Sanlam Limited
(Incorporated in the Republic of South Africa)
(Registration number 1959/001562/06)
("Sanlam", "Sanlam Group" or "the group")
JSE Share code: SLM
A2X share code: SLM
NSX share code: SLA
ISIN: ZAE000070660

Sanlam Life Insurance Limited
(Incorporated in the Republic of South Africa)
(Registration No. 1998/021121/06)
("Sanlam Life")
Bond Issuer Code: BISLI
LEI: 378900E10332DF012A23

Sanlam group operational update for the three-months ended 31 March 2025

Strong start to the year

All commentary and growth rates relate to the first three months of 2025 relative to the first three months of 2024, unless otherwise indicated.

- Net result from financial services[1] (NRFFS) and cash NRFFS increased by 15% (18% in constant currency).
- Net operational earnings[2] increased by 22% (26% in constant currency).
- Group new business volumes increased by 15%.
- Life insurance new business volumes[3] and value of new business (VNB) both increased by 4% on a normalised basis (to reflect the changes in the group structure between 2024 and 2025).
- The group solvency cover ratio remained strong and well within target range.

The first quarter of 2025 was marked by escalating global geopolitical tensions and shifting economic policies. Equity markets in the United States (US) recorded small declines, primarily driven by the potential impacts of these factors on inflation and economic growth. International markets, however, showed resilience, benefiting from a rotation out of US equities and into European and emerging markets. Post "liberation day", US markets, as well as global markets have seen extremely heightened volatility.

South African economic indicators were subdued in the first quarter of 2025, despite easing inflation. SA long bond yields, which had been on a declining trend through 2024, remained at relatively low levels for early 2025, before increasing from February 2025, in response to the challenging global and local environment. Guaranteed annuity sales continued to moderate in 2025, following the 2024 declining trend which was driven by declining long bond yields.

Economic growth in Pan-Africa showed signs of improvement despite challenges related to relatively high government debt levels. In Asia, India's economic growth remains strong, albeit with some signs of moderation. The South African rand strengthened relative to the group's main currency exposures in Pan-Africa and India over the first quarter. The group's diverse portfolio, however, meant that this impact was not significant on earnings and new business volumes. Depreciation of the Egyptian pound and Nigerian naira however had a larger impact on the group's VNB.

The group's earnings (NRFFS) continued to grow strongly and demonstrated solid performance in all areas of operations. There was strong growth in overall new business volumes, despite relatively muted life insurance performance, reflecting the benefit of a diversified portfolio. Life insurance volumes were however sustained at the exceptionally high levels recorded over the past few years.

[1] A measure of the Sanlam group's operating performance allowing for specific shareholders' fund adjustments and aligned with cash earnings that drive dividend distribution.
[2] NRFFS including investment return after allowing for specific shareholders' fund adjustments and project expenses.
[3] On a present value of new business premiums (PVNBP) basis.

The group's **discretionary capital** balance increased to R4,7 billion on 31 March 2025 from R4,1 billion on 31 December 2024, due to special dividends received from Assupol and the retail mass business.

Santam completed the transaction to acquire the 60% A1 ordinary shares in NMS Insurance services (SA) Limited from Sanlam Life for R925 million, effective on 2 May 2025. On 7 April 2025, Allianz Europe BV (Allianz) concluded the acquisition of 8,59% in SanlamAllianz for an initial cash consideration of R4,5 billion, resulting in a final shareholding split in SanlamAllianz of 51% Sanlam and 49% Allianz.

Sanlam completed its subscription for additional shares in Shriram Wealth in India, increasing its effective economic shareholding from 26% to 49,7%. The transaction to increase the group's effective economic shareholding in Shriram Asset Management Company from 16,3% to 35,5% received all required approvals. The combined capital outlay for these transactions is R700 million, funded from discretionary capital.

Discretionary capital on 14 May 2025 is approximately R9,7 billion, after adjusting for transactions that became effective after the reporting period. Approximately R5 billion of discretionary capital is currently ringfenced for the Shriram insurance and stockbroking transactions which remain subject to regulatory approvals. Given the state of global geopolitics and its potential to create disruptions in global financial markets, the group has decided to maintain a significant discretionary capital buffer at this time, above what the group would regard as the normal target range.

The group continues to focus on strategic delivery, making good progress on Assupol's integration. Sanlam has progressed well in consolidating the Assupol advisor force into the Sanlam advisor force as well as consolidating support functions. In April 2025, Ninety One Limited and Plc shareholders approved the resolution for the transaction relating to a long-term active asset management relationship, as set out in the circular dated 6 March 2025. This transaction remains on track for completion later in the year.

Strong earnings growth across our operations

Growth in **NRFFS** was supported by satisfactory performance from all lines of business, with the general insurance and investment management lines performing particularly well.

Net result from financial services *(percentage increase for the first three months of 2025 relative to the first three months of 2024)*	**Actual**	**Normalised**[4]
Sanlam group	**15%**	**19%**
By line of business		
General insurance	49%	56%
Investment management[5]	16%	16%
Life insurance and health[6]	7%	7%
Credit and structuring[7]	6%	21%

NRFFS in the **general insurance** operations benefited from excellent performance in South Africa from Santam as well as strong earnings growth in India. Pan-Africa's net insurance result margin remained within its 10% to 15% target range.

Investment management recorded strong double-digit growth in NRFFS, with South Africa investment management posting solid growth on the back of fund establishment fees in the alternatives business, continued strong performance in Satrix, as well as higher brokerage income in the private wealth business.

[4] In constant currency with adjustments as in below footnotes and detailed in appendix.
[5] Normalised includes Namibia with 2025 shareholding applied to 2024.
[6] Normalised excludes Capitec from 2024 base, includes Assupol in 2024 and 2025 and includes Namibia with 2025 shareholding applied to 2024.
[7] Normalised includes India and Namibia with 2025 shareholding applied to 2024.

Life insurance and health performance was driven by satisfactory growth in the South Africa life insurance portfolio and improved earnings in Malaysia, partly dampened by weaker performance in India from investment in distribution channels that continue to deliver strong new business growth. Pan-Africa delivered good growth in constant currency.

Credit and structuring performance was driven by continued good growth in Shriram Finance Limited (SFL) in India, as well as strong performance from the structuring business in South Africa. On a normalised basis, credit and structuring NRFFS increased by 21%, with the higher normalised growth reflecting the SFL and Namibia shareholding change and the appreciation of the South African rand against the Indian rupee.

Satisfactory growth in new business volumes and net client cash flows

Key group new business metrics *(percentage increase/(decrease) for the first three months of 2025 relative to the first three months of 2024)*	**Actual**	**Normalised[8,9]**
Sanlam group		
New business volumes	15%	17%
Net client cash inflows	>100%	>100%
Life insurance new business metrics		
PVNBP	(3%)	4%
VNB	(20%)	4%
VNB margin	2,2%	2,3%

Life insurance new business volumes[10] increased by 4% on a normalised basis. South Africa showed low growth off an elevated base, benefiting from good sales in the affluent market which was partly dampened by weaker single premiums in corporate and weaker group business in retail mass, both of which are lumpy and expected to improve over the remainder of the year. Increased Pan-Africa new business volumes were driven by West Africa and most of Southern Africa, while Asia benefited from continued strong growth in India.

Actual VNB was lower due to structural changes of the termination of the Capitec relationship and sale of Namibia to SanlamAllianz, coupled with a product mix change in the affluent market away from high margin guaranteed annuity sales towards less capital-intensive market-linked annuity products. On a normalised basis VNB increased by 4%.

Following the various structural changes to the group's operations in 2024, actual VNB growth is expected to decline significantly in 2025, but to increase on a normalised basis, reflecting growth in the group's core operations.

General insurance net earned premiums grew by 13%, with strong contributions across all regions. Santam recorded strong growth in the conventional insurance business. In the Pan-Africa portfolio, SanlamAllianz recorded growth below its 12% to 15% target range due to the timing of recognition of premiums, which is expected to unwind over the year. Adjusting for this, net earned premiums increased by 14% in constant currency. Asia recorded growth of 30%, driven by continued strong motor third party business in India.

Investment management new business volumes were 21% higher with strong inflows recorded across all the group's investment management operations. **Group net client cash flows** more than doubled to over R20 billion, with substantial contributions across all regions and lines of business.

[8] In constant currency. See normalisation footnotes below and detailed in appendix.
[9] Excludes Capitec from 2024 base, includes Assupol in 2024 and 2025 and includes Namibia with 2025 shareholding applied to 2024.
[10] PVNBP basis

Outlook

At the 2024 annual results the group indicated that geopolitical risks and potential increases to tariffs posed the biggest risk to 2025 guidance. Tariff dispute outcomes remain uncertain and hard to analyse. The scale and speed with which they have been implemented, frequent changes in the negotiations globally and the deepening global rifts make it difficult to forecast those economic variables that most impact our results, with any degree of accuracy.

The variables where we have seen significant change to date are volatile equity market levels, currency and long bond yields. The group is cognisant of the increased probability of a US recession and the likelihood that this would impact the global economy significantly. South Africa, Pan-Africa and Asia would all be impacted by a global recession or slow-down, in addition to the immediate and long-term direct impacts of the tariff changes. Lower new business, lower gross written premiums and deteriorations in persistency are all likely in this scenario.

The group is also concerned that increased tariffs may have an inflationary impact that may not be offset by recessionary forces. The impact of inflation may also be exacerbated by supply chain disruption, risking higher general insurance claims costs and lower underwriting margins. Lower asset fees earned, lower growth across our businesses, higher inflation and reduced persistency coupled with increased credit defaults, could reduce our outlook for earnings.

A weaker economic environment is also likely to negatively impact credit default rates. We anticipate a limited impact on the SFL business in India because of its prudence and type of credit granted, but the Sanlam group's corporate credit portfolio and corporate bond spreads remain vulnerable.

We believe it is too early to provide any meaningful update to our earnings guidance considering the uncertainties regarding the impacts of the tariff disputes.

Appendix: Basis of normalisation

The following businesses' 2024 bases were normalised for ease of comparability on a like-for-like basis per the table below.

Business	Transaction	Treatment
SanlamAllianz	Sanlam Life Namibia sold to SanlamAllianz with financial effective date of 1 July 2024. Prior to this Sanlam owned 100%, and post transaction Sanlam owned an effective 59,59% of Sanlam Life Namibia.	Treated as though transaction occurred effective 1 January 2024, with Sanlam shareholding of Sanlam Life Namibia at 59,59% from 1 January 2024.
Sanlam Life and Savings	Sanlam acquired 100% of Assupol with an effective date of 1 October 2024.	Treated as though transaction occurred effective 1 January 2024, with Assupol included as a subsidiary from 1 January 2024.
	Conclusion of the Sanlam joint venture with Capitec on 31 October 2024.	Treated as though transaction occurred effective 1 January 2024 and therefore 2024 results removed.
Asia - India	Reduction of shareholding in SFL at end of March 2024. Prior to this date Sanlam owned an effective 10,19% of SFL, and post transaction date, Sanlam owned an effective 9,54%.	Treated as though transaction occurred effective 1 January 2024, with effective 9,54% shareholding in SFL from 1 January 2024.

The information in this operational update has not been reviewed or reported on by Sanlam's external auditors. Shareholders are advised that this is not a trading statement as per paragraph 3.4(b) of the JSE Limited Listings Requirements.

Currency movements did not have a material impact on group earnings and new business metrics.

Conference call

Paul Hanratty, group CEO, will host a conference call for investors, analysts, and the media at 17:00 South African time (UTC+2) on 15 May 2025.

Those wishing to participate in the conference call should navigate to: ***https://www.diamondpass.net/4719591***
Registered participants will receive their dial-in number on registration.

Recorded playback will be available until 20 May 2025.

Access code for recorded playback: 47544

South Africa	*010 500 4108*
USA and Canada	*1 412 317 0088*
UK	*0 203 608 8021*
Australia	*073 911 1378*
Other countries	*+27 10 500 4108*

Cape Town
15 May 2025

Equity sponsor: The Standard Bank of South Africa Limited

Debt sponsor: The Standard Bank of South Africa Limited
NSX sponsor: Simonis Storm Securities (Pty) Ltd

Disclaimer

In this document, Sanlam Ltd ("SLM" or "Sanlam"), its subsidiaries and, where applicable, its joint ventures and associates are referred to as "we", "us", "our", "Sanlam" and the "group".

Forward-looking statements

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