Sanlam

Insurance | Financial Planning | Retirement | Investments | Wealth

INTERIM 2020 RESULTS PRESENTATION

10 September 2020



AGENDA

01 Strategic review **Paul Hanratty**

02 COVID-19 operating context **Paul Hanratty**

03 The financial results we delivered **Wikus Olivier**

04 Priorities **Paul Hanratty**

05 Outlook for remainder of 2020 **Paul Hanratty**

STRATEGIC REVIEW

Becoming an African champion

Strengthening our position outside of Africa

“The most admired financial services player in Africa”



STRATEGY AT A GLANCE

Our vision

To become the most admired financial services group in Africa

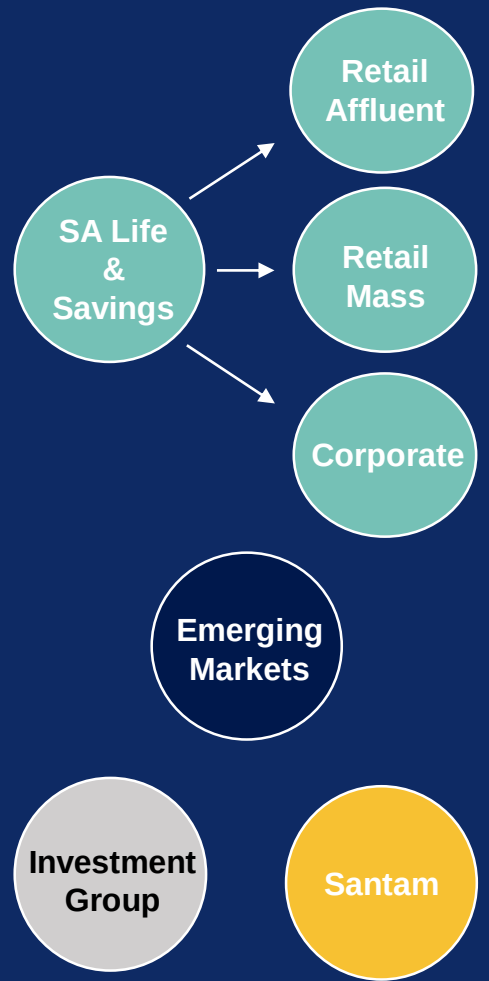
Our strategy

- Becoming an African champion
- Building a fortress position in South Africa
- Accelerating growth outside of South Africa
- Strengthening our position where we operate outside of Africa

Enabled by

Data and digital transformation
Continuous development of our culture
Innovation
Partnerships

Executed through our clusters



VALUES THAT UNDERPIN WHAT WE DO

Lead with courage
to earn our clients' trust

Serve with pride
as we are client focused

Caring
that comes from respect for each other

Winning with integrity
to be the unrivalled industry leader in Africa

Creating value
in everything that we do

STRATEGY AT A GLANCE

SOUTH AFRICA

Growing our client base
through a leading client value proposition – superior experience and simplified, cost-effective solutions

Deepening client relationships
through closer collaboration between clusters and data analytics

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

OTHER EMERGING MARKETS

Pan-Africa
Accelerating growth through improving performance of current operations, bolt-on acquisitions and expansion into new markets of the future

India, Malaysia, Lebanon
Strengthening our position selectively as valuable diversifiers

DEVELOPED MARKETS

Enhanced focus
on our African client base and the need to diversify their value proposition



EMERGING MARKETS | **DEVELOPED MARKETS** | **FUTURE EXPANSION**

Sanlam has a unique Pan-African footprint, scale and expertise.
Our holistic approach ensures ease of doing business, aimed at international insurance brokers and developed market insurers that need to provide their client base with insurance and employee benefits solutions across Africa.

GROUP EXECUTIVE COMMITTEE

Group Office

Paul Hanratty
Group Chief Executive

Abigail Mukhuba
Group Financial Director (from 1 October 2020)

Sydney Mbhele
Group Executive: Brand

Mlondolozi Mahlangeni
Chief Actuary and Chief Risk Officer

Jeanett Modise
Group Executive: Human Resources

Wikus Olivier
Group Executive: Strategy (from 1 October 2020)

Karl Socikwa
Group Executive: Market Development

Temba Mvusi
(Retiring December 2020)

Clusters

Jurie Strydom
Chief Executive: SA Life and Savings

Anton Gildenhuys
Chief Executive: SA Retail Affluent (from 14 September 2020)

Bongani Madikiza
Chief Executive: SA Retail Mass

Kanyisa Ncemane
Chief Executive: Sanlam Corporate

Heinie Werth
Chief Executive: Sanlam Emerging Markets

Robert Roux
Chief Executive: Sanlam Investment Group

Lizé Lambrechts
Chief Executive: Santam

Junior Ngulube
(Retiring January 2021)

STRATEGY AT A GLANCE

PERFORMANCE SCORECARD FOR 1H2020

- ✓ Updated strategy approved by Board in August 2020
- ✓ ARC Financial Services investment in SA 3rd party asset manager announced, subject to conditions precedent
- ✓ Resilient through COVID-19, more than R2bn relief provided to clients
- ✓ New business volumes and net fund inflows increased by 40% and 44% respectively
- ✓ Value through partnerships and innovation: Capitec Bank funeral sales up 9%; Indie/MiWayLife up 80%
- ✓ Strong recovery in Saham underwriting performance
- ✓ Quality of earnings: Continued positive experience variances and resilient persistency despite difficult operating conditions

- ✗ Investment return (large impact on Saham float), credit provisions in SPL/India/Lebanon, credit spreads – more than R3bn earnings impact
- ✗ Lower life new business -29% decline in VNB
- ✗ Growth in net result from financial services reduced from 18% to -22% by COVID-19
- ✗ Impairments of R7.6 billion; R1.5bn impact on net asset value after FCTR
- ✗ RoGEV and adjusted RoGEV per share underperform against hurdle
- ✗ CBI uncertainty at Santam; mitigated by R1bn relief to clients

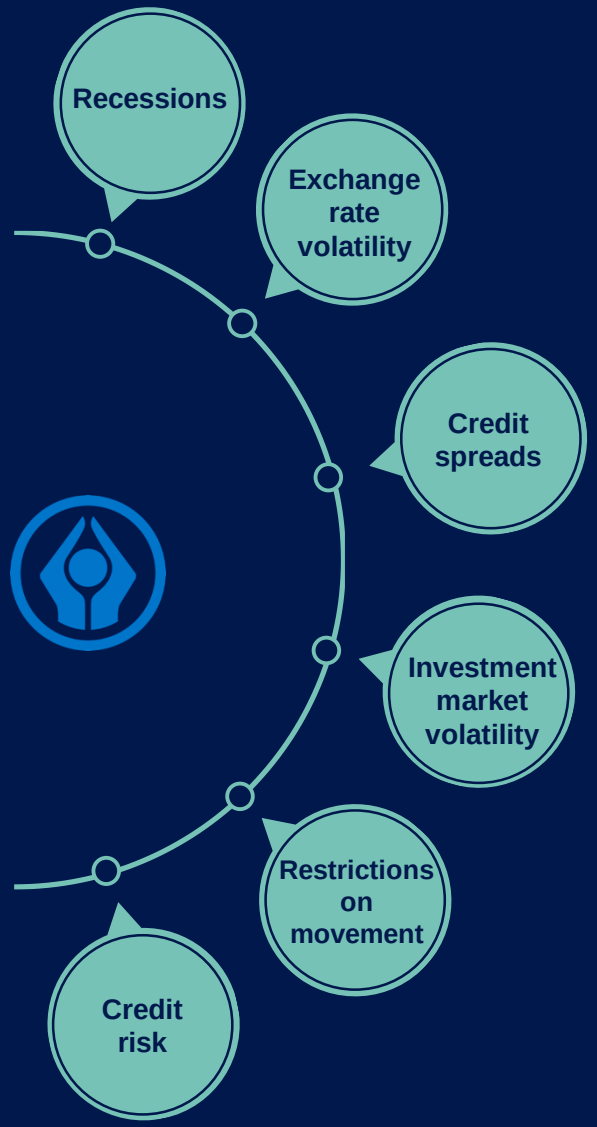
We delivered a resilient operational performance in one of the most challenging periods ever faced

COVID-19 severely impacted all key performance indicators

Our prudent approach served us well during the turbulent conditions

We are well positioned for future growth

COVID-19 OPERATING CONTEXT



OPERATIONS

- Responded rapidly to work-from-home requirement with no significant disruption of back-office operations
- Risk management processes (e.g. liquidity) responded as expected
- Solvency remained strong through worst of turmoil
- Need to accelerate digitisation of processes
- Substantial assistance to clients, intermediaries and society in general

NEW BUSINESS

- Severe disruption of life insurance sales reliant on face-to-face interaction
- Digital/direct businesses and digital sales tools in some channels provided relief
- Monthly sales improved as roll-out of digital tools accelerated
- Accelerated digitisation of client and intermediary journeys required

INVESTMENT MARKETS

- Severe volatility in equity, interest rate and currency markets
- Share prices of Indian credit businesses under further pressure
- Further weakening in Lebanon economic environment/increase in sovereign risk
- Negative impact on fund fees, investment return on capital and return on GI insurance funds

CREDIT RISK

- Widening in credit spreads, in particular listed corporate debt
- Restrictions on economic activity increasing credit risk
- Increase in doubtful debt provisions; first corporate default
- Indulgences & payment relief granted to assist clients through lockdowns

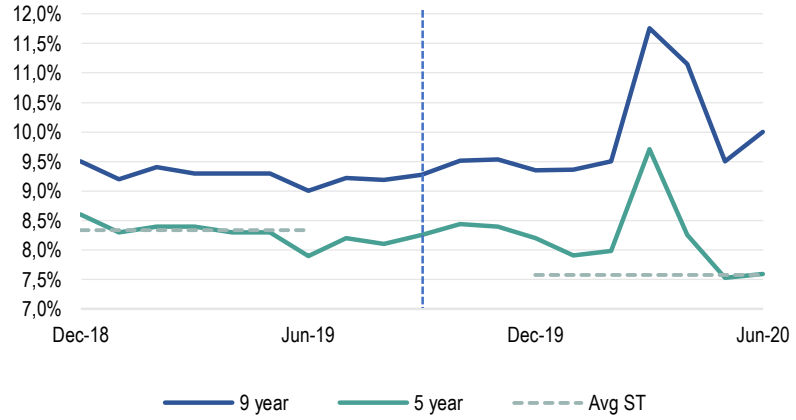
FINANCIAL REVIEW

COVID-19 impacted all key performance indicators

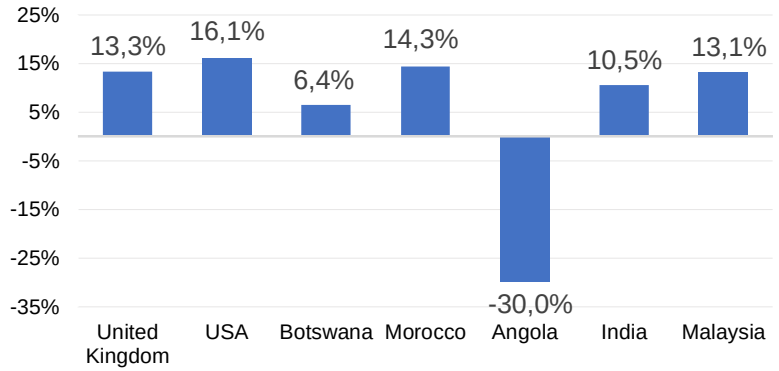
Operations and solvency remained resilient

OPERATING AND UNDERWRITING ENVIRONMENT

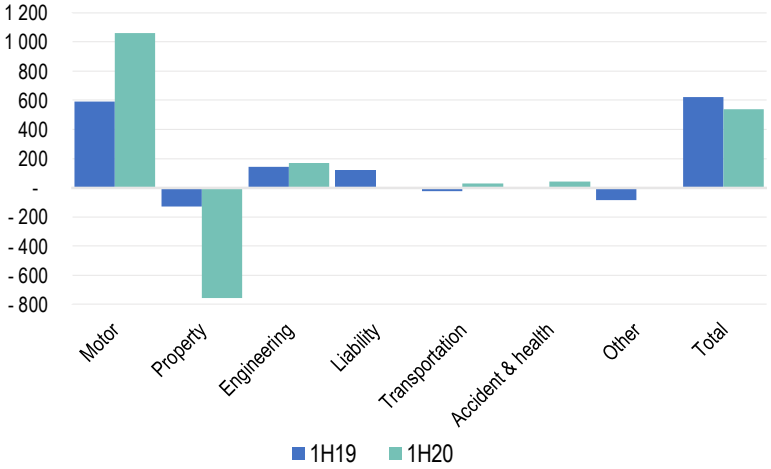
SA bond yields & short-term interest rates



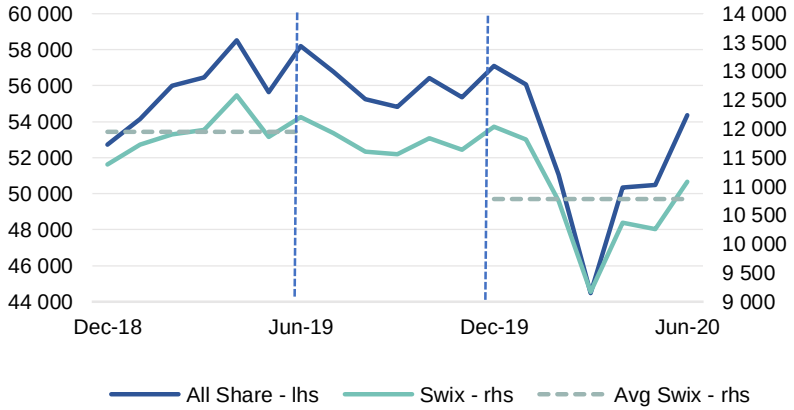
Average Rand exchange rates (% change)



Santam underwriting result (R million)



JSE indices



EXCHANGE RATES

+1%
Net result from financial services

+5%
RoGEV

ECONOMIC BASIS

-3%
RoGEV

-4%
VNB

GI UNDERWRITING

4.3%
Santam underwriting margin

7.0%
SEM underwriting margin

INVESTMENT RETURN

-R1.5bn
EV investment variances

1.7%
Return on SEM GI insurance funds

COVID-19 IMPACT

Impact on Q2 new business volumes

%	Q2/Q1
Sanlam Personal Finance	85%
Sanlam Emerging Markets	90%
Sanlam Investment Group	139%
Santam	93%
Sanlam Corporate	43%
Sanlam Group	112%
Excl SIG	*84%*

Operational earnings impact

R million	2020	2019
Net result from financial services	(1 625)	275
SPF	(272)	68
SEM	(684)	44
SIG	(554)	(97)
Santam	(115)	260
Net investment return	(803)	437
Net operational earnings	(2 428)	712

COVID-19 IMPACT

SANLAM PERSONAL FINANCE

R million	2020	2019
Intermediary support	(101)	-
Glacier participating products	(20)	107
Retail credit provisions	(151)	(39)
Net result from financial services	(272)	68

SANLAM EMERGING MARKETS

R million	2020	2019
Return on Saham float	(145)	235
Investment variances: North & West Africa	(94)	(2)
India retail credit provisions	(445)	(189)
Net result from financial services	(684)	44

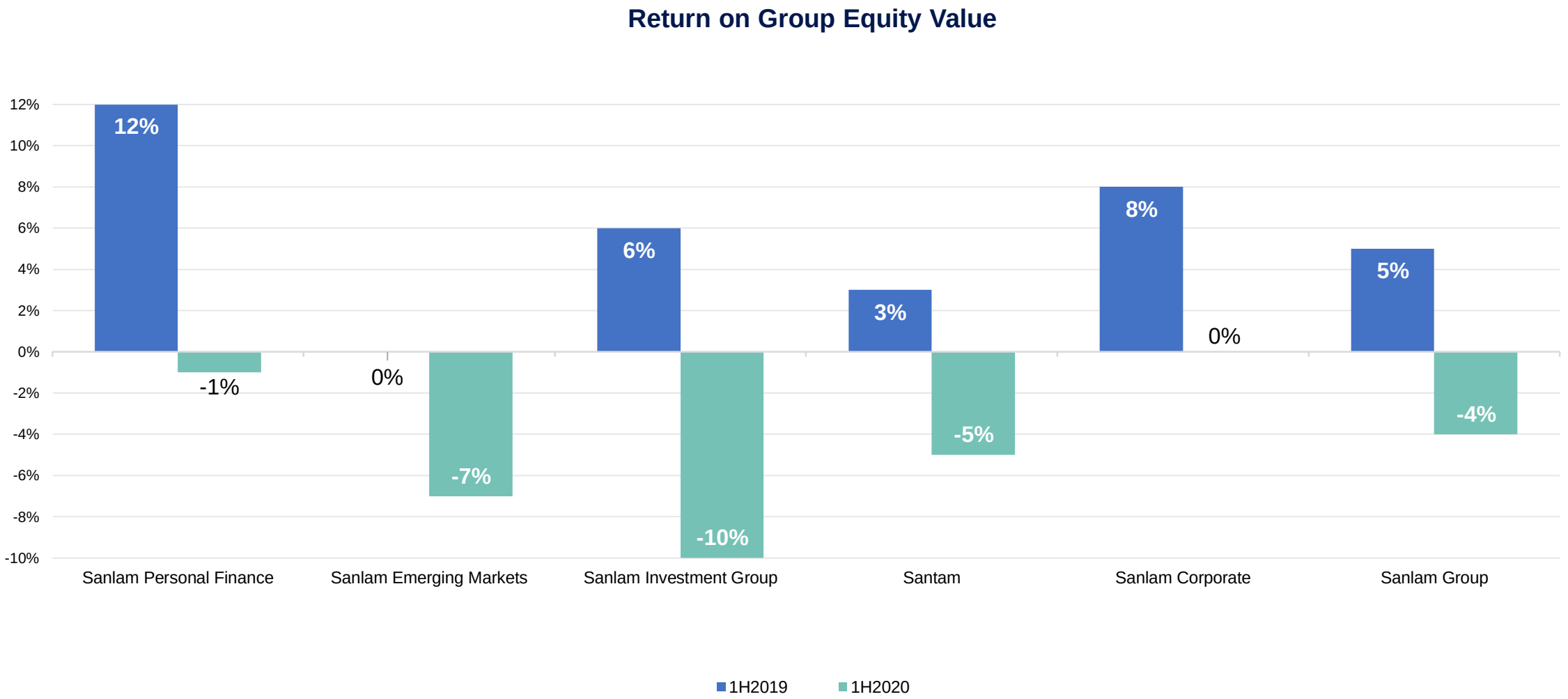
SANLAM INVESTMENT GROUP

R million	2020	2019
Credit spreads	(227)	-
Preference shares	(61)	20
Credit provisions	(171)	(117)
Defaults	(95)	-
Net result from financial services	(554)	(97)

SANTAM

R million	2020	2019
Motor book	466	260
COVID-19 provisions	(581)	-
Net result from financial services	(115)	260

COVID-19 IMPACT



INTERIM 2020: KEY PERFORMANCE INDICATORS

EARNINGS

-22%
net result from financial services

-39%
net operational earnings

R3bn
COVID-19 impact on operations

- COVID-19 impact on investment market returns, credit spreads, doubtful debt provisions and relief offered to clients and intermediaries
- 18% growth in net result from financial services excluding earnings components impacted by COVID-19
- Strong recovery in SEM GI underwriting performance
- Improvement in Sanlam Corporate risk claims experience persisted into 2020

BUSINESS VOLUMES

+40%
to R157bn
new business volumes

-29%
to R666m
net value of new covered business

2.06%
net new covered business margin

- Strong overall growth despite severe impact of COVID-19 on life business, supported by investment flows at SIG, SEM and Sanlam Corporate
- Net fund inflows increased by 44% to R33bn, with solid growth in all lines of business
- Former Saham businesses in Africa exceeding targets
- VNB down 29% due to gearing to lower new business volumes

GROUP EQUITY VALUE

R58,08
GEV per share

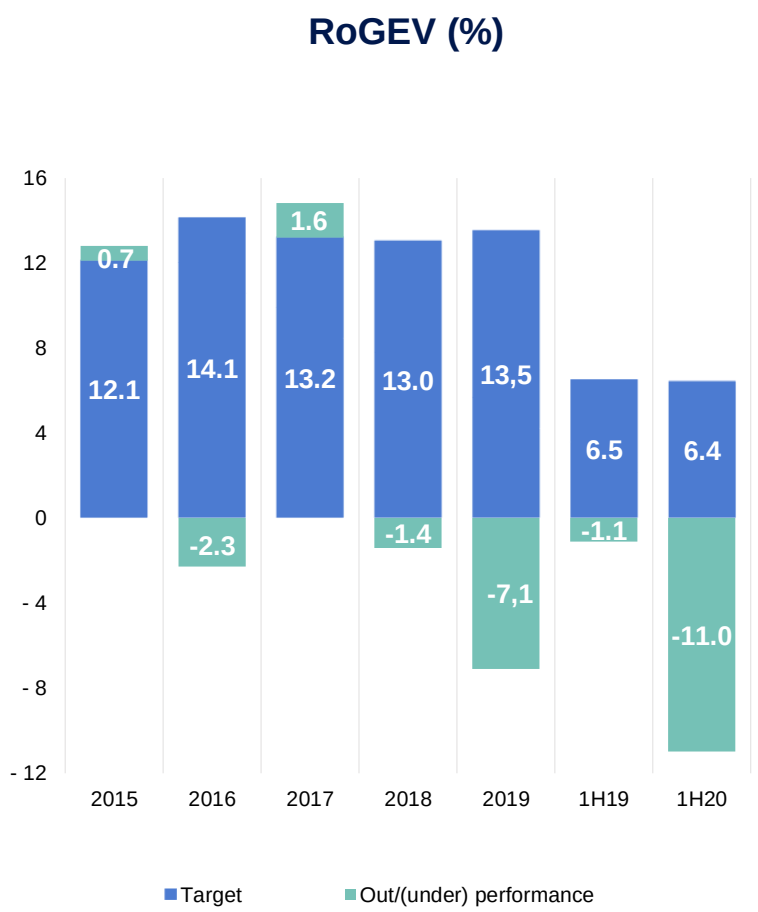
-4.6%
RoGEV per share (adjusted -0.9% compared to hurdle of 6.4%)

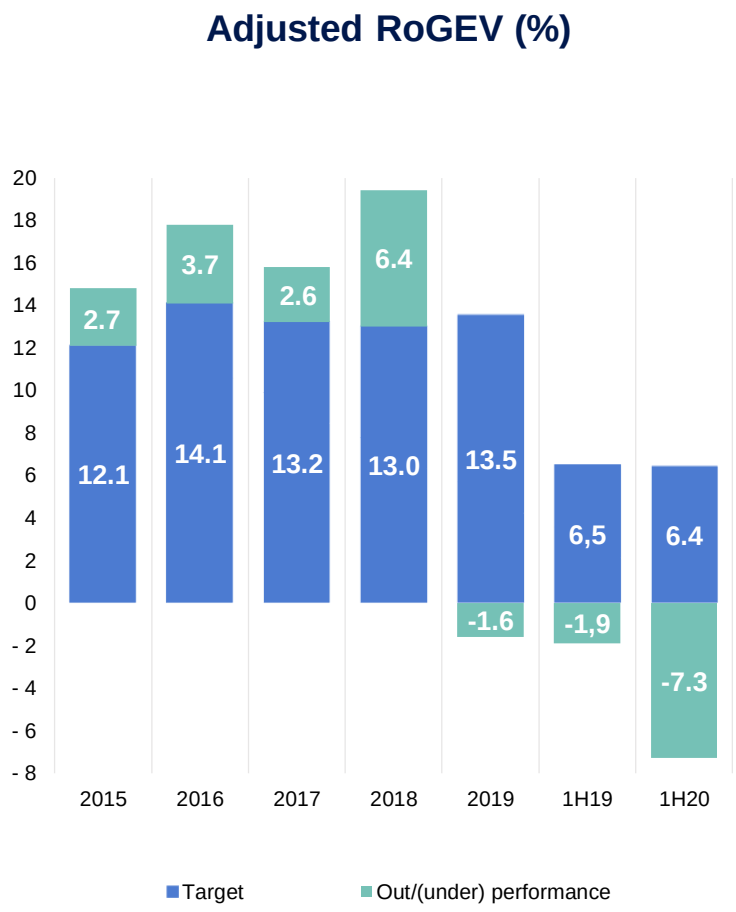
- RoGEV negatively impacted by prudent valuation approach applied to all businesses in light of COVID-19 uncertainty
- Economic growth, future investment return and top-line growth assumptions reduced across the board
- Significant decline in listed share prices of Indian credit businesses
- Negative return on listed Santam share (in line with lower financial index)

CLUSTER CONTRIBUTIONS

R million	Net result from financial services 2020	Net result from financial services 2019	Net result from financial services Var	New business volumes 2020	New business volumes 2019	New business volumes Var	VNB 2020	VNB 2019	VNB Var
Sanlam Personal Finance	**2 005**	2 290	-12%	**30 290**	28 153	8%	**518**	723	-28%
Sanlam Emerging Markets	**985**	1 363	-28%	**21 890**	16 236	35%	**133**	176	-24%
Sanlam Investment Group	**127**	559	-77%	**88 617**	52 583	68%	**-**	-	-
Santam	**396**	501	-21%	**11 922**	11 773	1%	**-**	-	-
Sanlam Corporate	**352**	254	39%	**4 761**	3 357	42%	**15**	43	-65%
Group Office & other	**33**	1	>100%	**-**	-	-	**-**	-	-
Sanlam Group	**3 898**	4 968	-22%	**157 480**	112 102	40%	**666**	942	-29%
Excl COVID-19	***5 523***	*4 693*	*18%*						

RETURN ON GROUP EQUITY VALUE





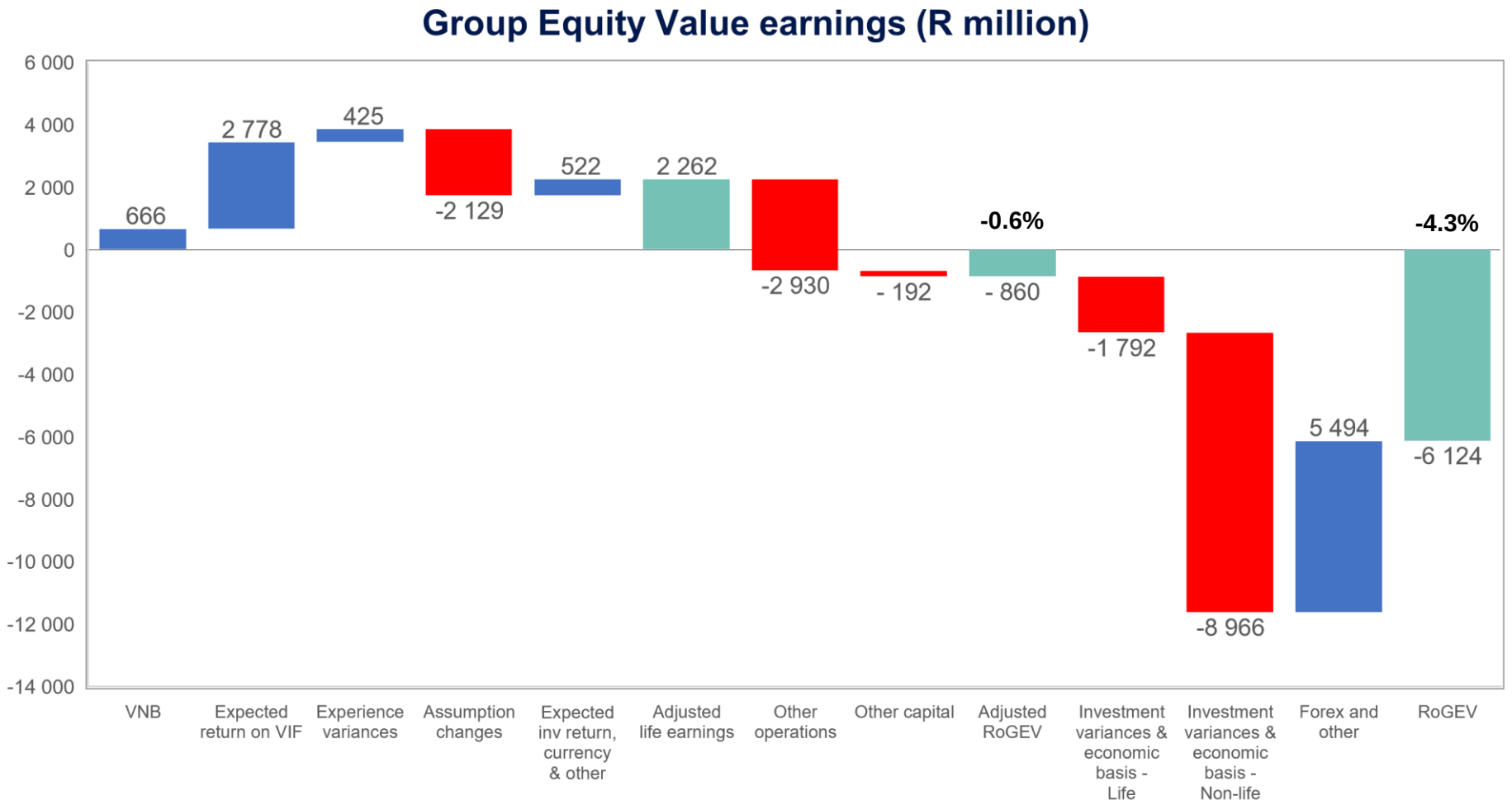
SALIENT FEATURES

- COVID-19
  - Negative investment variances
  - Strengthening of economic and operating assumptions
  - Lebanon valuations reduced to zero
- Lower listed share prices: Santam, India and AfroCentric
- Partly offset by foreign currency translation gains
- Operating assumption changes also causing underperformance in adjusted RoGEV

GROUP EQUITY VALUE EARNINGS

SALIENT FEATURES

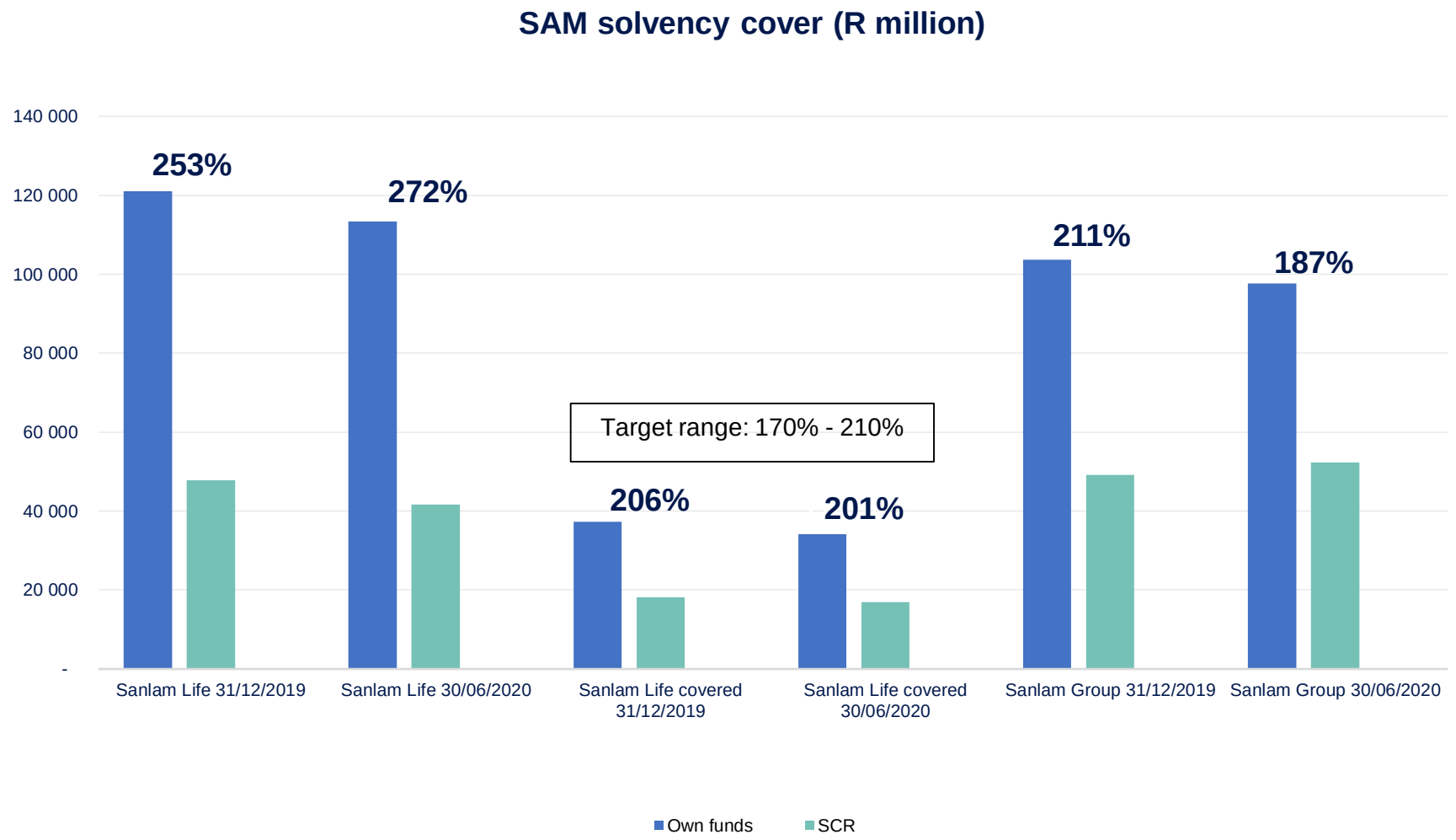
- Life: continued positive operating experience variances offset by lower VNB and negative investment variances, economic assumption changes and persistency/expense assumption changes
- Non-life: current period investment variances, lower future investment returns, net fund inflows and GI premium growth
- Forex and other includes exchange rate differences of R6.5bn and FBN goodwill write-of of R700m



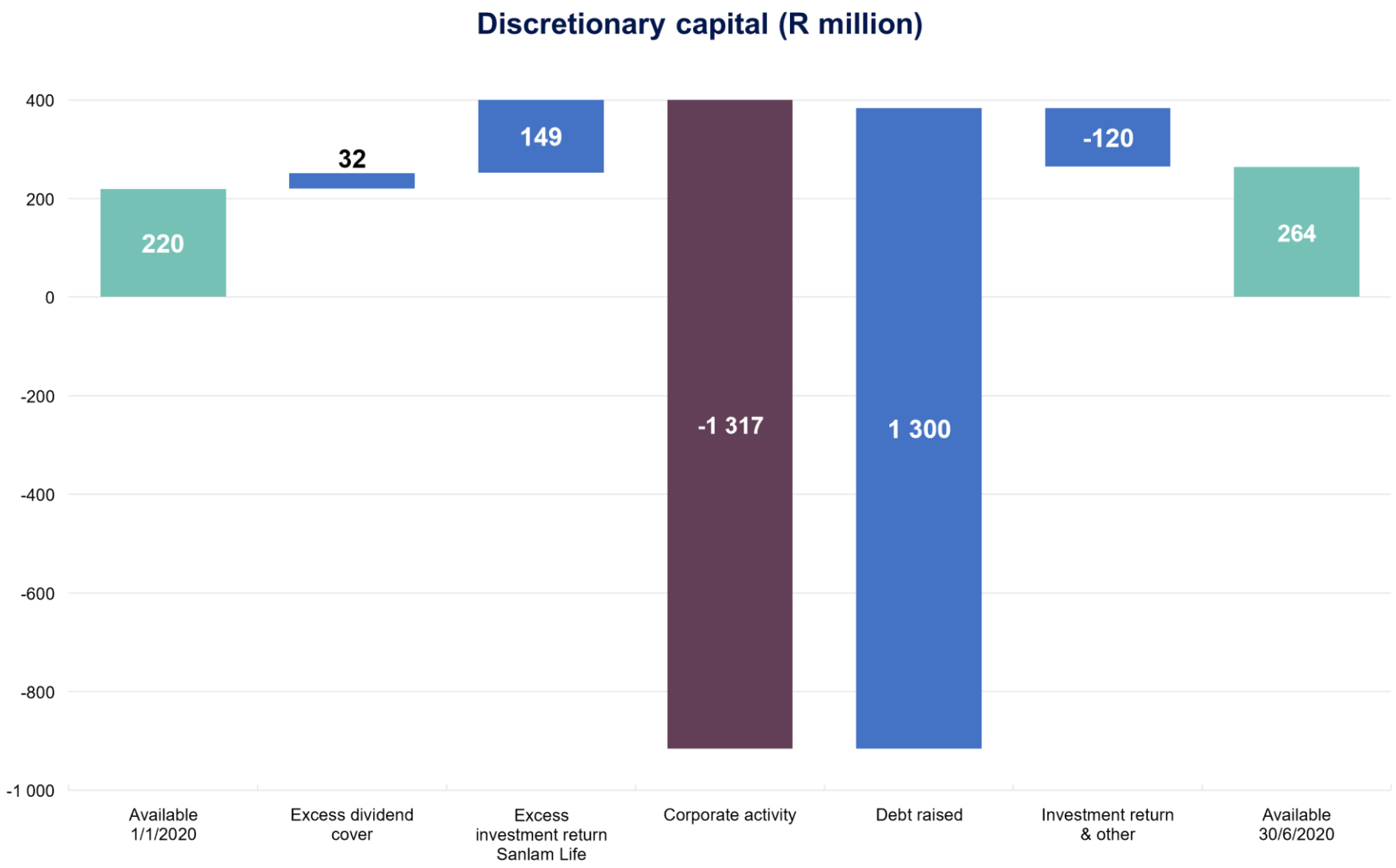
SOLVENCY POSITION

SALIENT FEATURES

- Strength of Sanlam balance sheet evident throughout COVID-19 turbulence
- Sanlam Life covered business solvency cover remains towards upper end of target range – reflective of prudence in valuation of liabilities
- Decline in Group solvency ratio largely attributable to dividend payment and lower Sanlam Life cover ratio



DISCRETIONARY CAPITAL



SALIENT FEATURES

- Acquisition of remaining 65% stake in Nigeria operations concluded
  - Fully funded through debt to facilitate introduction of new majority partner
- No other significant movements in 1H2020
- Substantial funding sources available
  - Disposal of non-core investments
  - Debt exposure well below peers
  - IFRS17 releases
  - Excess investment return

CLUSTER PERFORMANCE



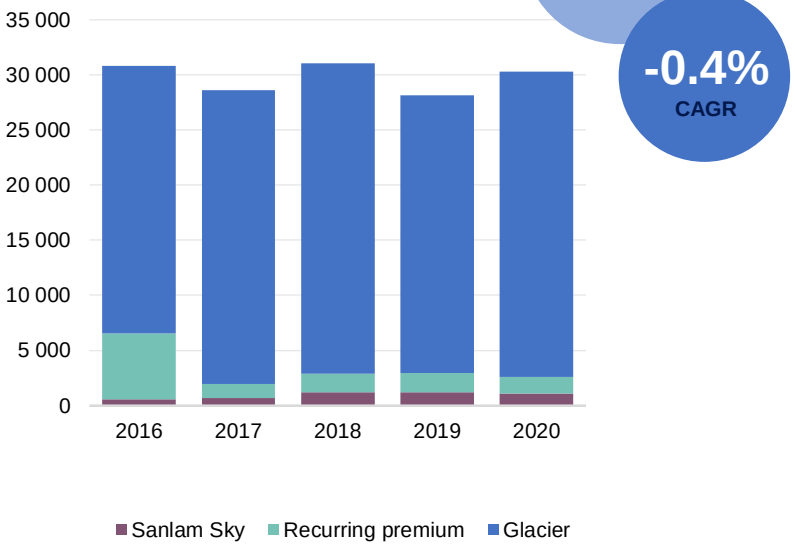
SANLAM PERSONAL FINANCE

CLUSTER PERFORMANCE

New business volumes (R million)

+8%
2020

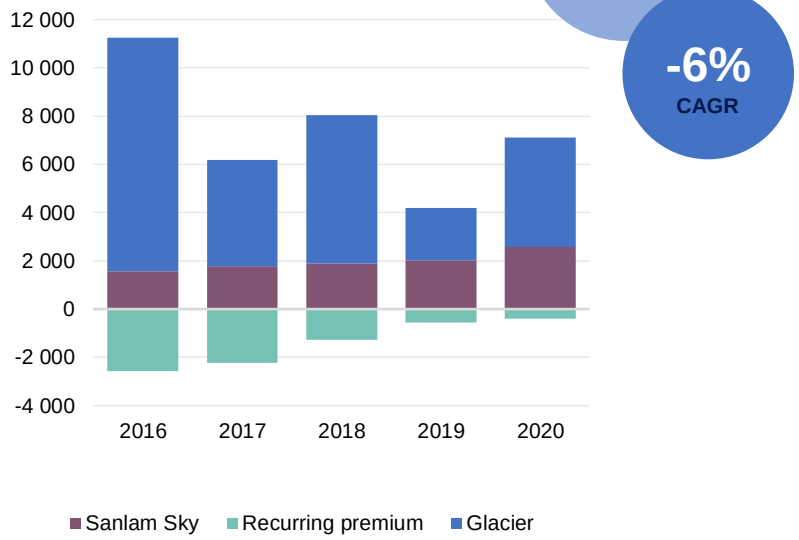
-0.4%
CAGR



Net flows (R million)

+85%
2020

-6%
CAGR



R1 061m
Sanlam Sky
-14%

R1 531m
Recurring premiums & SBD
-11%

R27 698m
Glacier
+10%

+80%
Sanlam Indie and MiWayLife

+9%
Capitec funeral new business

SPF

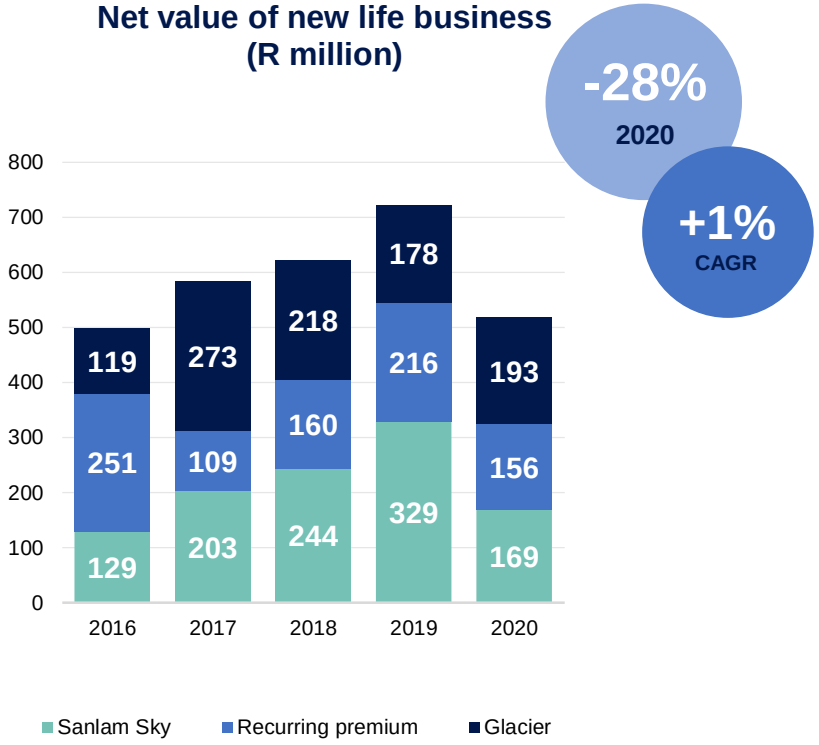
SALIENT FEATURES

- Good demand for annuities, international products and money market funds at Glacier
- Traditional distribution channels in Sanlam Sky and Recurring Premium sub-cluster severely impacted by lack of face-to-face sales
- Digital & direct channels doing well – Sanlam Indie, MiWayLife, Capitec Bank, Sanlam Direct
- Accelerated adoption of digital tools driving monthly improvement in sales volumes

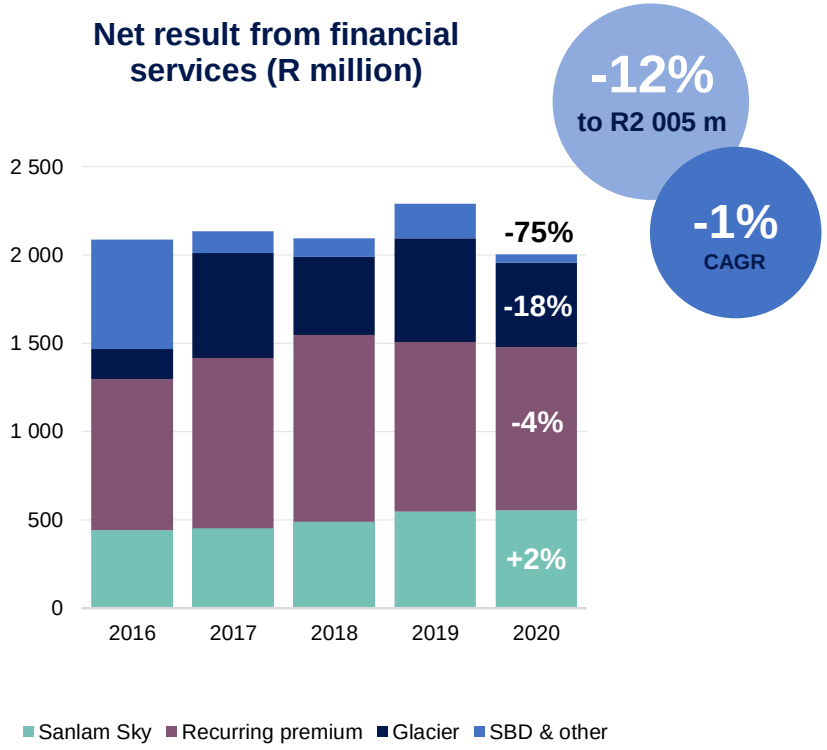
SANLAM PERSONAL FINANCE

CLUSTER PERFORMANCE

Net value of new life business (R million)



Net result from financial services (R million)



Net new business margin

Sanlam Sky	5.24%
Recurring premium	2.74%
Glacier	1.48%

2.35%
Compared to 3.14% in 2019

	2020	2019
RoGEV	-0.9%	11.5%

SPF

SALIENT FEATURES

VNB

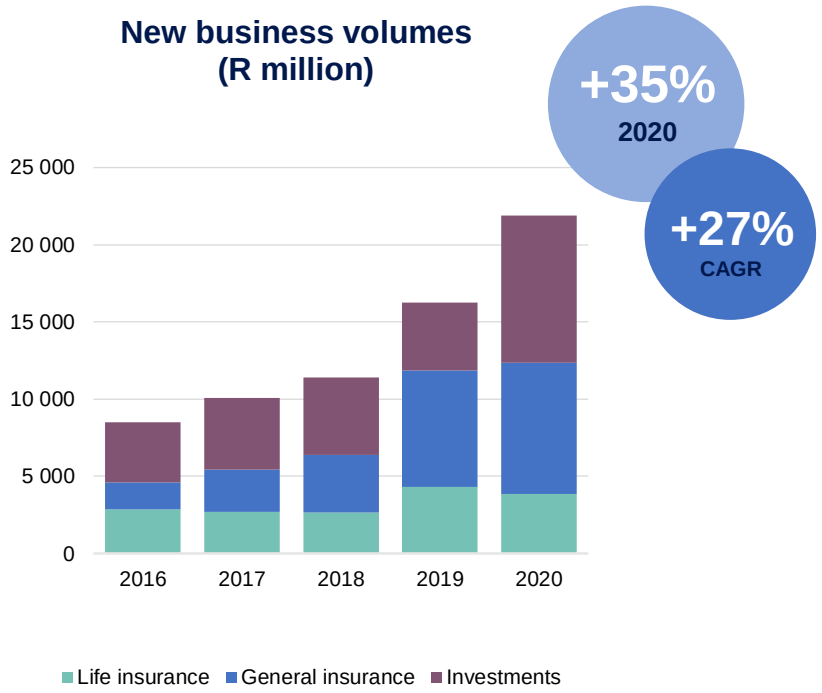
- Geared impact of lower new life business volumes
- Capitec Bank in line with target

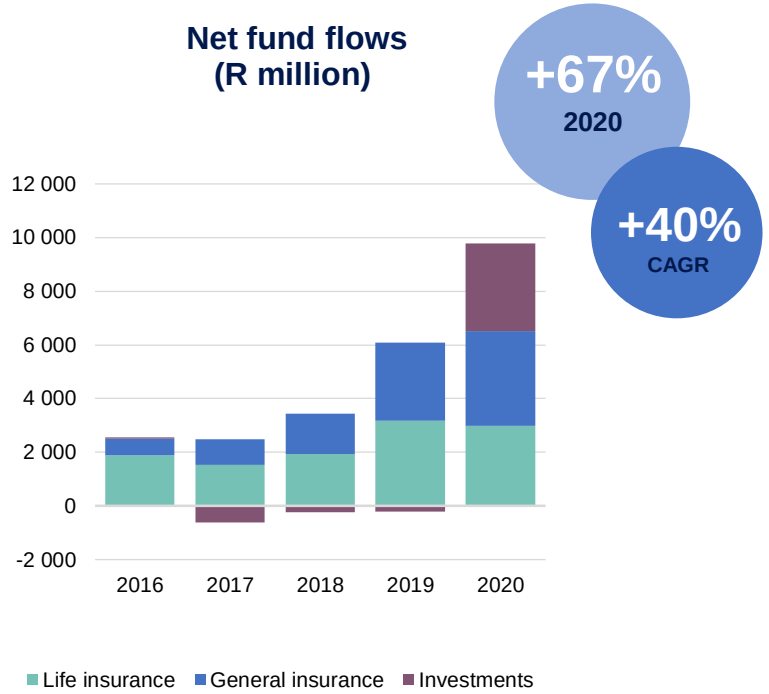
Net result from financial services

- Up 6% excluding COVID-19 and prior year tax adjustment at SPL
- Continued positive experience variances, including risk experience
- Resilient persistency experience
- Pandemic reserve can absorb COVID-19 claims

SANLAM EMERGING MARKETS

CLUSTER PERFORMANCE





R10.1bn
Southern
+41%

R6.9bn
North & West
+11%

R2.6bn
East
+246%

R2.2bn
Other
+8%

+13%
General insurance

+54%
Life & investments

SEM

SALIENT FEATURES

- Large new investment mandates in Namibia and Botswana; welcome improvement in Kenya
- General insurance business exceeded target for the period
- Saham GI up 10% despite COVID-19 lockdowns and focus on quality
- Lower life insurance sales across most markets due to lockdowns and curfews – overall decline of 11%

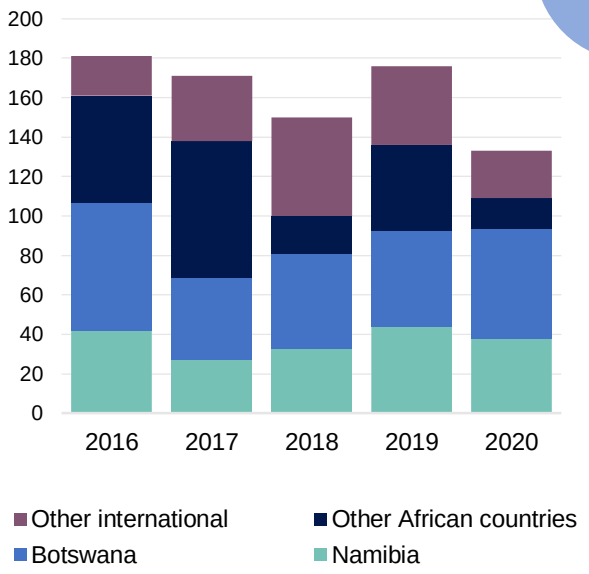
SANLAM EMERGING MARKETS

CLUSTER PERFORMANCE

Net value of new life business (R million)

-24% 2020

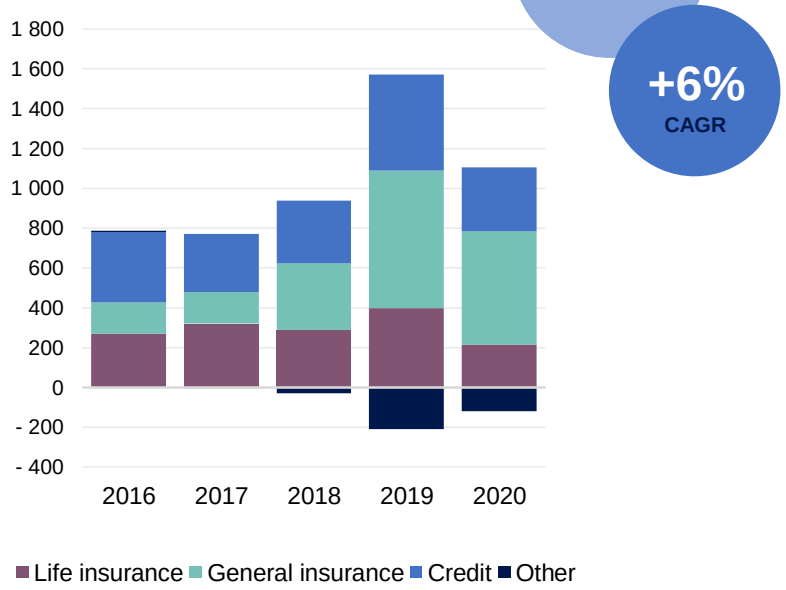
-7% CAGR



Net result from financial services (R million)

-28% 2020

+6% CAGR



Net new business margin

Southern Africa	4.94%
North and West Africa	0.99%
East Africa	1.45%
Other international	1.50%

2.58%
Compared to 3.43% in 2019

	2020	2019
RoGEV	-6.6%	-0.4%

SEM

SALIENT FEATURES

VNB

- Lower new life business volumes
- Change in mix of business in Namibia
- Lower interest rates in North and West Africa reducing product margins

Net result from financial services

- Up 27% excluding COVID-19
- GI underwriting margin improved to 7% (Africa 6.1%; Saham 7.6%)
- Negative investment return on insurance funds in Morocco and Côte d'Ivoire
- Increase in retail credit provisions

SANLAM EMERGING MARKETS

CLUSTER PERFORMANCE

General insurance and reinsurance result

R million	Gross written premium 2020	Gross written premium % change	Underwriting margin 2020	Underwriting margin 2019	Return on insurance funds 2020	Return on insurance funds 2019
Southern Africa	**1 919**	**13%**	23.5%	12.4%	2.7%	4.0%
North and West Africa	**8 441**	**19%**	4.1%	1.3%	-4.3%	13.2%
East Africa	**850**	**14%**	-7.7%	-4.8%	7.9%	5.9%
Other international	**2 041**	**11%**	10.9%	19.1%	20.1%	24.7%
Total	**13 251**	**16%**	7.0%	5.5%	1.7%	13.7%
Saham	**10 437**	**17%**	7.6%	2.3%	-2.8%	12.1%
Other	**2 814**	**13%**	4.5%	17.3%	17.3%	19.7%
Total	**13 251**	**16%**	7.0%	5.5%	1.7%	13.7%

SEM

SALIENT FEATURES

- Saham underwriting margin within target range of 5% - 9%
- Improved underwriting result across most markets
  - Morocco motor book benefiting from lockdown
  - Absence of large catastrophe claims, apart from fire claims in Côte d'Ivoire
  - Improvement in Angola motor and health
- Saham return on insurance funds below 6% - 9% target range
- Decline in India from high comparative base

SANLAM EMERGING MARKETS

CLUSTER PERFORMANCE

General insurance ratios – June 2020

% of NEP	Santam	SEM other	Saham
Net earned premium	100.0	100.0	100.0
Net claims incurred	65.5	55.4	58.5
Net acquisition cost	30.2	40.1	33.9
Net underwriting margin	**4.3**	**4.5**	**7.6**
Investment return on insurance funds	2.3	17.3	-2.8
Net insurance margin	**6.6**	**21.8**	**4.8**
Target underwriting margin	4% to 8%		5% to 9%
Target return on insurance funds margin	2.5%		6% to 9%

SEM

SALIENT FEATURES

- Saham and Shriram General Insurance exposed to longer tail lines of business – return on float more pronounced portion of GI earnings
- Lower equity and property valuations impacted Saham returns in 2020
- Strategic asset allocation of float continuously reviewed to optimise return

SANLAM EMERGING MARKETS

Impairment of SEM operations

R million	2020
Saham	**5 780**
Premium paid at acquisition	2 712
Lebanon write-off to zero	1 995
Future economic growth and investment return assumptions	1 928
Utilisation of hedge reserve	(855)
Shriram Capital	**1 562**
Shriram City Union Finance	1 001
Shriram Transport Finance Company	561
Other operations	**233**
Total	**7 575**
SEM	7 131
Santam	444

SEM

SALIENT FEATURES

- Saham
  - Lebanon written off in light of prevailing economic environment
  - Valuation of other Saham businesses and premium reduced due to COVID-19
- Shriram Capital
  - Prudent valuation approach - reduced to net asset value
  - In line with lower listed prices of STFC and SCUF

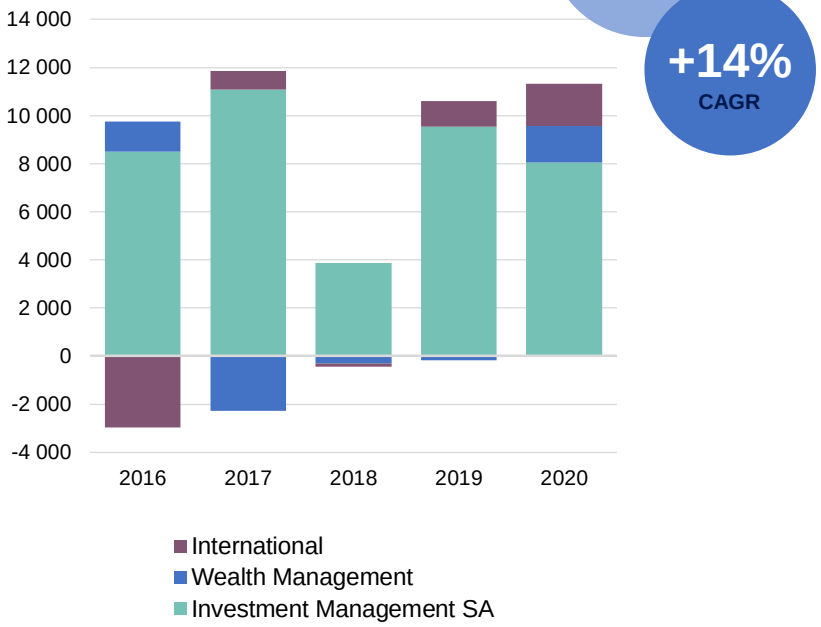
SANLAM INVESTMENT GROUP

CLUSTER PERFORMANCE

Net investment business flows (R million)

+9% 2020

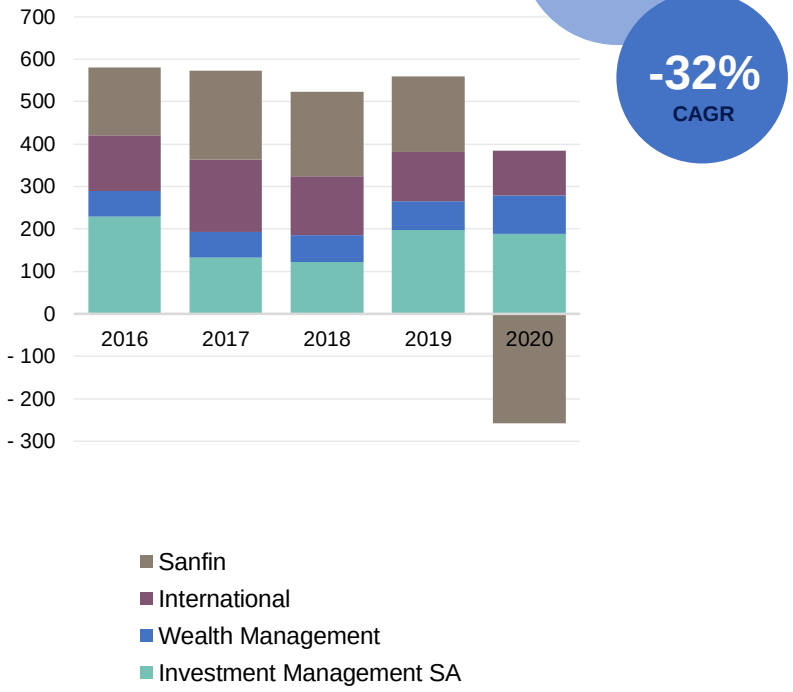
+14% CAGR



Net result from financial services (R million)

-77% 2020

-32% CAGR



	2020	2019
RoGEV	-9.5%	5.5%

SIG

SALIENT FEATURES

Net fund flows

- Strong SA institutional inflows offset by lower retail net flows; abnormal level of retail asset allocation changes
- Turnaround in Wealth Management

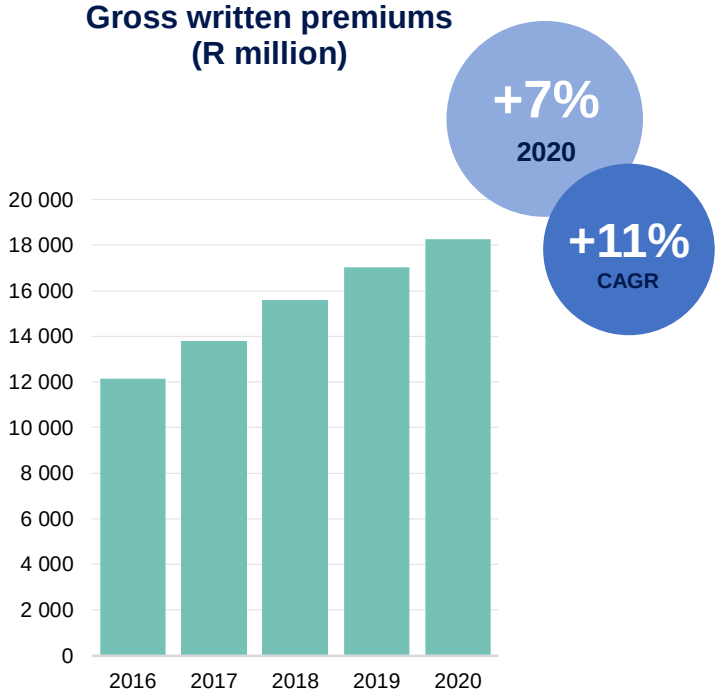
Net result from financial services

- Up 4% excluding COVID-19
- SA Investments up 14% on comparable basis; strong performance fees, net inflows at SMM and Satrix, cost control
- Increased brokerage in Wealth Management

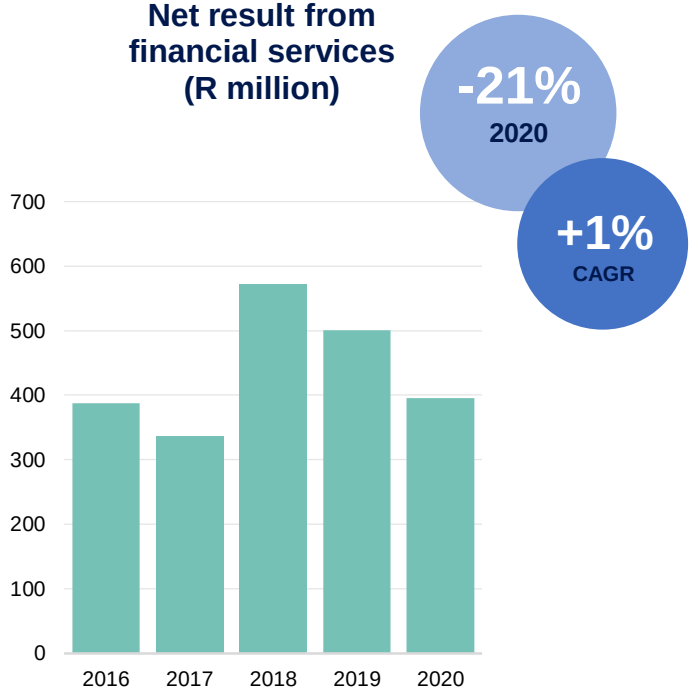
SANTAM

CLUSTER PERFORMANCE

Gross written premiums (R million)



Net result from financial services (R million)



Underwriting margin – conventional business

1H2020	4.3%
2019	7.7%
2018	9.2%
2017	6.0%
2016	6.5%

	2020	2019
RoGEV	-5.2%	3.4%

SNT

SALIENT FEATURES

- Gross written premiums for conventional business grew by only 4% due to premium relief to clients
- 4.3% underwriting margin for conventional business impacted by CBI claims provision
- Net result from financial services more than doubled excluding COVID-19

SANLAM CORPORATE

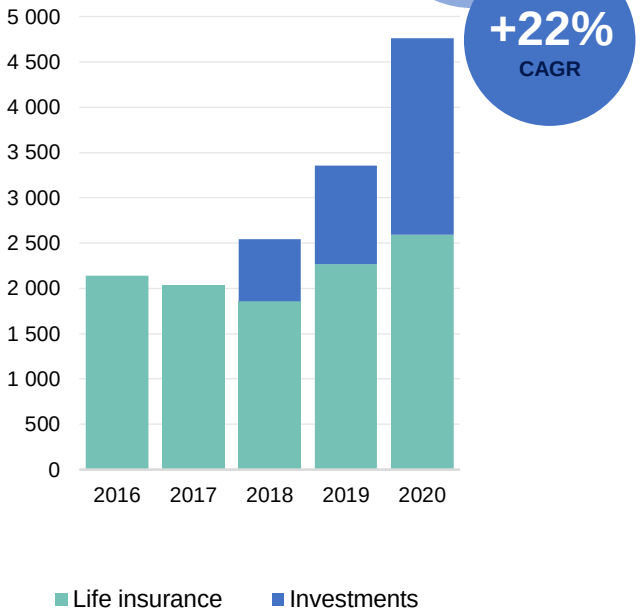
CLUSTER PERFORMANCE

SC

New business volumes (R million)

+42% 2020

+22% CAGR



Value of new life business (R million)

-65% 2020

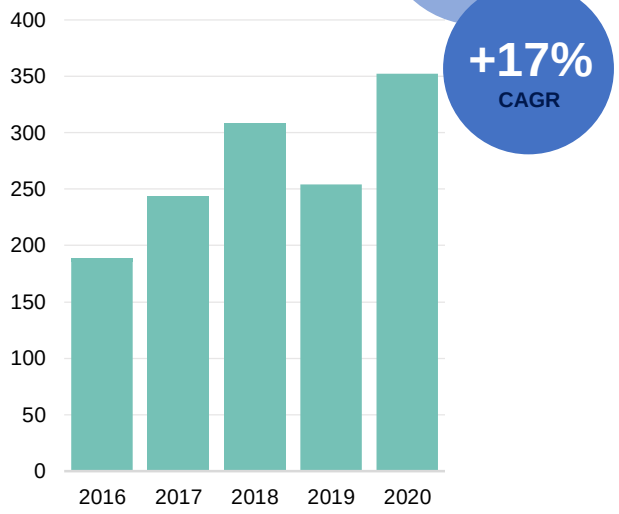
8% CAGR



Net result from financial services (R million)

+39% 2020

+17% CAGR



	2020	2019
Net new business margin	0.42%	1.11%

	2020	2019
RoGEV	-0.4%	8.2%

SALIENT FEATURES

New business

- Strong growth in lower margin investment and life single premiums
- Recurring premiums down 29%
- VNB gearing more pronounced due to lower margins

Net result from financial services

- Improvement in risk claims experience persisted; more than doubling in risk profit
- Solid growth in admin and health profits
- Pandemic reserve can absorb COVID-19 claims

STRATEGIC PRIORITIES

Life & Savings

SA LIFE AND SAVINGS

- Grow profitable retail market share in SA through high quality intermediary channels - with acceleration of digital sales and enablement
- Further innovation on integrated value propositions across solution sets
- Grow market positioning in employee benefits, particularly in umbrella funds and with continued recovery in group risk profitability
- Continue to leverage and build strategic partnerships, eg Capitec, MTN
- Capitalise on retailisation opportunities and default regulations
- Digital transformation and business intelligence to enhance client and intermediary experience and drive operational efficiencies

SEM

SANLAM EMERGING MARKETS

- Improve GI margin in SPA through focus on quality of business, claims processes and management, cost management and gradual rebalancing of float
- Accelerate organic growth through superior distribution and strategic alliances/partnerships
- Ongoing focus on operational processes & controls and risk & compliance management
- Improve life distribution, with a specific focus on ex-Saham territories
- Increased visibility of the Sanlam brand across Africa
- Joint focus with Santam on reinsurance and specialist business opportunity
- Optimise capital management and exit non-strategic investments
- Pursue industry consolidation and increased shareholding where it makes sense

SIG

SANLAM INVESTMENT GROUP

- Consistent superior investment performance
- Establish dominant position in passive investments and broaden alternatives and offshore investment capabilities
- Develop ESG capabilities to strengthen investment proposition
- Digital transformation and business intelligence to enhance client/intermediary experience

STRATEGIC PRIORITIES

SNT

SANTAM

- Continue to build a responsible business: insurance good and proper
- Extend overall leadership position in South Africa
- Build a best-in-class Pan-African specialist business with SEM
- Technology as an enabler and driver of innovation and efficiency

G

GROUP

- Drive implementation of updated strategy
- Finalise ARC FS investment in SIG 3rd party asset manager
- New and expanding strategic partnerships across Africa
- Capital optimisation and balance sheet management
- Digital transformation across the Group
- Human Capital development

OUTLOOK FOR REMAINDER OF 2020

Economic and operating environment will remain challenging

Multiple years to recover economic setback

Eventual outcome of COVID-19 remain uncertain

- Investment market volatility likely to continue
- Increased corporate and retail credit risk
- Persistency risk



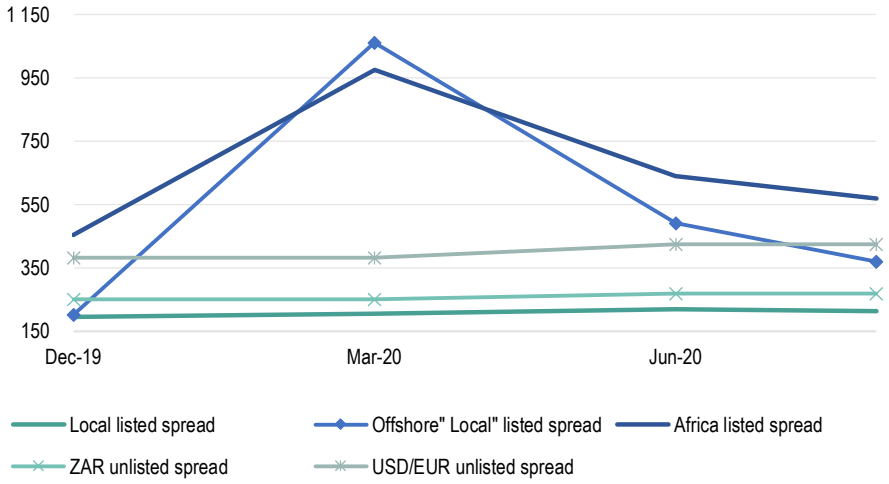
Slowdown in new business growth expected

- Restrictions post end-June in some markets
- Pressure on disposable income
- Rising unemployment
- Investor risk aversion

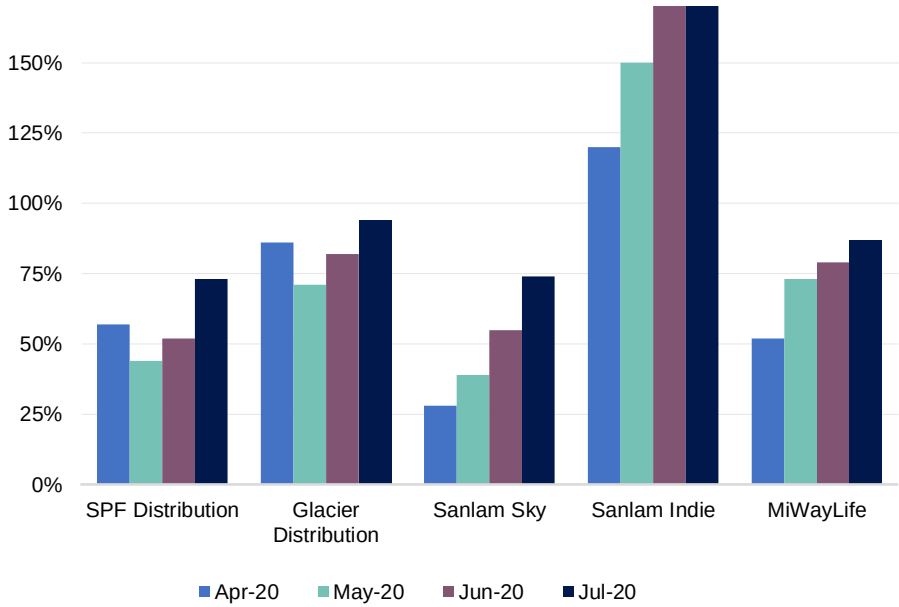
Focus on strategic implementation, cost efficiencies and opportunities presented by current environment

TRENDS POST JUNE

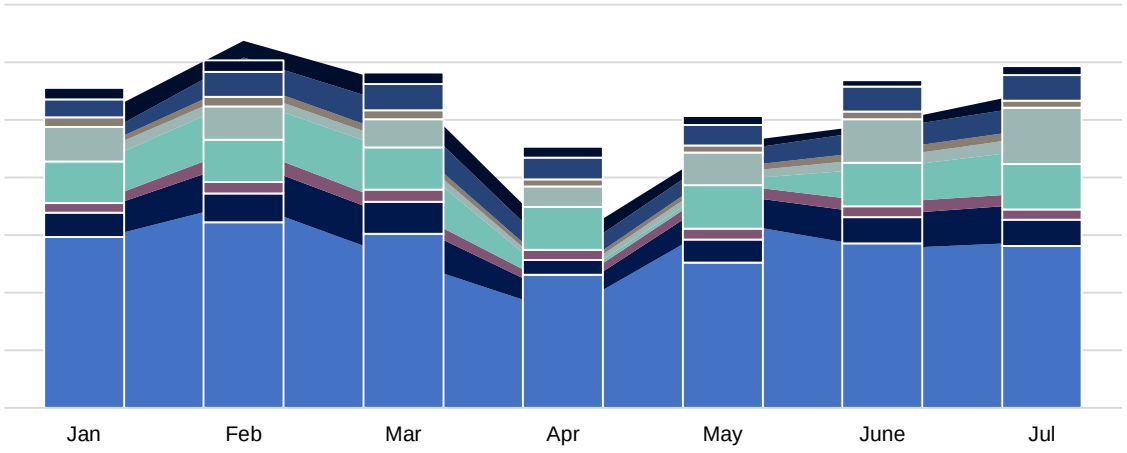
Change in credit spreads – R190m positive pre-tax impact since 30 June 2020



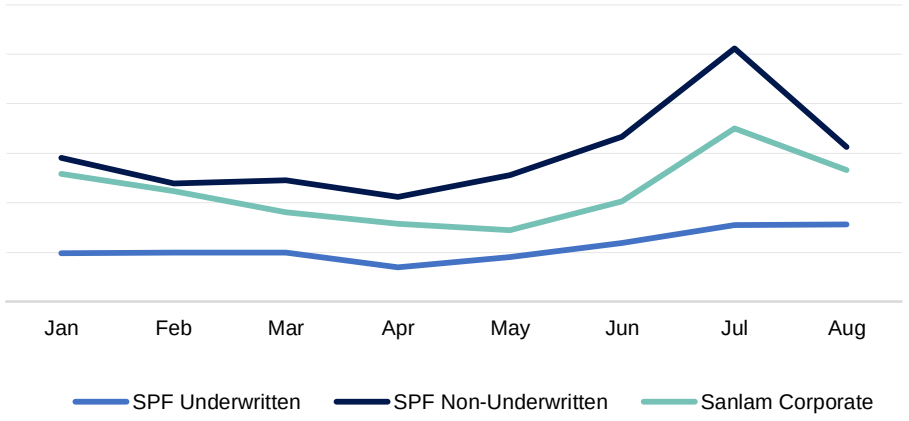
SPF New Business Development - % of target



SPA Individual Life agency: Active agents and accepted cases



2020 Net monthly claim amounts up to August



COVID-19 ANNEXURE

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03 Sanlam Investment Group

04 Sanlam Corporate

05 Embedded value basis

COVID-19 ANNEXURE

01 Sanlam Personal Finance

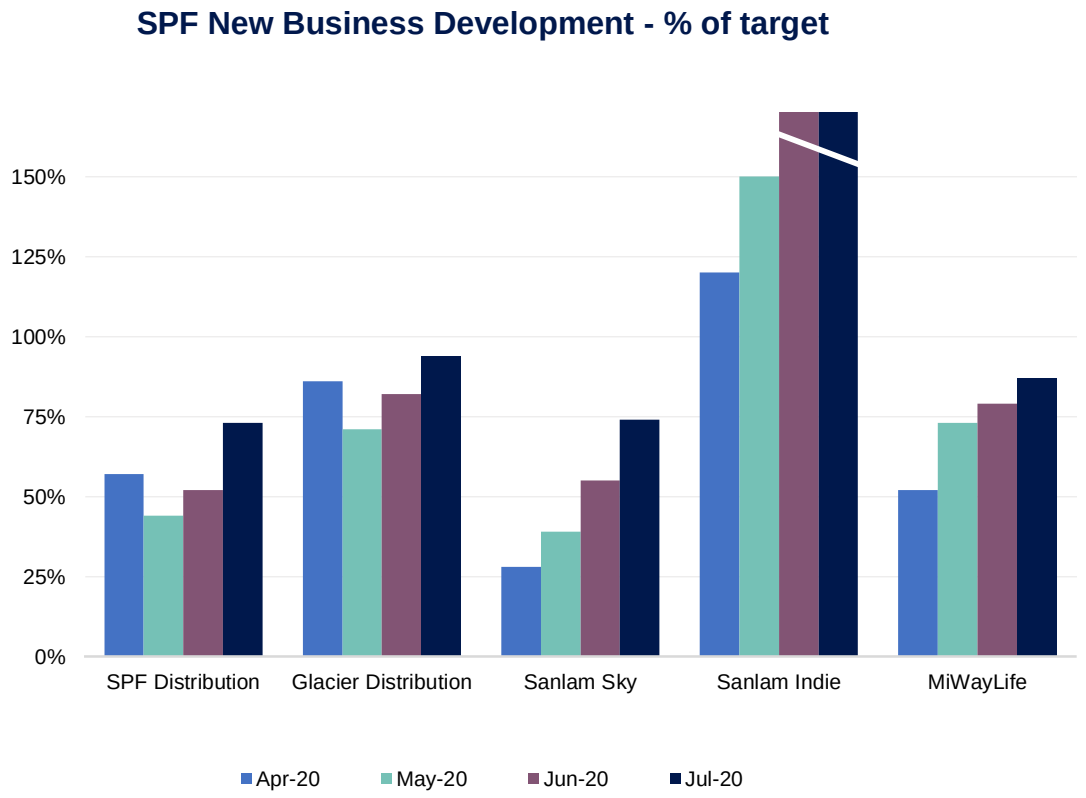
02 Sanlam Emerging Markets

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NEW BUSINESS



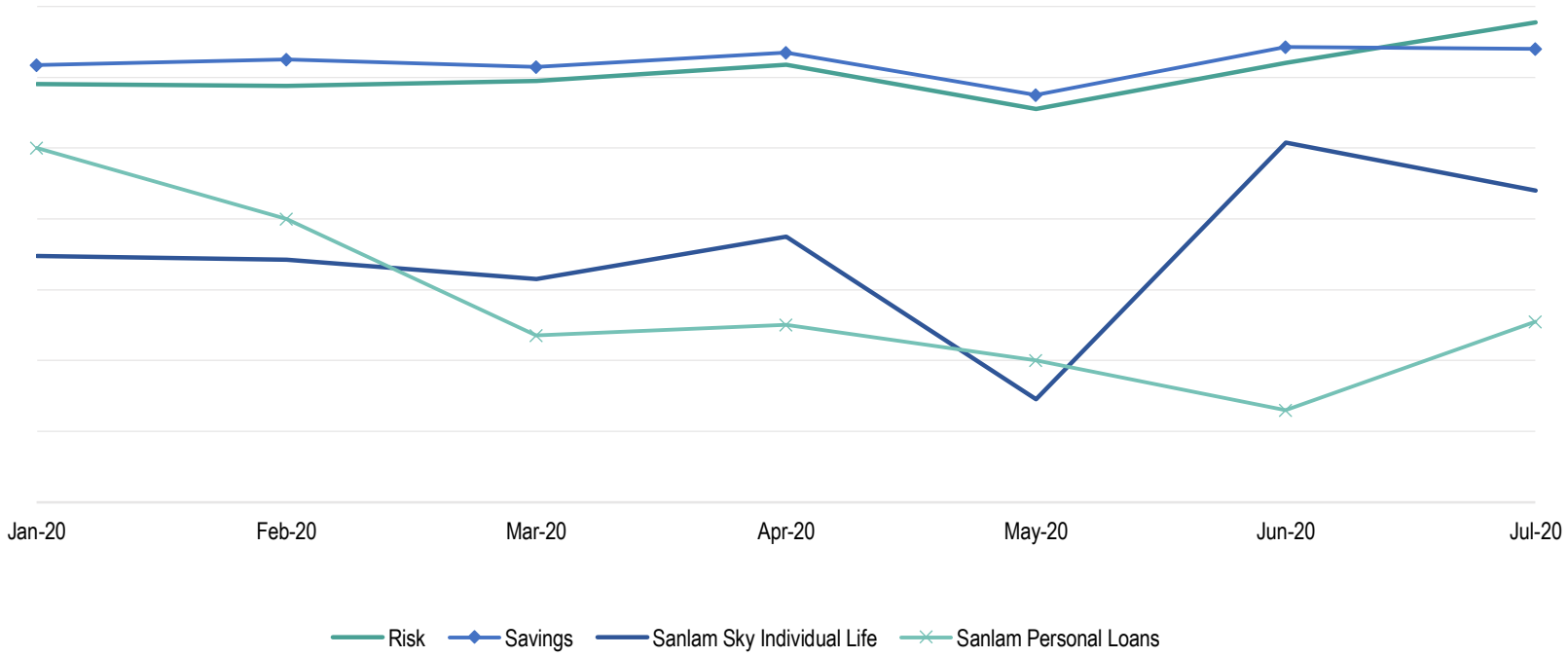
Debit Order % of book (rest is stop order)	
Individual Life risk	91%
Savings	91%
Closed Book	84%
Sky	37%

Number of SPF advisors

	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
SPF Distribution	2 426	2 441	2 427	2 428	2 395	2 392
Sanlam Sky	4 538	4 626	4 401	4 308	4 207	4 046

COLLECTIONS

Collections (%) – main product lines



PREMIUM/PAYMENT HOLIDAYS

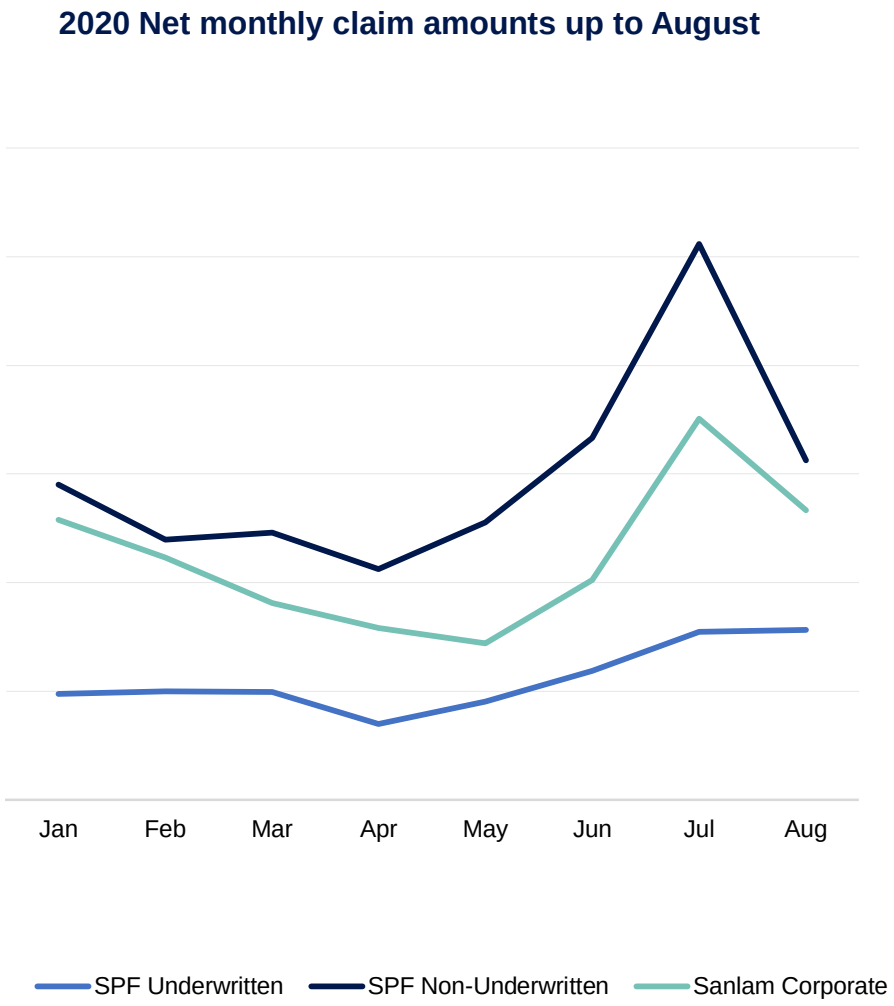
Premium/Payment holidays - Approved plans/loans

	Apr-20	May-20	Jun-20	Jul-20	Aug-20
Sanlam Individual Life					
- percentage of clients	1.09%	0.72%	0.20%	0.13%	0.08%
Savings					
- percentage of clients	1.94%	1.55%	0.58%	0.55%	0.44%
Sanlam Sky					
- percentage of clients	0.02%	0.07%	0.02%	0.03%	0.0%
Sanlam Personal Loans					
- percentage of book	0.6%	2.0%	1.5%	0.4%	-

Premium ending – Payment resumed

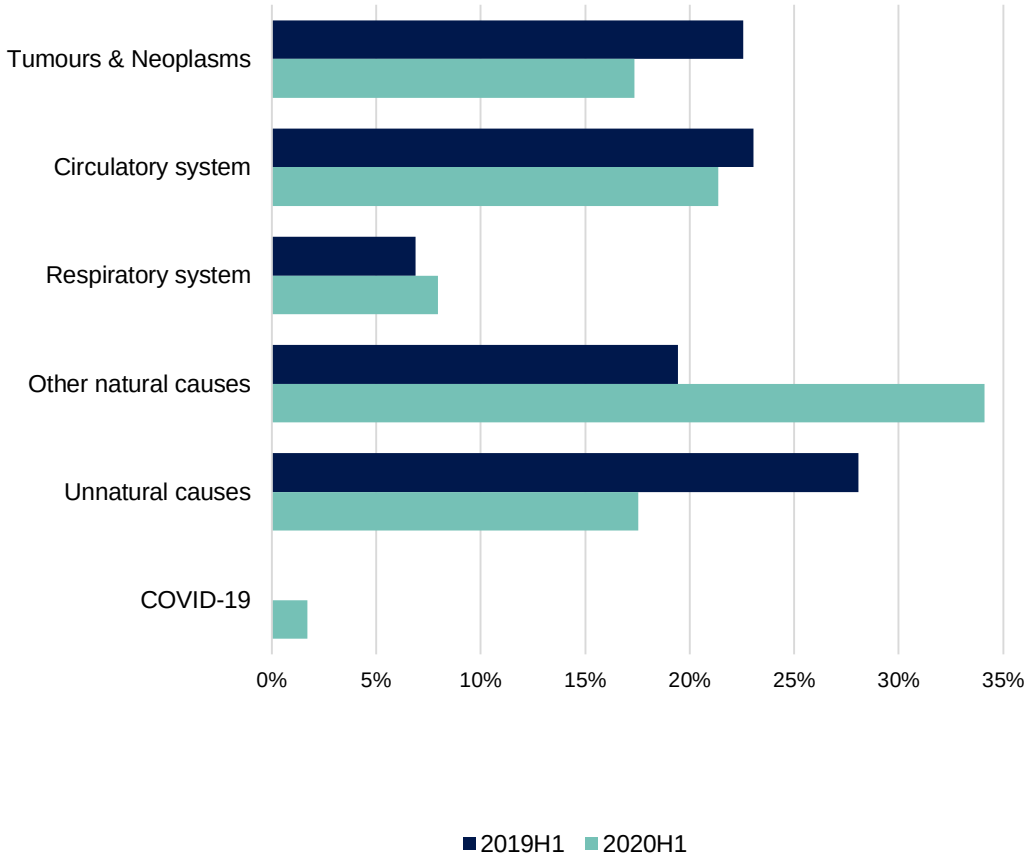
	YTD Jul-20
Savings	
% policies where premium holiday ended and payment has already been resumed	78%
Sanlam Individual Life	
% policies where premium holiday ended and payment has already been resumed	88%

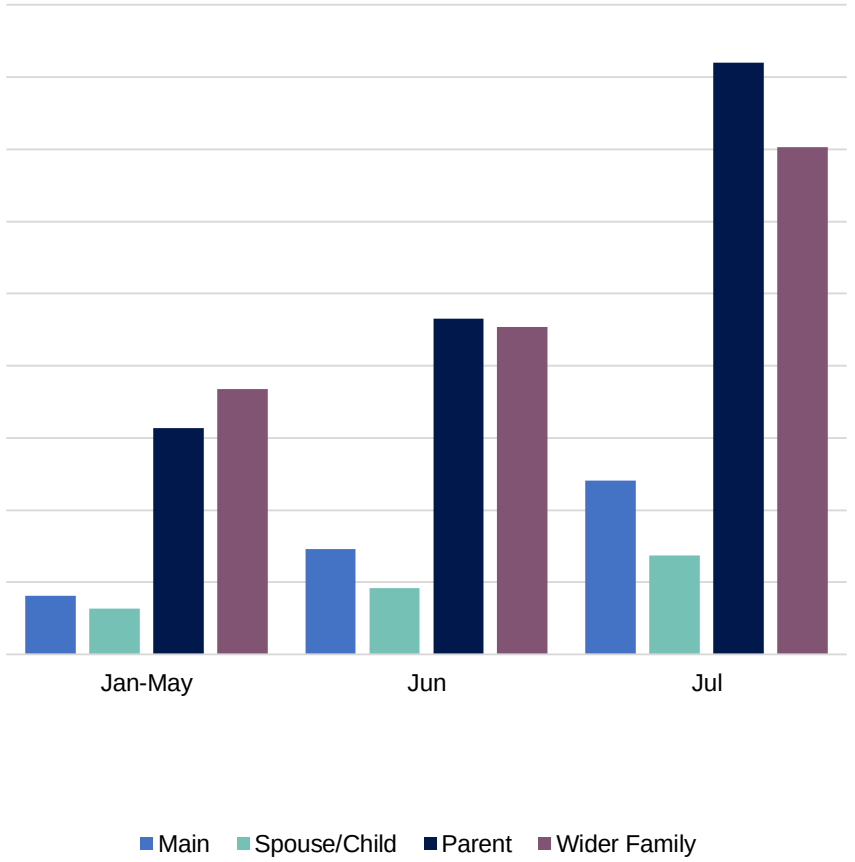
MORTALITY EXPERIENCE



- Overall experience for H1 2020 was favourable across most business lines, with positive GEV risk variances.
- From June marked increases observed across business lines not explained by the increase in COVID-19 claims alone, likely due to under-reporting of COVID-19 deaths and collateral impact of the pandemic (e.g. lockdown measures).

MORTALITY EXPERIENCE



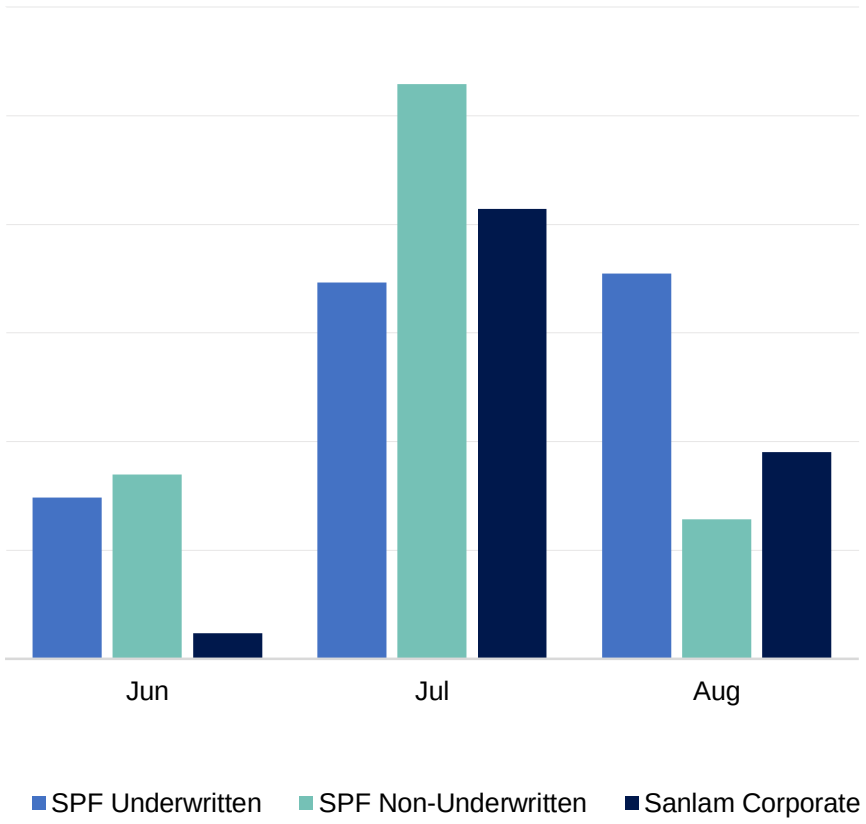


SPF Underwritten: Marked decrease in % unnatural deaths due to lockdown in H1 2020

SPF Non-Underwritten:

- Notable increase since June for parent/wider family
- i.e. claims weighted towards older ages

EXCESS CLAIMS



- Excess claims to be offset by pandemic reserve, risk variances and releases from annuity business.

OUTLOOK

- SA has reached the peak (of the first wave) with active cases starting to decline and evidenced by the closure of COVID-19 “field hospitals”.
- Forecasts of confirmed cases by year-end still vary considerably, with internal modelling suggesting lower ranges than models in the public domain.
- Similarly, forecasts for confirmed deaths also vary, more so due to differing case fatality rates (CFR). SA total CFR at about 2%. With the decline in new infections, current CFR and CFR with a 14 day lag is converging to a range of 2.0% - 2.5%, which could be indicative of the ultimate CFR.
- A second wave is possible, but too early to predict. Notably, the change of season may suppress a second wave in SA, but relaxation of lockdown regulations and non-adherence to hygiene protocols may accelerate it.
- August results show claims have reached a plateau for some lines, with others yet to stabilise.
- There could be a protracted impact on future mortality and morbidity experience due to:
    - Under-diagnosis of HIV, TB, cancer, etc. during the higher levels of lockdown.
    - Lack of access and lower levels of adherence to chronic medication.

COVID-19 ANNEXURE

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MARKET VOLATILITY

YTD movement in main indices

Country	Index	YTD (31/3) movement	YTD (30/6) movement	YTD (31/7) movement	YTD (31/8) movement
India	NIFTY Index	-29.3%	-15.3%	-9.0%	-6.4%
Morocco	MASI Free Float Index	-20.3%	-16.5%	-16.0%	-16.7%
Côte d'Ivoire	BRVM Comp Index	-15.8%	-14.7%	-19.2%	-18.0%
Malaysia	FBMKLCI Index	-15.0%	-5.5%	0.9%	-4.0%
Kenya	Nairobi Securities Exchange	-20.7%	-17.3%	-19.9%	-16.1%
Nigeria	Nigeria Stock Exchange All Share	-20.6%	-8.8%	-8.0%	-5.6%

EXCHANGE RATES

Rand exchange rates

Country	Currency	YTD (31/3) movement	YTD (30/6) movement	YTD (31/7) movement	YTD (31/8) movement
India	INR	17.2%	15.5%	15.0%	14.7%
Morocco	MAD	16.2%	17.6%	19.1%	20.6%
Côte d'Ivoire	XOF	20.3%	19.4%	21.8%	22.2%
CIMA	XOF	20.3%	19.4%	21.8%	22.2%
Malaysia	MYR	17.2%	15.5%	15.0%	15.9%
Kenya	KES	18.5%	15.0%	12.9%	11.7%
Nigeria	NGN	16.8%	14.3%	12.5%	12.7%
Malawi	MWK	21.9%	19.4%	18.0%	16.9%
Rwanda	RWF	21.3%	18.0%	16.5%	14.6%

Parallel exchange rates

Country	Currency	31/12/2019	Movement to 31/3	Movement to 30/6	Movement to 31/7	Movement to 31/8
Lebanon	LBP (parallel)	2 200	2 820	8 000	7 700	7 100
Angola	Kwanza (parallel)	620	660	740	800	810
Nigeria	Naira (parallel)	359 (official)	-	460	475	465

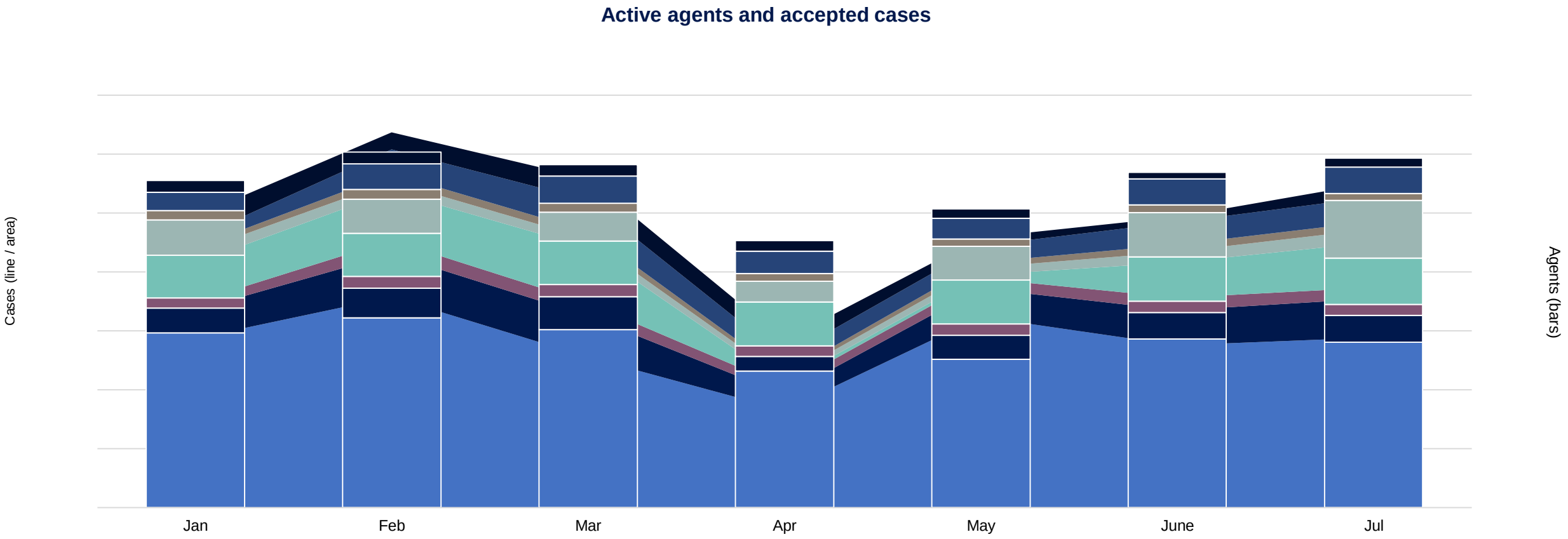
STFC AND SCUF SHARE PRICE MOVEMENT

Rupees	Price 31/12/2019	Price 31/3/2020	% YTD	Price 30/06/2020	%YTD	Price 31/07/2020	%YTD	Price 31/08/2020	%YTD
STFC	1 171	661	-44%	690	-41%	691	-41%	702	-40%
SCUF	1 402	748	-47%	671	-52%	657	-53%	934	-33%

LOCKDOWN/CURFEWS IMPLEMENTED

Country	Lockdown
India	Started 25 March with some form of lifting starting 31 May. Lockdown for containment zones extended to 30 June. Country divided into 2 zones: containment vs non-containment. Unlock 1 (June) with curfews from 21h00-05h00, but lockdown only in containment zones. Unlock 2 (July) with curfews from 22h00-05h00, but lockdown only in containment zones. Unlock 3 (August) with curfews removed, but certain specific zones still in lockdown.
Morocco	Started 20 March and was initially lifted from 10 June. From 26 July certain cities (including Casablanca) again in lockdown – tighter measures introduced again from 21 August for these cities. State of Emergency extended to 10 September.
Namibia	Started 28 March and was initially lifted from 5 May (to stage 3). From 2 June entire Erongo (Walvis Bay area) region reversed to stage 1 (SA level 5) – still in place. Country currently at stage 3, with Windhoek, Walvis Bay, Swakopmund and Arandis at Stage 1 (highest) - from 12 to 28 August.
Botswana	Started 3 April and phased lifting started from 8 May. Greater Gaborone again in lockdown from 31 July - only essential service - 25% of staff in office.
Côte d'Ivoire	State of Emergency from 24 March (schools closed from 16 March to 17 May), curfew (21:00-05:00) implemented and movement in and out of Abidjan restricted. Curfew lifted from 15 May and Abidjan restrictions lifted 15 July.
Angola	Started 27 March with gradual lifting from 25 May (lifted by 25 June).
Kenya	Lockdown in major cities and counties (Nairobi and regions of Mombasa, Kilifi and Kwale) from 6 April – 16 May. Nationwide curfew from 19h00-05h00. Restriction on movement into/out of Nairobi and regions of Mombasa and Mandera only lifted 7 July. International travel from 1 August.

SPA INDIVIDUAL LIFE SALES: AGENCY PERFORMANCE



Includes major countries to reflect general trends – not separately identified due to some businesses being separately listed

SPA GI PERFORMANCE: JUNE YTD (2020 vs 2019)

	% variance GWP Health (by value)	% variance GWP Motor (by value)	June 2020 Health loss ratio	June 2019 Health loss ratio	June 2020 Motor loss ratio	June 2019 Motor loss ratio	% variance collections (by value)
Morocco	+2.2%	-7.6%	77.4%	83.0%	69.2%	69.2%	-9.4%
Côte d'Ivoire	-15.9%	-14.5%	67.0%	48.1%	45.0%	58.9%	-7.0%
Angola	+14.7%	-25.0%	44.4%	85.7%	27.2%	47.2%	-1.1%
Kenya	+30.5%	+46.7%	65.0%	82.0%	72.0%	68.0%	+26.4%

	% variance GWP June	June 2020 loss ratio	June 2019 loss Ratio	% variance collections June
Continental Re	7.6%	50.1%	48.4%	+3.6%
Saham Re	8.6%	49.1%	54.5%	+56.0%

GWP: Premiums written during the period on both renewed contracts and new business. Variances in local currency.

Collections: Premiums paid during the period under both existing and new contracts.

INDIA BUSINESS PERFORMANCE TREND

	% of March 2019	% of April 2019	% of May 2019	% of June 2019
SLIC				
Total new business	61%	44%	38%	73%
• Individual	61%	63%	62%	101%
• Group	62%	15%	7%	10%
Claims	67%	31%	19%	74%
Surrenders	78%	3%	28%	91%
Renewals	71%	100%	140%	140%
SGI				
GWP	87%	75%	84%	91%
Renewals	86%	88%	95%	95%
Claims	55%	65%	45%	42%
STFC				
Disbursements	57%	5%	5%	22%
Collections	88%	12%	25%	50%
SCUF				
Disbursements	59%	1%	22%	39%
Collections	89%	37%	60%	86%

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ASSETS UNDER MANAGEMENT & INVESTMENT RETURN

Assets under management	Jun-20 AuM	Difference: actual vs Dec-19 modelled
SA Investment Management (Rm)	918 166	**-61 485**
Sanlam Private Wealth (Rm)	140 950	-8 596
Sanlam Asset Management Ireland ($m)	6 163	-1 756
Sanlam International Investment Partners ($m)	3 808	-1 929

NET FUND FLOWS*	Jun-20 Actual	Difference: actual vs Dec-19 modelled
SA third-party asset manager (Rm)	24 476	**2 457**
Sanlam Private Wealth (Rm)	-718	32
Sanlam Asset Management Ireland (Rm)	-256	-1 305
Sanlam International Investment Partners (Rm)	-1 611	-1 961

Investment return assumptions

	Dec-19 modelled	H1 2020 actual	Variance model expectation	Benchmark
Equities	5.8%	-8.5%	-14.3%	50%SWIX 50%Capped SWIX
Fixed-interest securities	5.8%	0.3%	-5.3%	BEASSA Total return Govi
Properties	8.9%	2.5%	-6.4%**	BEASSA 7 – 12 + 1% p.a.
Cash	3.5%	3.2%	-0.3%	STeFI
Offshore investments				
Equities	4.8%	17.1%	12.3%	MSCI World Equity Index
Fixed interest securities	0.2%	3.3%	3.1%	3 Month JIBAR + 1.25% p.a.
Properties	1.5%	28.3%	26.8%	US 3 Month LIBOR + 5.5% p.a.
Cash	1.8%	24.9%	23.1%	US 3 Month Libor rate

* Includes intergroup flows; Sanlam Private Wealth also includes non-discretionary assets under administration flows

** SA listed property index was down 40% June year-to-date

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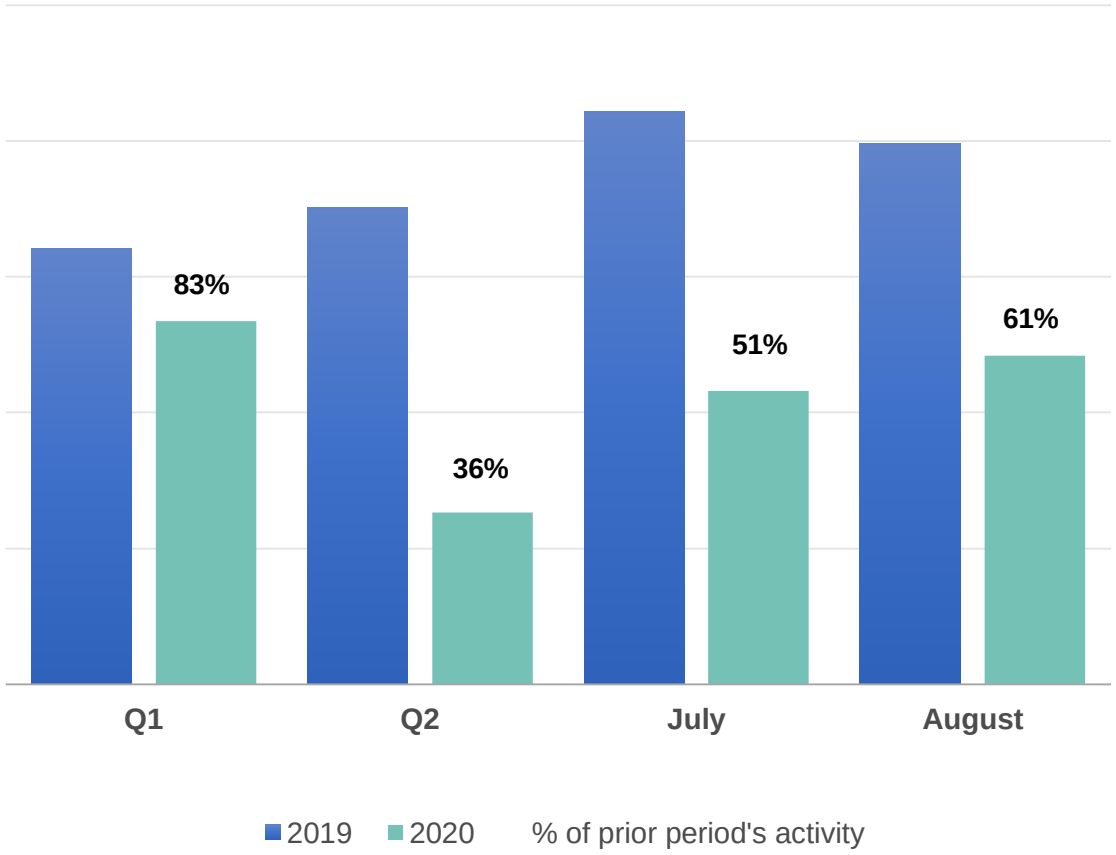
04 Sanlam Corporate

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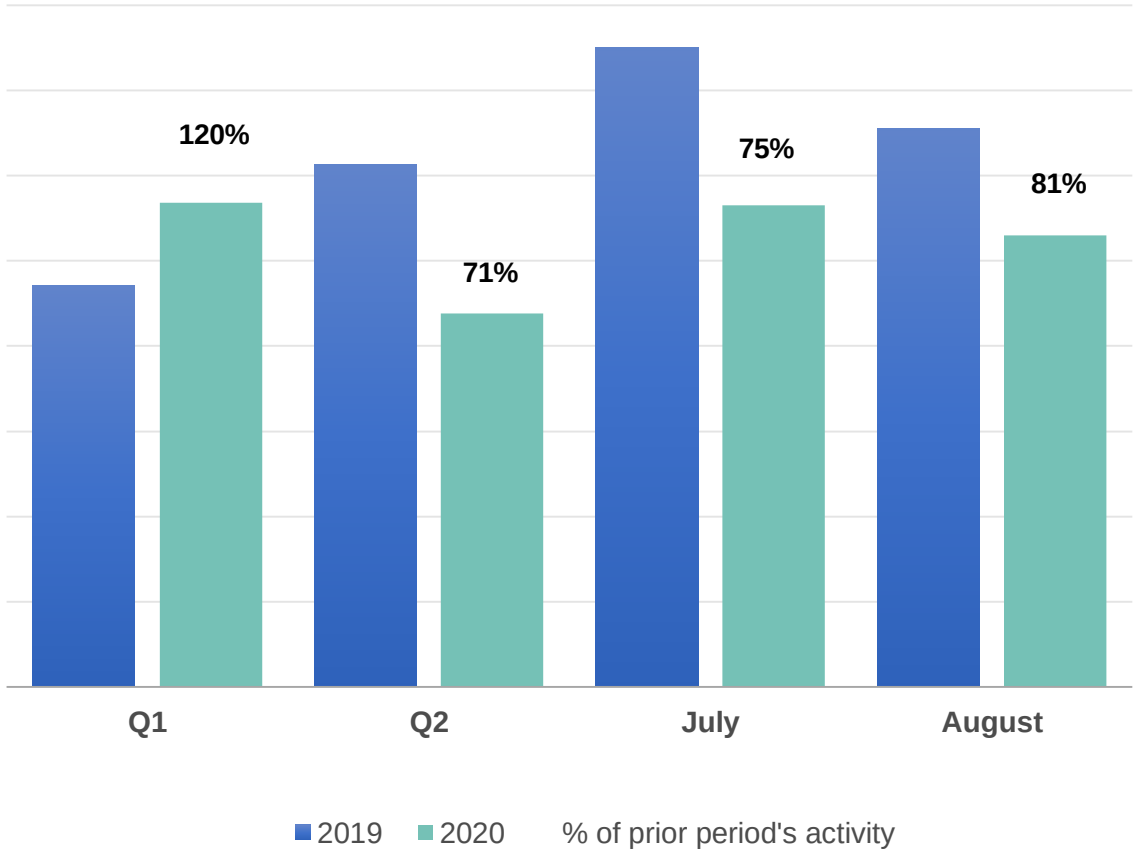
SALES ACTIVITY

Average number of quotes per month

Sanlam Umbrella Solutions quote activity (average number of quotes per month)



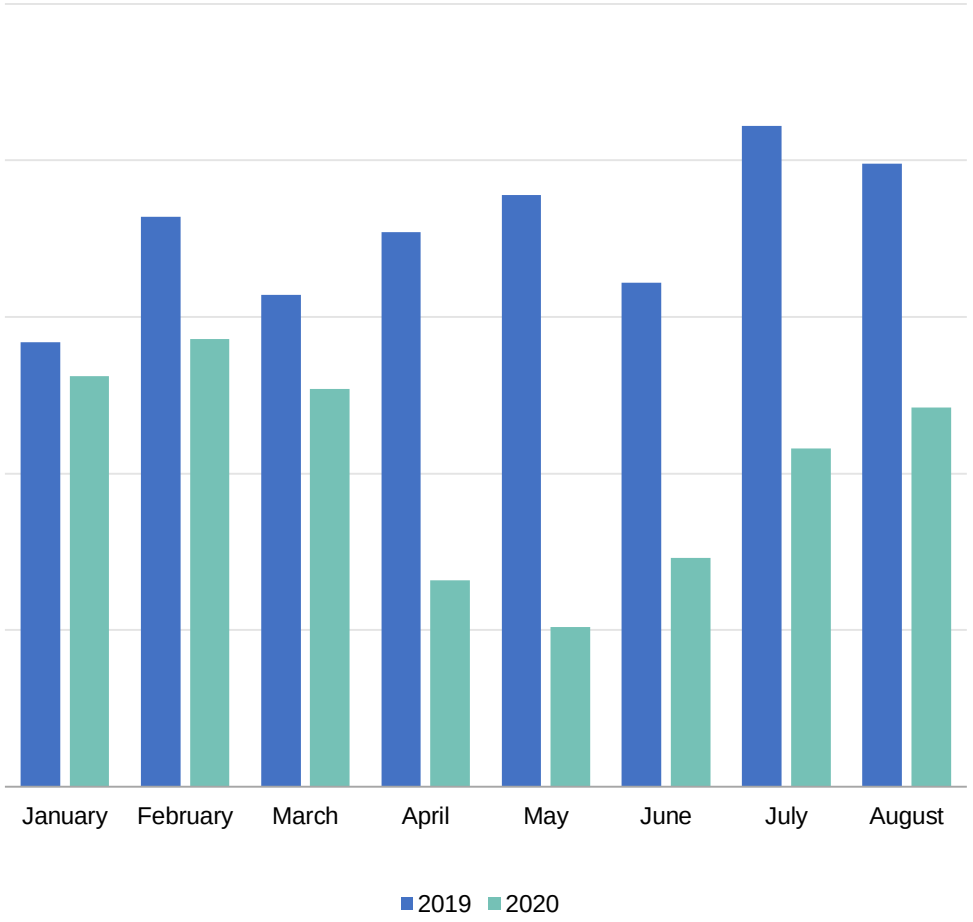
Sanlam Group Risk quote activity (average number of quotes per month)



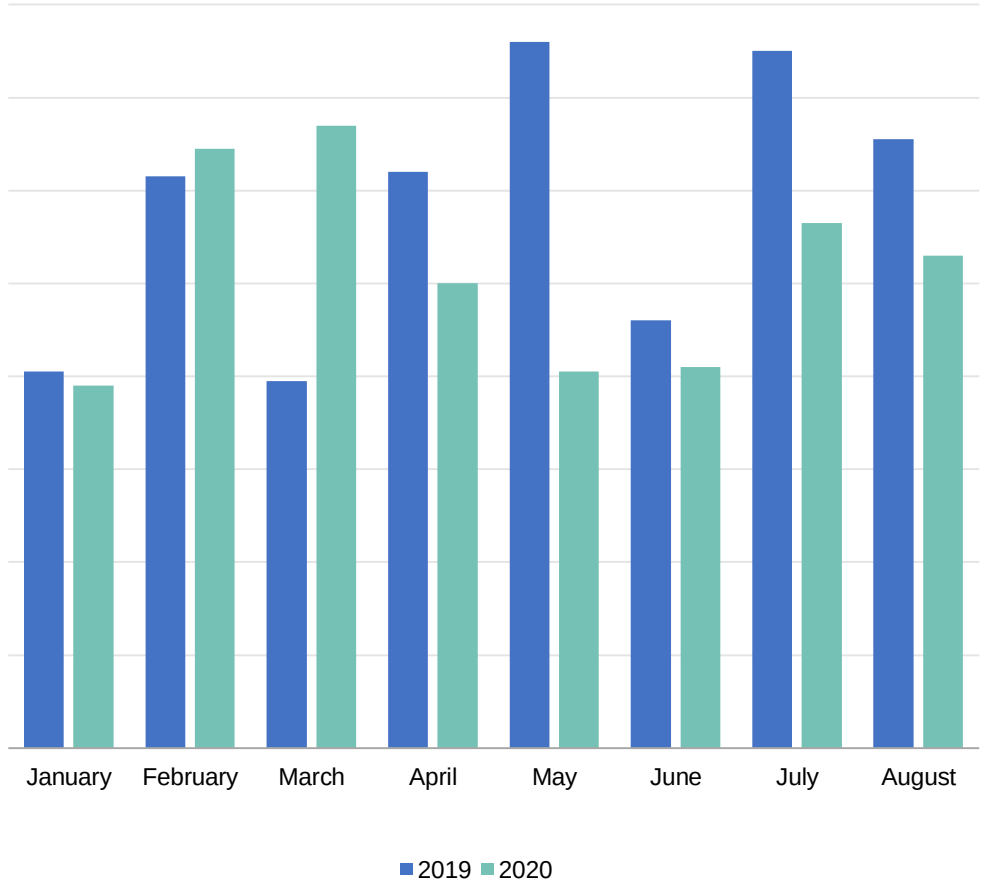
SALES ACTIVITY

Number of quotes per month

Sanlam Umbrella Solutions quote activity (quotes per month)

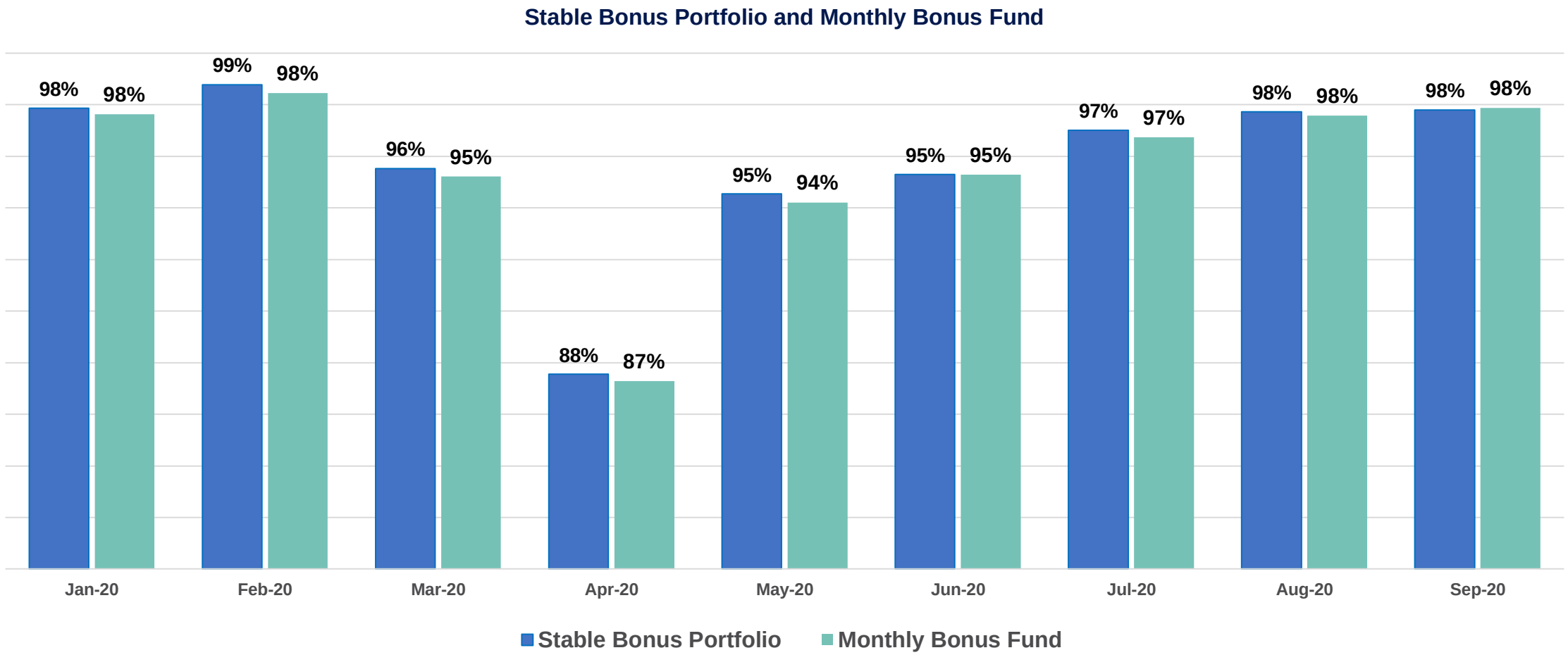


Sanlam Group Risk quote activity (quotes per month)



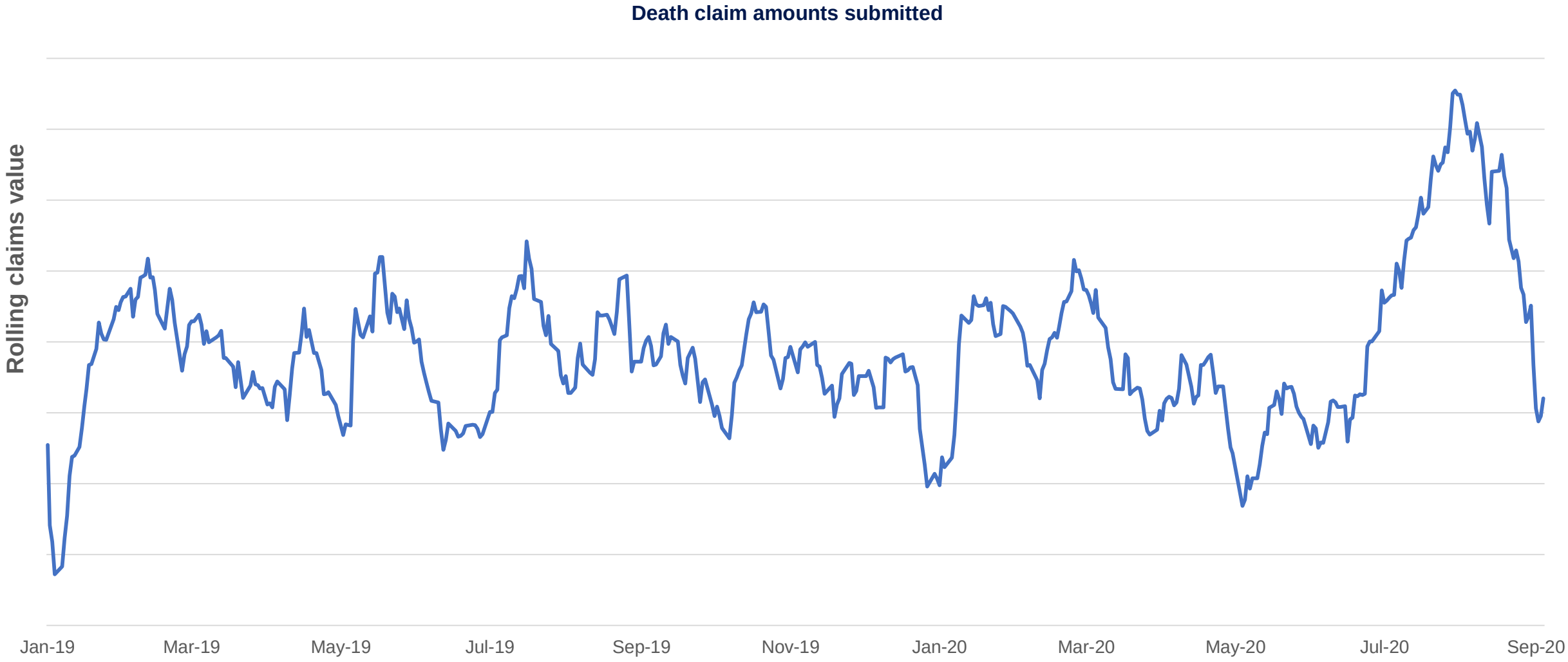
SMOOTH BONUS FUNDING LEVELS

Monthly funding levels

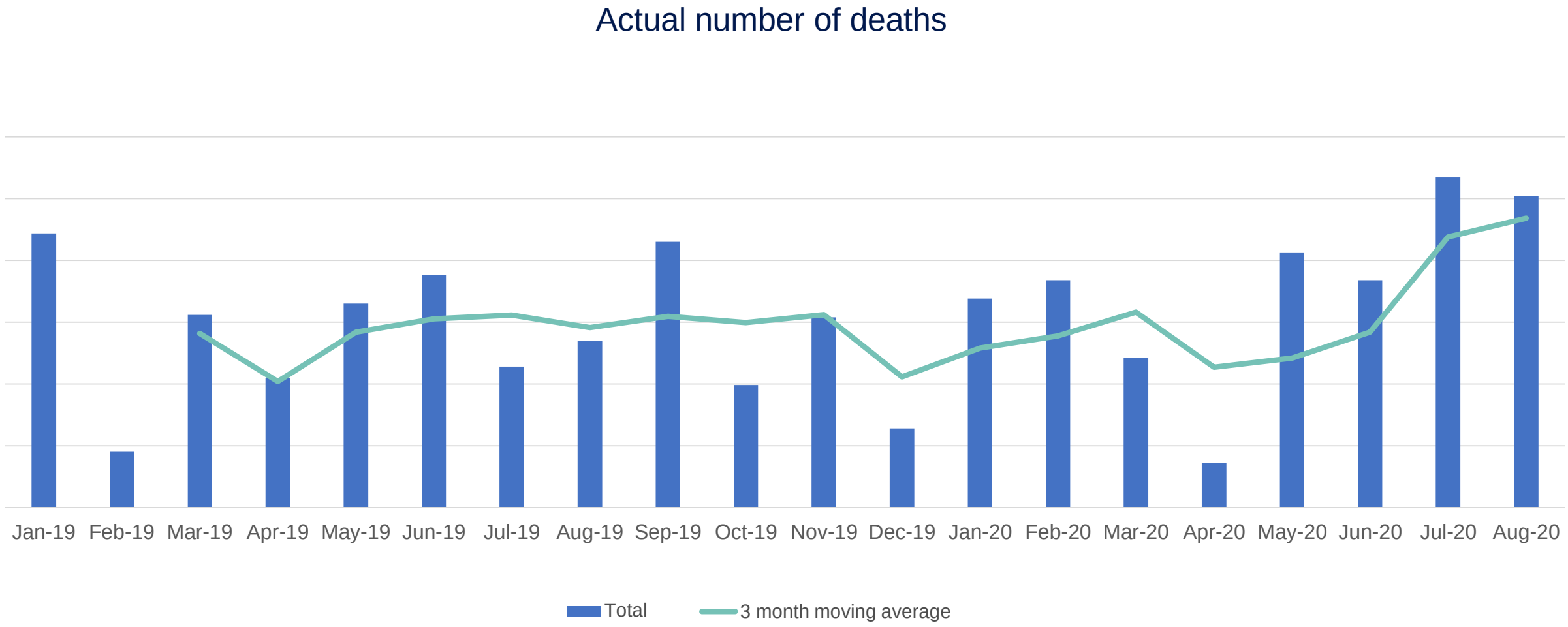


GROUP LIFE ASSURANCE CLAIMS

14-day rolling average claims amounts at submission date

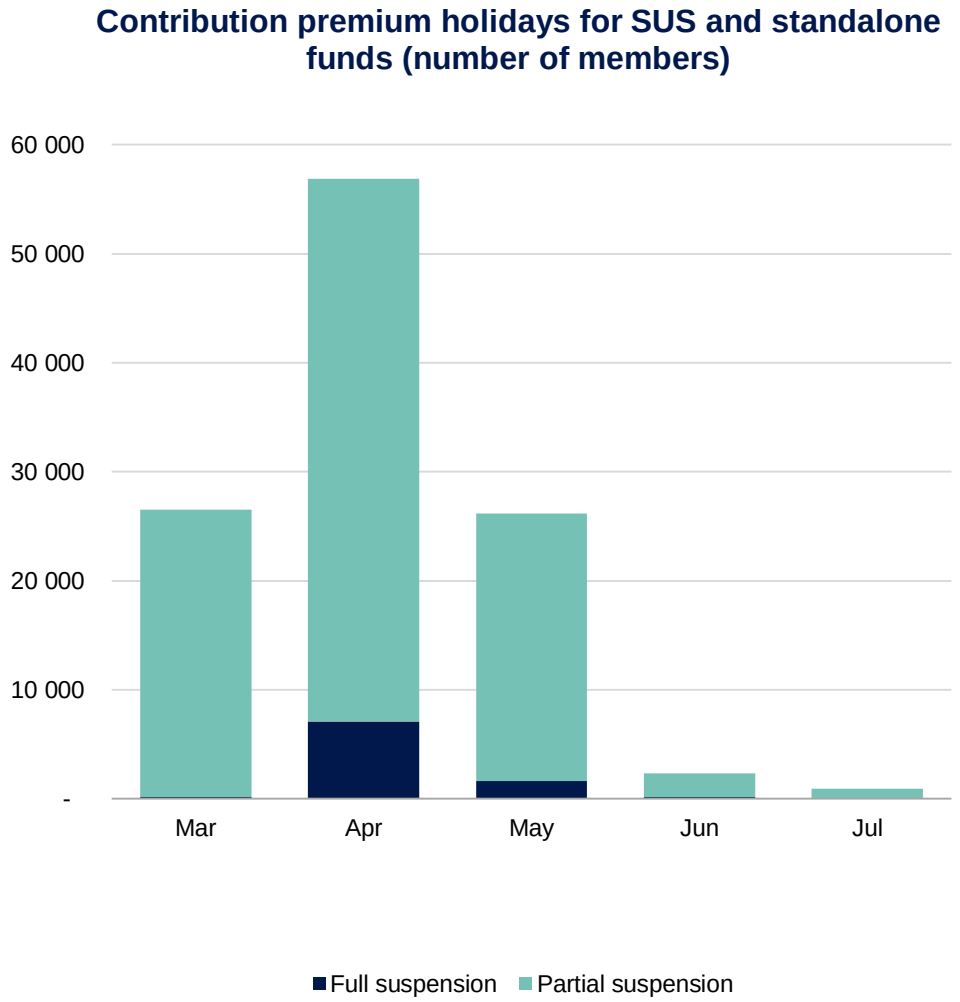


ANNUITY MORTALITY EXPERIENCE



CONTRIBUTION HOLIDAYS

Retirement fund administration platforms –
108 000 members benefitting from contribution holidays; only 8 000 have been reinstated to date



- Contribution holidays: 108 000 members (844 employers) representing 10% of the total members
  - Sanlam Umbrella Solutions: 25%
  - Standalone: 5%
- Reinstatement of contributions:
  8 000 members (56 employers)
- Terminations: 12 000 members
  (80 employers)
- Retrenchments: 12 400 (5 000 from SUF and remainder mainly from mining and construction)

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COVID-19: EMBEDDED VALUE BASIS CHANGES

- Persistency
  - Assumed impact will be similar to that seen during the global financial crisis
  - For SA, estimate based on a loss of 5% of existing business
    - Immediate loss
    - Assumed 5% RAs paid-up immediately
  - SEM: some country-specific allowances, but expected to be less severe
  - Persistency assumption changes: R1.5bn after tax
- Mortality and morbidity
  - No basis changes, as existing pandemic reserves (R0.8bn pre-tax) expected to be sufficient
  - Have assumed 2% population infection rate (1.2 million symptomatic infections in SA) and age-related mortality based on an average of China and Western Cape experience. Implies approximately 17 000 SA deaths.
  - Pandemic reserve should remain sufficient in the scenario where infection rate is 3.4% (2 million symptomatic infections in SA), which implies approximately 28 000 SA deaths. (Should remain sufficient for significantly higher infection rates, as no allowance has been made in estimates for the difference in profile of insured lives versus population.)

COVID-19: EMBEDDED VALUE BASIS CHANGES

- Expenses
  - Lower persistency should impact unit expenses
    - Expense savings in some businesses sufficient to absorb lower assumed units
    - Persistency driven unit expense assumption changes total R250m after tax.
  - Lower new business volumes a constraint on controlling unit expenses
  - Also strengthened reserve for special projects: R150m after tax
- Impact on the economy and financial markets observed in negative investment variances (incl. credit spreads), economic basis changes and currency effects
- Significant uncertainty remains regarding how experience will unfold


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