-24%	-13%
<b>Net fund flows</b>	<b>2 140</b>	<b>10 929</b>		
Namibia	(3 105)	(133)		
Botswana	1 399	7 045		
Rest of Africa	2 928	3 284		
India/Malaysia	918	733		

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## Sanlam Emerging Markets

R million	2017	2016	Δ	ΔCCY
<b>Net value of new life business</b>	<b>347</b>	<b>359</b>	<b>-3%</b>	<b>9%</b>
<i>Excluding structural growth</i>	262	287	-9%	3%
Namibia	75	75	-	-
Botswana	111	129	-14%	-9%
Rest of Africa	105	113	-7%	22%
India	38	13	192%	156%
<i>Excluding structural growth</i>	16	10	60%	71%
Malaysia	18	29	-38%	-24%
<b>Net new business margin</b>	<b>4,86%</b>	<b>5,26%</b>		
Namibia	4,98%	5,29%		
Botswana	6,34%	7,49%		
Rest of Africa	4,96%	5,38%		
India	3,23%	1,73%		
Malaysia	3,03%	3,48%		

### Notes

## Sanlam Emerging Markets

R million	2017	2016	Δ	ΔCCY
<b>Net operating profit</b>	<b>1 793</b>	<b>1 557</b>	<b>15%</b>	<b>25%</b>
Namibia	344	302	14%	14%
Botswana	356	377	-6%	-1%
Rest of Africa	377	299	26%	48%
Excluding structural growth	101	116	-5%	20%
India	759	534	42%	54%
Excluding structural growth	600	506	19%	29%
Malaysia	24	61	-61%	-48%
Corporate expenses	(67)	(16)	>-100%	>-100%
<b>Group equity value</b>	<b>27 621</b>	<b>22 097</b>		
RoGEV	11,5%	-2,3%		15.8%



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# Financial Review

| Sanlam Investments



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## Sanlam Investments

R million	2017	2016	△
<b>Net investment business flows</b>	<b>16 467</b>	<b>5 467</b>	
Investment management SA	13 247	8 785	
Wealth management	(755)	1 207	
International	3 975	(4 490)	
Capital management	—	(35)	
<b>New life business</b>	<b>3 137</b>	<b>3 187</b>	<b>-2%</b>
<i>Constant currency</i>	3 607	3 187	13%
<b>Net life business</b>	<b>(357)</b>	<b>(252)</b>	



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## Sanlam Investments

R million	2017	2016	Δ	Δ CCY
<b>Net operating profit</b>	<b>1 227</b>	<b>1 096</b>	<b>12%</b>	<b>17%</b>
Investment management SA	416	519	-20%	-18%
Wealth management	145	127	14%	16%
International	346	180	92%	116%
Capital management	320	270	19%	19%
<b>Group Equity Value</b>	<b>18 331</b>	<b>15 807</b>		
Covered business	2 768	1 137		
Other	15 563	14 670		
RoGEV	14,2%	-1,9%		16.3%



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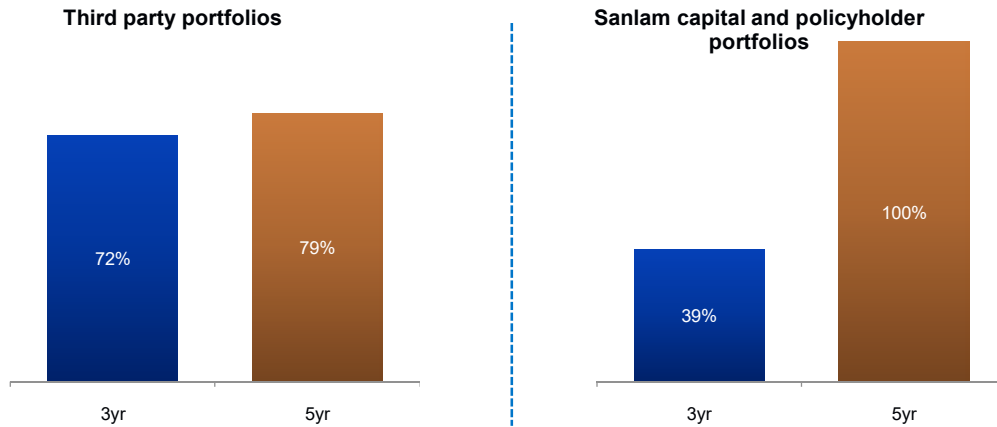
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## Sanlam Investments

Investment performance

### Percentage of SIM's benchmark-managed funds exceeding hurdle



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# Financial Review

| Santam



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# Santam

R million	2017	2016	Δ
<b>Net earned premiums</b>	<b>21 435</b>	<b>19 826</b>	<b>8%</b>
<b>Gross operating profit</b>	<b>2 173</b>	<b>2 050</b>	<b>6%</b>
Underwriting surplus	1 281	1 268	1%
Working capital & other	892	782	14%
<b>Net operating profit</b>	<b>851</b>	<b>814</b>	<b>5%</b>
<i>Excluding June catastrophe claims &amp; forex</i>	<i>1 007</i>	<i>814</i>	<i>24%</i>
Underwriting margin	6,0%	6,4%	
<b>Group Equity Value</b>	<b>18 108</b>	<b>15 868</b>	
RoGEV	18,0%	32,1%	



## Notes

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# Financial Review

| Sanlam Corporate



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## Sanlam Corporate

R million	2017	2016	△
<b>New business volumes</b>	<b>4 828</b>	<b>5 029</b>	<b>-4%</b>
Recurring risk	336	232	45%
Single risk	8	60	-87%
Investment & retirement	4 484	4 737	-5%
<b>Net fund flows</b>	<b>606</b>	<b>1 369</b>	
<b>Value of new life business</b>	<b>87</b>	<b>76</b>	<b>14%</b>
<b>New business margin</b>	<b>1,05%</b>	<b>0,97%</b>	



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## Sanlam Corporate

R million	2017	2016	△
<b>Net operating profit</b>	<b>558</b>	<b>510</b>	<b>9%</b>
Employee Benefits	443	427	4%
Healthcare	120	93	29%
Corporate	(5)	(10)	50%
<b>Group Equity Value</b>	<b>6 368</b>	<b>6 385</b>	
RoGEV	21,0%	9,6%	



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# Financial Review

Sanlam Group



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## Business flows

R million	Gross			Net	
	2017	2016	△	2017	2016
<b>by business</b>					
Personal Finance	58 615	61 748	-5%	8 454	16 493
Emerging Markets	21 903	23 696	-8%	2 140	10 929
Sanlam Investments	123 407	122 879	0%	16 110	5 215
Santam	21 435	19 826	8%	7 265	6 915
Sanlam Corporate	4 828	5 029	-4%	606	1 369
<b>by licence</b>					
Life insurance	44 615	43 599	2%	10 235	11 356
General insurance	27 557	23 839	14%	9 417	8 396
Investment	158 016	165 740	-5%	14 923	21 169
<b>Total</b>	<b>230 188</b>	<b>233 178</b>	<b>-1%</b>	<b>34 575</b>	<b>40 921</b>



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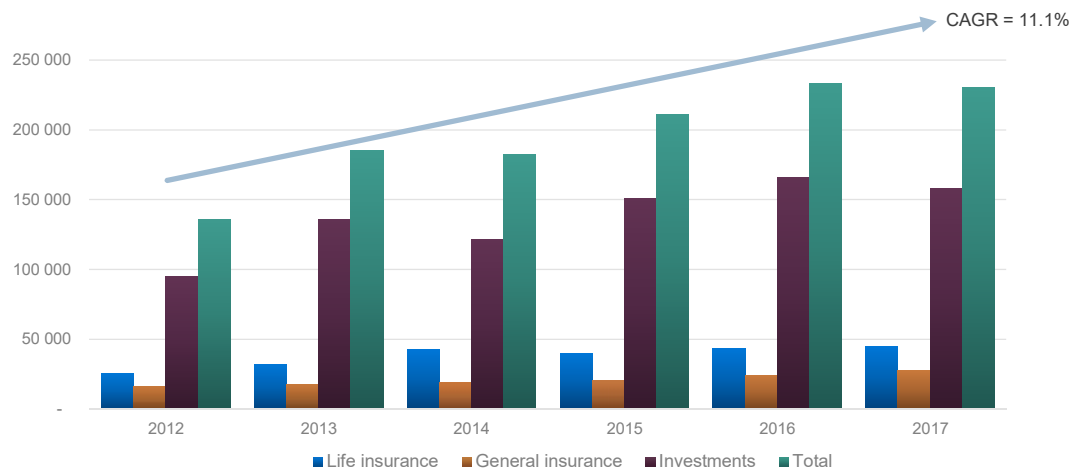
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## Business flows

New business volumes



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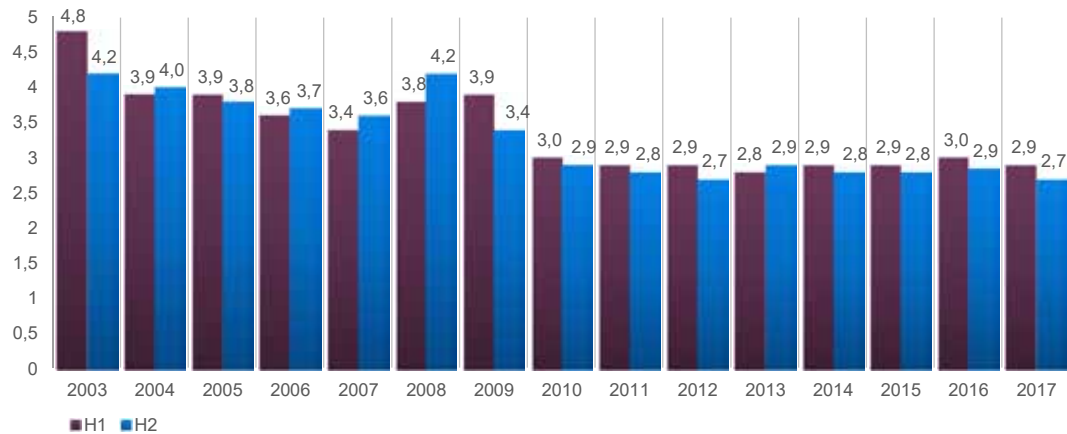
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## Operational efficiencies

Persistency maintained in challenging conditions

### Persistency – SA middle-income market

Lapses, surrenders & fully paid-ups as % of in-force per half year



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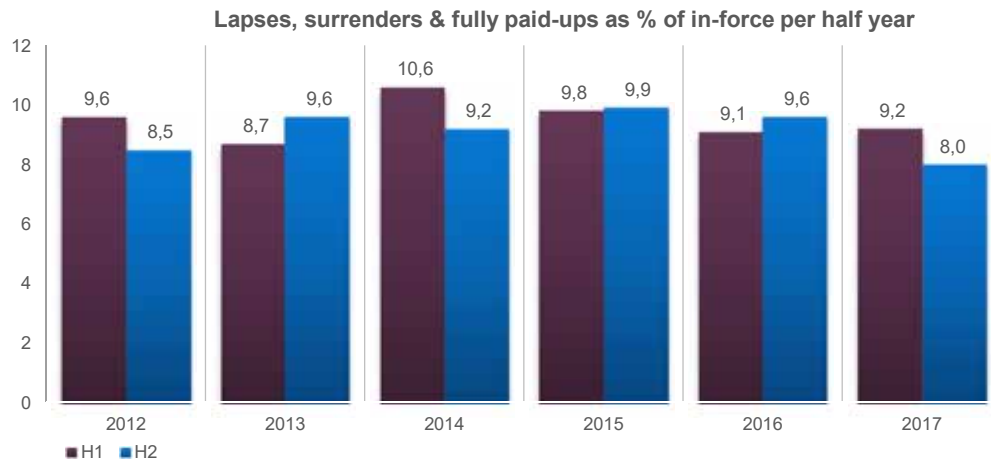
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## Operational efficiencies

Persistency maintained in challenging conditions

### Persistency – SA lower income market



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## Net value of new covered business

R million	Net value of New Business				Margin	
	2017	2016	Δ	Δ CCY	2017	2016
Personal Finance	1 407	1 163	21%	21%	3,20%	2,80%
Emerging Markets	347	359	-3%	9%	4,86%	5,26%
Sanlam Corporate	87	76	14%	14%	1,05%	0,97%
Sanlam Investments	-	7	-100%	-100%	-	0,21%
<b>Total</b>	<b>1 841</b>	<b>1 605</b>	<b>15%</b>	<b>17%</b>	<b>2,94%</b>	<b>2,69%</b>



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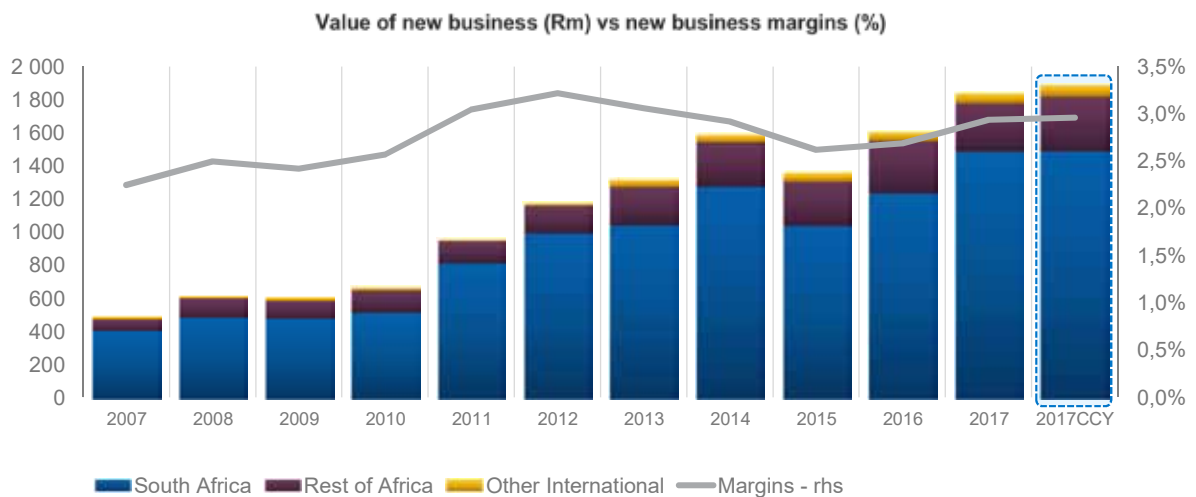
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## Net value of new covered business

Change in business mix supporting margin



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## Net operating profit

R million	2017	2016	Δ	ΔCCY
Personal Finance	4 235	4 099	3%	3%
Emerging Markets	1 793	1 557	15%	25%
Sanlam Investments	1 227	1 096	12%	17%
Santam	851	814	5%	5%
Sanlam Corporate	558	510	9%	9%
Corporate & other	(115)	(107)	-7%	-7%
<b>Total</b>	<b>8 549</b>	<b>7 969</b>	<b>7%</b>	<b>10%</b>



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## Income statement

R million	2017	2016	△
<b>Net operating profit</b>	<b>8 549</b>	<b>7 969</b>	<b>7%*</b>
<i>Per share (cents)</i>	<i>417,2</i>	<i>389,4</i>	<i>7%</i>
Net investment return	1 663	676	146%
Other	(377)	(285)	-32%
<b>Normalised headline earnings</b>	<b>9 835</b>	<b>8 360</b>	<b>18%</b>
<i>Per share (cents)</i>	<i>480,0</i>	<i>408,5</i>	<i>18%</i>
Fund transfers	(78)	1 500	
<b>Headline earnings</b>	<b>9 757</b>	<b>9 860</b>	<b>-1%</b>
<i>Per share (cents)</i>	<i>481,3</i>	<i>488,1</i>	<i>-1%</i>

\* 10% in constant currency



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## Group Equity Value

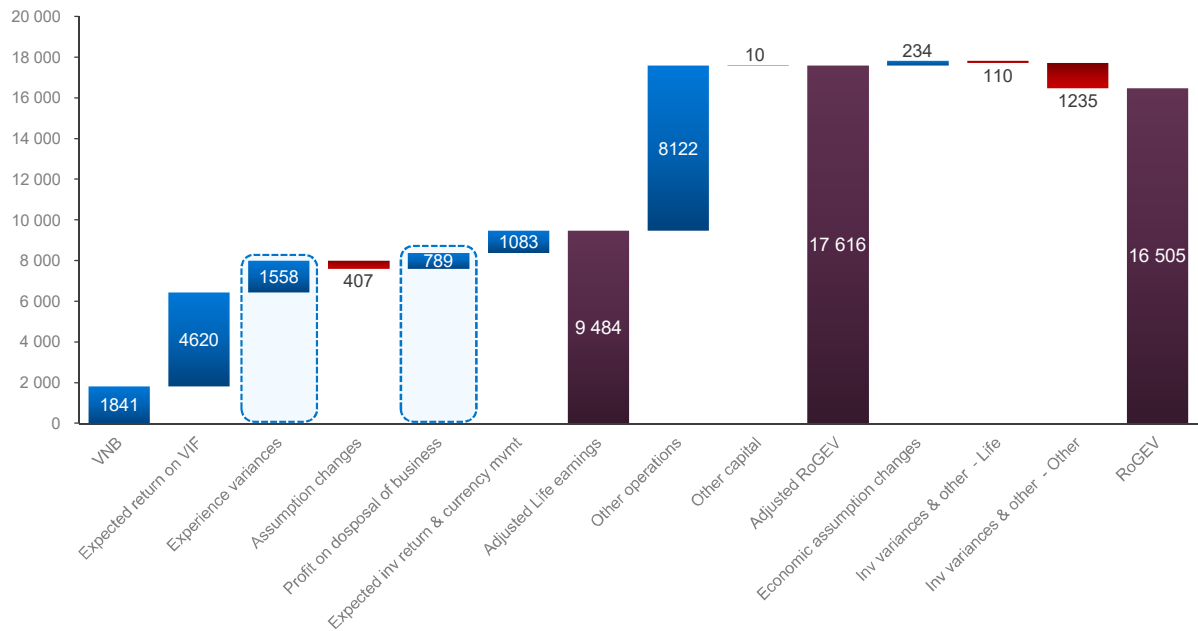
R million	Equity Value		RoGEV	
	2017	2016	Rm	%
<b>Group operations</b>	<b>113 829</b>	<b>102 035</b>	<b>16 495</b>	<b>15,8%</b>
Personal Finance	43 401	41 878	7 070	17,5%
Emerging Markets	27 621	22 097	2 845	11,5%
Investments	18 331	15 807	2 442	14,2%
Santam	18 108	15 868	2 854	18,0%
Sanlam Corporate	6 368	6 385	1 284	21,0%
<b>Discretionary &amp; Other</b>	<b>7 934</b>	<b>8 682</b>	<b>10</b>	<b>0,2%</b>
<b>TOTAL</b>	<b>121 763</b>	<b>110 717</b>	<b>16 505</b>	<b>14,9%</b>
<b>cps</b>	<b>5 940</b>	<b>5 407</b>	<b>801</b>	<b>14,8%</b>
Adjusted RoGEV cps				15,8%
Return target				13,2%



## Notes

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## Group Equity Value earnings

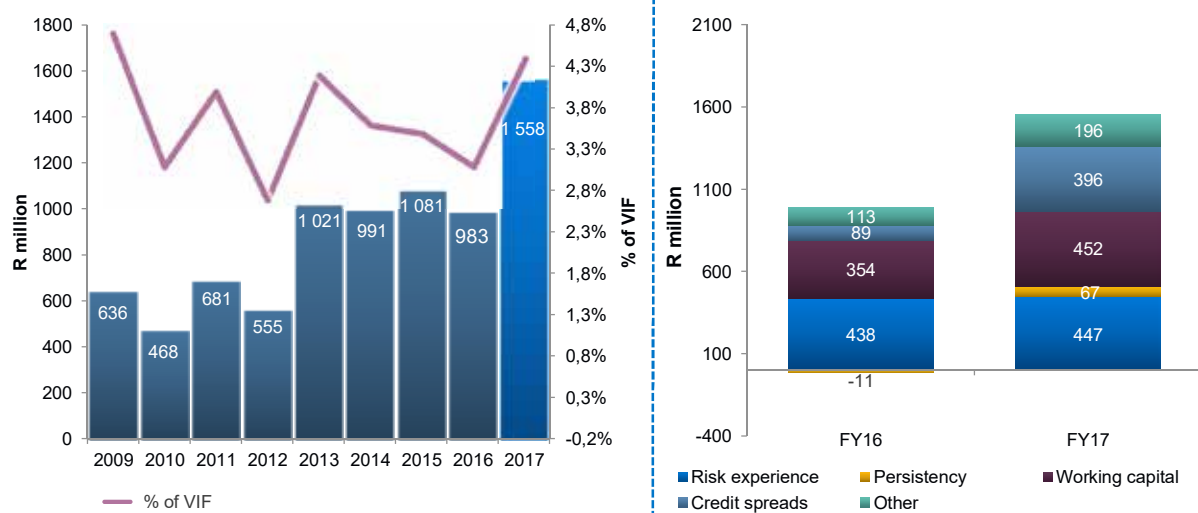


## Notes

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## Experience variances

Risk, working capital, credit spreads major contributors



## Notes

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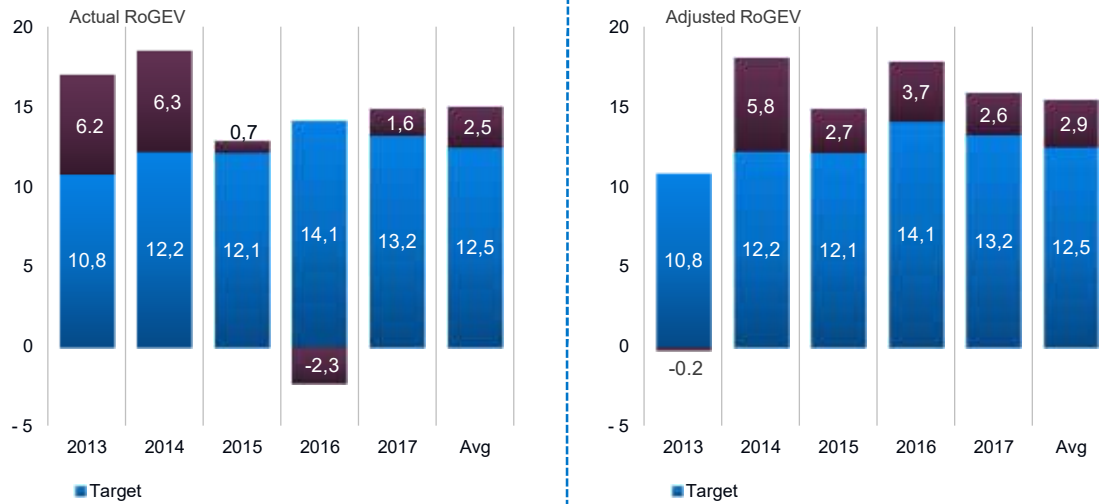
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## Return on Group Equity Value

Out perform growth target of long-bond rate +400bp



### Notes

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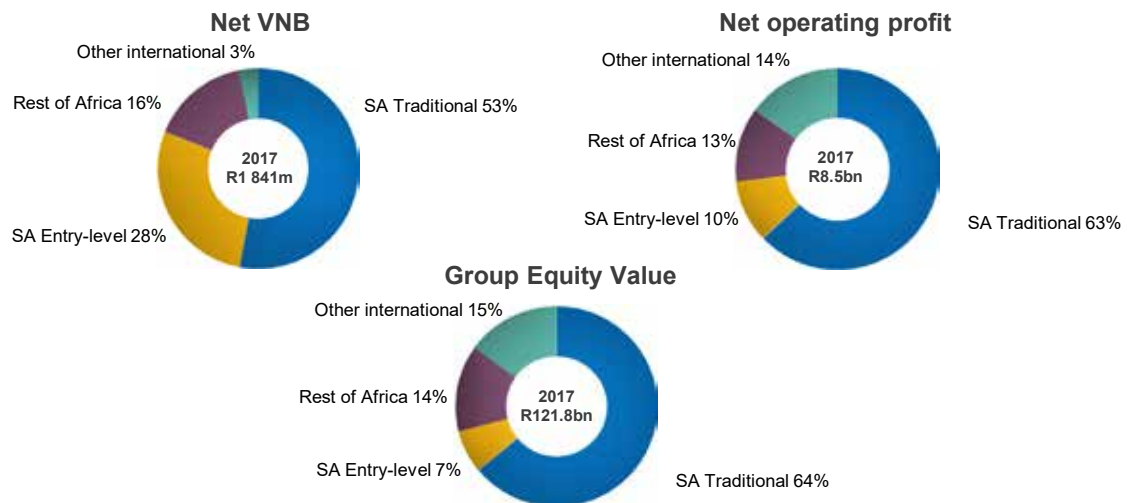
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## Geographic diversification



### Notes

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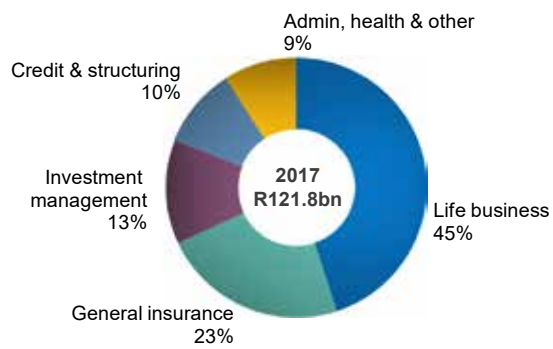
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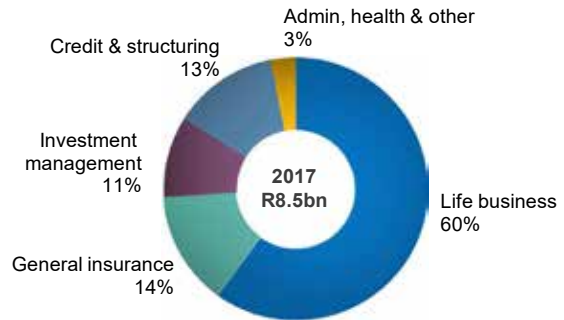
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## Line of business diversification

**Group Equity Value**



**Net operating profit**



### Notes

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# Financial Review

| Capital management



## Notes

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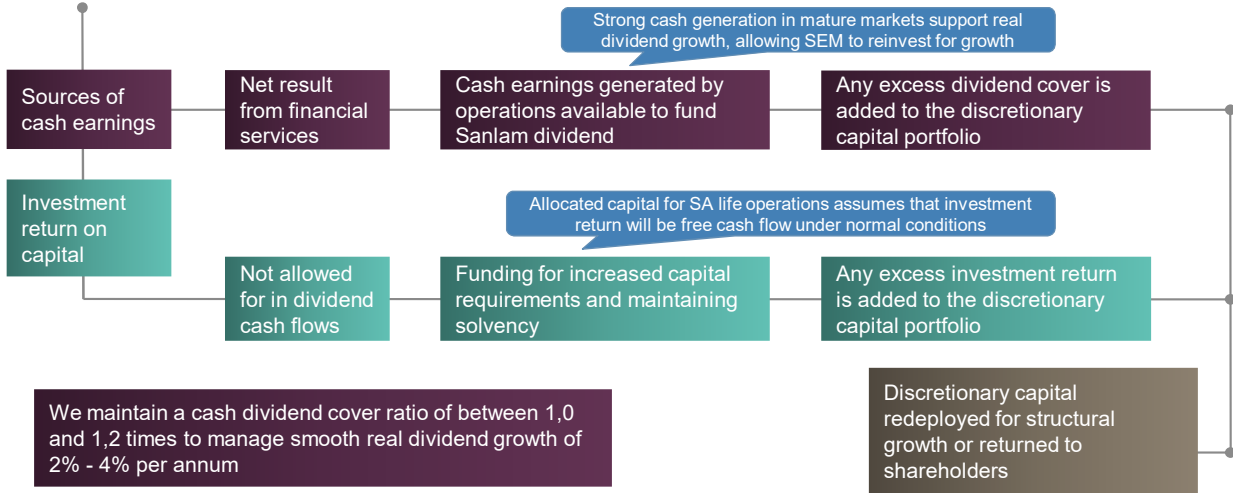
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## Capital management philosophy

Dual focus on stable dividend growth and investment for future growth

We follow a prudent approach: we only use free cash flow to fund dividends  
We do not manage our capital and solvency through our dividend policy



### Notes

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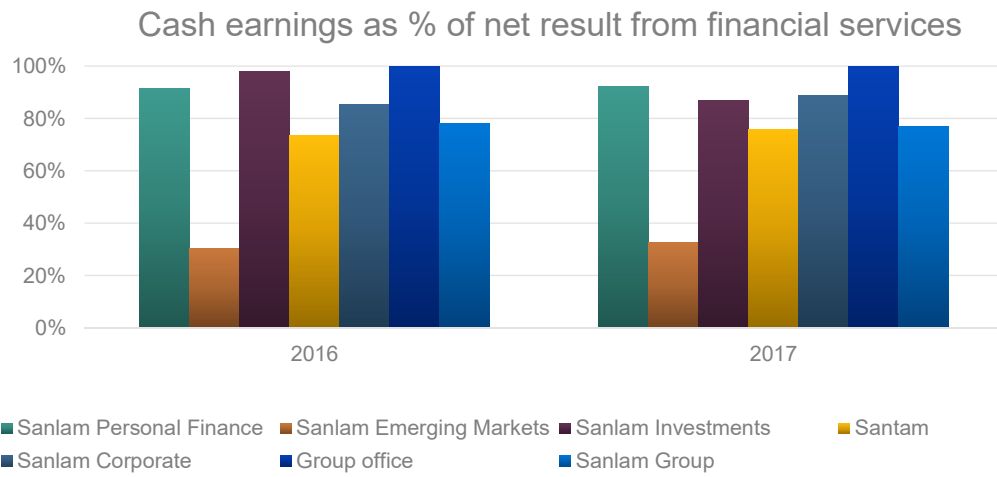
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## Dividend

Cash operating earnings generation



## Notes

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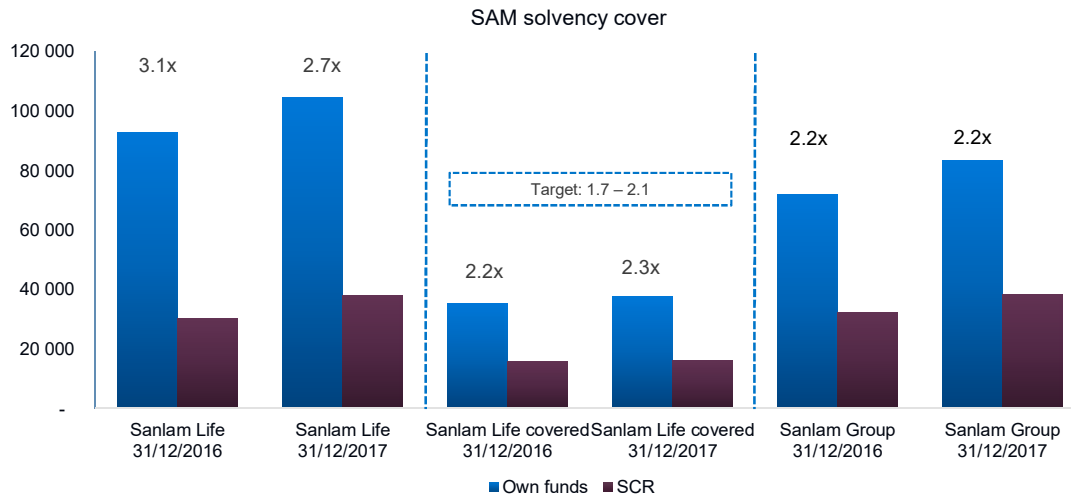
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## Solvency position

Solvency cover at upper end of target range



## Notes

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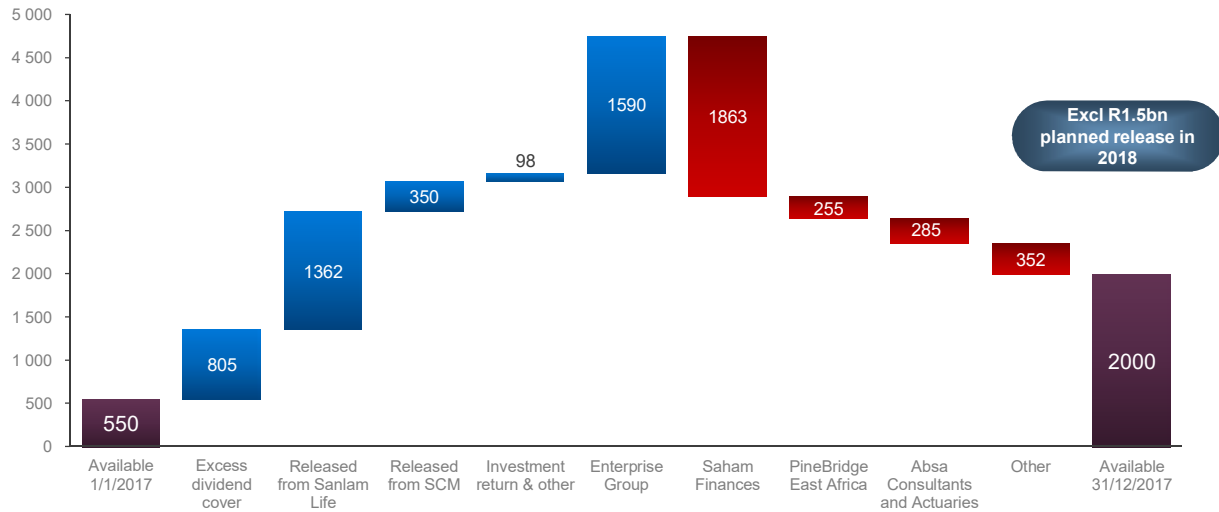
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## Discretionary capital

R4.2 billion of discretionary generated in 2017



## Notes

## Saham Finances acquisition

### Strategic rationale

- ③ Opportunity for control presented itself sooner than expected
- ③ Shareholder desirous to exit due to other roles and commitments
- ③ Transaction creates platform to realise our vision of being a leading and truly Pan-African financial services business:
  - › The “go-to” insurer for multinationals iro their own and employees’ needs
  - › The preferred partner to brokers, banks and other distribution entities operating across Africa
  - › The preferred network partner to international insurers with no African footprint
  - › Having the leading life and general insurance businesses on the ground, in each key country across the continent



### Notes

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## Saham Finances acquisition

Analysis of investments

\$ million	2016	2017	2018
<b>Investments</b>			
% acquired	30.0%	16.6%	53.4%
SEM participation			
% acquired	22.5%	17.1%	53.4%
Paid	300	340	1 050
Historic PE	27	31	26
2018 forward PE	16	24	24
Price/book	2.9	2.6	2.3
<b>Hedges – SEM participation</b>			
Amount	300	200	602
Average hedge exchange rate	14.21	13.43	14.12
Spot at payment date	15.55	13.62	n/a
<b>GEV valuation – SEM participation</b>	284	656	



## Notes

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# Strategic Priorities for 2018



## Notes

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## Sanlam Personal Finance

- ③ Increasing productivity through an improved worksite offering in the entry-level market
- ③ Increasing market share in the middle income and affluent segments through product innovation and leveraging the portfolio (e.g. MiWay Life and BrightRock)
- ③ Offering best in class customer value for savings products
- ③ Integrating the Glacier value chain through our Sanlam Investments partnership
- ③ Fully leverage available enablers: our omni-channel and expanded distribution footprint, platform agility, cost leadership through value optimisation and Sanlam Reality integration
- ③ Rolling out Capitec and other partnerships
- ③ Investigate initiatives to manage back office efficiencies, including robotics



### Notes

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## Sanlam Emerging Markets

- ② Continue with shift in focus from acquisitive to accelerated organic growth through superior execution, enhanced strategic alliances and improved distribution
- ② Finalise Saham Finances acquisition and deliver on synergies
- ② Deliver on corporate opportunities in Africa in support of retail and commercial business growth
- ② Increased visibility of Sanlam brand as partnership brand for markets and our employees
- ② Increased collaboration on human resource development across the cluster
- ② Continued focus on governance, compliance and ethics
- ② Industry consolidation/increasing shareholding/strategic partnerships where it makes sense



### Notes

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## Sanlam Investments

- ② Maintain consistent superior investment performance
- ② Use business intelligence capability to apply data analytics in pursuit of product innovation, to enhance client and intermediary experience and support operational efficiencies
- ② Leveraging capabilities across businesses to provide holistic solutions for retail and institutional clients, including closer cooperation with Sanlam Personal Finance
- ② Seizing the passive and alternatives opportunities
- ② Strengthening the turn-around of Sanlam UK, positioning the business for future growth and enhancing offerings for our African client base
- ② Dealing with fee income pressures through targeted cost reduction initiatives
- ② Continued focus on transformation and people development
- ② Driving retail flows through outcomes-based fund management



### Notes

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## Santam

- ② Focus remains on profitable growth in South Africa, and increasing international diversification through the Santam Specialist business and Santam Re
- ② Realign interests in SEM investments in line with focus on reinsurance and specialist
- ② Further optimising the claims and procurement value chains
- ② Implementing omni-channel strategy across key businesses
- ② Santam to drive Pan-African reinsurance strategy
- ② Focusing on underwriting management activity in Santam Specialist
- ② Utilise access to A-rated paper to expand international specialist and reinsurance business



## Notes

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## Sanlam Corporate

- ④ Finalise and embed Absa Consultants and Actuaries acquisition
- ④ Progressively improving market positioning in Employee Benefits and Healthcare
- ④ Providing a 'One Sanlam' solution to targeted corporates
- ④ Driving collaboration opportunities to increase clients' employee value propositions
- ④ Enabling profitable growth in SEB: balance cross-cluster pricing to win and retain business while maintaining adequate margins
- ④ Supporting SEM over the longer term with in-country support for targeted corporates



### Notes

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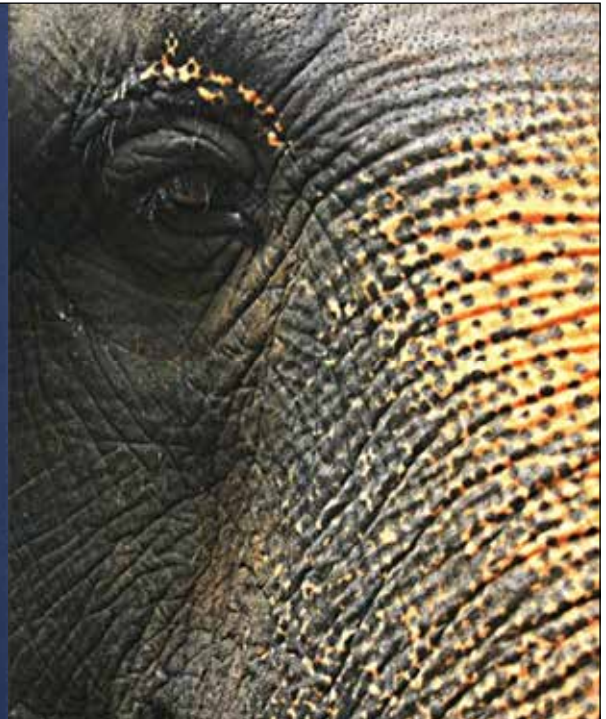
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# Outlook



## Notes

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## Outlook for 2018

- ② General sentiment in South Africa more positive than for most of the 2017 financial year; should provide more favourable operating environment for savings and investment businesses
- ② Economic growth in South Africa and commodity-based economies still expected to remain below longer-term potential in 2018, but likely to accelerate compared to 2017
- ② A downgrade in South Africa's domestic sovereign rating to below investment grade by Moody's remains a risk - likely to cause volatility in equity, interest rate and currency markets
- ② Will continue to implement strategy; well positioned for growth across African continent
- ② Strong focus on extracting synergies from Saham Finances acquisition
- ② Investments in new initiatives and planned strong growth in new risk business will impact on operational earnings, without affecting dividend pattern



## Notes

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# Annual Results 2017

## **Financial Information**



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Salient results	3
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# Key features

## Earnings

- Net result from financial services increased by 7% (up 10% in constant currency)

## Business volumes

- Net value of new covered business up 15% to R1,8 billion (up 17% in constant currency)
- Net new covered business margin of 2,94% (2,69% in 2016)
- New business volumes declined by 1% to R230 billion (in line with 2016 in constant currency)
- Net fund inflows of R35 billion compared to R41 billion in 2016

## Group Equity Value

- Group Equity Value per share of R59,40
- Return on Group Equity Value per share of 14,8%
- Adjusted Return on Group Equity Value per share of 15,8%; exceeding target of 13,2%

## Capital management

- R4,2 billion of capital released; R2,8 billion deployed in strategic investments
- Unallocated discretionary capital of R2 billion at 31 December 2017
- Sanlam Group Solvency Assessment and Management (SAM) cover ratio of 2,2 times; Sanlam Life Insurance Limited SAM cover ratio of 2,7 times
- Sanlam Life Insurance Limited Capital Adequacy Requirement (CAR) cover ratio of 5,8 times
- Acquisition of remaining 53,4% stake in Saham Finances announced

## Dividend

- Dividend per share of 290 cents, up 8%



We achieved a return of 14,8% for Sanlam shareholders in 2017 as measured by Return on Group Equity Value (RoGEV). This is a resilient performance in a year where our core South African market faced one of its most challenging periods in the last decade, and a fitting tribute to Sanlam's sustainability as we enter our centenary year in 2018.

## Salient results

for the year ended 31 December 2017

		2017	2016	Δ
<b>Sanlam group</b>				
<b>Earnings</b>				
Net result from financial services per share	cents	417,2	389,4	7%
Normalised headline earnings per share <sup>(1)</sup>	cents	480,0	408,5	18%
Diluted headline earnings per share <sup>(2)</sup>	cents	481,3	488,1	-1%
Net result from financial services	R million	8 549	7 969	7%
Normalised headline earnings <sup>(1)</sup>	R million	9 835	8 360	18%
Headline earnings	R million	9 757	9 860	-1%
Dividend per share	cents	290	268	8%
<b>Business volumes</b>				
New business volumes	R million	230 188	233 178	-1%
Net fund inflows	R million	34 575	40 921	-16%
Net new covered business				
Value of new covered business	R million	1 841	1 605	15%
Covered business PVNBP <sup>(3)</sup>	R million	62 604	59 556	5%
New covered business margin <sup>(4)</sup>	%	2,94	2,69	
<b>Group Equity Value</b>				
Group Equity Value	R million	121 763	110 717	10%
Group Equity Value per share	cents	5 940	5 407	10%
Return on Group Equity Value per share <sup>(5)</sup>	%	14,8	11,8	
<b>Sanlam life insurance limited</b>				
Shareholders' fund	R million	93 376	83 866	
Capital Adequacy Requirements (CAR)	R million	8 375	8 150	
CAR covered by prudential capital	times	5,8	5,8	

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

<sup>(2)</sup> The main contributor to the variance in growth between normalised headline earnings and diluted headline earnings is the one-off deferred tax asset recognised in 2016 in respect of assessed losses in the South African policyholders' fund upon the introduction of the Risk Policy Fund.

<sup>(3)</sup> PVNBP = present value of new business premiums and is equal to the present value of new recurring premiums plus single premiums.

<sup>(4)</sup> New covered business margin = value of new covered business as a percentage of PVNBP.

<sup>(5)</sup> Growth in Group Equity Value per share (with dividends paid, capital movements and cost of treasury shares acquired reversed) as a percentage of Group Equity Value per share at the beginning of the year.

## Financial and operational review

Sanlam's strategy has remained largely unchanged since 2003. We highlighted before that our strategy is by no means unique, but that our ability to execute has set us apart from our peers. This diligent focus on

execution enabled us to achieve satisfactory growth in 2017 and double-digit average growth rates in all key performance indicators over the last 10 years, apart from new business volumes.

## Financial and operational review (continued)



**RoGEV**

**14,8%**

(10-year Compound Annual Growth Rate (CAGR)): 14,2%)



**Dividend**

**8,2%**

(10-year CAGR: 12%)



**Net result from financial services per share**

**7,1%**

(10-year CAGR: 12,1%)



**New business volumes**

**-1,3%**

(10-year CAGR: 8,5%)



**Net Value of New Business (VNB)**

**14,7%**

(10-year CAGR: 14,1%)



**Net VNB margin**

**2,94%**

(2007: 2,25%)

We anticipated that we would face significant headwinds in 2017. Our core South African market has experienced significant political and policy uncertainty since 2015, which severely suppressed business and investor confidence. Private sector investment largely stalled as a result, with the economy entering a period of pedestrian growth. Downgrades in South Africa's sovereign credit ratings to below investment grade amidst regular reports of the extent of corruption in the country, dealt further blows to an already fragile environment. This largely prevented South Africa from sharing in the benefits of an improved global economic environment. Sentiment changed abruptly in December 2017 following the outcome of the African National Congress's national elective conference and renewed optimism that South Africa's challenges will

be addressed through close cooperation between government, business and labour. The local equity and bond markets responded with year-end rallies after remaining subdued for a large part of the year. The rand also strengthened further from its end-2016 closing position, contributing to much stronger average exchange rates in 2017 against most of the major currencies.

The economies of oil-dependent countries where we operate, in particular Nigeria and Angola, experienced pressure from low oil prices, negatively affecting economic growth, currency exchange rates and liquidity. High levels of government debt in Namibia impacted on public sector expenditure, liquidity in the banking sector, and economic growth.

Operating conditions elsewhere where we operate were, however, in general more supportive of growth in 2017. India in particular started to recover from demonetisation and the introduction of Goods and Services Tax, while non-oil commodity-based economies benefited from improved terms of trade.

The following also impacted on our performance in 2017:

- The South African general insurance market experienced the highest level of weather-related claims in recorded history during 2017. Santam, being the largest general insurer in South Africa, commensurately experienced a significant deterioration in the underwriting results of its property line of business.

- Internal challenges in Kenya and Malaysia have not been fully resolved, affecting both top-line and operational earnings growth in these countries. Internal challenges in Kenya are being addressed, while Malaysia has launched a number of operational initiatives to improve performance. Both countries have significant future growth potential and turnaround strategies in these operations are high on the agenda for Sanlam Emerging Markets (SEM) management.

Despite these challenges, the Group delivered robust overall growth in all key performance indicators. Progress on all strategic pillars contributed to the resilient performance.

The key highlights and lowlights for the year are:

#### HIGHLIGHTS

Adjusted RoGEV of 15,8% exceeded the target of 13,2% by a healthy margin

Exceptional growth in VNB at improved margins

Turnaround in Sanlam UK profitability

Improved institutional inflows at Sanlam Investments

Santam maintaining an underwriting margin in the middle of its target range despite historically high catastrophe claims

Improvement in India profitability

Discretionary capital of R4,2 billion released, enabling acquisitions of R2,8 billion in 2017

Acquisition of remaining stake in Saham Finances announced in March 2018

#### LOWLIGHTS

Underperformance in Kenya and Malaysia

Lower single premium sales in South Africa, Namibia and Botswana

Lower net fund inflows at Sanlam Personal Finance

Higher relative claims experience at Santam, Sanlam Employee Benefits and Sanlam Namibia

Discovery of irregularities at Steinhoff International, with a consequential impact on the valuation of Steinhoff instruments held by the Group in client and shareholder investment portfolios



## Financial and operational review (continued)

### Basis of presentation and accounting policies

The Sanlam Group IFRS financial statements for the year ended 31 December 2017 are presented based on and in compliance with IFRS. 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 2016 Integrated Report and Annual Financial Statements.

All growth percentages reflected in this review are relative to the 12 months ended 31 December 2016, unless otherwise indicated.

The constant currency information included in this review and elsewhere in the Integrated Report has been presented to illustrate the impact of changes in

currency exchange rates and is the responsibility of the Group's board of directors. It is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, result of operations or cash flows. All references to constant currency information are based on the translation of foreign currency results for the 12 months to 31 December 2017 at the weighted average exchange rate for the 12 months to 31 December 2016, which is also applied for the translation of comparative information. The major currencies contributing to the exchange rate movements are the British pound, United States dollar, Indian rupee, Botswana pula, Moroccan dirham and the Nigerian naira (negative movements in the table below indicate a strengthening in the rand exchange rate):

Currency	Average rand exchange rate – 12 months to 31 December 2017	Average rand exchange rate – 12 months to 31 December 2016	Change in average exchange rate
British pound	17,13	19,69	-13,0%
United States dollar	13,30	14,65	-9,2%
Indian rupee	0,205	0,219	-6,6%
Botswana pula	1,302	1,368	-4,8%
Moroccan dirham	1,388	1,485	-6,5%
Nigeria naira	0,040	0,061	-34,0%

Sanlam's external auditor has issued a limited assurance report in respect of the constant currency information in terms of section 8 of the JSE Listings Requirements. The limited assurance report is available for inspection at Sanlam Limited's registered address.

### Financial performance measure

The Group has chosen RoGEV as its main measure of financial performance. GEV provides an indication of the value of the Group's operations, but only values the Group's in-force covered (life insurance) business and excludes the value of future new life insurance business

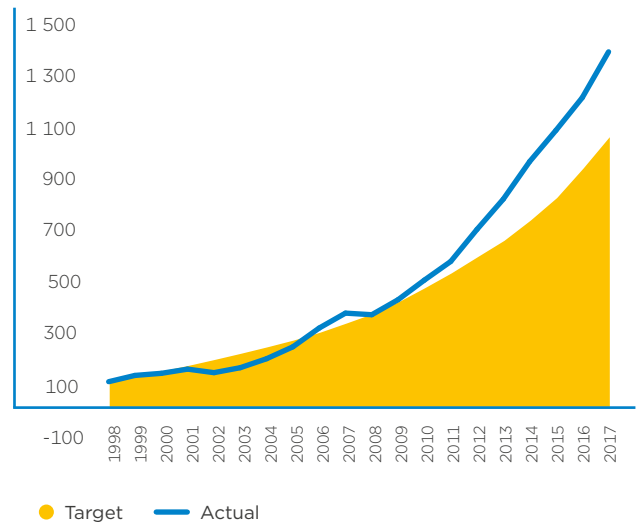
to be written by the Group. GEV is the aggregate of the following components:

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

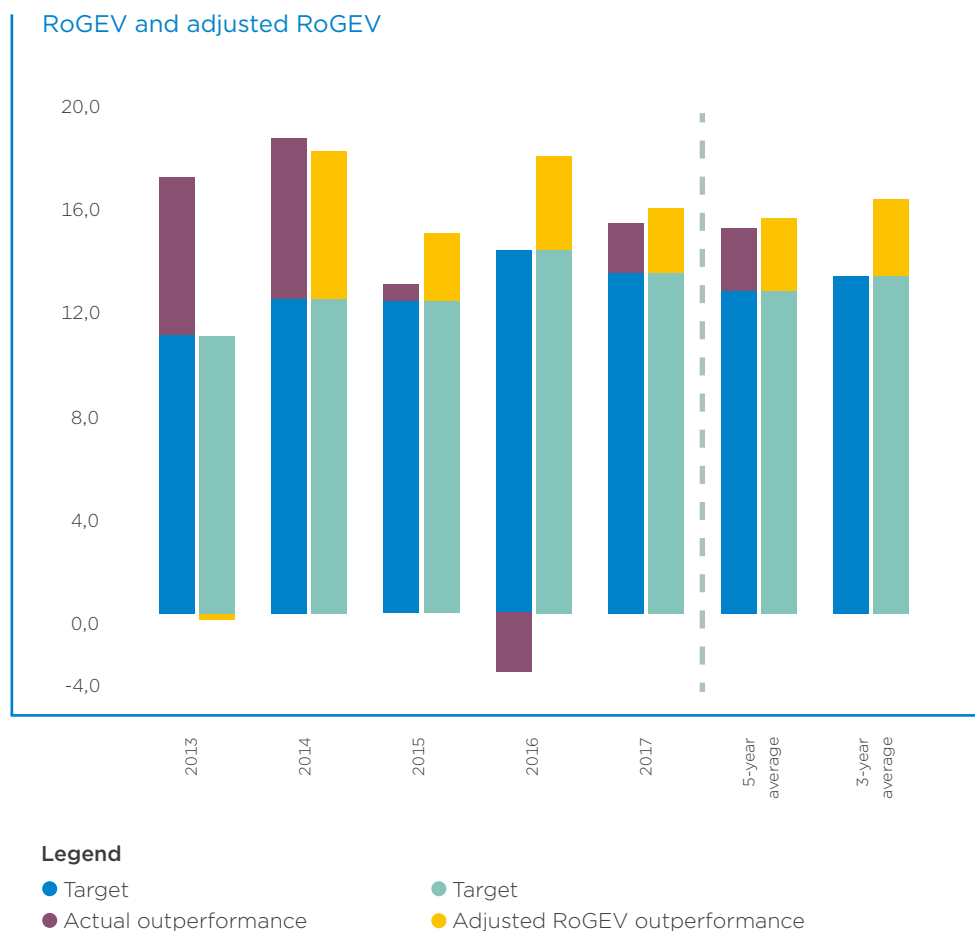


Sustained growth in GEV is the combined result of delivery on a range of key performance drivers in the Group. RoGEV measured against a set performance hurdle is therefore used by the Group as its primary internal and external performance benchmark in evaluating the success of its strategy to maximise shareholder value.

The RoGEV target is to outperform the Group's cost of capital. The cost of capital is set at the risk-free nine-year bond rate (RFR) plus 400bps. The compounded RoGEV of the Group since Sanlam demutualised and listed in 1998 comprehensively outperformed this target.



Over shorter measurement periods, RoGEV and adjusted RoGEV also exceeded the hurdle rate:



The RoGEV target for 2017 was set at 13,2% and for 2018 it is set at 13,0% based on the RFR of 9,0% as at the end of December 2017.

## Financial and operational review (continued)

### Group Equity Value

GEV amounted to R121,8 billion or 5 940 cents per share at 31 December 2017. Including the dividend of 268 cents per share paid during the year, a RoGEV per share of 14,8% was achieved for 2017. This exceeded the 13,2% target for the year, due to strong growth in VNB and positive experience variances, investment market returns in excess of long-term assumptions, lower risk discount rates (RDR) and profit realised on the disposal of the Enterprise Group in Ghana. These factors more than offset the negative effect of a stronger rand exchange rate, write-off of goodwill recognised in respect of the BrightRock, Saham Finances and Rwandan acquisitions in terms of the EV methodology, as well as IFRS impairments of the investments in Pacific & Orient and Letshego that also affects RoGEV. Adjusted RoGEV per share, which excludes the impact of higher 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 15,8% - well in excess of the target.

South African nine-year and five-year long-term interest rates declined by 20bps and 60bps respectively in 2017, with a corresponding decline in the RDR used to value the Group's South African businesses for GEV purposes. A discounted cash flow (DCF) valuation basis is used for essentially all of the Group's operations, with the decline in RDR having a positive effect on the end-2017 valuations and RoGEV for 2017. This positive impact was augmented by a relatively stronger equity market performance, which supported assets under management and hence GEV valuations at Sanlam Investments (SI) and Sanlam Personal Finance (SPF). After strengthening significantly in 2016, the rand ended the year slightly stronger against most of the currencies where we operate.

#### GEV at 31 December 2017

R million	GEV		RoGEV	
	December 2017	December 2016		%
<b>Group operations</b>	<b>113 829</b>	102 035	16 495	15,8
Sanlam Personal Finance	43 401	41 878	7 070	17,5
Sanlam Emerging Markets	27 621	22 097	2 845	11,5
Sanlam Investments	18 331	15 807	2 442	14,2
Santam	18 108	15 868	2 854	18,0
Sanlam Corporate	6 368	6 385	1 284	21,0
<b>Covered business</b>	<b>54 283</b>	51 246	9 608	18,8
Value of in-force business	39 245	35 845	8 678	24,2
Adjusted net worth	15 038	15 401	930	6,1
<b>Other operations</b>	<b>59 546</b>	50 789	6 887	12,9
<b>Group operations</b>	<b>113 829</b>	102 035	16 495	15,8
Discretionary capital and other	7 934	8 682	10	0,2
<b>Group Equity Value</b>	<b>121 763</b>	110 717	16 505	14,9
<i>Per share (cents)</i>	<b>5 940</b>	5 407	801	14,8

Group operations yielded an overall return of 15,8% in 2017, the combination of 18,8% return on covered business and 12,9% on other Group operations.

The main components contributing to the return on covered business are included in the table below:

**Return on covered business for the year ended  
31 December 2017**

%	2017	2016
Expected return – unwinding of the RDR	9,0	9,8
Value of new covered business	3,6	3,4
Operating experience variances	3,0	2,1
Operating assumption changes	(0,8)	0,9
Economic assumption changes	0,5	1,0
Expected investment return on capital portfolio	2,0	2,5
Investment variances	1,2	(3,1)
Value of in-force	1,4	(0,3)
Capital portfolio	(0,2)	(2,8)
Foreign currency translation differences and other	0,3	(0,8)
<b>Return on covered business</b>	<b>18,8</b>	<b>15,8</b>

The Group's covered business operations achieved a good overall performance, exceeding the Group hurdle rate by a healthy margin, despite the economic headwinds faced in a number of countries during 2017. Most businesses achieved returns in excess of 20%, with the notable exception being Sanlam UK, which was affected by the stronger rand exchange rate. The main items contributing to the return from covered business are:

- Expected return on covered business declined in 2017 relative to 2016 based on the lower RDR applied at the end of 2016.
- Value of new covered business: The strong new business performance in 2016 persisted into 2017, despite the challenging conditions in South Africa, Namibia and Botswana. VNB benefited from the change in mix to more profitable business and contributed 3,6% to the overall return.
- Operating experience variances increased markedly in 2017. Particularly satisfactory is the improved diversification in the source of positive experience. Risk experience was broadly in line with 2016, despite weaker claims experience in Namibia and SEB. Similarly, our businesses did well to maintain robust persistency experience under challenging conditions. Our South African middle income market reflected some deterioration in some products,

which was largely offset by good persistency at Sanlam Sky and successful premium updates at SEB. SEB was able to increase premium rates following weak claims experience in 2016 while retaining clients. The Central Credit Manager (CCM) is optimising the Group's exposure to credit assets, which contributed to a significant increase in positive credit spread experience. As highlighted before, the embedded value of covered business does not capitalise any future profits to be earned by the CCM, while only partial allowance is made for SPF and SEB's profit sharing. Most of the credit spread profit is therefore recognised as experience variances. Other experience variances include the decline in cost of capital following the release of capital from the South African covered business operations (refer Capital management section below).

- Operating assumption changes had a negative effect on RoGEV in 2017. Assumptions were relaxed in certain areas of consistently strong positive risk experience where the actuarial basis has moved too far from actual experience. The persistency basis was strengthened in line with the 2017 experience. The maintenance expense assumption changes relate largely to a strengthening in the unit cost assumptions applied to the closed book in SPF. In addition to various modelling improvements, one-off expense allowances were also increased in line with new regulatory requirements, in particular the introduction of IFRS 17, the new insurance accounting standard issued by the International Accounting Standards Board, effective 2021.
- The RDRs declined to a lesser extent in 2017 than 2016, contributing to a lower RoGEV from economic assumption changes.
- The relatively stronger investment market performance in 2017 is the main driver behind the improved contribution from investment variances, which supported assets under management and commensurately fee income earned in 2017 and into the future. Investment return earned on the capital portfolio was in line with expectations, as the largest part of the portfolio is invested in hedged equities.
- On a relative basis, the rand strengthened by a significantly lower margin than in 2016, with a commensurately lower negative impact from foreign currency translation differences.

## Financial and operational review (continued)

The main components contributing to the return on other Group operations are:

### Return on other Group operations for the year ended 31 December 2017

%	2017	2016
Return on investments valued at net asset value	14,8	1,2
Return on investment in Santam	18,0	32,1
Return on investments valued at discounted cash flows	10,5	2,5
Expected return – unwinding of the RDR	14,1	15,5
Operating experience variances	1,0	0,3
Operating assumption changes	(0,6)	(11,2)
Economic assumption changes	(1,2)	8,4
Foreign currency translation differences and other	(2,8)	(10,5)
<b>Weighted return on other Group operations</b>	<b>12,9</b>	<b>10,5</b>

Other Group operations achieved a return of 12,9%. The following impacted on RoGEV in 2017:

- Modelling changes had a negative impact of some R460 million on the valuation of the South African investment management businesses.
- The Shriram Capital valuations benefited from a relaxation of the prudent assumptions applied at the end of 2016 in the aftermath of demonetisation. This was to some extent offset by lower valuations of Letshego and Pacific & Orient in Malaysia following their operational under performance (refer below) and foreign currency translation losses recognised in respect of the investment in Saham Finances.

The Group's investment in Santam is valued at its listed share price, which achieved a strong return of 18% in 2017.

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

- Net corporate expenses of R115 million recognised in net result from financial services.
- A relatively low level of return earned on the portfolio's exposure to low yielding liquid assets.
- Hedging of the Saham Finances transactions (including the additional 16,6% stake acquired during 2017 and the anticipated acquisition of the remaining 53,4% interest in 2018).



Refer Capital management section below.

The transactions were partly hedged through forward exchange contracts and the acquisition of foreign currency, which earns a very low rate of interest due to the US dollar denomination. The marked-to-market differences on the hedging instruments of R562 million after tax, that were recognised in comprehensive income in terms of IFRS, were excluded from RoGEV as these will be capitalised against the investment once finalised in 2018.

## Earnings

### Shareholders' fund income statement for the year ended 31 December 2017

R million	2017	2016	Δ
Net result from financial services	8 549	7 969	7%
Sanlam Personal Finance	4 235	4 099	3%
Sanlam Emerging Markets	1 793	1 557	15%
Sanlam Investments	1 227	1 096	12%
Santam	851	814	5%
Sanlam Corporate	558	510	9%
Group office and other	(115)	(107)	(7%)
Net investment return	1 663	676	146%
Project costs and amortisation	(375)	(280)	(34%)
Equity participation costs	(2)	(5)	60%
<b>Normalised headline earnings</b>	<b>9 835</b>	8 360	18%
Profit on disposal of subsidiaries and associates	1 335	31	>100%
Impairments	(303)	(265)	(14%)
Net equity-accounted non-headline earnings	134	(3)	>100%
<b>Normalised attributable earnings</b>	<b>11 001</b>	8 123	35%

Net result from financial services (net operating profit) of R8,5 billion increased by 7% on 2016 (10% in constant currency), with substantial growth in SEM and SI contributions.

Structural activity that influenced growth in 2017 included the following:

- The acquisition of a 30% stake in Saham Finances at the end of February 2016, followed by an additional 16,6% investment in May 2017
- 23% direct stakes acquired in Shriram Life Insurance and Shriram General Insurance at the end of September 2016

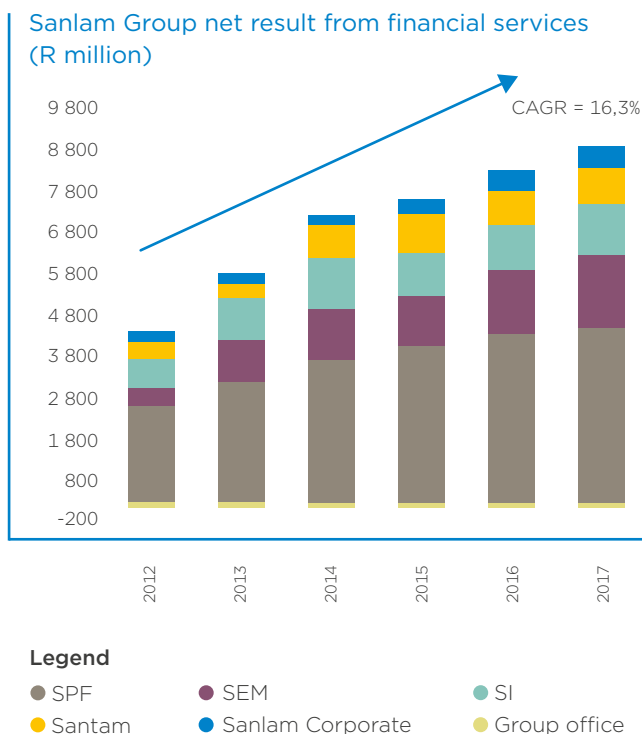
- The disposal of SEM's interests in the Enterprise Group in Ghana with effect from 1 July 2017
- The acquisition of a 75% interest in PineBridge's East African investment management business, effective July 2017
- The acquisition of a 53% interest in BrightRock with effect from October 2017

## Financial and operational review (continued)

Sanlam Personal Finance (SPF) achieved strong growth in new recurring premium risk business, contributing to a 13% increase in new business strain recognised in terms of Sanlam's prudent accounting policies. This suppressed operational earnings growth at SPF, while Santam's performance was depressed by the abnormally large catastrophe events during June and October 2017. Excluding these, net result from financial services increased by 10% (12% in constant currency):

### Analysis of net result from financial services for the year ended 31 December 2017

R million	2017	2016	Δ
Sanlam Personal Finance	4 469	4 099	9%
Sanlam Emerging Markets	1 474	1 346	10%
Sanlam Investments	1 281	1 096	17%
Santam	1 007	814	24%
Sanlam Corporate	558	510	9%
Group office and other	(115)	(107)	(7%)
<b>Normalised net result from financial services</b>	<b>8 674</b>	<b>7 758</b>	<b>12%</b>
Sanlam Personal Finance additional new business strain	(218)	-	
Santam catastrophe claims	(156)	-	
Structural growth	419	211	
Foreign exchange impact	(170)	-	
<b>Net result from financial services</b>	<b>8 549</b>	<b>7 969</b>	<b>7%</b>



**SPF** delivered a solid performance for a mature business in an environment of stagnant economic growth, low investor confidence and a lacklustre equity market performance for a large part of 2017. The restructuring of SPF into a more agile and focused business was largely completed in 2017. SPF now comprises of the following main businesses:

- Sanlam Sky, which focuses on funeral insurance business
- Recurring premiums sub cluster, which is responsible for all recurring premium risk and savings business. Included in the sub-cluster are: Sanlam Individual Life (traditional recurring premium risk business), Sanlam Savings (traditional recurring premium savings business), Closed Book, BrightRock, MiWay Life and Indie
- Glacier, which incorporates single premium life investments and the Linked Investment Savings Plan platform (LISP)
- Strategic business development, which focuses on Sanlam Personal Loans, Sanlam Reality and is an incubator for new initiatives

The profit contribution from each business unit is presented in the following table:

**SPF net result from financial services for the year ended 31 December 2017**

R million	2017	2016	Δ
Sanlam Sky	1 228	1 194	3%
Recurring premium sub-cluster	2 568	2 665	(4%)
Glacier	1 753	1 492	17%
Life investments	1 260	976	29%
LISP	493	516	(5%)
Strategic business development	351	340	3%
Sanlam Personal Loans	375	331	13%
Other	(24)	9	>(100%)
<b>Gross result from financial services</b>	<b>5 900</b>	5 691	4%
Tax on gross result from financial services	(1 679)	(1 590)	(6%)
Non-controlling interest	14	(2)	>100%
<b>Net result from financial services</b>	<b>4 235</b>	4 099	3%

As indicated, SPF's operational earnings for 2017 were impacted by a 13% rise in new business strain. BrightRock in addition added a maiden loss of R32 million in 2017, as this business is still in its growth phase, with profits released from the in-force book not sufficient to fully offset its new business strain. Excluding these, SPF's net result from financial services increased by 9%.

*Sanlam Sky* grew its profit contribution by 3%. Excluding additional new business strain, its gross result from financial services increased by 10%. Mortality experience weakened slightly, albeit still positive overall, while positive expense assumption changes recognised in 2016 did not repeat in 2017. These contributed to R67 million lower earnings in 2017 relative to 2016.

The *Recurring premium sub cluster's* gross result from financial services declined by 4%. Excluding additional new business strain and the BrightRock maiden contribution, the gross result from financial services was 6% higher than 2016. The relatively low level of growth is largely attributable to the following:

- Benefit improvements for accidental injury cover products and improved persistency experience that resulted in a lower release of reserves, in particular in respect of level premium business, suppressed profit growth from Risk business;
- Lacklustre investment market performance for a large part of the year limited growth in the average level of assets under management and

commensurately asset-based fee income earned from Savings business and the Closed Book;

- Investments in MiWay Life and Indie of R113 million in 2017 compared to R80 million in 2016;
- Partly offset by the reallocation of administration costs to Glacier (refer below).

*Glacier* achieved sterling growth of 17%. Life investments achieved profit growth of 29%, largely due to positive annuity mortality experience and spread risk reserve releases. The LISP business's profit declined by 5%. Growth in average assets under management slowed down following lower net fund flows and weak investment market performance during the year. A reallocation of administration costs from the Recurring premium sub cluster to Glacier also occurred as part of the restructuring in 2017.

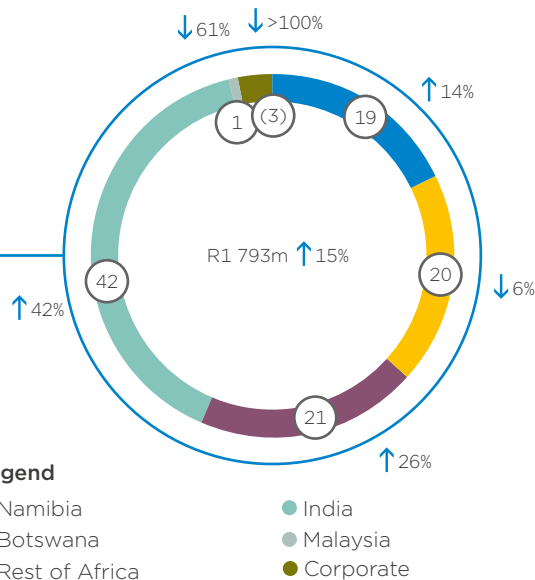
*Strategic business development (SBD)* profits increased by 3%. Growth in the size of the Sanlam Personal Loans book supported 13% growth in the business's profit contribution. Bad debt experience remained broadly in line with 2016. Net losses of R24 million were incurred in respect of other SBD activities, mostly related to initiatives aimed at further embedding and improving the benefits and attractiveness of the Reality loyalty scheme.

**SEM** grew its net result from financial services by 15% including structural activity and exchange rate differences. Organic growth in constant currency amounted to 10%.



## Financial and operational review (continued)

SEM net result from financial services (% contribution and growth on 2016)



Namibia's net result from financial services increased by 14% (down 7% on a gross basis). Capricorn Investment Holdings (CIH) sold 14,5% of its stake in Bank Windhoek during the year, resulting in Bank Windhoek becoming an associate of CIH. CIH's participation in Bank Windhoek's earnings is commensurately equity accounted on a net basis from the transaction date and not consolidated on a gross basis as in the past. This is the main contributor to the variance in the level of growth in Namibia's gross and net result from financial services. The performance of the life businesses improved since June 2017 as group life claims experience stabilised. Mismatch profits also increased compared to 2016. Bank Windhoek's profit contribution declined, attributable to the lower effective stake in the business as well as higher cost of capital and lower interest income emanating from the liquidity pressure experienced by Namibian banks.

The Botswana operations achieved mixed results with an overall decline of 6% in net result from financial services (-1% in constant currency). Life insurance profit declined by 12% (8% in constant currency) due to lower annuity new business volumes and asset mismatch losses recognised following credit-related provisions. Letshego, the second-largest profit contributor, achieved growth of 5% (10% in constant currency). This was lower than expectations, due to low growth in advances and an increase in provisioning in respect of its East African exposure. The underperformance contributed to an impairment charge of R103 million against the carrying value of SEM's effective interest

in Letshego (refer below). The asset base of the investment management business benefited from the large new mandate awarded by the Botswana Public Officers Pension Fund (BPOPF) in 2016, supporting 17% growth in its profit contribution (23% in constant currency).

The Rest of Africa operations achieved growth of 26% in net result from financial services. Excluding the structural impact of the Saham Finances and PineBridge acquisitions and the disposal of the Enterprise Group investments in Ghana, net result from financial services decreased by 5% (up 20% in constant currency). All businesses achieved growth in excess of 20% in constant currencies, apart from Kenya and Tanzania that reported declines in operating earnings. Kenya continues to experience cost pressures from low new business volumes, aggravated by one-off net credit-related provisions of some R20 million in 2017. Tanzania also underperformed due to lower new business volumes. Saham Finances tracked the business plan, contributing net result from financial services of R243 million in 2017 (R264 million in constant currency) compared to R88 million in 2016. Structural activity is the main contributor to the significant increase in Saham Finances' contribution.

Net result from financial services in India rose 42% (54% in constant currency); 19% (29% in constant currency) excluding profit contributed by the 23% direct stakes acquired in Shriram Life Insurance and Shriram General Insurance during 2016. Shriram Transport Finance fully recovered from the impact of demonetisation in 2016 and grew its profit contribution by 38% (48% in constant currency). Double digit growth in the size of the loan book, recoveries from the equipment finance book and cost efficiency gains supported the strong performance. Shriram City Union Finance was more severely impacted by demonetisation as well as the introduction of Goods and Services Tax in 2017, given its exposure to small and medium enterprises. One-off consulting costs and higher minimum wages also placed pressure on its profit contribution, which declined by 28% (23% in constant currency). The insurance businesses recorded strong growth in operating earnings as their in-force books continue to expand. The Shriram General Insurance results were also positively impacted by R95 million of net realised profits recognised on the disposal of held-to-maturity fixed-interest instruments included in the float portfolio. Due to these disposals, the remaining held-to-maturity instruments in the portfolio are also required to be valued at fair value in terms of IFRS. The unrealised fair value gains on these instruments of R241 million (SEM's share) are recognised in other comprehensive

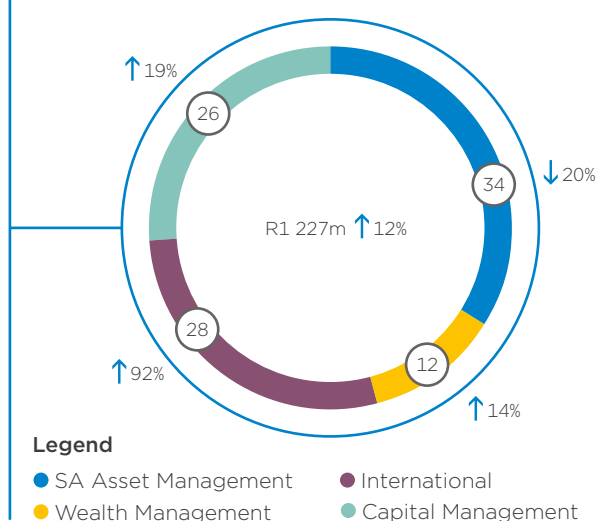


income in the Statement of Changes in Equity, and will be recycled to net result from financial services and the IFRS Statement of Comprehensive Income on disposal.

The *Malaysian* businesses had another disappointing year. Net result from financial services declined by 61% (48% in constant currency), the aggregate of a 56% decline in general insurance earnings and a 4% lower contribution from the life insurance business. Growth in general insurance business premiums remained under pressure, with insufficient diversification of the product lines and further losses of market share in the core motorcycle market. The comparable 2016 period included one-off IBNR releases that furthermore increased the comparative base. The focus remains on product innovation and branding initiatives to regain market share and to expand its product lines. De-tariffing of the general insurance industry in the second half of 2017 did not have a significant impact on relative market pricing. The life insurance business continues to be under pressure from low new business production, resulting in negative expense experience. Weaker mortality claims experience also affected the 2017 earnings.

**SI** achieved overall growth of 12% in its net result from financial services (17% in constant currency), with sterling performances from Capital Management and the International businesses.

SI net result from financial services (% contribution and growth on 2016)



The *Investment Management SA* net result from financial services declined by 20% on 2016, attributable to the following:

- A R47 million after tax decline in performance fees. Some R40 million of the decline relates to performance fees earned by the Private Equity business in 2016 from the listing of Dis-Chem, with the remainder attributable to a relatively lower level of outperformance of the relevant benchmarks.
- Low growth in the average level of assets managed on behalf of the Sanlam life businesses. Net outflows from the legacy life book persisted, while the redeployment of discretionary capital further reduced assets under management. The legacy life book managed by SI is running off while SPF's open architecture approach results in only a portion, albeit increasing, of its new business being managed by SI. A weak equity market performance in the first half of the year aggravated the pressure on fee income earned from these portfolios, which declined by some 9%.
- The establishment of the CCM resulted in a reallocation of earnings of R12 million (after tax) from the SA Investment Management business to Capital Management.

These factors were partly offset by good growth in fees from third party and collective investment portfolios, which benefited from good net inflows during 2016 and 2017. Key focus areas to mitigate the impact of anticipated further outflows from the legacy life book include:

- Growing third party inflows as well as the share of open architecture business managed on behalf of SPF;
- Expanding capabilities in alternative asset classes to attract new inflows; and
- Stringent focus on cost efficiencies.

As indicated to the market in December 2017, Sanlam Investments' exposure to Steinhoff International (Steinhoff) equity instruments in Sanlam and third party portfolios was largely at or slightly above its index weighting. The collapse in the Steinhoff share price in December 2017 will therefore not have a disproportional impact on future fee income.

*Wealth Management* net result from financial services increased by 14%, supported by strong growth in performance fees and lower start-up losses incurred in new business units.

## Financial and operational review (continued)

The *International* business experienced a sharp turnaround in profitability following the restructuring in 2016. Net result from financial services grew by 92% (116% in constant currency). Fee income benefited from the rise in global equity markets, augmented by a lower recurring cost base after the restructuring. The comparable period also included one-off restructuring costs.

*Capital Management* achieved 19% growth in its net result from financial services. One-off income from equity structuring and financing deals and the revaluation of property finance deals contributed some R50 million (after tax). Sanlam's largest exposure to Steinhoff instruments are within the Capital Management business:

- Steinhoff equities serve as partial security for some of the loans granted by the collateralised lending business. The maximum exposure, attaching no value to any security held, amounted to R580 million after tax. Significant progress has been made since December 2017 to obtain additional security and updated valuations for the security instruments. Allowing for the current best estimate value of security held, an after-tax adjustment of R37 million was raised in respect of this exposure. The eventual security value realised may differ from current best estimates with a potential positive or negative earnings impact in 2018.
- The non-participating policyholder portfolios managed by the CCM have exposure to foreign debt instruments of R368 million, which reflected an unrealised marked-to-market (MTM) decline of R157 million at 31 December 2017. These portfolios also have exposure to South African debt instruments of R771 million, which traded at unrealised MTM declines of R71 million. The MTM declines from these exposures were largely absorbed by discretionary margins held by the Group for such events. In the absence of actual defaults, the MTM declines will reverse up to the maturity date of the instruments. The utilisation of these margins did not affect GEV, as no value has been placed thereon in the Embedded Value of Covered Business.

**Sanlam** did exceptionally well to increase its net result from financial services by 5% despite the major catastrophe events highlighted before. Underwriting results increased by 1%, while the contributions from float income and SEM investments grew by 5% and 50% respectively.

An underwriting margin of 6% was achieved in 2017 (6,4% in 2016) including the catastrophe events, which decreased underwriting profit by R156 million after tax and non-controlling interest. The 2017 performance is in the middle of the target range of 4% to 8%, testimony to the resilience of its diversified insurance book. Net earned premiums increased by 8%, while the combined administration cost and float margin ratio remained broadly in line with 2016. The underwriting results of the key lines of business (excluding SEM investments) are reflective in the graph below.

*Sanlam Commercial and Personal* experienced the costliest 12 months for natural catastrophe losses in Sanlam's history. The business was challenged by the Western Cape storms, devastating Garden Route fires, further large commercial and corporate fire claims and flash flooding, and hail events in Gauteng and KwaZulu-Natal. Underwriting margins were under less pressure than expected due to the benefits of the diversified portfolio and reinsurance support. Santam Commercial and Personal's year-on-year premium growth showed a significant increase mainly due to book acquisitions and dedicated focus on the Sanlam tied advisors and Santam Direct. There was a sustained focus on improving the profitability of the business, in particular the commercial property business.

*Sanlam Specialist* has a leadership position across most segments in which it operates and leverages this position across distribution channels and specialist intermediaries. The Santam Specialist business experienced competitive trading conditions, and underwriting results were negatively impacted by a number of large corporate property claims. The engineering class of business achieved excellent underwriting results with limited claims activity during 2017. The liability class was impacted by a number of large claims and estimate adjustments, and reported underwriting results significantly lower than the strong results achieved in 2016. The crop insurance business was negatively affected by significant hail claims during the weekend of 30 December 2017; it, however, still achieved an excellent underwriting result, mainly due to low incidents of drought claims during this period.

*MiWay* delivered solid premium growth on the back of new business offerings, although a slowdown in growth occurred during the second half of the year due to the increased focus on profitability during 2017. The disciplined underwriting resulted in excellent underwriting results following an improvement in the claims ratio net of catastrophe reinsurance recoveries to 56,9% (2016: 62,7%).

*Santam Re* continued to contribute to Santam's diversification strategy and its ability to create long-term value, and remains the main vehicle for Santam reinsurance optimisation. It continued to build partnerships with international reinsurers with portfolios of good standing.

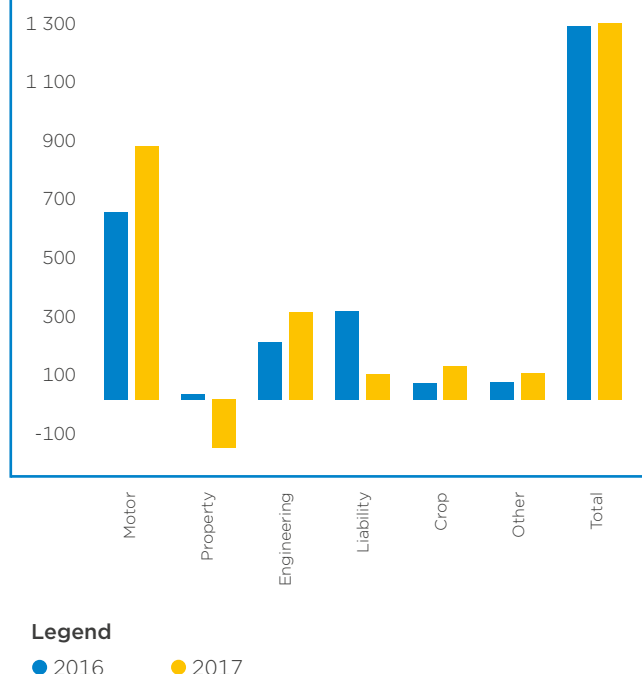
The growth in float income is largely the function of prevailing short-term interest rates and the level of float balances.

Santam continued to provide comprehensive technical support to SEM business partnerships. This included product, pricing, underwriting and reinsurance input, which together with Saham Finances structural growth contributed to strong earnings growth from the SEM investments.



Read more about Santam's performance in the Santam Integrated Report online at [www.santam.co.za](http://www.santam.co.za).

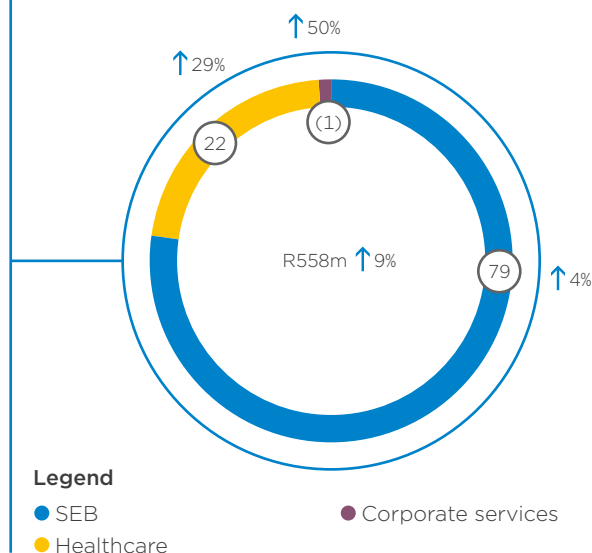
Santam underwriting result (R million)



The 9% increase in **Sanlam Corporate's** net result from financial services is the aggregate of 29% growth in the Healthcare contribution and 4% growth at Sanlam Employee Benefits (SEB). The Healthcare businesses

benefited from income earned on new business as well as cost efficiencies. At SEB, increased allowance for one-off project expenses and high disability and mortality claims experience partly offset good growth at the investments business, which benefited from positive annuity mortality experience and asset mismatch profits.

Sanlam Corporate net result from financial services (% contribution and growth on 2016)



**Normalised headline earnings** of R9,8 billion are 18% up on 2016. This is the combined effect of the 7% increase in net result from financial services, a 146% increase in net investment return earned on the capital portfolio, a 3% increase in amortisation of intangible assets and equity participation costs as well as an increase in net project expenses from R29 million in 2016 to R114 million in 2017.

Net investment return benefited from the relatively stronger investment market performance in 2017 and the base effect of the R192 million additional deferred tax expense recognised in 2016 after the increase in the effective CGT rate in South Africa from 19% to 22%. This more than offset the R250 million lower after-tax investment income earned following the redeployment of discretionary capital during 2016 and 2017. As communicated to shareholders in December 2017, the Group had index-weighted exposure to Steinhoff shares in the South African capital portfolio. The collapse in

## Financial and operational review (continued)

the Steinhoff share price contributed to some R120 million lower investment return earned on the portfolio after tax.

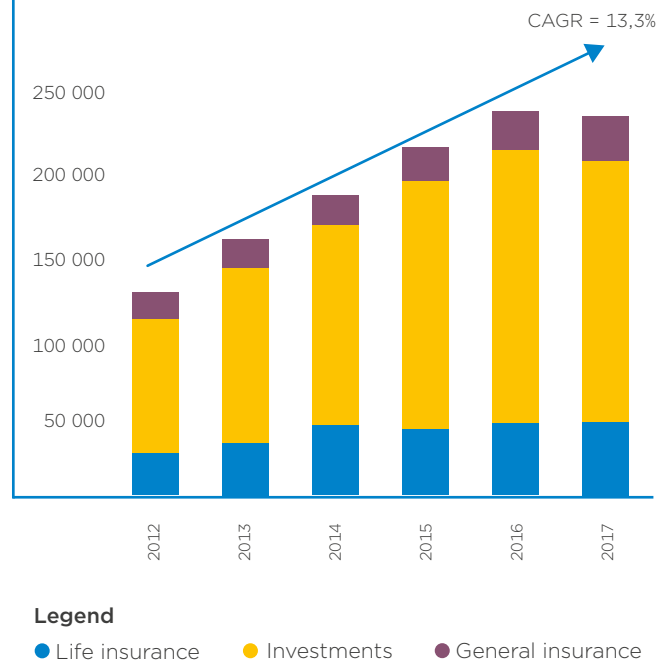
Net project expenses include Shriram Life Insurance expansion cost of R26 million, due diligence and related costs incurred on investigating and concluding transactions of R47 million and one-off restructuring and small project costs of R41 million. Shriram Life Insurance is incurring an abnormal level of branch establishment costs as it aggressively expands its own distribution footprint. These costs are recognised as project expenses, while expansion activities are significant relative to the size of the in-force book, to avoid distorting the underlying operational performance of the business. Once profit releases from the in-force book reach an appropriate size, the costs will be reallocated to net result from financial services on a prospective basis. This is anticipated to occur in the next three years. The remainder of project expenses are one-off in nature and related to specific corporate actions.

**Normalised attributable earnings** increased by 35% from R8,1 billion in 2016 to R11 billion in 2017. The biggest contributor to profit on disposal of subsidiaries and associates of R1,3 billion is the R1,2 billion realised on the disposal of the Enterprise Group investments in Ghana. Impairment charges largely relate to the impairment of the investments in Letshego (R103 million) and Pacific & Orient (R161 million) due to the operational underperformance in these businesses.

### Business volumes

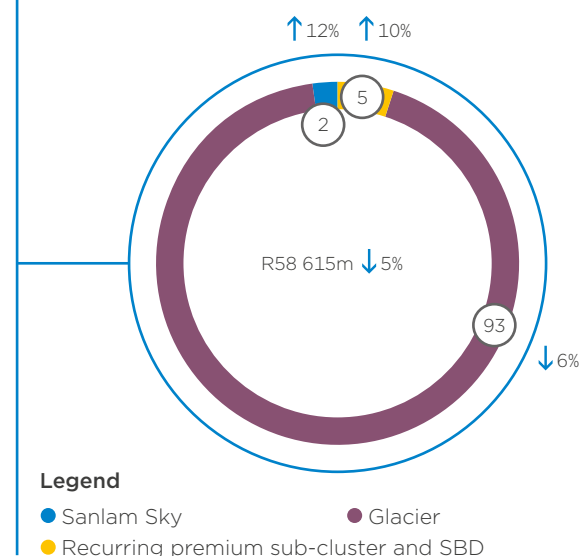
New business volumes declined by 1% amidst pressure on single premiums in South Africa, Namibia and Botswana. Life insurance new business volumes increased by 2%, investment business inflows declined by 5% and general insurance earned premiums increased by 16%. Excluding structural activity, exchange rate differences and the R4,6 billion new mandate received from the BPOPF in 2016, new business volumes increased by 1%.

Sanlam Group new business volumes (R million)



**SPF's** new business sales declined by 5%, with lower discretionary single premium savings volumes concealing a solid recurring premium performance.

SPF new business volumes (% contribution and growth on 2016)



*Sanlam Sky's* new business increased by 12%. The change in mix between risk and savings business continued to improve in 2017, supporting exceptional growth in VNB (refer below). Individual life recurring premium new business increased by 8%, with a 32% decline in savings business partly offsetting 15% growth in risk business. Group recurring premium sales were supported by a number of large new schemes written by Safrican and the biennial renewal of the Zionist Christian Church (ZCC) scheme, increasing by 26%. Excluding the ZCC scheme, group recurring premium business increased by 9% against a high comparative base, which also included large new schemes at Safrican in 2016.

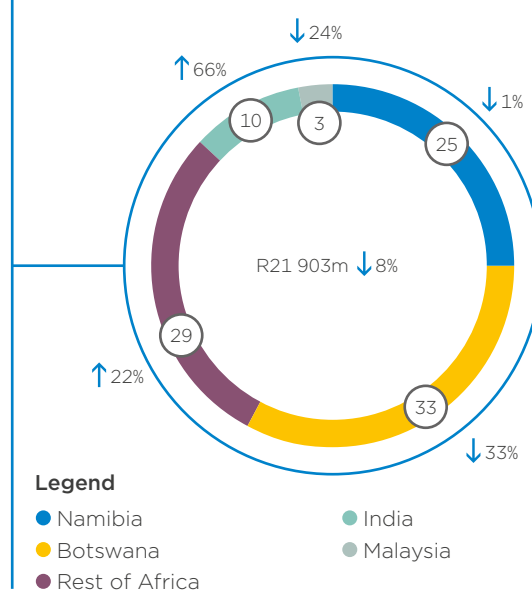
New business volumes in the *Recurring premium* sub cluster and *Strategic Business Development* increased by 10%. Risk business sales grew by 18%, supported by the first-time inclusion of BrightRock from October 2017 and more than 20% growth in credit life business. Excluding BrightRock, new risk business achieved solid growth of 8% against a high comparative base. Savings business sales increased by 8%, the combination of good growth in retirement annuities and lower demand for endowments and tax-free savings products.

*Glacier* new business declined by 6%. The LISP business was severely impacted by the heightened investor risk aversion, contributing to 9% and 17% declines in discretionary non-life and secondary new business sales respectively. Demand for life licence LISP solutions were more resilient with new business volumes increasing by 3%. Traditional life investment single premiums grew by 1%.

The slowdown in single premium business had a negative impact on SPF's net fund inflows, which declined from R16,5 billion in 2016 to R8,5 billion in 2017.

**SEM** new business volumes declined by 8% (up 8% in constant currency, excluding structural activity and the BPOPF mandate in 2016).

SEM new business volumes (% contribution and growth on 2016)



New business volumes in *Namibia* declined by 1%. New life business growth of 12% was more than offset by a 5% decline in the more volatile single premium investment business. The life business growth was, however, skewed towards lower margin lines of business following good entry-level market sales in 2016, contributing to a disappointing VNB performance (refer below).

The *Botswana* results include the impact of a stronger average rand exchange rate, as well as a high comparative base attributable to the R4,6 billion asset management mandate received from the BPOPF in 2016. Excluding the BPOPF, new business sales grew by 22% in constant currency. The investment manager continued to perform well, growing its new investment mandates by some 27% in constant currency (excluding the BPOPF from the comparable base). New life business sales (up 9% in constant currency) improved in the second half of the year after a major competitor increased its annuity pricing. Annuity volumes were, however, still lower than 2016 and at lower margins, contributing to lower VNB (refer below).

## Financial and operational review (continued)

*Rest of Africa* new business volumes grew by 22% (36% in constant currency). Excluding structural activity, new business volumes decreased by 15% (up 1% in constant currency). All countries in the region contributed growth in excess of 20% in constant currency, apart from Kenya, Zambia and Tanzania. Kenya continued to struggle to gain traction amidst a very competitive market and internal challenges, while in Zambia, focus on the quality of new business written resulted in a decline in recurring premium business, which offset good single premium growth. A decline in agency headcount and lower productivity negatively affected the Tanzania new business performance. A particular highlight is Nigeria's new business growth of almost 50% in constant currency in a difficult operating environment. Nigeria is now the third largest contributor to Rest of Africa new business volumes after Kenya and Saham Finances. Saham Finances is tracking the business case.

The *Indian* insurance businesses continued to perform well, growing their new business contribution by 66% in 2017 (6% in constant currency and excluding structural activity). New life and general insurance business sales increased by 51% and 74% respectively. The life business continued to benefit from the investments made in growing its distribution footprint. Business from the Shriram City Union Finance client base exceeded targets, while volumes are also expanding from the Shriram Transport Finance base. Shriram General Insurance exceeded its new business targets for 2017, but the mix of business still needs more attention.

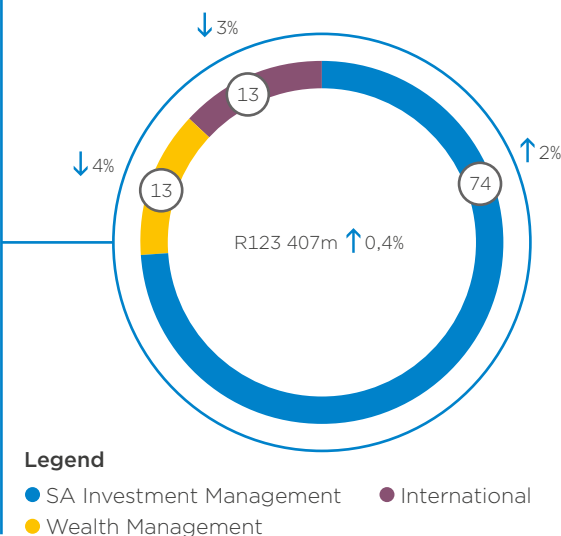
*Malaysia's* new business performance continued to disappoint, with both the life and general insurance businesses experiencing some 24% decline in new business volumes (down 13% in constant currency). Progress with diversifying the lines of business still lags expectations. Several initiatives are being implemented to address the current under performance.

Net fund flows declined from R10,9 billion in 2016 to R2,1 billion in 2017. This is mainly due to the R4,6 billion BPOPF inflow included in the comparative base, a negative R542 million exchange rate impact and more than R3 billion of investment fund withdrawals in Namibia by the Government pension fund.

**SI's** new business growth of 2% in constant currency (flat at actual exchange rate) is a solid performance in an environment of low investor confidence in South Africa. Net fund inflows increased threefold from R5,2 billion in 2016 to R16,1 billion in 2017, a

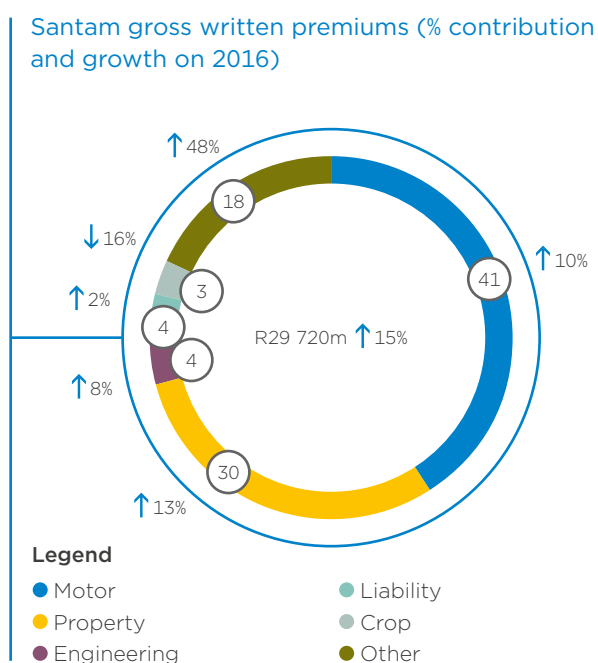
particularly pleasing result. The South African asset manager gained further traction in the institutional market, partly offset by lower retail flows that were to a larger extent impacted by negative investor sentiment. The Wealth Management business recorded net outflows. These relate mainly to R3,2 billion of outflows from low margin non-annuity products, mostly share incentive scheme mandates. The International business achieved a sterling turnaround in net fund flows, from an outflow of R4,7 billion in 2016 to a net inflow of R3,6 billion in 2017 (some R4 billion in constant currency). Most of the International business units achieved improved net inflows.

SI new business volumes (% contribution and growth on 2016)



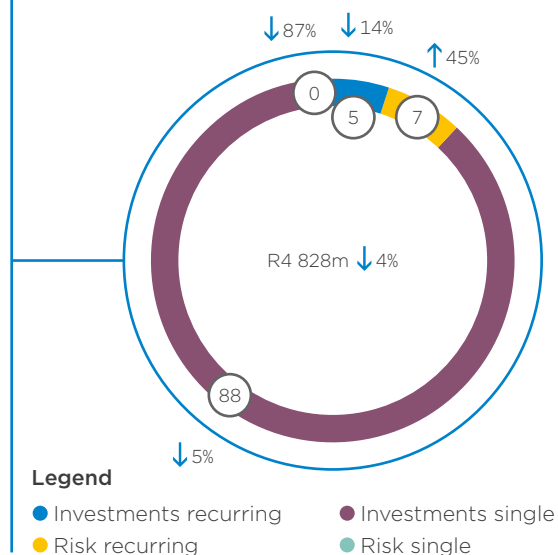


Gross written premiums at **Santam** increased by 15%. Organic growth of 9% was augmented by the first-time contribution from acquisitions. The three main lines of business, being motor, property and alternative risk, achieved double-digit organic growth, a robust performance in a highly competitive market. Net earned premiums grew by 8%, after allowing for reinsurance and reinstatement premiums of R160 million payable in respect of the catastrophe events. Gross written premium per line of business (excluding SEM investments) are analysed in the following graph:



**Sanlam Corporate** regained some recurring premium risk market share as competitors repriced risk business after a period of weak claims experience, driving exceptional growth of 45% in this line of business. The more volatile single premium business experienced marginally lower volumes than 2016, but with a promising pipeline for the first half of 2018.

**Sanlam Corporate new business volumes (% contribution and growth on 2016)**



Overall net fund inflows of R34,6 billion in 2017 is a satisfactory performance given the challenging market conditions and a high base in 2016.

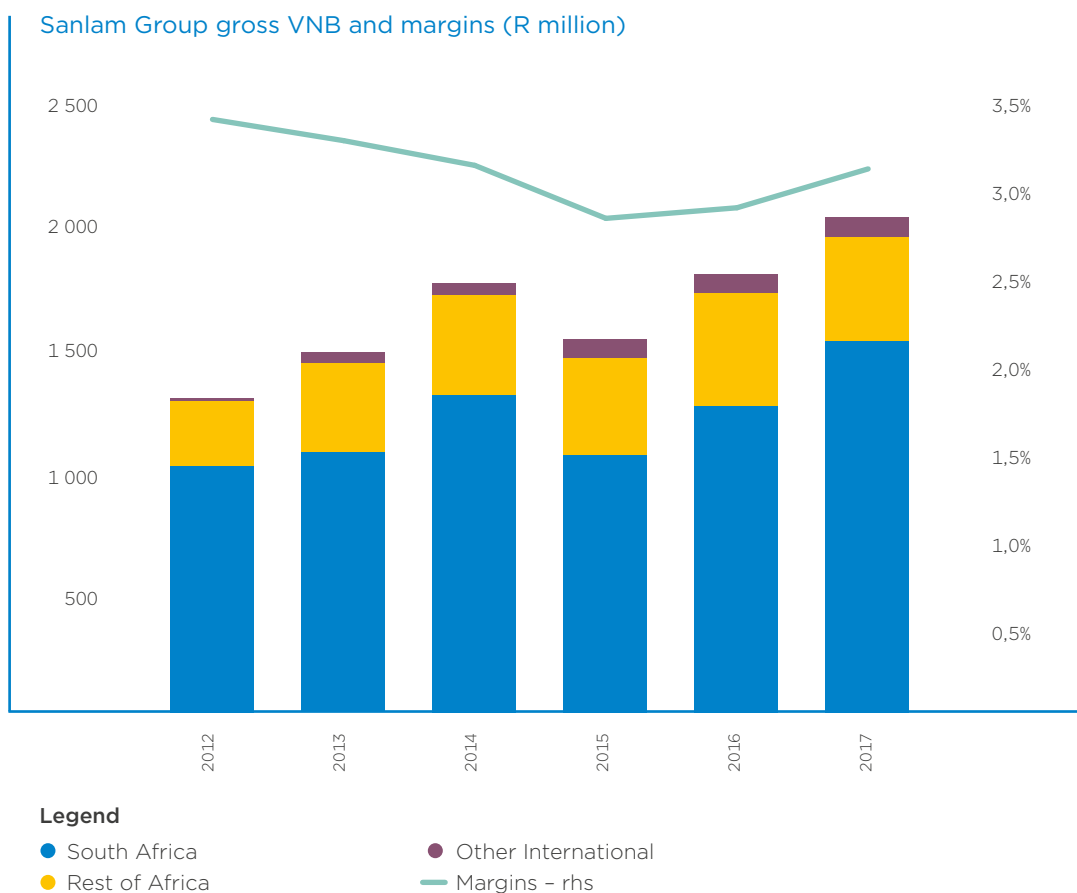
#### Business volumes for the year ended 31 December 2017

R million	New business			Net inflows		
	2017	2016	Δ	2017	2016	Δ
Sanlam Personal Finance	58 615	61 748	(5%)	8 454	16 493	(49%)
Sanlam Emerging Markets	21 903	23 696	(8%)	2 140	10 929	(80%)
Sanlam Investments	123 407	122 879	0%	16 110	5 215	209%
Santam	21 435	19 826	8%	7 265	6 915	5%
Sanlam Corporate	4 828	5 029	(4%)	606	1 369	(56%)
<b>Total</b>	<b>230 188</b>	<b>233 178</b>	<b>(1%)</b>	<b>34 575</b>	<b>40 921</b>	<b>(16%)</b>
Covered business	44 615	43 599	2%	10 235	11 356	(10%)
Investment business	158 016	165 740	(5%)	14 923	21 169	(30%)
Short-term insurance	27 557	23 839	16%	9 417	8 396	12%
<b>Total</b>	<b>230 188</b>	<b>233 178</b>	<b>(1%)</b>	<b>34 575</b>	<b>40 921</b>	<b>(16%)</b>

## Financial and operational review (continued)

The discount rate used to determine VNB is directly linked to long-term interest rates. The 20bps and 60bps decline in the South African nine- and five-year benchmark rates respectively during 2017 resulted in a commensurate decline in the risk discount rate, with a 3% positive impact on VNB growth. VNB margins were only marginally affected by the

lower discount rate. VNB margins were in general maintained on a per product basis, with the rise in average margins attributable to a change in mix to more profitable product lines, in particular at Sanlam Sky and the Recurring premium sub cluster. Net VNB commensurately increased by 15%, an exceptional performance in a challenging environment.





**SPF** achieved overall growth of 21% (17% on a comparable basis). The change in business mix in Sanlam Sky contributed to a 46% increase in its VNB contribution (35% on a comparable basis) and an increase in VNB margin from 7,12% in 2016 to 8,88% in 2017. The good growth in new risk business at the Recurring premium sub cluster and strategic business development, similarly supported VNB, which increased by 42% (38% excluding BrightRock). VNB margins in these businesses improved from 2,92% to 3,46%. Glacier's VNB declined by 7% due to the weak new business performance and the reallocation of administration costs from the Recurring premium sub cluster.

Net VNB at **SEM** declined by 3% (up 9% in constant currency). Excluding structural activity, VNB increased by 3% in constant currency. All regions contributed strong organic growth, apart from Namibia, Botswana and Tanzania. Namibia VNB was in line with 2016 despite the rise in new life business volumes. This is largely attributable to the change in mix to lower margin business, while the decline in annuity sales in Botswana contributed to a 9% decline in its constant currency contribution. Tanzania also experienced lower VNB in line with the decline in new life business.

The good growth in **Sanlam Corporate** recurring premium risk business enabled a 14% increase in the cluster's VNB contribution.

#### Value of new life business for the year ended 31 December 2017

R million	2017	2016	Δ
Net value of new covered business	1 841	1 605	15%
Sanlam Personal Finance	1 407	1 163	21%
Sanlam Emerging Markets	347	359	(3%)
Sanlam Investments	-	7	-
Sanlam Corporate	87	76	14%
Gross of non-controlling interest	2 008	1 779	13%
Net present value of new business premiums	62 604	59 556	5%
Sanlam Personal Finance	43 940	41 507	6%
Sanlam Emerging Markets	7 146	6 827	5%
Sanlam Investments	3 259	3 411	(4%)
Sanlam Corporate	8 259	7 811	6%
Gross of non-controlling interest	65 377	62 383	5%
Net new covered business margin	2,94%	2,69%	
Sanlam Personal Finance	3,20%	2,80%	
Sanlam Emerging Markets	4,86%	5,26%	
Sanlam Investments	-	0,21%	
Sanlam Corporate	1,05%	0,97%	
Gross of non-controlling interest	3,07%	2,85%	

## Financial and operational review (continued)

### Capital management

The Group started the year with discretionary capital of R550 million, after allowing for the BrightRock acquisition and a portion of the acquisition consideration in respect of the additional 16,6% stake in Saham Finances. A number of capital management actions during 2017 affected the balance of available discretionary capital, which amounted to R2 billion at 31 December 2017.

#### Discretionary capital at 31 December 2017

##### R million

Discretionary capital at 31 December 2016	550
Excess dividend cover	805
Capital released from Group operations	1 712
Sanlam Life	1 362
Sanlam Capital Management	350
Investment return and other	98
Corporate activity – disposals	1 639
Enterprise Group	1 590
Summit Trust	49
Corporate activity - acquisitions	(2 804)
South Africa	(436)
Absa Consultants and Actuaries	(285)
EasyEquities	(85)
Other	(66)
Other emerging markets	(2 365)
Saham Finances	(1 863)
Sanlam Investments East Africa	(255)
Soras Group	(113)
Sanlam General Insurance Uganda	(94)
Other	(40)
Developed markets	(3)
<b>Discretionary capital at 31 December 2017</b>	<b>2 000</b>

The discretionary capital portfolio was augmented by the following inflows:

- The excess cash operating earnings cover in respect of the dividend paid in 2017.
- Capital of R1,4 billion released from the covered business operations in Sanlam Life. As communicated in the Group's 2016 annual results announcement, capital allocated to the covered business operations on the Sanlam Life balance sheet can be reduced by R2 billion over time. Investment return earned on this capital base is also available for release. The first R500 million was

released from the capital base in 2017, together with the net investment return of R862 million earned during the year. The remaining R1,5 billion will be released from the base during 2018.

- The introduction of the CCM enabled the transfer of credit exposures from the Sanlam Capital Markets balance sheet to Sanlam Life. This released R350 million of the capital allocated to the Sanlam Capital Markets business.
- Disposals of Group operations yielded R1,6 billion, with the main contribution from the Enterprise Group disposal announced earlier in 2017. Sanlam Investments also disposed of the developed market component of Summit Trust, retaining the Mauritian-based operations.
- Investment return and other small movements added R98 million.

A net total of R2,8 billion was redeployed in 2017 in respect of new transactions, which included the following major acquisitions:

- We entered into agreements for the acquisition of Absa's employee benefits and actuarial consulting business to add scale to SEB's offering. The transaction remains subject to final regulatory approval.
- Sanlam Investments acquired a 30% stake in EasyEquities, an innovative low-cost investment platform, which significantly enhanced the Cluster's reach into the lower income markets and complement its Satrix index-tracking offering.
- Debt funding of up to US\$140 million was considered as part of the funding model for the acquisition of the additional 16,6% stake in Saham Finances. The Enterprise Group disposal eliminated the need for debt funding, with this portion of the acquisition consideration (R1,9 billion) also funded from discretionary capital.
- The acquisition of a controlling stake in PineBridge Investments East Africa (renamed to Sanlam Investments East Africa) and other smaller transactions utilised some R260 million. The PineBridge acquisition provides the Group with a meaningful investment management capability in East Africa for future growth in this line of business.
- Sanlam Emerging Markets acquired the non-controlling interests in the Soras Group in Rwanda for R113 million and invested R94 million to

capitalise its Ugandan business, which expanded its products lines through the acquisition of a general insurance business.

Subsequent to the 2017 year-end, we concluded agreements to acquire the remaining 53,4% stake in Saham Finances. This transaction significantly enhances the strategic positioning of Sanlam as the leading insurance provider in Africa, and will accelerate the extraction of synergies from the combined footprint. The transaction price of US\$ 1 050 million will be funded through a combination of available discretionary capital, debt and a Sanlam Limited share issuance within the limits of current approvals and the Group's risk appetite.

The rand experienced significant volatility during 2017, weakening in the latter half of the year as uncertainty around the outcome of the African National Congress' national elective conference heightened. General market consensus was that the rand could weaken further depending on which candidate was elected as the new party president. As the acquisition of the remaining stake in Saham Finances was only viable below a certain rand/US\$ exchange rate, we decided to partially hedge the transaction through a combination of foreign currency acquisitions and forward exchange contracts. US\$602 million of the total US\$1 050 million consideration was hedged at an average exchange rate of R14,12. The unrealised fair value loss on the hedging instruments amounted to some R562 million after tax at 31 December 2017. The loss was recognised directly in the Statement of Changes in Equity in terms of the hedge accounting applied under IFRS. The eventual profit or loss realised at payment date will be recognised as an adjustment to the acquisition price. The investment will meet Sanlam's hurdle rate at the hedged exchange rate, taking cognisance of the expected depreciation of the rand against the US\$ over the long term.

## Solvency

All of the life insurance businesses within the Group were sufficiently capitalised at the end of December 2017. The total admissible regulatory capital (including identified discretionary capital) of Sanlam Life, the holding company of the Group's major life insurance subsidiaries, covered its CAR 5,8 times under the current solvency regime.

As indicated in previous results announcements, South Africa is implementing a new solvency regime (Solvency Assessment and Management - SAM) modelled on the European Solvency II regime with an anticipated effective date of 1 July 2018. A Solvency Capital Requirement (SCR) target cover range under SAM of between 1,7 times and 2,1 times has been set for Sanlam Life Insurance Limited's (Sanlam Life) covered business. The R9,5 billion of IFRS-based required capital allocated to these operations at the end of December 2017 translated into a SCR cover of 2,3 times. The SCR cover ratio for the Sanlam Life entity as a whole at 2,7 times exceeded the covered business ratio at the end of December 2017 due to the inclusion of discretionary and other capital held on the Sanlam Life balance sheet as well as investments in Santam and other Group operations that are not allocated to Sanlam Life's covered business operations (i.e. not included in the R9,5 billion allocated capital referred to above). The Sanlam Group SCR cover ratio of 2,2 times remained in line with the 2,2 times cover at 31 December 2016. The Group will increasingly focus on the Group SCR cover as the main solvency measure.

## Financial and operational review (continued)

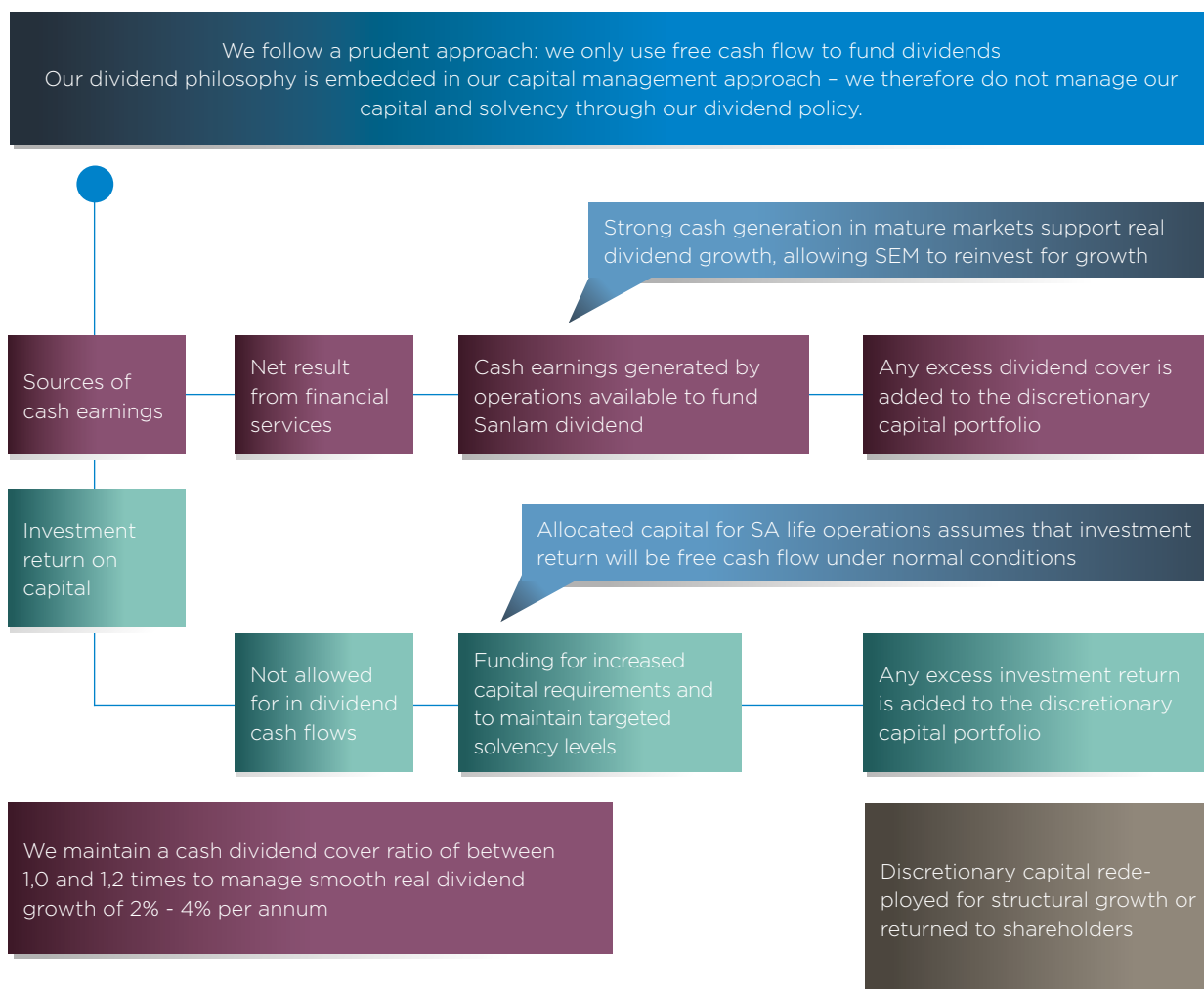
### Dividend

Sanlam's dividend policy makes a clear distinction between operating earnings (net result from financial services), which is the key driver of dividends, and investment return earned on the capital portfolio. The level of capital allocated to the Group's operations is determined to ensure that regulatory solvency levels

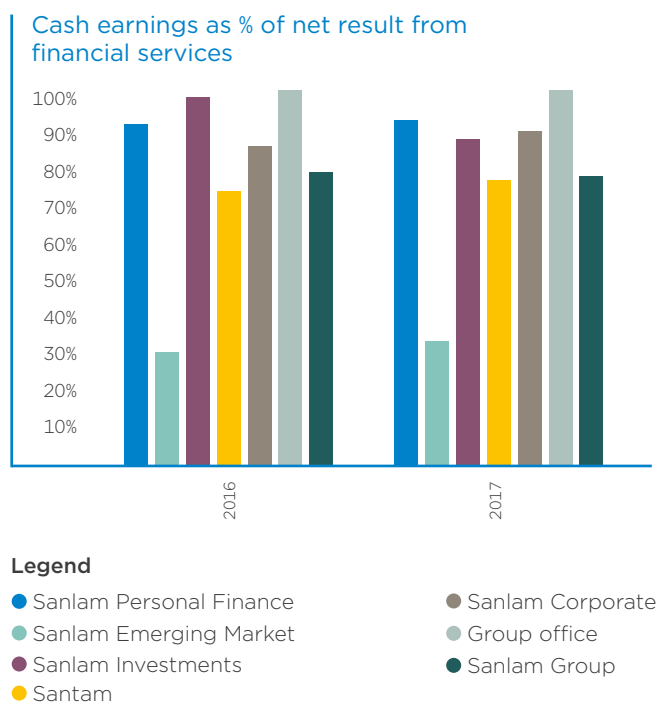
will be maintained within a set target range, taking into account potential volatility in investment market returns. The key features of Sanlam's dividend policy, and the interaction with discretionary capital, can be summarised as follows:

- 1 Our dividend is not impacted by short-term volatility caused by the net investment return component of our earnings.
- 2 Potential volatility in net investment return is taken into account in setting our required capital levels. We can withstand severe investment market volatility and still remain within our target solvency range.

### Dual focus on stable dividend growth and investment for future growth



The Group only declares an annual dividend due to the costs involved in distributing an interim dividend to our large shareholder base. Sustainable growth in dividend payments is an important consideration for the Board in determining the dividend for the year. The Board uses cash operating earnings as a guideline in setting the level of the normal dividend, subject to the Group's liquidity and solvency requirements. Dividend cover of cash operating earnings is managed broadly within a 1 to 1,1 times range to target consistent real growth of between 2% and 4% in the Group's normal dividend payment. The operational performance of the Group in the 2017 financial year enabled the Board to increase the normal dividend per share by 8% to 290 cents. This will maintain a cash operating earnings cover of approximately 1,1 times. The graph below provides an indication of cash operating earnings generation in 2017.



Most of the net result from financial services generated by the South African operations are available for dividends due to the mature nature of these businesses. The same applies for the developed markets earnings in Sanlam Investments. Sanlam Emerging Markets' operations, however, retain a large part of their operational earnings for investment in future growth. As these operations mature over time, the cash generation will increase with a commensurate increase in cash available for Sanlam dividend payments.

The South African dividend withholding tax regime applies in respect of this dividend. The dividend does not carry any STC credits and will in full be subject to the 20% withholding tax, where applicable.

Shareholders are advised that the final cash dividend of 290 cents for the year ended 31 December 2017 is payable on Monday, 9 April 2018 by way of electronic bank transfers to ordinary shareholders recorded in the register of Sanlam at close of business on Friday, 6 April 2018. The last date to trade to qualify for this dividend will be Tuesday, 3 April 2018, and Sanlam shares will trade ex-dividend from Wednesday, 4 April 2018.

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 April 2018 and Friday, 6 April 2018, both days included.

# Group Equity Value

at 31 December 2017

R million	Note	Group Equity Value	
		2017	2016
Sanlam Personal Finance		<b>43 401</b>	41 878
Covered business <sup>(1)</sup>	7.1	<b>39 546</b>	38 216
Sanlam Sky		<b>7 956</b>	7 237
Other		<b>31 590</b>	30 979
Other operations		<b>3 855</b>	3 662
Glacier		<b>2 321</b>	2 192
Sanlam Personal Loans		<b>1 052</b>	999
Other operations		<b>482</b>	471
Sanlam Emerging Markets		<b>27 621</b>	22 097
Covered business	7.2	<b>6 686</b>	6 370
Namibia		<b>1 816</b>	1 709
Botswana		<b>1 333</b>	1 261
Rest of Africa (excluding Saham Finances)		<b>1 050</b>	1 509
Saham Finances <sup>(2)</sup>		<b>1 265</b>	672
India		<b>702</b>	677
Malaysia		<b>520</b>	542
Other operations		<b>20 935</b>	15 727
Shriram Capital		<b>9 524</b>	7 963
Saham Finances		<b>6 833</b>	3 197
Letshego		<b>991</b>	1 190
Pacific & Orient		<b>376</b>	476
Capricorn Investment Holdings		<b>1 022</b>	1 077
Other operations		<b>2 189</b>	1 824
Sanlam Investments		<b>18 331</b>	15 807
Covered business	7.3	<b>2 768</b>	1 137
Sanlam UK		<b>1 213</b>	1 137
Central Credit Manager <sup>(3)</sup>		<b>1 555</b>	-
Other operations		<b>15 563</b>	14 670
Investment Management SA		<b>7 428</b>	7 071
Wealth Management		<b>2 242</b>	2 155
International		<b>5 643</b>	4 844
Sanlam Capital Markets		<b>250</b>	600
Santam		<b>18 108</b>	15 868
Sanlam Corporate		<b>6 368</b>	6 385
Covered business <sup>(1)</sup>	7.5	<b>5 283</b>	5 523
Other operations		<b>1 085</b>	862
Afrocentric		<b>1 001</b>	775
Other		<b>84</b>	87

Value of in-force/fair value adjustment		Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
2017	2016	2017	2016	2017	2016	2017	2016
35 786	32 446	7 615	9 432	(1 145)	(595)	8 760	10 027
33 290	29 858	6 256	8 358	(1 145)	(595)	7 401	8 953
7 352	6 152	604	1 085	(467)	(505)	1 071	1 590
25 938	23 706	5 652	7 273	(678)	(90)	6 330	7 363
2 496	2 588	1 359	1 074	-	-	1 359	1 074
1 867	1 788	454	404	-	-	454	404
252	376	800	623	-	-	800	623
377	424	105	47	-	-	105	47
6 319	5 335	21 302	16 762	(1 606)	(1 191)	22 908	17 953
3 665	3 513	3 021	2 857	(1 606)	(1 191)	4 627	4 048
1 318	1 219	498	490	-	-	498	490
980	924	353	337	(66)	(47)	419	384
247	635	803	874	(10)	(10)	813	884
707	321	558	351	(878)	(460)	1 436	811
206	182	496	495	(293)	(285)	789	780
207	232	313	310	(359)	(389)	672	699
2 654	1 822	18 281	13 905	-	-	18 281	13 905
2 585	1 526	6 939	6 437	-	-	6 939	6 437
363	321	6 470	2 876	-	-	6 470	2 876
8	124	983	1 066	-	-	983	1 066
-	-	376	476	-	-	376	476
8	168	1 014	909	-	-	1 014	909
(310)	(317)	2 499	2 141	-	-	2 499	2 141
11 495	10 918	6 836	4 889	(356)	(356)	7 192	5 245
124	671	2 644	466	(356)	(356)	3 000	822
679	671	534	466	(356)	(356)	890	822
(555)	-	2 110	-	-	-	2 110	-
11 371	10 247	4 192	4 423	-	-	4 192	4 423
7 129	6 793	299	278	-	-	299	278
1 936	1 684	306	471	-	-	306	471
2 306	1 770	3 337	3 074	-	-	3 337	3 074
-	-	250	600	-	-	250	600
13 278	11 332	4 830	4 536	-	-	4 830	4 536
2 423	1 930	3 945	4 455	-	-	3 945	4 455
2 166	1 803	3 117	3 720	-	-	3 117	3 720
257	127	828	735	-	-	828	735
223	104	778	671	-	-	778	671
34	23	50	64	-	-	50	64

## Group Equity Value (continued)

at 31 December 2017

R million	Note	Group Equity Value	
		2017	2016
<b>Group operations</b>		<b>113 829</b>	102 035
Dividend pool		<b>5 885</b>	5 437
Discretionary capital <sup>(4)</sup>		<b>2 000</b>	550
Other capital		<b>1 665</b>	4 479
Present value of holding company expenses		<b>(1 616)</b>	(1 784)
<b>Total</b>		<b>121 763</b>	110 717
Covered business	2	<b>54 283</b>	51 246
Other operations	5	<b>59 546</b>	50 789
Group operations		<b>113 829</b>	102 035
Discretionary and other capital		<b>7 934</b>	8 682
<b>Total</b>		<b>121 763</b>	110 717
Value per share	14	<b>59,40</b>	54,07

- <sup>(1)</sup> Excludes subordinated debt funding of Sanlam Life. Capital allocated to Sanlam Personal Finance and Sanlam Employee Benefits covered business were reduced by the following amounts in 2017:
- Sanlam Personal Finance: R2 303 million and R(514) million cost of capital;
  - Sanlam Employee Benefits: R307 million and R(37) million cost of capital.
- These reductions relate to the reallocation of credit risk capital to the Central Credit Manager (refer note 3 below) and the release of R500 million from the capital base to discretionary capital. For Return on Group Equity Value, it was assumed that R2 360 million was released on 1 January 2017 and the remaining R250 million on 30 June 2017.
- <sup>(2)</sup> The Sanlam Group increased its stake in Saham Finances from 30% to 46,6%, effective 1 May 2017. The embedded value of Saham Finances is calculated using a risk discount rate inclusive of the cost of capital.
- <sup>(3)</sup> The Central Credit Manager was established during 2016 with a mandate to manage credit-related instruments on behalf of the Group's covered business operations. Credit risk capital of R2 110 million (and related cost of capital of R(551) million) in respect of the investments managed by the Central Credit Manager were transferred from Sanlam Personal Finance and Sanlam Employee Benefits to the Central Credit Manager (refer note 1 above). For Return on Group Equity Value, it was assumed that the transfer occurred on 1 January 2017.
- <sup>(4)</sup> Fair value adjustments relate to the reversal of marked-to-market changes on hedging instruments, to be recognised in the financial year that the hedge transactions become effective.



Value of in-force/fair value adjustment		Adjusted net asset value		Elimination of goodwill and VOBA		Shareholders' fund at net asset value	
2017	2016	2017	2016	2017	2016	2017	2016
69 301	61 961	44 528	40 074	(3 107)	(2 142)	47 635	42 216
-	-	5 885	5 437	-	-	5 885	5 437
562	(36)	1 438	586	-	-	1 438	586
-	-	1 665	4 479	(1 197)	(1 197)	2 862	5 676
(1 616)	(1 784)	-	-	-	-	-	-
68 247	60 141	53 516	50 576	(4 304)	(3 339)	57 820	53 915
39 245	35 845	15 038	15 401	(3 107)	(2 142)	18 145	17 543
30 056	26 116	29 490	24 673	-	-	29 490	24 673
69 301	61 961	44 528	40 074	(3 107)	(2 142)	47 635	42 216
(1 054)	(1 820)	8 988	10 502	(1 197)	(1 197)	10 185	11 699
68 247	60 141	53 516	50 576	(4 304)	(3 339)	57 820	53 915
						28,22	26,33

# Change in Group Equity Value

for the year ended 31 December 2017

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period	RoGEV %
Sanlam Personal Finance	41 878	7 070	(1 481)	(4 066)	43 401	17,5
Covered business	38 216	6 659	(1 481)	(3 848)	39 546	18,3
Sanlam Sky	7 237	2 087	(489)	(879)	7 956	28,8
Other	30 979	4 572	(992)	(2 969)	31 590	15,7
Other operations	3 662	411	-	(218)	3 855	11,2
Glacier	2 192	342	-	(213)	2 321	15,6
Sanlam Personal Loans	999	53	-	-	1 052	5,3
Other operations	471	16	-	(5)	482	3,4
Sanlam Emerging Markets	22 097	2 845	4 045	(1 366)	27 621	11,5
Covered business	6 370	1 476	(515)	(645)	6 686	23,2
Namibia	1 709	337	(53)	(177)	1 816	19,7
Botswana	1 261	247	13	(188)	1 333	19,6
Rest of Africa (excluding Saham Finances)	1 509	898	(1 173)	(184)	1 050	59,5
Saham Finances	672	(28)	669	(48)	1 265	(4,2)
India	677	21	42	(38)	702	3,1
Malaysia	542	1	(13)	(10)	520	0,2
Other operations	15 727	1 369	4 560	(721)	20 935	7,5
Shriram Capital	7 963	1 659	-	(98)	9 524	20,8
Saham Finances	3 197	(197)	3 909	(76)	6 833	(3,4)
Letshego	1 190	(168)	-	(31)	991	(14,1)
Pacific & Orient	476	(92)	-	(8)	376	(19,3)
Capricorn Investment Holdings	1 077	108	-	(163)	1 022	10,0
Other operations	1 824	59	651	(345)	2 189	3,2
Sanlam Investments	15 807	2 442	1 270	(1 188)	18 331	14,2
Covered business	1 137	403	1 451	(223)	2 768	14,9
Sanlam UK	1 137	76	85	(85)	1 213	6,7
Central Credit Manager	-	327	1 366	(138)	1 555	21,0
Other operations	14 670	2 039	(181)	(965)	15 563	14,1
Investment Management SA	7 071	718	84	(445)	7 428	10,1
Wealth Management	2 155	225	(44)	(94)	2 242	10,5
International	4 844	849	129	(179)	5 643	17,5
Sanlam Capital Markets	600	247	(350)	(247)	250	58,1
Santam	15 868	2 854	-	(614)	18 108	18,0
Sanlam Corporate	6 385	1 284	(822)	(479)	6 368	21,0
Covered business	5 523	1 070	(867)	(443)	5 283	20,4
Other operations	862	214	45	(36)	1 085	24,5
Afrocentric	775	211	38	(23)	1 001	26,9
Other	87	3	7	(13)	84	3,4

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period	RoGEV %
<b>Group operations</b>	<b>102 035</b>	<b>16 495</b>	<b>3 012</b>	<b>(7 713)</b>	<b>113 829</b>	<b>15,8</b>
Discretionary capital	550	(129)	1 579	-	2 000	
Other capital	9 916	86	(4 613)	2 161	7 550	
Present value of holding company expenses	(1 784)	53	-	115	(1 616)	
<b>Group Equity Value</b>	<b>110 717</b>	<b>16 505</b>	<b>(22)</b>	<b>(5 437)</b>	<b>121 763</b>	<b>14,9</b>
Covered business	51 246	9 608	(1 412)	(5 159)	54 283	18,8
Other operations	50 789	6 887	4 424	(2 554)	59 546	12,9
Group operations	102 035	16 495	3 012	(7 713)	113 829	15,8
Discretionary and other capital	8 682	10	(3 034)	2 276	7 934	0,2
<b>Group Equity Value</b>	<b>110 717</b>	<b>16 505</b>	<b>(22)*</b>	<b>(5 437)</b>	<b>121 763</b>	<b>14,9</b>
<b>RoGEV per share</b>						<b>14,8</b>

\* Movement in book value of treasury shares.

## Change in Group Equity Value (continued)

for the year ended 31 December 2016

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period	RoGEV %
Sanlam Personal Finance	37 472	8 503	(53)	(4 044)	41 878	22,7
Covered business	34 526	7 402	(32)	(3 680)	38 216	21,4
Sanlam Sky	6 362	1 725	3	(853)	7 237	28,0
Other	28 164	5 677	(35)	(2 827)	30 979	20,0
Other operations	2 946	1 101	(21)	(364)	3 662	37,4
Glacier	1 605	772	-	(185)	2 192	48,1
Sanlam Personal Loans	913	212	-	(126)	999	23,2
Other operations	428	117	(21)	(53)	471	27,3
Sanlam Emerging Markets	18 047	(491)	6 020	(1 479)	22 097	(2,3)
Covered business	5 486	37	1 446	(599)	6 370	0,7
Namibia	1 608	309	(57)	(151)	1 709	19,2
Botswana	1 229	165	98	(231)	1 261	13,4
Rest of Africa (excluding Saham Finances)	1 679	(97)	127	(200)	1 509	(5,0)
Saham Finances	-	(245)	935	(18)	672	-
India	302	7	354	14	677	2,4
Malaysia	668	(102)	(11)	(13)	542	(15,4)
Other operations	12 561	(528)	4 574	(880)	15 727	(3,4)
Shriram Capital	7 594	143	308	(82)	7 963	1,9
Saham Finances	-	(214)	3 411	-	3 197	(7,5)
Letshego	1 106	17	120	(53)	1 190	1,4
Pacific & Orient	812	(260)	-	(76)	476	(32,0)
Capricorn Investment Holdings	877	219	-	(19)	1 077	25,0
Other operations	2 172	(433)	735	(650)	1 824	(19,3)
Sanlam Investments	16 835	(322)	326	(1 032)	15 807	(1,9)
Covered business	1 633	(403)	(82)	(11)	1 137	(24,7)
Sanlam UK	1 633	(403)	(82)	(11)	1 137	(24,7)
Central Credit Manager	-	-	-	-	-	-
Other operations	15 202	81	408	(1 021)	14 670	0,5
Investment Management SA	6 287	1 030	296	(542)	7 071	16,4
Wealth Management	1 759	337	156	(97)	2 155	19,2
International	6 556	(1 567)	(44)	(101)	4 844	(23,9)
Sanlam Capital Markets	600	281	-	(281)	600	46,8
Sanlam	12 850	4 129	-	(1 111)	15 868	32,1
Sanlam Corporate	6 354	613	(64)	(518)	6 385	9,6
Covered business	5 577	437	(64)	(427)	5 523	7,8
Other operations	777	176	-	(91)	862	22,7
Afrocentric	703	156	-	(84)	775	22,2
Other	74	20	-	(7)	87	27,0

R million	GEV at the beginning of the period	Earnings	Net capital investment	Dividend paid	GEV at the end of the period	RoGEV %
<b>Group operations</b>	91 558	12 432	6 229	(8 184)	102 035	13,1
Discretionary capital	2 300	215	(1 965)	-	550	
Other capital	11 199	(37)	(4 356)	3 110	9 916	
Present value of holding company expenses	(1 551)	(340)	-	107	(1 784)	
<b>Group Equity Value</b>	103 506	12 270	(92)	(4 967)	110 717	11,9
Covered business	47 222	7 473	1 268	(4 717)	51 246	15,8
Other operations	44 336	4 959	4 961	(3 467)	50 789	10,5
Group operations	91 558	12 432	6 229	(8 184)	102 035	13,1
Discretionary and other capital	11 948	(162)	(6 321)	3 217	8 682	(1,8)
<b>Group Equity Value</b>	103 506	12 270	(92)*	(4 967)	110 717	11,9
<b>RoGEV per share</b>						11,8

\* Movement in book value of treasury shares.

# Analysis of **GEV** earnings

for the year ended 31 December 2017

## Covered business<sup>(1)</sup>

R million	Total		Value of in-force		Cost of capital		Adjusted net asset value	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Operational earnings</b>	<b>7 612</b>	7 647	<b>2 568</b>	3 097	<b>132</b>	(85)	<b>4 912</b>	4 635
Value of new life insurance business <sup>(2)</sup>	<b>1 841</b>	1 605	<b>4 324</b>	3 818	<b>(195)</b>	(224)	<b>(2 288)</b>	(1 989)
Unwinding of discount rate	<b>4 620</b>	4 634	<b>4 427</b>	4 468	<b>193</b>	166	<b>-</b>	-
Expected profit	<b>-</b>	-	<b>(6 061)</b>	(5 723)	<b>-</b>	-	<b>6 061</b>	5 723
Operating experience variances	<b>1 558</b>	983	<b>77</b>	(33)	<b>187</b>	10	<b>1 294</b>	1 006
Risk experience	<b>447</b>	438	<b>(6)</b>	52	<b>7</b>	3	<b>446</b>	383
Persistency	<b>67</b>	(11)	<b>178</b>	66	<b>16</b>	10	<b>(127)</b>	(87)
Maintenance expenses	<b>(9)</b>	30	<b>(5)</b>	(3)	<b>1</b>	(4)	<b>(5)</b>	37
Working capital management	<b>452</b>	354	<b>5</b>	5	<b>-</b>	-	<b>447</b>	349
Credit spread	<b>396</b>	89	<b>-</b>	-	<b>-</b>	-	<b>396</b>	89
Other	<b>205</b>	83	<b>(95)</b>	(153)	<b>163</b>	1	<b>137</b>	235
Operating assumption changes	<b>(407)</b>	425	<b>(199)</b>	567	<b>(53)</b>	(37)	<b>(155)</b>	(105)
Risk experience	<b>183</b>	122	<b>147</b>	54	<b>(3)</b>	(6)	<b>39</b>	74
Persistency	<b>(115)</b>	54	<b>(86)</b>	125	<b>(3)</b>	(35)	<b>(26)</b>	(36)
Maintenance expenses	<b>(239)</b>	99	<b>(110)</b>	50	<b>(1)</b>	1	<b>(128)</b>	48
Modelling changes and other	<b>(236)</b>	150	<b>(150)</b>	338	<b>(46)</b>	3	<b>(40)</b>	(191)
<b>Net investment return</b>	<b>930</b>	(113)	<b>-</b>	-	<b>-</b>	-	<b>930</b>	(113)
Expected return on adjusted net asset value	<b>1 020</b>	1 199	<b>-</b>	-	<b>-</b>	-	<b>1 020</b>	1 199
Investment variances on adjusted net asset value	<b>(90)</b>	(1 312)	<b>-</b>	-	<b>-</b>	-	<b>(90)</b>	(1 312)
<b>Valuation and economic basis</b>	<b>762</b>	(300)	<b>489</b>	(421)	<b>26</b>	65	<b>247</b>	56
Investment variances on in-force business	<b>691</b>	(159)	<b>413</b>	(217)	<b>19</b>	3	<b>259</b>	55
Economic assumption changes	<b>234</b>	485	<b>253</b>	509	<b>(7)</b>	(25)	<b>(12)</b>	1
Investment yields	<b>260</b>	552	<b>253</b>	524	<b>19</b>	28	<b>(12)</b>	-
Long-term asset mix assumptions and other	<b>(26)</b>	(67)	<b>-</b>	(15)	<b>(26)</b>	(53)	<b>-</b>	1
Foreign currency translation differences	<b>(163)</b>	(626)	<b>(177)</b>	(713)	<b>14</b>	87	<b>-</b>	-

Covered business<sup>(1)</sup> (continued)

R million	Total		Value of in-force		Cost of capital		Adjusted net asset value	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Change in tax basis</b>	-	422	-	679	-	(118)	-	(139)
Risk Policy Fund	-	674	-	674	-	-	-	-
Capital Gains Tax inclusion rate	-	(257)	-	1	-	(119)	-	(139)
Other	-	5	-	4	-	1	-	-
<b>Profit on disposal of subsidiaries and associated companies</b>	<b>789</b>	-	-	-	-	-	<b>789</b>	-
<b>Goodwill and VOBA from business combinations</b>	<b>(485)</b>	(183)	<b>(485)</b>	(183)	-	-	-	-
<b>GEV earnings: covered business</b>	<b>9 608</b>	7 473	<b>2 572</b>	3 172	<b>158</b>	(138)	<b>6 878</b>	4 439
Acquired value of in-force	<b>1 443</b>	1 247	<b>1 026</b>	655	<b>(8)</b>	(4)	<b>425</b>	596
Disposal of businesses	<b>(1 331)</b>	-	<b>(357)</b>	-	<b>9</b>	-	<b>(983)</b>	-
Transfers from/(to) other Group operations	-	(13)	-	46	-	-	-	(59)
Transfers from covered business	<b>(6 683)</b>	(4 683)	-	-	-	-	<b>(6 683)</b>	(4 683)
<b>Embedded value of covered business at the beginning of the year</b>	<b>51 246</b>	47 222	<b>39 379</b>	35 506	<b>(3 534)</b>	(3 392)	<b>15 401</b>	15 108
<b>Embedded value of covered business at the end of the year</b>	<b>54 283</b>	51 246	<b>42 620</b>	39 379	<b>(3 375)</b>	(3 534)	<b>15 038</b>	15 401

<sup>(1)</sup> Refer to note 7 for an analysis per cluster.

<sup>(2)</sup> Refer to note 1 for additional information.

## Analysis of **GEV earnings** (continued)

for the year ended 31 December 2017

### Other operations

R million	Total		Sanlam Personal Finance	
	2017	2016	2017	2016
Earnings from operations valued at listed share prices	2 854	4 129	-	-
Earnings from operations valued at net asset value	323	32	-	-
Earnings from operations valued based on discounted cash flows	3 710	798	411	1 101
Unwinding of discount rate	4 957	4 951	654	537
Operating experience variances	350	109	44	67
General insurance	32	58	-	-
Investment management	133	88	-	-
Credit and banking	231	(106)	22	(4)
Administration, health and other	(46)	69	22	71
Assumption changes	(210)	(3 566)	(376)	264
General insurance	(383)	(211)	-	-
Investment management	(257)	(1 990)	-	-
Credit and banking	698	(1 394)	(175)	(23)
Administration, health and other	(268)	29	(201)	287
Economic assumption changes	(409)	2 695	89	233
Foreign currency translation differences	(978)	(3 391)	-	-
<b>GEV earnings: other operations</b>	<b>6 887</b>	<b>4 959</b>	<b>411</b>	<b>1 101</b>

### Discretionary and other capital

R million	Total	
	2017	2016
Investment return	(129)	215
Corporate expenses	53	(340)
Net corporate expenses	(115)	(107)
Change in present value of holding company expenses	168	(233)
Share-based payment transactions	86	(37)
<b>GEV earnings: discretionary and other capital</b>	<b>10</b>	<b>(162)</b>

### Reconciliation of Group Equity Value earnings

IFRS earnings	9 411	3 573
Normalised attributable earnings	11 001	8 123
Earnings recognised directly in equity		
Foreign currency translation differences	(1 044)	(3 902)
Net cost of treasury shares delivered	(216)	(298)
Share-based payments	340	325
Change in ownership of subsidiaries	(63)	(95)
Other comprehensive income	(607)	(580)
Fair value adjustments	7 268	8 721
Change in fair value adjustments: non-life	4 538	5 687
Earnings from covered business: VIF	2 730	3 034
Adjustments to net worth	(174)	(24)
Present value of holding company expenses	168	(233)
Movement in book value of treasury shares: non-life subsidiaries	(47)	(61)
Change in goodwill/VOBA less VIF acquired	(295)	270
<b>Group Equity Value earnings</b>	<b>16 505</b>	<b>12 270</b>



Sanlam Emerging Markets		Sanlam Investments		Santam		Sanlam Corporate	
2017	2016	2017	2016	2017	2016	2017	2016
-	-	-	-	2 854	4 129	-	-
(131)	(200)	454	232	-	-	-	-
1 500	(328)	1 585	(151)	-	-	214	176
2 310	2 351	1 842	1 914	-	-	151	149
285	(14)	84	61	-	-	(63)	(5)
32	58	-	-	-	-	-	-
49	27	84	61	-	-	-	-
209	(102)	-	-	-	-	-	-
(5)	3	-	-	-	-	(63)	(5)
295	(1 886)	(241)	(1 971)	-	-	112	27
(383)	(211)	-	-	-	-	-	-
(16)	(19)	(241)	(1 971)	-	-	-	-
873	(1 371)	-	-	-	-	-	-
(179)	(285)	-	-	-	-	112	27
(677)	1 446	165	1 011	-	-	14	5
(713)	(2 225)	(265)	(1 166)	-	-	-	-
1 369	(528)	2 039	81	2 854	4 129	214	176

# Analysis of shareholders' fund at net asset value

at 31 December 2017

R million	Note	Sanlam Life <sup>(1)</sup>		Sanlam Emerging Markets <sup>(2)</sup>	
		2017	2016	2017	2016
<b>Assets</b>					
Equipment		302	303	135	146
Owner-occupied properties		470	470	224	238
Goodwill		714	244	323	178
Value of business acquired		845	500	658	547
Other intangible assets		60	17	212	267
Deferred acquisition costs		3 012	2 949	13	16
Investments	8.3	17 699	22 054	27 953	22 722
Properties		10	143	843	821
Associated companies	8.1	882	760	23 157	18 636
Joint ventures	8.2	870	817	-	-
Equities and similar securities		424	1 055	357	536
Interest-bearing investments		3 918	5 134	1 878	1 060
Structured transactions		316	812	22	5
Investment funds		9 390	9 414	424	301
Cash, deposits and similar securities		1 889	3 919	1 272	1 363
Deferred tax		394	175	196	185
Assets of disposal groups classified as held for sale		-	-	-	-
General insurance technical assets		-	-	152	124
Working capital assets		9 149	8 856	2 575	2 427
Trade and other receivables		2 565	2 450	1 809	1 863
Cash, deposits and similar securities		6 584	6 406	766	564
<b>Total assets</b>		<b>32 645</b>	<b>35 568</b>	<b>32 441</b>	<b>26 850</b>
<b>Equity and liabilities</b>					
Shareholders' fund		19 562	24 347	23 672	18 385
Non-controlling interest		233	-	5 072	5 238
<b>Total equity</b>		<b>19 795</b>	<b>24 347</b>	<b>28 744</b>	<b>23 623</b>
Term finance		2 167	2 159	111	115
Structured transactions liabilities		1 156	16	-	-
Cell owners' interest		-	-	-	-
Deferred tax		943	775	301	249
General insurance technical provisions		-	-	552	523
Working capital liabilities		8 584	8 271	2 733	2 340
Trade and other payables		7 489	6 872	2 733	2 340
Provisions		127	131	-	-
Taxation		968	1 268	-	-
<b>Total equity and liabilities</b>		<b>32 645</b>	<b>35 568</b>	<b>32 441</b>	<b>26 850</b>
<b>Analysis of shareholders' fund</b>					
Covered business		10 518	12 673	4 627	4 048
Other operations		2 187	1 809	18 281	13 905
Discretionary and other capital		6 857	9 865	764	432
<b>Shareholders' fund at net asset value</b>		<b>19 562</b>	<b>24 347</b>	<b>23 672</b>	<b>18 385</b>
Consolidation reserve		1 200	1 253	-	-
<b>Shareholders' fund per Group statement of financial position</b>		<b>20 762</b>	<b>25 600</b>	<b>23 672</b>	<b>18 385</b>

<sup>(1)</sup> 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. Previously, equities and similar securities included the investment in Sanlam Limited shares that was eliminated in the consolidation column. From 2017, the elimination is done within the cluster with comparative information being adjusted accordingly.

<sup>(2)</sup> Includes discretionary capital held by Sanlam Emerging Markets.

Sanlam Investments <sup>(3)</sup>		Santam		Group Office <sup>(4)</sup>		Consolidation entries <sup>(5)</sup>		Shareholders' fund at net asset value	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
66	70	319	321	-	-	-	-	822	840
113	115	19	1	-	-	-	-	826	824
1 159	1 203	765	774	-	-	1 197	1 197	4 158	3 596
427	559	-	-	-	-	-	-	1 930	1 606
161	179	58	81	-	-	-	-	491	544
-	-	-	-	-	-	-	-	3 025	2 965
4 622	1 927	17 099	11 987	2 219	1 660	(3 039)	(3 262)	66 553	57 088
-	-	-	-	-	-	-	-	853	964
549	418	2 763	2 624	-	-	(2 691)	(2 733)	24 660	19 705
-	-	66	65	-	-	-	-	936	882
252	222	2 956	1 404	481	493	(430)	(568)	4 040	3 142
341	109	8 315	5 892	1 736	1 165	(38)	74	16 150	13 434
-	-	588	714	-	-	-	(35)	926	1 496
2 968	594	1 351	388	-	-	120	-	14 253	10 697
512	584	1 060	900	2	2	-	-	4 735	6 768
129	146	157	144	-	-	7	3	883	653
-	-	-	8	-	-	-	-	-	8
-	-	6 248	4 898	-	-	-	-	6 400	5 022
20 009	22 660	12 334	10 998	3 655	3 378	(5 108)	(4 522)	42 614	43 797
13 827	19 076	5 415	3 720	3 319	3 000	(5 134)	(4 418)	21 801	25 691
6 182	3 584	6 919	7 278	336	378	26	(104)	20 813	18 106
26 686	26 859	36 999	29 212	5 874	5 038	(6 943)	(6 584)	127 702	116 943
8 506	6 376	4 830	4 536	136	(509)	1 114	780	57 820	53 915
42	54	3 281	3 062	-	-	(2 697)	(2 749)	5 931	5 605
8 548	6 430	8 111	7 598	136	(509)	(1 583)	(1 969)	63 751	59 520
17	239	2 056	2 054	1 917	1 651	-	-	6 268	6 218
-	-	-	-	-	-	-	-	1 156	16
-	-	3 217	1 153	-	-	-	-	3 217	1 153
22	13	121	119	-	-	43	7	1 430	1 163
-	-	18 116	14 034	-	-	-	-	18 668	14 557
18 099	20 177	5 378	4 254	3 821	3 896	(5 403)	(4 622)	33 212	34 316
17 874	19 863	5 116	4 065	3 791	3 856	(5 402)	(4 632)	31 601	32 364
82	123	68	41	20	20	17	17	314	332
143	191	194	148	10	20	(18)	(7)	1 297	1 620
26 686	26 859	36 999	29 212	5 874	5 038	(6 943)	(6 584)	127 702	116 943
3 000	822	-	-	-	-	-	-	18 145	17 543
4 192	4 423	4 830	4 536	-	-	-	-	29 490	24 673
1 314	1 131	-	-	136	(509)	1 114	780	10 185	11 699
8 506	6 376	4 830	4 536	136	(509)	1 114	780	57 820	53 915
-	-	-	-	-	-	(1 600)	(1 778)	(400)	(525)
8 506	6 376	4 830	4 536	136	(509)	(486)	(998)	57 420	53 390

<sup>(3)</sup> Includes Sanlam Investment Management and Sanlam Capital Markets previously disclosed separately.

<sup>(4)</sup> Group Office and Other includes the assets of Genbel Securities and Sanlam Limited Corporate on a consolidated basis.

<sup>(5)</sup> Elimination of intercompany balances, other investments and term finance between companies within the Group.

# Shareholders' fund income statement

for the year ended 31 December 2017

R million	Note	Sanlam Personal Finance <sup>(1)</sup>		Sanlam Emerging Markets	
		2017	2016	2017	2016
Financial services income	9	17 823	16 421	7 978	7 462
Sales remuneration	10	(3 332)	(2 955)	(1 118)	(1 177)
Income after sales remuneration		14 491	13 466	6 860	6 285
Underwriting policy benefits		(3 822)	(3 492)	(1 709)	(1 574)
Administration costs	11	(4 769)	(4 283)	(1 840)	(1 815)
<b>Result from financial services before tax</b>		<b>5 900</b>	<b>5 691</b>	<b>3 311</b>	<b>2 896</b>
Tax on result from financial services		(1 679)	(1 590)	(936)	(800)
<b>Result from financial services after tax</b>		<b>4 221</b>	<b>4 101</b>	<b>2 375</b>	<b>2 096</b>
Non-controlling interest		14	(2)	(582)	(539)
<b>Net result from financial services</b>		<b>4 235</b>	<b>4 099</b>	<b>1 793</b>	<b>1 557</b>
Net investment income		223	506	201	198
Investment income	12	293	658	383	345
Tax on investment income		(67)	(152)	(138)	(98)
Non-controlling interest		(3)	-	(44)	(49)
Project expenses		-	-	(99)	(28)
Net amortisation of value of business acquired and other intangibles		(45)	(39)	(44)	(45)
Equity participation costs		-	-	-	-
Net equity-accounted headline earnings		-	-	10	31
Equity-accounted headline earnings		-	-	18	59
Tax on equity-accounted headline earnings		-	-	(1)	(2)
Non-controlling interest		-	-	(7)	(26)
Net investment surpluses		267	(165)	127	18
Investment surpluses		370	(92)	283	87
Tax on investment surpluses		(103)	(73)	(89)	(52)
Non-controlling interest		-	-	(67)	(17)
<b>Normalised headline earnings</b>		<b>4 680</b>	<b>4 401</b>	<b>1 988</b>	<b>1 731</b>
Net profit on disposal of subsidiaries and associated companies		-	15	1 159	16
Profit on disposal of subsidiaries and associated companies		-	18	1 189	16
Tax on profit on disposal of subsidiaries and associated companies		-	(3)	(22)	-
Non-controlling interest		-	-	(8)	-
Impairments		-	(5)	(230)	(230)
Net equity-accounted non-headline earnings		-	-	140	-
<b>Normalised attributable earnings</b>		<b>4 680</b>	<b>4 411</b>	<b>3 057</b>	<b>1 517</b>
Fund transfers		(53)	1 259	-	-
<b>Attributable earnings per Group statement of comprehensive income</b>		<b>4 627</b>	<b>5 670</b>	<b>3 057</b>	<b>1 517</b>
<b>Diluted earnings per share</b>	13				
Adjusted weighted average number of shares (million)		206,7	200,3	87,5	76,1
Net result from financial services (cents)		206,7	200,3	87,5	76,1

<sup>(1)</sup> Previously, investment return included returns on the investment in Sanlam Limited shares that were eliminated in the Group Office & Other column. From 2017, the elimination is done within the cluster with comparative information being adjusted accordingly.

Sanlam Investments		Santam		Sanlam Corporate		Group Office & Other		Total	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
5 581 (218)	5 546 (193)	22 327 (2 424)	20 608 (2 379)	4 825 (58)	4 217 (54)	166 -	128 -	58 700 (7 150)	54 382 (6 758)
5 363 - (3 786)	5 353 - (3 848)	19 903 (14 170) (3 560)	18 229 (12 911) (3 268)	4 767 (2 798) (1 190)	4 163 (2 355) (1 096)	166 - (348)	128 - (304)	51 550 (22 499) (15 493)	47 624 (20 332) (14 614)
1 577 (336)	1 505 (388)	2 173 (621)	2 050 (582)	779 (221)	712 (202)	(182) 67	(176) 69	13 558 (3 726)	12 678 (3 493)
1 241 (14)	1 117 (21)	1 552 (701)	1 468 (654)	558 -	510 -	(115) -	(107) -	9 832 (1 283)	9 185 (1 216)
1 227 154 167 (13) -	1 096 15 18 - (3)	851 83 173 (31) (59)	814 49 107 (20) (38)	558 110 124 (14) -	510 154 174 (20) -	(115) 37 58 (21) -	(107) 18 10 8 -	8 549 808 1 198 (284) (106)	7 969 940 1 312 (282) (90)
(8)	(1)	-	-	-	-	(7)	-	(114)	(29)
(160) - 10	(153) - (3)	(10) (2) 25	(9) (5) 17	(2) - (7)	(5) - (9)	- - -	- - -	(261) (2) 38	(251) (5) 36
10 - -	(3) - -	58 (17) (16)	28 - (11)	(7) - -	(9) - -	- - -	- - -	79 (18) (23)	75 (2) (37)
178	(41)	72	10	192	(93)	(19)	(29)	817	(300)
194 (17) 1	(48) 7 -	78 62 (68)	65 (32) (23)	247 (55) -	(42) (51) -	(19) - -	(29) - -	1 153 (202) (134)	(59) (201) (40)
1 401	913	1 019	876	851	557	(104)	(118)	9 835	8 360
32	-	144	-	-	-	-	-	1 335	31
32	-	180	-	-	-	-	-	1 401	34
- - (32) -	- - - -	(2) (34) (41) -	- - (30) -	- - (6)	- - (3)	- - -	- - -	(24) (42) (303) 134	(3) - (265) (3)
1 401 -	913 -	1 122 -	846 -	845 -	554 -	(104) (25)	(118) 241	11 001 (78)	8 123 1 500
1 401	913	1 122	846	845	554	(129)	123	10 923	9 623
59,9	53,6	41,5	39,7	27,2	24,9	(5,6)	(5,2)	2 049,1 417,2	2 046,5 389,4

# Notes to the shareholders' fund information

for the year ended 31 December 2017

## 1. Value of new covered business

		Total		Sanlam Personal Finance		Sanlam Emerging Markets		Sanlam Investments		Sanlam Corporate	
R million	Note	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Value of new covered business (at point of sale)</b>											
Gross value of new covered business <sup>(1)</sup>		2 217	2 026	1 512	1 291	550	589	7	12	148	134
Cost of capital <sup>(1)</sup>		(209)	(247)	(96)	(128)	(45)	(56)	(7)	(5)	(61)	(58)
<b>Value of new covered business</b>		<b>2 008</b>	<b>1 779</b>	<b>1 416</b>	<b>1 163</b>	<b>505</b>	<b>533</b>	<b>-</b>	<b>7</b>	<b>87</b>	<b>76</b>
<b>Value of new covered business attributable to</b>											
Shareholders' fund	3	1 841	1 605	1 407	1 163	347	359	-	7	87	76
Non-controlling interest		167	174	9	-	158	174	-	-	-	-
<b>Value of new covered business</b>		<b>2 008</b>	<b>1 779</b>	<b>1 416</b>	<b>1 163</b>	<b>505</b>	<b>533</b>	<b>-</b>	<b>7</b>	<b>87</b>	<b>76</b>
<b>Analysis of new business profitability</b>											
<i>Before non-controlling interest:</i>											
Present value of new business premiums		65 377	62 383	44 101	41 507	9 758	9 654	3 259	3 411	8 259	7 811
New business margin		3,07%	2,85%	3,21%	2,80%	5,18%	5,52%	-	0,21%	1,05%	0,97%
<i>After non-controlling interest:</i>											
Present value of new business premiums		62 604	59 556	43 940	41 507	7 146	6 827	3 259	3 411	8 259	7 811
New business margin		2,94%	2,69%	3,20%	2,80%	4,86%	5,26%	-	0,21%	1,05%	0,97%
<b>Capitalisation factor – recurring premiums</b>		<b>4,5</b>	<b>4,4</b>	<b>4,9</b>	<b>4,8</b>	<b>3,1</b>	<b>3,2</b>	<b>4,5</b>	<b>4,9</b>	<b>7,0</b>	<b>6,5</b>

<sup>(1)</sup> As a result of improved modelling, R24 million was shifted between Sanlam Personal Finance's gross value of new business and cost of capital for 2016.

## Geographical analysis

R million	Value of new covered business		Present value of new business premiums		New business margin	
	2017	2016	2017	2016	2017	2016
<b>Before non-controlling interest</b>						
South Africa	1 503	1 239	52 360	49 318	2,87%	2,51%
Sanlam Sky	521	358	5 867	5 030	8,88%	7,12%
Glacier	490	526	26 918	26 215	1,82%	2,01%
SPF Other	405	279	11 316	10 262	3,58%	2,72%
Sanlam Corporate	87	76	8 259	7 811	1,05%	0,97%
Namibia	122	123	2 000	1 918	6,10%	6,41%
Botswana	187	216	2 895	2 849	6,46%	7,58%
Rest of Africa	115	122	2 518	2 502	4,61%	4,88%
Saham Finances	20	16	324	155	6,17%	10,32%
Other	95	106	2 194	2 347	4,33%	4,52%
India	38	13	1 178	752	3,23%	1,73%
Malaysia	43	59	1 167	1 633	3,68%	3,61%
Other international	-	7	3 259	3 411	-	0,21%
<b>Total</b>	<b>2 008</b>	<b>1 779</b>	<b>65 377</b>	<b>62 383</b>	<b>3,07%</b>	<b>2,85%</b>
<b>After non-controlling interest</b>						
South Africa	1 494	1 239	52 199	49 318	2,86%	2,51%
Sanlam Sky	521	358	5 867	5 030	8,88%	7,12%
Glacier	490	526	26 918	26 215	1,82%	2,01%
SPF Other	396	279	11 155	10 262	3,55%	2,72%
Sanlam Corporate	87	76	8 259	7 811	1,05%	0,97%
Namibia	75	75	1 507	1 418	4,98%	5,29%
Botswana	111	129	1 750	1 722	6,34%	7,49%
Rest of Africa	105	113	2 116	2 102	4,96%	5,38%
Saham Finances	20	16	324	155	6,17%	10,32%
Other	85	97	1 792	1 947	4,74%	4,98%
India	38	13	1 178	752	3,23%	1,73%
Malaysia	18	29	595	833	3,03%	3,48%
Other international	-	7	3 259	3 411	-	0,21%
<b>Total</b>	<b>1 841</b>	<b>1 605</b>	<b>62 604</b>	<b>59 556</b>	<b>2,94%</b>	<b>2,69%</b>

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 2. Value of in-force covered business sensitivity analysis

R million	Gross value of in-force business		Cost of capital		Net value of in-force business		Change from base value %	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Base value</b>	<b>42 620</b>	39 379	<b>(3 375)</b>	(3 534)	<b>39 245</b>	35 845		
→ Risk discount rate increase by 1%	<b>40 330</b>	37 204	<b>(3 854)</b>	(4 094)	<b>36 476</b>	33 110	<b>(7)</b>	(8)
→ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	<b>43 737</b>	40 394	<b>(3 368)</b>	(3 358)	<b>40 369</b>	37 036	<b>3</b>	3
→ Equity and property values decrease by 10%, without a corresponding change in dividend and rental yields	<b>41 273</b>	38 007	<b>(3 307)</b>	(3 455)	<b>37 966</b>	34 552	<b>(3)</b>	(4)
→ Expected return on equity and property investments increase by 1%, without a corresponding change in discount rates	<b>43 207</b>	39 949	<b>(3 188)</b>	(3 223)	<b>40 019</b>	36 726	<b>2</b>	2
→ Rand exchange rate depreciates by 10%	<b>42 967</b>	39 717	<b>(3 474)</b>	(3 575)	<b>39 493</b>	36 142	<b>1</b>	1
<i>Expenses and persistency</i>								
→ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	<b>44 122</b>	40 777	<b>(3 405)</b>	(3 526)	<b>40 717</b>	37 251	<b>4</b>	4
→ Discontinuance rates decrease by 10%	<b>43 914</b>	40 540	<b>(3 463)</b>	(3 644)	<b>40 451</b>	36 896	<b>3</b>	3
<i>Insurance risk</i>								
→ Mortality and morbidity decrease by 5% for life assurance business	<b>44 374</b>	40 927	<b>(3 372)</b>	(3 516)	<b>41 002</b>	37 411	<b>4</b>	4
→ Mortality and morbidity decrease by 5% for annuity business	<b>42 324</b>	39 054	<b>(3 378)</b>	(3 530)	<b>38 946</b>	35 524	<b>(1)</b>	(1)
<b>Gross value of in-force business profile</b>								
Year 1 - 5	<b>55%</b>	54%						
Year 1	<b>17%</b>	15%						
Year 2	<b>12%</b>	12%						
Year 3	<b>10%</b>	10%						
Year 4	<b>9%</b>	9%						
Year 5	<b>7%</b>	8%						
Year 6 - 10	<b>24%</b>	25%						
Year 11 - 20	<b>17%</b>	18%						
Year 20+	<b>4%</b>	3%						



### 3. Value of new covered business sensitivity analysis

R million	Gross value of new business		Cost of capital		Net value of new business		Change from base value %	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Base value</b>	<b>2 036</b>	1 829	<b>(195)</b>	(224)	<b>1 841</b>	1 605		
→ Risk discount rate increase by 1%	<b>1 803</b>	1 598	<b>(217)</b>	(265)	<b>1 586</b>	1 333	<b>(14)</b>	(17)
→ Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	<b>2 150</b>	1 900	<b>(193)</b>	(224)	<b>1 957</b>	1 676	<b>6</b>	4
<i>Expenses and persistency</i>								
→ Non-commission maintenance expenses (excluding investment expenses) decrease by 10%	<b>2 224</b>	1 990	<b>(197)</b>	(228)	<b>2 027</b>	1 762	<b>10</b>	10
→ Acquisition expenses (excluding commission and commission-related expenses) decrease by 10%	<b>2 227</b>	1 991	<b>(193)</b>	(227)	<b>2 034</b>	1 764	<b>10</b>	10
→ Discontinuance rates decrease by 10%	<b>2 303</b>	2 065	<b>(206)</b>	(242)	<b>2 097</b>	1 823	<b>14</b>	14
<i>Insurance risk</i>								
→ Mortality and morbidity decrease by 5% for life assurance business	<b>2 220</b>	1 974	<b>(194)</b>	(226)	<b>2 026</b>	1 748	<b>10</b>	9
→ Mortality and morbidity decrease by 5% for annuity business	<b>2 022</b>	1 824	<b>(192)</b>	(227)	<b>1 830</b>	1 597	<b>(1)</b>	-

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 4. Economic assumptions – covered business

### Gross investment return, risk discount rate and inflation

	Sanlam Life	
	2017	2016
Point used on the relevant yield curve	9 year	9 year
Fixed-interest securities	9,0%	9,2%
Equities and offshore investments	12,5%	12,7%
Hedged equities	8,4%	8,6%
Property	10,0%	10,2%
Cash	8,0%	8,2%
Inflation rate <sup>(1)</sup>	7,0%	7,2%
Risk discount rate	11,5%	11,7%

<sup>(1)</sup> Expense inflation of 11,0% (2016: 11,2%) assumed for retail business administered on old platforms.

### 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 60bps (2016: 25bps and 60bps) for non-participating annuities, between 25bps and 75bps (2016: 25bps to 75bps) for inflation-linked annuities and capped at 120bps (2016: 120bps) reflecting both illiquidity premiums and credit risk premium for guarantee plans.

### Asset mix for assets supporting adjusted net asset value – covered business

%	R million		Fixed-interest securities		Equities	
	2017	2016	2017	2016	2017	2016
<b>Required capital</b>						
South Africa	11 375	12 069	-	-	2	3
Namibia	498	490	6	6	36	36
Botswana Life	353	337	-	-	-	-
Enterprise Life (Ghana)	-	47	-	35	-	40
Sanlam Life Insurance (Kenya)	108	76	35	35	40	40
Other Africa	760	563	59	82	6	-
Shriram Life Insurance (India)	192	171	30	36	66	63
MCIS (Malaysia)	285	188	73	76	19	17
Sanlam Investments and Pensions (UK)	428	438	-	-	-	-
<b>Total required capital</b>	<b>13 999</b>	<b>14 379</b>				
Free surplus	1 039	1 022				
<b>Adjusted net asset value</b>	<b>15 038</b>	<b>15 401</b>				

Sanlam Developing Markets		Botswana Life Insurance		Sanlam Investments and Pensions	
2017	2016	2017	2016	2017	2016
<b>5 year</b>	5 year	<b>n/a</b>	n/a	<b>15 year</b>	15 year
<b>8,0%</b>	8,6%	<b>6,5%</b>	7,0%	<b>1,6%</b>	1,7%
<b>11,5%</b>	12,1%	<b>10,0%</b>	10,5%	<b>4,8%</b>	4,9%
<b>7,0%</b>	7,6%	<b>n/a</b>	n/a	<b>n/a</b>	n/a
<b>9,0%</b>	9,6%	<b>7,5%</b>	8,0%	<b>4,8%</b>	4,9%
<b>7,0%</b>	7,6%	<b>5,5%</b>	6,0%	<b>1,6%</b>	1,7%
<b>6,0%</b>	6,6%	<b>3,5%</b>	4,0%	<b>3,3%</b>	3,4%
<b>10,5%</b>	11,1%	<b>10,0%</b>	10,5%	<b>5,3%</b>	5,4%

Offshore		Hedged Equities		Property		Cash		Total	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>7</b>	7	<b>78</b>	78	<b>-</b>	-	<b>13</b>	12	<b>100</b>	100
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>58</b>	58	<b>100</b>	100
<b>-</b>	-	<b>-</b>	-	<b>50</b>	50	<b>50</b>	50	<b>100</b>	100
<b>-</b>	-	<b>-</b>	-	<b>-</b>	20	<b>-</b>	5	<b>-</b>	100
<b>-</b>	-	<b>-</b>	-	<b>15</b>	15	<b>10</b>	10	<b>100</b>	100
<b>-</b>	-	<b>-</b>	-	<b>6</b>	-	<b>29</b>	18	<b>100</b>	100
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>4</b>	1	<b>100</b>	100
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>8</b>	7	<b>100</b>	100
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>100</b>	100	<b>100</b>	100

## Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

### 4. Economic assumptions – covered business (continued)

#### Assumed long-term expected return on required capital

%	Gross return on required capital		Net return on required capital	
	2017	2016	2017	2016
Sanlam Life	8,7	8,9	7,0	7,2
Sanlam Developing Markets	7,9	8,5	6,1	6,6
Sanlam Life Namibia	9,9	10,1	8,8	8,9
Sanlam Namibia	8,5	8,9	7,4	7,8
Botswana Life Insurance	6,5	6,9	4,9	5,2
Sanlam Life Insurance (Kenya)	12,5	12,8	8,8	9,0
Shriram Life Insurance (India)	10,0	10,1	8,6	8,6
MCIS (Malaysia)	5,0	5,3	4,6	4,9
Sanlam Investments and Pensions (UK)	1,6	1,7	1,3	1,4

### 5. Value of other Group operations sensitivity analysis

#### 5.1 Valuation methodology

R million	Total	
	2017	2016
<b>Listed share price</b>	<b>18 108</b>	15 868
<b>Discounted cash flows</b>	<b>39 130</b>	32 559
Sanlam Personal Finance	3 855	3 662
Glacier	2 321	2 192
Sanlam Personal Loans	1 052	999
Other operations	482	471
Sanlam Emerging Markets	19 885	14 795
Shriram Capital	9 524	7 963
Saham Finances	6 833	3 197
Letshego	991	1 190
Pacific & Orient	376	476
Capricorn Investment Holdings	1 022	1 077
Other operations	1 139	892
Sanlam Investments	14 305	13 240
Investment Management SA	6 613	6 514
Wealth Management	2 192	2 066
International	5 500	4 660
Sanlam Corporate	1 085	862
Afrocentric	1 001	775
Other	84	87
<b>Net asset value</b>	<b>2 308</b>	2 362
Sanlam Investments	1 258	1 430
Investment Management SA	815	557
Wealth Management	50	89
International	143	184
Sanlam Capital Markets	250	600
Sanlam Emerging Markets	1 050	932
<b>Total</b>	<b>59 546</b>	50 789

## 5.2 Sensitivity analysis: businesses valued at discounted cash flows

R million	Base value		Risk discount rate +1%		Perpetuity growth rate +1%	
	2017	2016	2017	2016	2017	2016
Sanlam Personal Finance	3 855	3 662	3 529	3 355	4 003	3 801
Glacier	2 321	2 192	2 106	1 990	2 426	2 290
Sanlam Personal Loans	1 052	999	982	933	1 078	1 023
Other operations	482	471	441	432	499	488
Sanlam Emerging Markets	19 885	14 795	17 186	13 041	21 874	16 160
Shriram Capital	9 524	7 963	8 267	7 052	10 469	8 647
Saham Finances	6 833	3 197	5 696	2 707	7 655	3 652
Letshego	991	1 190	872	1 073	1 065	1 255
Pacific & Orient	376	476	342	428	406	513
Capricorn Investment Holdings	1 022	1 077	942	972	1 083	1 155
Other operations	1 139	892	1 067	809	1 196	938
Sanlam Investments	14 305	13 240	12 746	11 739	15 267	14 102
Investment Management SA	6 613	6 514	5 936	5 842	6 983	6 885
Wealth Management	2 192	2 066	2 020	1 868	2 362	2 203
International	5 500	4 660	4 790	4 029	5 922	5 014
Sanlam Corporate	1 085	862	995	795	1 122	891
Afrocentric	1 001	775	923	714	1 036	802
Other	84	87	72	81	86	89
	39 130	32 559	34 456	28 930	42 266	34 954
Weighted average assumption			14,9%	14,5%	2-5%	2-5%

R million	Equities and properties -10%		Interest rates -1%		Rand exchange rate depreciation +10%	
	2017	2016	2017	2016	2017	2016
Sanlam Personal Finance	3 683	3 486	4 235	4 022	3 855	3 662
Glacier	2 149	2 016	2 576	2 432	2 321	2 192
Sanlam Personal Loans	1 052	999	1 130	1 074	1 052	999
Other operations	482	471	529	516	482	471
Sanlam Emerging Markets	19 716	14 636	23 656	17 191	21 781	16 167
Shriram Capital	9 524	7 963	11 166	9 169	10 476	8 759
Saham Finances	6 833	3 197	8 558	3 938	7 516	3 517
Letshego	991	1 190	1 139	1 334	1 090	1 309
Pacific & Orient	376	476	419	536	414	524
Capricorn Investment Holdings	920	969	1 127	1 213	1 022	1 077
Other operations	1 072	841	1 247	1 001	1 263	981
Sanlam Investments	13 307	12 326	16 286	15 060	14 885	13 786
Investment Management SA	6 279	6 099	7 440	7 345	6 637	6 540
Wealth Management	1 911	1 835	2 513	2 349	2 198	2 120
International	5 117	4 392	6 333	5 366	6 050	5 126
Sanlam Corporate	1 085	862	1 180	940	1 085	862
Afrocentric	1 001	775	1 092	847	1 001	775
Other	84	87	88	93	84	87
	37 791	31 310	45 357	37 213	41 606	34 477

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 6. Business volumes

### 6.1 Analysis of new business and total funds received

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

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Sanlam Personal Finance<sup>(3)</sup></b>	<b>31 182</b>	30 175	-	-	<b>27 433</b>	31 573	<b>58 615</b>	61 748
Recurring premium sub cluster	<b>2 592</b>	2 318	-	-	<b>246</b>	254	<b>2 838</b>	2 572
Sanlam Sky	<b>1 455</b>	1 295	-	-	-	-	<b>1 455</b>	1 295
Glacier	<b>27 135</b>	26 562	-	-	<b>27 187</b>	31 319	<b>54 322</b>	57 881
<b>Sanlam Emerging Markets</b>	<b>5 468</b>	5 208	<b>6 122</b>	4 013	<b>10 313</b>	14 475	<b>21 903</b>	23 696
Namibia	<b>1 336</b>	1 188	-	-	<b>4 257</b>	4 461	<b>5 593</b>	5 649
Recurring	<b>179</b>	191	-	-	-	-	<b>179</b>	191
Single	<b>1 157</b>	997	-	-	<b>4 257</b>	4 461	<b>5 414</b>	5 458
Botswana	<b>1 770</b>	1 700	<b>158</b>	162	<b>5 209</b>	8 854	<b>7 137</b>	10 716
Recurring	<b>364</b>	356	<b>158</b>	162	-	-	<b>522</b>	518
Single	<b>1 406</b>	1 344	-	-	<b>5 209</b>	8 854	<b>6 615</b>	10 198
Rest of Africa (excluding Saham Finances)	<b>1 301</b>	1 446	<b>827</b>	758	<b>847</b>	1 160	<b>2 975</b>	3 364
Recurring	<b>765</b>	832	<b>827</b>	758	-	-	<b>1 592</b>	1 590
Single	<b>536</b>	614	-	-	<b>847</b>	1 160	<b>1 383</b>	1 774
Saham Finances	<b>87</b>	23	<b>3 298</b>	1 833	-	-	<b>3 385</b>	1 856
Recurring	<b>87</b>	23	<b>3 298</b>	1 833	-	-	<b>3 385</b>	1 856
Single	-	-	-	-	-	-	-	-
India	<b>659</b>	435	<b>1 565</b>	902	-	-	<b>2 224</b>	1 337
Recurring	<b>427</b>	260	<b>1 565</b>	902	-	-	<b>1 992</b>	1 162
Single	<b>232</b>	175	-	-	-	-	<b>232</b>	175
Malaysia	<b>315</b>	416	<b>274</b>	358	-	-	<b>589</b>	774
Recurring	<b>249</b>	357	<b>274</b>	358	-	-	<b>523</b>	715
Single	<b>66</b>	59	-	-	-	-	<b>66</b>	59
<b>Sanlam Investments</b>	<b>3 137</b>	3 187	-	-	<b>120 270</b>	119 692	<b>123 407</b>	122 879
Investment Management	<b>3 137</b>	3 187	-	-	<b>120 270</b>	119 692	<b>123 407</b>	122 879
Investment Management SA	-	-	-	-	<b>91 492</b>	89 917	<b>91 492</b>	89 917
Wealth Management	-	-	-	-	<b>15 384</b>	15 993	<b>15 384</b>	15 993
International	<b>3 137</b>	3 187	-	-	<b>13 394</b>	13 782	<b>16 531</b>	16 969
Recurring	<b>36</b>	58	-	-	<b>8</b>	22	<b>44</b>	80
Single	<b>3 101</b>	3 129	-	-	<b>13 386</b>	13 760	<b>16 487</b>	16 889
<b>Santam</b>	-	-	<b>21 435</b>	19 826	-	-	<b>21 435</b>	19 826
<b>Sanlam Corporate</b>	<b>4 828</b>	5 029	-	-	-	-	<b>4 828</b>	5 029
Recurring	<b>570</b>	504	-	-	-	-	<b>570</b>	504
Single	<b>4 258</b>	4 525	-	-	-	-	<b>4 258</b>	4 525
<b>Total new business</b>	<b>44 615</b>	43 599	<b>27 557</b>	23 839	<b>158 016</b>	165 740	<b>230 188</b>	233 178

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Recurring premiums on existing funds:</b>								
Sanlam Personal Finance	17 627	16 094	-	-	194	197	17 821	16 291
Recurring premium sub cluster	12 579	11 709	-	-	194	197	12 773	11 906
Sanlam Sky	4 998	4 338	-	-	-	-	4 998	4 338
Glacier	50	47	-	-	-	-	50	47
Sanlam Emerging Markets	5 295	5 040	-	-	-	-	5 295	5 040
Namibia	1 117	1 011	-	-	-	-	1 117	1 011
Botswana	1 247	1 126	-	-	-	-	1 247	1 126
Rest of Africa (excluding Saham Finances)	830	907	-	-	-	-	830	907
Saham Finances	261	166	-	-	-	-	261	166
India	494	199	-	-	-	-	494	199
Malaysia	1 346	1 631	-	-	-	-	1 346	1 631
Sanlam Investments	351	407	-	-	2 737	2 332	3 088	2 739
Investment Management SA	-	-	-	-	2 681	2 272	2 681	2 272
International	351	407	-	-	56	60	407	467
Sanlam Corporate	5 367	5 169	-	-	-	-	5 367	5 169
<b>Total funds received</b>	<b>73 255</b>	<b>70 309</b>	<b>27 557</b>	<b>23 839</b>	<b>160 947</b>	<b>168 269</b>	<b>261 759</b>	<b>262 417</b>

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

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

<sup>(3)</sup> The disclosure relating to Sanlam Personal Finance has been adjusted to reflect the revised management structure. Comparatives have been restated.

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 6. Business volumes (continued)

### 6.2 Analysis of payments to clients

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Sanlam Personal Finance<sup>(3)</sup></b>	<b>41 969</b>	38 971	-	-	<b>26 013</b>	22 575	<b>67 982</b>	61 546
Recurring premium sub cluster	<b>19 048</b>	19 193	-	-	<b>637</b>	481	<b>19 685</b>	19 674
Surrenders	<b>2 573</b>	841	-	-	-	-	<b>2 573</b>	841
Other	<b>16 475</b>	18 352	-	-	<b>637</b>	481	<b>17 112</b>	18 833
Sanlam Sky	<b>2 830</b>	2 460	-	-	-	-	<b>2 830</b>	2 460
Surrenders	<b>448</b>	433	-	-	-	-	<b>448</b>	433
Other	<b>2 382</b>	2 027	-	-	-	-	<b>2 382</b>	2 027
Glacier	<b>20 091</b>	17 318	-	-	<b>25 376</b>	22 094	<b>45 467</b>	39 412
Surrenders	<b>3 479</b>	3 170	-	-	-	-	<b>3 479</b>	3 170
Other	<b>16 612</b>	14 148	-	-	<b>25 376</b>	22 094	<b>41 988</b>	36 242
<b>Sanlam Emerging Markets</b>	<b>7 617</b>	7 307	<b>3 970</b>	2 532	<b>13 471</b>	7 968	<b>25 058</b>	17 807
Namibia	<b>2 317</b>	1 678	-	-	<b>7 498</b>	5 115	<b>9 815</b>	6 793
Surrenders	<b>504</b>	169	-	-	-	-	<b>504</b>	169
Other	<b>1 813</b>	1 509	-	-	<b>7 498</b>	5 115	<b>9 311</b>	6 624
Botswana	<b>1 789</b>	2 098	<b>70</b>	78	<b>5 126</b>	2 621	<b>6 985</b>	4 797
Surrenders	<b>409</b>	441	-	-	-	-	<b>409</b>	441
Other	<b>1 380</b>	1 657	<b>70</b>	78	<b>5 126</b>	2 621	<b>6 576</b>	4 356
Rest of Africa (excluding Saham Finances)	<b>1 135</b>	1 205	<b>427</b>	371	<b>847</b>	232	<b>2 409</b>	1 808
Surrenders	<b>156</b>	268	-	-	-	-	<b>156</b>	268
Other	<b>979</b>	937	<b>427</b>	371	<b>847</b>	232	<b>2 253</b>	1 540
Saham Finances	<b>368</b>	192	<b>1 746</b>	1 009	-	-	<b>2 114</b>	1 201
Surrenders	-	-	-	-	-	-	-	-
Other	<b>368</b>	192	<b>1 746</b>	1 009	-	-	<b>2 114</b>	1 201
India	<b>476</b>	306	<b>1 578</b>	912	-	-	<b>2 054</b>	1 218
Surrenders	<b>243</b>	180	-	-	-	-	<b>243</b>	180
Other	<b>233</b>	126	<b>1 578</b>	912	-	-	<b>1 811</b>	1 038
Malaysia	<b>1 532</b>	1 828	<b>149</b>	162	-	-	<b>1 681</b>	1 990
Surrenders	<b>521</b>	670	-	-	-	-	<b>521</b>	670
Other	<b>1 011</b>	1 158	<b>149</b>	162	-	-	<b>1 160</b>	1 320
<b>Sanlam Investments</b>	<b>3 845</b>	3 846	-	-	<b>106 540</b>	116 557	<b>110 385</b>	120 403
Investment Management	<b>3 845</b>	3 846	-	-	<b>106 540</b>	116 522	<b>110 385</b>	120 368
Investment Management SA	-	-	-	-	<b>80 926</b>	83 404	<b>80 926</b>	83 404
Wealth Management	-	-	-	-	<b>16 139</b>	14 786	<b>16 139</b>	14 786
International	<b>3 845</b>	3 846	-	-	<b>9 475</b>	18 332	<b>13 320</b>	22 178
Capital Management	-	-	-	-	-	35	-	35
<b>Santam</b>	-	-	<b>14 170</b>	12 911	-	-	<b>14 170</b>	12 911
<b>Sanlam Corporate</b>	<b>9 589</b>	8 829	-	-	-	-	<b>9 589</b>	8 829
Surrenders	<b>1 817</b>	1 833	-	-	-	-	<b>1 817</b>	1 833
Other	<b>7 772</b>	6 996	-	-	-	-	<b>7 772</b>	6 996
<b>Total payments to clients</b>	<b>63 020</b>	58 953	<b>18 140</b>	15 443	<b>146 024</b>	147 100	<b>227 184</b>	221 496

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

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

<sup>(3)</sup> The disclosure relating to Sanlam Personal Finance has been adjusted to reflect the revised management structure. Comparatives have been restated.



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

R million	Life insurance <sup>(1)</sup>		General insurance		Investment business <sup>(2)</sup>		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Sanlam Personal Finance<sup>(3)</sup></b>	<b>6 840</b>	7 298	-	-	<b>1 614</b>	9 195	<b>8 454</b>	16 493
Recurring premium sub cluster	(3 877)	(5 166)	-	-	(197)	(30)	(4 074)	(5 196)
Sanlam Sky	3 623	3 173	-	-	-	-	3 623	3 173
Glacier	7 094	9 291	-	-	1 811	9 225	8 905	18 516
<b>Sanlam Emerging Markets</b>	<b>3 146</b>	2 941	<b>2 152</b>	1 481	<b>(3 158)</b>	6 507	<b>2 140</b>	10 929
Namibia	136	521	-	-	(3 241)	(654)	(3 105)	(133)
Botswana	1 228	728	88	84	83	6 233	1 399	7 045
Rest of Africa (excluding Saham Finances)	996	1 148	400	387	-	928	1 396	2 463
Saham Finances	(20)	(3)	1 552	824	-	-	1 532	821
India	677	328	(13)	(10)	-	-	664	318
Malaysia	129	219	125	196	-	-	254	415
<b>Sanlam Investments</b>	<b>(357)</b>	(252)	-	-	<b>16 467</b>	5 467	<b>16 110</b>	5 215
Investment Management	(357)	(252)	-	-	16 467	5 502	16 110	5 250
Investment Management SA	-	-	-	-	13 247	8 785	13 247	8 785
Wealth Management	-	-	-	-	(755)	1 207	(755)	1 207
International	(357)	(252)	-	-	3 975	(4 490)	3 618	(4 742)
Capital Management	-	-	-	-	-	(35)	-	(35)
<b>Santam</b>	<b>-</b>	-	<b>7 265</b>	6 915	<b>-</b>	-	<b>7 265</b>	6 915
<b>Sanlam Corporate</b>	<b>606</b>	1 369	<b>-</b>	-	<b>-</b>	-	<b>606</b>	1 369
<b>Total net inflow</b>	<b>10 235</b>	11 356	<b>9 417</b>	8 396	<b>14 923</b>	21 169	<b>34 575</b>	40 921

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

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

<sup>(3)</sup> The disclosure relating to Sanlam Personal Finance has been adjusted to reflect the revised management structure. Comparatives have been restated.

## Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

### 7. Cluster information

#### 7.1 Sanlam Personal Finance

##### Analysis of earnings

R million	Life insurance		Non-life operations		Total	
	2017	2016	2017	2016	2017	2016
Gross result from financial services	5 350	5 124	550	567	5 900	5 691
Recurring premium sub cluster	2 558	2 638	10	27	2 568	2 665
Sky	1 228	1 194	-	-	1 228	1 194
Glacier	1 470	1 208	283	284	1 753	1 492
SBD and other	94	84	257	256	351	340
Tax on result from financial services	(1 516)	(1 444)	(163)	(146)	(1 679)	(1 590)
Non-controlling interest	14	-	-	(2)	14	(2)
<b>Net result from financial services</b>	<b>3 848</b>	<b>3 680</b>	<b>387</b>	<b>419</b>	<b>4 235</b>	<b>4 099</b>
Net investment return	481	149	9	192	490	341
Operations	481	149	8	18	489	167
Discretionary capital and other	-	-	1	174	1	174
Net other earnings	(5)	(34)	(40)	5	(45)	(29)
Profit on disposal of subsidiaries and associated companies	-	-	-	15	-	15
Amortisation of value of business acquired and other intangibles	(5)	(34)	(40)	(5)	(45)	(39)
Impairments	-	-	-	(5)	-	(5)
<b>Normalised attributable earnings</b>	<b>4 324</b>	<b>3 795</b>	<b>356</b>	<b>616</b>	<b>4 680</b>	<b>4 411</b>

*Analysis of change in GEV – covered business*

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Operational earnings</b>	<b>5 984</b>	6 248	<b>2 172</b>	2 597	<b>92</b>	12	<b>3 720</b>	3 639
Value of new life insurance business	<b>1 407</b>	1 163	<b>3 360</b>	2 931	<b>(95)</b>	(128)	<b>(1 858)</b>	(1 640)
Unwinding of discount rate	<b>3 661</b>	3 651	<b>3 563</b>	3 544	<b>98</b>	107	<b>-</b>	-
Expected profit	<b>-</b>	-	<b>(4 804)</b>	(4 481)	<b>-</b>	-	<b>4 804</b>	4 481
Operating experience variances	<b>1 107</b>	833	<b>122</b>	14	<b>134</b>	20	<b>851</b>	799
Risk experience	<b>401</b>	418	<b>98</b>	121	<b>2</b>	4	<b>301</b>	293
Persistency	<b>(100)</b>	(6)	<b>37</b>	34	<b>3</b>	8	<b>(140)</b>	(48)
Maintenance expenses	<b>10</b>	(14)	<b>(2)</b>	(1)	<b>-</b>	-	<b>12</b>	(13)
Working capital management	<b>346</b>	267	<b>5</b>	5	<b>-</b>	-	<b>341</b>	262
Credit spread	<b>186</b>	33	<b>-</b>	-	<b>-</b>	-	<b>186</b>	33
Other	<b>264</b>	135	<b>(16)</b>	(145)	<b>129</b>	8	<b>151</b>	272
Operating assumption changes	<b>(191)</b>	601	<b>(69)</b>	589	<b>(45)</b>	13	<b>(77)</b>	(1)
Risk experience	<b>118</b>	115	<b>93</b>	96	<b>(5)</b>	(2)	<b>30</b>	21
Persistency	<b>(80)</b>	52	<b>(54)</b>	65	<b>(5)</b>	(11)	<b>(21)</b>	(2)
Maintenance expenses	<b>(182)</b>	197	<b>(84)</b>	135	<b>(1)</b>	(4)	<b>(97)</b>	66
Modelling changes and other	<b>(47)</b>	237	<b>(24)</b>	293	<b>(34)</b>	30	<b>11</b>	(86)
<b>Net investment return</b>	<b>481</b>	253	<b>-</b>	-	<b>-</b>	-	<b>481</b>	253
Expected return on adjusted net asset value	<b>432</b>	662	<b>-</b>	-	<b>-</b>	-	<b>432</b>	662
Investment variances on adjusted net asset value	<b>49</b>	(409)	<b>-</b>	-	<b>-</b>	-	<b>49</b>	(409)
<b>Valuation and economic basis</b>	<b>636</b>	367	<b>533</b>	356	<b>(26)</b>	(4)	<b>129</b>	15
Investment variances on in-force business	<b>375</b>	(189)	<b>267</b>	(257)	<b>(30)</b>	38	<b>138</b>	30
Economic assumption changes	<b>261</b>	556	<b>266</b>	613	<b>4</b>	(42)	<b>(9)</b>	(15)
Investment yields	<b>261</b>	609	<b>266</b>	613	<b>4</b>	11	<b>(9)</b>	(15)
Long-term asset mix assumptions and other	<b>-</b>	(53)	<b>-</b>	-	<b>-</b>	(53)	<b>-</b>	-
<b>Change in tax basis</b>	<b>-</b>	534	<b>-</b>	685	<b>-</b>	(73)	<b>-</b>	(78)
Risk Policy Fund	<b>-</b>	674	<b>-</b>	674	<b>-</b>	-	<b>-</b>	-
Capital Gains Tax inclusion rate	<b>-</b>	(140)	<b>-</b>	11	<b>-</b>	(73)	<b>-</b>	(78)
<b>Goodwill and VOBA from business combinations</b>	<b>(442)</b>	-	<b>(442)</b>	-	<b>-</b>	-	<b>-</b>	-
<b>GEV earnings: covered business</b>	<b>6 659</b>	7 402	<b>2 263</b>	3 638	<b>66</b>	(65)	<b>4 330</b>	3 829
Acquired value of in-force	<b>721</b>	-	<b>596</b>	-	<b>(7)</b>	-	<b>132</b>	-
Transfers from/(to) other Group operations	<b>(1 158)</b>	46	<b>-</b>	46	<b>514</b>	-	<b>(1 672)</b>	-
Transfers from covered business	<b>(4 892)</b>	(3 758)	<b>-</b>	-	<b>-</b>	-	<b>(4 892)</b>	(3 758)
<b>Embedded value of covered business at the beginning of the year</b>	<b>38 216</b>	34 526	<b>31 823</b>	28 139	<b>(1 965)</b>	(1 900)	<b>8 358</b>	8 287
<b>Embedded value of covered business at the end of the year</b>	<b>39 546</b>	38 216	<b>34 682</b>	31 823	<b>(1 392)</b>	(1 965)	<b>6 256</b>	8 358

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 7. Cluster information (continued)

### 7.1 Sanlam Personal Finance (continued)

#### Assets under management

R million	2017	2016
<b>Sanlam Sky: Life insurance operations</b>	<b>5 562</b>	5 372
<b>Recurring premium sub cluster</b>	<b>171 820</b>	168 619
Life insurance operations	<b>169 737</b>	166 338
Investment operations	<b>2 083</b>	2 281
<b>Glacier</b>	<b>299 905</b>	265 428
Life insurance operations	<b>168 690</b>	146 696
Investment operations	<b>131 215</b>	118 732
<b>Total</b>	<b>477 287</b>	439 419
Life insurance operations	<b>343 989</b>	318 406
Investment operations	<b>133 298</b>	121 013
	<b>477 287</b>	439 419
<b>Sanlam Personal Loans</b>		
Gross size of loan book (R million)	<b>4 690</b>	4 398
Interest margin	<b>16,6%</b>	16,9%
Bad debt ratio	<b>4,3%</b>	5,0%
Administration cost as % of net interest	<b>31,1%</b>	30,1%

### 7.2 Sanlam Emerging Markets

#### Analysis of earnings

R million	2017	2016
Net result from financial services	<b>1 793</b>	1 557
Life insurance	<b>645</b>	599
General insurance	<b>379</b>	254
Investment management	<b>58</b>	49
Credit and banking	<b>760</b>	684
Other	<b>(49)</b>	(29)
Net investment return	<b>328</b>	216
Net investment income	<b>201</b>	198
Net investment surpluses	<b>127</b>	18
Net other earnings	<b>936</b>	(256)
Project expenses	<b>(99)</b>	(28)
Amortisation of value of business acquired and other intangibles	<b>(44)</b>	(45)
Profit on disposal of subsidiaries and associated companies	<b>1 159</b>	16
Net equity-accounted headline earnings	<b>10</b>	31
Impairments	<b>(230)</b>	(230)
Net equity-accounted non-headline earnings	<b>140</b>	-
<b>Normalised attributable earnings</b>	<b>3 057</b>	1 517

### Analysis of net result from financial services

R million	Life insurance		Non-life operations		Total	
	2017	2016	2017	2016	2017	2016
Namibia	177	151	167	151	344	302
Botswana	188	231	168	146	356	377
Rest of Africa (excluding Saham Finances)	184	200	(50)	11	134	211
Saham Finances	48	18	195	70	243	88
India	38	(14)	721	548	759	534
Malaysia	10	13	14	48	24	61
Corporate and other	-	-	(67)	(16)	(67)	(16)
<b>Net result from financial services</b>	<b>645</b>	<b>599</b>	<b>1 148</b>	<b>958</b>	<b>1 793</b>	<b>1 557</b>
<b>Analysis of net investment return<sup>(1)</sup></b>						
Namibia	50	48	64	23	114	71
Botswana	8	-	(3)	13	5	13
Rest of Africa (excluding Saham Finances)	93	34	20	25	113	59
Saham Finances	-	-	130	26	130	26
India	11	9	11	22	22	31
Malaysia	-	51	16	51	16	102
Corporate and other	-	-	(72)	(86)	(72)	(86)
<b>Net investment return</b>	<b>162</b>	<b>142</b>	<b>166</b>	<b>74</b>	<b>328</b>	<b>216</b>

### Analysis of Saham Finances (SEM stake)

R million	2017	2016
<b>Gross written premiums</b>	<b>5 323</b>	2 967
Net earned premiums	4 322	2 247
Net claims incurred	(2 978)	(1 494)
Net commission	(453)	(268)
Management expenses	(922)	(569)
<b>Underwriting result</b>	<b>(31)</b>	(84)
Investment return on insurance funds	577	306
<b>Net insurance result</b>	<b>546</b>	222
Tax and non-controlling interest	(303)	(134)
<b>Net result from financial services</b>	<b>243</b>	88

<sup>(1)</sup> As of 31 December 2017, the net investment return on discretionary capital has been shifted from Life insurance business to Non-life operations. Comparatives have been restated.

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 7. Cluster information (continued)

### 7.2 Sanlam Emerging Markets (continued)

#### Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Operational earnings</b>	<b>817</b>	881	<b>228</b>	334	<b>(10)</b>	(42)	<b>599</b>	589
Value of new life insurance business	<b>347</b>	359	<b>630</b>	595	<b>(32)</b>	(33)	<b>(251)</b>	(203)
Unwinding of discount rate	<b>494</b>	545	<b>481</b>	536	<b>13</b>	9	<b>-</b>	-
Expected profit	<b>-</b>	-	<b>(810)</b>	(749)	<b>-</b>	-	<b>810</b>	749
Operating experience variances	<b>25</b>	32	<b>(88)</b>	61	<b>18</b>	(8)	<b>95</b>	(21)
Risk experience	<b>83</b>	1	<b>(7)</b>	9	<b>5</b>	(1)	<b>85</b>	(7)
Persistency	<b>(3)</b>	3	<b>(16)</b>	44	<b>15</b>	1	<b>(2)</b>	(42)
Maintenance expenses	<b>(11)</b>	27	<b>(3)</b>	(2)	<b>1</b>	(4)	<b>(9)</b>	33
Working capital management	<b>48</b>	29	<b>-</b>	-	<b>-</b>	-	<b>48</b>	29
Other	<b>(92)</b>	(28)	<b>(62)</b>	10	<b>(3)</b>	(4)	<b>(27)</b>	(34)
Operating assumption changes	<b>(49)</b>	(55)	<b>15</b>	(109)	<b>(9)</b>	(10)	<b>(55)</b>	64
Risk experience	<b>42</b>	29	<b>56</b>	(18)	<b>1</b>	(5)	<b>(15)</b>	52
Persistency	<b>(35)</b>	(12)	<b>(32)</b>	29	<b>2</b>	(7)	<b>(5)</b>	(34)
Maintenance expenses	<b>(46)</b>	(103)	<b>(21)</b>	(94)	<b>-</b>	5	<b>(25)</b>	(14)
Modelling changes and other	<b>(10)</b>	31	<b>12</b>	(26)	<b>(12)</b>	(3)	<b>(10)</b>	60
<b>Net investment return</b>	<b>(29)</b>	(261)	<b>-</b>	-	<b>-</b>	-	<b>(29)</b>	(261)
Expected return on adjusted net asset value	<b>186</b>	220	<b>-</b>	-	<b>-</b>	-	<b>186</b>	220
Investment variances on adjusted net asset value	<b>(215)</b>	(481)	<b>-</b>	-	<b>-</b>	-	<b>(215)</b>	(481)
<b>Valuation and economic basis</b>	<b>(58)</b>	(400)	<b>(84)</b>	(432)	<b>(20)</b>	22	<b>46</b>	10
Investment variances on in-force business	<b>78</b>	(29)	<b>29</b>	(17)	<b>(2)</b>	(10)	<b>51</b>	(2)
Economic assumption changes	<b>19</b>	28	<b>55</b>	16	<b>(31)</b>	-	<b>(5)</b>	12
Investment yields	<b>45</b>	42	<b>55</b>	31	<b>(5)</b>	-	<b>(5)</b>	11
Long-term asset mix assumptions and other	<b>(26)</b>	(14)	<b>-</b>	(15)	<b>(26)</b>	-	<b>-</b>	1
Foreign currency translation differences	<b>(155)</b>	(399)	<b>(168)</b>	(431)	<b>13</b>	32	<b>-</b>	-
<b>Profit on disposal of subsidiaries and associated companies</b>	<b>789</b>	-	<b>-</b>	-	<b>-</b>	-	<b>789</b>	-
<b>Goodwill and VOBA from business combinations</b>	<b>(43)</b>	(183)	<b>(43)</b>	(183)	<b>-</b>	-	<b>-</b>	-
<b>GEV earnings: covered business</b>	<b>1 476</b>	37	<b>101</b>	(281)	<b>(30)</b>	(20)	<b>1 405</b>	338
Acquired value of in-force	<b>722</b>	1 247	<b>430</b>	655	<b>(1)</b>	(4)	<b>293</b>	596
Disposal of businesses	<b>(1 331)</b>	-	<b>(357)</b>	-	<b>9</b>	-	<b>(983)</b>	-
Transfers from covered business	<b>(551)</b>	(400)	<b>-</b>	-	<b>-</b>	-	<b>(551)</b>	(400)
<b>Embedded value of covered business at the beginning of the year</b>	<b>6 370</b>	5 486	<b>3 871</b>	3 497	<b>(358)</b>	(334)	<b>2 857</b>	2 323
<b>Embedded value of covered business at the end of the year</b>	<b>6 686</b>	6 370	<b>4 045</b>	3 871	<b>(380)</b>	(358)	<b>3 021</b>	2 857

### Assets under management

R million	2017	2016
Life insurance operations	48 769	42 033
Investment operations	63 908	32 793
Namibia	23 190	19 679
Botswana	11 535	11 721
Rest of Africa	29 183	1 393
<b>Assets under management</b>	<b>112 677</b>	<b>74 826</b>

## 7.3 Sanlam Investments

### Analysis of earnings

R million	Investment Management		Capital Management		Total	
	2017	2016	2017	2016	2017	2016
Financial services income <sup>(1)</sup>	4 747	4 617	685	707	5 432	5 324
Sales remuneration	(218)	(193)	-	-	(218)	(193)
Income after sales remuneration	4 529	4 424	685	707	5 214	5 131
Administration cost <sup>(1)</sup>	(3 413)	(3 393)	(303)	(360)	(3 716)	(3 753)
Result from financial services before performance fees	1 116	1 031	382	347	1 498	1 378
Net performance fees <sup>(1)</sup>	74	127	5	-	79	127
Result from financial services	1 190	1 158	387	347	1 577	1 505
Tax on result from financial services	(269)	(311)	(67)	(77)	(336)	(388)
Non-controlling interest	(14)	(21)	-	-	(14)	(21)
Net result from financial services	907	826	320	270	1 227	1 096
Net investment return	131	(20)	201	-	332	(20)
Net investment income	85	21	69	-	154	21
Net investment surpluses	46	(41)	132	-	178	(41)
Net other earnings	(158)	(163)	-	-	(158)	(163)
Project expenses	(8)	(1)	-	-	(8)	(1)
Amortisation of intangible assets	(160)	(153)	-	-	(160)	(153)
Other	10	(9)	-	-	10	(9)
<b>Normalised attributable earnings</b>	<b>880</b>	<b>643</b>	<b>521</b>	<b>270</b>	<b>1 401</b>	<b>913</b>

<sup>(1)</sup> Financial services income and administration costs on page 42 includes performance fees and the related administration costs.

### Investment management

#### Analysis of net result from financial services

R million	2017	2016
Investment Management	822	815
Investment Management SA	416	519
Wealth Management	145	127
International	261	169
Capital Management	182	270
<b>Asset management operations</b>	<b>1 004</b>	<b>1 085</b>
<b>Covered business</b>		
Sanlam UK	85	11
Central Credit Manager	138	-
<b>Net result from financial services</b>	<b>1 227</b>	<b>1 096</b>

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 7. Cluster information (continued)

### 7.3 Sanlam Investments (continued)

#### Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Operational earnings</b>	<b>239</b>	22	<b>(21)</b>	13	<b>39</b>	4	<b>221</b>	5
Value of new life insurance business	-	7	<b>55</b>	67	<b>(7)</b>	(5)	<b>(48)</b>	(55)
Unwinding of discount rate	<b>89</b>	70	<b>47</b>	58	<b>42</b>	12	-	-
Expected profit	-	-	<b>(119)</b>	(117)	-	-	<b>119</b>	117
Operating experience variances	<b>136</b>	4	<b>(8)</b>	(7)	<b>3</b>	(4)	<b>141</b>	15
Risk experience	<b>6</b>	4	-	(1)	-	-	<b>6</b>	5
Persistency	<b>10</b>	8	<b>10</b>	9	-	(1)	-	-
Maintenance expenses	<b>(5)</b>	(3)	-	-	-	-	<b>(5)</b>	(3)
Credit spread	<b>138</b>	-	-	-	-	-	<b>138</b>	-
Other	<b>(13)</b>	(5)	<b>(18)</b>	(15)	<b>3</b>	(3)	<b>2</b>	13
Operating assumption changes	<b>14</b>	(59)	<b>4</b>	12	<b>1</b>	1	<b>9</b>	(72)
Risk experience	<b>23</b>	(22)	<b>(2)</b>	(24)	<b>1</b>	1	<b>24</b>	1
Maintenance expenses	<b>(21)</b>	(23)	<b>(15)</b>	(19)	-	-	<b>(6)</b>	(4)
Modelling changes and other	<b>12</b>	(14)	<b>21</b>	55	-	-	<b>(9)</b>	(69)
<b>Net investment return</b>	<b>176</b>	(230)	-	-	-	-	<b>176</b>	(230)
Expected return on adjusted net asset value	<b>157</b>	16	-	-	-	-	<b>157</b>	16
Investment variances on adjusted net asset value	<b>19</b>	(246)	-	-	-	-	<b>19</b>	(246)
<b>Valuation and economic basis</b>	<b>(12)</b>	(200)	<b>21</b>	(255)	<b>(35)</b>	49	<b>2</b>	6
Investment variances on in-force business	<b>(8)</b>	44	<b>23</b>	42	<b>(31)</b>	-	-	2
Economic assumption changes	<b>4</b>	(17)	<b>7</b>	(15)	<b>(5)</b>	(6)	<b>2</b>	4
Investment yields	<b>4</b>	(17)	<b>7</b>	(15)	<b>(5)</b>	(6)	<b>2</b>	4
Long-term asset mix assumptions and other	-	-	-	-	-	-	-	-
Foreign currency translation differences	<b>(8)</b>	(227)	<b>(9)</b>	(282)	<b>1</b>	55	-	-
<b>Change in tax basis</b>	-	5	-	4	-	1	-	-
<b>GEV earnings: covered business</b>	<b>403</b>	(403)	-	(238)	<b>4</b>	54	<b>399</b>	(219)
Transfers from/(to) other Group operations	<b>1 559</b>	(59)	-	-	<b>(551)</b>	-	<b>2 110</b>	(59)
Transfers from covered business	<b>(331)</b>	(34)	-	-	-	-	<b>(331)</b>	(34)
<b>Embedded value of covered business at the beginning of the year</b>	<b>1 137</b>	1 633	<b>828</b>	1 066	<b>(157)</b>	(211)	<b>466</b>	778
<b>Embedded value of covered business at the end of the year</b>	<b>2 768</b>	1 137	<b>828</b>	828	<b>(704)</b>	(157)	<b>2 644</b>	466



### Assets under management

	Assets under management		Fee Income		Administration cost	
	2017	2016	2017	2016	2017	2016
	R million	R million	%	%	%	%
Investment Management						
Investment Management SA	730 565	672 154	0,31	0,31	0,23	0,22
Wealth Management	164 465	142 360	0,68	0,77	0,55	0,61
International	153 503	141 411	0,76	0,71	0,55	0,59
Intra-cluster eliminations and Central Credit Manager	(217 257)	(163 622)	-	-	-	-
<b>Asset management operations</b>	<b>831 276</b>	<b>792 303</b>				
<b>Covered business</b>						
Sanlam UK	45 470	42 827				
Central Credit Manager	30 754	-				
<b>Assets under management</b>	<b>907 500</b>	<b>835 130</b>				

### Asset mix of assets under management

R million	Fixed Interest	Equities	Offshore	Properties	Cash	Total
<b>2017</b>						
Investment Management SA	160 970	341 651	76 017	21 794	130 133	730 565
Wealth Management	-	129 090	31 290	-	4 085	164 465
International	-	-	153 503	-	-	153 503
Intra-cluster consolidation	-	-	-	-	-	(186 503)
Central Credit Manager	-	-	-	-	-	(30 754)
<b>Assets under management - Asset management</b>	<b>160 970</b>	<b>470 741</b>	<b>260 810</b>	<b>21 794</b>	<b>134 218</b>	<b>831 276</b>
<b>2016</b>						
Investment Management SA	160 501	308 452	67 703	19 865	115 633	672 154
Wealth Management	-	108 791	29 464	-	4 105	142 360
International	-	-	141 411	-	-	141 411
Intra-cluster consolidation	-	-	-	-	-	(163 622)
<b>Assets under management - Asset management</b>	<b>160 501</b>	<b>417 243</b>	<b>238 578</b>	<b>19 865</b>	<b>119 738</b>	<b>792 303</b>

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 7. Cluster information (continued)

### 7.3 Sanlam Investments (continued)

#### Covered business

R million	Sanlam Investments and Pensions		Central Credit Manager	
	2017	2016	2017	2016
<b>Analysis of attributable earnings</b>				
Financial services income	364	306	355	-
Sales remuneration	(125)	(131)	-	-
Income after sales remuneration	239	175	355	-
Administration cost	(154)	(164)	(163)	-
Gross result from financial services	85	11	192	-
Tax on result from financial services	-	-	(54)	-
Net result from financial services	85	11	138	-
Net investment return	1	2	192	-
<b>Normalised attributable earnings</b>	<b>86</b>	<b>13</b>	<b>330</b>	<b>-</b>

### 7.4 Santam

R million	2017	2016
<b>Business volumes</b>		
Gross written premiums	29 720	25 909
Net earned premiums	21 435	19 826
Net fund flows	7 265	6 915
<b>Earnings</b>		
Underwriting result	1 281	1 268
Net earned premiums	21 435	19 826
Sales remuneration	(2 424)	(2 379)
Claims incurred	(14 170)	(12 911)
Administration costs	(3 560)	(3 268)
Investment return on insurance funds	648	619
Net insurance result	1 929	1 887
Strategic participations	244	163
Saham Finances	118	79
SEM target shares	126	84
<b>Gross result from financial services</b>	<b>2 173</b>	<b>2 050</b>
Tax and non-controlling interest	(1 322)	(1 236)
<b>Net result from financial services</b>	<b>851</b>	<b>814</b>

## Insurance activities

R million	Gross written premiums		Underwriting result	
	2017	2016	2017	2016
Motor	12 125	11 004	860	622
Property	9 000	7 972	(165)	22
Alternative risk	3 867	2 406	20	16
Engineering	1 290	1 196	296	196
Liability	1 227	1 202	85	301
Transportation	714	676	28	27
Crop	829	984	114	69
Other	668	469	43	15
<b>Total</b>	<b>29 720</b>	<b>25 909</b>	<b>1 281</b>	<b>1 268</b>
<b>Ratios</b>				
Administration cost ratio <sup>(1)</sup>			16,6%	16,5%
Claims ratio <sup>(1)</sup>			66,1%	65,1%
Underwriting margin <sup>(1)</sup>			6,0%	6,4%
Investment return on insurance funds margin			3,0%	3,1%

<sup>(1)</sup> Ratios are calculated as a percentage of net earned premiums.

## Analysis of strategic participations insurance result

R million	2017			2016		
	SEM target shares	Saham finances	Total	SEM target shares	Saham finances	Total
<b>Gross written premiums</b>	<b>1 267</b>	<b>1 115</b>	<b>2 382</b>	962	977	1 939
Net earned premiums	881	909	1 790	665	749	1 414
Net claims incurred	(723)	(621)	(1 344)	(484)	(498)	(982)
Net commission	(30)	(95)	(125)	(32)	(89)	(121)
Management expenses	(236)	(197)	(433)	(184)	(185)	(369)
<b>Underwriting result</b>	<b>(108)</b>	<b>(4)</b>	<b>(112)</b>	(35)	(23)	(58)
Investment return on insurance funds	234	122	356	119	102	221
<b>Net insurance result</b>	<b>126</b>	<b>118</b>	<b>244</b>	84	79	163

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 7. Cluster information (continued)

### 7.5 Sanlam Corporate

#### Business volumes

##### Sanlam Employee Benefits

R million	2017	2016
<b>New business volumes</b>	<b>4 828</b>	5 029
<i>Recurring premiums</i>	<b>570</b>	504
Guaranteed	<b>234</b>	272
Risk	<b>336</b>	232
<i>Single premiums</i>	<b>4 258</b>	4 525
Guaranteed	<b>677</b>	1 428
Risk	<b>8</b>	60
Retirement	<b>1 272</b>	2 310
Annuity	<b>1 425</b>	374
Special structures	<b>876</b>	353
<b>Net fund flows</b>	<b>606</b>	1 369

#### Analysis of earnings

R million	Sanlam Employee Benefits		Sanlam Healthcare and other		Total	
	2017	2016	2017	2016	2017	2016
Financial services income	<b>4 513</b>	3 974	<b>312</b>	243	<b>4 825</b>	4 217
Sales remuneration	<b>(58)</b>	(54)	<b>-</b>	-	<b>(58)</b>	(54)
Income after sales remuneration	<b>4 455</b>	3 920	<b>312</b>	243	<b>4 767</b>	4 163
Underwriting policy benefits	<b>(2 798)</b>	(2 355)	<b>-</b>	-	<b>(2 798)</b>	(2 355)
Administration cost	<b>(1 042)</b>	(971)	<b>(148)</b>	(125)	<b>(1 190)</b>	(1 096)
Results from financial services	<b>615</b>	594	<b>164</b>	118	<b>779</b>	712
Tax on result from financial services	<b>(172)</b>	(167)	<b>(49)</b>	(35)	<b>(221)</b>	(202)
Net result from financial services	<b>443</b>	427	<b>115</b>	83	<b>558</b>	510
<i>Risk underwriting</i>	<b>123</b>	131	<b>-</b>	-	<b>123</b>	131
<i>Investment and other</i>	<b>263</b>	256	<b>-</b>	-	<b>263</b>	256
<i>Working capital management</i>	<b>57</b>	58	<b>-</b>	-	<b>57</b>	58
<i>Administration</i>	<b>-</b>	(18)	<b>115</b>	83	<b>115</b>	65
Net investment return	<b>302</b>	61	<b>(13)</b>	(9)	<b>289</b>	52
Net investment income	<b>110</b>	154	<b>-</b>	-	<b>110</b>	154
Net investment surpluses	<b>192</b>	(93)	<b>-</b>	-	<b>192</b>	(93)
Net equity-accounted headline earnings	<b>-</b>	-	<b>(13)</b>	(9)	<b>(13)</b>	(9)
Net other earnings	<b>-</b>	-	<b>(2)</b>	(8)	<b>(2)</b>	(8)
Normalised attributable earnings	<b>745</b>	488	<b>100</b>	66	<b>845</b>	554

### Analysis of change in GEV – covered business

R million	Total		Value of in-force		Cost of capital		Net asset value	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Operational earnings</b>	<b>572</b>	496	<b>189</b>	153	<b>11</b>	(59)	<b>372</b>	402
Value of new life insurance business	<b>87</b>	76	<b>279</b>	225	<b>(61)</b>	(58)	<b>(131)</b>	(91)
Unwinding of discount rate	<b>376</b>	368	<b>336</b>	330	<b>40</b>	38	<b>-</b>	-
Expected profit	<b>-</b>	-	<b>(328)</b>	(376)	<b>-</b>	-	<b>328</b>	376
Operating experience variances	<b>290</b>	114	<b>51</b>	(101)	<b>32</b>	2	<b>207</b>	213
Risk experience	<b>(43)</b>	15	<b>(97)</b>	(77)	<b>-</b>	-	<b>54</b>	92
Persistency	<b>160</b>	(16)	<b>147</b>	(21)	<b>(2)</b>	2	<b>15</b>	3
Maintenance expenses	<b>(3)</b>	20	<b>-</b>	-	<b>-</b>	-	<b>(3)</b>	20
Working capital management	<b>58</b>	58	<b>-</b>	-	<b>-</b>	-	<b>58</b>	58
Credit spread	<b>72</b>	56	<b>-</b>	-	<b>-</b>	-	<b>72</b>	56
Other	<b>46</b>	(19)	<b>1</b>	(3)	<b>34</b>	-	<b>11</b>	(16)
Operating assumption changes	<b>(181)</b>	(62)	<b>(149)</b>	75	<b>-</b>	(41)	<b>(32)</b>	(96)
Persistency	<b>-</b>	14	<b>-</b>	31	<b>-</b>	(17)	<b>-</b>	-
Maintenance expenses	<b>10</b>	28	<b>10</b>	28	<b>-</b>	-	<b>-</b>	-
Modelling changes and other	<b>(191)</b>	(104)	<b>(159)</b>	16	<b>-</b>	(24)	<b>(32)</b>	(96)
<b>Net investment return</b>	<b>302</b>	125	<b>-</b>	-	<b>-</b>	-	<b>302</b>	125
Expected return on adjusted net asset value	<b>245</b>	301	<b>-</b>	-	<b>-</b>	-	<b>245</b>	301
Investment variances on adjusted net asset value	<b>57</b>	(176)	<b>-</b>	-	<b>-</b>	-	<b>57</b>	(176)
<b>Valuation and economic basis</b>	<b>196</b>	(67)	<b>19</b>	(90)	<b>107</b>	(2)	<b>70</b>	25
Investment variances on in-force business	<b>246</b>	15	<b>94</b>	15	<b>82</b>	(25)	<b>70</b>	25
Economic assumption changes	<b>(50)</b>	(82)	<b>(75)</b>	(105)	<b>25</b>	23	<b>-</b>	-
Investment yields	<b>(50)</b>	(82)	<b>(75)</b>	(105)	<b>25</b>	23	<b>-</b>	-
<b>Change in tax basis</b>	<b>-</b>	(117)	<b>-</b>	(10)	<b>-</b>	(46)	<b>-</b>	(61)
Capital Gains Tax inclusion rate	<b>-</b>	(117)	<b>-</b>	(10)	<b>-</b>	(46)	<b>-</b>	(61)
<b>GEV earnings: covered business</b>	<b>1 070</b>	437	<b>208</b>	53	<b>118</b>	(107)	<b>744</b>	491
Transfers from/(to) other Group operations	<b>(401)</b>	-	<b>-</b>	-	<b>37</b>	-	<b>(438)</b>	-
Transfers from covered business	<b>(909)</b>	(491)	<b>-</b>	-	<b>-</b>	-	<b>(909)</b>	(491)
<b>Embedded value of covered business at the beginning of the year</b>	<b>5 523</b>	5 577	<b>2 857</b>	2 804	<b>(1 054)</b>	(947)	<b>3 720</b>	3 720
<b>Embedded value of covered business at the end of the year</b>	<b>5 283</b>	5 523	<b>3 065</b>	2 857	<b>(899)</b>	(1 054)	<b>3 117</b>	3 720

## Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

### 8. Investments

#### 8.1 Investment in associated companies

R million	2017	2016
Shriram Capital	6 056	5 680
Shriram Transport Finance Company – direct investment	1 245	1 214
Shriram General Insurance – direct investment	901	721
Shriram Life Insurance – direct investment	450	453
Saham Finances	9 544	4 810
Pacific & Orient	593	777
Capricorn Investment Holdings	1 159	1 020
Letshego	1 704	1 842
Afrocentric	868	753
Other associated companies	2 140	2 435
<b>Total investment in associated companies</b>	<b>24 660</b>	<b>19 705</b>

Details of the investments in the material associated companies are reflected in note 7 of the Sanlam Group Annual Financial Statements online.

#### 8.2 Investment in joint ventures

Sanlam Personal Loans	802	748
Other joint ventures	134	134
<b>Total investment in joint ventures</b>	<b>936</b>	<b>882</b>

Details of the investments in material joint ventures are reflected in note 7 of the Sanlam Group Annual Financial Statements online.

#### 8.3 Investments include the following offshore investments

Investment properties	844	909
Equities	385	521
Structured transactions	189	2
Interest-bearing investments	2 725	2 181
Investment funds	1 972	1 672
Cash, deposits and similar securities	2 957	4 726
<b>Total offshore investments</b>	<b>9 072</b>	<b>10 011</b>

### 9. Financial services income

#### Equity-accounted earnings included in financial services income

Sanlam Personal Finance	254	214
Sanlam Emerging Markets	2 692	2 180
Santam	244	163
Sanlam Investments	66	46
Sanlam Corporate	151	114
	<b>3 407</b>	<b>2 717</b>

## 10. Sales remuneration

R million	2017	2016
Life operations	4 544	4 204
Non-life operations	2 606	2 554
	<b>7 150</b>	6 758

## 11. Administration costs

Life operations	6 572	6 146
Non-life operations	8 921	8 468
	<b>15 493</b>	14 614
<b>Depreciation included in administration costs:</b>		
Sanlam Personal Finance	125	112
Sanlam Emerging Markets	59	66
Santam	86	27
Sanlam Investments	25	73
Sanlam Corporate	1	2
	<b>296</b>	280

## 12. Investment income

Equities and similar securities	782	572
Interest-bearing, preference shares and similar securities	353	691
Properties	63	49
Rental income	73	50
Contingent rental income	-	4
Rental-related expenses	(10)	(5)
<b>Total investment income</b>	<b>1 198</b>	1 312
Interest expense netted off against investment income	780	505

## 13. Normalised diluted earnings per share

Cents	2017	2016
<b>Normalised diluted earnings per share:</b>		
Net result from financial services	417,2	389,4
Headline earnings	480,0	408,5
Profit attributable to shareholders' fund	536,9	396,9

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 13. Normalised diluted earnings per share (continued)

R million	2017	2016
<b>Analysis of normalised earnings (refer shareholders' fund income statement on page 42):</b>		
Net result from financial services	8 549	7 969
Headline earnings	9 835	8 360
Profit attributable to shareholders' fund	11 001	8 123
<b>Reconciliation of normalised headline earnings:</b>		
Headline earnings per note 22 of the Sanlam Annual Financial Statements online	9 757	9 860
Add/(Less): Fund transfers	78	(1 500)
<b>Normalised headline earnings</b>	<b>9 835</b>	<b>8 360</b>
	<b>2017 Million</b>	<b>2016 Million</b>
<b>Adjusted number of shares:</b>		
Weighted average number of shares for diluted earnings per share (refer note 22 of the Sanlam Annual Financial Statements online)	2 027,3	2 020,1
Add: Weighted average Sanlam shares held by policyholders	21,8	26,4
<b>Adjusted weighted average number of shares for normalised diluted earnings per share</b>	<b>2 049,1</b>	<b>2 046,5</b>
<b>14. Value per share</b>		
Fair value per share is calculated on the Group shareholders' fund at fair value of R87 241 million (2016: R78 798 million), divided by 2 049,9 million (2016: 2 047,5 million) shares.		
Net asset value per share is calculated based on the Group shareholders' fund at net asset value of R57 820 million (2016: R53 915 million), divided by 2 049,9 million (2016: 2 047,5 million) shares.		
Equity value per share is calculated based on the Group Equity Value of R121 763 million (2016: R110 717 million), divided by 2 049,9 million (2016: 2 047,5 million) shares.		
<b>Number of shares for value per share</b>		
Number of ordinary shares in issue	2 166,5	2 166,5
Shares held by subsidiaries in shareholders' fund	(137,4)	(138,9)
Outstanding shares in respect of Sanlam Limited long-term incentive schemes	20,8	19,9
<b>Adjusted number of shares for value per share</b>	<b>2 049,9</b>	<b>2 047,5</b>



#### **15. Present value of holding company expenses**

The present value of holding company expenses has been calculated by applying a multiple of 8,7 (2016: 8,9) to the after tax recurring corporate expenses.

#### **16. Share repurchases**

Sanlam shareholders granted general authorities to the Group at the 2017 and 2016 annual general meetings to repurchase Sanlam shares in the market. The Group did not acquire any shares in 2017.

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 17. Reconciliations

### 17.1 Reconciliation between Group statement of comprehensive income and shareholders' fund income statement

R million	2017			
	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>
<b>Net income</b>	<b>113 976</b>	<b>62 586</b>	<b>51 117</b>	<b>273</b>
Financial services income	63 930	58 700	-	5 230
Reinsurance premiums paid	(9 546)	-	-	(9 546)
Reinsurance commission received	1 685	-	-	1 685
Investment income	30 288	1 198	21 487	7 603
Investment surpluses	33 423	2 688	29 630	1 105
Finance cost – margin business	(134)	-	-	(134)
Change in fair value of external investors liability	(5 670)	-	-	(5 670)
<b>Net insurance and investment contract benefits and claims</b>	<b>(72 576)</b>	<b>(22 499)</b>	<b>(50 090)</b>	<b>13</b>
Long-term insurance contract benefits	(26 863)	(8 329)	(17 502)	(1 032)
Long-term investment contract benefits	(32 588)	-	(32 588)	-
General insurance claims	(21 036)	(14 170)	-	(6 866)
Reinsurance claims received	7 911	-	-	7 911
<b>Expenses</b>	<b>(26 279)</b>	<b>(22 759)</b>	<b>-</b>	<b>(3 520)</b>
Sales remuneration	(8 832)	(7 150)	-	(1 682)
Administration costs	(17 447)	(15 609)	-	(1 838)
<b>Impairments</b>	<b>(395)</b>	<b>(303)</b>	<b>-</b>	<b>(92)</b>
<b>Amortisation of intangibles</b>	<b>(350)</b>	<b>(261)</b>	<b>-</b>	<b>(89)</b>
<b>Net operating result</b>	<b>14 376</b>	<b>16 764</b>	<b>1 027</b>	<b>(3 415)</b>
Equity-accounted earnings	2 646	79	-	2 567
Finance cost – other	(690)	-	-	(690)
<b>Profit before tax</b>	<b>16 332</b>	<b>16 843</b>	<b>1 027</b>	<b>(1 538)</b>
Tax expense	(4 342)	(4 254)	(1 027)	939
Shareholders' fund	(3 087)	(4 254)	-	1 167
Policyholders' fund	(1 255)	-	(1 027)	(228)
<b>Profit from continuing operations</b>	<b>11 990</b>	<b>12 589</b>	<b>-</b>	<b>(599)</b>
<b>Profit for the year</b>	<b>11 990</b>	<b>12 589</b>	<b>-</b>	<b>(599)</b>
<b>Attributable to:</b>				
Shareholders' fund	10 923	11 001	-	(78)
Non-controlling interest	1 067	1 588	-	(521)
	<b>11 990</b>	<b>12 589</b>	<b>-</b>	<b>(599)</b>

<sup>(1)</sup> Policyholder activities relate to the inclusion of policyholders' after-tax investment return, and the allocation thereof to policy liabilities, in the Group Statement of Comprehensive Income.

<sup>(2)</sup> IFRS adjustments relate to amounts that have been set-off in the shareholders' fund income statement that is not permitted in terms of IFRS, and fund transfers relating to investments in treasury shares and subsidiaries held by the policyholders' fund.

2016			
Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	IFRS adjustments <sup>(2)</sup>
86 695	55 666	29 913	1 116
58 189	54 382	-	3 807
(7 626)	-	-	(7 626)
1 396	-	-	1 396
28 413	1 312	20 190	6 911
9 150	(28)	9 723	(545)
(106)	-	-	(106)
(2 721)	-	-	(2 721)
(49 329)	(20 332)	(29 005)	8
(24 143)	(7 421)	(15 801)	(921)
(13 204)	-	(13 204)	-
(17 423)	(12 911)	-	(4 512)
5 441	-	-	5 441
(24 731)	(21 406)	-	(3 325)
(8 140)	(6 758)	-	(1 382)
(16 591)	(14 648)	-	(1 943)
(340)	(265)	-	(75)
(326)	(251)	-	(75)
11 969	13 412	908	(2 351)
2 095	75	-	2 020
(460)	-	-	(460)
13 604	13 487	908	(791)
(3 026)	(3 981)	(908)	1 863
(1 832)	(3 981)	-	2 149
(1 194)	-	(908)	(286)
10 578	9 506	-	1 072
10 578	9 506	-	1 072
9 623	8 123	-	1 500
955	1 383	-	(428)
10 578	9 506	-	1 072

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 17. Reconciliations (continued)

### 17.2 Reconciliation between Group statement of financial position and shareholders' fund at net asset value

R million	31 December 2017			
	Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	Consolidation reserve
<b>Assets</b>				
Equipment	876	822	54	-
Owner-occupied properties	963	826	137	-
Goodwill	4 158	4 158	-	-
Other intangible assets	517	491	26	-
Value of business acquired	1 930	1 930	-	-
Deferred acquisition costs	3 659	3 025	634	-
Long-term reinsurance assets	1 063	-	1 063	-
Investments	656 020	66 553	591 067	(1 600)
Properties	11 505	853	10 652	-
Associated companies	24 660	24 660	-	-
Joint ventures	1 816	936	880	-
Equities and similar securities	201 095	4 040	198 655	(1 600)
Interest-bearing investments	185 363	16 150	169 213	-
Structured transactions	15 381	926	14 455	-
Investment funds	177 235	14 253	162 982	-
Cash, deposits and similar securities	38 965	4 735	34 230	-
Deferred tax	2 083	883	-	1 200
Assets of disposal groups classified as held for sale	321	-	321	-
General insurance technical assets	6 400	6 400	-	-
Working capital assets	55 593	42 614	12 979	-
Trade and other receivables	33 633	21 801	11 832	-
Cash, deposits and similar securities	21 960	20 813	1 147	-
<b>Total assets</b>	<b>733 583</b>	<b>127 702</b>	<b>606 281</b>	<b>(400)</b>
<b>Equity and liabilities</b>				
<b>Shareholders' fund</b>	<b>57 420</b>	<b>57 820</b>	<b>-</b>	<b>(400)</b>
Non-controlling interest	6 017	5 931	86	-
Long-term policy liabilities	524 441	-	524 441	-
Insurance contracts	178 868	-	178 868	-
Investment contracts	345 573	-	345 573	-
Term finance	6 426	6 268	158	-
External investors in consolidated funds	62 329	-	62 329	-
Cell owners' interest	3 217	3 217	-	-
Deferred tax	2 435	1 430	1 005	-
Structured transactions liabilities	4 187	1 156	3 031	-
General insurance technical provisions	18 668	18 668	-	-
Working capital liabilities	48 443	33 212	15 231	-
Trade and other payables	46 507	31 601	14 906	-
Provisions	333	314	19	-
Taxation	1 603	1 297	306	-
<b>Total equity and liabilities</b>	<b>733 583</b>	<b>127 702</b>	<b>606 281</b>	<b>(400)</b>

<sup>(1)</sup> Includes the impact of the consolidation of investment funds under IFRS 10.

31 December 2016			
Total	Shareholder activities	Policyholder activities <sup>(1)</sup>	Consolidation reserve
881	840	41	-
1 171	824	347	-
3 596	3 596	-	-
575	544	31	-
1 606	1 606	-	-
3 597	2 965	632	-
958	-	958	-
592 945	57 088	537 641	(1 784)
10 664	964	9 700	-
19 705	19 705	-	-
1 855	882	973	-
183 244	3 142	181 886	(1 784)
170 584	13 434	157 150	-
13 995	1 496	12 499	-
154 511	10 697	143 814	-
38 387	6 768	31 619	-
1 880	621	-	1 259
663	8	655	-
5 022	5 022	-	-
59 665	43 797	15 868	-
40 904	25 691	15 213	-
18 761	18 106	655	-
672 559	116 911	556 173	(525)
53 390	53 915	-	(525)
5 696	5 605	91	-
483 748	-	483 748	-
177 675	-	177 675	-
306 073	-	306 073	-
6 466	6 218	248	-
55 486	-	55 486	-
1 153	1 153	-	-
2 069	1 131	938	-
1 298	16	1 282	-
14 557	14 557	-	-
48 696	34 316	14 380	-
46 636	32 364	14 272	-
332	332	-	-
1 728	1 620	108	-
672 559	116 911	556 173	(525)

# Notes to the shareholders' fund information (continued)

for the year ended 31 December 2017

## 18. Geographical analysis

R million	Per shareholders' fund income statement on page 42	IFRS adjustments (refer note 17.1)	Total
<b>Financial services income</b>			
Financial services income is attributed to individual countries, based on where the holding company or subsidiaries are located.			
<b>2017</b>	<b>58 700</b>	<b>5 230</b>	<b>63 930</b>
South Africa	47 963	7 008	54 971
Rest of Africa	6 872	(900)	5 972
Other international <sup>(1)</sup>	3 865	(878)	2 987
<b>2016</b>	54 382	3 807	58 189
South Africa <sup>(2)</sup>	44 081	5 228	49 309
Rest of Africa <sup>(2)</sup>	6 536	(841)	5 695
Other international <sup>(1)</sup>	3 765	(580)	3 185

R million	Per analysis of shareholders' fund on page 40	Policyholders' fund	Total
<b>Non-current assets<sup>(3)</sup></b>			
<b>2017</b>	<b>11 253</b>	<b>1 171</b>	<b>12 424</b>
South Africa	8 893	447	9 340
Rest of Africa	729	241	970
Other international <sup>(1)</sup>	1 631	483	2 114
<b>2016</b>	10 383	1 706	12 089
South Africa	8 169	1 088	9 257
Rest of Africa	412	242	654
Other international <sup>(1)</sup>	1 802	376	2 178

R million	2017	2016
<b>Attributable earnings (per shareholders' fund income statement on page 42)</b>	<b>10 923</b>	9 623
South Africa	6 917	7 710
Rest of Africa	2 717	1 204
Other international <sup>(1)</sup>	1 289	709

<sup>(1)</sup> Other international comprises business in The Netherlands, Europe, United Kingdom, Australia, India and Malaysia.

<sup>(2)</sup> Comparatives have been restated for the reallocation of Santam Namibia between South Africa and Rest of Africa.

<sup>(3)</sup> Non-current assets include property and equipment, owner-occupied properties, goodwill, value of business acquired, other intangible assets, non-current assets held for sale and deferred acquisition costs.

# Administration

## Shareholders' diary

Financial year-end	31 December 2017
Annual general meeting	08 June 2018

## Reports

Interim report for 30 June 2018	September 2018
Announcement of the results for the year ended 31 December 2018	March 2019
Annual report for the year ended 31 December 2018	March 2019

## Dividends

Dividend for 2017 declared	08 March 2018
Last date to trade for 2017 dividend	03 April 2018
Shares will trade ex-dividend from	04 April 2018
Record date for 2017 dividend	06 April 2018
Payment of dividend for 2017	09 April 2018
Declaration of dividend for 2018	March 2019
Payment of dividend for 2018	April 2019

To allow for the dividend calculation, Sanlam's share register (including Sanlam's two nominee companies, namely Sanlam Share Account Nominee (Pty) Limited and Sanlam Fundshares Nominee (Pty) Limited), will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Wednesday 04 April 2018 and Friday 06 April 2018, both dates included.

Transactions on the JSE via Strate are not affected by this arrangement.

## Administration

### Registered name

Sanlam Limited

(Registration number: 1959/001562/06)

(Tax reference number: 9536/346/84/5)

JSE share code (primary listing): SLM

NSX share code: SLA

ISIN: ZAE000070660

Incorporated in South Africa

### Transfer secretaries

Computershare Investor Services (Proprietary) Limited  
(Registration number 2000/006082/07)

Rosebank Towers, 15 Biermann Avenue, Rosebank 2196,  
South Africa

PO Box 61051, Marshalltown 2107, South Africa

Telephone +27 (0)11 370 5000

### Group Company Secretary

Sana-Ullah Bray

### Registered Office

2 Strand Road, Bellville 7530

South Africa

Telephone: +27 (0)21 947 9111

Fax: +27 (0)21 947 3670

### Postal address

PO Box 1, Sanlamhof 7532, South Africa

### Sponsor

Deutsche Securities (SA) Proprietary Limited

### Internet address

<http://www.sanlam.co.za>

