Shaping our future with confidence

Sanlam Limited
Annual Financial Statements 2024

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Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

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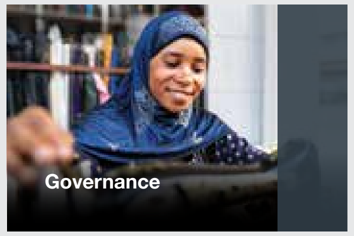

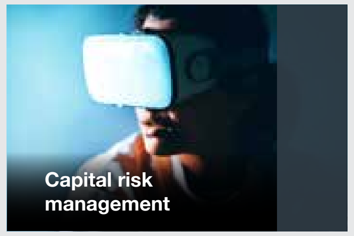

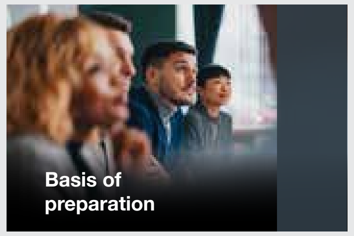

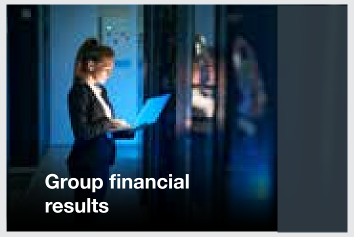

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Directors' responsibility for financial reporting

The board of Sanlam Limited takes responsibility for the integrity, objectivity and reliability of the group and company annual financial statements of Sanlam Limited in accordance with IFRS® Accounting Standards. Adequate accounting records have been maintained. The board endorses the principle of transparency in financial reporting. The responsibility for the preparation and presentation of the annual financial statements has been delegated to management.

The responsibility of the joint external auditors, PricewaterhouseCoopers Inc. and KPMG Inc. is to express an independent opinion on the fair presentation of the financial statements based on their audit of Sanlam Limited and the group. The responsibility of the joint external auditors, PricewaterhouseCoopers Inc. and KPMG Inc., is to express an independent opinion on preparation of the additional shareholders' information.

The audit committee has satisfied itself that the external auditors were independent of the company during the period under review.

The audit, actuarial and finance committee has confirmed that effective systems of internal control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year, which had a material impact on the Sanlam Limited group or company annual financial statements. The board is satisfied that the annual financial statements fairly present the financial position, the results of operations and cash flows in accordance with IFRS® Accounting Standards and supported by reasonable and prudent judgements consistently applied.

The board of Sanlam Limited takes responsibility for the integrity, objectivity, reliability and framework setting of the additional shareholders' information included in the annual financial statements. The responsibility for the preparation and presentation of the additional shareholders' information had been delegated to management.

A full description of how the audit, actuarial and finance committee carried out its functions is included in the corporate governance report online.

The board is of the opinion that Sanlam Limited is financially sound and operates as a going concern. The annual financial statements have accordingly been prepared on this basis.

The annual financial statements, the corporate governance report, the remuneration report and the additional shareholders' information were approved by the board and signed on its behalf by:

Paul Hanratty
Group Chief Executive

Cape Town

5 March 2025

Temba Mvusi
Chairperson

Cape Town

5 March 2025

Internal financial reporting control (IFC) environmental

In accordance with the JSE Listings Requirement 3.84(k) the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 14 to 258, fairly present in all material respects the financial position, financial performance and cash flows of Sanlam in terms of IFRS® Accounting Standards;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to Sanlam and its consolidated subsidiaries have been provided to effectively prepare the financial statements;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and executive of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remedied the deficiencies; and

(f) we are not aware of any fraud involving directors.

Paul Hanratty

Paul Hanratty
Group Chief Executive

Cape Town

5 March 2025

Abigail Mukhuba

Abigail Mukhuba
Finance Director

Cape Town

5 March 2025

Independent auditors’ report

To the Shareholders of Sanlam Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

We have audited the consolidated and separate financial statements of Sanlam Limited (the company) and its subsidiaries (together the group) set out on pages 14 to 258, which comprise:

- group statement of financial position as at 31 December 2024;
- group statement of comprehensive income for the year then ended;
- group statement of changes in equity for the year then ended;
- group statement of cash flows for the year then ended;
- company statement of financial position as at 31 December 2024;
- company statement of comprehensive income for the year then ended;
- company statement of changes in equity for the year then ended;
- company cash flow statement for the year then ended; and
- the notes to the financial statements, including material accounting policy information, the capital and risk management report, basis of preparation and remuneration report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sanlam Limited as at 31 December 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to assist us in determining the scope of our audit and the nature, timing and extent of our procedures. Materiality is also used in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined certain quantitative thresholds for materiality for the financial statements as follows:

	Consolidated financial statements	Separate financial statements
Final materiality	R1,47 billion	R279 million
How we determined it	5% of profit before tax from continuing operations	1% of total assets
Rationale for the materiality benchmark applied	We chose profit before tax from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most likely to be measured by users when evaluating a profit-oriented entity and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the Group.	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most likely to be measured by users when evaluating a holding company and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for holding companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the Company.

Group audit scope

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed risk assessment procedures to determine which of the Group’s components are likely to include risks of material misstatement to the consolidated financial statements and which further audit procedures to perform at these components to address those risks.

In total, we identified 307 components of which 262 are inconsequential. We identified six components at which further audit procedures were performed on the entire financial information of the component, either because audit evidence needed to be obtained on all or a significant proportion of the components’ financial information, or that component represents a pervasive risk of material misstatement to the consolidated financial statements.

Independent auditors' report continued

We also identified 11 components, at which further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated financial statements.

Accordingly, we involve 17 component auditors in performing the audit work at these 17 components.

Based on our risk assessment procedures, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information not subject to further audit procedures.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components.

Video and telephone conference meetings were held with these component auditors. At these meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and, where applicable, any further work required by us was then performed by the component auditors.

We inspected selected areas of the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters below relate to the consolidated financial statements only. We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

In terms of the EAR Rule, we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter	How our audit addressed the key audit matter
Valuation of policy liabilities and assets (detailed in the accounting policies and notes 7, 8, 9, 10 and 29.2 to the consolidated financial statements) As at 31 December 2024, the Group held insurance contract assets and liabilities as well as reinsurance contract assets and liabilities because of its insurance operations. The Group applies IFRS 17: Insurance Contracts to insurance contracts and reinsurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features (DPF) (collectively referenced as "policy liability balances"). The present value of fulfilment cash flows (PVFCF) contained in policy liability balances are associated with significant uncertainties requiring the use of expert judgement embedded within complex actuarial models relying on subjective assumptions relating to future events including probability-weighted estimate assumptions regarding the expected claims and lapses. Changes to these assumptions may result in material changes to the valuation. The contractual service margin (CSM) is impacted by assumption changes to the PVFCF for future coverage that influences the release of the CSM in the current year and future periods. The most significant assumptions made in the valuation of policy liability balances arising from the Group's insurance and reinsurance contracts relate to: • Future mortality, longevity and morbidity • Persistency assumptions with regard to lapse, surrender and paid-up rates • Future maintenance expenses • Discount rates • Inflation	Our audit of the policy liability balances included the following audit procedures that were executed with the assistance of our actuarial specialists. We tailored our testing of the policy liability balances with reference to the various portfolios of contracts and the various measurement models applied and performed testing on a disaggregated basis. Our procedures included the following: • Using our actuarial expertise, we assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and approved Group accounting policy in accordance with IFRS 17. • We challenged key assumptions, and the methodologies and processes used to determine and update these assumptions, through comparison with externally observable data and our assessment of the Group's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the following assumptions: – future mortality, longevity and morbidity changes, – persistency assumptions, – future maintenance expense assumptions, and – discount rates and inflation.

Governance | Capital risk management | Basis of preparation | Group financial results | Company financial results | Remuneration report

Key audit matter	How our audit addressed the key audit matter
We considered the valuation of policy liability balances to be a key audit matter in our audit of the consolidated financial statements because of the following: • The significant judgements and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing it; • The use of complex actuarial methods, together with significant judgements and assumptions; and • The material nature of the policy liability balances on Sanlam's statement of financial position and resultant impact on the statement of comprehensive income for the year ended 31 December 2024.	• We tested the design and implementation as well as effectiveness of management controls over models, including that any changes to models have been appropriately tested and the impacts quantified by management. • The reasonableness of the amortisation of the CSM was assessed as follows: – For a sample of individual retail life group of contracts, we recalculated the CSM using an independent model. – For a sample of corporate life insurance group of contracts, an analysis and reperformance of the CSM build-up was performed. • We evaluated the reasonability of key measures as follows: – Build-up and changes in the probability-weighted best estimate liabilities (BEL), risk adjustment (RA) and CSM by comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management/governance structures. • For the valuation of the liability for incurred claims (LIC) for PAA contracts across the Group: – We either assessed management's valuation or independently valued the balances based on our independent models. – We assessed the adequacy of the assumptions applied by management, eg delay factors, and assessed the adequacy of the year-end valuation with reference to prior years and key ratios. Based on the procedures performed as detailed above, we did not raise any material exceptions with respect to our audit of the policy liability balances.
Goodwill impairment assessment (detailed in the accounting policies and notes 1 and 29.1 to the consolidated financial statements) As at 31 December 2024, the Group recognised goodwill in the consolidated financial statements amounting to R6,7 billion. The carrying amount of goodwill is reviewed biannually for impairment and written down where the recoverable amount is less than the carrying amount. In performing the impairment test, the carrying amount of each cash generating unit (CGU), is compared to the recoverable amount of the respective CGU. The recoverable amount of each CGU is determined based on fair value less cost to sell for entities that are cash-generating units. Management performed an impairment assessment over the cash generating units by calculating their fair value less cost to sell. Management has applied significant judgement in determining the recoverable amount given the key assumptions applied in performing the impairment assessments. Key assumptions include: • Annual growth rates • Average perpetuity growth rates • Average local discount rates • Value of New Business (VNB) multiples • Risk premiums We considered the goodwill impairment assessment to be a matter of most significance to our audit due to the: • Significant judgement exercised by management in assessing impairment including the estimation uncertainty around the assumptions applied; and • Magnitude of the goodwill balance.	Our audit approach included the following audit procedures for the goodwill impairment assessment: **Determining the fair value less cost to sell of the CGUs** We performed the following with assistance from our valuation experts: • We held discussions with management and inspected governance reports to obtain an understanding of the methodology applied by management in performing its fair value assessment to confirm whether the approach adopted by management in the valuation models applied on the CGUs are consistent with market practice and the applicable requirements of IFRS 13: Fair Value Measurement. This informed management's impairment assessment performed in respect of the requirements of IAS 36: Impairment of Assets. • We assessed the key assumptions by comparing inputs in the valuation models to observable sources (where available), including the assessment of historical and budgeted performance of the relevant entities. • We considered the appropriateness of inputs that required significantly more judgement. Our challenge was focused on inputs such as annual growth rates, average perpetuity growth rates, discount rates, VNB multiples, average risk discount rates and risk premia by benchmarking inputs against those of other comparable industry participants. We selected a sample of CGUs, and independently reperformed the fair value calculation using market observable and comparable industry inputs. In performing the above, we determined an independent range of indicative equity values. • For a sample of CGUs represented by listed investments, we compared the fair value of the investment to the listed share price of such entity. **Goodwill impairment testing** • We tested the mathematical accuracy of the valuations report. We agreed the final fair values audited and compared to the goodwill recorded. In addition, we assessed internal and external factors in consideration of goodwill in our final assessment. No impairment indicators other than reported in financial statements were noted. • We assessed the adequacy of the disclosures relating to goodwill in terms of IAS 36. Based on the procedures performed as detailed above, we did not raise any material exceptions with respect to our audit of the Goodwill impairment assessment.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Acquisition of Assupol – Valuation of intangible assets and insurance contracts acquired – (detailed in the accounting policies and notes 29.2 and 35.1 to the consolidated financial statements) On 1 October 2024, Sanlam Life Insurance Limited acquired a 100% shareholding in Assupol Holdings Limited ("Assupol"). The transaction necessitated that the underlying assets and liabilities acquired under this business combination are accounted for in line with the principles set out in IFRS 3: Business Combinations, read with IFRS 17: Insurance Contracts and IFRS 13: Fair Value Measurement. We consider the accounting for this transaction a matter of most significance to our audit due to: • The significant judgements and high degree of estimation uncertainty relating to the valuation of projected cash flows and the use of significant unobservable assumptions applied in valuing intangible assets and the insurance assets and liabilities at the date of acquisition. • The magnitude of the transaction and specifically the material value associated within the insurance contract assets and liabilities that are recognised at acquisition.	Our audit of the valuation of the assets and liabilities at acquisition included the following audit procedures that were executed with the assistance of our actuarial specialists: ***Procedures over intangible assets acquired*** Our procedures over the balances included the following: • We assessed the exercise performed by management to identify all potential separately identifiable intangible assets against the requirements of IFRS 3: Business Combinations, our knowledge of other transactions concluded in the industry and assets that have emanated as a result; • We challenged key assumptions and the methodologies through comparison with externally observable data and our assessment of the Group's analysis of experience to date with allowance for future uncertainty. Our challenge focused primarily on the values associated with intangible assets recognised that had not been reflected in the financial statements of Assupol, namely the customer relationships and trademark values. • In valuing the abovementioned intangibles, we challenged the following key assumptions used by management: – Value of new business ("VNB") measures used in the valuation of benefits expected from customer relationships and the associated VNB multiples. – We assessed the cash flows used in the VNB models against business plans or against actual cash flows in recent years. ***Procedures over insurance contract assets and liabilities*** We tailored our testing of the policy asset and liability balances with reference to the various portfolios of contracts and the various measurement models applied. Our procedures over the contracts acquired included the following: • With the assistance of our actuarial specialists, we assessed the fair value methodology applied in the determination of the consideration paid/received for insurance contract assets and liabilities and assumptions for compliance against the requirements as set out in IFRS 13: Fair Value Measurement. In addition, we assessed the process applied against prevailing actuarial guidance, legislation and the approved Group accounting policy in accordance with IFRS 17; • We challenged the assumptions used by management in deriving the fulfilment cash flows by assessing the reasonability where these differed from those used in the underlying records of Assupol; • Our challenge focused on the following key assumptions: – Grouping applied by management where these are different to that used by Assupol; – Elimination of loss components recognised by Assupol at acquisition and the impacts of release of profits to the income statement in future periods relating to this cohort of contracts; – The use of a discount rate that is aligned with approved Sanlam policy at acquisition date in determining the present value of the fulfilment cash flows; – The risk adjustment for non-financial risk applied for these cohort of contracts; and – CSM recognition pattern applied. Based on the procedures performed as detailed above, we did not raise any material exceptions with respect to our audit of the valuation and completeness of the intangible assets and insurance contracts recognised at acquisition.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sanlam Limited Annual Financial Statements 2024", which includes the Certificate by Company Secretary, the Directors' Report and the Audit Committee Report as required by the Companies Act of South Africa and the documents titled "Sanlam Integrated Report 2024" and "Sanlam Shareholders' Fund Information 2024". The other information does not include the consolidated or the separate financial statements, the shareholders' fund information and our auditors' reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent auditors' report continued

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Incorporated and KPMG Incorporated have been the joint auditor of Sanlam Limited for two years and four years respectively.

KPMG Inc

KPMG Inc.
Director: Pierre Fourie
Registered Auditor
Chartered Accountant (SA)
4 Christiaan Barnard Street
Cape Town City Centre
Cape Town, South Africa

5 March 2025

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Alsue du Preez
Registered Auditor
Chartered Accountant (SA)
5 Silo Square
V&A Waterfront
Cape Town, South Africa

5 March 2025

Certificate by company secretary

In my capacity as company secretary, I hereby certify, in terms of the Companies Act, that for the year ended 31 December 2024, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Adela Fortune

Adela Fortune
Company secretary

5 March 2025

The audit committee report

During the year under review, the audit committee comprised five independent non-executive directors. They performed their duties and responsibilities as described in section 94 of the Companies Act and the supplementary functions assigned by the board. The audit committee fulfilled its oversight responsibility and all other relevant aspects relating to the independence of the auditors and audit quality in alignment with JSE Listings Requirements.

The audit committee's roles and responsibilities are outlined in its board approved charter. Some of these functions are elaborated on in this report. It evaluated the company's internal financial controls and has satisfied itself that there were no material breakdowns in these controls in the reporting period that impacted on the reasonability of financial reporting to stakeholders.

The committee is also satisfied that the joint external auditors have considered all significant matters concerning the group's annual financial statements and how, in response, these were addressed by the committee. Furthermore, the committee expressed its satisfaction with the independence of the joint external auditors and confirmed that they are able to conduct their audit functions objectively without any undue influence from the company.

The audit committee confirms that it carried out its legal, regulatory and other responsibilities in alignment with its charter and annual plan.

Kobus Möller

Kobus Möller
Chairperson: audit committee

5 March 2025

Directors' report

for the year ended 31 December 2024

Nature of business

The Sanlam group is one of the largest established financial services groups in Africa. Its core activities are set out in the integrated report.

Sanlam Limited is a public company incorporated in terms of the Companies Act No 71 of 2008, as amended, in South Africa and listed on the JSE Limited, A2X and the Namibian Stock Exchange.

Corporate governance

The board of Sanlam endorses the Code of Corporate Practice and Conduct recommended in the King Report on Corporate Governance™ for South Africa, 2016 (King IV™). Disclosures with regard to compliance with the Code are provided in the Corporate Governance report.

Group results

Profit attributable to shareholders increased 53,61% to R22 240 million in 2024 from R14 478 million in 2023, largely due to strong risk experience in life insurance businesses, and good investment returns. Taking the above into account, the group achieved satisfactory operational performance in 2024. Further details regarding the group's results and prospects are included in the financial review in the integrated report. The information in the Corporate Governance and Remuneration Reports, requiring disclosure in the Directors' report in terms of the Companies Act and JSE Listings Requirements, has been audited. The holding company's interest in the after-tax profit of the group subsidiaries, summarised per cluster, is set out in the shareholder's fund income statement on page 26 of the shareholders' fund information.

Share capital

The issued ordinary share capital of the company is 2 117 million shares. Refer to page 177 for further information.

Dividend

The board has declared a normal cash dividend of 445 cents per share (2023: normal dividend of 400 cents), payable on 7 April 2025, to shareholders registered on 1 April 2025. All payments through electronic bank transfer will take place on this date.

Subsidiaries

Details of the company's principal subsidiaries are set out on page 247.

Directors' interests in contracts

No material contracts involving directors' interests were entered into in the year under review.

Interest of directors and officers in share capital

Details of the shareholding by directors at the date of this report are provided in the online remuneration report on pages 248 and 257.

Directors and secretary

Particulars of the directors and company secretary at the date of this report, as well as changes in directorships, are set out on pages 16 and 19 of the Sanlam Corporate governance report.

Governance | Capital risk management | Basis of preparation | Group financial results | Company financial results | Remuneration report

Subsequent events

In early 2025, the group agreed transactions to subscribe for additional shares in Shriram's wealth and stockbroking businesses, increasing its effective economic shareholding from 26% to 50%. The group also subscribed for additional shares in Shriram's listed asset management operations, Shriram Asset Management Company, to increase its effective economic shareholding from 16,3% to 34,8%. These transactions remain subject to regulatory approvals. The combined capital outlay for these transactions is R946 million, funded from discretionary capital. The asset and wealth management businesses have not been a strategic focus of the partnership to date but given the development of the Indian domestic market in recent years, supported by tailwinds of economic growth, financialisaton of savings and maturing capital markets, Sanlam believes that the opportunity is significant and of strategic importance. The financial impacts are expected to be broadly neutral on earnings and dividends in the initial years but expected to be accretive from year three as the businesses are growing assets very strongly.

No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affects the financial position of the Sanlam limited group at 31 December 2024 as reflected in these financial statements.

Approval of annual financial statements

The directors have approved the annual financial statements as reflected on page 1, including the certificate by the company secretary on page 9, the audit committee report for the 2024 financial year on page 9 and the analysis of shareholders on page 258.

Notice in terms of section 45(5) of the Companies act, 2008 (the Act)

The company is from time to time, as an essential part of conducting the business of the Sanlam group, required to provide financial assistance to group companies as part of its day-to-day operations in the form of loan funding, guarantees or general financial assistance as contemplated in section 45 of the Act. In accordance with section 45(5) of the Act this serves to give notice that the Sanlam board, in line with existing practice, approved that the company may, in accordance with and subject to the provisions of section 45 of the Act and in terms of the special resolution passed at the company's annual general meeting in 2024, provide such direct or indirect financial assistance to related and inter-related companies and corporations as described in section 45 of the Act. The amount and format of financial assistance which may be granted pursuant to the resolution is subject to ongoing review by the Sanlam board and may in total exceed the reporting threshold of 0,1% of the Sanlam group's net asset value provided for in the Act.

Capital risk management

Capital and risk management report

Capital management

Objective

Responsible capital management and allocation are an essential component of meeting the group's strategic objective of shared value creation for all stakeholders, including maximising shareholder value. The capital value used by the group as the primary performance measurement base is group equity value (GEV), as reported on page 12 of the shareholders' fund information. The management of the group's capital base requires a continuous review of optimal capital levels, including the use of alternative sources of funding, to maximise return on GEV (RoGEV) and ensure appropriate solvency levels as a safeguard to our clients, regulators and broader society. The group has an integrated capital and risk management approach. The amount of capital required by the various businesses is directly linked to their exposure to financial and operational risks. Accordingly, risk management is an important component of responsible capital management and allocation.

Capital allocation methodology

Group businesses are each allocated an optimal level of capital and are measured against appropriate return hurdles.

The methodology used to determine the allocation of required capital to South African covered business is aligned with the regulatory framework as defined in the South African Insurance Act, 18 of 2017, and supporting Prudential Standards.

The group sets an appropriate level of required capital for Sanlam Life's covered business (defined on page 8 of the shareholders' fund information) under the Prudential Standards, based on a standard formula Solvency Capital Requirement (SCR) targeted cover range of between 150% and 200% over a five-year projection period. The minimum end of the targeted cover range is set such that Sanlam Life's covered business is expected to be able to absorb a combined economic shock, a pandemic/catastrophe shock, and an operational risk event without breaching 100% of regulatory SCR cover. A similar methodology was followed to set ranges for the other South African life insurers. This approach remains aligned with the overarching principle to set the level and nature of the supporting capital taking cognisance of minimum regulatory capital requirements, as well as economic, risk and growth considerations. For the non-South African insurers, the group sets supporting capital levels according to risk appetites based on applicable local rules and operational requirements, but applying the same overarching principles as for South Africa.

The fair value of other group operations includes the working capital allocated to the respective operations. The group's approach to ensure appropriate working capital levels in these operations is twofold:

- The group's internal dividend policy is based on the annual declaration of all discretionary capital by subsidiaries that is not required for normal operations or expansion; and
- Performance targets are set for other group operations based on an expected return on the fair value of the businesses, equal to their internal hurdle rates. These hurdles form a key component of incentive scorecards. This ensures that all non-productive working capital is declared as a dividend to the group.

Covered business (life insurance operations)

The group's life insurance operations require significantly higher levels of allocated capital than the other group operations. The optimisation of long-term required capital is accordingly a primary focus area of the group's capital management philosophy given the significant potential to enhance shareholder value, while maintaining appropriate solvency levels. The following main strategies are used to achieve this objective:

- Appropriate matching of assets and liabilities for policyholder solutions. This is especially important for long-duration policyholder solutions that expose the group to interest rate risk, such as non-participating annuities.
- Due regard is given to liquidity risk management, particularly where derivatives are utilised for matching purposes.
- The asset mix of the assets backing the long-term required capital and shareholders' fund reserves, as well as the assets in the policyholder portfolios backing the contractual service margin and risk adjustment components of the life insurance liabilities, also impact the overall capital requirement. The group's balance sheet management function models the overall risk and expected return on assets, including the impact on required capital to determine the optimal asset mix in this regard.
- The optimal use of long-term debt in the group's capital structure.
- Management of operational risk: internal controls and various other operational risk management processes are used to reduce operational risk and commensurately the allowance for this risk in the calculation of required capital.
- The optimal use of hedges, eg the interest rate derivatives currently in place.
- Efficient selection of reinsurance strategies.

The group continues to improve and further develop its capital management models and processes in line with international best practice.

Other group operations

The performance measurement of other group operations is based on the return achieved on the fair value of the businesses. Risk-adjusted return targets are set for the businesses to ensure that each business' return target takes cognisance of the inherent risks of the business. This approach ensures that the management teams are focused on operational strategies that will optimise the return on fair value, thereby contributing to the group's main objective of optimising RoGEV.

Group estate committee

The group estate committee, an internal management committee mandated by the Sanlam Limited board, is responsible for reviewing and overseeing the management of the group's shareholders capital base in terms of the specific strategies approved by the board. A similar committee was established to specifically consider the SanlamAllianz businesses.

Discretionary capital

Any capital in excess of requirements and not optimally utilised, is identified on a continuous basis. The pursuit of structural growth initiatives is set as the preferred application of group capital, subject to such initiatives yielding the applicable hurdle rate and being complementary to or in support of group strategy. Any discretionary capital not efficiently redeployed will be returned to shareholders in the most effective form.

Capital adequacy

Sanlam group

For regulatory purposes, the group's consolidated capital adequacy is assessed under the Insurance Act and relevant Prudential Standards.

The group solvency ratio is assessed by comparing group eligible own funds (OF) to group SCR on the Prudential Standards basis.

The Prudential Standard requires insurance groups to calculate their group-wide capital adequacy using either the Deduction and Aggregation (D&A) method (default method) or, subject to the approval of the Prudential Authority (PA), the Accounting Consolidation (AC) method.

Sanlam uses the D&A method to assess group solvency for entities outside of South Africa. From December 2021, following PA approval, Sanlam started using the AC method for South African insurance entities. The key principles and requirements in relation to the assessment of group capital adequacy include:

- The capital adequacy of the insurance group must be assessed by aggregating adjusted solo OF and solo SCR of entities within the group, with intra-group transactions eliminated to avoid double-counting.
- The measurement of solo OF and solo SCR to be used in group calculations will depend on the type of entity and holding, and may be based on regulatory capital requirements that apply in other sectors (for non-insurers) as follows:
  - South African insurers: OF and SCR as prescribed under the Prudential Standards.
  - Non-South African insurers applying Solvency II: OF and standard formula SCR as prescribed under Solvency II.
  - Non-South African insurers regulated in non-equivalent jurisdictions: OF and SCR as prescribed under the Prudential Standards.
  - Regulated banks and credit institutions: Regulatory capital resources and capital requirements are determined in line with banking regulatory requirements ie, Basel III.
  - Other regulated entities (eg, asset managers): In line with applicable regulatory and/or prescribed capital requirements.
  - Other non-regulated entities including holding companies: Where no capital requirements are prescribed: Adjusted IFRS net asset values for OF and SCR are based on the relevant prescribed equity stress under the Prudential Standards.
- The AC method allows for diversification between South African insurance subsidiaries. All other entities within the insurance group must be assessed using the D&A method.
- The determination of group eligible OF to consider potential restrictions on the availability of certain OF, including the fungibility and transferability of OF across the insurance group.
- A deduction for foreseeable dividends, which represent the proposed 2025 Sanlam Limited dividend, was made to eligible OF as at 31 December 2024.

The Sanlam group solvency cover was 168% at 31 December 2024, compared to 170% at 31 December 2023.

Capital and risk management report continued

The following table provides an analysis of the contribution to group solvency per major entity grouping and quality of capital:

Sanlam group solvency

at 31 December 2024

R million	Own funds	Sanlam Limited SCR	Surplus	SCR cover
2024				
Sanlam Life	**152 233**	**65 885**	**86 348**	**231%**
Covered business	**40 485**	**24 074**	**16 411**	**168%**
Participations[1]	**108 624**	**40 935**	**67 689**	**265%**
Other capital	**3 124**	**876**	**2 248**	**357%**
Other group entities[2]	**84 831**	**44 591**	**40 240**	**190%**
SA insurance	**35 122**	**17 441**	**17 681**	**201%**
SA other	**12 485**	**6 357**	**6 128**	**196%**
Non-SA insurance	**27 969**	**16 577**	**11 392**	**169%**
Non-SA other	**9 255**	**4 216**	**5 039**	**220%**
Sanlam Life consolidation entries[3]	**(120 253)**	**(41 119)**	**(79 134)**	
Total Sanlam group own funds eligible to meet SCR	**116 811**	**69 357**	**47 454**	**168%**
Tier 1	**105 392**			
Tier 2	**8 433**			
Tier 3	**2 986**			
Total Sanlam group own funds eligible to meet SCR	**116 811**			

R million	Own funds	SCR	Surplus	SCR cover
2023				
Sanlam Life	137 027	55 833	81 194	245%
Covered business	37 074	21 808	15 266	170%
Participations[1]	92 864	32 904	59 960	282%
Other capital	7 089	1 121	5 968	632%
Other group entities[2]	68 214	35 273	32 941	193%
SA insurance	24 641	12 550	12 091	196%
SA other	4 415	2 064	2 351	214%
Non-SA insurance	22 255	12 954	9 301	172%
Non-SA other	16 903	7 705	9 198	219%
Sanlam Life consolidation entries[3]	(105 452)	(32 268)	(73 184)	
Total Sanlam group own funds eligible to meet SCR	99 789	58 838	40 951	170%
Tier 1	91 943			
Tier 2	6 509			
Tier 3	1 337			
Total Sanlam group own funds eligible to meet SCR	99 789			

[1] Investments in companies in which the insurer owns a significant proportion of the issued share capital or over which it exerts significant influence/control.
[2] Values are shown net of participations and gross of intra-group loans.
[3] Adjustments for Sanlam Life Intragroup participations.

Sanlam Life solo

For regulatory purposes, capital adequacy for the South African insurance operations is measured with reference to the standard formula as specified under the Prudential Standards.

The valuation of assets and policy liabilities for prudential capital adequacy under the Prudential Standards is different to the methodology for the published IFRS results.

The following table provides a reconciliation between the IFRS Shareholders' fund for the Sanlam Life solo entity (the largest insurer within the Sanlam group) and its own funds.

Sanlam Life solvency

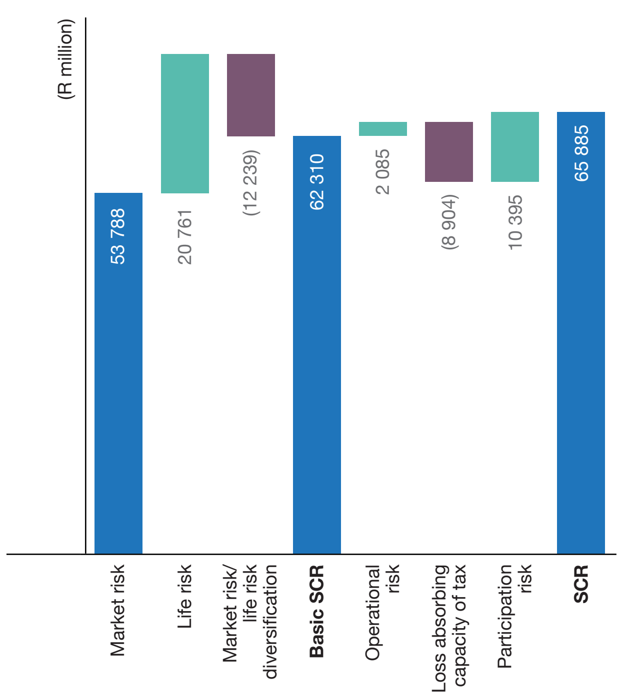
at 31 December 2024

R million	Sanlam Life Insurance Limited 2024	2023
Reconciliation of IFRS Shareholders' fund to Own Funds		
Shareholders' fund	**139 710**	125 961
Adjustments from IFRS to regulatory basis	**(15 375)**	(13 300)
Write-down intangibles	**(3 759)**	(3 865)
Regulatory adjustment to valuation basis	**(11 616)**	(9 435)
Regulatory basis adjustments to policyholder liabilities	**25 474**	24 149
Liability valuation adjustments	**43 103**	40 311
Impact of risk margin	**(9 786)**	(8 577)
Increase in net deferred tax liabilities resulting from liability valuation differences above	**(7 843)**	(7 585)
Add subordinated debt	**6 038**	4 072
Basic own funds	**155 847**	140 882
Statutory adjustments	**(3 614)**	(3 855)
Own funds eligible to meet SCR	**152 233**	137 027
SCR	**65 885**	55 833
SCR cover	**231%**	245%

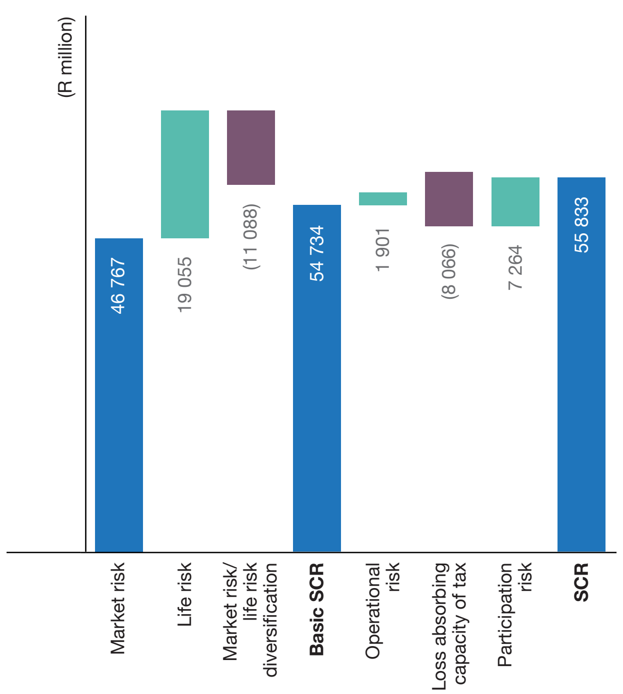
Sanlam Life solo SCR

The graph below shows the SCR for Sanlam Life (solo) and the main contributors to the SCR being market risk and life risk. The main drivers of market risk are exposure to financial instruments (especially resulting from future product fee income being linked to policyholder investment portfolios) and participations (as defined on the previous page), interest rate movements and the value of investment guarantees. The main drivers of life risk include lapse assumptions, the level of interest rates as well as mortality/longevity assumptions.

31 December 2024 SCR



31 December 2023 SCR



Capital and risk management report continued

Sanlam Life covered business

For this view, the regulatory solvency balance sheet and SCR are adjusted to exclude strategic participations, cash available for dividend payments to Sanlam, discretionary capital and other capital not allocated to covered business. Sanlam sets the level of required capital for the Sanlam Life covered business on this view, based on a stated target SCR cover range of between 150% and 200%.

The SCR cover ratio for Sanlam Capitalised Life covered business of 168% at 31 December 2024 remains within the stated target range.

Sensitivity analysis

The following table provides solvency sensitivity analysis for the Sanlam group and Sanlam life solo.

Sanlam group	Own funds eligible to meet SCR		SCR		Surplus		SCR Cover	
R million	2024	2023	2024	2023	2024	2023	2024	2023
Base position	116 811	99 789	69 357	58 838	47 454	40 951	168%	170%
Equities –30%[1]	106 827	91 677	67 385	57 428	39 442	34 249	159%	160%
Interest rates –1%	117 353	101 200	70 326	59 654	47 027	41 546	167%	170%
Credit spreads +1%	113 949	98 631	69 651	59 058	44 298	39 573	164%	167%
ZAR appreciation 10%	112 996	97 985	69 283	58 848	43 713	39 137	163%	167%
Shock scenario[2]	100 203	85 858	66 899	56 991	33 304	28 867	150%	151%

Sanlam Life	Own funds to meet eligible SCR		SCR		Surplus		SCR Cover	
R million	2024	2023	2024	2023	2024	2023	2024	2023
Base position	152 233	137 027	65 885	55 833	86 348	81 194	231%	245%
Equities –30%[1]	113 479	102 849	45 269	40 210	68 210	62 639	251%	256%
Interest rates –1%	153 613	138 334	66 579	56 420	87 034	81 914	231%	245%
Credit spreads +1%	151 424	136 420	66 098	56 031	85 326	80 389	229%	243%
ZAR appreciation 10%	150 438	135 357	65 774	55 751	84 664	79 606	229%	243%
Shock scenario[2]	112 897	101 854	47 193	41 178	65 704	60 676	239%	247%

[1] For the equity sensitivity, the value of participations in Sanlam Life is also assumed to decline by 30%, while the Sanlam group result considers the actual equity exposure within these participations.
[2] Equities decline by 30% and implied equity volatility increases by 25%, property values decline by 15%, fixed interest yields and inflation-linked real yields increase or decrease by 25% of the nominal or real yields, emerging market currencies decline by 20% against developed market currencies, and credit spreads widen by 1%.

The sensitivities illustrate the resilience of the Sanlam and Sanlam Life balance sheets. The cover ratio improves for some equity sensitivities due to the effect of the equity symmetric adjustment in the standard formula under the Prudential Standards that allows for a reduced equity stress after a downward adjustment to equity values.

Credit rating

The latest Standard & Poor's (S&P) ratings for group companies are:

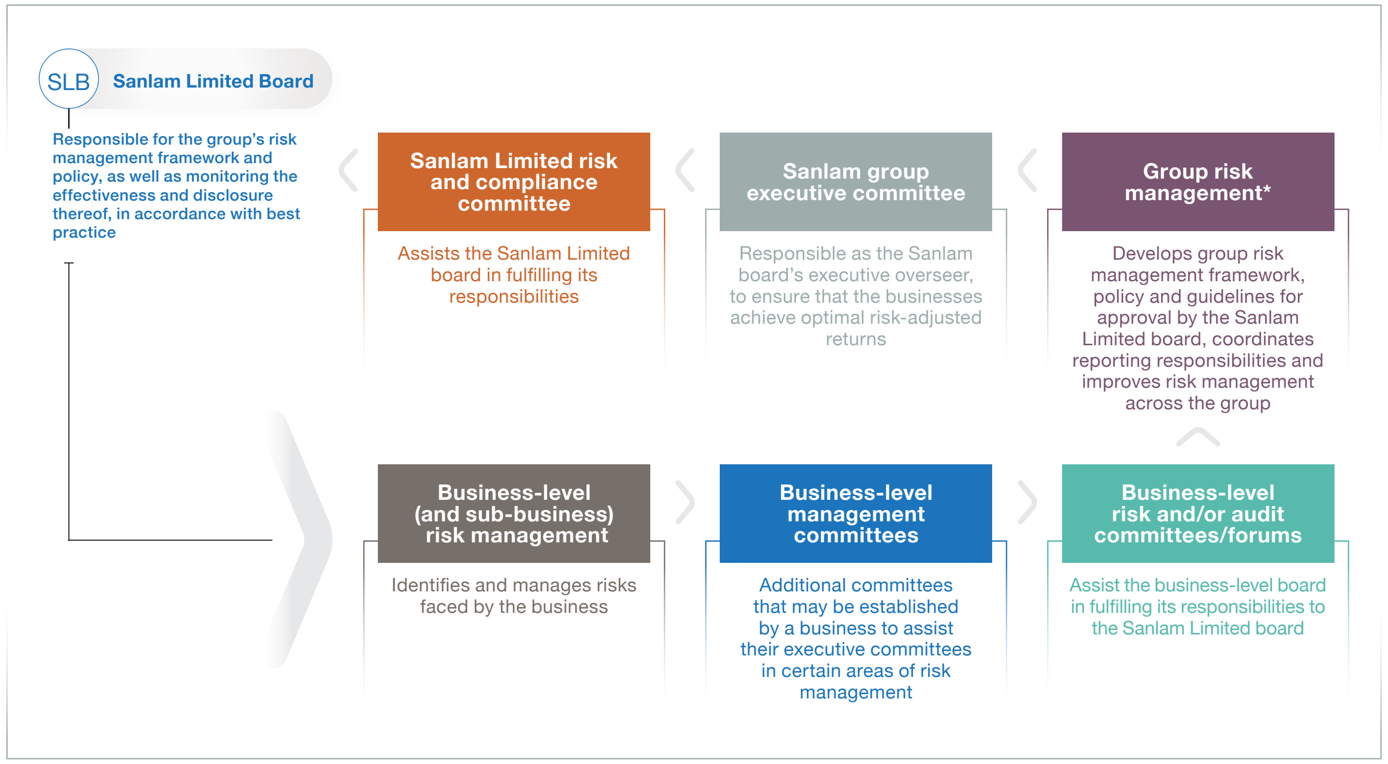
	Most recent ratings issued
Sanlam Limited	South Africa National Scale: zaA+
Sanlam Life Insurance Limited	South Africa National Scale: zaAAA
Subordinated debt issued by Sanlam Life Insurance Limited	South Africa National Scale: zaAA-
Santam Limited	South Africa National Scale: zaAAA

Risk management

Governance framework and process

Governance structure

The group operates within a decentralised business model environment. In terms of this philosophy, the Sanlam Limited board sets the group enterprise risk management policies and frameworks, and the individual businesses take responsibility for all operational and risk-related matters on a business level, within the limits set by these policies and frameworks. The following diagram depicts the generic flow of risk management information from the individual businesses to the Sanlam Limited board.



* Group risk management also acts as the risk management control function of Sanlam Life.

Capital and risk management report continued

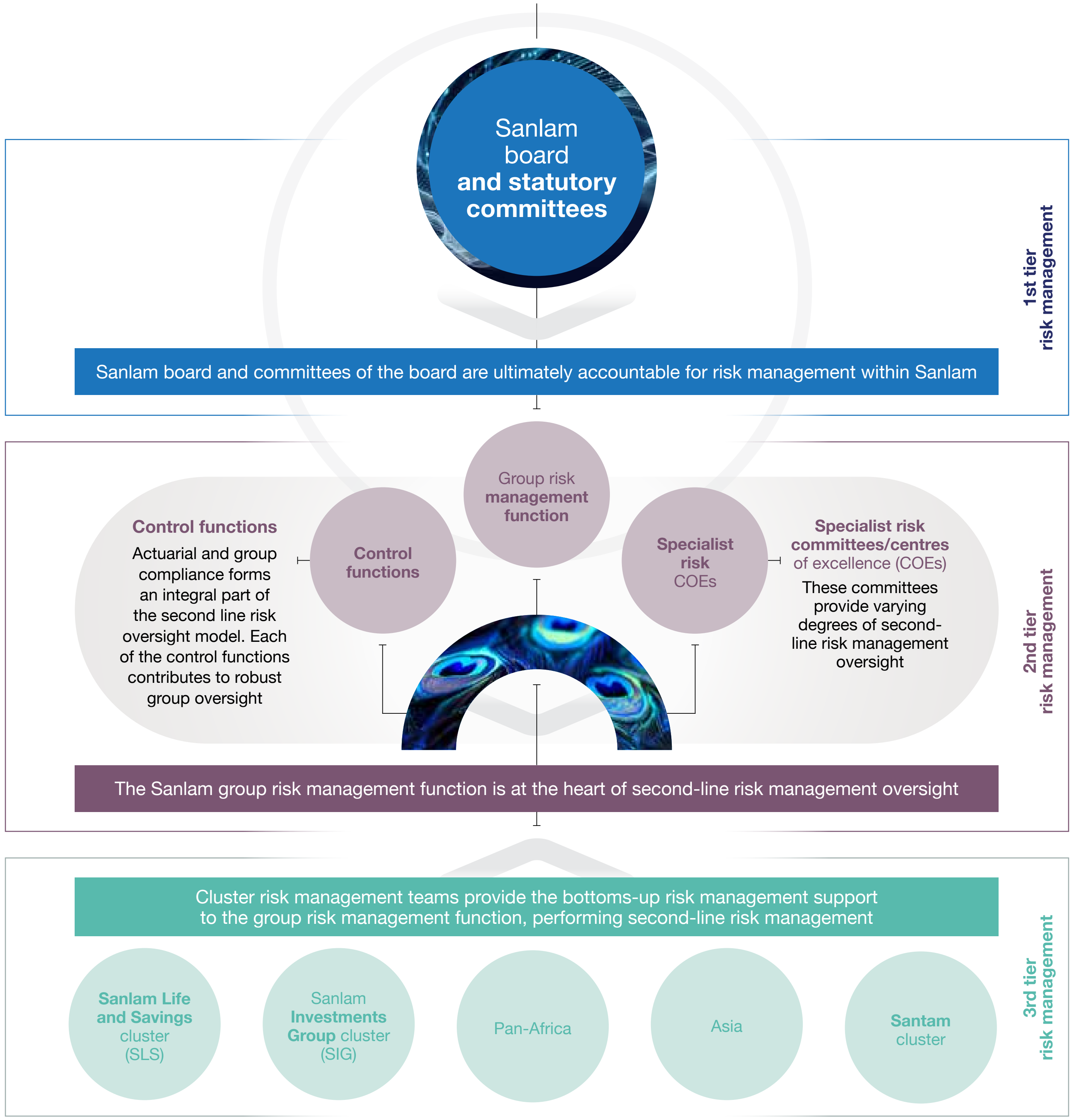
Role of group risk management

The role of group risk management is one of setting group standards and guidelines, coordinating and monitoring risk management practices and ultimately reporting to the Sanlam Limited board.

Group risk management plays an active role with regard to risk management in the Sanlam group. The involvement includes the following:

- Permanent invitee of business units' finance and risk forums;
- Member of the central credit committee (see description below);
- Transactional approval incorporated into approval frameworks of business units where appropriate;
- Involvement and approval of corporate activity transactions;
- Chairs of the estate committee and asset and liability committee at group level, as well as the group risk forum (see descriptions below);
- Guidance on risk-related matters at business level; and
- Involvement with specialist risk management issues at business level.

Overview of Sanlam group risk function



A number of other risk management/monitoring mechanisms operate within the group as part of the overall risk management structure. The most important of these are illustrated in the following table:

Other risk management/monitoring mechanisms

Estate committees Review and oversee the management of the group's capital base	**Asset and liability committees** Determine appropriate investment policies and guidelines for policyholder portfolios where guarantees are provided	**Credit committees** Oversee the identification, measurement and control of corporate credit risk exposure
Investment committees Determine and monitor appropriate investment strategies for policyholder solutions	**Group treasury function** Manages the liquidity risks in the borrowing functions of Sanlam	**Non-listed asset controlling body** Reviews and approves the valuation of all unlisted assets in the group for recommendation to the Sanlam Limited board
Group risk forum Aids coordination and transfer of knowledge between businesses and the group, and assists group risk management in identifying risks requiring escalation to the Sanlam Limited board	**Finance Director** Ensures that sound financial practices are followed, adequate and accurate reporting occurs, and financial statement risk is minimised	**Actuarial** Monitors and reports on key risks affecting the life insurance operations. Determines capital requirements of the insurance operations and the potential impact of strategic decisions thereon, by using appropriate modelling techniques
Forensics Investigates and reports on fraud and illegal behaviour in businesses	**Group secretariat and public officers** Review and report on corporate governance practices and structures. Report on applicable legal and compliance matters	**Group compliance function** Facilitates management of compliance through analysing and advising on statutory and regulatory requirements, and monitoring implementation and execution thereof
Sanlam group technology (SGT) Manages and reports group-wide technology, cyber and information security risks	**Risk officer (per business)** Assists business management in their implementation of the group risk management framework and policies, and to monitor the business's entire risk profile	**Internal audit** Assists the Sanlam Limited board and management by monitoring the adequacy and effectiveness of risk management in businesses
Actuarial forum Assists the audit committee and the risk and compliance committee on actuarial related matters. It also assists the actuarial control function in providing oversight over first line activities in group actuarial, most notably balance sheet management	**Group digital and IT forum** Assists the risk and compliance committee on all group-related IT and digital matters and key risks are discussed at this forum	**Group sustainability** Coordinating and report on group-wide ESG and sustainability strategies and provide insight into ESG-related risks

Capital and risk management report continued

Group risk policies

The main policies are listed below:
- Sanlam group enterprise risk management (ERM) policy;
- Sanlam group risk escalation policy;
- Sanlam group capital management policy;
- Sanlam group investment policy;
- Sanlam group life underwriting policy;
- Sanlam group general insurance underwriting policy;
- Sanlam group general insurance reinsurance and other risk transfer policy;
- Sanlam group life reinsurance and other risk transfer policy;
- Sanlam group operational risk management policy;
- Sanlam group business continuity management policy;
- Sanlam group own risk and solvency assessment (ORSA) policy; and
- Sanlam group stress testing policy.

The following also cover aspects with linkage to risk management:
- Sanlam group governance policy;
- Sanlam group IT governance policy;
- Sanlam group financial crime policy;
- Sanlam group fit and proper policy;
- Sanlam group third party risk management policy; and
- Sanlam group remuneration policy.

The policies above are aligned with the requirements set out in the Prudential Authority's Governance and Operational Standards for Insurers and Insurance groups.

The current incumbents responsible for risk information flow to the Group Chief Risk Officer are covered in the enterprise risk management policy.

Sanlam group enterprise risk management policy and plan

The group ERM policy and plan include the following main components:
- The broad objectives and philosophy of risk management in the group;
- The roles and responsibilities of the various functionaries in the group tasked with risk management; and
- The group's minimum standards for implementation of risk management in the businesses.

Escalation of risks

The group risk escalation policy defines the circumstances under which risk events and emerging risks should be escalated to the Sanlam group level. This includes quantitative and qualitative measures.

Summary of Sanlam group's risk appetite

The Sanlam group has a risk appetite framework that aims to articulate the types and quantum of risks that the organisation are prepared to take (ie, seek, accept or tolerate) in pursuit of its strategic objectives (including objectives of value creation and growth). It sets out the quantitative and qualitative boundaries on risk taking activities that apply across the organisation.

The risk appetite reflects the group's overall philosophy to risk taking, thus reflecting how it balances its goals of efficiency, growth and return from a risk-taking perspective. It reflects the setting of targets for risk taking across the group as a whole, plus the breakdown of these high-level statements into more detailed risk tolerances.

Risk appetite criteria are specified for each of the risk categories specified in the group's risk classification standard, together with some additional criteria around capital and solvency risks and earnings risks. The group's risk appetite statement is thus grouped into the following risk appetite buckets:
- Capital and solvency risks;
- Earnings risk;
- Market and asset concentration risks;
- Credit risk;
- Liquidity risk;
- Operational risk;
- Conduct risk;
- Insurance risk (life and general insurance business);
- Brand and reputational risks; and
- Strategic risks.

Each cluster/business manages its risks within the group's ERM framework including the group's risk appetite statements.

Sanlam group risk taxonomy

A formal risk taxonomy is defined at group level and all entities within the Sanlam group is required to adopt the risk taxonomy to apply a consistent and uniform categorisation of risks throughout the group. The risk taxonomy is defined at level 1 and level 2 risk categories. Below are the level 1 risk categories:
- Brand and reputational risk;
- Credit risk;
- Liquidity risk;
- Insurance risk (life);
- Insurance risk (general insurance);
- Market risk;
- Operational risk; and
- Strategic risk.

Assessment of the effectiveness of the risk management process

According to King IV™, the board should receive assurance regarding the effectiveness of the risk management process. The following process is followed to provide such assurance:
- Sanlam makes use of a robust model, aligned with industry best practice, to measure risk maturity across the different clusters on an annual basis. Internal audit will annually, in conjunction with group risk management, prepare risk management process audit plans for approval by the Sanlam Limited risk and compliance committee.
- Typically, the larger businesses will be assessed by an external firm against the maturity model, from time to time.
- The information on the assessments will be presented to the cluster finance and risk forum and to the Sanlam Limited risk and compliance committee.
- Annual Risk Maturity Self-Assessments are performed and the results of these maturity assessments are presented to the Sanlam Risk and Compliance Committee.

Risk types

The group is exposed to the following main risks:

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Brand and reputational risk	The risk arising from brand or reputational damage due to loss to financial capital, social capital and/or market share resulting from damage to a firm's reputation. This is often measured in lost revenue, increased operating, capital or regulatory costs, or destruction of shareholder value.	Brand risk	The risk that market perception of the organisation's brand might be weak or inferior when compared to other competitors within the market or not meeting the brand expectations that it has created in the market
		Reputational risk	The risk that adverse publicity regarding the group's business practices, associations and market conduct, whether accurate or not, will cause a loss of confidence in the integrity of the institution. The risk of loss of confidence relates to stakeholders, which include, inter alia, potential and existing customers, investors, suppliers and regulators
Credit risk	The risk of default and/or deterioration in the credit quality of issuers of securities, counterparties, and intermediaries to whom the company has exposure.	Default risk	The credit risk arising from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations
		Downgrade or migration risk	The risk that changes in the possibility of a future default by an obligator will adversely affect the present value of the contract with the obligator today
		Credit concentration risk	The risk of loss in a portfolio arising from lack of diversification due to exposure to a small number of counterparties, sectors or geographical locations
		Credit correlation risk	The risk of loss in a portfolio arising from high correlation of market movements of two or more asset values within the same portfolio
		Country/geographic risk	The economic, social, and political conditions and events in a foreign country that may adversely affect a financial institution's operations
		Settlement risk	The risk arising from the lag between the value and settlement dates of securities transactions
		Counterparty credit risk	Counterparty risk refers to the probability or possibility of default by one of the counterparties in a contract. The risk is of default in performance of their contractual obligation and can exist in any transaction, including investment, trading, and credit transactions

Capital and risk management report continued

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Life insurance risk	The risk arising from the underwriting of life insurance contracts, in relation to the perils covered and the processes used in the conduct of the business.	Catastrophe risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events
		Concentration risk	The risk of financial loss due to having written large proportions of claims with businesses of the same/similar risk profile
		Expense risk	The risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities. It covers the risk of loss or adverse change in insurance liabilities due to adverse variation in the expenses incurred in servicing insurance and reinsurance contracts
		Policyholder behaviour risk	Risk of loss resulting from unanticipated changes in policyholder behaviour
		Reinsurance risk	Risk arising from inability to obtain reinsurance at the right time and appropriate price, or that of failure to recover contracted reinsured amounts
		Persistency risk	The risk of financial loss due to negative lapse, surrender and paid-up experience. It covers the risk of loss or adverse change in insurance liabilities due to unanticipated change in the rate of policy lapses, terminations, renewals and surrenders
		Underwriting risk	The risk that the actual experience relating to mortality, longevity, disability and medical (morbidity) will deviate negatively from the expected experience used in the pricing of solutions and valuation of policy liabilities
General insurance risk	The risk arising from the underwriting of general insurance contracts, in relation to the perils covered and the processes used in the conduct of the business.	Catastrophe risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events
		Concentration risk	The risk of financial loss due to having written large proportions of claims with businesses of the same/similar risk profile
		Expense risk	The risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities. It covers the risk of loss or adverse change in insurance liabilities due to adverse variation in the expenses incurred in servicing insurance and reinsurance contracts
		Policyholder behaviour risk	Risk of loss resulting from deliberate changes in policyholder behaviour aimed at benefiting unfairly from the insurance contract
		Reinsurance risk	Risk arising from inability to obtain reinsurance at the right time and appropriate price, or that of failure to recover contracted reinsured amounts
		Claims risk	Refers to a change in value caused by ultimate costs for full contractual obligations varying from those assumed when these obligations were estimated. Claims risk are often split into: reserve risk (relating to incurred claims) and premium risk (relating to future claims)
		Underwriting risk	Relates to inaccurate assessment of the risks associated with writing an insurance policy or from uncontrollable factors. As a result, the insurer's costs may significantly exceed the premium income

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Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Liquidity risk	The risk of not having enough cash to meet financial obligations at the time that they fall due (at a reasonable cost).	Operational liquidity risk	The risk relating to the difficulty/inability to access/raise funds to meet commitments associated with day-to-day operations of the organisation, such as paying suppliers, salaries, rental expenses, insurance claims, dividend payments, tax payments etc
		Funding liquidity risk	The risk relating to the difficulty/inability to access/raise funds to meet commitments associated with financial instruments or policy contracts
		Market liquidity risk	The risk stemming from the lack of marketability of a financial instrument that cannot be bought or sold quickly enough to prevent or minimise a loss (or make the required profit)
Market risk	The risk arising from the level or volatility of market prices of financial instruments which have an impact on the value of assets and liabilities of the organisation as well as the impact on the income statement.	Asset/liability management (ALM) risk	The risk of a change in value as a result of a deviation between asset and liability cash flows, prices or carrying amounts. ALM risk originates from changes in market risk factors
		Asset concentration risk	The risk of losses associated with inadequately diversified asset portfolios. This may arise either from a lack of diversification in the asset portfolio, or from large exposure to default risk by a single issuer of securities or a group of related issuers (market risk concentrations)
		Commodity risk	The possibility that commodity price changes will cause financial losses for either commodity buyers or producers
		Credit spread risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of market implied credit spreads over the risk-free interest rate term structure
		Currency risk	The exposure faced by investors or companies that operate across different countries, in regard to unpredictable gains or losses due to changes in the value of one currency in relation to another currency
		Basis risk	The risk that the value of the hedging instrument will not perfectly offset the underlying position being hedged, eg, futures contracts not held to maturity, or bond exposures hedged with swaps, etc.
		Derivative usage risk	The risk of derivatives being used in parts of the business where there are insufficient capabilities to manage these instruments and comply with all applicable regulations
		Equity risk	The risk resulting from the sensitivity of values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities
		Interest rate risk	The risk of loss or adverse change in the value of assets and liabilities due to unanticipated changes in the level or volatility of interest rates
		Inflation risk	The risk that the future real value (after inflation) of an investment, asset, or income stream will be reduced by unanticipated inflation
		Property risk	The risk that the value of investment properties will fluctuate as a result of changes in the environment (ie, the risk of loss or adverse change in the value of assets and liabilities due to unanticipated changes in the level and volatility of market prices of property as well as vacancy levels)

Capital and risk management report continued

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	Human capital risk	The risk that the organisation does not have access to appropriate skills and staff complement to execute business operations as well as strategic initiatives
		Process/execution risk	The risk that internal processes are not accurately or effectively executed or that internal processes are not adequately designed which may result in financial loss. This includes the risk around errors, control circumvention, non-compliance with processes and control breakdowns
		Technology/IT risk	Risk related to the unavailability, unreliability or failure of IT platforms, IT networks, IT applications and general IT Infrastructure. This also includes the slow or lagging adoption of newer IT technologies and the failure to implement best practice protocols and security. This may result in the organisation's inability to complete business processes due to system unavailability, penalties and/or fines and/or compensation and/or financial loss
		Cyber risk	Risk refers to the potential harm or damage that can result from a breach or an attack on computer systems, networks and electronic data
		Information and data risk	Failure to accurately and effectively govern, manage, analyse, protect and utilise data within the organisation. This may include poor data science, records management, illegal data sharing, data errors, or incomplete or inaccurate data
		Legal risk	The risk of execution errors in the legal procedures and processes. This would include, among others, mishandling of legal process, contractual rights or obligation failures and non-contractual rights/obligation failures
		Regulatory compliance risk	The risk of not complying with laws, regulations, rules, related self-regulatory organisation standards and investment management mandates. This also includes regulatory change risk and the impact of implementing required regulatory changes
		Conduct risk	The failure to uphold the group's core values and code of ethical conduct including acceptable market conduct practices. The risk involving the behaviour of an organisation and of those that act on its behalf towards various stakeholders (including potential and current customers, regulators or supervisors, investors, and other market participants). Market conduct comprises market discipline (including transparency and corporate governance) and consumer protection (including TCF)
		Third party/outsourcing/service provider risk	The risk arising from the failure of an outsourcing service provider to discharge its contractual obligations or failure to maintain agreed service levels. Includes concentration risk and lack of governance over third parties
		Fraud/financial crime risk	The risk of internal/external fraud and financial crime as well as unlawful/criminal conduct which may result in financial loss or have a reputational impact on the organisation
		Physical security/health and safety	Risk related to financial loss or threat to organisation's assets, operations or staff and employees that might occur due to natural and non-natural events
		Business continuity	The risk that inadequate planning, controls and preparation is in place to ensure the organisation can overcome serious incidents or disasters and resumes its normal operations within a reasonably short period

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Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Operational risk continued		Statutory/financial reporting risk	The failure to produce accurate, complete and timely statutory and financial reporting with relevant disclosures. This will include ESG specific disclosures
		Taxation risk	The failure to correctly account for taxation in accordance with relevant tax regulation and relevant legislation. This includes tax non-compliance, intentional or unintentional tax evasion
		Project and change risk	The failure to execute and achieve the key deliverables in projects within the specified budget or within the required timeframe. Also includes all operational risks linked with project implementations
		Data management risk	Failure to accurately and effectively manage and utilise data within the organisation. This may include data errors, incomplete or inaccurate data
		Model risk	Risk that errors or inaccuracies within models used within the organisation might lead to financial loss for the organisation
Strategic risk	The risk refers to the internal and external events that may make it difficult, or even impossible, for an organisation to achieve their objectives and strategic goals.	Capital/solvency risk	The risk that the organisation has insufficient capital to meet operational, strategic and regulatory requirements. The risk of capital availability, the inefficient use of capital and the risk related to the potential loss of part or all of on balance sheet capital
		Competition risk	The risk that the organisation does not remain competitive against its peers or new entrants into the industry
		Merger and acquisition risk	The risk that mergers and acquisitions do not deliver strategic economic benefit to the organisation. Also, the risk that the organisation might be too risk-averse and not pursue potential mergers or acquisitions which may benefit the organisation
		Governance risk	The risk that poor governance in the organisation can lead to financial loss and potential fines or penalties. The risk of a sub-optimal organisational structure for effective control and assurance to stakeholders of good corporate governance (including management control and oversight over subsidiaries)
		Going concern risk	The risk that the organisation might not be able to continue as a going concern for the foreseeable future due to solvency or liquidity issues
		Market share risk	The risk that the organisation fails to maintain and potentially lose market share within its industry
		Organisational strategy risk	The risk that the organisational strategy of the firm makes it challenging for the firm to achieve its strategic goals
		Political/country risk	The risk that specific political and country risks impact geographical areas the firm are operating in or are exposed to
		Business concentration risk	The risk that firm is exposed to high concentration in specific markets or classes of business with not adequate diversification

Capital and risk management report continued

Level 1 risk category	Level 1 definition	Level 2 risk category	Level 2 definition
Strategic risk continued		Climate/ environmental risk	The risk associated with climate change and the potential negative impact on the organisation. This will include physical and transitional risks. Physical climate risks such as acute extreme weather events causing disruption to operations and damage to physical assets having an impact on liabilities, and chronic long-term shifts in weather patterns and degradation of resource availability. Transition risks such as compliance costs, stranded assets, restrictions and limitations on carbon intensive assets, climate related litigation claims and viability of certain business models
		Social risk	Risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets
		Profit risk	The risk incorporates inadequate diversified income sources and exposure to revenue volatility
		Strategic environment risk	The external environment risk including factors such as economics, politics, social stability and savings investments

Management of general risks

Operational risk

Operational risk is mainly governed through the group operational risk management policy. This sets out the responsibilities for the following different lines of defence on how operational risk should be managed within the organisation:

- Business exco/senior management (first line);
- Risk management (second line); and
- Internal audit (third line).

A board-approved internal audit charter governs internal audit activity within the group. Regular risk-focused reviews of internal control and risk management systems are carried out. The Chief Audit Executive of Sanlam is appointed in consultation with the Chair of the audit committee and has unrestricted access to the Chair of the committee. The authority, resources, scope of work and effectiveness of the functions are reviewed regularly.

The group mitigates this risk through its culture and values, a comprehensive system of internal controls, internal audit, forensic and compliance functions in addition to other measures such as business continuity management, contingency planning and insurance. The initiation of transactions and their administration are conducted on the basis of the segregation of duties, designed to ensure the correctness, completeness and validity of all transactions.

Operational key risk indicators are also identified and tracked across the various businesses to identify and assess risks effectively.

The management of risks associated with human resources is not addressed in this report but included in the integrated report.

Technology, cyber and information security (IT) risk

Technology, cyber and information security (collectively referred to as IT risks) are managed across the group in an integrated manner following the ERM framework. Sanlam group technology (SGT) is the custodian of the group's IT policy framework and ensures explicit focus on and integration with the group's IT governance framework, which includes the governance of cyber resilience and information security.

The group IT governance department and group cyber security centre in SGT report to the Group Chief Information Officer (CIO) who facilitates the process of identifying emerging IT risks as well as unpacking significant IT risks with group-wide impact. The group IT steering committee (a subcommittee of the group exco) provides guidance to the group CIO regarding his/her duties, such as the definition and execution of the group's IT strategy and the establishment of policy in response to IT risks.

The quarterly IT risk and CIO reports, summarising the group-wide IT risk and IT strategy position, are delivered to the group IT steering committee and the risk and compliance committee, and are also presented at the Digital Technology and IT Risk Committee.

Going concern/business continuity risk

The board regularly considers and records the facts and assumptions on which it relies to conclude that Sanlam will continue as a going concern. Reflecting on the year under review, the board considered a number of facts and circumstances and is of the opinion that adequate resources exist to continue business and that Sanlam will remain a going concern in the foreseeable future. The board's statement to this effect is also contained in the statement on the responsibility of directors in the annual financial statements.

Legal risk

During the development stage of any new product and for material transactions entered into by the group, the legal resources of the group monitor the drafting of the contract documents to ensure that the rights and obligations of all parties are clearly set out. Sanlam seeks to minimise uncertainties through continuous consultation with internal and external legal advisers, to understand the nature of risks and to ensure that transactions are structured and documented appropriately.

Compliance risk

Laws and regulations

Sanlam considers compliance with applicable laws, industry regulations and codes an integral part of doing business. The group compliance office, together with the compliance functions of the group businesses, facilitates the management of compliance through the analysis of statutory and regulatory requirements, and monitors the implementation and execution thereof.

Compliance with client mandates

Automated pre-compliance rules for clients' investment guidelines are loaded on the investment management operations' order management system. This means that a system rule will generally prevent any transaction that may cause a breach. Apart from this continuous monitoring, post-trade compliance reports are produced from the order management systems. Reporting of compliance monitoring with investment guidelines is done on a monthly basis, although the monitoring activities happen continuously. When a possible breach is detected, the portfolio manager is requested to confirm whether a breach has taken place, to explain the reason for the breach and to indicate when it will be rectified. When a breach is confirmed, the portfolio manager must generally rectify the breach as soon as possible. The action taken may vary depending on the type of breach. The detailed results of the mandate monitoring process are discussed with the head of investment operations on a monthly basis.

Derivative exposures are monitored on a daily basis for compliance with approval framework limits, as well as client investment guidelines where the guidelines are more restrictive than the investment manager's own internal limits.

Financial crime/fraud risk

The Sanlam group recognises that financial crime and unlawful conduct are in conflict with the principles of ethical behaviour as set out in the group's code of ethical conduct, and undermine the organisational integrity of the group. The financial crime combating policy for the Sanlam group is designed to counter the threat of financial crime and unlawful conduct. A zero-tolerance approach is applied in combating financial crime and all offenders are prosecuted. The forensic services function at group level oversees the prevention, detection and investigation of incidents of unlawful conduct that are of such a nature that they may have an impact on the group or the executive of a business cluster. Group forensic services are also responsible for the formulation of group standards in respect of the combating of unlawful conduct and the implementation of measures to monitor compliance with these standards.

The Chief Executive of each business cluster is responsible for the implementation of the policy in his or her respective business and is accountable to the Group Chief Executive Officer and the Sanlam Limited board. Quarterly reports are submitted by group forensic services to the Sanlam and Sanlam Life risk and compliance committees on the incidence of financial crime and unlawful conduct in the group and on measures taken to prevent, detect, investigate and deal with such conduct.

Taxation risk

The risk is addressed through clear contracting to ensure that policy contracts entitle policyholders to after-tax returns, where applicable. The group's internal tax resources monitor the impact of changes in tax legislation, participate in discussions with the tax legislator to comment on changes in legislation and are involved in the development of new products. External tax advice is obtained as required. Taxation risk is also managed through the formal group tax risk framework.

Regulatory risk

Regulatory risk is mitigated by ensuring that the group has dedicated personnel that are involved in and therefore informed of relevant developments in legislation. The group takes a proactive approach in investigating and formulating views on all applicable issues facing the financial services industry. The risk is also managed, as far as possible, through clear contracting. The group monitors and influences events, to the extent possible, through participation in discussions with legislators, predominantly through industry organisations.

Capital and risk management report continued

Process risk

The risk of failed or inadequate internal processes is addressed through a combination of the following:

- A risk-based approach is followed in the design of operational processes and internal controls;
- Operational processes are properly documented;
- Employee training and the employment of a performance-based remuneration philosophy; and
- Internal audit review of key operational processes.
- Monitoring and oversight controls.

Project risk

A formalised, risk-based approach is followed for the management of major projects to ensure that projects are effectively implemented and the project hurdle rate is achieved. Key deliverables, progress and risks are monitored on a continuous basis throughout the project life cycle. Internal specialists and external consultants are used as required to provide specialist knowledge and experience. All material projects are also overseen and monitored by the Project Management Office (PMO) within each business cluster.

Outsourcing provider risk

A Sanlam Group Third Party Risk Management policy is in place and aims to provide clear direction and policy regarding the strategic management (eg, assessment of outsourcing options, establishment of agreements, the ongoing management of and reporting on outsourcing) of all outsourcing arrangements, whether external or internal within the Sanlam group. The group's outsourcing policy is also in line with the principles set out in the PA's governance over insurers (GOI) guidelines.

Reputational risk

Risks with a potential reputational impact are escalated to the appropriate level of senior management. The audit, and the risk and compliance committees are involved as required. Events with an industry-wide reputational impact are addressed through industry representative groups.

Conduct risk

Conduct risk is being monitored and managed through various means within the individual business clusters. There is a specific focus on market and client conduct such as treating clients fairly (TCF). These metrics are monitored and reported on a regular basis to all relevant stakeholders within the business clusters. Escalation of conduct risk matters arising from the business clusters to group level will follow the normal risk escalation policy. The Sanlam customer interest committee also meets on a quarterly basis to discuss conduct-related matters.

Strategic risk

The group's governance structure and various monitoring tools ensure that any events that affect the achievement of the group's strategy are escalated and addressed at the earliest opportunity. The board has no tolerance for any breach of guidance.

Group strategy is addressed on a continuous basis at various forums within the group, the most important of which are:

- The group's strategic direction and success are discussed and evaluated at an annual special strategic session of the Sanlam board as well as at the scheduled board meetings during the year;
- As part of the annual budgeting process, the group businesses present their strategic plans and budgets to the Sanlam group executive committee, which ensures that the businesses' strategies are aligned with the overall group strategy; and
- The Sanlam group executive committee, which includes the chief executives of the various group clusters, meets on a regular basis to discuss, among others, the achievement of the clusters' and group's strategies.

Any strategic issues are identified at these meetings and corrective actions are immediately implemented.

Risk management: Investment in associates and joint ventures

Sanlam has material investments in associated companies and joint ventures, ie, Shriram entities as well as SanlamAllianz.

The main governance mechanism for operations in India (Shriram entities) is through Quarterly Business Reviews, where financials, strategy, risk management and other matters are presented by the executives. Quarterly summarised reports are also tabled at the Sanlam Actuarial Forum and Risk and Compliance committee meetings.

Investment in SanlamAllianz is a joint venture. SanlamAllianz adopted Sanlam's governance and ERM framework. However, each business entity of SanlamAllianz has its own board structure with local skills/knowledge which still operates within Sanlam's overarching governance framework.

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Management of financial reporting risks

The information that follows provides more detail on how Sanlam and its subsidiaries manage insurance and investment risk from a financial reporting perspective. Unless otherwise stated, it excludes the consolidated investment vehicles and investment in associates and joint ventures.

The group's statement of financial position line items are exposed to financial reporting risks as follows:

	Insurance risk		Market risk				
	Life insurance	General insurance	Currency risk	Interest rate risk	Equity and property risk	Credit risk	Liquidity risk
Insurance contract assets	√	√	√	√	√	√	√
Reinsurance contract assets	√	√	√	√	√	√	√
Investments							
Investment properties			X	X	√	X	
Investment in associates and joint ventures			√	X	√	X	
Equities and similar securities			√	X	√	X	
Interest-bearing investments			√	√	X	√	
Structured transactions	X		√	√	X	√	√
Investment funds			√	X	√	X	
Deposits and similar securities			√	√	X	√	
Trading account assets			√	√	√	√	
Advances to customers			X	√	X	√	
Non-current assets held for sale (properties)			X	X	√	X	
Working capital assets			√	√	√	√	
Insurance contract liabilities	√	√	√	√	√	√	√
Reinsurance contract liabilities	√	√	√	√	√	X	√
Investment contract liabilities	√	X	X	√	√	X	√
Term finance			√	X	X	X	√
Lease liabilities			X	X	X	X	X
Structured transaction liabilities	X		√	√	X	√	√
Collateral guarantee contracts			X	X	X	X	√
Deferred tax liability			X	X	X	X	√
Working capital liabilities			√	√	X	X	√

Insurance risk

Insurance risk is the risk of loss or unexpected change in the carrying value of insurance contracts (referred to as 'insurance contract balances' or 'insurance liabilities' in this report) resulting from changes in the timing, frequency, or severity of current or expected future risk claims and expenses, or policyholder persistency. This risk can arise through an operating experience loss or a change in insurance liabilities. Operating losses arising from persistency and expense risk are also relevant to investment contract business.

Exposure to insurance risk

Insurance and investment businesses are mainly exposed to the insurance risks as illustrated in the table below. The risks have been split by line of business, and split by measurement model for the life insurance business. General insurance business measured under the general model is immaterial for the group, therefore this report only considers general insurance business measured under the premium allocation approach. A cross (X) either means that the risk is not relevant or is likely to have an immaterial impact on the group's financial position under different insurance-related scenarios that have commercial substance.

	Underwriting and other insurance risks	Persistency risk	Expense risk
Life insurance – risk business			
Premium allocation approach	√	X	√
General model	√	√	√
Life insurance – savings business			
Variable fee approach	√	√	√
General insurance	√	X	√
Investment contract business	X	√	√

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The general model and variable fee approach are relevant to longer-duration insurance contracts (eg, whole life/term assurance policies, funeral policies, life annuities, savings contracts with a fixed/open-ended term) whereas the premium allocation approach is mainly applied to shorter-duration insurance contracts (eg, group life risk business, general insurance business such as motor and property). All references to life insurance business/contracts in this report apply to both life insurance risk and savings business, unless stated otherwise.

For life insurance contracts measured under the general model and variable fee approach, the insurance liabilities are determined as the total of the fulfilment cash flows and a contractual service margin (CSM). The fulfilment cash flows comprise the probability-weighted estimates of future cash flows, discounted at the prevailing discount rates (referred to as the 'best estimate liability' in this report), and a risk adjustment for non-financial risk. The risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The CSM represents a store of future unearned profits that the group is expected to recognise over the lifetime of the insurance contracts as services are provided. The CSM is set equal to the negative of the fulfilment cash flows at the initial recognition of groups of insurance contracts that are not expected to be loss-making (onerous), resulting in no income being recognised at inception.

For insurance contracts measured under the premium allocation approach, the insurance liabilities represent the portion of the premiums received which relates to the unexpired portion of the risk relating to future claims. For all measurement models, the insurance liabilities also include a liability for incurred claims (claims provisions) where relevant. The measurement of insurance contracts is covered in further detail in the accounting policies on pages 65 to 77.

Underwriting and other insurance risks arise primarily from fluctuations in the timing, frequency and severity of insured events that adversely affects the policyholder or other beneficiary, and the premiums charged by the group not fully reflecting these risks. For life insurance business these risks arise if actual experience relating to mortality, longevity, disability and medical (morbidity) differs from that which was assumed. These risks mainly arise from the writing of life insurance risk business, such as:
- non-participating life annuities providing guaranteed income to annuitants for life; and
- other risk business providing guaranteed payments on death/disability (including funeral cover).

The group is also exposed to underwriting risk in respect of life insurance savings business for products where the group accepts significant insurance risk from the policyholder, such as:
- market-related savings contracts providing minimum investment guarantees on death or maturity, and/or rider benefits such as premium waivers on death; and
- universal life contracts providing guaranteed death cover.

Underwriting and other insurance risks for general insurance business includes the risk that either premium or claims provisions turn out to be insufficient to pay insurance claims. The group's exposure to general insurance risks is mainly via Santam. The group defines general insurance risk to primarily include the following (covered in more detail on page 37 to 40):
- underwriting risk;
- reinsurance risk; and
- reserve risk.

Persistency risk arises from the policyholder lapsing/surrendering the contract or making the contract paid-up earlier or later than the group had allowed for in pricing and the valuation basis. For life insurance risk business, higher than expected lapses will result in a financial loss to the group where the fulfilment cash flows are negative (ie, in an asset position). For life insurance savings business, higher than expected lapses will result in a financial loss to the group where the fulfilment cash flows (excluding the underlying items managed on behalf of the policyholders) are negative. Persistency risk is also the risk of a financial loss if the cancellation of a policy results in the group being unable to recover the upfront acquisition expenses. Persistency risk is not material for insurance contracts measured under the premium allocation approach given the short-term nature of the business.

Expense risk arises from higher than expected administration expenses associated with servicing the policies. This could be due to inefficiencies in managing expenses, lower than expected new business volumes, higher than expected lapses resulting in expenses being allocated to a smaller in-force book, and higher than expected expense inflation. Direct costs and variable/fixed overhead expenses are allocated to lines of business and broad product groups using functional cost analysis techniques performed on an annual basis. For life insurance business, expense assumptions are based on actual experience plus an allowance for expense inflation. For general insurance business, expense risk arising from the volatility of expense payments is implicitly included as part of the underwriting risk.

Persistency and expense risk are also relevant to investment contract business such as linked and market-related contracts without discretionary participation features (refer to the accounting policies on page 65 for further details). For investment contract business, earlier than expected surrenders will result in a financial loss to the group if upfront acquisition expenses incurred cannot be recovered from surrender/other charges levied. The next section is therefore also relevant to investment contract business in respect of persistency and expense risk.

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Life insurance risk

Management of life insurance risk

Underwriting and other insurance risks

Underwriting risk

The group manages underwriting risk through:
- its product development process and underwriting policy to prevent anti-selection and ensure appropriate premium rates (loadings) for sub-standard risks;
- adequate reinsurance arrangements such as quota share or surplus reinsurance treaties to limit exposure per individual and manage concentration of risks;
- suitable claims handling policies;
- adequate pricing; and
- adequate allowance for estimates of future cash flows in insurance liabilities. Assumptions with regard to future mortality, disability and disability payment termination are consistent with the group's recent experience, adjusted to allow for expected future changes in experience, including:
  - the expected improvements in mortality rates in the case of annuity business; and
  - the expected impact of future pandemic events where relevant.

Quarterly actuarial valuations and the group's regular profit reporting process assist in the timely identification of experience variances. The following policies and practices are used by the group as part of its underwriting strategy to mitigate insurance risk:
- All life insurance risk and savings product additions and alterations are required to pass through the approval framework that forms part of the life insurance business's governance process. The relevant Head of Actuarial Function approves the policy conditions and premium rates of new and revised products;
- A risk-based approach is followed towards testing for HIV/Aids, smoking and other underwriting factors, to balance the cost of testing with managing underwriting risk. Applications for risk cover are reviewed by experienced underwriters and evaluated against established standards. Retention limits are applied to limit the exposure per individual life;
- Appropriate income replacement levels apply to disability insurance;
- The experience of reinsurers is used where necessary for the rating of sub-standard risks;
- The risk premiums for group risk business and some of the in-force individual risk business can be adjusted within 12 months should claims experience deteriorate to the extent that such an adjustment is considered necessary. Most of the individual new business is sold with a guarantee that risk premiums would not be increased for the first five to 15 years, after which risk premiums can be reviewed and adjusted if considered necessary given current and expected future claims experience;
- Risk profits are determined on a regular basis; and
- Regular investigations into mortality and morbidity experience are conducted to ensure that corrective action, for example re-rating of premiums, is taken where necessary.

Claims development

The table on the page splits the liability (asset) for incurred claims between estimates of future claim payments that are expected to be resolved within 12 months, and estimates of future claim payments that are expected to extend beyond 12 months and therefore results in more uncertainty about the total amount and timing of future claim payments. The effect of discounting and the risk adjustment for non-financial risk are shown separately to obtain the aggregate liability (asset) for incurred claims split by line of business and measurement model as per notes 8 and 9 on page 100.

For life insurance contracts providing lump sum benefits, claims are typically settled shortly after being reported. For life insurance risk business, about 68% (or R13,4 billion) of the incurred claim amounts (net of reinsurance) are related to product types which provide a regular income stream to policyholders and therefore these claim payments are expected to extend beyond 12 months. This is mainly relevant to income protection and waiver of premium products that trigger payments to policyholders during periods of disability/sickness or on the death of a beneficiary. The claims liability for these claim payments will therefore be more sensitive to the risk of actual mortality/disability experience being different to that which was assumed.

The table therefore includes additional information on the expected timing and amount of future claims cash flows for products where the regular stream of benefit payments extends beyond 12 months. Given the nature of these products, the comparison of actual claims with previous estimates of the undiscounted amount of the claims (ie, claims development) is not considered useful information and has therefore not been included below. The number of claimants as well as the contractual benefit amounts are known at each reporting date for these products, however, the period over which the benefits will be payable will vary depending on actual mortality/disability experience and changes in the corresponding assumptions included in the probability-weighted estimates of future cash flows. Refer to note 29.2.2.2 on page 200 for further information on how the group has set assumptions with regard to future mortality, disability and disability payment termination. The sensitivity analysis further below also considers the possible impact on profit or loss of changes in the underwriting risk variables. For products with claim payments extending beyond 12 months, strengthening the assumptions related to future mortality/disability experience by 5%, could result in an increase in the liability (asset) for incurred claims of approximately 5%.

Capital and risk management report continued

31 December 2024	Total		Life insurance – Risk (Premium allocation approach)		Life insurance – Risk (General model)		Life insurance – Savings (Variable fee approach)	
R million	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Amounts excluding the effect of discounting and risk adjustment for non-financial risk	27 410	20 337	19 792	15 126	7 152	4 745	466	466
Claim payments resolved within 12 months	8 259	6 909	4 700	4 520	3 093	1 923	466	466
Claim payments extending beyond 12 months	19 151	13 428	15 092	10 606	4 059	2 822	–	–
Income protection	17 228	11 505	14 649	10 163	2 579	1 342	–	–
<1 year	1 536	884	1 186	818	350	66	–	–
1 – 5 years	4 373	2 938	4 017	2 759	356	179	–	–
6 – 10 years	4 205	2 851	3 829	2 645	376	206	–	–
>10 years	7 114	4 832	5 617	3 941	1 497	891	–	–
Waiver of premium	1 137	1 137	–	–	1 137	1 137	–	–
<1 year	135	135	–	–	135	135	–	–
1 – 5 years	411	411	–	–	411	411	–	–
6 – 10 years	293	293	–	–	293	293	–	–
>10 years	298	298	–	–	298	298	–	–
Other	786	786	443	443	343	343	–	–
<1 year	204	204	192	192	12	12	–	–
1 – 5 years	178	178	128	128	50	50	–	–
6 – 10 years	147	147	81	81	66	66	–	–
>10 years	257	257	42	42	215	215	–	–
Effect of discounting	(9 593)	(6 703)	(7 557)	(5 158)	(2 036)	(1 545)	–	–
Risk adjustment for non-financial risk	696	545	645	501	25	18	26	26
Total liability/(asset) for incurred claims	18 513	14 179	12 880	10 469	5 141	3 218	492	492
31 December 2023								
Amounts excluding the effect of discounting and risk adjustment for non-financial risk	26 265	19 287	18 516	13 625	6 758	4 671	991	991
Claim payments resolved within 12 months	7 848	6 544	4 193	3 760	2 664	1 793	991	991
Claim payments extending beyond 12 months	18 417	12 743	14 323	9 865	4 094	2 878	–	–
Income protection	16 636	10 962	13 940	9 482	2 696	1 480	–	–
<1 year	1 547	864	1 157	797	390	67	–	–
1 – 5 years	4 097	2 752	3 760	2 574	337	178	–	–
6 – 10 years	3 903	2 617	3 553	2 410	350	207	–	–
>10 years	7 089	4 729	5 470	3 701	1 619	1 028	–	–
Waiver of premium	1 046	1 046	–	–	1 046	1 046	–	–
<1 year	131	131	–	–	131	131	–	–
1 – 5 years	383	383	–	–	383	383	–	–
6 – 10 years	274	274	–	–	274	274	–	–
>10 years	258	258	–	–	258	258	–	–
Other	735	735	383	383	352	352	–	–
<1 year	143	143	131	131	12	12	–	–
1 – 5 years	180	180	128	128	52	52	–	–
6 – 10 years	148	148	82	82	66	66	–	–
>10 years	264	264	42	42	222	222	–	–
Effect of discounting	(10 224)	(7 067)	(7 479)	(5 165)	(2 745)	(1 902)	–	–
Risk adjustment for non-financial risk	459	357	430	340	29	17	–	–
Total liability/(asset) for incurred claims	16 500	12 577	11 467	8 800	4 042	2 786	991	991

Catastrophe risk

The group manages catastrophe risk through adequate reinsurance arrangements providing non-proportional coverage, such as excess-of-loss treaties, to limit exposure per individual and manage concentration of risks. This is mainly relevant to group risk business measured under the premium allocation approach, given there is significantly more concentrations of risks compared to individual risk business.

Concentration risk

The group writes a diverse mix of business, and continually monitors this risk and the opportunities for mitigating actions through reinsurance. The group's life businesses are focused on different market segments, resulting in a mix of individual and institutional clients, as well as entry-level, middle-income market and high net worth clients.

The tables below provide an analysis of the exposure to the value of benefits insured for life insurance risk business in respect of non-participating life business for the major life insurance companies, as well as the annuity payable per policy in respect of non-participating life annuities for the group's operations. Concentration risk is less relevant for life insurance savings business where funds are managed on behalf of the policyholders.

Non-participating life annuity payable per annum per life insured

	Number of lives	
R 000	2024	2023
0 — 20	158 161	170 513
20 — 40	34 361	31 006
40 — 60	14 008	11 645
60 — 80	8 130	6 452
80 — 100	5 476	4 229
>100	21 595	14 230
	241 731	238 075

Value of benefits insured: non-participating life business (excluding funeral policies)

Benefits insured per individual life	Number of lives		Before reinsurance		After reinsurance	
R 000	2024[2]	2023	2024[2] %	2023 %	2024[2] %	2023 %
0 – 500[1]	6 297 146	5 172 313	8	15	15	20
500 – 1 000	279 713	208 013	8	8	15	13
1 000 – 5 000	459 435	393 088	43	44	49	48
5 000 – 8 000	49 776	32 324	13	13	9	9
>8 000	42 898	23 432	28	20	12	10
	7 128 968	5 829 170	100	100	100	100

[1] Including funeral policies, the number of lives in the 0 – 500 band increases by 3 million (2023: 4,1 million). Benefits insured before reinsurance increased to 17% (2023: 26%) and after reinsurance increased to 27% (2023: 39%).

[2] The number of lives and benefits disclosed for the current year, include the Assupol entity acquired on 30 September 2024 and the Malaysian entity which is no longer held for sale as at 31 December 2024, but exclude the Capitec joint venture terminated on 31 October 2024. As such, the current year's disclosure is not comparable to that of last year.

The tables above indicate that the group's exposure is spread over a large number of lives insured, thereby mitigating concentration risk.

Persistency risk

Analytical models are used by the group to identify high-risk clients, such as propensity-to-lapse models which identify clients that are more/less likely to lapse. Client relationship management programmes are aimed at managing client expectations and relationships to reduce lapse, surrender and paid-up rates. The design of insurance products excludes material lapse, surrender and paid-up value guarantees, subject to regulatory constraints, to limit financial loss at surrender. The product design also typically allows for the clawback of commission from intermediaries if policies are cancelled within a specified period after being issued. Persistency experience is monitored on a monthly basis to ensure that negative experience is timeously identified and corrective action taken while loyalty programmes such as Wealth Bonus, where applicable, is used to reward good persistency. The group sets lapse assumptions based on actual experience, adjusted for expected future changes in experience, to ensure that adequate provision is made for lapses, surrenders and paid-up policies in insurance liabilities.

Expense risk

Expenses are managed through the group's budgeting and forecasting process and continuous monitoring of actual versus budgeted unit expenses is conducted and reported on. Negative trends in expense experience are identified such that corrective action can be taken where required.

Capital and risk management report continued

Sensitivity analysis

The group has analysed how possible changes in assumptions relating to underwriting risk variables could have impacted the CSM and profit or loss. The sensitivity analysis considers the impacts before and after risk mitigation by reinsurance contracts held. The nature of third party cell insurance contracts does not expose the group to insurance risk on a net of reinsurance basis and has therefore been excluded from the analysis.

The analysis is based on changing the assumptions included in the estimates of future cash flows as at the reporting date while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The changes in underwriting risk variables mainly impact the CSM (gross of tax) and profit or loss (net of tax) as follows:

CSM	Changes in fulfilment cashflows adjusting the CSM, with a corresponding impact on the release of CSM (recognised in profit or loss)[1]
Profit or loss	Changes in CSM amounts recognised in profit or loss as result of the adjustments to the CSM
	Changes in fulfilment cash flows resulting in increases or reversals of losses on onerous contracts
	Changes in liabilities for incurred claims related to past service[2]

(1) For example, a decrease in mortality rates on non-participating life annuities will increase the fulfilment cash flows, reducing the CSM (negative adjustment), with a partially offsetting increase in the CSM as result of less CSM being recognised (released) in profit or loss.
(2) For insurance contracts measured under the premium allocation approach, only the liability for incurred claims is sensitive to possible changes in underwriting risk variables.

The impact on equity is expected to be consistent with the impact on profit or loss (net of tax) for each sensitivity analysed and has therefore not been shown separately in the tables below.

31 December 2024	Change in CSM		Impact on profit or loss	
R million	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Life insurance – Risk (Premium allocation approach)				
Unpaid claims – 5% increase			(91)	(89)
Life insurance – Risk (General model)				
Mortality/morbidity rates – 5% decrease (annuities)	(653)	(653)	(50)	(50)
Mortality/morbidity rates – 5% decrease (other)	4 016	3 004	616	374
Lapse/surrender rates – 10% decrease	1 769	1 576	276	236
Expenses – 10% decrease	1 111	1 114	163	157
Life insurance – Savings (Variable fee approach)				
Mortality/morbidity rates – 5% decrease	17	17	4	4
Lapse/surrender rates – 10% decrease	92	92	12	12
Expenses – 10% decrease	81	81	12	12

31 December 2023	Change in CSM		Impact on profit or loss	
R million	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Life insurance – Risk (Premium allocation approach)				
Unpaid claims – 5% increase			(106)	(105)
Life insurance – Risk (General model)				
Mortality/morbidity rates – 5% decrease (annuities and other)	3 572	3 140	480	316
Lapse/surrender rates – 10% decrease	1 503	1 242	277	130
Expenses – 10% decrease	1 013	1 033	155	140
Life insurance – Savings (Variable fee approach)				
Mortality/morbidity rates – 5% decrease	9	9	2	2
Lapse/surrender rates – 10% decrease	102	102	8	8
Expenses – 10% decrease	113	113	15	15

General insurance risk

Management of general insurance risk

Underwriting and other insurance risks

Sanlam group, in collaboration with the respective underwriting and reinsurance management teams, have implemented a group-wide underwriting framework in terms of the board-approved underwriting and reinsurance policies, which are aligned to Sanlam group requirements, taking country-specific prudential requirements into account.

This framework is implemented at subsidiary level through underwriting practice policies (approved by the subsidiary boards) that set out the specific requirements and parameters within which insurance risks are managed and authorities delegated. Through the central team's ongoing monitoring and review processes, subsidiaries are held accountable to the framework.

A key benefit of the framework from a risk management perspective is that it facilitates oversight and collaboration between the central team and the underwriting team of each subsidiary. It also allows the management of accumulation and concentration exposure that are seldom revealed across the different territories where general insurance businesses operate. Compliance is monitored by the second line risk and compliance function as well as through specific audits (by internal audit) focusing on general insurance underwriting and reinsurance practices. Catastrophe and concentration risk are covered as part of the underwriting and reinsurance risk.

Underwriting risk

The group manages general insurance underwriting risk through its underwriting strategy which comprises effective underwriting guidelines and proactive claims handling. The underwriting strategy aims to ensure that the portfolio of insurance contracts issued is well diversified, adequately priced and retained within tolerable levels. Claims are actively managed to ensure they are appropriately reserved for and covered as originally intended by the contracts.

In general, personal and commercial general insurance policies are issued through the group's general insurance subsidiaries, as well as reinsurance contracts in respect of most of the classes of, apart from alternative risk transfer (ART).

Underwriting risk results from fluctuations in the timing, frequency, and severity of insured events. It includes the risk that premium provisions (liability for remaining coverage) turn out to be insufficient to compensate for expected future claims, and that the claims provisions (liability for incurred claims) raised for both reported and unreported claims are inadequate, as well as the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the underwriting risk. Expenses are monitored by each subsidiary against an approved budget and business plan, with corrective action taken where relevant.

To determine the underwriting risk faced by the group and its general insurance subsidiaries, a stochastic simulation of claims is typically performed at a line of business level. Assumptions for each line of business are determined based on more than 10 years' worth of historic data. The expected claims liabilities are modelled for specific lines of business, which are then split into the appropriate sub-classes. For each sub-class of business, three types of losses are modelled, namely attritional losses, individual large losses, and catastrophe losses.

Various catastrophes are also modelled and the losses from each catastrophe are allocated to multiple classes of business. The following catastrophes are modelled:
- Earthquake;
- Storm;
- Flood;
- Marine (cargo);
- Conflagration (property);
- Conflagration (liability);
- Latent liability; and
- Correlation events across line of businesses and countries.

Pricing of general insurance products is generally based upon a mix of historical claims frequencies and severity averages adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. Given the current inflationary environment, the impact of inflation is monitored very closely and adjusted for regularly. While claims remain Sanlam's principal cost, it also makes allowance in the pricing procedures for acquisition expenses, administration and other expenses, investment income, the cost of reinsurance and for a profit loading that adequately covers the cost of the capital.

Underwriting limits (per risk and, where relevant, per event) and captive capacity utilisation are set for subsidiaries, underwriting managers and underwriters to ensure that Sanlam group's risk appetite is appropriately delegated.

Underwriting performance is monitored continuously, and the pricing policy is revised accordingly. Risk factors considered as part of the review are unique to each class of business and constantly evolve as the risk environment changes. Sanlam has the right to reprice and change the conditions for accepting risks on renewal.

Sanlam group has a sufficiently diversified general insurance portfolio based on insurance classes and geographical footprint. Underwriting risk is further mitigated by ensuring that reinsurance and reserve risk are adequately managed (covered in more detail in the next sections).

Capital and risk management report continued

The net claims ratio, which is important in monitoring insurance risk, has developed as follows over the past seven years:

Loss history	2024	2023	2022	2021[3]	2020[3]	2019[3]	2018[3]
Claims paid and provided %[1],[2]	61,1	66,2	65,0	62,0	68,2	62,1	60,3

[1] For Santam only, expressed as a percentage of net earned premiums.
[2] The net claims ratio for Conventional Insurance is disclosed, as it is the key ratio for this business segment. The key drivers for the performance of the ART business segment are income from clients and investment results.
[3] Ratios quoted for 2021 and earlier were not restated in terms of IFRS 17.

The underwriting strategy aims to ensure that the risks underwritten are well diversified in terms of type and amount of risk, size, economic sector and geography. The group has a sufficiently diversified portfolio based on insurance classes to mitigate concentration risk. Sanlam group is currently also focusing on obtaining international geographical diversification through the business written by Santam Re and the Santam Specialist business.

Reinsurance risk

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the group's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. Third-party reinsurance cover is obtained to reduce risks from single events or accumulations of risk that could have a significant impact on earnings or capital requirements. The group has a set of programmes that has been developed over many years to suit the risk management needs of the captive business.

The group risk appetite is used to evaluate the type and level of reinsurance protection to purchase within the risk appetite framework. The reinsurance programme is placed into both the local and international reinsurance markets. Reinsurance arrangements in place include proportional, excess-of-loss per risk, stop loss and catastrophe arrangements.

Reserve risk

Reserve risk relates to the risk that the claim provisions (liability for incurred claims) held for both reported and unreported claims, as well as their associated expenses may prove insufficient.

The liability for incurred claims is determined to be at least sufficient at a specified percentile (75th percentile for Santam) of the ultimate loss distribution.

The first step in the process is to determine the best estimate liability. Being a best estimate liability, there is an equally likely chance that the actual amount needed to pay future claims will be higher or lower than this calculated value. The second step is to include an explicit risk adjustment for non-financial risk in the liability for incurred claims which reflects the compensation that the group requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The risk adjustment is determined such that there is an acceptable probability (75% to 95% for Santam) that the claims provisions will be sufficient to cover future claims.

Claims development

The presentation of the claims development tables is based on the actual date of the event that caused the claim (incident year basis). The claims development tables represent the development of actual claims paid for continuing operations.

Estimates of claims (gross of reinsurance and undiscounted)

31 December 2024		Claims paid in respect of (ie, incident year)								
R million	Total	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting year										
At end of accident year		18 057	18 762	21 236	18 596	14 165	14 055	12 231	13 623	11 087
– one year later			23 382	27 269	25 209	19 097	18 006	15 898	18 250	15 119
– two years later				28 988	26 903	20 600	18 514	17 702	18 856	15 622
– three years later					27 401	21 283	18 756	17 908	19 032	15 866
– four years later						21 636	19 479	18 011	19 182	16 311
– five years later							19 547	18 924	19 282	16 373
– six years later								18 697	19 553	16 378
– seven years later									19 548	16 057
– eight years later										16 055
Cumulative payments to date		(13 300)	(21 661)	(27 514)	(25 896)	(20 767)	(19 005)	(18 299)	(19 087)	(14 559)
Gross cumulative claims liabilities – 2016 to 2024	13 223	4 757	1 721	1 474	1 505	869	542	398	461	1 496
IBNR – best estimate	3 366									
Effect of discounting	(859)									
Risk adjustment for non-financial risk[1]	790									
Creditors and debtors included in liabilities for incurred claims[2]	1 692									
Gross liabilities for incurred claims	18 212									

31 December 2023		Claims paid in respect of (ie, incident year)								
R million	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting year										
At end of accident year		18 186	16 544	14 357	11 138	11 680	10 804	12 114	10 414	12 335
– one year later			22 914	20 381	15 577	15 083	13 902	15 785	13 470	16 259
– two years later				22 474	16 966	15 514	15 693	16 344	13 837	17 225
– three years later					17 374	15 695	15 886	16 490	14 072	17 760
– four years later						15 818	15 978	16 641	14 593	18 608
– five years later							16 005	16 742	14 593	18 608
– six years later								16 742	14 593	18 608
– seven years later									14 593	18 608
– eight years later										18 608
Cumulative payments to date		(12 063)	(20 290)	(20 568)	(16 393)	(15 287)	(15 572)	(16 195)	(13 798)	(17 927)
Gross cumulative claims liabilities – 2015 to 2023	14 621	6 123	2 624	1 906	981	531	433	547	795	681
IBNR – best estimate	3 329									
Effect of discounting	(976)									
Risk adjustment for non-financial risk[1]	718									
Creditors and debtors included in liabilities for incurred claims[2]	1 828									
Gross liabilities for incurred claims	19 520									

Estimates of claims (net of reinsurance and undiscounted)

31 December 2024		Claims paid in respect of (ie, incident year)								
R million	Total	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting year										
At end of accident year		15 731	15 569	13 604	12 847	11 293	11 746	10 955	10 852	9 865
– one year later			19 240	18 407	15 815	14 740	14 614	13 529	13 415	12 224
– two years later				18 903	17 111	15 368	14 940	13 871	13 592	12 470
– three years later					17 152	16 085	15 072	14 023	13 654	12 599
– four years later						16 111	15 296	14 069	13 757	12 936
– five years later							15 256	13 748	13 818	12 984
– six years later								13 416	13 801	12 985
– seven years later									13 718	12 716
– eight years later										12 630
Cumulative payments to date		(11 420)	(18 304)	(18 574)	(16 618)	(15 749)	(14 874)	(13 096)	(13 482)	(11 713)
Gross cumulative claims liabilities – 2016 to 2024	8 327	4 311	936	329	534	362	382	320	236	917
IBNR – best estimate	2 723									
Effect of discounting	(517)									
Risk adjustment for non-financial risk[1]	765									
Creditors and debtors included in liabilities for incurred claims[2]	648									
Gross liabilities for incurred claims	11 946									

Capital and risk management report continued

31 December 2023		Claims paid in respect of (ie, incident year)								
R million	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting year										
At end of accident year		13 106	12 908	12 017	10 375	10 429	9 716	9 935	9 208	10 339
– one year later			16 441	14 723	13 571	12 928	11 924	12 276	11 257	12 905
– two years later				15 065	14 163	13 220	12 244	12 517	11 461	13 422
– three years later					14 273	13 347	12 378	12 584	11 578	13 721
– four years later						13 438	12 432	12 697	11 903	13 880
– five years later							12 452	12 769	11 950	13 988
– six years later								12 769	11 950	13 988
– seven years later									11 950	13 988
– eight years later										13 988
Cumulative payments to date		(9 419)	(15 766)	(14 636)	(14 007)	(13 128)	(12 258)	(12 554)	(11 896)	(13 546)
Gross cumulative claims liabilities – 2015 to 2023	6 272	3 687	675	429	266	310	194	215	54	442
IBNR – best estimate	2 670									
Effect of discounting	(507)									
Risk adjustment for non-financial risk[(1)]	618									
Creditors and debtors included in liabilities for incurred claims[(2)]	1 647									
Gross liabilities for incurred claims	10 700									

[(1)] Includes attributable expenses and risk adjustment.
[(2)] Included unrealised forex, insurance related premiums receivables, commission and claims payables.

Sensitivity analysis

The group has analysed how possible changes in assumptions relating to underwriting risk variables could have impacted profit or loss for general insurance business. The sensitivity analysis considers the impacts before and after risk mitigation by reinsurance contracts held.

The analysis is based on a change in the assumptions at the reporting date while holding all other assumptions constant. For general insurance business measured under the premium allocation approach, only the liability for incurred claims is sensitive to possible changes in underwriting risk variables. The group has analysed the expected impact of an increase in unpaid claims on the liability for incurred claims. An increase in the expected unpaid claims is equivalent to an increase in the expected loss ratio. General insurance business measured under the general model is not material for the group and has therefore not been considered in this sensitivity analysis. The impact on equity is expected to be consistent with the impact on profit or loss (net of tax) and has therefore not been shown separately in the tables below.

31 December 2024	Impact on profit or loss	
R million	Gross of reinsurance	Net of reinsurance
General insurance (Premium allocation approach)		
Unpaid claims – 5% increase	**(664)**	**(435)**

31 December 2023	Impact on profit or loss	
R million	Gross of reinsurance	Net of reinsurance
General insurance (Premium allocation approach)		
Unpaid claims – 5% increase	(631)	(375)

Concentration risk

Sanlam has a diversified book of business spread across South Africa with a 22% market share. The portfolio is more weighted to the Western Cape, Gauteng and KwaZulu-Natal, with the insurance concentration within the motor and property classes of business.

Catastrophe events tend to highlight concentration risk within the business of which hail and storm are the most prevalent. The following table illustrates the interaction in concentration within geographical areas and insurance classes:

			Gross insurance exposure (GWP)		Net insurance exposure (NEP)	
Primary catastrophe	**Main insurance class impacted**	**Main geographical location impacted**	**2024 R million**	2023 R million	**2024 R million**	2023 R million
Hail	Motor	Gauteng	**6 888**	6 808	**6 766**	6 638
Storm (Large)	Property	Western Cape, KwaZulu-Natal	**4 212**	3 925	**3 474**	3 205
Fire	Property	Western Cape, North West	**5 649**	5 493	**5 048**	4 874

Climate change has increased the frequency and intensity of extreme weather-related events in South Africa in recent years, increasing the risk of hail damage in the motor book and storm losses in the property book. Similarly, wildfires also pose a particular risk to the property class due to a combination of climate change and vegetation. Sanlam has geocoded the largest portion of its portfolio to identify high-risk flooding and wildfire areas to better manage the risk. The geocoding initiative also informs efforts to enhance fire services capacity in affected municipalities. At the underwriting stage, geocoding is used to manage potential concentration risk. Geocoding entails overlaying geocoded addresses with scientific data sets to determine exposure to specific perils at a given location. It is a method of avoiding high risk rather than mitigating it. Risks that are subsequently accepted are then mitigated through reinsurance.

Market risk

Market risk is the risk arising from the level or volatility of market prices of financial instruments which impacts on the value of assets and liabilities of the group, as well as the corresponding impact on profit or loss.

SanFin, which comprises Financing Solutions and Market Solutions, was formed to strengthen the financial risk management of the Sanlam balance sheet in collaboration with Sanlam balance sheet management and Sanlam group risk management. The aim is to centralise the management of shareholder interest rate risk, credit risk and liquidity risk (refer to pages 49, 59 and 60 for further details on the management of credit risk and liquidity risk).

SanFin uses Value at Risk (VaR) as the basis for market risk capital computations. Limits are established for the amount of market risk capital that may be consumed. These limits are supplemented with limits on exposures and stresses metrics at different levels within SanFin, business-level and within businesses. The methodology follows a full revaluation historical simulation approach, whereby the input market variables (eg, related to interest rates, equities, bond prices, etc.) for various exposures are stressed. VaR measures the maximum loss over a given horizon with a specified level of confidence. VaR is computed at a 99,5% confidence level to be consistent with Sanlam's risk appetite relating to SanFin's business, and is determined on a diversified basis for SanFin as a whole and therefore takes the diversification of portfolios into account.

Santam uses a number of sensitivity or stress-test based risk management tools to understand the impact of market risks on earnings and capital in both normal and stressed conditions. These stress tests combine deterministic shocks, analysis of historical scenarios and stochastic modelling using an internal economic capital model to inform Santam's decision-making and planning process and also for identification and management of risks within the business units.

Exposure to, and management of, market risk

Use of derivatives

The group uses derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest rates, foreign exchange rates and equity prices.

The group does not use derivatives to leverage its exposure to markets and does not hold or issue derivative financial instruments for speculative purposes. The policy on the use of derivatives is approved by the relevant governance structures.

Over-the-counter derivative contracts and exchange traded futures are entered into only with approved counterparties, in accordance with the group's risk management policies, effectively reducing the risk of credit loss. The group applies strict requirements to the administration and valuation process it uses, and has a control framework that is consistent with market and industry practice for the activity that it has undertaken.

Investment management

The group's investment management operations are primarily exposed to operational risks, as they have limited on-balance sheet exposure to financial instruments. Investment risk is borne principally by the client. The investment management operations are, however, exposed to market risk owing to the impact of market fluctuations on revenue levels, as investment fees are generally linked to the level of assets under management. This exposure is reduced through asset class and product diversification.

One of the key risks inherent to the investment management operations relates to the risk of consistently poor investment decisions, ie incorrect asset allocation views and/or stock selection resulting in investment underperformance and impairment of the track record relative to benchmarks and/or peer groups.

In order to mitigate this risk, the following areas are focused on:

- Recruitment and retention of high-quality investment professionals and support staff who are organised into stable teams, with a performance culture that receive pertinent training and development and regular employee appraisals;
- Optimisation of a robust investment process to ensure good investment decisions;
- Rigour of the procedures for portfolio implementation;
- Effectiveness of the dealing desk; and
- Analyses of fund performance.

The above interventions are implemented with due cognisance of Sanlam Investment group's fiduciary responsibility to, at all times, act in the best interest of the clients and in accordance with the investment mandate directives.

Insurance operations and investment contract business

The group's insurance operations are exposed to financial risk through the design of some policyholder solutions. Investment contract business such as linked policies where the value of policy benefits is linked directly to the fair value of the supporting assets, does not expose the group to direct financial risk as this risk is assumed by the policyholder.

The capital of these operations is invested in financial instruments, which also exposes the businesses to financial risk.

The policyholder solutions and capital portfolio are mainly exposed to market risks as illustrated in the table on the next page. The risks have been split by line of business, and split further between annuity and other business for the life insurance risk business. A cross (X) either means that the risk is not relevant or is likely to have an immaterial impact on the group's financial position under different market-related scenarios that have commercial substance.

Capital and risk management report continued

The life insurance lines of business can be mainly allocated to the following broad product groups:

- Examples of life insurance risk business:
  - Non-participating life annuities; and
  - Other risk business that provides death/disability and funeral cover.
- Examples of life insurance savings business:
  - Market-linked business providing minimum guaranteed benefits at death or maturity, or other rider benefits such as premium waivers on death;
  - Smoothed-bonus business with discretionary participation features (DPF); and
  - Participating annuities.
- Examples of investment contract business:
  - Pure linked business;
  - Market-related business providing minimum guaranteed benefits at death or maturity that do not give rise to significant insurance risk;
  - Guaranteed plans and fixed return products; and
  - Term certain annuities.

	Market risk		
	Currency risk	Interest rate risk	Equity and property risk
Policyholder solutions			
Life insurance – risk business			
Non-participating life annuities	X	√	√[3]
Other risk business	X	√	√[3]
Life insurance – savings business	√[1][2]	√[2]	√[2]
General insurance	√[1]	√	√
Investment contract business	X[4]	√[4]	X[4]
Capital portfolio	√[1]	√	√[5]

(1) For life insurance savings business, the majority of currency exposure results from offshore assets held in respect of market-related and smoothed-bonus business. Offshore exposure within these portfolios is desirable from a diversification perspective. Currency risk for general insurance business and the capital portfolio is covered in further detail on pages 44 to 46.

(2) Smoothed-bonus business is only exposed to this risk if the assets backing these policies have underperformed to the extent that there are negative bonus stabilisation reserves that will not be recovered by declaring lower bonuses in the subsequent years. This is covered in more detail below.

(3) For life insurance risk business, there is mainly indirect exposure to equity and property risk in the asset portfolios backing the CSM component of the insurance liabilities. For other risk business such as universal life contracts which give rise to both insurance and market risk, there is also some exposure to equity and property risk from the investment funds managed on behalf of the policyholders.

(4) There is interest rate risk exposure for guaranteed plans, fixed return products and term certain annuities, however, liabilities are matched (as far as possible) with interest-bearing assets to ensure that the duration of assets and liabilities are closely aligned. Policyholders carry the full market risk in respect of pure linked business. Market-related policies providing guaranteed minimum benefits at death or maturity exposes the group to market risk, however, these guarantees are not material for investment contract business.

(5) Sanlam Life's portfolio backing required capital consists of assets managed according to a hedged equity programme.

Non-participating life annuity business relates to contracts where income is paid to an annuitant for life, in return for a lump sum consideration paid on origination of the policy. The income may be fixed or increased at a fixed rate or in line with inflation. The group guarantees this income and is therefore subject to interest rate risk.

Smoothed-bonus business provide for the payment of an investment return (net of tax and investment costs) to the policyholder, in the form of bonuses. The use of bonuses is a mechanism to smooth returns to policyholders in order to reduce the effects of volatile investment performance, and bonus rates are determined in line with the product design, policyholder reasonable expectations, affordability and the approved bonus philosophy. Any returns not yet distributed are retained in a policyholder bonus stabilisation reserve, for future distribution to policyholders. In the event of adverse investment performance, this reserve may become negative.

The funding level of portfolios is bolstered through loans from the capital portfolio and cancellation of non-vested bonuses in instances where negative stabilisation reserves will not be eliminated by these management actions. At 31 December 2024, all material stable bonus business portfolios had a funding level in excess of the minimum reporting level of 92,5%. Market risk is borne by policyholders to the extent that the net investment returns are declared as bonuses. The capital portfolio is, however, exposed to some market risk as an underperformance in investment markets may result in an underfunded position that would require financial support from the capital portfolio.

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The group primarily manages market risk as follows:

- **For life insurance risk and savings business, the asset portfolios backing the CSM and risk adjustment liabilities are primarily exposed to interest rate risk**, and to a lesser extent equity and property risk. For contracts measured under the general model, the CSM liabilities accrete interest at locked-in interest rates which were determined when the insurance contracts were issued. The CSM liabilities for life insurance risk business are therefore not sensitive to changes in interest rates, which could result in investment mismatch profits or losses from changes in the backing assets.
- **For life insurance savings business, the group typically matches the movements in the policyholder funds by holding assets based on the underlying items**. Underlying items comprise reference portfolios of investment assets that determine some of the amounts payable to the policyholders. The movements in the fair value of the underlying items are therefore broadly matched by equal and opposite movements in the backing assets. The group is therefore only exposed to changes in financial risk that impact the components of the liability other than the underlying items (i.e., the variable fee) and the financial instruments backing these components. The variable fee is equal to the group's share of the fair value of the underlying items less the fulfilment cash flows that do not vary with underlying items (eg, related to future risk claims/expenses, the cost of investment guarantees and the risk adjustment). However, the impact of changes in financial risk on the variable fee is recognised in the CSM and therefore deferred over the lifetime of the contracts.
- **For life insurance business, minimum investment guarantees are mainly relevant to savings business**. Market risk relating to guaranteed minimum benefits is managed by appropriate investment policies, determined by the asset liability committee (ALCO), and by adjusting the level of guarantees for new policies to prevailing market conditions. These investment policies are then reflected in the investment guidelines for the policyholder portfolios. The allowance for the cost of investment guarantees in the insurance liabilities are determined on a market consistent basis using stochastic modelling techniques (also referred to as the time value of financial options and guarantees (TVOGs)). These TVOGs are sensitive to movements in interest rates/equity prices as well as the implied volatility of interest rates/equity prices, with a reduction in interest rates/equity prices and/or an increase in implied interest rate/equity price volatility increasing the TVOGs.
- **Interest rate risk relating to non-participating life annuities** is managed by matching the best estimate liability as far as possible with assets, mostly interest-bearing, as well as derivatives to ensure that the change in value of assets and liabilities is closely matched for a change in interest rates. The hedging of interest-rate risk of the annuity profiles within SanFin is achieved mainly using bond derivatives (forwards and futures) and to a lesser extent using short-dated credit assets.
- **For other life insurance risk business, the group is exposed to market risk** to the extent of the investment of the backing assets in interest-bearing, equity and property investments. The risk is managed through investments in appropriate asset classes. A number of the products comprising this business are matched using interest-bearing instruments, similar to non-participating life annuities.
- **Market risk relating to smoothed-bonus business** is managed through an appropriate investment policy. ALCO oversees the investment policy for the various smoothed-bonus portfolios. Feedback on the investment policy and its implementation and the performance of the smoothed-bonus portfolios are provided quarterly to the Sanlam Limited board and Sanlam customer interest committee. The aim is to find the optimum balance between high investment returns (to be able to declare competitive bonus rates) and stable investment returns given the need to meet guaranteed benefits and to support the granting of stable bonus rates. The requirements for the investment management of each portfolio are set out in investment guidelines, which cover, inter alia, the following:
  - Limitations on exposure to volatile assets;
  - Benchmarks for the performance measurement of each asset class and limits on deviations from these benchmarks;
  - Credit risk limits;
  - Limits on asset concentration – with regard to investments in group-listed entities, the exposure of policyholders' portfolios to these investments is based on portfolio investment considerations and restricted with reference to a specific counter's weight in the benchmark portfolio;
  - Limits on exposure to some particular types of assets, such as unlisted equities, derivative instruments, property and hedge funds; and
  - Regulatory constraints.
- **Interest rate risk relating to investment contract business such as guaranteed plans, fixed return products and term certain annuities**, is managed by matching the liabilities with assets that have similar investment return profiles as the liabilities. These policies provide for guaranteed benefit amounts and are therefore exposed to interest rate risk, if the assets backing these liabilities do not provide a comparable yield to the guaranteed value.
- **Market risk relating to general insurance business** is primarily managed as follows:
  - Foreign currency mismatch risk is mitigated by monitoring the level of foreign currency assets relative to foreign currency liabilities and foreign currency capital requirements. In terms of the group's risk management strategy, foreign currency risks can be assessed on a case-by-case basis to determine whether specific hedging requirements exist.
  - Exposure to interest rate risk is monitored through several methods that include scenario testing and stress testing using measures such as duration. The bond returns are modelled based on the historic performance of the individual bonds held in the portfolio and adjusted to reflect the current interest rates and inflation environment.
  - A long-term view is taken when agreeing equity investment mandates with the relevant portfolio managers and looks to build value over a sustained period of time rather than utilising high levels of purchases and sales in order to generate short-term gains from its equity holdings. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modelling methods, and setting appropriate risk limits to ensure that no significant concentrations in individual companies arise.
- **Exposure of the capital portfolio to market risks** is controlled through comprehensive measures and limits. Continuous monitoring takes place to ensure that appropriate assets are held in support of the capital and investment return targets. Limits are applied in respect of the exposure to asset classes and individual counters.

Capital and risk management report continued

Currency risk

Foreign currency risk is the risk that Sanlam will be negatively impacted by changes in the level or volatility of currency exchange rates relative to the South African Rand.

The majority of the group's currency exposure is with respect to the general insurance business included in the capital portfolio where the reinsurance offerings have been expanded to predominantly other countries in Africa, as well as Southeast Asia and India. Furthermore, an international portfolio has been established to ensure adequate matching of assets and liabilities in terms of the claims process and capital requirements.

In addition, and in accordance with Sanlam's international diversification strategy, Sanlam has also entered into various transactions where there is an underlying foreign currency risk such as the investment in the SanlamAllianz joint venture and Shriram associated companies.

The following assets and liabilities of the capital portfolio which are denominated in foreign currencies, and where the currency risk (including translation risk for the equity accounted investments) resides with the group, are included in the group's statement of financial position:

R million	Euro	United States dollar	British pound	Botswana pula	Indian rupee	Moroccan dirham	Egyptian pound	Malaysian ringgit	Other currencies	Total
31 December 2024										
Equities and similar securities	83	445	6	–	–	–	–	111	169	814
Equity-accounted investments[1]	–	5 536	50	2 662	14 283	11 732	3 249	433	2 120	40 065
Interest-bearing instruments	4	3 827	6	–	–	–	–	1 420	–	5 257
Government interest-bearing investments	–	1 268	–	–	–	–	–	824	–	2 092
Corporate interest-bearing investments	4	2 559	6	–	–	–	–	596	–	3 165
Investment funds	–	4 229	–	–	–	–		–	–	4 229
Deposits and similar securities	111	1 460	17	–	11	–	–	–	–	1 599
Reinsurance contract assets	1	1 827	–	–	–	59	–	–	–	1 887
Structured transactions	–	70	–	–	–	–	–	–	–	70
Trading account assets	–	599	–	–	–	–	–	–	–	599
Net working capital	–	329	10	–	–	–	–	578	20	937
Trade and other receivables	–	108	–	–	–	–	–	413	18	539
Cash and cash equivalents	–	365	493	–	–	–	–	165	3	1 026
Trade and other payables	–	(144)	(483)	–	–	–	–	–	(1)	(628)
Trading account liabilities	–	(533)	–	–	–	–	–	–	(551)	(1 084)
Insurance contract liabilities	(843)	(2 119)	–	–	(192)	(13)	–	–	–	(3 167)
Foreign currency exposure	(644)	15 670	89	2 662	14 102	11 778	3 249	2 542	1 758	51 206
Exchange rates (rand):										
Closing rate	19,54	18,87	23,63	1,35	0,22	1,86	0,37	4,21		
Average rate	19,81	18,32	23,42	1,35	0,22	1,84	0,42	4,01		

R million	Euro	United States dollar	British pound	Botswana pula	Indian rupee	Moroccan dirham	Egyptian pound	Malaysian ringgit	Other currencies	Total
31 December 2023										
Equities and similar securities	86	491	25	–	–	–	–	–	53	655
Equity-accounted investments[1]	–	5 232	–	3 191	15 647	11 297	3 269	447	793	39 876
Interest-bearing instruments	–	3 650	11	–	–	–	–	–	–	3 661
Government interest-bearing investments	–	369	–	–	–	–	–	–	–	369
Corporate interest-bearing investments	–	3 281	11	–	–	–	–	–	–	3 292
Investment funds	–	644	119	–	–	–	–	–	131	894
Deposits and similar securities	51	636	18	–	60	–	–	–	1	766
Reinsurance contract assets	37	2 147	–	–	–	68	–	–	–	2 252
Structured transactions	–	(7)	–	–	–	–	–	–	–	(7)
Trading account assets	–	315	–	–	–	–	–	–	595	910
Non-current assets classified as held for sale[2]	–	–	–	–	–	–	–	18 054	–	18 054
Net working capital	1	257	228	–	–	–	–	–	15	501
Trade and other receivables	–	104	294	–	–	–	–	–	8	406
Cash and cash equivalents	1	293	851	–	–	–	–	–	9	1 154
Trade and other payables	–	(140)	(917)	–	–	–	–	–	(2)	(1 059)
Trading account liabilities	–	(401)	–	–	–	–	–	–	(592)	(993)
Structured transaction liabilities	–	(1)	–	–	–	–	–	–	–	(1)
Non-current liabilities classified as held for sale[2]	–	–	–	–	–	–	–	(16 616)	–	(16 616)
Insurance contract liabilities	(350)	(3 136)	–	–	(122)	(8)	–	–	(191)	(3 807)
Foreign currency exposure	(175)	9 827	401	3 191	15 585	11 357	3 269	1 885	805	46 145
Exchange rates (rand):										
Closing rate	20,20	18,29	23,31	1,37	0,22	1,86	0,6	4,01		
Average rate	19,93	18,44	22,91	1,38	0,22	1,82	0,6	4,05		

(1) Exposure to translation risk is included for the equity accounted investments.
(2) This relates to MCIS in Malaysia that is classified as held for sale.

Capital and risk management report continued

Sensitivity analysis

The following table presents the potential impact on profit or loss due to changes in the value of currency-sensitive monetary assets and liabilities (including those relating to insurance and reinsurance contracts) at the reporting date. The impact on equity is expected to be consistent with the impact on profit or loss (net of tax) and has therefore not been shown separately in the table.

31 December	Impact on profit or loss	
	10% weakening (increase in rand exchange rates)	10% strengthening (decrease in rand exchange rates)
R million	2024[1]	2024[1]
United States dollar	552	(552)
Moroccan dirham	5	(5)
Indian rupee	33	(33)
Malaysian ringgit	200	(200)

[1] The sensitivity analysis only includes information on the impact on profit or loss of changes in assumptions for the year ending 2024. Even though sensitivity models were not rerun for the prior reporting period, the group would not expect new insights to be provided from comparative results, and therefore the impacts at 31 December 2024 should be viewed as a proxy of both years.

Interest rate risk

Interest rate risk arises from the net effect on assets and liabilities of a change in the level of interest rates. Changes in market interest rates have an impact on insurance and investment contract liabilities. Changes in market interest rates also have a direct effect on the contractually determined cash flows associated with floating rate financial assets and financial liabilities, and on the fair value of other investments. Interest-bearing instruments with a fixed rate give rise to fair value interest rate risk, while interest-bearing instruments with a floating rate give rise to cash flow interest rate risk.

The capital portfolio is exposed to interest rate risk through:

- Unsecured subordinated debt and related assets held; and
- Assets held in respect of required capital and shareholders' fund reserves.

The assets backing the subordinated debt are managed within a mandate to ensure that adequate cover is provided for the related liabilities, ie, the market value of the subordinated debt and the market value of the assets backing the debt react the same way to changes in interest rates.

SanFin was formed to strengthen the financial risk management of the Sanlam balance sheet in collaboration with Sanlam balance sheet management and Sanlam group risk management, which includes the centralised management of shareholder interest rate risk.

The management of interest rate risk has been covered in further detail below.

Sensitivity analysis

The sensitivity analysis considers how a possible downwards shift in market interest rates of 1% at the reporting date might impact profit or loss as result of changes in the balances of:

- insurance contracts within the scope of IFRS 17 (net of the effect of reinsurance contracts held). The analysis is based on a 1% decrease in the inflation and investment return assumptions included in the estimates of future cash flows as at the reporting date, as well as a 1% decrease in the discount rates applied to future cash flows, while holding all other assumptions constant. The nature of third-party cell insurance contracts does not expose the group to interest rate risk, and is therefore not considered in the analysis;
- interest-bearing instruments which also give rise to interest rate risk. Therefore, the analysis also presents the impact on financial assets of a downwards shift in market interest rates where relevant; and
- unsecured subordinated debt.

Financial assets at amortised cost with short-term cash flows are assumed not to have any interest rate risk since the effect of interest rate risk on these balances is not considered significant. Changes in interest rates are not expected to have a material impact on profit or loss for investment contract business and has therefore not been analysed.

The following changes in insurance contract balances could impact profit or loss as a result of changes in interest rates where relevant:

Life insurance risk	Changes in fulfilment cash flows related to the effect of changes in financial risk[1]
Life insurance savings	Changes in the fair value returns on underlying items[1]
	Changes in CSM amounts recognised in profit or loss as result of adjustments to the CSM[2]
	Changes in fulfilment cash flows resulting in increases or reversals of losses on onerous contracts[3]
All lines of business	Changes in liabilities for incurred claims related to past service[1]

[1] Amounts are recognised in insurance/reinsurance finance income or expenses. For insurance contracts measured under the premium allocation approach, mainly the liability for incurred claims is sensitive to possible changes in interest rates.
[2] Changes in the variable fee (including TVOG's) adjust the CSM with a corresponding impact on the release (recognition) of CSM in insurance revenue.
[3] Changes in the variable fee (including TVOG's) are recognised in insurance service expenses for onerous groups of contracts. The impact of onerous contracts is immaterial for savings business.

The impact on equity is expected to be consistent with the impact on profit or loss (net of tax) and has therefore not been shown separately in the table.

	Impact on profit or loss	
	31 December 2024[1]	
R million	1% increase in interest rates	1% decrease in interest rates
Life insurance – Risk	**(933)**	**748**
Insurance contract balances (net of reinsurance contracts held)	4 202	(4 374)
Financial assets (including structured transaction liabilities) held in respect of insurance contracts	(5 135)	5 122
Life insurance – Savings	**(7)**	**4**
Insurance contract balances	195	(185)
Financial assets (including structured transaction liabilities) held in respect of insurance contracts	(202)	189
General insurance	**(22)**	**(20)**
Insurance contract balances (net of reinsurance contracts held)	68	(103)
Financial assets (including structured transaction liabilities)[2]	(90)	83
Capital portfolio (excluding general insurance)	**(502)**	**500**
Term finance – unsecured subordinated debt	52	(52)
Financial assets – held in respect of subordinated debt	(59)	63
Financial assets – held in respect of required capital and shareholders' fund reserves	(495)	489

[1] The sensitivity analysis only includes information on the impact on profit or loss of changes in assumptions for the year ending 2024. Even though sensitivity models were not rerun for the prior reporting period, the group would not expect new insights to be provided from comparative results, and therefore the impacts at 31 December 2024 should be viewed as a proxy of both years.
[2] Impact on profit or loss is based on all financial assets held on the balance sheet for Santam conventional business, including assets allocated to the capital portfolio, excluding assets held in respect of subordinated debt.

Equity and property risk

The group is subject to price risk due to daily changes in the market values of its equity portfolios. The group is not directly exposed to commodity price risk, but does have indirect commodity price exposure via various equity share holdings. Any change in valuation of these companies due to change in commodity prices will reflect in the change in share price of these companies.

The group is also subject to property risk which is the risk that the value of investment properties and owner-occupied properties as well as participatory interest in property investment funds, will fluctuate as a result of changes in rental income and interest rates.

Changes in equity and property prices also have an impact on insurance and investment contract liabilities where relevant.

The management of equity and property risk has been covered below and page 48.

Sensitivity analysis

The sensitivity analysis considers the potential impact of a 10% decrease in equity and property prices at the reporting date, while holding all other assumptions constant. Changes in equity and property prices are not expected to have a material impact on profit or loss for investment contract business and has therefore not been analysed.

The following changes in insurance contract balances could impact profit or loss as a result of changes in equity and property prices where relevant:

Life insurance risk	Changes in fulfilment cash flows related to the effect of changes in financial risk[1]
Life insurance savings	Changes in the fair value returns on underlying items[1]
	Changes in CSM amounts recognised in profit or loss as result of adjustments to the CSM[2]
	Changes in fulfilment cash flows resulting in increases or reversals of losses on onerous contracts[3]

[1] Amounts are recognised in insurance/reinsurance finance income or expenses. For risk business this could be relevant to contracts providing investment-return services where funds are managed on behalf of the policyholders.
[2] Changes in the variable fee (including TVOG's) adjust the CSM with a corresponding impact on the release (recognition) of CSM in insurance revenue.
[3] Changes in the variable fee (including TVOG's) are recognised in insurance service expenses for onerous groups of contracts. The impact of onerous contracts is immaterial for savings business.

Capital and risk management report continued

The impact on equity is expected to be consistent with the impact on profit or loss (net of tax) and has therefore not been shown separately in the table.

31 December

	Impact on profit or loss
	10% decrease in equity and property prices
R million	2024[(1)]
Life insurance – Risk	(39)
Insurance contract balances (net of reinsurance contracts held)	5
Financial assets held in respect of insurance contracts	(44)
Life insurance – Savings	(75)
Insurance contract balances (net of reinsurance contracts held)	3 435
Financial assets held in respect of insurance contracts	(3 510)
General insurance	(612)
Financial assets[(2)]	(612)
Capital portfolio (excluding General insurance)	(480)
Financial assets – held in respect of required capital and shareholders' fund reserves	(480)

(1) The sensitivity analysis only includes information on the impact on profit or loss of changes in assumptions for the year ending 2024. Even though sensitivity models were not rerun for the prior reporting period, the group would not expect new insights to be provided from comparative results, and therefore the impacts at 31 December 2024 should be viewed as a proxy of both years.

(2) Impact on profit or loss is based on all financial assets held on the balance sheet for Santam conventional business, including assets allocated to the capital portfolio.

Credit risk

Sanlam is exposed to credit risk in the following business areas:
- Life insurance and investment contract balances
- Capital portfolio:
  - Investments held in respect of required capital and shareholders' fund reserves;
  - SanFin operations;
  - Retail credit and
  - General insurance.

Sanlam recognises that a sound credit risk policy is essential to minimise the effect on the group as a result of loss owing to a major corporate failure and the possible systemic risk such a failure could lead to. The Sanlam corporate credit risk policy has been established for this purpose. Credit risk occurs owing to trading, investment, structured transactions and lending activities. These activities in the group are conducted mostly by either Sanlam Specialised Finance (SanFin) or the Sanlam Investments (SI) sub-cluster of Sanlam Investments Group (SIG) in terms of the investment guidelines granted to them by the life operations. The Sanlam Limited risk and compliance committee have delegated responsibility for credit risk management to the SIG central credit committee. SanFin supports the local asset management teams as and when necessary.

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

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

The credit risk framework highlights the processes and procedures to be followed in order to maintain sound credit granting standards, to monitor and manage credit risk, to properly evaluate new business opportunities and to identify and administer problematic credits. Credit analysis is a structured process of investigation and assessment, involving identifying the obligor, determining whether a group of connected obligors should be consolidated as a group exposure and analysing the financial information of the obligor. A credit rating, being a ranking of creditworthiness, is allocated to the obligor. In addition to external ratings, internal rating assessments are conducted, whereby the latest financial and related information is analysed in a specified and standardised manner, and to ensure a consistent and systematic evaluation process. External ratings (eg, Moody's Investor Services, Standard & Poor's and Global Credit Ratings) are considered when available.

As far as possible, considering materiality and available risk indicators, facilities are reviewed on an annual basis by the appropriate approval authority. Where possible, Sanlam's interest is protected by obtaining acceptable security. Covenants are also stipulated in the loan agreements, specifying actions that are agreed to. Compliance with these loan covenants is monitored on an ongoing basis for signs of deterioration in credit quality. A credit administration and reporting department is in place to implement risk control measures and maintain ongoing review of the credit reports and conditions, and to ensure overall compliance with the credit risk policy.

In addition to the above measures, some portfolios are managed in terms of the investment guidelines of the life insurance operations, which place limits in terms of the lowest credit quality that may be included in a portfolio, the average credit quality of instruments in a portfolio as well as limits on concentration risk.

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The group is also exposed to credit risk in respect of its working capital assets. The following are some of the main credit risk management actions:
- Unacceptable concentrations of credit risk to groups of counterparties, business sectors and product types are avoided by dealing with a variety of major banks and spreading debtors and loans among a number of major industries, clients and geographic areas;
- Long-term insurance business debtors are secured by the underlying value of the unpaid policy benefits in terms of the policy contract; and
- Exposure to external financial institutions concerning deposits and similar transactions is monitored against approved limits.

The group has considered the impact of changes in its own credit risk on the valuation of its liabilities at fair value. Credit risk changes will only have an impact in extreme situations and are not material for the 2024 and 2023 financial years. Given the strong financial position and rating of the group, the credit rating of its liabilities remained unchanged.

Maximum exposure to credit risk

Sanlam's maximum exposure to credit risk is equivalent to the amounts recognised in the statement of financial position (refer to the credit risk concentration by credit rating on pages 50 and 51 included in the Capital Risk Management report) as there are no financial guarantees provided to parties outside the group that is expected to result in an outflow of resources, nor are there any loan commitments provided that are irrevocable over the life of the facility or revocable only in adverse circumstances. Please refer to note 32 on page 207, which discloses the possible obligations of the group.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty or transaction type. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

Master agreements covering, inter alia, netting and insolvency are used extensively to further manage credit risk. Over-the-counter (OTC) derivative transactions and carry and borrow transactions with counterparties are typically governed by such agreements. To further mitigate credit risk, many of these agreements have Credit Support Annexures that allow for the calling of collateral once pre-agreed exposure threshold levels have been reached.

SanFin

For credit risk capital, SanFin utilises the concept of unexpected losses. Based on historical default data, expected losses are computed on a portfolio of credits. Economic principles dictate that a provision should be created for expected losses. An unexpected loss, on the other hand, is the maximum amount over and above the expected loss that SanFin could incur over the particular time horizon with a certain level of confidence. In SanFin's economic capital model, an unexpected loss over a one-year time horizon at a 99,5% confidence level is used as the estimate of credit risk capital. This is consistent with the 99,5% VaR used for market risk capital.

Furthermore, SanFin utilises various additional credit stress testing to supplement the credit capital (and economic capital). This includes the credit earnings at risk measure.
- The first order credit spread sensitivity is calculated;
- The historical spread movement of various credit exposures classifications are determined at the 90th percentile;
- The stress is calculated as the product of the credit spread sensitivity and the historic spread movements for various classifications.

As of 31 December 2024, the value of the earnings at risk stress is R1 177 million (2023: R959 million).

Management determines concentrations by counterparty, with reference to the proportion of total credit risk capital held in respect of that counterparty compared to the overall credit risk capital of the entire portfolio. The 10 largest contributors to credit risk capital make up 33% (2023: 34%) of total credit risk capital, but only 14,6% (2023: 11,2%) of the total exposure. SanFin is therefore not exposed to significant concentration risk.

Retail credit

Retail credit business relates mainly to loan business provided by Sanlam Personal Loans (SPL) for which the main risk is credit risk.

The balance of loans advanced by SPL to clients at 31 December 2024 is shown below:

R million	2024	2023
Gross balance	5 092	5 197
Expected credit losses	(879)	(1 012)
Net balance	4 213	4 185

The main risk emanating from the retail credit operations is credit risk. As SPL has become a wholly owned subsidiary since 2023, the group has been exposed to credit risk on the full value of the loans and advances, which is disclosed in note 14 on page 171.

Credit risk consists of credit standing and default risk. It is the company's policy to subject its potential clients to credit rating procedures. In addition, balances of advances are monitored on an ongoing basis. Collection strategies are in place to mitigate credit risk and all accounts that are in arrears are given due priority. The company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument.

The SPL provided expected credit losses for all individual advances based on stages of default that are determined by a combination of arrears, default, cure and distressed restructure criteria. In determining the recoverability of loans and advances, the company considers any change in the credit quality of the customer from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Capital and risk management report continued

Reinsurance credit risk

Sanlam makes use of reinsurance to:

- Access underwriting expertise;
- Access product opportunities;
- Enable it to underwrite risks greater than its own risk appetite; and
- Protect its mortality/risk book against catastrophes.

The use of reinsurance exposes the group to credit risk. The counterparty risks of reinsurers are managed under the group's credit risk framework. The group's reinsurance arrangements include proportionate, excess and catastrophe coverage. All risk exposures in excess of specified monetary limits are reinsured. Catastrophe insurance is in place for man-made disasters. Sanlam group uses a large panel of high quality reinsurance companies. As far as possible, credit risk in respect of reinsurance is managed by placing the group's reinsurance only with subsidiaries of companies that have international ratings of no less than A from S&P. Reinsurer credit risk exposure where external ratings are not available, are subject to internal review by the risk committee. These reviews are performed regularly throughout the year to ensure changes in credit risk of reinsurance counterparties are addressed timeously. The group's largest reinsurance counterparty is Swiss Re.

The tables below provide an analysis of the ratings attached to the group's life insurance and investment businesses' aggregated credit risk exposure, without taking collateral into account, as well as capital portfolio which includes the exposure managed by SanFin and general insurance, to instruments subject to credit risk using international rating scales.

As reflected in the table below, the majority of financial asset investments have remained BB following the BB South African government issuer rating by major credit rating agencies. Most issuers in South Africa will have their credit ratings capped at the sovereign credit rating, and therefore the rating BB represents the best available ratings within the South African investable universe. The group's short-term positions are included in the below table under the counterparties' long-term rating where Sanlam has both a long-term and short-term exposure to the entities.

Credit risk concentration by credit rating

Insurance and investment contract balances	AAA %	AA %	A %	BBB %	BB %	B %	Not rated[(1)] %	Other %	Total %	Carrying value R million
31 December 2024										
Insurance contract assets	–	–	–	–	–	–	100	–	100	13 244
Reinsurance contracts assets	–	97	3	–	–	–	–	–	100	4 477
Interest-bearing instruments	–	1	5	6	72	14	2	–	100	212 541
Government interest-bearing investments	–	–	7	–	91	2	–	–	100	63 231
Corporate interest-bearing investments	–	1	5	10	69	11	3	1	100	116 367
Mortgages, policy and other loans	–	–	3	1	45	44	–	7	100	32 943
Structured transactions	–	10	8	18	60	2	2	–	100	29 210
Deposits and similar securities	–	1	6	16	63	3	11	–	100	21 167
Working capital assets	–	1	10	4	67	–	18	–	100	11 855
Trade and other receivables	–	–	3	2	12	–	83	–	100	2 432
Cash and cash equivalents	–	1	12	5	81	–	1	–	100	9 423
Structured transaction liabilities	–	(11)	(8)	(19)	(57)	(2)	(3)	–	(100)	(9 523)
Trading account assets	–	–	1	–	99	–	–	–	100	1 870
Trading account liabilities	–	–	(42)	(41)	(17)	–	–	–	(100)	(1 793)
Total	–	3	5	7	65	11	8	1	100	283 048
31 December 2023- Restated[(2)(3)]										
Insurance contract assets	–	–	–	–	–	–	100	–	100	9 070
Reinsurance contracts assets	–	48	38	–	14	–	–	–	100	5 169
Interest-bearing instruments	–	–	1	2	75	17	4	1	100	159 882
Government interest-bearing investments	–	–	–	–	94	6	–	–	100	51 781
Corporate interest-bearing investments	–	–	2	3	75	15	4	1	100	77 549
Mortgages, policy and other loans	–	–	–	5	44	37	11	3	100	30 552
Structured transactions	–	6	–	19	70	4	1	–	100	22 197
Deposits and similar securities	–	(5)	4	1	86	–	14	–	100	19 778
Working capital assets	–	–	–	–	9	–	91	–	100	9 854
Trade and other receivables	–	–	–	–	–	–	100	–	100	5 404
Cash and cash equivalents	–	–	–	–	21	–	79	–	100	4 450
Structured transaction liabilities	–	(8)	(2)	(18)	(68)	(4)	–	–	(100)	(6 045)
Trading account assets	–	2	9	–	89	–	–	–	100	2 522
Trading account liabilities	–	13	35	16	36	–	–	–	100	(3 870)
Total	–	1	2	3	69	12	12	1	100	218 557

(1) In line with the group's credit risk policy, exposures relating to non-rated insurance and investment contract balances are managed within certain parameters.
(2) The prior year has been restated for the reclassification of reinsurance contract assets unrated and other rating bands.
(3) The prior year has been restated for a reclassification of collateral pledged and received from cash and cash equivalents to trading account assets and liabilities, in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

Capital and risk management report continued

Capital portfolio	AAA %	AA %	A %	BBB %	BB %	B %	Not rated[1] %	Other %	Total %	Carrying value R million
31 December 2024										
Insurance contract assets	—	—	—	—	—	—	100	—	100	492
Reinsurance contracts assets	—	41	53	2	4	—	—	—	100	6 759
Interest-bearing instruments	—	1	6	26	57	7	3	—	100	44 410
Government interest-bearing investments	—	—	6	—	90	1	3	—	100	13 487
Corporate interest-bearing investments	1	1	7	42	42	4	3	—	100	26 758
Mortgages, policy and other loans	—	—	—	—	48	52	—	—	100	4 165
Structured transactions	—	—	28	12	56	4	—	—	100	647
Deposits and similar securities	—	—	9	—	75	—	16	—	100	2 132
Advances to customers[2]	—	—	—	—	—	—	100	—	100	4 213
Working capital assets	—	7	6	15	45	1	26	—	100	31 350
Trade and other receivables	—	—	—	—	4	—	96	—	100	8 455
Short-term investments	—	1	3	40	54	2	—	—	100	7 465
Cash and cash equivalents	—	14	11	11	62	1	1	—	100	15 430
Structured transaction liabilities	—	—	(70)	(5)	(16)	(9)	—	—	(100)	(217)
Trading account assets	—	—	—	—	88	1	11	—	100	19 315
Trading account liabilities	—	—	(1)	—	(91)	—	(8)	—	(100)	(25 468)
Total	—	6	10	20	43	4	17	—	100	83 633
31 December 2023- Restated[3][4]										
Insurance contract assets	—	—	—	—	—	—	—	100	100	408
Reinsurance contracts assets	—	43	50	1	5	—	1	—	100	9 361
Interest-bearing instruments	1	2	2	—	79	3	13	—	100	33 110
Government interest-bearing investments	2	—	—	—	96	2	—	—	100	10 843
Corporate interest-bearing investments	—	3	4	—	70	3	20	—	100	19 644
Mortgages, policy and other loans	—	—	—	2	77	15	5	1	100	2 623
Structured transactions	—	(2)	(1)	(4)	111	(4)	—	—	100	904
Deposits and similar securities	—	(4)	3	1	93	—	7	—	100	9 571
Advances to customers[2]	—	—	—	—	—	—	100	—	100	4 065
Working capital assets	—	2	3	—	41	1	44	9	100	35 593
Trade and other receivables	—	—	2	(1)	2	—	69	28	100	11 044
Short-term investments	—	—	—	—	61	—	39	—	100	9 089
Cash and cash equivalents	—	4	6	—	56	2	30	2	100	15 460
Structured transaction liabilities	—	(1)	—	(3)	(14)	(82)	—	—	(100)	(215)
Trading account assets	—	—	—	4	79	4	(4)	17	100	14 797
Trading account liabilities	—	(2)	—	(1)	(84)	—	(10)	(3)	(100)	(19 948)
Total	—	5	8	1	52	2	25	7	100	87 646

[1] In line with the group's credit risk policy, exposures relating to non-rated insurance and investment contract balances are managed within certain parameters.
[2] Advances to customers relates to Sanlam Personal Loans. Refer to retail credit section above for additional information.
[3] The prior year has been restated for the reclassification of reinsurance contract assets unrated and other rating bands.
[4] The prior year has been restated for a reclassification of collateral pledged and received from cash and cash equivalents to trading account assets and liabilities, in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

Capital and risk management report continued

Liquidity risk

Liquidity risk for Sanlam group is managed in terms of the Group Liquidity Risk Management Policy, supported by Group Liquidity Risk Appetite Statement as well as Liquidity Contingency Plan, which is reviewed on a regular basis and approved by the board. The policy is based on the principles of Basel III (including, where required, the need for high quality liquid assets to be held to cover liquidity requirements during periods of market and liquidity stress events), with specific attention given to the management of roll-over risk.

The Sanlam Group Exco is responsible for the implementation of the policy, monitoring liquidity risk utilisation in line with approved metrics, targets and limits, and delegating where necessary the day-to-day management and oversight of Liquidity Risk management to Group Risk and other appropriate management committees.

Sanlam is exposed to liquidity risk in the following business areas:
- Policyholder business: Life insurance and investment contract balances
- Capital portfolio:
  - General insurance;
  - Margin business: Central Credit Manager (CCM) and non-CCM;
  - SanFin operations; and
  - Subordinated debt.

Policyholder business: Life insurance and investment contract balances

The principal liquidity risk relating to policyholder business stems from policyholder behaviour, eg, unanticipated benefit withdrawals or risk-related claims.

It does not expose the group to significant liquidity risk. Expected cash flows are considered in determining the investment guidelines and asset spread of the portfolios. Limits are also placed on the exposure to illiquid investments.

In terms of non-participating annuities, liabilities are matched, as far as possible, with interest-bearing assets, to ensure that the duration of assets and liabilities are closely aligned. This may also include derivatives.

Investment contracts are those invested in portfolios where there is a direct relationship between the returns earned on the underlying portfolio and the returns credited to the contract. These contracts do not expose the group to liquidity risk because the risk of liquidity losses is largely borne by the policyholders.

Liquidity risk is managed in line with the group liquidity risk management policy based on stress-based scenarios. Liquidity risk is typically managed by considering immediate and short-term liquidity needs and therefore the time periods presented in the tables below are only indicative of the maturity profile of the policyholder business.

The following table summarises the overall maturity profile of the policyholder business (Life insurance and investment contracts):

Premium allocation approach[1]

R million	< 1 year	1 – 5 years	> 5 years	Open-ended	Total
31 December 2024					
Life insurance contract balances					
Insurance contract assets	(42)	–	–	(27)	(69)
Reinsurance contract assets	(519)	(282)	(1 987)	–	(2 788)
Insurance contracts liabilities	2 042	3 143	6 941	362	12 488
Reinsurance contracts liabilities	497	–	–	–	497
Total life insurance contract balances	1 978	2 861	4 954	335	10 128
Other life insurance contract policyholder balances					
Investment assets	1 352	4 953	2 074	1 398	9 777
Properties	–	–	–	257	257
Equities and similar securities	–	–	–	240	240
Government interest-bearing investments	272	184	1 258	–	1 714
Corporate interest-bearing investments	582	3 617	542	84	4 825
Mortgages, policy and other loans	324	731	209	1	1 265
Structured transactions	162	415	65	1	643
Investment funds	–	–	–	815	815
Deposits and similar securities	12	6	–	–	18
Intangible assets	–	–	–	2	2
Lease liabilities	(1)	(1)	–	–	(2)
Deferred tax liability	(11)	–	–	–	(11)
Net working capital	362	–	–	–	362
Trade and other receivables	87	–	–	–	87
Trade and other payables	(28)	–	–	–	(28)
Cash and cash equivalents	303	–	–	–	303
Total life insurance contract policyholder balances	1 702	4 952	2 074	1 400	10 128

[1] The 2024 liquidity risk tables have been disaggregated per measurement model and per life insurance contract balances, investment contract balances and general insurance contract balances. The prior year was not re-presented.

General measurement model[1]

R million	< 1 year	1 – 5 years	> 5 years	Open-ended	Total
31 December 2024					
Life insurance contract balances					
Insurance contract assets	77	(478)	(12 511)	(263)	(13 175)
Reinsurance contract assets	(601)	(133)	(661)	(290)	(1 685)
Insurance contracts liabilities	1 230	1 844	9 079	97 904	110 057
Reinsurance contracts liabilities	1 809	(102)	22	–	1 729
Total life insurance contract balances	2 515	1 131	(4 071)	97 351	96 926
Other life insurance contract policyholder balances					
Investment assets	15 913	51 998	22 223	11 961	102 095
Properties	–	–	–	2 857	2 857
Equities and similar securities	–	–	–	2 413	2 413
Government interest-bearing investments	3 107	2 133	13 639	–	18 879
Corporate interest-bearing investments	7 080	36 883	5 508	944	50 415
Mortgages, policy and other loans	3 639	8 217	2 348	15	14 219
Structured transactions	1 817	4 663	728	7	7 215
Investment funds	–	–	–	5 725	5 725
Deposits and similar securities	270	102	–	–	372
Intangible assets	–	–	–	13	13
Lease liabilities	(3)	(5)	–	–	(8)
Deferred tax liability	(303)	–	–	–	(303)
Net working capital	(4 873)	2	–	–	(4 871)
Trade and other receivables	223	2	–	–	225
Trade and other payables	(8 063)	–	–	–	(8 063)
Cash and cash equivalents	2 967	–	–	–	2 967
Total life insurance contract policyholder balances	10 734	51 995	22 223	11 974	96 926

[1] The 2024 liquidity risk tables have been disaggregated per measurement model and per life insurance contract balances, investment contract balances and general insurance contract balances. The prior year was not re-presented.

Capital and risk management report continued

Variable fee approach[1]

R million	< 1 year	1 – 5 years	> 5 years	Open-ended	Total
31 December 2024					
Life insurance contract balances					
Insurance contracts liabilities	2 126	8 273	21 937	42 636	74 972
Total life insurance contract balances	2 126	8 273	21 937	42 636	74 972
Other life insurance contract policyholder balances					
Investment assets	10 046	11 570	14 166	36 915	72 697
Properties	–	–	–	2 579	2 579
Equities and similar securities	–	–	–	14 126	14 126
Government interest-bearing investments	1 471	1 316	9 142	–	11 929
Corporate interest-bearing investments	1 737	8 276	4 552	182	14 747
Mortgages, policy and other loans	557	1 251	358	2	2 168
Structured transactions	283	727	114	1	1 125
Investment funds	–	–	–	20 025	20 025
Deposits and similar securities	5 998	–	–	–	5 998
Intangible assets	–	–	–	69	69
Non-current assets held for sale	2	–	–	–	2
Lease liabilities	(16)	(24)	–	–	(40)
Deferred tax liability	(211)	–	–	–	(211)
Net working capital	2 455	–	–	–	2 455
Trade and other receivables	127	–	–	–	127
Trade and other payables	(437)	–	–	–	(437)
Cash and cash equivalents	2 765	–	–	–	2 765
Total life insurance contract policyholder balances	12 276	11 546	14 166	36 984	74 972

[1] The 2024 liquidity risk tables have been disaggregated per measurement model and per life insurance contract balances, investment contract balances and general insurance contract balances. The prior year was not re-presented.

Net investment contract liabilities[1]

R million	< 1 year	1 – 5 years	> 5 years	Open-ended	Total
31 December 2024					
Net investment contract liabilities					
Net investment contracts liabilities[2]	17 814	56 471	113 913	365 968	554 166
Total net investment contract balances	17 814	56 471	113 913	365 968	554 166
Other net investment contract policyholder balances					
Investment assets	26 563	67 804	31 556	434 430	560 353
Properties	–	–	–	715	715
Equities and similar securities	–	–	–	69 448	69 448
Government interest-bearing investments	5 012	3 668	22 014	–	30 694
Corporate interest-bearing investments	6 565	34 077	4 778	938	46 358
Mortgages, policy and other loans	3 913	8 838	2 525	16	15 292
Structured transactions	4 738	13 522	1 896	75	20 231
Investment funds	–	–	–	362 837	362 837
Deposits and similar securities	6 335	7 699	343	401	14 778
Trading account assets	1 870	–	–	–	1 870
Non-current assets held for sale	3 473	–	–	–	3 473
Structured transactions liabilities	(2 398)	(6 155)	(961)	(9)	(9 523)
Deferred tax liability	(2 469)	–	–	–	(2 469)
Trading account liabilities	(1 792)	–	–	–	(1 792)
Net working capital	2 254	–	–	–	2 254
Trade and other receivables	2 124	–	–	–	2 124
Trade and other payables	(2 558)	–	–	–	(2 558)
Taxation	(700)	–	–	–	(700)
Cash and cash equivalents	3 388	–	–	–	3 388
Total net investment contract policyholder balances	27 501	61 649	30 595	434 421	554 166

[1] The 2024 liquidity risk tables have been disaggregated per measurement model and per life insurance contract balances, investment contract balances and general insurance contract balances. The prior year was not re-presented.
[2] Undiscounted maturity analysis of net investment contract liabilities is not considered materially different to the discounted maturity analysis disclosed in the above table.

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2023					
Insurance contract balances	5 776	10 218	11 200	122 016	149 210
Insurance contract assets	205	(370)	(6 942)	(1 963)	(9 070)
Reinsurance contract assets	(1 064)	(584)	(2 332)	(1 189)	(5 169)
Insurance contracts liabilities	3 562	10 532	20 474	126 084	160 652
Reinsurance contracts liabilities	3 073	640	–	(916)	2 797
Investment contracts liabilities	18 226	50 548	107 309	312 418	488 501
Total insurance and investment contract balances	24 002	60 766	118 509	434 434	637 711
Other insurance and investment contract policyholder balances					
Contract costs for investment management services	–	–	–	400	400
Investment assets	59 264	86 630	55 401	440 639	641 934
Properties	–	–	–	5 824	5 824
Equities and similar securities	–	–	–	78 591	78 591
Government interest-bearing investments	3 750	8 691	39 339	–	51 780
Corporate interest-bearing investments	17 682	49 759	9 560	545	77 546
Mortgages, policy and other loans	7 142	18 224	5 176	11	30 553
Structured transactions	18 044	2 974	1 180	–	22 198
Investment funds	–	–	–	355 664	355 664
Deposits and similar securities	12 646	6 982	146	4	19 778
Non-current assets held for sale	2 207	–	–	–	2 207
Structured transactions liabilities	(5 730)	(53)	(262)	–	(6 045)
Deferred tax liability	(2 388)	–	–	–	(2 388)
Net working capital[1]	1 603	–	–	–	1 603
Total insurance and investment contract policyholder balances	54 956	86 577	55 139	441 039	637 711

[1] Net working capital includes trade and other receivables and trade and other payables, taxation and cash and cash equivalents.

General insurance

Sanlam group manages liquidity requirements in the general insurance business by matching the underlying risk profile of the assets invested to the corresponding liabilities. The net insurance liabilities are covered by investments with limited capital risk (ie, cash and short-duration interest-bearing investments).

The following table summarises the overall maturity profile of General insurance business (discounted values):

Premium allocation approach[1]

R million	< 1 year	1 – 5 years	> 5 years	Open-ended	Total
31 December 2024					
General insurance contract balances					
Insurance contract assets	(492)	–	–	–	(492)
Reinsurance contract assets	(5 474)	(1 135)	(151)	–	(6 760)
Insurance contracts liabilities	29 667	4 185	545	–	34 397
Reinsurance contracts liabilities	1 510	–	–	–	1 510
Total general insurance contract balances	25 211	3 050	394	–	28 655
Other general insurance policyholder balances					
Investment assets	1 685	7 701	360	9 486	19 232
Corporate interest-bearing investments	1 446	7 671	360	–	9 477
Mortgages, policy and other loans	6	13	–	–	19
Investment funds	–	–	–	9 486	9 486
Deposits and similar securities	233	17	–	–	250
Trading account liabilities	15	–	–	–	15
Net working capital	9 408	–	–	–	9 408
Cash and cash equivalents	4 944	–	–	–	4 944
Short-term investments	4 464	–	–	–	4 464
Total general insurance policyholder balances	11 108	7 701	360	9 486	28 655

[1] The 2024 liquidity risk tables have been disaggregated per measurement model and per life insurance contract balances, investment contract balances and general insurance contract balances. The prior year was not re-presented.

Capital and risk management report continued

General measurement model[1]

R million	< 1 year	1 – 5 years	> 5 years	Open-ended	Total
31 December 2024					
General insurance contract balances					
Insurance contracts liabilities	641	–	–	–	641
Reinsurance contracts liabilities	1 449	–	–	–	1 449
Total general insurance contract balances	2 090	–	–	–	2 090
Other general insurance contract policyholder balances					
Investment assets	120	547	26	675	1 368
Corporate interest-bearing investments	103	546	26	–	675
Investment funds	–	–	–	675	675
Deposits and similar securities	17	1	–	–	18
Net working capital	722	–	–	–	722
Short-term investments	318	–	–	–	318
Cash and cash equivalents	404	–	–	–	404
Total general insurance contract policyholder balances	842	547	26	675	2 090

[1] The 2024 liquidity risk tables have been disaggregated per measurement model and per life insurance contract balances, investment contract balances and general insurance contract balances. The prior year was not re-presented.

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2023					
General insurance contract balances					
Insurance contract assets	(406)	(2)	–	–	(408)
Reinsurance contract assets	(7 835)	(1 393)	(133)	–	(9 361)
Insurance contracts liabilities	28 236	4 100	386	–	32 722
Reinsurance contracts liabilities	2 889	–	–	–	2 889
Total general insurance contract balances	22 884	2 705	253	–	25 842
Other general insurance contract policyholder balances					
Investment assets	4 708	1 825	112	10 324	16 969
Corporate interest-bearing investments	583	852	112	–	1 547
Mortgages, policy and other loans	16	77	–	–	93
Investment funds	–	–	–	10 324	10 324
Deposits and similar securities	4 109	896	–	–	5 005
Net working capital	8 873	–	–	–	8 873
Cash and cash equivalents	4 054	–	–	–	4 054
Short-term investments	4 819	–	–	–	4 819
Total general insurance contract policyholder balances	13 581	1 825	112	10 324	25 842

Margin business

The Sanlam group, through wholly owned subsidiaries, issues redeemable preference shares from time to time, the proceeds of which are utilised to invest in similar assets (redeemable preference shares) in order to earn a margin acceptable to the group.

Term finance liabilities in respect of the Central Credit Manager (CCM) margin business (managed by SanFin) are matched, as closely as possible, by assets with an appropriate maturity profile. These assets are managed to ensure that sufficient liquid investments are available to match the cash flow profile of the term finance liabilities.

The maturity profile of term finance liabilities in respect of the CCM margin business and the assets held to match this term finance is provided in the following table:

R million	<1 year	1 – 5 years	>5 years	Open-ended	Total
31 December 2024					
Central Credit Manager (CCM) term finance liabilities	(498)	(400)	–	–	(898)
Term finance liabilities held in respect of CCM margin business	(498)	(400)	–	–	(898)
Assets held in respect of CCM term finance	1	633	43	221	898
Equities and similar securities	–	–	–	221	221
Corporate interest-bearing investments	–	633	43	–	676
Net working capital[1]	1	–	–	–	1
Net term finance liquidity position[2]	(497)	233	43	221	–
31 December 2023					
CCM term finance liabilities	–	(708)	–	–	(708)
Term finance liabilities held in respect of CCM margin business	–	(708)	–	–	(708)
Assets held in respect of CCM term finance	(40)	479	70	199	708
Equities and similar securities	–	–	–	199	199
Corporate interest-bearing investments	–	479	70	–	549
Net working capital[1]	(40)	–	–	–	(40)
Net term finance liquidity position[2]	(40)	(229)	70	199	–

[1] Net working capital includes trade and other receivables and trade and other payables, taxation and cash and cash equivalents.
[2] Term finance liabilities are managed on a continuous basis and the mismatch risk in the maturity profile is managed by either a new issue of term finance or utilising the availability of intergroup funding facilities if required.

The group office is responsible for areas of financial risk management that are not allocated to individual businesses, ie, non-CCM margin business. Similar to CCM margin business, term finance liabilities in respect of margin business are matched, as closely as possible, by assets with an appropriate maturity profile. These assets are managed to ensure that sufficient liquid investments are available to match the cash flow profile of the term finance liabilities. The group has significant liquid resources and substantial unutilised banking facilities to cover any mismatch position.

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The maturity profile of term finance liabilities in respect of the Non-Central Credit Manager margin business and the assets held to match this term finance is provided in the following table:

R million	<1 year	1 – 5 years	Open-ended	Total
31 December 2024				
Non-Central Credit Manager (CCM) term finance liabilities	(350)	(400)	–	(750)
Term finance liabilities held in respect of non-CCM margin business	(350)	(400)	–	(750)
Assets held in respect of non-CCM term finance	(53)	–	803	750
Equities and similar securities	–	–	803	803
Net working capital[1]	(53)	–	–	(53)
Net term finance liquidity position[2]	(403)	(400)	803	–
31 December 2023				
Non-Central Credit Manager (CCM) term finance liabilities	(4 400)	(250)	–	(4 650)
Term finance liabilities held in respect of non-CCM margin business	(4 400)	(250)	–	(4 650)
Assets held in respect of non-CCM term finance	287	3 622	741	4 650
Equities and similar securities	–	–	741	741
Corporate interest-bearing investments	–	3 622	–	3 622
Net working capital[1]	287	–	–	287
Net term finance liquidity position[2]	(4 113)	3 372	741	–

(1) Net working capital includes trade and other receivables and trade and other payables, taxation and cash and cash equivalents.
(2) Term finance liabilities are managed on a continuous basis and the mismatch risk in the maturity profile is managed by either a new issue of term finance or utilising the availability of intergroup funding facilities if required. Certain strategic assets are partially funded by preference share liabilities.

SanFin

SanFin, which comprises Financing Solutions and Market Solutions, actively manages funding liquidity risk, focusing mostly on cash flow management. Cash flow management involves estimating the timing of future cash inflows and outflows and managing the resultant mismatches. Particular emphasis is placed on limiting the exposure to short-term net outflows, and more precise cash flow estimates are used for this purpose.

SanFin strives to optimise the mix between long-term and short-term funding to ensure that liquidity risk is managed within the parameters set out in the approval framework.

SanFin is exposed to daily calls on its available cash resources from overnight funding, loan drawdowns, commercial paper expiry and guarantees, and from margin and other calls on cash-settled derivatives.

The maximum available facilities of R6,75 billion (2023: R6,75 billion), which Sanlam Limited guarantees under the unlisted commercial paper programme, exceed the amount utilised of R5,1 billion (2023: R4,5 billion), indicating available unutilised funding sources.

Utilised committed facilities granted by SanFin to various counterparties were R3,72 billion (2023: R543 million).

Refer to note 13 on page 170 for the maturity profiles of trading assets and liabilities and note 32.2 for additional information in respect of the guarantee mentioned above.

Subordinated debt

The unsecured subordinated bonds of the group are issued by Sanlam Life, Santam, Assupol, Afrocentric and MCIS, which are managed on corporate level and matched by assets with appropriate maturity profiles. These assets are managed to ensure that sufficient liquid investments are available to match the cash flow profile of the term finance liabilities as closely as possible.

The maturity profile of term finance liabilities in respect of the unsecured subordinated bonds and the assets held to match this term finance is provided in the following table:

R million	<1 year	1 – 5 years	>5 years	Open-ended[1]	Total
31 December 2024					
Term finance liabilities	(1 253)	(7 021)	(2 019)	–	(10 293)
Interest-bearing liabilities[2]	(1 253)	(7 021)	(2 019)	–	(10 293)
Assets held in respect of term finance	2 121	5 812	1 927	433	10 293
Government interest-bearing investments	404	586	973	–	1 963
Corporate interest-bearing investments	848	4 836	953	–	6 637
Mortgages, policy and other loans	8	48	–	–	56
Structured transactions	102	325	1	–	428
Investment funds	–	–	–	433	433
Deposits and similar securities	711	17	–	–	728
Net working capital[3]	48	–	–	–	48
Net term finance liquidity position	868	(1 209)	(92)	433	–
31 December 2023- Restated[4]					
Term finance liabilities	(81)	(5 975)	(1 028)	–	(7 084)
Interest-bearing liabilities[2]	(81)	(5 975)	(1 028)	–	(7 084)
Assets held in respect of term finance	1 818	4 026	1 192	48	7 084
Government interest-bearing investments	149	241	361	–	751
Corporate interest-bearing investments	957	3 342	827	–	5 126
Mortgages, policy and other loans	14	64	–	–	78
Structured transactions	3	137	4	–	144
Investment funds	–	–	–	48	48
Deposits and similar securities	658	242	–	–	900
Net working capital[3]	37	–	–	–	37
Net term finance liquidity position	1 737	(1 949)	164	48	–

(1) Open-ended is payable on demand.
(2) An additional R2 billion unsecured debt was issued during 2024.
(3) Term finance liabilities are managed on a continuous basis and the mismatch risk in the maturity profile is managed by either a new issue of term finance or utilising the availability of intergroup funding facilities if required.
(4) The prior year has been restated to include Sanlam Life Insurance Limited, Santam Limited and Afrocentric subordinated bonds. In 2023 the table only included Sanlam Life Insurance Limited.

Basis of preparation

Basis of preparation

Introduction

The consolidated financial statements are prepared on the historical-cost basis, unless otherwise indicated, in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Financial Reporting Requirements and the South African Companies Act. The financial statements are presented in South African rand rounded to the nearest million, unless otherwise stated.

The following revised IFRS Accounting Standards and interpretations have been applied in the 2024 financial year, and do not have a material impact on the results:

- Effective 1 January 2024:
  - Non-current Liabilities with Covenants (Amendments to IAS 1)
  - Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
  - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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

- Effective 1 January 2025:
  - Lack of Exchangeability (Amendments to IAS 21)
- Effective 1 January 2026:
  - Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9)
  - Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 1, IFRS 7 and IFRS 9, IFRS 10 and IAS 7)
- Effective 1 January 2027:
  - Presentation and Disclosure in Financial Statements (IFRS 18)

Under IFRS 18, effective from 1 January 2027 the presentation of results on the statement of comprehensive income as well as the notes to the financial statements will change. There is a requirement to restate comparatives, however the group's profit for the year will not change. Presentational changes include the disclosure of certain "non-IFRS" measures – management performance measures (MPMs) which will form part of the audited financial statements – as well guidance on aggregation and disaggregation of subtotals and line items in the primary financial statements. The group is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

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

In August 2020, the IASB published "phase 2" amendments introducing several changes applicable during the effective transition to the new benchmark interest rates. Interest rate benchmark reform – Phase 2 (Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39) became effective on 1 January 2021. The amendments allow for changes in the contractual cash flows of financial instruments resulting from the Interbank Offered Rates (IBOR) reform to be treated as a simple reset of their variable interest rate, provided, however, that such changes are made on an economically equivalent basis. The South African Revenue Bank (SARB) has indicated its intention to move away from the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa, namely the South African Overnight Index Average (ZARONIA). The transition from JIBAR to ZARONIA in South Africa is expected in 2026. A group-wide programme has been mobilised. All cluster CFOs as well as Internal Audit are engaged to ensure that the group has adequately addressed all impacted areas, including secondary, across all clusters. The group has representation on the Market Practitioners Group (MPG) to ensure that the group has coverage across all the material working groups.

Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect items reported in the group statement of financial position and group statement of comprehensive income, as well as contingent liabilities.

Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Refer to note 29 of the consolidated financial statements for further information on critical estimates and judgements and note 32 of the consolidated financial statements for information on contingencies.

Deposits and similar securities, short-term investments and cash and cash equivalents

Deposits and similar securities, short-term investments and cash and cash equivalents include bank account balances, call, term and negotiable deposits, promissory notes and money market collective investment schemes. A distinction is made between:

- Deposits and similar securities included in the asset mix of policyholders' and shareholders' fund investment portfolios, which are disclosed as investments in the statement of financial position;
- Short-term investments that are disclosed as working capital assets, refer to note 16; and
- Cash and cash equivalents that are disclosed as working capital assets, refer to note 17, apart from bank overdrafts, which are disclosed as working capital liabilities, refer to note 15.

Financial instruments

Owing to the nature of the group's business, financial instruments have a significant impact on the group's financial position and performance. Audited information in respect of the major categories of financial instruments and the risks associated therewith are provided in the following sections:

- Capital and risk management report on pages 12 to 61
- Note 12: Investments
- Note 13: Trading account assets and liabilities
- Note 15: Trade receivables and payables
- Note 21: Net investment contracts
- Note 22: Term finance
- Note 29: Critical accounting estimates and judgements
- Note 37: Fair value

Accounting policies

The Sanlam group has identified the accounting policies that are material to its business operations and the understanding of its results. These include policies relating to insurance liabilities, contract cost of investment management services, the ascertainment of fair values of financial assets, financial liabilities and derivative financial instruments, and the determination of impairment losses. In each case, the determination of these is fundamental to the financial results and position, and requires management to make complex judgements based on information and financial data that may change in future periods. Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce materially different results. These policies (as set out in the relevant notes to the financial statements) are in accordance with and comply with the IFRS Accounting Standards and have been applied consistently for all periods presented unless otherwise noted.

Basis of consolidation

Subsidiaries and consolidated funds are entities that are controlled by Sanlam Limited or any of its subsidiaries. The group has control over an entity where it has the right to or is exposed to variable returns and has the power, directly or indirectly, to affect those returns. Specifically, the group controls an entity if and only if the group has:

- Power or existing rights over the entity or investee that give it the ability to direct relevant activities;
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

The group re-assesses on a continuous basis whether or not it controls an investee.

The purchase method of accounting is applied to account for acquisitions of subsidiaries. The cost of an acquisition is measured as the fair value of consideration transferred, equity instruments issued and liabilities assumed at the date of exchange. Costs directly attributable to an acquisition are expensed in the statement of comprehensive income. Identifiable assets and liabilities acquired and contingent liabilities assumed are recognised at fair value at acquisition date. The excess of the cost of an acquisition, the amount of non-controlling interest in the subsidiary or business measured in terms of IFRS 3 and when a business is acquired in stages, the acquisition date fair value of the group previously held equity interest in the subsidiary or business over the fair value of the net identifiable assets of the subsidiary or business at the date of acquisition represents goodwill and is accounted for in terms of the accounting policy note for goodwill.

If the cost of an acquisition is less than the fair value of the net identifiable assets and contingent liabilities, the difference is recognised in the statement of comprehensive income.

The results of subsidiaries and consolidated funds are included from the effective dates when the group obtains control to the effective dates when the group ceases to have control, using accounting policies uniform to the group. Inter-group transactions, balances and unrealised profits on inter-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction indicates the impairment of the asset transferred.

The interest of non-controlling shareholders in subsidiaries is stated at the non-controlling shareholders' share of the recognised values of the subsidiaries' assets and liabilities. Net losses attributable to non-controlling shareholders in excess of the non-controlling interest are recognised as negative reserves against non-controlling shareholders' interest.

A financial liability is recognised, and classified as at fair value through profit or loss, for the fair value of external investors' interest in consolidated funds where the issued units of the fund are classified as financial liabilities in terms of the IFRS Accounting Standards. Changes in the fair value of the external investors' liability are recognised in the statement of comprehensive income. In all other instances, the interests of external investors in consolidated funds are not financial liabilities and are recognised as non-controlling shareholders' interest.

Basis of preparation continued

Cell captives

The group offers cell captive facilities to clients. A cell captive is a contractual arrangement entered into by the group with a cell owner, whereby the risks and rewards associated with certain insurance activities accrue to the cell shareholder. Cell captives allow clients to purchase non-convertible preference shares in the registered insurance company that undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment and accounting services. The terms and conditions are governed by the shareholders' agreement. There are currently two distinct types of cell captive arrangements:

- First party cell captive arrangements are arrangements where the risks that are being insured relate to the cell shareholder's own operations or operations within the cell shareholder's group of companies. The cell shareholder and the policyholder are considered the same person. Where more than one contract is entered into with a single counterparty, it shall be considered a single contract, and the shareholder and insurance agreement are considered together for risk transfer purposes. As these first party cell captive arrangements are a single contract there is no significant risk transfer and such cell captive facilities are accounted for as investment contracts.
- Third-party cell captives allow clients to purchase non-convertible preference shares in the registered insurance company which undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment, and accounting services. The shareholders' agreement, however, determines that the cell shareholders remain responsible for the solvency of the cell captive arrangements. In substance, the insurance company therefore reinsures this business to the cell shareholder. The cell shareholder's interest represents the cell shareholder's funds, in respect of the insurance business conducted in the cell structures, held by the insurer, and is included under third-party cell insurance contract liabilities. The liabilities due to cell shareholders have been assessed to be highly interrelated with the in-substance reinsurance component of the reinsurance contacts and is treated similarly to non-distinct investment components which are not accounted for separately.

The group also offers insurance contracts that provide both insurance cover and the payment of a specified amount (performance bonus or premium refund paid at agreed upon interval, after deducting related expenses). These specified amounts meet the definition of an investment component as they will be paid to policyholders in all circumstances, regardless of whether an insured event occurs. The criteria encompass risk management strategies, risk performance conditions or policy claim experience. These contracts are deemed to be insurance contracts under IFRS 17 as the group has concluded that there is a transfer of significant risk.

Business combinations under Common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

A transaction deemed to be a transaction under common control consequently falls outside the scope of IFRS 3 – Business Combinations. The group's accounting policy is to apply pooling of interest accounting to common control transactions. Common control accounting is applied and, under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the aggregate purchase consideration recognised as a separate reserve in equity, a 'common control' reserve. From the perspective of the seller, the difference between the consideration received and the carrying value of the business disposed of will result in a gain or loss recognised in the statement of comprehensive income. From a combined group perspective (acquirer and seller), the 'common control' reserve and the gain or loss recognised in the statement of comprehensive income will eliminate.

Foreign currencies

Transactions and balances

Foreign currency transactions are translated to functional currency, ie the currency of the primary economic environment in which each of the group's entities operate, at the exchange rates on transaction date. Monetary assets and liabilities are translated to functional currency at the exchange rates ruling at the financial period-end. Non-monetary assets and liabilities carried at fair value are translated to functional currency at the exchange rates ruling at valuation date. Non-monetary assets and liabilities carried at historic cost are translated to functional currency at the exchange rates ruling at the date of initial recognition. Exchange differences arising on the settlement of transactions or the translation of monetary assets and liabilities (excluding investment assets and liabilities) are recognised in the statement of comprehensive income as revenue. Exchange differences on non-monetary assets and liabilities and monetary assets and liabilities classified as investment assets and liabilities, such as equities and foreign interest-bearing investments, are included in investment surpluses.

Governance | Capital risk management | Basis of preparation | Group financial results | Company financial results | Remuneration report

Foreign operations

Statement of comprehensive income items of foreign operations (including foreign subsidiaries, associates and joint ventures) with a functional currency different from the presentation currency, are converted to South African rand at the weighted average exchange rates for the financial year, except where the average exchange rate is not representative of the timing of specific items, in which instances the exchange rate on transaction date is used. The closing rate is used for the translation of assets and liabilities, including goodwill, intangible assets and fair value adjustments arising on the acquisition of foreign entities. At acquisition, equity is translated at the rate ruling on the date of acquisition. Post-acquisition equity is translated at the rates prevailing when the change in equity occurred. Exchange differences arising on the translation of foreign operations are transferred to a foreign currency translation reserve until the disposal of the net investment when it is released to the statement of comprehensive income.

Policy liabilities

The valuation bases and methodology used to measure the policy liabilities of all material lines of insurance and investment business for the group are set out below, and comply with the requirements of the IFRS Accounting Standards. An explanation of the recognition of insurance amounts in profit or loss is covered on page 76.

Where the valuation of policy liabilities is based on the valuation of supporting assets, the assets are valued on the bases as set out in the accounting policy for investments, with the exception of investments in treasury shares, associated companies, joint ventures, which are also valued at fair value.

Classification

The group applies IFRS 17 – Insurance Contracts to insurance contracts and reinsurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participation features (DPF) it issues. Investment contracts without DPF (with or without investment management services) fall within the scope of IFRS 9 – Financial Instruments.

All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise. All references to insurance contracts issued in these accounting policies apply to insurance contracts excluding reinsurance contracts held.

A contract is classified as an insurance contract where the group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the group on a present value basis.

In the normal course of business, the group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Some insurance contracts include investment components. An investment component that is not distinct and therefore in scope of IFRS 17, is the amount that an insurance contract requires the group to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. All references to investment components in these accounting policies apply to investment components in scope of IFRS 17 that are not distinct, unless specifically stated otherwise. Investment components are included in the measurement of insurance liabilities. However, repayments of investment components are not presented in profit or loss (refer to explanation of recognised insurance amounts in profit or loss for further details). The measurement of investment components identified for different types of insurance contracts is covered in the sub-sections below. Refer to separation of components for the criteria relating to distinct investment components that need to be separated and accounted for under a different standard.

Insurance contracts are allocated to the following lines of business and measurement models for the disclosure of amounts related to these contracts in the notes to the financial statements:

1. Life insurance – Risk business (insurance contracts without direct participation features)
   - Premium allocation approach (PAA) and General measurement model (GMM)
2. Life insurance – Savings business (insurance contracts with direct participation features)
   - Variable fee approach (VFA)
3. General insurance (insurance contracts without direct participation features)
   - PAA and GMM.

Basis of preparation continued

Life insurance – Risk and General insurance business

The default accounting model applied to insurance contracts for liability measurement purposes is the GMM, unless the VFA or PAA applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts (refer to contracts measured under the PAA for further details). Insurance contracts measured under the GMM and PAA are referred to as insurance contracts without direct participation features.

The group applies the VFA to insurance contracts with direct participation features (refer to the next sub-section for further details).

For some insurance contracts without direct participation features, the group performs investment activity to generate an investment return included in an investment component or amount the policyholder has a right to withdraw. Such an insurance contract provides an investment-return service and is measured under the GMM. Refer to note 29.2.2.3 on page 202 for further details on the types of contracts in the group providing investment-return services.

The following are examples of the main types of products included in life insurance – Risk business:

- Life insurance risk business providing death/disability and funeral cover (for a specified term/whole life) is measured under the GMM, unless eligible for the PAA;
- Life insurance risk business where insurance coverage is provided to members of Corporate schemes, with the premiums payable by the employers (policyholders) reviewable at least annually, is measured under the PAA;
- Non-participating life annuities (excluding term certain annuities in scope of IFRS 9) are measured under the GMM. For non-participating life annuities with a guarantee period, payments made during the guaranteed period are considered to be investment components;
- Universal life insurance contracts which give rise to investment and insurance risk are measured under the GMM if assessed not to be eligible for the VFA, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges;
- Other risk insurance contracts providing investment-return services (for example endowment contracts) are measured using the GMM, with investment components determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges; and
- Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured under the GMM, unless eligible for the PAA.

The material classes of General insurance business (including reinsurance contracts held) are measured using the PAA. This includes contracts with a coverage period longer than one year that are assessed to be eligible for measurement under the PAA (refer to note 29.2.1 on page 198 for further details).

Life insurance – Savings business

The group issues insurance contracts with direct participation features that are substantially investment-related service contracts where underlying items are managed on behalf of the policyholders. Underlying items comprise reference portfolios of investment assets that determine some of the amounts payable to the policyholders. Insurance contracts are substantially investment-related if the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, and the group:

- expects to pay amounts to the policyholder equal to a substantial share of the fair value returns on the underlying items; and
- a substantial proportion of any change in the amounts to be paid to the policyholder is expected to vary with the change in fair value of the underlying items.

The accounting model applied to these insurance contracts for liability measurement purposes is the VFA. The VFA modifies the default measurement model in IFRS 17 (GMM) to reflect that the consideration the group receives for the contract is a variable fee. Initial measurement (excluding PAA) provides further details on the measurement of the variable fee. The group uses judgement in determining the eligibility of contracts for the VFA (refer to note 29.2.1 for further details).

Reinsurance contracts issued or held cannot be insurance contracts with direct participation features for the purposes of IFRS 17.

Investment contracts with DPF

Investment contracts with DPF are in scope of IFRS 17 as the group also issues insurance contracts. An investment contract with DPF entitles the policyholder to receive benefits or bonuses in addition to guaranteed benefits that are expected to be a significant proportion of the total contractual benefits, the timing or amount of which are contractually at the discretion of the group, but which has to be exercised in a reasonable way. The benefits are based on the investment performance of a specified pool of underlying assets.

These contracts do not include a transfer of significant insurance risk and will be measured under the VFA if it meets the eligibility requirements. The investment contracts with DPF not eligible for the VFA (and therefore measured under GMM) are immaterial for the group.

The following are examples of the main types of products measured under the VFA and included in Life insurance – Savings business:

- Universal life insurance contracts;
- Pure market-linked savings contracts (without DPF) with minimum investment guarantees and/or rider benefits such as premium waivers on death creating significant insurance risk;
- Participating life annuities;
- Investment contracts with DPF such as smoothed bonus business related to retirement annuities and market-linked savings contracts; and
- Conventional with-profits business in Pan-Africa and Asia.

Investment components related to insurance contracts measured under the VFA are determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges.

In the sections to follow, separate sub-headings are included to describe specific differences in accounting policies related to reinsurance contracts held and insurance contracts measured under the VFA.

Separation of components

Distinct components are separated from the insurance contract and accounted for under a different IFRS Accounting Standards. The examples of distinct components in the group are covered below:

- Distinct investment components are accounted for under IFRS 9 – Financial Instruments (unless it is an investment contract with DPF in scope of IFRS 17 as covered in the previous section), such as some non-participating risk and savings business issued in Sanlam Developing Markets where the investment components are not highly interrelated with the insurance components because the value of the investment components can be measured without considering the value of the insurance components, and the policyholders can surrender the investment components without lapsing the insurance cover; and
- Distinct goods or services other than insurance contract services are accounted for under IFRS 15 – Revenue from Contracts with Customers. The separation of these distinct goods or services from insurance contracts accounted for under IFRS 17 is not material for the group.

Aggregation (including unit of account)

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and therefore the group has assumed that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account. However, there might be certain cases where the legal form of a contract does not reflect the substance. Insurance contracts which cover multiple insurance risks can be separated into separate contracts for measurement purposes where the group has applied judgement to assess that the legal form of the insurance contract does not reflect the substance and separation is required. Note 29.2.1.1 on page 198 provides further details.

Insurance contracts within each product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks.

The portfolios are further divided into groups of insurance contracts issued based on recognition date (refer to recognition) and expected profitability, based on whether:

a) contracts are onerous at initial recognition;
b) contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
c) contracts at initial recognition have a significant possibility of becoming onerous subsequently (ie the remaining contracts).

An insurance contract issued is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts issued measured under the PAA, contracts are not expected to be onerous at initial recognition, unless there are facts and circumstances indicating that they are onerous.

Each group of insurance contracts does not include insurance contracts issued (or reinsurance contracts held recognised) more than one year apart in the same group (also referred to as cohorts of insurance contracts).

These groups represent the level of aggregation at which insurance contracts are measured. Such groups are not subsequently reconsidered.

The group uses judgement in identifying portfolios and assessing the appropriate level at which reasonable and supportable information is available to determine the groups of insurance contracts based on expected profitability at initial recognition. Refer to note 29.2.1.1 for further details.

Reinsurance contracts held

For reinsurance contracts held, the references to onerous contracts above are replaced with references to contracts on which there is a net gain at initial recognition.

Measurement of insurance contracts

The group measures insurance contracts by performing year-to-date estimates of the carrying amount of the asset or liability for a group of insurance contracts.

The measurement of a group of insurance contracts (including the contractual service margin) with cash flows in more than one currency, will be denominated in a single currency based on the dominant currency in which expected cash flows are generated.

In the notes to the financial statements, the net carrying amount of the insurance contracts issued and reinsurance contracts held has been defined as the net insurance contract carrying amount (for insurance contracts issued) and the net reinsurance contract carrying amount (for reinsurance contracts held).

Recognition

The group recognises insurance and reinsurance contracts issued from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due. Investment contracts with DPF are recognised when the group becomes party to the contract.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held

The group recognises reinsurance contracts held at the beginning of the coverage period, but no earlier than the initial recognition date of any underlying insurance contract where the group of reinsurance contracts held provides proportionate coverage (such as quota share reinsurance or surplus reinsurance).

A group of reinsurance contracts held that provides non-proportionate coverage (such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Basis of preparation continued

Contract boundaries

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums, or has a substantive obligation to provide the policyholder with insurance contract services.

Cash flows are within the boundary of an investment contract with DPF if they result from a substantive obligation of the group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the group:
- has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
  a) the group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and
  b) the group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

The group concludes on its practical ability to set a price that fully reflects the insurance and/or financial risks in the individual contract or portfolio at the reassessment/renewal date by considering all the risks (transferred from the policyholder to the group) that it would assess when underwriting equivalent contracts on the same date for the remaining service. Where the group provides an option to members of group life insurance business to purchase individual life cover on cessation of employment, all future cash flows related to the individual life cover will form part of a new insurance contract because the group has the practical ability to charge the prevailing new business rates which fully reflect the new level of risk.

Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Reinsurance contracts held

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive services from the reinsurer.

The substantive rights and obligations of both parties will end if there is a unilateral right to cancel the reinsurance contract. The probability of the reinsurer repricing the contract can be allowed for when determining the fulfilment cash flows included in the contract boundary and is based on past business practice/experience where relevant. However, an allowance for the probability of the reinsurer cancelling the contract is not permitted when assessing the contract boundary.

Initial measurement (excluding PAA)

On initial recognition, the group measures a group of insurance contracts as the total of the:
- fulfilment cash flows; and
- contractual service margin (CSM).

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts. Refer to contracts measured under the PAA for further details.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary, with discount rates being applied to the future cash flows to adjust for the time value of money and financial risks related to those cash flows. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort. Note 29.2.2.2 on page 199 provides further details on the determination of the probability-weighted estimates of future cash flows and discount rates.

Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude expense cash flows not directly attributable to the fulfilment of the insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates and forms part of the fulfilment cash flows for a group of insurance contracts. The risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. Note 29.2.2.2 on page 199 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

A stochastic modelling approach is used to provide for the possible cost of minimum investment return guarantees (also referred to as the time value of financial options and guarantees (TVOG)) and is mostly relevant to insurance contracts measured under the VFA in SLS. This valuation approach is consistent with actuarial guidance note APN (advisory practise note) 110, which Sanlam believes is compliant with IFRS 17.

Insurance contracts accounted for under the VFA

The fulfilment cash flows measured under the VFA are determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services. The variable fee comprises the amount of the group's share in the fair value of the underlying items less the fulfilment cash flows that do not vary based on the underlying items. The variable fee represents the expected shareholder entitlements based on the present value of future estimates of fees charged less insurance claims and expenses incurred, less the risk adjustment for non-financial risk and the effect of financial guarantees (TVOG).

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Reinsurance contracts held

Fulfilment cash flows of reinsurance contracts held include the effect of any risk of non-performance by the issuer of the reinsurance contract where material, including the effects of collateral and losses from disputes. The risk adjustment for non-financial risk reflects that some of this uncertainty will be ceded to the reinsurer.

For reinsurance contracts held, the group has not treated any expense cash flows as acquisition cash flows.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The group applies discount rates, that include the effect of inflation, to nominal cash flows (ie those cash flows that also include the effect of inflation, where relevant).

The discount rates applied to the estimates of the future cash flows:
- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items are discounted using rates that reflect that variability.

A bottom-up approach is used to determine the discount rates applied to cash flows that do not vary based on returns with underlying items. A zero-coupon (risk-free) yield curve, adjusted to reflect the illiquidity of the group of insurance contracts where applicable, is applied to cash flows that do not vary based on the returns on underlying items. Insurance contracts issued such as non-participating life annuities that cannot be surrendered or lapsed, are illiquid.

Risk-free or real-world discount rates can be applied to cash flows that vary based on the returns on underlying items. Risk-free discount rates are consistent with the rates applied to cash flows that do not vary based on returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the group expects to recognise as it provides insurance contract services.
- If a group of insurance contracts issued is not onerous at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognised assets for insurance acquisition cash flows or other cash flows incurred before the recognition date. This results in no income or expenses arising on initial recognition.
- If a group of insurance contracts issued is onerous at initial recognition, the CSM is negative. The group immediately recognises this net outflow as an expense in profit or loss with no CSM recognised on the statement of financial position at initial recognition. A loss component, which is equal to this net outflow representing the expected future losses on the group of insurance contracts, is recognised at initial recognition and tracked over the coverage period of the insurance contracts for measurement purposes. The loss component therefore forms part of the liability for remaining coverage. Refer to subsequent measurement (excluding PAA) for further details.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2024 reporting period for insurance contracts measured under GMM or VFA.

For groups of contracts acquired in a transfer of insurance contracts or in a business combination within the scope of IFRS 3 – Business Combinations, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

Reinsurance contracts held

For groups of reinsurance contracts held, the CSM can be positive or negative and therefore represents a deferred gain or loss that the group will recognise as reinsurance income or expenses when it receives reinsurance coverage in the future. A loss recovery component adjusts the CSM at initial recognition of the group of reinsurance contracts held when onerous underlying insurance contracts are recognised. The resulting income is recognised in profit or loss and offsets the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. The loss recovery component is not established before the underlying insurance contracts are recognised. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:
- the loss recognised on the underlying insurance contracts; and
- the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held.

Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:
- the liability for remaining coverage (remaining coverage component for reinsurance contracts held), comprising:
  a. the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods; and
  b. the remaining CSM of the group at that date.
- the liability for incurred claims (incurred claims component for reinsurance contracts held), comprising the fulfilment cash flows for past service allocated to the group at that date. The liability for incurred claims also includes the repayment of any investment components or other amounts that are not related to the provision of insurance contract services in future periods and therefore not included in the liability for remaining coverage.

Basis of preparation continued

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current probability-weighted estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Fulfilment cash flows for past incurred claims include the discounted value of the estimates of future payments arising from these incurred claims, such as the estimated future benefit payments on income protection contracts and riders such as premium waivers.

Changes in estimates of the fulfilment cash flows are treated differently according to whether changes relate to current (or past) or future service:

- changes that relate to current (or past service) are recognised in profit or loss; and
- changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which adjust the loss component on a group of insurance contracts issued, or any changes which adjust the loss recovery component on a group of reinsurance contracts held (refer to the 'Loss component' section below for further details).

Insurance contracts accounted for under the GMM

The following changes do not relate to future service and therefore do not adjust the CSM (refer to explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

1. changes in fulfilment cash flows related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
2. changes in the liability for incurred claims related to past service; and
3. experience adjustments arising from premiums received (premiums paid for reinsurance contracts held) that relate to current service including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

1. changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM;
2. changes in the risk adjustment for non-financial risk that relate to future service;
3. differences in the investment components expected to become payable in the period and actual investment components payable in the period. The expected repayments of investment components include the effect of and change in the time value of money and financial risks before it becomes payable; and
4. experience adjustments arising from premiums received that relate to future service including related cash flows such as insurance acquisition cash flows.

The adjustments to the CSM are measured based on the discount rates applied to the fulfilment cash flows at initial recognition (also referred to as locked-in discount rates). Refer to the 'Contractual service margin' section below for further details.

The group applies judgement to determine whether the premium experience adjustments relate to current (or past) or future service. Refer to note 29.2.2.3 for further details.

For insurance contracts issued providing investment-return services, where the group applies discretion in the timing and amount of the cash flows to be paid to the policyholders, changes in discretionary cash flows relate to future service and adjust the CSM. The group specifies at the inception of the contract the basis on which it expects to determine its commitment under the contract. Changes in assumed future bonus rates will be treated as changes in discretionary cash flows if this determination of non-vested bonuses is not based on a formulaic approach specified at the inception of the contracts. Policyholders earning investment returns on account balances, and any changes in the formulaic approach for the smoothing of investment returns specified at the inception of the contract, are changes related to financial risks and do not adjust the CSM.

Insurance contracts accounted for under the VFA

The following changes do not relate to future service and therefore do not adjust the CSM (refer to explanation of recognised insurance amounts in profit or loss for further details on the recognition of these amounts in profit or loss):

1. changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items;
2. changes in the fulfilment cash flows that do not vary with returns on the underlying items:
   a) changes in the liability for incurred claims related to past service; and
   b) experience adjustments arising from premiums received including related cash flows such as insurance acquisition cash flows, and experience adjustments related to incurred claims and administration expenses.

The following changes relate to future service and therefore adjust the CSM:

- changes in the group's share of the fair value of the underlying items, including any variances in the group's share of the fair value returns on the underlying items in the reporting period, and changes that relate to the effect of and changes in the time value of money and financial risks;
- changes in the fulfilment cash flows that do not vary with returns on the underlying items:
  a) changes related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
  b) changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM; and
  c) changes in the risk adjustment for non-financial risk that relate to future service.

The adjustments to the CSM are measured based on the current discount rates. The group does not apply the risk mitigation option and therefore changes in TVOG will adjust the CSM.

Contractual service margin

For a group of insurance contracts issued, the carrying amount of the CSM at the end of each reporting period is adjusted for the following changes in the period:

1. the effect of new contracts recognised in the period (refer to the 'Contractual service margin' sub-section in initial measurement (excluding PAA) for further details);
2. for contracts measured under the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items.
3. changes in the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) adjust the CSM, to the extent the CSM is available. If an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised. If the CSM is zero, changes in the fulfilment cash flows are recognised in insurance service expenses by adjusting the loss component. Any decrease in the fulfilment cash flows in excess of the loss component reduces the loss component to zero and reinstates the CSM. Refer to the 'Loss component' section below for further details.
4. the effect of changes in currency exchange rates for contracts denominated in a foreign currency, with movements being translated at the average exchange rate over the reporting period; and
5. the amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described above. Refer to the 'Coverage units' section below for further details.

Reinsurance contracts held

For a group of reinsurance contracts held, the same steps are followed (as described above for a group of insurance contracts issued) to adjust the carrying amount of the CSM at the end of each reporting period, with the main differences in the features of the reinsurance contracts held summarised below:

- The CSM at initial recognition for new contracts recognised in the period is adjusted for a loss recovery component when underlying insurance contracts are onerous (refer to initial measurement (excluding PAA) on page 89 for further details);
- The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after any adjustment to the loss recovery component for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component; and
- The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

Coverage units

The CSM is recognised as insurance revenue over the duration of the insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits will typically be determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment-return services (where relevant), in addition to the insurance coverage provided (or reinsurance coverage received). The coverage units for contracts measured under the VFA consider the quantity of benefits and expected coverage period of investment-related services as well as any insurance coverage provided (where relevant). Note 29.2.2.3 provides further details on the coverage units identified for the material lines of business measured under GMM and VFA, including the relative weighting of the benefits provided.

Loss component

The loss component at initial recognition of a group of insurance contracts issued represents the expected losses to be incurred on the group of insurance contracts over the coverage period.

Subsequent to initial recognition, the loss component of a group of insurance contracts issued is adjusted for changes in the estimates of the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) with such increases or reversals of losses recognised in insurance service expenses in profit or loss. For insurance contracts measured under the GMM, the adjustments to the loss component are measured based on locked-in discount rates. For insurance contracts measured under the VFA, the adjustments to the loss component are measured based on current discount rates.

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment for risk expired in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts. These changes in the fulfilment cash flows allocated to the loss component of a group of insurance contracts issued are excluded from insurance revenue and insurance service expenses, resulting in the recognition of insurance revenue depicting the consideration to which the group expects to be entitled in exchange for the insurance contract services provided.

Basis of preparation continued

Reinsurance contracts held

For a group of reinsurance contracts held, the loss recovery component is adjusted based on the corresponding adjustments to any loss component(s) of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The loss recovery component is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured.

Contracts measured under the PAA

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of a groups of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage (or asset for remaining coverage component for reinsurance contracts held) that would not differ materially from the one that would be produced by applying the GMM.

For insurance contracts issued, the liability for remaining coverage represents the portion of the premiums received related to insurance coverage to be provided in future.

The material lines of insurance business measured under the PAA in SLS, Pan-Africa and Asia have recognised insurance acquisition cash flows as expenses in profit or loss when incurred. Santam has capitalised the insurance acquisition cash flows by including it as a reduction in the liability for remaining coverage and amortising the cash flows over the coverage period of the contracts. Premiums received from intermediaries are recognised as part of the liability for remaining coverage.

For a group of insurance contracts issued on initial recognition, the group measures the liability for remaining coverage as the amount of premiums received if any, less any insurance acquisition cash flows (if not recognised as an expense in profit or loss) and amounts for the derecognition at that date of any asset for insurance acquisition cash flows recognised before the initial recognition of the group.

The carrying amount of a group of insurance contracts issued at the end of each reporting date is the sum of:
- the liability for remaining coverage; and
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid.

For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:
- plus the premiums received in the period;
- minus insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- minus the amount recognised as insurance revenue for the services provided in the period; and
- minus any investment component paid or transferred to the liability for incurred claims.

The group does not adjust the liability for remaining coverage for insurance contracts issued (or asset for remaining coverage for reinsurance contracts held) for the effect of the time value of money as the premiums are due within one year or less from the date of initial recognition.

For general insurance business cash flows related to incurred claims have been adjusted for the effect of the time value of money where the claims settlement period is expected to be one year or less. For insurance contracts measured under the PAA, the liability for incurred claims is adjusted for the time value of money where the claims settlement period is more than one year.

The group did not recognise (or derecognise) any assets for insurance acquisition cash flows in the 2024 reporting period for insurance contracts issued measured under the PAA.

A risk adjustment for non-financial risk is determined for the liability for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows. Note 29.2.2.2 provides further details on the methods and assumptions used to determine the risk adjustment for non-financial risk.

If there are facts and circumstances that indicate that a group of insurance contracts issued is onerous, a loss will be recognised in profit or loss equal to the difference between the fulfilment cash flows related to the future coverage of the group under the GMM and the liability for remaining coverage under the PAA, with the liability for remaining coverage being increased to be equal to the fulfilment cash flows under the GMM. If the liability for incurred claims does not allow for the time value of money and the effect of financial risk, then the fulfilment cash flows should also exclude such an adjustment. Subsequent to an initial loss being recognised, the loss component will be recalculated at the end of each reporting period based on the difference between the fulfilment cash flows measured under the GMM and the liability for remaining coverage under the PAA, with the change in loss component over the period being recognised as an increase or reversal of losses in profit or loss.

For groups of insurance contracts measured under the PAA, no material onerous groups of insurance contracts have been recognised in the 2024 reporting period.

Reinsurance contracts held

For reinsurance contracts held, the asset for remaining coverage measured under the PAA represents the portion of the ceding premiums paid related to reinsurance coverage to be received in future.

For a group of reinsurance contracts held on initial recognition, the group measures the asset for remaining coverage under the PAA as the amount of ceding premiums paid.

The carrying amount of a group of reinsurance contracts held at the end of each reporting date is the sum of:
- the asset for remaining coverage (also referred to as the remaining coverage component); and
- the incurred claims component, comprising the fulfilment cash flows for past incurred claims not recovered.

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For a group of reinsurance contracts held, at the end of each reporting date, the group measures the asset for remaining coverage as the carrying amount at the start of the reporting period:
- minus the ceding premiums paid in the period;
- plus the amount recognised as reinsurance expenses for the services received in the period.

For groups of reinsurance contracts held, a loss recovery component will be deducted from the asset for remaining coverage when the loss component is initially recognised on the underlying insurance contracts, with subsequent adjustments to the loss recovery component based on the corresponding changes in the loss component for the underlying insurance contracts.

Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished (ie expired, discharged, or cancelled) or the contract is modified and additional criteria are met.

If an insurance contract is modified by the group by agreement between the parties to the contract or by a change in regulation, the changes in the cash flows as a result of the modification is treated as changes in estimates of fulfilment cash flows, unless the criteria for the derecognition of the original contract are met. If a contract modification results in derecognition of the original contract, a new contract is recognised on the modified terms. The exercise of a right included in the terms of a contract is not a modification.

If an insurance contract not accounted for under the PAA is derecognised from a group of insurance contracts, or a contract modification does not result in the derecognition of the original insurance contract, the CSM of the group of insurance contracts is adjusted for the changes in estimates of fulfilment cash flows.

If an insurance contract not accounted for under the PAA is transferred to a third party, or a contract modification results in the derecognition of the original insurance contract and recognition of a new contract, the group adjusts the CSM of the group of insurance contracts from which the contract has been derecognised based on the difference between the changes in estimates of fulfilment cash flows of the group of insurance contracts resulting from the contract being derecognised and:

a) for transfers to a third party, the premium charged by the third party; or
b) for a contract modification, the premium that the group would have charged had it entered into a new contract with the modified terms at the date of the contract modification.

The new contract recognised is measured assuming that the group received the premium determined in b) above. The adjustments to the CSM described above exclude any changes in fulfilment cash flows resulting in the recognition of (or changes to) a loss component for the group of insurance contracts.

If an insurance contract measured under the PAA is derecognised from a group of insurance contracts, the group adjusts the liability for remaining coverage of the group of insurance contracts to reflect the amount refunded to the policyholder as a result of the derecognition of the insurance contract (or the amount paid to a third party in the case of a transfer other than for settlement of incurred claims), and the premium that would have been received for a new contract in the case of a contract modification resulting in the derecognition of the original contract.

Measurement of investment contracts in scope of IFRS 9

Contracts with investment management services

The liabilities are measured based on the retrospectively accumulated fair value of the underlying assets. The amounts recognised in profit or loss for these contracts are based on the fees received during the period concerned plus the movement in the contract costs less expenses incurred.

Where these contracts provide for minimum investment return guarantees the fair value of the embedded derivative is included in the liabilities.

Non-participating annuity business

Term annuity instalments and expected future expenses in respect of these instalments are discounted at the zero-coupon yield curve adjusted for an illiquidity premium and investment administration charges. All profits or losses accrue to the shareholders when incurred.

Guaranteed plans and fixed return products

Guaranteed maturity values and expected future expenses are discounted at market-related interest rates. All profits or losses accrue to the shareholders when incurred.

Working capital

To the extent that the management of working capital gives rise to profits, no credit is taken for this in determining the policy liabilities.

Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the group's consolidated financial statements. The insurance service result is equal to the sum of:
- Insurance revenue;
- Insurance service expenses; and
- Income or expenses from reinsurance contracts.

The result from insurance is equal to the sum of the:
- Insurance service result;
- Insurance (and reinsurance) finance income or expenses; and
- Investment returns on assets held in respect of insurance contracts.

Basis of preparation continued

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the group, adjusted for the discounting effect and excluding any investment components. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the group expects to be entitled to in exchange for those services.

For insurance contracts issued not measured under the PAA, the total consideration for a group of contracts covers the following amounts:
- expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and repayments of investment components);
- amounts of the CSM recognised in profit or loss for the services provided in the period;
- release of the risk adjustment for risk expired (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- experience adjustments arising from premiums received related to current (or past) service, including related cash flows such as insurance acquisition cash flows; and
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA (refer to amortisation of insurance acquisition cash flows for further details).

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

The following amounts are recognised in insurance service expenses:
- expected claims and administration expenses incurred (excluding amounts allocated to the loss component and repayments of investment components);
- experience adjustments arising from incurred claims and administration expenses;
- changes in liability for incurred claims related to past service;
- actual insurance acquisition cash flows on insurance contracts measured under the PAA (for businesses not electing to amortise these cash flows in the liability for remaining coverage);
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured under the GMM or the VFA, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage under the PAA; and
- changes that relate to future service:
  a) initial losses on onerous groups of insurance contracts issued recognised in the period; and
  b) increases and reversals of losses on onerous groups of insurance contracts issued.

The expenses only relate to cash flows that are directly attributable to the fulfilment of the insurance contracts issued.

Income or expenses from reinsurance contracts

The group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. Reinsurance expenses are recognised similarly to insurance revenue, depicting the transfer of services received in the period at an amount reflecting the portion of premiums the group is expected to pay in exchange for those services. The following amounts are recognised as income or expenses from reinsurance contracts held where relevant:
- amounts of the CSM recognised in profit or loss for the services received in the period;
- changes in the risk adjustment for non-financial risk, excluding:
  a) changes that related to future service (adjusting the CSM); and
  b) amounts included in reinsurance finance income or expenses (refer to insurance (and reinsurance) finance income and expense below for reinsurance contracts held);
- for contracts accounted for under the GMM
  a) experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
  b) experience adjustments related to ceded premiums for past and current service.
- for contracts accounted for under the PAA:
  a) actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
  b) reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held;
- changes in the incurred claims for past service recoverable from the reinsurance contracts held;
- changes in the non-performance risk of reinsurer counterparties; and
- changes that relate to future service:
  a) income on loss recovery component recognised in the period; and
  b) changes in estimates that adjust the loss recovery component.

Insurance (and reinsurance) finance income and expense

The group recognises all insurance finance income or expenses for the reporting period in profit or loss. The group has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

The effect of and changes in the time value of money and financial risk form part of the insurance finance income and expenses.

For a group of insurance contracts measured under the GMM, insurance finance income or expenses mainly comprises the following amounts:
- the unwind of interest on fulfilment cash flows, based on current discount rates;
- the accretion of interest on the CSM, based on locked-in discount rates;
- the effect of changes in financial (economic) assumptions, including the effect of changes in financial guarantees (changes in TVOG); and
- the impact of currency exchange differences on fulfilment cash flows for contracts denominated in a foreign currency (where relevant).

For a group of insurance contracts measured under the PAA, insurance finance income or expenses mainly comprises the following amounts (where relevant):
- the unwind of interest on the liability for incurred claims, based on current discount rates; and
- the impact on the liability for incurred claims of the effect of changes in economic assumptions.

For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses.

The amounts recognised in insurance finance income or expenses are determined on a ‘gross basis’ before any allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees.

The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

Note 9 provides more information on the amounts recognised in insurance finance income or expenses and the investment returns on the assets held in respect of insurance contracts.

Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows are amortised in each reporting period in a systematic way based on the passage of time. For insurance contracts not measured under the PAA and issued in the South African businesses, the insurance acquisition cash flows are amortised in line with the coverage units used to determine the recognition of the CSM in insurance revenue. Other systematic methods are adopted for insurance contracts not measured under the PAA within the group and for insurance contracts measured under the PAA where relevant, such as amortisation on a straight-line basis based on the expected coverage period of the insurance contracts.

Group financial results

Group statement of financial position

as at

R million	Note	31 December 2024	Restated(1) 31 December 2023	Restated(1) 1 January 2023
ASSETS				
Goodwill	1	6 703	6 906	5 001
Equipment	2	1 682	1 535	1 090
Right-of-use assets	3.1	1 323	1 189	1 036
Owner-occupied properties	4	992	1 015	686
Intangible assets	5	4 366	3 331	945
Contract costs for investment management services	6	2 768	2 822	3 150
Investment contract assets	21	789	–	–
Insurance contract assets	7	13 736	9 478	8 858
Reinsurance contract assets	7	11 233	14 530	18 680
Deferred tax	11.1	1 409	1 619	1 630
Investments	12	998 644	827 309	773 272
Investment properties	12.1	7 812	7 913	10 436
Investment in associates and joint ventures	12.2	48 755	44 473	21 198
Equities and similar securities	12.3.1	198 193	159 385	185 686
Interest-bearing investments	12.3.2	347 804	249 372	244 635
Structured transactions	12.3.2	32 429	26 114	18 091
Investment funds	12.3.2	332 464	301 949	264 490
Deposits and similar securities	12.3.2	31 187	38 103	28 736
Trading account assets(1)	13.1	22 759	18 414	19 723
Advances to customers	14	4 213	4 065	–
Non-current assets reclassified as held for sale	36	6 837	47 213	111 635
Working capital assets		56 090	57 294	56 311
Trade and other receivables	15.1	13 448	20 014	15 232
Taxation		576	954	574
Short-term investments	16	7 464	9 089	5 375
Cash and cash equivalents	17	34 602	27 237	35 130
Total assets		1 133 544	996 720	1 002 017
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	18	12 526	13 033	12 784
Treasury shares		(1 872)	(6 658)	(2 888)
Other reserves	19	12 528	11 007	6 237
Retained earnings		77 779	71 148	68 444
Shareholders' fund		100 961	88 530	84 577
Non-controlling interest	20	9 194	8 375	14 381
Total equity		110 155	96 905	98 958
Insurance contract liabilities	7	232 554	193 374	205 389
Reinsurance contract liabilities	7	5 185	5 686	4 171
Investment contract liabilities	21	554 955	488 501	441 660
Term finance	22	19 769	14 936	14 654
Margin business	22.1	1 648	5 358	5 413
Other interest-bearing liabilities	22.1	18 121	9 578	9 241
Lease liabilities	3.2	1 685	1 519	1 371
Structured transactions liabilities	12.3.2	12 201	12 287	11 561
External investors in consolidated funds		124 755	76 468	89 214
Deferred tax	11.1	8 925	8 768	6 601
Trading account liabilities(1)	13.2	28 673	25 835	21 657
Non-current liabilities reclassified as held for sale	36	–	39 403	76 169
Collateral guarantee contracts		120	112	129
Working capital liabilities		34 567	32 926	30 483
Trade and other payables	15.2	31 112	30 800	28 288
Provisions	23	275	188	232
Taxation		3 180	1 938	1 963
Total equity and liabilities		1 133 544	996 720	1 002 017

(1) The prior years have been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

Group statement of comprehensive income

for the year ended 31 December

R million	Note	2024	2023
Result from insurance operations		13 080	10 369
Result from insurance contracts	10	14 628	11 580
Insurance service result		12 935	9 760
Insurance revenue		93 475	87 840
Insurance service expenses		(75 553)	(70 684)
Expense from reinsurance contracts		(4 987)	(7 396)
Insurance investment result		1 693	1 820
Insurance finance expense		(28 597)	(14 303)
Reinsurance finance income		99	187
Investment income on assets held in respect of insurance contracts		10 791	9 528
Investment surpluses on assets held in respect of insurance contracts		19 400	6 408
Other expenses relating to insurance operations		(1 548)	(1 211)
Result from other operations		14 003	8 797
Revenue	24	23 415	18 960
Investment income	12.4	32 090	24 629
Investment surpluses	12.4	55 047	58 855
Finance cost – margin business		(366)	(412)
Change in fair value of external investors' liabilities		(6 996)	(8 678)
Change in fair value of investment contract liabilities		(66 679)	(66 262)
Sales remuneration		(1 201)	(1 063)
Administration costs	25	(21 307)	(17 232)
Impairments	25.3	(1 412)	(79)
Net impairment gains on financial and contract assets		(63)	20
Other impairments		(1 349)	(99)
Amortisation of intangibles	25.2	(532)	(257)
Net operating result		25 139	18 830
Equity-accounted earnings	12.2.1	5 617	2 958
Finance cost – other	26	(1 243)	(1 106)
Profit before tax from continuing operations		29 513	20 682
Taxation	11.2	(7 909)	(7 079)
Shareholders' fund		(6 210)	(4 396)
Policyholders' fund		(1 699)	(2 683)
Profit for the year from continuing operations		21 604	13 603
Profit for the year from discontinued operations	36	3 240	3 394
Profit for the year		24 844	16 997
Other comprehensive income: to be recycled through profit or loss in subsequent periods			
Movement in foreign currency translation reserve		62	2 304
Other comprehensive income of equity-accounted investments	12.2.1	(3 181)	(2 342)
Movement in cashflow hedge		–	11
Other comprehensive income: not to be recycled through profit or loss in subsequent periods			
Employee benefits remeasurement gain/(loss)	30	57	(124)
Comprehensive income for the year		21 782	16 846
Allocation of comprehensive income:			
Profit for the year from continuing operations		21 604	13 603
Shareholders' fund		19 133	11 595
Non-controlling interest		2 471	2 008
Profit for the year from discontinued operations		3 240	3 394
Shareholders' fund		3 107	2 883
Non-controlling interest		133	511
Comprehensive income for the year		21 782	16 846
Shareholders' fund		19 151	14 098
Non-controlling interest		2 631	2 748
Earnings attributable to shareholders of the company (cents):			
Profit for the year:			
Basic earnings per share	27	1 067,6	702,6
Diluted earnings per share	27	1 053,7	693,0
Earnings attributable to shareholders (cents) of continuing operations:			
Profit for the year from continuing operations:			
Basic earnings per share from continuing operations	27	919,0	562,7
Diluted earnings per share from continuing operations	27	907,0	525,8

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Group statement of changes in equity

for the year ended 31 December

R million	Share capital	Share premium	Treasury shares	Non-distributable reserve	Foreign currency translation reserve	Retained earnings	Subtotal: equity holders	Consolidation reserve[1]	Total: equity holders	Non-controlling interest	Total equity
Balance at 1 January 2023	22	12 762	(2 888)	9 972	444	68 444	88 756	(4 179)	84 577	14 381	98 958
Comprehensive income	–	–	–	7	2 101	11 990	14 098	–	14 098	2 748	16 846
Profit for the year	–	–	–	–	–	14 478	14 478	–	14 478	2 519	16 997
Other comprehensive income/(loss)	–	–	–	7	2 101	(2 488)	(380)	–	(380)	229	(151)
Other comprehensive income/(loss): to be recycled through profit or loss in subsequent periods											
Movement in foreign currency translation reserve[2]	–	–	–	–	2 071	–	2 071	–	2 071	233	2 304
Other comprehensive income/(loss) of equity-accounted investments	–	–	–	–	30	(2 372)	(2 342)	–	(2 342)	–	(2 342)
Movement in cash flow hedge	–	–	–	7	–	–	7	–	7	4	11
Other comprehensive loss: not to be recycled through profit or loss in subsequent periods											
Employee benefits remeasurement loss	–	–	–	–	–	(116)	(116)	–	(116)	(8)	(124)
Shares cancelled[3]	–	(186)	1 869	–	–	(1 683)	–	–	–	–	–
Shares issued	–	435	–	–	–	–	435	–	435	31	466
Net (acquisition)/disposal of treasury shares[4]	–	–	(804)	–	–	(381)	(1 185)	–	(1 185)	(84)	(1 269)
Share-based payments	–	–	–	–	–	421	421	–	421	47	468
Transfer to/(from) non-distributable reserve	–	–	–	104	–	(104)	–	–	–	–	–
Transfer (from)/to consolidation reserve	–	–	(4 811)	–	–	1 609	(3 202)	3 202	–	–	–
Dividends paid[5]	–	–	–	–	–	(7 420)	(7 420)	–	(7 420)	(2 183)	(9 603)
Acquisitions, disposals and other movements in interests[6]	–	–	(24)	(669)	(3)	(1 728)	(2 424)	28	(2 396)	(6 565)	(8 961)
Balance at 31 December 2023	22	13 011	(6 658)	9 414	2 542	71 148	89 479	(949)	88 530	8 375	96 905
Comprehensive income	–	–	–	–	32	19 119	19 151	–	19 151	2 631	21 782
Profit for the year	–	–	–	–	–	22 240	22 240	–	22 240	2 604	24 844
Other comprehensive income	–	–	–	–	32	(3 121)	(3 089)	–	(3 089)	27	(3 062)
Other comprehensive income: to be recycled through profit or loss in subsequent periods											
Movement in foreign currency translation reserve	–	–	–	–	35	–	35	–	35	27	62
Other comprehensive income of equity-accounted investments	–	–	–	–	(3)	(3 178)	(3 181)	–	(3 181)	–	(3 181)
Other comprehensive income: not to be recycled through profit or loss in subsequent periods											
Employee benefits remeasurement (gain)/loss	–	–	–	–	–	57	57	–	57	–	57
Shares cancelled[3]	(1)	(506)	5 110	–	–	(4 619)	(16)	–	(16)	–	(16)
Net (acquisition)/disposal of treasury shares[4]	–	–	(324)	–	–	(510)	(834)	1 835	1 001	(61)	940
Share-based payments	–	–	–	–	–	457	457	–	457	32	489
Transfer (from)/to consolidation reserve	–	–	–	–	–	318	318	(318)	–	–	–
Dividends paid[5]	–	–	–	–	–	(8 316)	(8 316)	–	(8 316)	(1 319)	(9 635)
Acquisitions, disposals and other movements in interests[6]	–	–	–	–	(28)	182	154	–	154	(464)	(310)
Balance at 31 December 2024	21	12 505	(1 872)	9 414	2 546	77 779	100 393	568	100 961	9 194	110 155

(1) Refer to note 19 for additional information.
(2) Movement in foreign currency translation reserve include foreign currency translation reserve recycle from profit on disposal of LIA.
(3) During June 2024, 86 million treasury shares were cancelled, following the unwinding of the SPV structure. In June 2023, 31 million treasury shares were cancelled, pursuant to the General Authorities. Following the transactions, the issued share capital of the company now comprises 2 117 million ordinary shares of 1 cent each.
(4) Comprises movement in initial cost of shares held by subsidiaries (excluding policyholder funds), the share incentive trust. Net acquisition of treasury shares comprises of an acquisition of R576 million (2023: R1 281 million) and disposal of R1 516 million in 2024 (2023: R12 million).
(5) A dividend of 445 cents per share (2023: 400 cents per share) was declared in 2025 in respect of the 2024 earnings. Based on the number of shares in issue on declaration date, the total dividend is expected to amount to R9 290 billion (after allowing for treasury shares), but may vary depending on the number of shares in issue on the last day to trade. Dividends proposed or declared after the statement of financial position date are not recognised at the statement of financial position date.
(6) Disposals in the current year relate to the Namibia operations. Disposals in 2023 relate to Sanlam Pan-Africa and the acquisition of the remaining non-controlling interest of Brightrock.

Group statement of cash flows

for the year ended 31 December

R million	Note	2024	Restated[1] 2023
Cash flow from operating activities		5 490	(14 560)
Cash generated from/(utilised in) operations[1]	34.1	(11 687)	(29 704)
Interest and preference share dividends received		29 578	20 962
Interest paid		(1 919)	(1 855)
Dividends received		6 064	10 514
Dividends paid		(9 624)	(9 604)
Taxation paid		(6 922)	(4 873)
Cash flow from investment activities		(6 315)	(2 435)
Payments made for the acquisition of equipment		(832)	(752)
Proceeds in respect of the sale of equipment		267	48
Payments made for the acquisition of owner-occupied properties		(6)	(130)
Proceeds in respect of the disposal of owner-occupied properties		–	22
Acquisition of subsidiaries and associated companies	34.2	(10 971)	(2 437)
Disposal of subsidiaries and associated companies	34.3	5 430	1 059
Payments made for the acquisition of other intangible assets		(241)	(347)
Proceeds in respect the disposal of other intangible assets		38	102
Cash flow from financing activities		5 641	(1 538)
Share issued		–	458
Share repurchased		(17)	–
Disposal of treasury shares		1 516	12
Acquisition of treasury shares		(576)	(1 281)
Acquisition of non-controlling interest		(46)	(720)
Disposal of non-controlling interest		347	–
Term finance raised		8 659	3 386
Term finance repaid		(3 854)	(3 050)
Lease liabilities repaid		(388)	(343)
Net increase/(decrease) in cash and cash equivalents[1]		4 816	(18 533)
Effect of exchange rate movements on cash balances		120	700
Cash and cash equivalents at beginning of the year[1]		29 662	47 495
Cash and cash equivalents at end of the year[1]	34.4	34 598	29 662

[1] The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

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Notes to the group annual financial statements

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1 Goodwill

Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is recognised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date. The gain or loss on the disposal of a subsidiary or business includes the carrying amount of goodwill attributable to the entity or business sold.

Goodwill is not recognised when an interest in an existing subsidiary is increased. The difference between the cost of the acquisition and the minority interest acquired is accounted for directly in equity. Goodwill is also not affected when an interest in an existing subsidiary is decreased without a loss of control. The difference between the proceeds received and the share of the net assets disposed of, is accounted for directly in equity.

For impairment purposes, the carrying amount of goodwill is allocated to cash-generating units at the lowest level of operational activity (business) to which it relates. The carrying amount of goodwill is reviewed bi-annually for impairment and written down where the recoverable amount is less than the carrying amount. Where a number of related businesses acquired in the same business combination are allocated to different group business divisions, the related goodwill is allocated to those cash-generating units that expect to benefit from the synergies of the business combination.

The recoverable amount of goodwill for purposes of impairment testing has been determined based on fair value less cost to sell for entities that are cash-generating units. All valuations are level 3 except for Santam (Level 1) based on the fair value hierarchy.

Goodwill in respect of associated companies and joint ventures is included in the carrying value of investments in associated companies and joint ventures. Refer to note 12.2 for additional information.

R million	2024	2023
Balance at the beginning of the year	6 906	5 001
Gross carrying amount	7 428	5 548
Accumulated impairment	(522)	(547)
Acquired through business combinations[2]	806	2 092
Reclassified from/(to) non-current assets held for sale[3]	196	(196)
Impairments	(1 149)	–
Disposals	(59)	(22)
Foreign currency translation differences	(9)	80
Other	12	(49)
Balance at the end of the year	6 703	6 906
Gross carrying amount	8 396	7 428
Accumulated impairment	(1 693)	(522)
Allocation of goodwill		
Life insurance	808	617
MCIS Insurance[3]	196	–
Brightrock Holdings	441	441
Other life businesses	171	176
Other Sanlam businesses	5 895	6 289
Goodwill held on group level	1 198	1 198
Santam Ltd[4]	958	955
Afrocentric[2]	–	1 144
Sanlam Investment Management	1 170	1 170
International: Investment Management	430	430
Sanlam UK	296	342
Sanlam Personal Loans (Pty) Ltd[2]	863	863
NMS Insurance Services (SA) Ltd[2]	806	–
Glacier[1]	164	91
Other non-life businesses[1]	10	96
Total goodwill	6 703	6 906

[1] Glacier was previously part of the "other non-life business" line. The change in disclosure is to provide additional useful information to the reader.
[2] Goodwill acquired through business combinations relates to the acquisition of NMS Insurance Services (SA) Ltd (NMS Insurance Services) R806 million. The previous year relates to mainly the acquisitions of Afrocentric R1 144 million and Sanlam Personal Loans R863 million.
[3] MCIS Insurance was classified as a disposal group held for sale as at 30 June 2024. During the fourth quarter, both Sanlam and the potential buyer have agreed to halt discussions and as such MCIS is no longer classified as held for sale. Refer to note 36.3.1 for additional information.
[4] The recoverable amount used for goodwill impairment testing is based on fair value less cost of disposal, which is driven by the listed price of Santam.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

1 Goodwill continued

Impairments of goodwill summary

Using embedded value method	Unit	MCIS Insurance[1][2] 2024	Brightrock Holdings[2] 2024	Brightrock Holdings[2] 2023
Point used on the relevant yield curve	Year		7,1	7,3
Gross investment return:				
Fixed-interest securities	%	4,9	9,1	10,8
Cash	%	3,9	10,1	9,8
Inflation rate	%	2,4	9,2	8,8
Risk discount rate	%	7,9	13,6	14,3
Sensitivities on base value of	R million	1 775	1 591	1 341
Risk discount rate increase by 1%	R million	1 630	1 398	1 176
Investment return and inflation decrease by 1%, coupled with a 1% decrease in risk discount rates, and with bonus rates changing commensurately	R million	1 746	1 803	1 350

Using discounted cash flow method	2024 Recoverable amount[3]	2024 Average discount rate[3]	2023 Recoverable amount[3]	2023 Average discount rate[3]
Goodwill held on group level	1 894	17,1%	1 894	17,1%
Afrocentric	1 403	18,7%	2 220	19,6%
Sanlam Investment Management	1 758	16,1%	2 381	16,3%
International: Investment Management	2 675	12,8%	3 292	7,1%
Sanlam UK	474	15,7%	375	14,8%
Sanlam Personal Loans	2 397	21,2%	2 066	22,1%
Glacier	3 730	18,8%	3 554	19,8%

(1) MCIS Insurance was classified as a disposal group held for sale as at 30 June 2024. During the fourth quarter, both Sanlam and the potential buyer have agreed to halt discussions and as such MCIS is no longer classified as held for sale. Refer to note 36.3.1 for additional information.
(2) The recoverable amount is determined as the embedded value, together with a multiple of value of new business (VNB multiple) of 12 and 8.5 for MCIS insurance and Brightrock Holdings, respectively.
(3) The recoverable amounts used for goodwill impairment testing are based on the fair value less cost to sell. The valuations were done based on an average perpetuity growth rate of 5% and cash flows are forecasted for 10 years, which is aligned with industry norms, whereafter a perpetuity factor is applied.

Other than as disclosed for Brightrock, management believes that no reasonably possible change in any of the other key assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

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2 Equipment

Equipment is reflected at depreciated cost prices less provisions for impairment in value, where appropriate. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives of the assets:

- Computer equipment: one to five years
- Furniture and equipment: five to 20 years
- Vehicles: three to five years

If the expected residual value is equal to or greater than the carrying value, no depreciation is provided for. The residual values, estimated useful lives and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate.

Cost prices include costs directly attributable to the acquisition of equipment, as well as any subsequent expenditure when it is probable that future economic benefits associated with the item will flow to the group and the expenditure can be measured reliably. All other expenditure is recognised in the statement of comprehensive income when incurred. Equipment is derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceeds, as applicable, is recognised in the statement of comprehensive income.

R million	Note	Computer equipment	Furniture	Equipment	Vehicles and other	Total
Balance at 1 January 2023 – re-presented[1]		591	64	251	184	1 090
Cost		2 232	265	622	588	3 707
Accumulated depreciation and impairment		(1 641)	(201)	(371)	(404)	(2 617)
Additions and expenditure capitalised		449	55	59	189	752
Depreciation		(333)	(36)	(69)	(74)	(512)
Acquired through business combinations		203	74	45	41	363
Other disposals		(5)	(4)	(13)	(25)	(47)
Reclassified to non-current assets held for sale	36	(21)	(16)	(4)	(45)	(86)
Impairments		(31)	–	–	–	(31)
Transfer from owner-occupied properties		–	–	–	15	15
Foreign currency translation differences		3	2	3	(17)	(9)
Balance at 1 January 2024		856	139	272	268	1 535
Cost		2 848	384	696	673	4 601
Accumulated depreciation and impairment		(1 992)	(245)	(424)	(405)	(3 066)
Additions and expenditure capitalised		378	40	314	99	831
Depreciation		(296)	(59)	(47)	(31)	(433)
Acquired through business combinations		48	15	–	33	96
Other disposals		(21)	(15)	(187)	(43)	(266)
Reclassified from non-current assets held for sale		34	17	10	86	147
Reversal of impairments		29	–	–	–	29
Transfer from owner-occupied properties		–	–	67	1	68
Foreign currency translation differences		–	–	–	4	4
Other movements		(334)	142	–	(137)	(329)
Balance at 31 December 2024		694	279	429	280	1 682
Cost		2 391	726	912	690	4 719
Accumulated depreciation and impairment		(1 697)	(447)	(483)	(410)	(3 037)

(1) Prior year has been enhanced to split out the reconciliation per class of equipment.

Notes to the group annual financial statements continued

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3 Leases

This note provides information for leases where the group is a lessee. For leases where the group is a lessor, see note 12.1 and 12.4.

The group mainly has leases for office buildings and some IT equipment and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. The group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Extension and termination options are included in a number of leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. This would be the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.1 Rights-of-use assets

R million	Note	Properties	Computer equipment, furniture, equipment, vehicles and other	Total
Balance at 1 January 2023		1 019	17	1 036
Additions		599	16	615
Depreciation		(386)	(18)	(404)
Terminating of lease agreements		(137)	–	(137)
Acquired through business combinations		115	–	115
Disposal of subsidiaries		(4)	–	(4)
Reclassified to non-current assets held for sale	36	(64)	(3)	(67)
Effect of modification of lease terms		40	–	40
Variable lease payment adjustment		(6)	–	(6)
Impairment		–	(7)	(7)
Foreign currency translation differences		8	–	8
Balance at 1 January 2024		**1 184**	**5**	**1 189**
Additions		**341**	**25**	**366**
Acquired through business combinations		**136**	**–**	**136**
Terminating of lease agreements		**(26)**	**7**	**(19)**
Effect of modification of lease terms		**1**	**–**	**1**
Depreciation		**(374)**	**(15)**	**(389)**
Reclassified from non-current assets held for sale	36	**62**	**–**	**62**
Impairments		**(1)**	**–**	**(1)**
Other movements		**(41)**	**19**	**(22)**
Balance at 31 December 2024		**1 282**	**41**	**1 323**

3.2 Lease liabilities

R million	Note	2024	2023
Balance at the beginning of the year		**1 519**	1 371
Additions		**337**	533
Lease payments[1]		**(532)**	(461)
Termination of lease agreements		**(20)**	(162)
Acquired through business combinations		**201**	155
Disposal of subsidiaries		**(6)**	–
Interest accrued		**144**	118
Reclassified from/(to) non-current liabilities held for sale	36	**66**	(72)
Effect of modification of lease terms		**4**	45
Variable lease payment adjustment		**(8)**	(20)
Foreign currency translation differences		**–**	12
Other movements		**(20)**	–
Balance at the end of the year		**1 685**	1 519

[1] Lease payments are made up of capital and interest repayments of respectively R388 million (2023: R343 million) and R144 million (2023: R118 million).

Notes to the group annual financial statements continued

for the year ended 31 December 2024

3 Leases continued

3.2 Lease liabilities continued

R million	Note	2024	2023
Maturity analysis – carrying value		1 685	1 519
Due within one year		516	378
Due from one to five years		994	814
Due from five to 10 years		175	327
Maturity analysis – undiscounted		1 960	1 894
Due within one year		550	456
Due from one to five years		1 189	1 085
Due from five to 10 years		221	353
The group is exposed to the following potential cash flows (undiscounted) which are not included in the lease liability:		122	110
Extension options		122	99
Leases not yet commenced to which the lessee is committed		–	11

3.3 Additional profit or loss and cash flow information

Refer to the expenses (note 25) and the finance cost (note 26) notes for information about depreciation and interest expense respectively. Total cash outflow in respect of leases in the year was R831 million (2023: R777 million) which include other operating lease expenses.

4 Owner-occupied properties

Owner-occupied property is property held for use in the supply of services or for administration purposes. These properties are valued at carrying amount less depreciation and provisions for impairment in value, where appropriate. The carrying amount is based on the cost of properties classified as owner-occupied on date of acquisition and the fair value at date of reclassification in instances where properties are reclassified from investment properties to owner-occupied properties. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful life of the property. The residual values, estimated useful lives and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate. If the expected residual value is equal to or greater than the carrying value, no depreciation is provided for. Owner-occupied property is assessed bi-annually for indicators of impairment. When owner-occupied properties become investment properties, they are reclassified to investment properties at the fair value of the properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification is recognised directly in other comprehensive income as a revaluation surplus. Owner-occupied property is derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceeds, as applicable, is recognised in the statement of comprehensive income.

R million	Note	2024	Re-presented[1] 2023
Balance at the beginning of the year		1 015	686
Cost[1]		1 055	695
Accumulated depreciation and impairment[1]		(40)	(9)
Additions and expenditure capitalised		6	130
Acquired through business combinations		–	310
Reclassified to non-current assets held for sale	36	41	(42)
Disposals		–	(22)
Transfer to equipment		(68)	(15)
Depreciation		(6)	(22)
Foreign currency translation differences		–	(1)
Other movements		4	(9)
Balance at the end of the year		992	1 015
Cost[1]		1 035	1 055
Accumulated depreciation and impairment[1]		(43)	(40)

[1] Prior year disclosure has been enhanced to include cost and accumulated depreciation and impairment.

5 Intangible assets

Intangible assets mainly comprise of internally developed software, acquired computer software and key business relationships. Acquired intangible assets are recognised at cost on acquisition date. Subsequent to initial recognition, these assets are reflected at their amortised cost prices less provisions for impairment in value, where appropriate. Amortisation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives:

Acquired computer software	three to 10 years
Internally developed software	less than 15 years

The residual values, estimated useful lives of the assets and depreciation methods are reviewed at each statement of financial position date and adjusted, as appropriate. Other intangible assets are assessed for indicators of impairment on a bi-annual basis and written down for impairment where this is considered necessary. Other intangible assets with indefinite useful lives are tested annually for impairment, irrespective of whether there is any indication of impairment.

Costs associated with software development for internal use are capitalised if the completion of the software development is technically feasible, the group has the intent and ability to complete the development and use the asset, and the costs can be reliably measured and will generate future economic benefits.

No value is attributed to internally developed brands or similar rights. Costs incurred on these items are charged to the statement of comprehensive income in the period in which they are incurred.

R million	Note	Acquired computer software	Internally developed software	Key business relationships	Other[1]	Total
Balance at 1 January 2023		170	98	525	152	945
Gross carrying amount		215	200	1 054	315	1 784
Accumulated amortisation and impairment		(45)	(102)	(529)	(163)	(839)
Additions during the year		54	81	110	142	387
Acquired through business combinations		56	919	976	446	2 397
Expenditure capitalised		–	–	–	81	81
Disposals		–	–	(20)	(82)	(102)
Amortisation		(21)	(70)	(117)	(129)	(337)
Impairments		–	(5)	–	(21)	(26)
Reclassified to non-current assets held for sale	36	–	(98)	–	–	(98)
Foreign currency translation differences		7	3	10	72	92
Other movements		–	–	–	(8)	(8)
Balance at 1 January 2024		266	928	1 484	653	3 331
Gross carrying amount		455	1 579	2 434	1 070	5 538
Accumulated amortisation and impairment		(189)	(651)	(950)	(417)	(2 207)
Additions during the year		4	193	9	59	265
Acquired through business combinations		–	299	882	26	1 207
Expenditure capitalised		–	–	–	22	22
Disposals		–	–	(16)	(23)	(39)
Amortisation		(36)	(175)	(255)	(110)	(576)
Impairments[2] [3]		(16)	(156)	(15)	(10)	(197)
Reclassified from non-current assets held for sale	36	–	103	–	–	103
Foreign currency translation differences		(2)	(2)	1	(2)	(5)
Other movements		40	256	14	(55)	255
Balance at 31 December 2024		256	1 446	2 104	560	4 366
Gross carrying amount		537	3 148	3 370	1 117	8 172
Accumulated amortisation and impairment		(281)	(1 702)	(1 266)	(557)	(3 806)

[1] The other asset class is the sum of patents and licences, brands, trademarks and trade names as well as indefinite useful life intangibles assets.
[2] An impairment of computer software was recognised in 2024 that relates to the development of on premise solution software for Santam. It was decided to migrate to cloud solutions. The full capitalised amount of R162 million was impaired.
[3] For further information related to the impairment for Afrocentric please refer to note 29.1.1.

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for the year ended 31 December 2024

5 Intangible assets continued

R million	Expected useful life (years)	2024	2023
Allocation of key business relationships			
Sanlam Corporate	5-10	740	907
Sanlam Investments Group	8 – 15	288	361
Sanlam Risk and Savings[1]	10	607	125
Sanlam Retail Mass	10	283	–
Glacier[1]	10	106	–
Santam	3 – 6	80	91
Total key business relationships		**2 104**	1 484

[1] Both Sanlam Risk and Savings and Glacier were previously reported under the segment SA Retail Affluent.

6 Contract costs for investment management services

Incremental costs of obtaining investment contracts with investment management services are capitalised to contract costs for investment management services if they are separately identifiable, can be measured reliably and it is probable that they will be recovered.

Contract costs for the acquisition of investment management services are amortised to the statement of comprehensive income over the expected term of the contracts as the related services are rendered and revenue recognised, which varies from year to year dependent on the outstanding term of the contracts in force. The contract costs are tested for impairment bi-annually to ensure that it will be recovered from future revenue generated by the applicable remaining investment contracts less costs that relate directly to the provision of these services. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

R million	Note	2024	Re-presented[1] 2023
Balance at the beginning of the year		**2 822**	3 150
Acquisition costs capitalised		468	568
Expensed for the year[1]		(243)	(302)
Amortisation[1]		(198)	(188)
Reclassified to non-current assets held for sale	36	(73)	(349)
Disposal		–	(41)
Impairments[1]		(8)	(14)
Foreign currency translation differences		–	(2)
Balance at the end of the year		**2 768**	2 822

[1] Amortisation and impairments were previously part of the expensed for the year line. The change in disclosure is to provide additional useful information to the reader.

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7 Insurance and reinsurance contracts

7.1 Summary of net carrying amount

		2024				2023			
			Life insurance				Life insurance		
R million	Note	**Total**	**Risk business**	**Savings business**	**General insurance**	Total	Risk business	Savings business	General insurance
Net insurance contract carrying amount		218 818	109 300	74 972	34 546	183 896	86 400	65 182	32 314
Insurance contract liabilities	8.1	232 554	122 544	74 972	35 038	193 374	95 470	65 182	32 722
Insurance contract assets	8.1	(13 736)	(13 244)	–	(492)	(9 478)	(9 070)	–	(408)
Net reinsurance contract carrying amount		(6 048)	(2 247)	–	(3 801)	(8 844)	(2 372)	–	(6 472)
Reinsurance contract liabilities	9.1	5 185	2 226	–	2 959	5 686	2 797	–	2 889
Reinsurance contract assets	9.1	(11 233)	(4 473)	–	(6 760)	(14 530)	(5 169)	–	(9 361)
Net carrying amount		212 770	107 053	74 972	30 745	175 052	84 028	65 182	25 842

7.2 Summary of result from insurance contracts

	2024				2023			
		Life insurance				Life insurance		
R million	**Total**	**Risk business**[(1)]	**Savings business**[(2)]	**General insurance**[(3)]	Total	Risk business[(1)]	Savings business[(2)]	General insurance[(3)]
Insurance service result	13 110	7 949	862	4 299	11 292	6 698	1 749	2 845
Insurance revenue	94 462	48 195	2 101	44 166	112 282	52 264	2 989	57 029
Insurance service expenses	(76 338)	(40 042)	(1 239)	(35 057)	(90 425)	(42 683)	(1 240)	(46 502)
Income or expense from reinsurance contracts	(5 014)	(204)	–	(4 810)	(10 565)	(2 883)	–	(7 682)
Insurance investment result	1 893	3 638	(588)	(1 157)	4 022	4 296	(575)	301
Result from insurance contracts (including profit from discontinued operations)	15 003	11 587	274	3 142	15 314	10 994	1 174	3 146
Profit from discontinued operations	375				3 734			
Result from insurance contracts	14 628				11 580			

(1) Refer to note 10.2 for additional information.
(2) Refer to note 10.3 for additional information.
(3) Refer to note 10.4 for additional information.

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7 Insurance and reinsurance contract

7.3 Reconciliation of net carrying amount per valuation component: Total

	Insurance				Reinsurance			
R million	Total	Best estimate of future cash flows[1]	Risk adjustment for non-financial risk	Contractual service margin[2]	Total	Best estimate of future cash flows[1]	Risk adjustment for non-financial risk	Contractual service margin[2]
2024								
Recognised in statement of comprehensive income[3]	10 452	9 423	(1 321)	2 350	4 876	6 103	277	(1 504)
Changes that relate to current service	(19 345)	(10 919)	(1 194)	(7 232)	4 613	1 812	664	2 137
Contracts measured under the premium allocation approach	(11 475)	(12 067)	592	–	4 704	4 720	(16)	–
Contracts not measured under the premium allocation approach	(7 870)	1 148	(1 786)	(7 232)	(91)	(2 908)	680	2 137
Recognition of contractual service margin for services (provided) or received[4]	(7 232)	–	–	(7 232)	2 137	–	–	2 137
Release of risk adjustment for risk expired	(1 786)	–	(1 786)	–	680	–	680	–
Experience adjustments and other amounts[5]	1 148	1 148	–	–	(2 908)	(2 908)	–	–
Changes that relate to future service	108	(6 069)	(661)	6 838	(26)	3 198	(321)	(2 903)
New contracts recognised during the period[2]	259	(6 710)	1 786	5 183	(22)	2 831	(455)	(2 398)
Changes in estimates recognised in the contractual service margin[6]	–	645	(2 300)	1 655	–	367	134	(501)
Changes in estimates recognised in profit or loss[7]	(151)	(4)	(147)	–	(4)	–	–	(4)
Changes in incurred claims related to past service	709	1 921	(1 212)	–	427	288	139	–
Net finance income or expense	28 980	24 490	1 746	2 744	(138)	805	(205)	(738)
Cash flow	11 340	11 340	–	–	(1 818)	(1 818)	–	–
Insurance premiums received and ceding premiums paid to reinsurers	113 301	113 301	–	–	(12 873)	(12 873)	–	–
Insurance claims paid and claims recovered from reinsurers[8]	(82 944)	(82 944)	–	–	11 050	11 050	–	–
Insurance acquisition cash flows paid	(13 134)	(13 134)	–	–	–	–	–	–
Administration and other expenses paid[5]	(5 883)	(5 883)	–	–	5	5	–	–
Net movement for the year	21 792	20 763	(1 321)	2 350	3 058	4 285	277	(1 504)
Recognised in other comprehensive income – foreign currency translation differences	24	21	–	3	2	3	–	(1)
Liabilities acquired through business combinations	(2 149)	(7 651)	2 110	3 392	(186)	(119)	(12)	(55)
Reclassified from/(to) non-current liabilities held for sale	15 255	14 391	472	392	(78)	(29)	(27)	(22)
Balance at the beginning of the year	183 896	143 042	11 122	29 732	(8 844)	1 166	(2 780)	(7 230)
Balance at the end of the year	218 818	170 566	12 383	35 869	(6 048)	5 306	(2 542)	(8 812)

[1] Based on the liability for remaining coverage/remaining coverage component for the premium allocation approach.
[2] Only relevant to contracts measured under the general model and variable fee approach.
[3] Includes the impact of recognising non-onerous contracts during the period and the impact of recognising changes in estimates in the contractual service margin, with a net zero impact on the total carrying amount. These impacts are shown in separate line items and therefore not included in this total in notes 8.2.2 and 8.3.
[4] The termination of the group's funeral joint co-operation arrangement with Capitec resulted in the derecognition of the insurance contract liabilities (including the CSM) as at 31 October 2024. This resulted in an increase in the contractual service margin (CSM) recognised as income in insurance revenue for insurance contracts.
[5] Administration and other expenses paid and experience adjustments related to administration and other expenses, are not presented in notes 8.2, 8.3 and 8.4 for simplicity.
[6] The Capitec transaction has also resulted in the CSM being adjusted to reflect the derecognition of the fulfilment cash flows (i.e. best estimate of future cash flows and the risk adjustment for non-financial risk) as at 31 October 2024. The release of the net negative fulfilment cash flows at the termination date (increasing the best estimate of future cash flows and reducing the risk adjustment) has been reflected as a net negative adjustment to the CSM (before recognition of the CSM as income in insurance revenue).
[7] For insurance contracts, this represents increases and reversals of losses on onerous contracts, and for reinsurance contracts, changes in estimates adjusting the loss recovery component.
[8] The repayments of investment components in the period are included in this line item.

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7 Insurance and reinsurance contract continued

7.3 Reconciliation of net carrying amount per valuation component: Total continued

	Insurance				Reinsurance			
R million	Total	Best estimate of future cash flows[1]	Risk adjustment for non-financial risk	Contractual service margin[2]	Total	Best estimate of future cash flows[1]	Risk adjustment for non-financial risk	Contractual service margin[2]
2023[3]								
Recognised in statement of comprehensive income[2]	(6 255)	(9 728)	1 252	2 221	10 384	13 783	(500)	(2 899)
Changes that relate to current service	(23 017)	(16 290)	(694)	(6 033)	13 199	11 226	588	1 385
Contracts measured under the premium allocation approach	(12 995)	(13 903)	908	–	11 036	10 941	95	–
Contracts not measured under the premium allocation approach	(10 022)	(2 387)	(1 602)	(6 033)	2 163	285	493	1 385
Recognition of contractual service margin for services (provided) or received	(6 033)	–	–	(6 033)	1 385	–	–	1 385
Release of risk adjustment for risk expired	(1 602)	–	(1 602)	–	493	–	493	–
Experience adjustments and other amounts[3]	(2 387)	(2 387)	–	–	285	285	–	–
Changes that relate to future service	629	(8 123)	2 988	5 764	(29)	5 027	(1 170)	(3 886)
New contracts recognised during the period[4]	226	(7 361)	2 190	5 397	(7)	3 018	(831)	(2 194)
Changes in estimates recognised in the contractual service margin	–	(1 142)	775	367	–	2 009	(339)	(1 670)
Changes in estimates recognised in profit or loss[5]	403	380	23	–	(22)	–	–	(22)
Changes in incurred claims related to past service	531	2 207	(1 676)	–	(2 594)	(2 942)	348	–
Net finance (income) or expense	15 602	12 478	634	2 490	(192)	472	(266)	(398)
Cash flow	19 012	19 012	–	–	(7 283)	(7 283)	–	–
Insurance premiums received and ceding premiums paid to reinsurers	132 363	132 363	–	–	(22 948)	(22 948)	–	–
Insurance claims paid and claims recovered from reinsurers[6]	(95 914)	(95 914)	–	–	15 642	15 642	–	–
Insurance acquisition cash flows paid	(12 134)	(12 134)	–	–	–	–	–	–
Administration and other expenses paid[3]	(5 303)	(5 303)	–	–	23	23	–	–
Net movement for the year	12 757	9 284	1 252	2 221	3 101	6 500	(500)	(2 899)
Recognised in other comprehensive income – foreign currency translation differences	392	364	15	13	51	50	(2)	3
Reclassified as non-current liabilities held for sale	(25 784)	(22 273)	(1 035)	(2 476)	2 512	2 489	73	(50)
Balance at the beginning of the year	196 531	155 667	10 890	29 974	(14 508)	(7 873)	(2 351)	(4 284)
Balance at the end of the year	183 896	143 042	11 122	29 732	(8 844)	1 166	(2 780)	(7 230)

[1] Based on the liability for remaining coverage/remaining coverage component for the premium allocation approach.
[2] Includes the impact of recognising non-onerous contracts during the period and the impact of recognising changes in estimates in the contractual service margin, with a net zero impact on the total carrying amount. These impacts are shown in separate line items and therefore not included in this total in notes 8.2.2 and 8.3.
[3] Administration and other expenses paid and experience adjustments related to administration and other expenses, are not presented in notes 8.2, 8.3 and 8.4 for simplicity. The Capitec recapture fee of R1,88 billion has been recognised as income in insurance revenue for insurance contracts issued, presented as a reduction in the best estimate of future cash flows in this reconciliation. The Capitec termination has also resulted in an inter-company transfer between Sanlam Developing Markets (for insurance contracts issued) and Centriq (for reinsurance contracts held) - this has resulted in an increase in the best estimate of future cash flows for insurance contracts issued, however, with an offsetting impact for reinsurance contracts held in note 9.2.2 and therefore a net zero impact for the group on a net of reinsurance basis.
[4] Only relevant to contracts measured under the general model and variable fee approach.
[5] For insurance contracts, this represents increases and reversals of losses on onerous contracts, and for reinsurance contracts, changes in estimates adjusting the loss recovery component.
[6] The repayments of investment components in the period are included in this line item.

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8 Insurance contract carrying amount

8.1 Analysis of net insurance contract carrying amount

Analysis per line of business and valuation method

			Liability for remaining coverage				Incurred claims[1]			Analysis of liability for remaining coverage		
R million	Note	Total	Subtotal[1]	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component
2024												
Life insurance – Risk business	8.2	109 300	91 279	50 404	9 997	31 340	18 021	17 257	764	91 279	90 618	661
Premium allocation approach[1]		12 418	(462)	–	–	–	12 880	12 235	645	(462)	(515)	53
General model		96 882	91 741	50 404	9 997	31 340	5 141	5 022	119	91 741	91 133	608
Life insurance – Savings business	8.3	74 972	74 480	69 505	481	4 494	492	463	29	74 480	74 407	73
Variable fee approach		74 972	74 480	69 505	481	4 494	492	463	29	74 480	74 407	73
General insurance	8.4	34 546	16 334	605	1	35	18 212	17 101	1 111	16 334	16 316	18
Premium allocation approach[1]		33 905	15 693	–	–	–	18 212	17 101	1 111	15 693	15 675	18
General model		641	641	605	1	35	–	–	–	641	641	–
Net insurance contract carrying amount		218 818	182 093	120 514	10 479	35 869	36 725	34 821	1 904	182 093	181 341	752
Premium allocation approach[1]		46 323	15 231	–	–	–	31 092	29 336	1 756	15 231	15 160	71
General model		97 523	92 382	51 009	9 998	31 375	5 141	5 022	119	92 382	91 774	608
Variable fee approach		74 972	74 480	69 505	481	4 494	492	463	29	74 480	74 407	73
Net insurance contract carrying amount		218 818	182 093	120 514	10 479	35 869	36 725	34 821	1 904	182 093	181 341	752
Insurance contract liability balances		232 554	197 991	146 416	6 305	29 167	34 563	32 696	1 867	197 991	197 333	658
Insurance contract asset balances		(13 736)	(15 898)	(25 902)	4 174	6 702	2 162	2 125	37	(15 898)	(15 992)	94
Net insurance contract carrying amount		218 818	182 093	120 514	10 479	35 869	36 725	34 821	1 904	182 093	181 341	752
2023												
Life insurance – Risk business	8.2	86 400	70 891	37 500	8 666	25 410	15 509	14 978	531	70 891	70 353	538
Premium allocation approach[1]		10 782	(685)	–	–	–	11 467	11 037	430	(685)	(685)	–
General model		75 618	71 576	37 500	8 666	25 410	4 042	3 941	101	71 576	71 038	538
Life insurance – Savings business	8.3	65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	–
Variable fee approach		65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	–
General insurance	8.4	32 312	12 800	632	1	41	19 512	17 901	1 611	12 800	12 800	–
Premium allocation approach[1]		31 638	12 126	–	–	–	19 512	17 901	1 611	12 126	12 126	–
General model		674	674	632	1	41	–	–	–	674	674	–
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
Premium allocation approach[1]		42 420	11 441	–	–	–	30 979	28 938	2 041	11 441	11 441	–
General model		76 292	72 250	38 132	8 667	25 451	4 042	3 941	101	72 250	71 712	538
Variable fee approach		65 184	64 193	59 603	309	4 281	991	987	4	64 193	64 193	–
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538
Insurance contract liability balances		193 374	158 970	114 104	6 631	26 116	34 404	32 295	2 109	158 970	158 412	558
Insurance contract asset balances		(9 478)	(11 086)	(16 369)	2 345	3 616	1 608	1 571	37	(11 086)	(11 066)	(20)
Net insurance contract carrying amount		183 896	147 884	97 735	8 976	29 732	36 012	33 866	2 146	147 884	147 346	538

[1] Only the incurred claims and the subtotal of liability for remaining coverage sections would be applicable to premium allocation approach.

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8 Insurance contract carrying amount continued

8.2 Reconciliation of net carrying amount: Life insurance – Risk business

8.2.1 Premium allocation approach

Reconciliation per valuation component

	2024						2023					
		Liability for remaining coverage		Incurred claims				Liability for remaining coverage		Incurred claims		
R million	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk
Recognised in statement of comprehensive income	(2 913)	(13 100)	(9)	10 196	10 192	4	(3 386)	(14 580)	4	11 190	11 186	4
Recognised in insurance revenue	(13 490)	(13 490)	–	–	–	–	(15 804)	(15 804)	–	–	–	–
Recognised in insurance service expenses	9 495	372	(9)	9 132	9 176	(44)	11 809	1 211	4	10 594	10 616	(22)
Claims incurred during the year (excluding investment component)	9 437	–	–	9 437	9 551	(114)	10 444	–	–	10 444	10 450	(6)
Changes in incurred claims related to past service	(305)	–	–	(305)	(375)	70	150	–	–	150	166	(16)
Increase and reversal of losses on onerous contracts	(9)	–	(9)	–	–	–	4	–	4	–	–	–
Insurance acquisition cash flows expensed	372	372	–	–	–	–	1 211	1 211	–	–	–	–
Insurance finance income or expenses	1 082	18	–	1 064	1 016	48	609	13	–	596	570	26
Cash flow	4 286	13 442	–	(9 156)	(9 156)	–	4 814	14 892	–	(10 078)	(10 078)	–
Premiums received during the year	13 840	13 840	–	–	–	–	16 125	16 125	–	–	–	–
Incurred claims – investment components	–	(26)	–	26	26	–	–	(22)	–	22	22	–
Claims paid during the year	(9 182)	–	–	(9 182)	(9 182)	–	(10 100)	–	–	(10 100)	(10 100)	–
Insurance acquisition cash flows paid	(372)	(372)	–	–	–	–	(1 211)	(1 211)	–	–	–	–
Net movement for the year	1 373	342	(9)	1 040	1 036	4	1 428	312	4	1 112	1 108	4
Recognised in other comprehensive income – foreign currency translation differences	7	17	–	(10)	(10)	–	(4)	(20)	–	16	8	8
Liabilities acquired through business combinations	48	–	51	(3)	–	(3)	–	–	–	–	–	–
Reclassified from/(to) non-current liabilities held for sale	208	(189)	11	386	172	214	(1 229)	(168)	(10)	(1 051)	(838)	(213)
Balance at the beginning of the year	10 782	(685)	–	11 467	11 037	430	10 587	(809)	6	11 390	10 759	631
Balance at the end of the year[(1)(2)]	12 418	(515)	53	12 880	12 235	645	10 782	(685)	–	11 467	11 037	430

(1) Balance at the end of the year includes insurance contract assets of R69 million (2023: R18 million) and insurance contract liabilities of R12 487 million (2023: R10 800 million).
(2) Balance at the end of the year includes insurance contract assets of R18 million (2022: R127 million) and insurance contract liabilities of R10 800 million (2022: R10 714 million).

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8 Insurance contract carrying amount continued

8.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

8.2.2 General model

Reconciliation per valuation component

				Contractual service margin				Liability for remaining coverage		
R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Subtotal	Fair value transition approach	Other[(1)]	Total	Excluding loss component	Loss component	Incurred claims
2024										
Non-onerous contracts recognised during the year[(2)]	–	(6 433)	1 588	4 845	–	4 845	–	–	–	–
Recognised in statement of comprehensive income	6 369	10 203	(138)	(3 696)	(697)	(2 999)	6 369	(15 634)	48	21 955
Recognised in insurance revenue[(3)]	(31 634)	(23 448)	(1 748)	(6 438)	(1 667)	(4 771)	(31 634)	(31 514)	(120)	–
Expected incurred claims excluding investment components	(23 244)	(23 244)	–	–	–	–	(23 244)	(23 161)	(83)	–
Expected administration and other expenses	(2 015)	(2 015)	–	–	–	–	(2 015)	(1 986)	(29)	–
Release of risk adjustment for risk expired	(1 748)	–	(1 748)	–	–	–	(1 748)	(1 740)	(8)	–
Recognition of contractual service margin for services provided[(4)]	(6 438)	–	–	(6 438)	(1 667)	(4 771)	(6 438)	(6 438)	–	–
Premium experience adjustments related to current service and other amounts[(5)]	1 825	1 825	–	–	–	–	1 825	1 825	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(14)	(14)	–	–	–	–	(14)	(14)	–	–
Recognised in insurance service expenses[(3)]	21 798	21 808	(10)	–	–	–	21 798	–	50	21 748
Claims incurred during the year (excluding investment component)	21 911	21 911	–	–	–	–	21 911	–	–	21 911
Expected incurred claims excluding investment components	23 244	23 244	–	–	–	–	23 244	–	–	23 244
Experience adjustment	(1 333)	(1 333)	–	–	–	–	(1 333)	–	–	(1 333)
Changes in incurred claims related to past service[(6)]	(163)	(165)	2	–	–	–	(163)	–	–	(163)
Initial loss on onerous contracts recognised during the year[(2)]	252	118	134	–	–	–	252	–	252	–
Increase and reversal of losses on onerous contracts[(2)]	(202)	(56)	(146)	–	–	–	(202)	–	(202)	–
Insurance finance income or expenses – impact of unwinding discount rates and financial assumption changes	16 205	11 843	1 620	2 742	970	1 772	16 205	15 880	118	207
Changes in estimates recognised in contractual service margin[(2)(7)]	–	880	(2 257)	1 377	175	1 202	–	–	–	–
Cash flow	15 960	15 960	–	–	–	–	15 960	37 265	–	(21 305)
Premiums received during the year	43 392	43 392	–	–	–	–	43 392	43 392	–	–
Incurred claims – investment components	–	–	–	–	–	–	–	(767)	–	767
Claims paid during the year[(8)]	(22 072)	(22 072)	–	–	–	–	(22 072)	–	–	(22 072)
Insurance acquisition cash flows paid	(5 360)	(5 360)	–	–	–	–	(5 360)	(5 360)	–	–
Net movement for the year	22 329	20 610	(807)	2 526	(522)	3 048	22 329	21 631	48	650
Recognised in other comprehensive income – foreign currency translation differences	25	25	–	–	4	(4)	25	20	–	5
Liabilities acquired through business combinations	(2 410)	(7 903)	2 103	3 390	222	3 168	(2 410)	(3 133)	–	723
Reclassified from/(to) non-current liabilities held for sale	1 320	1 253	53	14	(13)	27	1 320	1 577	22	(279)
Balance at the beginning of the year	75 618	41 441	8 767	25 410	10 281	15 129	75 618	71 038	538	4 042
Balance at the end of the year[(9)]	96 882	55 426	10 116	31 340	9 972	21 368	96 882	91 133	608	5 141

(1) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(2) Relates to future service. Line items without a superscript relate to current service.
(3) Line items do not align to the statement of comprehensive income due to the offsetting effect of the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component presented in insurance revenue and insurance service expenses in the statement of comprehensive income but not included in these reconciliations, as well as administration and other expenses attributable to insurance contracts presented in insurance service expenses in the statement of comprehensive income but not included in these reconciliations.
(4) The termination of the group's funeral joint venture arrangement with Capitec resulted in the derecognition of the insurance contract liabilities (including the CSM) as at 31 October 2024. This resulted in an increase in the contractual service margin (CSM) recognised as income in insurance revenue.
(5) The Capitec recapture fee of R1 88 billion has been recognised as income in insurance revenue for insurance contracts issued, presented as a reduction in the best estimate of future cash flows in this reconciliation. The Capitec termination has also resulted in an inter-company transfer between Sanlam Developing Markets (for insurance contracts issued) and Centriq (for reinsurance contracts held) – this has resulted in an increase in the best estimate of future cash flows for insurance contracts issued, however, with an offsetting impact for reinsurance contracts held in note 9.2.2 and therefore a net zero impact for the group on a net of reinsurance basis.
(6) Relates to past service. Line items without a superscript relate to current service.
(7) The Capitec transaction has also resulted in the CSM being adjusted to reflect the derecognition of the fulfilment cash flows (ie best estimate of future cash flows and the risk adjustment for non-financial risk) as at 31 October 2024. The release of the net negative fulfilment cash flows at the termination date (increasing the best estimate of future cash flows and reducing the risk adjustment) has been reflected as a net negative adjustment to the CSM (before recognition of the CSM as income in insurance revenue).
(8) The repayments of investment components in the period are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the period).
(9) Balance at the end of the year includes insurance contract assets of R13 175 million (2023: R9 052 million) and insurance contract liabilities of R110 057 million (2023: R84 670 million).

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8 Insurance contract carrying amount continued

8.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

8.2.2 General model continued

Reconciliation per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Subtotal	Contractual service margin: Fair value transition approach	Contractual service margin: Other[1]	Total	Liability for remaining coverage: Excluding loss component	Liability for remaining coverage: Loss component	Incurred claims
2023										
Non-onerous contracts recognised during the year[2]	–	(7 173)	2 079	5 094	–	5 094	–	–	–	–
Recognised in statement of comprehensive income	(5 609)	(2 235)	(915)	(2 459)	(898)	(1 561)	(5 609)	(29 013)	555	22 849
Recognised in insurance revenue[3]	(33 459)	(27 060)	(1 474)	(4 925)	(1 953)	(2 972)	(33 459)	(33 332)	(127)	–
Expected incurred claims excluding investment components	(25 878)	(25 878)	–	–	–	–	(25 878)	(25 805)	(73)	–
Expected administration and other expenses	(2 126)	(2 126)	–	–	–	–	(2 126)	(2 077)	(49)	–
Release of risk adjustment for risk expired	(1 474)	–	(1 474)	–	–	–	(1 474)	(1 469)	(5)	–
Recognition of contractual service margin for services provided	(4 925)	–	–	(4 925)	(1 953)	(2 972)	(4 925)	(4 925)	–	–
Premium experience adjustments related to current service and other amounts	973	973	–	–	–	–	973	973	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(29)	(29)	–	–	–	–	(29)	(29)	–	–
Recognised in insurance service expenses[3]	23 276	23 230	46	–	–	–	23 276	(85)	612	22 749
Claims incurred during the year (excluding investment component)	22 649	22 649	–	–	–	–	22 649	(85)	–	22 734
Expected incurred claims excluding investment components	25 793	25 793	–	–	–	–	25 793	(85)	–	25 878
Experience adjustment	(3 144)	(3 144)	–	–	–	–	(3 144)	–	–	(3 144)
Changes in incurred claims related to past service[4]	15	74	(59)	–	–	–	15	–	–	15
Initial loss on onerous contracts recognised during the year[2]	219	137	82	–	–	–	219	–	219	–
Increase and reversal of losses on onerous contracts[2]	393	370	23	–	–	–	393	–	393	–
Insurance finance income or expenses – impact of unwinding discount rates and financial assumption changes	4 574	1 595	513	2 466	1 055	1 411	4 574	4 404	70	100
Changes in estimates recognised in contractual service margin[2]	–	(127)	656	(529)	(323)	(206)	–	–	–	–
Cash flow	17 199	17 199	–	–	–	–	17 199	41 270	–	(24 071)
Premiums received during the year	48 320	48 320	–	–	–	–	48 320	48 320	–	–
Incurred claims – investment components	–	–	–	–	–	–	–	(1 536)	–	1 536
Claims paid during the year[5]	(25 607)	(25 607)	–	–	–	–	(25 607)	–	–	(25 607)
Insurance acquisition cash flows paid	(5 514)	(5 514)	–	–	–	–	(5 514)	(5 514)	–	–
Net movement for the year	11 590	7 664	1 820	2 106	(1 221)	3 327	11 590	12 257	555	(1 222)
Recognised in other comprehensive income – foreign currency translation differences	–	2	–	(2)	29	(31)	–	15	(17)	2
Reclassified (to)/from non-current liabilities held for sale	(6 087)	(3 541)	(610)	(1 936)	(464)	(1 472)	(6 087)	(5 593)	(178)	(316)
Balance at the beginning of the year	70 115	37 316	7 557	25 242	11 937	13 305	70 115	64 359	178	5 578
Balance at the end of the year[6]	75 618	41 441	8 767	25 410	10 281	15 129	75 618	71 038	538	4 042

(1) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(2) Relates to future service. Line items without a superscript relate to current service.
(3) Line items do not align to the statement of comprehensive income due to the offsetting effect of the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component presented in insurance revenue and insurance service expenses in the statement of comprehensive income but not included in these reconciliations, as well as administration and other expenses attributable to insurance contracts presented in insurance service expenses in the statement of comprehensive income but not included in these reconciliations.
(4) Relates to past service. Line items without a superscript relate to current service.
(5) The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).
(6) Balance at the end of the year includes insurance contract assets of R9 052 million (2022: R8 035 million) and insurance contract liabilities of R84 670 million (2022: R78 150 million).

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8 Insurance contract carrying amount continued

8.3 Reconciliation of net carrying amount: Life insurance – Savings business

Variable fee approach
Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Subtotal	Contractual service margin: Fair value transition approach	Contractual service margin: Other[1]	Total	Liability for remaining coverage: Excluding loss component	Liability for remaining coverage: Loss component	Incurred claims
2024										
Non-onerous contracts recognised during the year[2]	–	(402)	64	338	–	338	–	–	–	–
Recognised in statement of comprehensive income	7 840	8 665	(39)	(786)	(545)	(241)	7 840	7 450	67	323
Recognised in insurance revenue[3]	(2 017)	(1 193)	(38)	(786)	(545)	(241)	(2 017)	(2 017)	–	–
Expected incurred claims excluding investment components	(275)	(275)	–	–	–	–	(275)	(275)	–	–
Expected administration and other expenses	(705)	(705)	–	–	–	–	(705)	(705)	–	–
Release of risk adjustment for risk expired	(38)	–	(38)	–	–	–	(38)	(38)	–	–
Recognition of contractual service margin for services provided	(786)	–	–	(786)	(545)	(241)	(786)	(786)	–	–
Premium experience adjustments related to current service and other amounts	(65)	(65)	–	–	–	–	(65)	(65)	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(148)	(148)	–	–	–	–	(148)	(148)	–	–
Recognised in insurance service expenses[3]	389	390	(1)	–	–	–	389	–	67	322
Claims incurred during the year (excluding investment component)	352	352	–	–	–	–	352	–	–	352
Expected incurred claims excluding investment components	275	275	–	–	–	–	275	–	–	275
Experience adjustment	77	77	–	–	–	–	77	–	–	77
Changes in incurred claims related to past service[4]	(30)	(30)	–	–	–	–	(30)	–	–	(30)
Initial loss on onerous contracts recognised during the year[2]	7	7	–	–	–	–	7	–	7	–
Increase and reversal of losses on onerous contracts[2]	60	61	(1)	–	–	–	60	–	60	–
Insurance finance income or expenses- Fair value returns on underlying items and finance amounts and related incurred claims[5]	9 468	9 468	–	–	–	–	9 468	9 467	–	1
Changes in estimates recognised in contractual service margin[2]	–	(235)	(43)	278	105	173	–	–	–	–
Cash flow	(12 128)	(12 128)	–	–	–	–	(12 128)	(11 729)	–	(399)
Premiums received during the year	7 813	7 813	–	–	–	–	7 813	7 813	–	–
Incurred claims – investment components	–	–	–	–	–	–	–	(19 303)	–	19 303
Claims paid during the year[6]	(19 702)	(19 702)	–	–	–	–	(19 702)	–	–	(19 702)
Insurance acquisition cash flows paid	(239)	(239)	–	–	–	–	(239)	(239)	–	–
Net movement for the year	(4 288)	(4 100)	(18)	(170)	(440)	270	(4 288)	(4 279)	67	(76)
Recognised in other comprehensive income – foreign currency translation differences	(18)	(21)	–	3	4	(1)	(18)	(12)	1	(7)
Liabilities acquired through business combinations	195	183	10	2	2	–	195	192	–	3
Reclassified (to)/from non-current liabilities held for sale	13 899	13 316	205	378	352	26	13 899	14 313	5	(419)
Balance at the beginning of the year	65 184	60 590	313	4 281	3 209	1 072	65 184	64 193	–	991
Balance at the end of the year[7]	74 972	69 968	510	4 494	3 127	1 367	74 972	74 407	73	492

[1] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
[2] Relates to future service. Line items without a superscript relate to current service.
[3] Line items do not align to the statement of comprehensive income due to the offsetting effect of the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component presented in insurance revenue and insurance service expenses in the statement of comprehensive income but not included in these reconciliations, as well as administration and other expenses attributable to insurance contracts presented in insurance service expenses in the statement of comprehensive income but not included in these reconciliations.
[4] Relates to past service. Line items without a superscript relate to current service.
[5] Changes in the variable fee due to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees, are related to future service. These impacts are therefore presented as changes in estimates recognised in the contractual service margin and are excluded from the insurance finance income or expenses line item.
[6] The repayments of investment components in the period are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the period).
[7] Balance at the end of the year include insurance contract liabilities of R74 972 million (2023: R65 184 million).

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8 Insurance contract carrying amount continued

8.3 Reconciliation of net carrying amount: Life insurance – Savings business continued

Variable fee approach continued
Reconciliation per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Subtotal	Contractual service margin: Fair value transition approach	Contractual service margin: Other[1]	Total	Liability for remaining coverage: Excluding loss component	Liability for remaining coverage: Loss component	Incurred claims
2023										
Non-onerous contracts recognised during the year[2]	–	(332)	29	303	–	303	–	–	–	–
Recognised in statement of comprehensive income	6 294	7 525	(128)	(1 103)	(662)	(441)	6 294	5 807	13	474
Recognised in insurance revenue[3]	(2 930)	(1 699)	(128)	(1 103)	(662)	(441)	(2 930)	(2 930)	–	–
Expected incurred claims excluding investment components	(299)	(299)	–	–	–	–	(299)	(299)	–	–
Expected administration and other expenses	(859)	(859)	–	–	–	–	(859)	(859)	–	–
Release of risk adjustment for risk expired	(128)	–	(128)	–	–	–	(128)	(128)	–	–
Recognition of contractual service margin for services provided	(1 103)	–	–	(1 103)	(662)	(441)	(1 103)	(1 103)	–	–
Premium experience adjustments related to current service and other amounts	(428)	(428)	–	–	–	–	(428)	(428)	–	–
Amounts related to income tax that are specifically chargeable to the policyholder	(113)	(113)	–	–	–	–	(113)	(113)	–	–
Recognised in insurance service expenses[3]	475	475	–	–	–	–	475	–	13	462
Claims incurred during the year (excluding investment component)	323	323	–	–	–	–	323	–	–	323
Expected incurred claims excluding investment components	299	299	–	–	–	–	299	–	–	299
Experience adjustment	24	24	–	–	–	–	24	–	–	24
Changes in incurred claims related to past service[4]	139	139	–	–	–	–	139	–	–	139
Initial loss on onerous contracts recognised during the year[2]	7	7	–	–	–	–	7	–	7	–
Increase and reversal of losses on onerous contracts[2]	6	6	–	–	–	–	6	–	6	–
Insurance finance income or expenses- Fair value returns on underlying items and finance amounts related to incurred claims[5]	8 749	8 749	–	–	–	–	8 749	8 737	–	12
Changes in estimates recognised in contractual service margin[2]	–	(1 015)	119	896	716	180	–	–	–	–
Cash flow	(8 007)	(8 007)	–	–	–	–	(8 007)	(7 613)	–	(394)
Premiums received during the year	11 146	11 146	–	–	–	–	11 146	11 146	–	–
Incurred claims – investment components	–	–	–	–	–	–	–	(18 096)	–	18 096
Claims paid during the year[6]	(18 490)	(18 490)	–	–	–	–	(18 490)	–	–	(18 490)
Insurance acquisition cash flows paid	(663)	(663)	–	–	–	–	(663)	(663)	–	–
Net movement for the year	(1 713)	(1 829)	20	96	54	42	(1 713)	(1 806)	13	80
Recognised in other comprehensive income – foreign currency translation differences	518	496	7	15	24	(9)	518	521	–	(3)
Reclassified (to)/from non-current liabilities held for sale	(15 307)	(14 555)	(212)	(540)	(328)	(212)	(15 307)	(15 561)	(128)	382
Balance at the beginning of the year	81 686	76 478	498	4 710	3 459	1 251	81 686	81 039	115	532
Balance at the end of the year[7]	65 184	60 590	313	4 281	3 209	1 072	65 184	64 193	–	991

[1] Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
[2] Relates to future service. Line items without a superscript relate to current service.
[3] Line items do not align to the statement of comprehensive income due to the offsetting effect of the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component presented in insurance revenue and insurance service expenses in the statement of comprehensive income but not included in these reconciliations, as well as administration and other expenses attributable to insurance contracts presented in insurance service expenses in the statement of comprehensive income but not included in these reconciliations.
[4] Relates to past service. Line items without a superscript relate to current service.
[5] Changes in the variable fee due to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees, are related to future service. These impacts are therefore presented as changes in estimates recognised in the contractual service margin and are excluded from the insurance finance income or expenses line item.
[6] The repayments of investment components in the year are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the year).
[7] Balance at the end of the year include insurance contract liabilities of R65 184 million (2022: R81 686 million).

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8 Insurance contract carrying amount continued

8.4 Reconciliation of net carrying amount: General insurance

8.4.1 Premium allocation approach

Reconciliation per valuation component

R million	2024						2023				
		Liability for remaining coverage		Incurred claims				Liability for remaining coverage	Incurred claims		
	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk
Recognised in statement of comprehensive income	(6 985)	(36 458)	–	29 473	29 973	(500)	(8 945)	(51 247)	42 302	42 894	(592)
Recognised in insurance revenue	(44 068)	(44 068)	–	–	–	–	(57 038)	(57 038)	–	–	–
Recognised in insurance service expenses	34 938	6 423	–	28 515	29 093	(578)	46 502	5 251	41 251	41 938	(687)
Claims incurred during the year (excluding investment component)	27 308	–	–	27 308	26 602	706	41 024	–	41 024	40 110	914
Changes in incurred claims related to past service	1 207	–	–	1 207	2 491	(1 284)	227	–	227	1 828	(1 601)
Insurance acquisition cash flows expensed	6 423	6 423	–	–	–	–	5 251	5 251	–	–	–
Insurance finance income or expenses	2 145	1 187	–	958	880	78	1 591	540	1 051	956	95
Cash flow	9 243	40 007	–	(30 773)	(30 773)	–	10 425	51 521	(41 096)	(41 096)	–
Premiums received during the year	48 256	48 256	–	–	–	–	56 772	56 772	–	–	–
Incurred claims – investment components	–	(1 101)	–	1 101	1 101	–	–	(505)	505	505	–
Claims paid during the year	(31 874)	–	–	(31 874)	(31 874)	–	(41 601)	–	(41 601)	(41 601)	–
Insurance acquisition cash flows paid	(7 148)	(7 148)	–	–	–	–	(4 746)	(4 746)	–	–	–
Net movement for the year	2 249	3 549	–	(1 300)	(800)	(500)	1 480	274	1 206	1 798	(592)
Recognised in other comprehensive income – foreign currency translation differences	–	–	–	–	–	–	(122)	–	(122)	(122)	–
Liabilities acquired through business combinations	18	–	18	–	–	–	–	–	–	–	–
Reclassified (to)/from non-current liabilities held for sale	–	–	–	–	–	–	(3 161)	–	(3 161)	(3 161)	–
Balance at the beginning of the year	31 638	12 126	–	19 512	17 901	1 611	33 441	11 852	21 589	19 386	2 203
Balance at the end of the year[(1)(2)]	33 905	15 675	18	18 212	17 101	1 111	31 638	12 126	19 512	17 901	1 611

(1) Balance at the end of the year includes insurance contract assets of R492 million (2023: R408 million) and insurance contract liabilities of R34 397 million (2023: R32 046 million).

(2) Balance at the end of the year includes insurance contract assets of R408 million (2022: R696 million) and insurance contract liabilities of R32 046 million (2022: R34 137 million).

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8 Insurance contract carrying amount continued

8.4 Reconciliation of net carrying amount: General insurance continued

8.4.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Subtotal	Contractual service margin: Other[1]	Total	Liability for remaining coverage: Excluding loss component	Incurred claims
2024								
Recognised in statement of comprehensive income	96	102	–	(6)	(6)	96	(18)	114
Recognised in insurance revenue[2]	(98)	(90)	–	(8)	(8)	(98)	(98)	–
Recognition of contractual service margin for services provided	(8)	–	–	(8)	(8)	(8)	(8)	–
Expected incurred claims excluding investment components	(90)	(90)	–	–	–	(90)	(90)	–
Recognised in insurance service expenses[2]	114	114	–	–	–	114	–	114
Claims incurred during the year (excluding investment component)[3]	114	114	–	–	–	114	–	114
Expected incurred claims excluding investment components	90	90	–	–	–	90	–	90
Experience adjustment	24	24	–	–	–	24	–	24
Insurance finance income or expenses	80	78	–	2	2	80	80	–
Cash flow	(129)	(129)	–	–	–	(129)	(15)	(114)
Claims paid during the year[4]	(114)	(114)	–	–	–	(114)	–	(114)
Insurance acquisition cash flows	(15)	(15)	–	–	–	(15)	(15)	–
Net movement for the year	(33)	(27)	–	(6)	(6)	(33)	(33)	–
Balance at the beginning of the year	674	632	1	41	41	674	674	–
Balance at the end of the year[5]	641	605	1	35	35	641	641	–

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Subtotal	Contractual service margin: Other[1]	Total	Liability for remaining coverage: Excluding loss component	Incurred claims
2023								
Recognised in statement of comprehensive income	88	69	–	19	19	88	88	–
Recognised in insurance revenue[2]	9	14	–	(5)	(5)	9	9	–
Recognition of contractual service margin for services provided	(5)	–	–	(5)	(5)	(5)	(5)	–
Premium experience adjustments related to current service and other amounts	14	14	–	–	–	14	14	–
Insurance finance income or expenses	79	55	–	24	24	79	79	–
Cash flow	(116)	(116)	–	–	–	(116)	(116)	–
Incurred claims – investment components	–	–	–	–	–	–	(116)	116
Claims paid during the year[4]	(116)	(116)	–	–	–	(116)	–	(116)
Net movement for the year	(28)	(47)	–	19	19	(28)	(28)	–
Balance at the beginning of the year	702	679	1	22	22	702	702	–
Balance at the end of the year[6]	674	632	1	41	41	674	674	–

(1) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(2) Line items do not align to the statement of comprehensive income due to the offsetting effect of the reallocation of premium relating to insurance acquisition cash flows and allocations to loss component presented in insurance revenue and insurance service expenses in the statement of comprehensive income but not included in these reconciliations, as well as administration and other expenses attributable to insurance contracts presented in insurance service expenses in the statement of comprehensive income but not included in these reconciliations.
(3) Expected incurred claims excluding investment components approximate actual incurred claims excluding investment component.
(4) The repayments of investment components in the period are included in this line item with the investment components incurred being shown separately in the line item above (presented as a net zero impact on the movement in the period).
(5) Balance at the end of the year include insurance contract liabilities of R641 million (2023: R674 million).
(6) Balance at the end of the year include insurance contract liabilities of R674 million (2023: R702 million).

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8 Insurance contract carrying amount continued

8.5 Carrying value of new insurance contracts issued during the year

R million	2024 Total	2024 Groups of contracts that are expected to be profitable at initial recognition	2024 Groups of contracts that are onerous at initial recognition	2024 Groups of contracts acquired through business combinations	2023 Total	2023 Groups of contracts that are expected to be profitable at initial recognition	2023 Groups of contracts that are onerous at initial recognition
Estimate of the present value of future cash inflows	(80 926)	(45 744)	(2 789)	(32 393)	(51 569)	(49 799)	(1 770)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	61 056	34 249	2 135	24 672	38 373	36 942	1 431
Insurance acquisition cash flows	5 430	4 651	779	–	5 835	5 352	483
Risk adjustment for non-financial risk	3 902	1 654	134	2 114	2 190	2 108	82
Contractual service margin	8 582	5 190	–	3 392	5 397	5 397	–
Net carrying amount of insurance contracts issued during the year	(1 956)	–	259	(2 215)	226	–	226
Analysis per line of business							
Life insurance – Risk business	(2 158)	–	252	(2 410)	219	–	219
Estimate of the present value of future cash inflows	(79 364)	(44 448)	(2 523)	(32 393)	(50 211)	(48 511)	(1 700)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	59 606	33 200	1 917	24 489	37 621	36 241	1 380
Insurance acquisition cash flows	5 532	4 808	724	–	5 554	5 097	457
Risk adjustment for non-financial risk	3 827	1 589	134	2 104	2 161	2 079	82
Contractual service margin	8 241	4 851	–	3 390	5 094	5 094	–
Life insurance – Savings business	202	–	7	195	7	–	7
Estimate of the present value of future cash inflows	(1 562)	(1 296)	(266)	–	(1 358)	(1 288)	(70)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	1 450	1 049	218	183	752	701	51
Insurance acquisition cash flows	(102)	(157)	55	–	281	255	26
Risk adjustment for non-financial risk	75	65	–	10	29	29	–
Contractual service margin	341	339	–	2	303	303	–
Net carrying amount of insurance contracts issued during the year	(1 956)	–	259	(2 215)	226	–	226

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8 Insurance contract carrying amount continued

8.6 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

R million	Years <1	1 – 2	2 – 3	3 – 4	4 – 5	5 – 10[1]	>10
2024							
Balance at the beginning of the year	**31 340**	**28 037**	**25 328**	**23 489**	**21 937**	**20 612**	**16 787**
Accretion of interest on liabilities under the general model	**2 506**	**2 313**	**2 644**	**2 525**	**2 420**	**11 475**	**31 434**
Recognised in statement of comprehensive income	**(5 809)**	**(5 022)**	**(4 483)**	**(4 077)**	**(3 745)**	**(15 300)**	**(48 221)**
Balance at the end of the year	**28 037**	**25 328**	**23 489**	**21 937**	**20 612**	**16 787**	**–**
2023 – Re-presented[1]							
Balance at the beginning of the year	25 410	22 902	20 780	18 936	17 744	16 707	13 396
Accretion of interest on liabilities under the general model	2 017	1 844	1 708	2 048	1 955	8 999	23 752
Recognised in statement of comprehensive income	(4 525)	(3 966)	(3 552)	(3 240)	(2 992)	(12 310)	(37 148)
Balance at the end of the year	22 902	20 780	18 936	17 744	16 707	13 396	–

Life insurance – Savings business

R million	Years <1	1 – 2	2 – 3	3 – 4	4 – 5	5 – 10[1]	>10
2024							
Balance at the beginning of the year	**4 494**	**4 231**	**3 978**	**3 725**	**3 500**	**3 298**	**2 391**
Allocation of investment return to contracts under the variable fee approach	**480**	**456**	**416**	**405**	**391**	**1 485**	**3 958**
Recognised in statement of comprehensive income	**(743)**	**(709)**	**(669)**	**(630)**	**(593)**	**(2 392)**	**(6 349)**
Balance at the end of the year	**4 231**	**3 978**	**3 725**	**3 500**	**3 298**	**2 391**	**–**
2023 – Re-presented[1]							
Balance at the beginning of the year	4 281	4 104	3 941	3 782	3 591	3 421	2 958
Allocation of investment return to contracts under the variable fee approach	540	526	501	435	421	1 745	8 870
Recognised in statement of comprehensive income	(717)	(689)	(660)	(626)	(591)	(2 208)	(11 828)
Balance at the end of the year	4 104	3 941	3 782	3 591	3 421	2 958	–

General insurance

R million	Years <1	1 – 2	2 – 3	3 – 4	4 – 5	5 – 10[1]	>10
2024							
Balance at the beginning of the year	**35**	**31**	**26**	**21**	**14**	**5**	**–**
Accretion of interest on liabilities under the general model	**4**	**3**	**4**	**3**	**2**	**1**	**–**
Recognised in statement of comprehensive income	**(8)**	**(8)**	**(9)**	**(10)**	**(11)**	**(6)**	**–**
Balance at the end of the year	**31**	**26**	**21**	**14**	**5**	**–**	**–**
2023 – Re-presented[1]							
Balance at the beginning of the year	41	37	33	29	23	16	–
Accretion of interest on liabilities under the general model	3	3	4	3	3	4	–
Recognised in statement of comprehensive income	(7)	(7)	(8)	(9)	(10)	(20)	–
Balance at the end of the year	37	33	29	23	16	–	–

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Total

R million	Years <1	1 – 2	2 – 3	3 – 4	4 – 5	5 – 10[1]	>10
2024							
Balance at the beginning of the year	**35 869**	**32 299**	**29 332**	**27 235**	**25 451**	**23 915**	**19 178**
Accretion of interest on liabilities under the general model	**2 510**	**2 316**	**2 648**	**2 528**	**2 422**	**11 476**	**31 434**
Allocation of investment return to contracts under the variable fee approach	**480**	**456**	**416**	**405**	**391**	**1 485**	**3 958**
Recognised in statement of comprehensive income	**(6 560)**	**(5 739)**	**(5 161)**	**(4 717)**	**(4 349)**	**(17 698)**	**(54 570)**
Balance at the end of the year	**32 299**	**29 332**	**27 235**	**25 451**	**23 915**	**19 178**	**–**
2023 – Re-presented[1]							
Balance at the beginning of the year	29 732	27 043	24 754	22 747	21 358	20 144	16 354
Accretion of interest on liabilities under the general model	2 020	1 847	1 712	2 051	1 958	9 003	23 752
Allocation of investment return to contracts under the variable fee approach	540	526	501	435	421	1 745	8 870
Recognised in statement of comprehensive income	(5 249)	(4 662)	(4 220)	(3 875)	(3 593)	(14 538)	(48 976)
Balance at the end of the year	27 043	24 754	22 747	21 358	20 144	16 354	–

[1] Prior year re-presented due the grouping of maturities 5 – 6 years, 6 – 7 years, 7 – 8 years, 8 – 9 years and 9 – 10 years in a new maturity named 5 – 10 years. Maturities were re-grouped as it was not providing useful information to the reader.

8.7 Composition of the investment assets backing the underlying items for contracts measured under the variable fee approach

R million	2024	2023
Investment properties	**2 348**	2 495
Financial investments	**52 178**	60 369
Equities and similar securities	**12 529**	14 493
Deposits and similar securities	**1 773**	2 518
Structured transactions	**1 174**	1 351
Interest-bearing investments	**20 079**	20 092
Government interest-bearing investments	**9 119**	10 391
Corporate interest-bearing investments	**8 797**	6 453
Other interest-bearing investments	**2 163**	3 248
Investment funds	**16 623**	21 915
Net working capital	**12 771**	12 664
Cash and cash equivalents	**6 236**	1 643
Underlying items for contracts with direct participating features	**73 533**	77 171

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9 Reinsurance contract carrying amount

9.1 Analysis of net reinsurance contract carrying amount

Analysis per line of business and valuation method

			Remaining coverage component				Incurred claims component		
R million	Note	Total	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk
2024									
Life insurance – Risk business	9.2	(2 247)	2 232	12 506	(1 760)	(8 777)	(4 479)	(4 311)	(168)
Premium allocation approach[1]		(2 293)	263	–	–	–	(2 556)	(2 411)	(145)
General model		46	1 969	12 506	(1 760)	(8 777)	(1 923)	(1 900)	(23)
General insurance	9.3	(3 801)	2 454	1 474	(1)	(35)	(6 255)	(5 642)	(613)
Premium allocation approach[1]		(5 250)	1 016	–	–	–	(6 266)	(5 653)	(613)
General model		1 449	1 438	1 474	(1)	(35)	11	11	–
Net reinsurance contract carrying amount		(6 048)	4 686	13 980	(1 761)	(8 812)	(10 734)	(9 953)	(781)
Premium allocation approach[1]		(7 543)	1 279	–	–	–	(8 822)	(8 064)	(758)
General model		1 495	3 407	13 980	(1 761)	(8 812)	(1 912)	(1 889)	(23)
Net reinsurance contract carrying amount		(6 048)	4 686	13 980	(1 761)	(8 812)	(10 734)	(9 953)	(781)
Reinsurance contract liabilities		5 185	5 736	14 435	(1 297)	(9 409)	(551)	(551)	–
Reinsurance contract assets		(11 233)	(1 050)	(455)	(464)	597	(10 183)	(9 402)	(781)
Net reinsurance contract carrying amount		(6 048)	4 686	13 980	(1 761)	(8 812)	(10 734)	(9 953)	(781)
2023									
Life insurance – Risk business	9.2	(2 373)	1 550	10 084	(1 942)	(7 189)	(3 923)	(3 801)	(122)
Premium allocation approach[1]		(2 070)	597	–	–	–	(2 667)	(2 577)	(90)
General model		(303)	953	10 084	(1 942)	(7 189)	(1 256)	(1 224)	(32)
General insurance	9.3	(6 471)	2 334	1 511	(1)	(41)	(8 805)	(8 090)	(715)
Premium allocation approach[1]		(7 951)	865	–	–	–	(8 816)	(8 101)	(715)
General model		1 480	1 469	1 511	(1)	(41)	11	11	–
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)
Premium allocation approach[1]		(10 021)	1 462	–	–	–	(11 483)	(10 678)	(805)
General model		1 177	2 422	11 595	(1 943)	(7 230)	(1 245)	(1 213)	(32)
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)
Reinsurance contract liabilities		5 686	6 254	10 942	(1 117)	(5 469)	(568)	(568)	–
Reinsurance contract assets		(14 530)	(2 370)	653	(826)	(1 761)	(12 160)	(11 323)	(837)
Net reinsurance contract carrying amount		(8 844)	3 884	11 595	(1 943)	(7 230)	(12 728)	(11 891)	(837)

[1] Only the incurred claims and the subtotal of remaining coverage component sections would be applicable to the premium allocation approach.

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9 Reinsurance contract carrying amount continued

9.2 Reconciliation of net carrying amount: Life insurance – Risk business

9.2.1 Premium allocation approach

Reconciliation per valuation component

	2024					2023				
			Incurred claims component					Incurred claims component		
R million	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk
Recognised in statement of comprehensive income	(41)	842	(883)	(845)	(38)	558	1 813	(1 255)	(1 259)	4
Income or expense from reinsurance contracts[1]	136	676	(540)	(517)	(23)	729	1 774	(1 045)	(1 056)	11
Reinsurance expenses for the portion of ceded premiums recovered during the period	676	676	–	–	–	1 766	1 766	–	–	–
Claims incurred during the period (excluding investment components) recoverable from reinsurance contracts	(833)	–	(833)	(825)	(8)	(1 145)	–	(1 145)	(1 143)	(2)
Changes in incurred claims related to past service	293	–	293	308	(15)	144	–	144	131	13
Other income or expenses from reinsurance contracts	–	–	–	–	–	(36)	8	(44)	(44)	–
Reinsurance finance income or expense	(177)	166	(343)	(328)	(15)	(171)	39	(210)	(203)	(7)
Accretion of interest	142	166	(24)	(24)	–	6	39	(33)	(34)	1
Insurance finance income or expenses PAA	(319)	–	(319)	(304)	(15)	(177)	–	(177)	(169)	(8)
Cash flow	(145)	(1 067)	922	922	–	(709)	(1 300)	591	591	–
Premiums paid	(904)	(904)	–	–	–	(1 178)	(1 178)	–	–	–
Recoveries received under reinsurance contracts held	759	–	759	759	–	431	–	431	431	–
Incurred claims recoverable – investment components	–	(163)	163	163	–	–	(160)	160	160	–
Administration and other expenses	–	–	–	–	–	38	38	–	–	–
Net movement for the year	(186)	(225)	39	77	(38)	(151)	513	(664)	(668)	4
Recognised in other comprehensive income – foreign currency translation differences	4	(11)	15	15	–	5	(5)	10	11	(1)
Reclassified from/(to) non-current assets held for sale	(41)	(98)	57	74	(17)	(108)	(324)	216	198	18
Balance at the beginning of the year	(2 070)	597	(2 667)	(2 577)	(90)	(1 816)	413	(2 229)	(2 118)	(111)
Balance at the end of the year[2][3]	(2 293)	263	(2 556)	(2 411)	(145)	(2 070)	597	(2 667)	(2 577)	(90)

[1] Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, with the other amounts representing the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation for further details.

[2] Balance at the end of the year includes reinsurance contract assets of R2 788 million (2023: R2 560 million) and reinsurance contract liabilities of R495 million (2023: R490 million).

[3] Balance at the end of the year includes reinsurance contract assets of R2 560 million (2022: R2 260 million) and reinsurance contract liabilities of R490 million (2022: R444 million).

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9 Reinsurance contract carrying amount continued

9.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

9.2.2 General model

Reconciliation per valuation component

				Contractual service margin				Remaining coverage component		
R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Subtotal	Fair value transition approach	Other[4]	Total	Excluding loss recovery component	Loss recovery component	Incurred claims component
2024										
Contracts recognised during the year for future coverage	–	2 831	(455)	(2 376)	–	(2 376)	–	–	–	–
Recognised in statement of comprehensive income	(124)	(2 025)	534	1 367	(41)	1 408	(124)	6 288	3	(6 415)
Income or expense from reinsurance contracts	68	(2 723)	688	2 103	(37)	2 140	68	6 454	(8)	(6 378)
Recognition of contractual service margin for services received	2 129	–	–	2 129	(51)	2 180	2 129	2 129	–	–
Premium experience adjustments related to current service and other amounts[2]	(2 873)	(2 873)	–	–	–	–	(2 873)	(2 873)	–	–
Release of risk adjustment for risk expired	680	–	680	–	–	–	680	680	–	–
Expected incurred claims (excluding investment components) recoverable from reinsurance contracts	–	–	–	–	–	–	–	6 536	–	(6 536)
Claims experience adjustments related to current service	(132)	(132)	–	–	–	–	(132)	–	–	(132)
Changes in incurred claims related to past service[1]	290	282	8	–	–	–	290	–	–	290
Loss recovery component recognised during the year for future coverage[3]	(22)	–	–	(22)	–	(22)	(22)	–	(22)	–
Changes in estimates which adjust the loss recovery component[3]	(4)	–	–	(4)	14	(18)	(4)	–	(4)	–
Allocation of loss recovery component[3]	–	–	–	–	–	–	–	(18)	18	–
Reinsurance finance income or expenses – impact of unwinding discount rates and financial assumption changes	(192)	698	(154)	(736)	(4)	(732)	(192)	(166)	11	(37)
Changes in estimates recognised in contractual service margin[3]	–	367	134	(501)	204	(705)				
Cash flow	698	698	–	–	–	–	698	(5 643)	–	6 341
Premiums paid	(4 904)	(4 904)	–	–	–	–	(4 904)	(4 904)	–	–
Recoveries received under reinsurance contracts held	5 597	5 597	–	–	–	–	5 597	–	–	5 597
Administration and other expenses	5	5	–	–	–	–	5	5	–	–
Incurred claims recoverable – investment components	–	–	–	–	–	–	–	(744)	–	744
Net movement for the year	574	1 871	213	(1 510)	163	(1 673)	574	645	3	(74)
Recognised in other comprehensive income – foreign currency translation differences	(2)	(1)	–	(1)	(1)	–	(2)	(14)	–	12
Acquired through business combinations	(186)	(119)	(12)	(55)	(15)	(40)	(186)	100	–	(286)
Reclassified (to)/from non-current assets held for sale	(37)	(5)	(10)	(22)	(25)	3	(37)	282	–	(319)
Balance at the beginning of the year	(303)	8 860	(1 974)	(7 189)	(60)	(7 129)	(303)	1 032	(79)	(1 256)
Balance at the end of the year[5]	46	10 606	(1 783)	(8 777)	62	(8 839)	46	2 045	(76)	(1 923)

[1] Relates to past service. Line items without a superscript relate to current service.
[2] The Capitec termination has also resulted in an inter-company transfer between Sanlam Developing Markets (for insurance contracts issued) and Centriq (for reinsurance contracts held) - this has resulted in a reduction in the best estimate of future cash flows for reinsurance contracts held, however, with an offsetting impact for insurance contracts issued in note 8.2.2 and therefore a net zero impact for the group on a net of reinsurance basis.
[3] Relates to future service. Line items without a superscript relate to current service.
[4] Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.
[5] Balance at the end of the year includes reinsurance contract assets of R1 685 million (2023: R2 610 million) and reinsurance contract liabilities of R1 731 million (2023: R2 307 million).

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9 Reinsurance contract carrying amount continued

9.2 Reconciliation of net carrying amount: Life insurance – Risk business continued

9.2.2 General model continued

Reconciliation per valuation component continued

				Contractual service margin				Remaining coverage component		
R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Subtotal	Fair value transition approach	Other[3]	Total	Excluding loss recovery component	Loss recovery component	Incurred claims component
2023										
Contracts recognised during the year for future coverage	–	3 018	(831)	(2 187)	–	(2 187)	–	–	–	–
Recognised in statement of comprehensive income	2 420	1 129	313	978	1	977	2 420	8 635	(45)	(6 170)
Income or expense from reinsurance contracts	2 154	280	518	1 356	4	1 352	2 154	8 464	(39)	(6 271)
Recognition of contractual service margin for services received	1 385	–	–	1 385	4	1 381	1 385	1 385	–	–
Release of risk adjustment for risk expired	493	–	493	–	–	–	493	493	–	–
Premium experience adjustments related to current service and other amounts	273	273	–	–	–	–	273	273	–	–
Expected incurred claims (excluding investment components) recoverable from reinsurance contracts	–	–	–	–	–	–	–	6 303	–	(6 303)
Claims experience adjustments related to current service	12	12	–	–	–	–	12	–	–	12
Change in incurred claims related to past service[1]	20	(5)	25	–	–	–	20	–	–	20
Loss recovery component recognised during the year for future coverage[2]	(7)	–	–	(7)	–	(7)	(7)	–	(7)	–
Changes in estimates which adjust the loss recovery component[2]	(22)	–	–	(22)	–	(22)	(22)	–	(22)	–
Allocation of loss recovery component[2]	–	–	–	–	–	–	–	10	(10)	–
Reinsurance finance income or expenses – impact of unwinding discount rates and financial assumption changes	266	849	(205)	(378)	(3)	(375)	266	171	(6)	101
Changes in estimates recognised in contractual service margin[2]	–	2 009	(338)	(1 671)	79	(1 750)	–	–	–	–
Cash flow	(1 023)	(1 023)	–	–	–	–	(1 023)	(7 772)	–	6 749
Premiums paid	(7 256)	(7 256)	–	–	–	–	(7 256)	(7 256)	–	–
Recoveries received under reinsurance contracts held	6 248	6 248	–	–	–	–	6 248	–	–	6 248
Administration and other expenses	(15)	(15)	–	–	–	–	(15)	(15)	–	–
Incurred claims recoverable – investment components	–	–	–	–	–	–	–	(501)	–	501
Net movement for the year	1 397	5 133	(856)	(2 880)	80	(2 960)	1 397	863	(45)	579
Recognised in other comprehensive income – foreign currency translation differences	(3)	(5)	(1)	3	–	3	(3)	–	(1)	(2)
Reclassified from/(to) non-current assets held for sale	247	242	55	(50)	(33)	(17)	247	(66)	8	305
Balance at the beginning of the year	(1 944)	3 490	(1 172)	(4 262)	(107)	(4 155)	(1 944)	235	(41)	(2 138)
Balance at the end of the year[4]	(303)	8 860	(1 974)	(7 189)	(60)	(7 129)	(303)	1 032	(79)	(1 256)

(1) Relates to past service. Line items without a superscript relate to current service.
(2) Relates to future service. Line items without a superscript relate to current service.
(3) Other covers amounts for reinsurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for reinsurance contracts recognised subsequent to the transition date.
(4) Balance at the end of the year includes reinsurance contract assets of R2 610 million (2022: R3 070 million) and reinsurance contract liabilities of R2 307 million (2022: R1 126 million).

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9 Reinsurance contract carrying amount continued

9.3 Reconciliation of net carrying amount: General insurance

9.3.1 Premium allocation approach

Reconciliation per valuation component

	2024					2023				
			Incurred claims component					Incurred claims component		
R million	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Total	Remaining coverage component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk
Recognised in statement of comprehensive income	4 805	8 436	(3 631)	(3 733)	102	7 357	13 512	(6 155)	(6 508)	353
Income or expense from reinsurance contracts[1]	4 705	8 247	(3 542)	(3 680)	138	7 693	13 098	(5 405)	(5 812)	407
Reinsurance expenses for the portion of ceded premiums recovered during the period	8 247	8 247	–	–	–	13 098	13 098	–	–	–
Claims incurred during the period (excluding investment components) recoverable from reinsurance contracts	(3 386)	–	(3 386)	(3 378)	(8)	(2 923)	–	(2 923)	(3 020)	97
Changes in incurred claims related to past service	(156)	–	(156)	(302)	146	(2 758)	–	(2 758)	(3 068)	310
Other income or expenses from reinsurance contracts	–	–	–	–	–	276	–	276	276	–
Reinsurance finance income or expense	100	189	(89)	(53)	(36)	(336)	414	(750)	(696)	(54)
Cash flow	(2 104)	(8 285)	6 181	6 181	–	(5 463)	(15 351)	9 888	9 888	–
Premiums paid	(6 924)	(6 924)	–	–	–	(14 426)	(14 426)	–	–	–
Recoveries received under reinsurance contracts held	4 820	–	4 820	4 820	–	8 963	–	8 963	8 963	–
Incurred claims recoverable – investment components	–	(1 361)	1 361	1 361	–	–	(925)	925	925	–
Net movement for the year	2 701	151	2 550	2 448	102	1 894	(1 839)	3 733	3 380	353
Recognised in other comprehensive income – foreign currency translation differences	–	–	–	–	–	49	–	49	49	–
Reclassified as non-current liabilities held for sale	–	–	–	–	–	2 373	–	2 373	2 373	–
Balance at the beginning of the year	(7 951)	865	(8 816)	(8 101)	(715)	(12 267)	2 704	(14 971)	(13 903)	(1 068)
Balance at the end of the year[2][3]	(5 250)	1 016	(6 266)	(5 653)	(613)	(7 951)	865	(8 816)	(8 101)	(715)

(1) Reinsurance expenses are recognised similarly to insurance revenue, reflecting the portion of the premiums paid allocated in profit or loss for services provided by reinsurers in the period, with the other amounts representing the net amounts (income) recoverable from reinsurers. Refer to the income or expense from reinsurance contracts section in basis of presentation and for further details.

(2) Balance at the end of the year includes reinsurance contract assets of R6 760 million (2023: R9 361 million) and reinsurance contract liabilities of R1 510 million (2023: R1 410 million).

(3) Balance at the end of the year includes reinsurance contract assets of R9 361 million (2022: R13 349 million) and reinsurance contract liabilities of R1 410 million (2022: R1 082 million).

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9 Reinsurance contract carrying amount continued

9.3 Reconciliation of net carrying amount: General insurance

9.3.2 General model

Reconciliation per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Subtotal	Contractual service margin: Other[3]	Total	Remaining coverage component: Excluding loss recovery component	Incurred claims component
2024								
Recognised in statement of comprehensive income	236	230	–	6	6	236	236	–
Income or expense from reinsurance contracts	105	97	–	8	8	105	105	–
Recognition of contractual service margin for services received	8	–	–	8	8	8	8	–
Premium experience adjustments related to current service and other amounts	97	97	–	–	–	97	97	–
Reinsurance finance income or expenses – impact of unwinding discount rates and financial assumption changes	131	133	–	(2)	(2)	131	131	–
Cash flow	(267)	(267)	–	–	–	(267)	(267)	–
Premiums paid	(141)	(141)	–	–	–	(141)	(141)	–
Recoveries received under reinsurance contracts held	(126)	(126)	–	–	–	(126)	–	(126)
Incurred claims recoverable – investment components	–	–	–	–	–	–	(126)	126
Net movement for the year	(31)	(37)		6	6	(31)	(31)	–
Balance at the beginning of the year	1 480	1 522	(1)	(41)	(41)	1 480	1 469	11
Balance at the end of the year[4]	1 449	1 485	(1)	(35)	(35)	1 449	1 438	11

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin: Subtotal	Contractual service margin: Other[3]	Total	Remaining coverage component: Excluding loss recovery component	Incurred claims component
2023								
Recognised in statement of comprehensive income	49	69	–	(20)	(20)	49	49	–
Reinsurance finance income or expenses – impact of unwinding discount rates and financial assumption changes	49	69	–	(20)	(20)	49	49	–
Changes in estimates recognised in contractual service margin[2]	–	–	(1)	1	1	–	–	–
Cash flow	(88)	(88)	–	–	–	(88)	(99)	11
Premiums paid	(88)	(88)	–	–	–	(88)	(88)	–
Incurred claims recoverable – investment components	–	–	–	–	–	–	(11)	11
Net movement for the year	(39)	(19)	(1)	(19)	(19)	(39)	(50)	11
Balance at the beginning of the year	1 519	1 541	–	(22)	(22)	1 519	1 519	–
Balance at the end of the year	1 480	1 522	(1)	(41)	(41)	1 480	1 469	11

(1) Relates to past service. Line items without a superscript relate to current service.
(2) Relates to future service. Line items without a superscript relate to current service.
(3) Other covers amounts for insurance contracts that existed at the transition date to which Sanlam applied the fully retrospective approach, plus amounts for insurance contracts recognised subsequent to the transition date.
(4) Balance at the end of the year include reinsurance contract liabilities of R1 449 million (2023: R1 480 million).
(5) Balance at the end of the year include reinsurance contract liabilities of R1 480 million (2022: R1 519 million).

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9 Reinsurance contract carrying amount continued

9.4 Carrying value of new reinsurance contracts held during the year

R million	2024 Total	2024 Groups of contracts with net gain at initial recognition	2024 Groups of contracts with net cost at initial recognition	2024 Groups of contracts acquired through business combinations	2023 Total	2023 Groups of contracts with net gain at initial recognition	2023 Groups of contracts with net cost at initial recognition
Estimate of the present value of future cash inflows	(8 157)	(5 289)	(231)	(2 637)	(6 986)	(6 847)	(139)
Estimate of the present value of future cash outflows	10 869	8 175	176	2 518	10 004	9 907	97
Risk adjustment for non-financial risk	(467)	(442)	(13)	(12)	(831)	(826)	(5)
Contractual service margin	(2 431)	(2 444)	68	(55)	(2 187)	(2 234)	47
Net carrying amount of reinsurance contracts held during the year	(186)	–	–	(186)	–	–	–
Analysis per line of business							
Life insurance – Risk business	(186)	–	–	(186)	–	–	–
Estimate of the present value of future cash inflows	(8 157)	(5 289)	(231)	(2 637)	(6 986)	(6 847)	(139)
Estimate of the present value of future cash outflows (excluding insurance acquisition cash flows)	10 869	8 175	176	2 518	10 004	9 907	97
Risk adjustment for non-financial risk	(467)	(442)	(13)	(12)	(831)	(826)	(5)
Contractual service margin	(2 431)	(2 444)	68	(55)	(2 187)	(2 234)	47
Net carrying amount of reinsurance contracts held during the year	(186)	–	–	(186)	–	–	–

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9 Reinsurance contract carrying amount continued

9.5 Expected recognition of contractual service margin

Analysis per line of business

Life insurance – Risk business

R million	<1	1 – 2	2 – 3	3 – 4	4 – 5	5 – 10[1]	>10
	Years						
2024							
Balance at the beginning of the year	(8 777)	(6 953)	(5 604)	(4 532)	(3 669)	(2 967)	(957)
Accretion of interest	(519)	(414)	(326)	(266)	(217)	(577)	47
Recognised in statement of comprehensive income	2 343	1 763	1 398	1 129	919	2 587	910
Balance at the end of the year	(6 953)	(5 604)	(4 532)	(3 669)	(2 967)	(957)	–
Re-presented – 2023[1]							
Balance at the beginning of the year	(7 189)	(5 872)	(4 859)	(4 045)	(3 365)	(2 794)	(1 026)
Accretion of interest	(436)	(360)	(302)	(249)	(211)	(626)	14
Recognised in statement of comprehensive income	1 753	1 373	1 116	929	782	2 394	1 012
Balance at the end of the year	(5 872)	(4 859)	(4 045)	(3 365)	(2 794)	(1 026)	–

General insurance

R million	<1	1 – 2	2 – 3	3 – 4	4 – 5	5 – 10[1]	>10
	Years						
2024							
Balance at the beginning of the year	(35)	(31)	(26)	(21)	(14)	(5)	–
Accretion of interest	(4)	(3)	(4)	(3)	(2)	(1)	–
Recognised in statement of comprehensive income	8	8	9	10	11	6	–
Balance at the end of the year	(31)	(26)	(21)	(14)	(5)	–	–
Re-presented – 2023[1]							
Balance at the beginning of the year	(41)	(37)	(33)	(29)	(23)	(16)	–
Accretion of interest	(3)	(3)	(4)	(3)	(3)	(4)	–
Recognised in statement of comprehensive income	7	7	8	9	10	20	–
Balance at the end of the year	(37)	(33)	(29)	(23)	(16)	–	–

Total

R million	<1	1 – 2	2 – 3	3 – 4	4 – 5	5 – 10[1]	>10
	Years						
2024							
Balance at the beginning of the year	(8 812)	(6 984)	(5 630)	(4 553)	(3 683)	(2 972)	(957)
Accretion of interest	(523)	(417)	(330)	(269)	(219)	(578)	47
Recognised in statement of comprehensive income	2 351	1 771	1 407	1 139	930	2 593	910
Balance at the end of the year	(6 984)	(5 630)	(4 553)	(3 683)	(2 972)	(957)	–
Re-presented – 2023[1]							
Balance at the beginning of the year	(7 230)	(5 909)	(4 892)	(4 074)	(3 388)	(2 810)	(1 026)
Accretion of interest	(439)	(363)	(306)	(252)	(214)	(630)	14
Recognised in statement of comprehensive income	1 760	1 380	1 124	938	792	2 414	1 012
Balance at the end of the year	(5 909)	(4 892)	(4 074)	(3 388)	(2 810)	(1 026)	–

[1] Prior year re-presented due the grouping of maturities 5 – 6 years, 6 – 7 years, 7 – 8 years, 8 – 9 years and 9 – 10 years in a new maturity named 5 – 10 years. Maturities were re-grouped as it was not providing useful information to the reader.

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10 Result from insurance contracts

10.1 Analysis of contribution to result from insurance contracts: Total

	2024				2023			
R million	Total	Best estimate of future cash flows[1]	Risk adjustment for non-financial risk	Contractual service margin	Total	Best estimate of future cash flows[1]	Risk adjustment for non-financial risk	Contractual service margin
Insurance revenue	94 462	85 452	1 778	7 232	112 282	104 652	1 597	6 033
Movement in net liability recognised as insurance revenue[2]	91 307	82 289	1 786	7 232	109 222	101 587	1 602	6 033
Allocation of premium relating to insurance acquisition cash flows[3]	3 275	3 275	–	–	3 187	3 187	–	–
Allocations to loss component[3][4]	(120)	(112)	(8)	–	(127)	(122)	(5)	–
Insurance service expenses	(76 338)	(76 979)	641	–	(90 425)	(91 093)	668	–
Movement in net amount recognised as insurance service expenses[2]	(66 734)	(67 367)	633	–	(82 062)	(82 725)	663	–
Amortisation of insurance acquisition cash flows[3]	(3 275)	(3 275)	–	–	(3 187)	(3 187)	–	–
Allocations to loss component[3]	120	112	8	–	127	122	5	–
Administration and other expenses[5]	(6 449)	(6 449)	–	–	(5 303)	(5 303)	–	–
Contracts measured under the premium allocation approach	(2 543)	(2 543)	–	–	(1 917)	(1 917)	–	–
Contracts not measured under the premium allocation approach	(3 906)	(3 906)	–	–	(3 386)	(3 386)	–	–
Expected expenses	(3 286)	(3 286)	–	–	(2 985)	(2 985)	–	–
Experience adjustment	(620)	(620)	–	–	(401)	(401)	–	–
Income or expense from reinsurance contracts[6]	(5 014)	(2 100)	(803)	(2 111)	(10 565)	(8 295)	(914)	(1 356)
Insurance service result	13 110	6 373	1 616	5 121	11 292	5 264	1 351	4 677
Insurance investment result	1 893				4 022			
Insurance finance income or expense	(28 980)	(24 490)	(1 746)	(2 744)	(15 602)	(12 478)	(634)	(2 490)
Fair value returns on underlying items under the variable fee approach	(9 468)	(9 468)	–	–	(8 737)	(8 737)	–	–
Accretion of interest on liabilities under the general model at current rates	(7 841)	(4 299)	(798)	(2 744)	(6 688)	(3 454)	(744)	(2 490)
Recognition of assumption changes in contractual service margin at locked-in interest rates	227	240	(13)	–	101	52	49	–
Economic assumption changes under the general model at current rates[7]	(8 671)	(7 862)	(809)	–	1 934	1 752	182	–
Other finance income or expense[8]	(3 227)	(3 101)	(126)	–	(2 212)	(2 091)	(121)	–
Reinsurance finance income or expense[6]	138	(805)	205	738	192	(472)	266	398
Investment return on assets	30 735				19 432			
Result from insurance contracts[9]	15 003				15 314			

[1] Based on the liability for remaining coverage/remaining coverage component for the premium allocation approach.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.1 to 8.3.2.
[3] Only relevant to contracts not measured under the premium allocation approach.
[4] Allocation of loss component should be deducted as it is included in the movement in net liability recognised as insurance revenue but should not form part of insurance revenue.
[5] Administration and other expenses relate to attributable in insurance service expenses.
[6] Only applicable to reinsurance contracts held.
[7] The amounts included in profit or loss due to changes in insurance liabilities as a result of changes in financial (economic) assumptions related to discount rates and inflation rates at the reporting date, including the effect of changes in financial guarantees.
[8] Insurance finance income or expense for contracts measured under the premium allocation approach.
[9] Note 10 includes results from both continued and discontinued operations (refer to note 36.4).

The sources of finance income or expenses have been disclosed throughout the financial statements. To evaluate the the relationship between insurance finance income or expenses and the investment return on its assets please consider the notes to the financial statements.

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10 Result from insurance contracts

10.2 Analysis of contribution to result from insurance contracts: Life insurance – Risk business

10.2.1 Premium allocation approach

Reconciliation per valuation component

	2024						2023					
		Liability for remaining coverage/remaining coverage component		Incurred claims/incurred claims component				Liability for remaining coverage/remaining coverage component		Incurred claims/incurred claims component		
R million	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk
Insurance revenue[1]	13 490	13 490	–	–	–	–	15 804	15 804	–	–	–	–
Movement in net liability recognised as insurance revenue[2]	13 490	13 490	–	–	–	–	15 804	15 804	–	–	–	–
Insurance service expenses	(12 038)	(372)	9	(11 675)	(11 719)	44	(13 726)	(1 211)	(4)	(12 511)	(12 533)	22
Movement in net amount recognised as insurance service expenses[2]	(9 495)	(372)	9	(9 132)	(9 176)	44	(11 809)	(1 211)	(4)	(10 594)	(10 616)	22
Administration and other expenses[3]	(2 543)	–	–	(2 543)	(2 543)	–	(1 917)	–	–	(1 917)	(1 917)	–
Income or (expense) from reinsurance contracts[4]	(136)	(676)	–	540	517	23	(729)	(1 774)	–	1 045	1 056	(11)
Insurance service result	1 316	12 442	9	(11 135)	(11 202)	67	1 349	12 819	(4)	(11 466)	(11 477)	11
Insurance investment result	294						1 226					
Insurance finance income or (expense)	(1 082)	(18)	–	(1 064)	(1 016)	(48)	(609)	(13)	–	(596)	(570)	(26)
Reinsurance finance income or (expense)[4]	177	(166)	–	343	328	15	171	(39)	–	210	203	7
Investment return on assets	1 199						1 664					
Result from insurance contracts	1 610						2 575					

[1] Relates to expected premium receipts allocated to each coverage period.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.1.
[3] Administration and other expenses relate to attributable insurance service expenses.
[4] Only applicable to reinsurance contracts held.

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10 Result from insurance contracts continued

10.2 Analysis of contribution to result from insurance contracts: Life insurance – Risk business continued

10.2.2 General model

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Liability for remaining coverage/remaining coverage component: Excluding loss component/ loss recovery component	Liability for remaining coverage/remaining coverage component: Loss component/ loss recovery component	Incurred claims/ incurred claims component
2024								
Insurance revenue	34 705	26 527	1 740	6 438	34 705	34 705	–	–
Movement in net liability recognised as insurance revenue[2]	31 634	23 448	1 748	6 438	31 634	31 514	120	–
Allocation of premium relating to insurance acquisition cash flows	3 191	3 191	–	–	3 191	3 191	–	–
Allocations to loss component[3]	(120)	(112)	(8)	–	(120)	–	(120)	–
Insurance service expenses	(28 004)	(28 022)	18	–	(28 004)	(3 191)	70	(24 883)
Movement in net amount recognised as insurance service expenses[2]	(21 798)	(21 808)	10	–	(21 798)	–	(50)	(21 748)
Amortisation of insurance acquisition cash flows	(3 191)	(3 191)	–	–	(3 191)	(3 191)	–	–
Allocations to loss component	120	112	8	–	120	–	120	–
Administration and other expenses[1]	(3 135)	(3 135)	–	–	(3 135)	–	–	(3 135)
Expected expenses	(2 581)	(2 581)	–	–	(2 581)	–	–	(2 581)
Experience adjustment	(554)	(554)	–	–	(554)	–	–	(554)
Income or (expense) from reinsurance contracts[5]	(68)	2 723	(688)	(2 103)	(68)	(6 454)	8	6 378
Insurance service result	6 633	1 228	1 070	4 335	6 633	25 060	78	(18 505)
Insurance investment result	3 344				3 344			
Insurance finance income or (expense)	(16 205)	(11 843)	(1 620)	(2 742)	(16 205)	(15 880)	(118)	(207)
Recognition of assumption changes in contractual service margin at locked-in interest rates	227	240	(13)	–	227	244	(17)	–
Accretion of interest on liabilities under the general model at current rates	(7 761)	(4 221)	(798)	(2 742)	(7 761)	(7 532)	(101)	(128)
Economic assumption changes[4]	(8 671)	(7 862)	(809)	–	(8 671)	(8 592)	–	(79)
Reinsurance finance income or (expense)[5]	192	(698)	154	736	192	166	(11)	37
Investment return on assets	19 357				19 357			
Result from insurance contracts	9 977				9 977			

[1] Administration and other expenses relate to attributable insurance service expenses.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.2.
[3] Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.
[4] The amounts included in profit or loss due to changes in insurance liabilities as a result of changes in financial (economic) assumptions related to discount rates and inflation rates at the reporting date, including the effect of changes in financial guarantees. Refer to the insurance (and reinsurance) finance income and expense section in basis of presentation for further details.
[5] Only applicable to reinsurance contracts held.

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10 Result from insurance contracts continued

10.2 Analysis of contribution to result from insurance contracts: Life insurance – Risk business continued

10.2.2 General model continued

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin
2023				
Insurance revenue	36 460	30 066	1 469	4 925
Movement in net liability recognised as insurance revenue[2]	33 459	27 060	1 474	4 925
Allocation of premium relating to insurance acquisition cash flows	3 128	3 128	–	–
Allocations to loss component[3]	(127)	(122)	(5)	–
Insurance service expenses	(28 957)	(28 916)	(41)	–
Movement in net liability recognised as insurance service expenses[2]	(23 276)	(23 230)	(46)	–
Amortisation of insurance acquisition cash flows	(3 128)	(3 128)	–	–
Allocations to loss component	127	122	5	–
Administration and other expenses[1]	(2 680)	(2 680)	–	–
Expected expenses	(2 126)	(2 126)	–	–
Experience adjustment	(554)	(554)	–	–
Income or (expense) from reinsurance contracts[5]	(2 154)	(280)	(518)	(1 356)
Insurance service result	5 349	870	910	3 569
Insurance investment result	3 070			
Insurance finance income or (expense)	(4 574)	(1 595)	(513)	(2 466)
Accretion of interest on liabilities under the general model at current rates	(6 609)	(3 399)	(744)	(2 466)
Recognition of assumption changes in contractual service margin at locked-in interest rates	101	52	49	–
Economic assumption changes[4]	1 934	1 752	182	–
Reinsurance finance income or (expense)[5]	(266)	(849)	205	378
Investment return on assets	7 910			
Result from insurance contracts	8 419			

R million	Total	Liability for remaining coverage/ Remaining coverage component: Excluding loss component/ loss recovery component	Liability for remaining coverage/ Remaining coverage component: Loss component/ loss recovery component	Incurred claims/ incurred claims component
2023				
Insurance revenue	36 460	36 587	(127)	–
Movement in net liability recognised as insurance revenue[2]	33 459	33 459	–	–
Allocation of premium relating to insurance acquisition cash flows	3 128	3 128	–	–
Allocations to loss component[3]	(127)	–	(127)	–
Insurance service expenses	(28 957)	(2 736)	(485)	(25 736)
Movement in net liability recognised as insurance service expenses[2]	(23 276)	85	(612)	(22 749)
Amortisation of insurance acquisition cash flows	(3 128)	(3 128)	–	–
Allocations to loss component	127	–	127	–
Administration and other expenses[1]	(2 680)	307	–	(2 987)
Expected expenses	(2 126)	–	–	(2 126)
Experience adjustment	(554)	307	–	(861)
Income or (expense) from reinsurance contracts[5]	(2 154)	(8 464)	39	6 271
Insurance service result	5 349	25 387	(573)	(19 465)
Insurance investment result	3 070			
Insurance finance income or (expense)	(4 574)	(4 404)	(70)	(100)
Accretion of interest on liabilities under the general model at current rates	(6 609)	(6 434)	(64)	(111)
Recognition of assumption changes in contractual service margin at locked-in interest rates	101	100	1	–
Economic assumption changes[4]	1 934	1 930	(7)	11
Reinsurance finance income or (expense)[5]	(266)	(171)	6	(101)
Investment return on assets	7 910			
Result from insurance contracts	8 419			

[1] Administration and other expenses relate to attributable insurance service expenses.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.2.2.
[3] Allocation of loss component would be deducted as it is included in movement in net liability recognised as insurance result and should not form part of insurance revenue.
[4] The amounts included in profit or loss due to changes in insurance liabilities as a result of changes in financial (economic) assumptions related to discount rates and inflation rates at the reporting date, including the effect of changes in financial guarantees. Refer to the insurance (and reinsurance) finance income and expense section in basis of presentation for further details.
[5] Only applicable to reinsurance contracts held.

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10 Result from insurance contracts continued

10.3 Analysis of contribution to result from insurance contracts: Life insurance – Savings business

Variable fee approach

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Liability for remaining coverage/remaining coverage component: Excluding loss component	Liability for remaining coverage/remaining coverage component: Loss component	Incurred claims
2024								
Insurance revenue	2 101	1 277	38	786	2 101	2 101	–	–
Movement in net liability recognised as insurance revenue[2]	2 017	1 193	38	786	2 017	2 017	–	–
Allocation of premium relating to insurance acquisition cash flows	84	84	–	–	84	84	–	–
Insurance service expenses	(1 239)	(1 240)	1	–	(1 239)	(84)	(67)	(1 088)
Movement in net amount recognised as insurance service expenses[2]	(389)	(390)	1	–	(389)	–	(67)	(322)
Amortisation of insurance acquisition cash flows	(84)	(84)	–	–	(84)	(84)	–	–
Administration and other expenses[1]	(766)	(766)	–	–	(766)	–	–	(766)
Expected expenses	(705)	(705)	–	–	(705)	–	–	(705)
Experience adjustment	(61)	(61)	–	–	(61)	–	–	(61)
Insurance service result	862	37	39	786	862	2 017	(67)	(1 088)
Insurance investment result	(588)				(588)			
Insurance finance income or expenses – fair value returns on underlying items and finance amounts related to incurred claims	(9 468)	(9 468)	–	–	(9 468)	(9 467)	–	(1)
Investment return on assets	8 880				8 880			
Result from insurance contracts	274				274			

[1] Administration and other expenses relate to attributable in insurance service expenses.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.3.

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10 Result from insurance contracts continued

10.3 Analysis of contribution to result from insurance contracts: Life insurance – Savings business continued

Variable fee approach continued
Analysis per valuation component continued

R million	Total	Best estimate of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Liability for remaining coverage/ remaining coverage component: Excluding loss component	Loss component	Incurred claims
2023								
Insurance revenue	2 989	1 758	128	1 103	2 989	2 989	–	–
Movement in net liability recognised as insurance revenue[2]	2 930	1 699	128	1 103	2 930	2 930	–	–
Allocation of premium relating to insurance acquisition cash flows	59	59	–	–	59	59	–	–
Insurance service expenses	(1 240)	(1 240)	–	–	(1 240)	(59)	(13)	(1 168)
Movement in net liability recognised as insurance service expenses[2]	(475)	(475)	–	–	(475)	–	(13)	(462)
Amortisation of insurance acquisition cash flows	(59)	(59)	–	–	(59)	(59)	–	–
Administration and other expenses[1]	(706)	(706)	–	–	(706)	–	–	(706)
Expected expenses	(859)	(859)	–	–	(859)	–	–	(859)
Experience adjustment	153	153	–	–	153	–	–	153
Insurance service result	1 749	518	128	1 103	1 749	2 930	(13)	(1 168)
Insurance investment result	(575)				(575)			
Insurance finance income or expenses – fair value returns on underlying items and finance amounts related to incurred claims	(8 749)	(8 749)	–	–	(8 749)	(8 737)	–	(12)
Investment return on assets	8 174				8 174			
Result from insurance contracts	1 174				1 174			

[1] Administration and other expenses relate to attributable insurance service expenses.
[2] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.3.

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10 Result from insurance contracts continued

10.4 Analysis of contribution to result from insurance contracts: General insurance

10.4.1 Premium allocation approach

Reconciliation per valuation component

	2024					2023				
		Liability for remaining coverage/ remaining coverage component	Incurred claims/ incurred claims component				Liability for remaining coverage/ remaining coverage component	Incurred claims/ incurred claims component		
R million	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Subtotal	Best estimate of future cash flows	Risk adjustment for non-financial risk
Insurance revenue[1]	44 068	44 068	–	–	–	57 038	57 038	–	–	–
Movement in net liability recognised as insurance revenue[2]	44 068	44 068	–	–	–	57 038	57 038	–	–	–
Insurance service expenses	(34 938)	(6 423)	(28 515)	(29 093)	578	(46 502)	(5 251)	(41 251)	(41 938)	687
Movement in net amount recognised as insurance service expenses[2]	(34 938)	(6 423)	(28 515)	(29 093)	578	(46 502)	(5 251)	(41 251)	(41 938)	687
Income or (expense) from reinsurance contracts[3]	(4 705)	(8 247)	3 542	3 680	(138)	(7 693)	(13 098)	5 405	5 812	(407)
Insurance service result	4 425	29 398	(24 973)	(25 413)	440	2 843	38 689	(35 846)	(36 126)	280
Insurance investment result	(946)					429				
Insurance finance income or (expense)	(2 145)	(1 187)	(958)	(880)	(78)	(1 591)	(540)	(1 051)	(956)	(95)
Reinsurance finance income or (expense)[3]	(100)	(189)	89	53	36	336	(414)	750	696	54
Investment return on assets	1 299					1 684				
Result from insurance contracts	3 479					3 272				

(1) Relates to expected premium receipts allocated to each coverage period.
(2) Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.4.1.
(3) Only applicable to reinsurance contracts held.

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10 Result from insurance contracts continued

10.4 Analysis of contribution to result from insurance contracts: General insurance continued

10.4.2 General model

Analysis per valuation component

R million	Total	Best estimate of future cash flows	Contractual service margin	Total	Liability for remaining coverage/remaining coverage component: Excluding loss component/loss recovery component	Incurred claims/incurred claims component
2024						
Insurance revenue	98	90	8	98	98	–
Movement in net liability recognised as insurance revenue[1]	98	90	8	98	98	–
Insurance service expenses	(119)	(119)	–	(119)	(5)	(114)
Movement in net amount recognised as insurance service expenses[1]	(114)	(114)	–	(114)	–	(114)
Administration and other expenses	(5)	(5)	–	(5)	(5)	–
Experience adjustment	(5)	(5)	–	(5)	(5)	–
Income or (expense) from reinsurance contracts[2]	(105)	(97)	(8)	(105)	(105)	–
Insurance service result	(126)	(126)	–	(126)	(12)	(114)
Insurance investment result	(211)			(211)		
Insurance finance income or (expense)	(80)	(78)	(2)	(80)	(80)	–
Accretion of interest on liabilities under the general model	(80)	(78)	(2)	(80)	(80)	–
Reinsurance finance income or (expense)[2]	(131)	(133)	2	(131)	(131)	–
Result from insurance contracts	(337)			(337)		

R million	Total	Best estimate of future cash flows	Contractual service margin	Total	Liability for remaining coverage/remaining coverage component: Excluding loss component/loss recovery component	Incurred claims/incurred claims component
2023						
Insurance revenue	(9)	(14)	5	(9)	(9)	–
Movement in net liability recognised as insurance revenue[1]	(9)	(14)	5	(9)	(9)	–
Income or (expense) from reinsurance contracts[2]	11	11	–	11	–	11
Insurance service result	2	(3)	5	2	(9)	11
Insurance investment result	(128)			(128)		
Insurance finance income or (expense)	(79)	(55)	(24)	(79)	(79)	–
Accretion of interest on liabilities under the general model	(79)	(55)	(24)	(79)	(79)	–
Reinsurance finance income or (expense)[2]	(49)	(69)	20	(49)	(49)	–
Result from insurance contracts	(126)			(126)		

[1] Movement in net liability recognised as insurance revenue is equal to the 'Recognised in insurance revenue' line in the reconciliation of net carrying amount. Movement in net amount recognised as insurance service expenses is equal to the 'Recognised in insurance service expenses' line in the reconciliation of net carrying amount. Refer to note 8.4.2.

[2] Only applicable to reinsurance contracts held.

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11 Taxation

11.1 Deferred tax

Deferred tax is provided for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes using the liability method, except for:

- Temporary differences relating to investments in subsidiaries, associated companies and joint ventures where the group controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that at transaction date do not affect either accounting or taxable profit or loss.

The amount of deferred tax provided is based on the expected realisation or settlement of the deferred tax assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax balances are reflected at current values and have not been discounted.

In terms of IFRS 16 a lessee is required to recognise a right-of-use asset and a lease liability. Lease payments are tax deductible on a cash basis in many jurisdictions. The tax basis of the lease liability and the right-of-use asset will therefore be zero resulting in taxable temporary difference in terms of the right-of-use asset and a deductible temporary difference in terms of the lease liability.

In 2021, the Organisation for Economic Co-operation and Development released the Global Anti-Base Erosion Model Rules (GMT Rules), which rules introduce a global minimum tax of 15% in all jurisdictions in which a multi-national group with consolidated revenue exceeding €750 million, operates. As a multinational enterprise group, the Sanlam group is subject to the GMT Rules introduced in South Africa and elsewhere with effect 1 January 2024. Based on our impact assessment, the introduction of the GMT Rules did not result in any material additional taxes payable by Sanlam and its subsidiaries requiring additional provisions for the year ended 31 December 2024. Current top-up taxes under the GMT Rules relating to the Sanlam group's operations in Namibia and Mauritius (where the applicable effective tax rates may be below 15%), were recognised in relation to investments held through a joint venture which top-up taxes were taken into account in the equity accounted earnings of such joint venture included in the Sanlam group's results. The Sanlam group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax under the GMT Rules and account for it as current tax when it is incurred.

R million	Note	Income tax	Capital gains tax
Balance at 1 January 2023		(2 777)	(2 194)
Temporary differences charged to the statement of comprehensive income		(1 463)	(1 293)
Accruals and provisions		(41)	(12)
Tax credits		108	3
Net unrealised investment surpluses on shareholders' fund		(146)	(281)
Net unrealised investment surpluses on policyholders' fund		(79)	(1 019)
Leases		(41)	–
IFRS 17 phasing-in amount		(1 030)	–
Tax basis zerorisation of negative policy liabilities		(175)	–
Other temporary differences		(59)	16
Acquire through business combinations		(225)	–
Change in tax rate		5	–
Foreign currency translation differences		82	10
Reclassified as non-current liabilities/(assets) held for sale	36	244	(8)
IFRS 17 phasing-in release		476	–
Disposal of subsidiaries		17	(23)
Balance at 31 December 2023		**(3 641)**	**(3 508)**
Temporary differences credited/(charged) to the statement of comprehensive income		**514**	**(346)**
Accruals and provisions		**256**	**–**
Tax losses		**(122)**	**–**
Net unrealised investment surpluses on shareholders' fund		**(472)**	**207**
Net unrealised investment surpluses on policyholders' fund		**(2)**	**(555)**
Leases		**(3)**	**–**
Intangible assets		**37**	**–**
Share based payments		**43**	**2**
IFRS 17 phasing-in amount		**915**	**–**
Tax basis zerorisation of negative policy liabilities		**(145)**	**–**
Other temporary differences		**7**	**–**
Acquired through business combinations		**(867)**	**(53)**
Foreign currency translation differences		**25**	**74**
Reclassified from non-current assets held for sale	36	**(230)**	**–**
IFRS 17 phasing-in release		**516**	**–**
Balance at 31 December 2024		**(3 683)**	**(3 833)**

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11 Taxation continued

11.2 Current income tax

R million	Income tax	Capital gains tax
Analysis of deferred tax balances at 31 December 2024	**(3 683)**	**(3 833)**
Accruals and provisions	**1 051**	**(39)**
Tax losses and credits	**1 212**	**11**
Net unrealised investment surpluses on shareholders' fund	**(596)**	**(960)**
Net unrealised investment surpluses on policyholders' fund	**(89)**	**(2 841)**
IFRS 17 phasing-in amount	**(2 868)**	**–**
Tax basis zerorisation of negative policy liabilities	**(1 759)**	**–**
Intangible assets	**(380)**	**–**
Leases	**29**	**–**
Share-based payments	**196**	**–**
Other temporary differences	**(479)**	**(4)**
Analysis of deferred tax balances at 31 December 2023	(3 641)	(3 508)
Accruals and provisions	809	(39)
Tax losses and credits	1 053	200
Net unrealised investment surpluses on shareholders' fund	28	(1 407)
Net unrealised investment surpluses on policyholders' fund	6	(2 262)
IFRS 17 phasing-in amount	(4 333)	–
Tax basis zeroisation of negative policy liabilities	(728)	–
Intangible assets	(312)	–
Leases	15	–
Share-based payments	153	(2)
Other temporary differences	(332)	2

R million	2024	2023
Total deferred tax asset recognised	**1 409**	1 619
Total deferred tax liability recognised	**(8 925)**	(8 768)
Total net deferred tax	**(7 516)**	(7 149)

Income tax is provided in respect of taxable income at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Analysis of income tax per category

	Current Income Tax		Deferred Tax		Total	
R million	2024	2023	2024	2023	2024	2023
RSA – current year	**5 496**	3 572	**562**	1 409	**6 058**	4 981
RSA – prior year	**965**	11	**(1 113)**	(7)	**(148)**	4
Dividends tax – Policyholders	**88**	89	**–**	–	**88**	89
Foreign tax	**156**	1 150	**37**	61	**193**	1 211
Capital gains tax	**1 398**	211	**346**	1 298	**1 744**	1 509
Change in tax rate	**–**	–	**–**	(5)	**–**	(5)
Tax expense (including profit from discontinued operations)	**8 103**	5 033	**(168)**	2 756	**7 935**	7 789
IFRS 17 phasing-in release	**516**	476	**(516)**	(476)	**–**	–
Tax expense after release	**8 619**	5 509	**(684)**	2 280	**7 935**	7 789
Shareholders' fund					**6 221**	5 072
Policyholders' fund					**1 714**	2 717
Tax expense (including profit from discontinued operations)					**7 935**	7 789
Profit from discontinued operations					**26**	710
Taxation (continuing operations)					**7 909**	7 079

%	2024	2023
Standard rate of taxation	**27,0**	27,0
Adjusted for:		
Non-taxable income[1]	**(5,0)**	3,0
Disallowable expenses[2]	**1,0**	4,0
Investment surpluses[3]	**(1,0)**	(9,0)
Foreign tax rate differential	**(1,0)**	(1,0)
Policyholders[4]	**4,0**	10,0
Other fund transfers	**1,0**	1,0
Other	**1,0**	(1,0)
Effective tax rate	**27,0**	34,0

[1] Non-taxable income relates primarily to equity-accounted earnings and dividend income.
[2] Disallowable expenses includes impairments.
[3] Investment surpluses relates to realised and unrealised gains.
[4] Policyholders refers to tax on net investment contract liabilities.

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12 Investments

12.1 Investment properties

Investment properties comprise of properties held to earn rental income and/or for capital appreciation. Investment properties are carried at fair value which includes the related cumulative straight-line rental adjustment (refer to the accounting policy for investment income). Valuations are carried out periodically by valuators who possess appropriate qualifications and extensive experience in property valuations. Changes in the fair value of investment properties are recognised in the statement of comprehensive income as investment surpluses.

When investment properties become owner-occupied, they are reclassified to owner-occupied properties at a deemed cost equal to the fair value of the investment properties at the date of reclassification. When owner-occupied properties become investment properties, they are reclassified to investment properties at a deemed cost equal to the fair value of the properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised in other comprehensive income as a revaluation surplus.

Investment properties are derecognised when they have either been disposed of or when they are permanently withdrawn from use and no future benefit is expected from their disposal.

Reconciliation of carrying amount of investment properties

		South African portfolio				International portfolio	
R million	Note	Office buildings	Retail buildings	Industrial buildings	Undeveloped land	Office buildings	Total investment properties
Balance at 1 January 2023		4 356	4 640	592	446	402	10 436
Additions		35	14	5	–	116	170
Disposals		–	(5)	(146)	(110)	(37)	(298)
Reclassified to disposal groups classified as held for sale	36	–	(1 347)	–	–	(413)	(1 760)
Acquired through business combinations		5	–	–	8	–	13
Investment surpluses		(519)	(137)	25	–	60	(571)
Foreign currency translation differences		–	–	–	–	(77)	(77)
Other movements		(1 203)	289	(11)	–	925	–
Balance at 31 December 2023		2 674	3 454	465	344	976	7 913
Additions		63	–	1	169	15	248
Disposals		–	(259)	–	–	–	(259)
Reclassified from disposal groups classified as held for sale	36	(588)	147	101	–	–	(340)
Investment surpluses		148	61	81	1	(67)	224
Foreign currency translation differences		–	–	–	–	26	26
Balance at 31 December 2024		2 297	3 403	648	514	950	7 812

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Reconciliation of straight-line rental adjustment

R million	2024	2023
Balance at the beginning of the year	310	280
Movement for the year included in the statement of comprehensive income	40	30
Balance at the end of the year	350	310
Contractual future minimum lease payments receivable under non-cancellable operating leases:		
Due within one year	587	772
Due from one to five years	1 007	1 344
Due from five to 10 years	621	584
Future minimum lease payments	2 215	2 700

The value drivers underpinning the valuation of properties have not significantly changed since 31 December 2023.

At the reporting date, the key assumptions and unobservable inputs used by the group in determining fair value were in the following ranges for the group's portfolio of properties:

Unobservable inputs across sectors	2024	2023
South African portfolio		
Discounted cash flow method		
Vacancy rate	23,10%	18,00%
Expected expense growth (average over five years, range cover different types of expenses)	5,10% – 15,00%	5,10% – 9,60%
Office buildings		
Discount rate	12,97% – 15,07%	12,75% – 13,54%
Exit capitalisation rate	9,00% – 12,40%	8,94% – 11,09%
Retail buildings		
Discount rate	12,57% – 14,26%	12,21% – 15,00%
Exit capitalisation rate	7,65% – 10,50%	8,00% – 10,77%
Industrial buildings		
Discount rate	13,11% – 13,92%	13,38% – 14,30%
Exit capitalisation rate	9,00% – 9,75%	9,91% – 10,42%
International portfolio		
Discounted cash flow method		
Vacancy rate	14,19% – 28,00%	13,12% – 21,00%
Office buildings		
Discount rate	11,75% – 12,25%	11,50% – 12,25%
Exit capitalisation rate	8,75% – 10,00%	9,75% – 10,00%

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12 Investments continued

12.2 Investment in associates and joint ventures

Associated companies

An associated company is an entity, not being a subsidiary, in which the Sanlam group has a long-term investment and over which it has the ability to exercise significant influence, being the ability to participate in the financial and operating policy decisions of the entity without being able to jointly control or control those policies by virtue of a majority vote.

Investments in associated companies are recognised on the date significant influence is obtained and derecognised on the date significant influence is lost. Investments in associated companies, other than those investments, or portions thereof, held by investment-linked life insurance funds, are initially recognised at cost. The results of these associated companies after initial recognition are accounted for using the equity method of accounting, whereby the group's share of associated companies' post-acquisition profit or loss is recognised in the group statement of comprehensive income as equity-accounted earnings, and the group's share of associated companies' other comprehensive income is presented in group other comprehensive income (other than those related to dividends), with a corresponding adjustment to the carrying value of investments in associated companies. Net losses are only recognised to the extent of the net investment in an associated company, unless the group has incurred obligations or made payments on behalf of the associated company. Equity-accounted earnings are based on accounting policies uniform to those of the group. The carrying amount is reviewed bi-annually for indicators of impairment and written down where this is considered necessary. The carrying value of the investment in an associated company includes goodwill. Investments in associated companies, or portions thereof, held by investment-linked life insurance funds are treated as investments at fair value through profit or loss and are not equity-accounted. The associated companies fair value are considered to be level 3.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The results of joint ventures, other than those held by investment-linked life insurance funds, are accounted for using the equity method of accounting, whereby the group's share of the joint ventures' profit or loss is recognised in the group statement of comprehensive income as equity-accounted earnings, and the group's share of joint ventures' other comprehensive income is presented in the group other comprehensive income, with a corresponding adjustment to the carrying value of investments in joint ventures. Net losses are only recognised to the extent of the net investment in a joint venture, unless the group has incurred obligations or made payments on behalf of the joint venture. Equity-accounted earnings are based on accounting policies uniform to those of the group. The carrying value of the investment in a joint venture is reviewed bi-annually for indicators of impairment and written down where this is considered necessary. The carrying value of the investment in a joint venture includes goodwill.

Investments in joint ventures, or portions thereof, held by investment-linked life insurance funds are treated as investments at fair value through profit or loss and are not equity-accounted.

For impairment purposes each investment is tested for impairment individually and goodwill is not tested separately from the investment in associated companies and joint ventures, nor is any impairment allocated to any underlying assets. Impairment losses in respect of associated companies and joint ventures is based on the greater of value in use or fair value less cost to sell and is recognised in the statement of comprehensive income, with reversal of future periods allowed. Reversal of impairments are limited to the original cost.

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R million	Note	2024	Restated[1] 2023
Investments in associated companies	12.2.3	22 244	21 058
Shriram Capital Private Ltd		11 794	10 793
Shriram Finance Ltd		538	2 451
Shriram General Insurance		2 157	1 728
Shriram Life Insurance		751	675
Capricorn Investment Holdings [2]		–	1 292
Pacific & Orient Insurance Co. Berhad		433	447
Capital Legacy Solutions (Pty) Ltd[1]		1 395	1 369
ARC Financial Services Investments (ARC FSI)[3]		–	1 283
ARC Financial Services Holdings (ARC FSH)[3]		3 995	–
Other associated companies		1 181	1 020
Investments in joint ventures	12.2.4	30 797	24 707
SanlamAllianz Africa[4]		29 752	23 781
Speqtel Investment Holdings (Pty) Ltd[5]		524	517
Other joint ventures		521	409
Total investments in associates and joint ventures (including assets held for sale)		53 041	45 765
Reclassified as non-current assets held for sale	36.2	(4 286)	(1 292)
Total investments in associates and joint ventures		48 755	44 473

(1) The prior year has been restated for Capital Legacy. A significant portion of the balance was included in the "other associated companies" line, hence no impact to the balance sheet as the carrying amount of associates was reported correctly.
(2) 23% Interest in Capricorn Investment Holdings was disposed of in June 2024.
(3) During the year, the group entered into an asset-for-share transaction in which it disposed of its 25% stake in ARC FSI, as well as a cash consideration of R2 571 million for a 25% stake in ARC FSH, which now holds 100% in ARC FSI.
(4) With effect from 1 October 2023, Sanlam and Allianz formed a joint venture, namely SanlamAllianz with Sanlam holding 59,59%. A further 8,59% stake of SanlamAllianz is held for sale as at 31 December 2024. The transaction is highly probable and the requirements of IFRS 5 are met to disclose the 8,59% stake as held for sale. Refer to note 36.2 for additional information.
(5) The investment is carried at fair value as it is held by an investment-linked insurance fund.

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for the year ended 31 December 2024

12 Investments continued

12.2 Investment in associates and joint ventures continued

12.2.1 Equity-accounted earnings

R million	2024	Restated[1] 2023
Investments in associated companies		
Shriram Capital Private Ltd	1 999	1 613
Shriram Finance Ltd	138	308
Shriram General Insurance	516	308
Shriram Life Insurance	93	100
Letshego Holdings Ltd	–	83
Capricorn Investment Holdings	98	177
Pacific & Orient Insurance Co. Berhad	(37)	(13)
Afrocentric Investment	–	43
aYo Holdings	–	(243)
Capital Legacy Solutions (Pty) Ltd[1]	57	56
ARC Financial Services Investments	111	247
ARC Financial Services Holdings	(67)	–
Other associated companies	46	225
Investments in joint ventures		
SanlamAllianz Africa	2 649	343
Sanlam Personal Loans (Pty) Ltd	–	74
Other joint ventures	112	85
Equity-accounted earnings (including profits from discontinued operation)	**5 715**	**3 406**
Profits from discontinued operations	98	448
Equity-accounted earnings (continuing operations)	5 617	2 958
Other comprehensive income of equity-accounted investments	(3 181)	(2 342)
SanlamAllianz Africa	(2 633)	(949)
Other	(548)	(1 393)

[1] The prior year has been restated for Capital Legacy. A significant portion of the balance was included in the "other associated companies" line, hence no impact to the balance sheet as the carrying amount of associates was reported correctly.

12.2.2 Impairments of equity-accounted investments

Impairment reversal of equity-accounted investments in 2024 is R2 million (2023: R33 million impairment).

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12.2.3 Investments in associated companies

Details of material associated companies:

R million	Shriram Capital Private Ltd[1][2] 2024	Shriram Capital Private Ltd[1][2] 2023	Shriram Finance Ltd[1] 2024	Shriram Finance Ltd[1] 2023
Carrying value of interest – equity method	11 794	10 793	538	2 451
Fair value of interest[3]	21 022	17 528	921	3 001
Fair value of interest – based on quoted prices for listed businesses	–		990	
Effective interest in issued share capital – shareholders' fund[2]	40,7%	40,7%	0,4%	2,0%
Summarised financial information:				
Revenue	2 459	18 453	80 780	69 564
Post-tax profit from continuing operations	5 165	5 900	17 623	16 574
Other comprehensive loss	(410)	(48)	–	(1 387)
Total comprehensive income	**4 755**	**5 852**	**17 623**	**15 187**
Assets and liabilities				
Non-current assets	37 932	76 183	564 265	465 931
Current assets	2 183	2 252	40 906	28 894
Non-current liabilities	(7 063)	(45 154)	(364 349)	(286 095)
Current liabilities	(223)	(1 502)	(123 913)	(105 525)
Net asset value	**32 829**	**31 779**	**116 909**	**103 205**
Non-controlling interest	4 428	8 221	1 651	679
Shareholders' fund	28 401	23 558	115 258	102 526
Calculated carrying value	11 559	9 588	473	2 062
Goodwill recognised in the carrying value of associate	235	1 205	65	389
Carrying value	**11 794**	**10 793**	**538**	**2 451**
Dividends received	–	1 593	22	90

[1] Shriram Capital Private Limited has business operations (credit, life and general insurance) mainly in India. Earnings for 2024 have been accounted for the period 1 October 2023 to 30 September 2024. On 28 March 2024, Sanlam sold 1,59% of 2,09% of the direct interest in Shriram Finance Limited (subsidiary company of Shriram Capital Private Limited), resulting in an effective holding of 9,54% (2023: 10,21%). The group considers having significant influence to participate in the financial and operating policy decisions of Shriram Finance Limited due to having a representative on the board. Shriram Finance Limited operates mainly in India and is a credit provider.
[2] The effective interest of 40,7% relates to the holding in Shriram Capital Private Limited through Sanlam Emerging Markets Mauritius Limited.
[3] The level 3 fair value is determined based on a discounted cashflow model.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

12 Investments continued

12.2 Investment in associates and joint ventures continued

12.2.3 Investments in associated companies continued

R million	Shriram General Insurance[1] 2024	2023	Shriram Life Insurance[2] 2024	2023
Carrying value of interest – equity method	2 157	1 728	751	675
Fair value of interest[3]	3 997	3 355	1 958	2 111
Effective interest in issued share capital – shareholders' fund	23%	23%	23%	23%
Summarised financial information:				
Revenue	5 996	4 624	4 703	3 732
Post-tax profit/(loss) from continuing operations	2 250	918	67	65
Other comprehensive income/(loss)	–	386	30	24
Total comprehensive income	2 250	1 304	97	89
Assets and liabilities				
Non-current assets	29 654	26 987	28 470	23 720
Current assets	1 488	1 216	1 050	763
Non-current liabilities	(23 893)	(21 762)	(26 107)	(21 285)
Current liabilities	(1 132)	(1 462)	(1 202)	(1 134)
Net asset value	6 117	4 979	2 211	2 064
Non-controlling interest	16	22	–	–
Shareholders' fund	6 101	4 957	2 211	2 064
Calculated carrying value	1 397	1 136	509	475
Recognition of hedge on acquisition	(34)	(34)	(10)	(10)
Goodwill recognised in the carrying value of associate	794	626	252	210
Carrying value	2 157	1 728	751	675
Dividends received	60	674	52	55

R million	Pacific & Orient[4] 2024	2023	Capital Legacy Solutions[5] 2024	2023
Carrying value of interest – equity method	433	447	1 395	1 369
Fair value of interest[3]	433	447	1 538	925
Effective interest in issued share capital – shareholders' fund	49%	49%	26%	26%
Summarised financial information:				
Revenue	1 195	1 009	853	754
Post-tax (loss)/profit from continuing operations	(73)	(27)	418	211
Total comprehensive income	(73)	(27)	418	211
Assets and liabilities				
Non-current assets	3 082	2 930	1 350	1 494
Current assets	362	317	558	540
Non-current liabilities	(2 292)	(2 315)	(332)	(415)
Current liabilities	(268)	(20)	(202)	(292)
Net asset value	884	912	1 374	1 326
Shareholders' fund	884	912	1 064	1 326
Calculated carrying value	433	447	371	345
Goodwill recognised in the carrying value of associate	–	–	1 024	1 024
Carrying value	433	447	1 395	1 369
Dividends received	–	–	–	–

[1] The group holds a 23% interest in Shriram General Insurance, a general insurance business in India.
[2] The group holds a 23% interest in Shriram Life Insurance, a life insurance business in India.
[3] The level 3 fair value is determined based on a discounted cashflow model.
[4] The group holds a 49% interest in Pacific & Orient Insurance Co. Berhad, a niche general insurance business in Malaysia.
[5] The group holds a 26% interest in Capital Legacy Solutions, a fiduciary business with a unique life insurance offering.

R million	ARC Financial Services Holdings[1] 2024	ARC Financial Services Investments[1] 2023
Carrying value of interest – equity method	3 995	1 283
Fair value of interest[2]	3 995	1 175
Effective interest in issued share capital – shareholders' fund	25%	25%
Summarised financial information:		
Investment (losses)/surpluses	(340)	1 170
Post-tax profit/(loss) from continuing operations	(267)	887
Total comprehensive income	(267)	887
Assets and liabilities		
Non-current assets	17 954	7 526
Current assets	298	436
Non-current liabilities	(1 271)	(2 508)
Current liabilities	(1 001)	(321)
Net asset value	15 980	5 133
Shareholders' fund	15 980	5 133
Calculated carrying value	3 995	1 283
Carrying value	3 995	1 283
Dividends received	–	–

[1] During the year, the group entered into an asset-for-share transaction in which it disposed of its 25% stake in ARC FSI, as well as a cash consideration of R2 571 million for a 25% stake in ARC FSH, which now holds 100% in ARC FSI. ARC FSH, is an entity focusing on opportunities in the South African and African financial services and diversified investments (non-financial) industries.
[2] The level 3 fair value is determined based on sum-of-parts valuation which includes a combination of the following methods: discounted cash flow model, earning multiple and quoted share prices.

Details of immaterial associated companies:

R million	2024	2023
Post-tax profit from continuing operations	46	(38)
Post-tax (loss)/profit from discontinued operations	–	263
Total comprehensive income	46	225

Notes to the group annual financial statements continued

for the year ended 31 December 2024

12 Investments continued

12.2 Investment in associates and joint ventures continued

12.2.3 Investments in associated companies continued

Details of material joint ventures:

R million	SanlamAllianz Africa[1] 2024	Restated[2] 2023
Carrying value of interest – equity method	29 752	23 781
Fair value of interest[3]	30 438	25 022
Effective interest in issued share capital: Class A	59,59%	58,60%
Summarised financial information:		
Non-current assets	175 863	138 490
Net reinsurance contract assets	8 578	6 417
Current assets	19 191	19 000
Non-current liabilities	(134 838)	(100 205)
Net insurance contract liabilities	(101 558)	(89 807)
Investment contract liabilities	(19 826)	(5 762)
Other non-current liabilities	(13 454)	(4 636)
Current liabilities	(13 325)	(16 130)
Non-controlling interest	(5 541)	
Total equity	49 928	47 572
Calculated carrying value	29 752	24 018
Revenue[2]	45 722	14 410
Net operating result	7 452	1 748
Profit before tax	7 265	1 410
Taxation	(2 024)	(451)
Post-tax profit from continuing operations	5 240	959
Other comprehensive income	(2 982)	(949)
Total comprehensive income	2 258	10
Dividends received	–	–

[1] The group holds a 59,59% interest in SanlamAllianz Africa, a jointly controlled entity. The jointly controlled entity is an insurance entity focusing on opportunities on the African continent. A further 8,59% stake of SanlamAllianz is held for sale as at 31 December 2024. The transaction is highly probable and the requirements of IFRS 5 are met to disclose the 8,59% stake as held for sale. Included in the carrying value is R4 286 million reclassified to held for sale. Refer to note 36.2 for additional information.
[2] Prior year has been restated. Included in Insurance Revenue is an amount of R4 835 million (2023: R4 941 million) of revenue that is only recognised on consolidation due to the application of the IFRS 17 requirements for business combinations relating to amounts forming part of Liabilities for Incurred Claims in the underlying GI SanlamAllianz subsidiaries. These revenue amounts are not reflected in the Insurance Revenue figures of the relevant stand-alone GI SanlamAllianz businesses. Prior year has been restated accordingly.
[3] The level 3 fair value is determined based on a discounted cashflow model.

Details of individually immaterial joint ventures:

R million	2024	2023
Post-tax profit from continuing operations	112	85
Total comprehensive income	112	85

12.3 Other investments

Other investments comprise:
- Equities and similar securities;
- Interest-bearing investments;
- Structured transactions (including non-trading derivatives);
- Investment funds; and
- Deposits and similar securities.

These investments are either classified as subsequently measured at fair value through profit or loss (measured at fair value) or at amortised cost (measured at amortised cost), as described in the financial instruments accounting policy note. Loans of investment scrip are not treated as sales and purchases.

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Structured transactions

Structured transaction assets include derivatives (ie foreign exchange contracts, interest rate futures, forward rate agreements, interest rate and equity options, currency swaps, credit default and interest rate swaps), structured notes (including equity linked notes) and collateralised securities (excluding fair value). Structured transaction liabilities consist of only derivatives.

Fair values are obtained from quoted market prices. In the absence of quoted market prices the group uses valuation techniques that incorporate factors that market participants would consider in setting the price and are consistent with accepted economic methodologies for pricing derivatives such as discounted cash flow models and option pricing models, as appropriate. The group calibrates its valuation techniques against market transactions or any available observable market data. Day one gains or losses on structured transactions measured using these valuation techniques are recognised in the statement of comprehensive income to the extent that they arise from a technique that incorporates only variables based on observable market data. The difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the deferred difference is recognised as a gain or loss only to the extent that it arises from a change in a factor that market participants would take into account in pricing the asset/liability.

The group does not separate embedded derivatives related to investment contract liabilities recognised at fair value. Derivatives are used for trading purposes by SanFin and for non-trading purposes by other group businesses. The fair values related to trading derivatives are included in trade and other receivables and the fair values of non-trading derivatives are included in the structured transactions. Non-trading transactions are those which are held for accounting and economic hedging purposes as part of the group's risk management strategy against assets, liabilities, positions or cash flows measured at fair value, as well as structures incorporated in the product design of policyholder products.

Structured transaction liabilities are classified as mandatorily measured at fair value through profit or loss.

Deposits and similar securities

Deposits and similar securities consist of negotiable certificates of deposit and other short-term highly liquid investments with maturity profiles of more than 90 days. Refer to note 37 for additional information on measurement.

12.3.1 Equities and similar securities

R million	2024	2023
Equities and similar securities comprise:		
Listed on the JSE – at market value[1][2]	54 892	54 516
Unlisted – at fair value	3 457	2 792
Offshore equity investments	34 765	25 009
Listed – at market value	34 765	25 009
Equities held by consolidated investment funds	105 079	77 068
Total equities and similar securities	198 193	159 385

[1] The carrying amount of own shares recognised as equities and similar securities is R2 575 million (2023: R10 312 million).
[2] Equities and similar securities of R5 478 million were reclassified to non-current assets held for sale in the prior year.

Equities are mandatorily measured at fair through profit or loss.

Spread of equities listed on the JSE by sector:

%	2024	2023
Consumer services	8,9	11,7
Consumer goods	12,6	7,5
Financials	26,0	24,1
Basic materials	17,5	21,5
General industrials	4,9	4,4
Telecommunications	3,1	4,4
Healthcare	4,1	5,5
Information technology	13,5	11,5
Property	2,7	2,4
Other	6,7	7,0
	100,0	100,0

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12 Investments continued

12.3 Other investments continued

12.3.2 Investments other than equities and similar securities, equity-accounted investments and properties

R million	Designated as at fair value through profit or loss[1]	Mandatorily measured at fair value through profit or loss	Total fair value	Amortised cost gross	Amortised cost net[2]	Total
31 December 2024						
Deposits and similar securities	31 171	–	31 171	16	16	31 187
Structured transactions	4 204	28 225	32 429	–	–	32 429
Interest-bearing investments	345 182	–	345 182	2 622	2 622	347 804
Government interest-bearing investments	134 024	–	134 024	20	20	134 044
Corporate interest-bearing investments	175 952	–	175 952	671	671	176 623
Other interest-bearing investments	35 206	–	35 206	1 931	1 931	37 137
Investment funds	–	332 464	332 464	–	–	332 464
	380 557	360 689	741 246	2 638	2 638	743 884
Structured transaction liabilities	–	12 201	12 201	–	–	12 201
31 December 2023						
Deposits and similar securities	38 082	–	38 082	21	21	38 103
Structured transactions	1 917	24 197	26 114	–	–	26 114
Interest-bearing investments	243 691	–	243 691	5 681	5 681	249 372
Government interest-bearing investments	97 101	–	97 101	21	21	97 122
Corporate interest-bearing investments	114 860	–	114 860	4 169	4 169	119 029
Other interest-bearing investments	31 730	–	31 730	1 491	1 491	33 221
Investment funds	–	301 949	301 949	–	–	301 949
	283 690	326 146	609 836	5 702	5 702	615 538
Structured transaction liabilities	–	12 287	12 287	–	–	12 287

(1) The group has designated certain investment assets as fair value through profit or loss to reduce or limit accounting mismatches. The change during the period and cumulatively in fair value through profit and loss that is attributable to change in the credit risk of the financial asset is determined as the change triggered by factors other than changes in benchmark interest rate. The impact of changes in credit risk for 2024 and 2023 was not material. For financial assets designated at fair value through profit or loss, the maximum exposure to credit risk is equivalent to the carrying amount of the financial asset.

(2) The estimated fair value of investments valued at amortised cost amounts to R2 638 million (2023: R5 702 million). These are classified as level 2 instruments and the valuation is based on discounted cash flows.

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12 Investments continued

12.3 Other investments continued

12.3.2 Investments other than equities and similar securities, equity-accounted investments and properties continued

Maturity analysis

R million	On demand	<1 year	1 – 5 years	>5 years	Total
31 December 2024					
Interest-bearing investments	3 376	59 076	157 689	127 663	347 804
Government interest-bearing investments	–	23 356	15 158	95 530	134 044
Corporate interest-bearing investments	3 336	27 321	122 555	23 411	176 623
Other interest-bearing investments	40	8 399	19 976	8 722	37 137
Structured transactions	34	5 519	26 876	–	32 429
Investment funds	332 464	–	–	–	332 464
Deposits and similar securities[1]	411	22 621	7 802	353	31 187
	336 285	87 216	192 367	128 016	743 884
Structured transaction liabilities – present value	40	5 716	383	6 062	12 201
Structured transaction liabilities – undiscounted	–	4 329	117	12 666	17 112
31 December 2023					
Interest-bearing investments	10	54 837	107 024	87 501	249 372
Government interest-bearing investments	–	16 866	14 312	65 944	97 122
Corporate interest-bearing investments	–	29 567	75 054	14 408	119 029
Other interest-bearing investments	10	8 404	17 658	7 149	33 221
Structured transactions	–	17 217	3 101	5 796	26 114
Investment funds	301 949	–	–	–	301 949
Deposits and similar securities[1]	–	20 231	17 677	195	38 103
	301 959	92 285	127 802	93 492	615 538
Structured transaction liabilities – present value	–	3 978	3 547	4 762	12 287
Structured transaction liabilities – undiscounted	–	8 054	1 739	2 884	12 677

[1] Call accounts and money market securities with maturity profile greater than 90 days, but less than one year are included in the less than one year's maturity. Call accounts and money market securities with maturity profile greater than 90 days, but less than one year are included in the less than one year's maturity.

12.4 Investment return

Investment income

Investment income includes interest, net rental income and dividend income received. Interest income is accounted for on a time proportionate basis that takes into account the effective yield on the asset and includes the net income earned from interest margin business.

Rental income is recognised on an accrual basis, apart from operating leases that contain fixed escalation clauses, where it is recognised on a straight-line basis over the lease term. The difference between rental income on a straight-line and accrual basis is recognised as part of the carrying amount of properties in the statement of financial position.

Dividend income is recognised once the last day for registration has passed. Capitalisation shares received in terms of a capitalisation issue from reserves, other than share premium or a reduction in share capital, are treated as dividend income.

Sanlam group, through wholly owned subsidiaries, issues redeemable preference shares from time to time. The proceeds from these shares utilised to invest in similar assets (redeemable preference shares) in order to earn a margin acceptable to the group.

Investment surpluses

Investment surpluses consist of net realised gains and losses on the sale of investments and net unrealised fair value gains and losses on the valuation of investments at fair value, excluding investments relating to capital market activities. Net realised gains and losses relate to gains and losses recognised on the disposal of the investments. Net unrealised fair value gains and losses relate to fair value adjustments arising on the valuation of investments which are still held by the group. Costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised in the statement of comprehensive income as investment surpluses. Investment surpluses are recognised in profit or loss in the statement of comprehensive income on the date of sale or upon valuation to fair value.

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Investment income

R million	2024	2023
Equities and similar securities	8 066	12 574
Interest-bearing, preference shares and similar securities	35 202	25 057
Properties	520	678
Rental income – excluding contingent rental	677	794
Contingent rental income	–	64
Rental related expenses	(179)	(180)
Dividend received from investment properties	22	–
Income from margin business[1]	3	(11)
Total investment income (including profit from discontinued operations)	43 791	38 298
Profit from discontinued operations	910	4 141
Investment income on assets held in respect of insurance contracts (continuing operations)	10 791	9 528
Investment income (continuing operations)	32 090	24 629
Interest income on financial assets measured at amortised cost	–	50

[1] Refer to note 26 for finance cost incurred in respect of margin business.

Investment surpluses/(deficits)

R million	2024	2023
Financial instruments designated as at fair value through profit or loss	12	–
Financial assets	73 944	67 641
Financial assets designated as at fair value through profit or loss	240	4 833
Financial assets mandatorily measured at fair value through profit or loss	73 707	62 798
Financial assets measured at amortised cost	(3)	10
Financial liabilities	124	(42)
Financial liabilities designated as at fair value through profit or loss	(28)	(10)
Financial liabilities mandatorily measured at fair value through profit or loss	169	(6)
Financial liabilities measured at amortised cost	(17)	(26)
Investment properties	224	(571)
Profit on disposal of subsidiaries, associated companies and operations[1]	4 037	494
Investment surplus: Third party	(444)	–
Total investment surpluses/(deficits) (including profit from discontinued operations)	77 897	67 522
Profit from discontinued operations	3 450	2 259
Investment surpluses on assets held in respect of insurance contracts (continuing operations)	19 400	6 408
Investment surpluses (continuing operations)	55 047	58 855
Investment return includes:		
Foreign exchange gains	–	189

[1] Profit of disposal of subsidiaries, associated companies and operations largely attributed to the profit on disposal of Sanlam Namibia.

Financial assets measured at amortised cost

R million	2024	2023
Gains on derecognition of financial assets measured at amortised cost	(3)	11

Profit on disposal of subsidiaries, associated companies and operations:

R million	2024	2023
Sanlam Life and Savings	6	866
Sanlam Risk and Savings[1]	–	956
SA Corporate	6	(90)
Sanlam Investment Group	(6)	15
Santam	–	118
Pan-Africa	2 803	(497)
Asia	1 234	(8)
Profit on disposal of subsidiaries, associated companies and operations	4 037	494

[1] Sanlam Risk and Savings was previously reported as SA Retail Affluent.

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12 Investments continued

12.5 Use of valuation techniques to determine fair value

Refer to note 37 for additional disclosures.

12.6 External investors in consolidated funds

These are designated at fair value through profit and loss. Refer to note 37 for the fair value levels.

13 Trading account assets and liabilities

13.1 Trading account assets

Trading account assets include equities and similar securities, interest-bearing instruments, CSA collateral and margin received from clients or counterparties and derivative financial instruments relating to the trading transactions undertaken by the group for market making, to service customer needs, for proprietary purposes, as well as any related economic hedging transactions. These transactions are marked-to-market (fair values) after initial recognition and any gains or losses arising are recognised in the statement of comprehensive income. The fair values related to such contracts and commitments are determined on the same basis as described for non-trading instruments in the policy note for financial instruments and are reported on a gross basis in the statement of financial position as positive and negative replacement values to the extent that set-off is not required by IAS 32 – Financial Instruments: Presentation.

Classification of trading account assets:

R million	2024	Restated(1) 2023
Mandatorily measured at fair value through profit or loss	18 481	18 414
Designated at fair value through profit or loss	4 278	–
Total trading account assets	**22 759**	**18 414**

Maturity analysis of trading account assets:

	Non-derivative trading account assets		Derivative trading account assets		Total trading account assets	
R million	2024	Restated(1) 2023	2024	2023	2024	Restated(1) 2023
Fair value						
On demand	7 468	5 284	5	6	7 473	5 290
Due within one year	647	1 731	101	34	748	1 765
Due from one to five years	1 088	133	461	710	1 549	843
Due after five years	12 966	10 496	23	20	12 989	10 516
Total	**22 169**	**17 644**	**590**	**770**	**22 759**	**18 414**
Undiscounted						
On demand	7 360	5 182	3	2	7 363	5 184
Due within one year	3 129	3 138	158	104	3 287	3 242
Due from one to five years	5 631	5 221	456	698	6 087	5 919
Due after five years	38 404	36 315	–	(1)	38 404	36 315
Total	**54 524**	**49 856**	**617**	**803**	**55 141**	**50 659**

(1) The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

13.2 Trading account liabilities

Trading account liabilities consists of borrowings in terms of the commercial paper programme to fund the activities in the group, repurchase agreements which fund the long bond positions and which are also used as a source of funding using borrowed bond scrip, CSA collateral and margin received from clients or counterparties, short bond and equity positions and interest rate and equity derivative liabilities. These transactions are marked-to-market (fair values) after initial recognition and any gains or losses arising are recognised in the statement of comprehensive income. The fair values related to such contracts and commitments are determined on the same basis as described for non-trading instruments in the policy note for financial instruments and are reported on a gross basis in the statement of financial position as positive and negative replacement values to the extent that set-off is not required by IAS 32 – Financial Instruments: Presentation.

Classification of trading account liabilities:

R million	2024	Restated(1) 2023
Mandatorily measured at fair value through profit or loss	1 242	1 947
Designated at fair value through profit or loss(1)	26 287	22 768
Other payables at amortised cost	1 144	1 120
Total trading account liabilities	**28 673**	**25 835**

(1) The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7 and IAS 1. Refer to note 41 for additional information.

Included in trading account liabilities are repurchase agreement positions of R16 956 million (2023: R10 347 million) which is secured by interest-bearing investments with a carrying value of R10 675 million (2023: R11 107 million). It relates to the sale of interest-bearing investments with an agreement to repurchase these investments at a fixed price at a later date. Where financial instruments are sold subject to a commitment to repurchase them, the financial instrument is not derecognised and remains in the statement of financial position. The proceeds received are recognised as a liability (trading account payable) carried at fair value.

Maturity analysis of trading account liabilities:

	Non-derivative trading account liabilities		Derivative trading account liabilities		Total trading account liabilities	
R million	2024	Restated(1) 2023	2024	2023	2024	Restated(1) 2023
Fair value						
On demand	3 229	–	–	–	3 229	–
Due within one year	24 412	24 561	5	9	24 417	24 570
Due from one to five years	963	1 145	47	6	1 010	1 151
Due after five years	–	101	17	13	17	114
Total	**28 604**	**25 807**	**69**	**28**	**28 673**	**25 835**
Undiscounted						
On demand	3 229	–	–	–	3 229	–
Due within one year	24 557	24 684	16	13	24 573	24 697
Due from one to five years	969	1 145	58	21	1 027	1 166
Due after five years	–	101	–	(2)	–	99
Total	**28 755**	**25 930**	**74**	**32**	**28 829**	**25 962**

(1) The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

14 Advances to customers

Advances to customers are measured initially at fair value plus incremental direct transaction costs. Subsequently, these are carried at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of advances to customers and of allocating interest income over the relevant period. The amortised cost of advances to customers is the amount at which it is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any impairment loss allowance. The gross carrying amount of advances to customers is the amortised cost of it before adjusting for any impairment loss allowance.

Advances to customers are assessed on an individual basis for indicators of impairment. Advances to customers are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the advance, the estimated future cash flows have been impacted, as well as observable changes in national or local economic conditions that correlate with default on advances.

14 Advances to customers continued

	2024			2023		
R million	Gross amortised cost	ECL on financial assets at amortised cost[(1)]	Net amortised cost	Gross amortised cost	ECL on financial assets at amortised cost[(1)]	Net amortised cost
Advances to customers	4 253	(40)	4 213	4 048	17	4 065

[(1)] Advances to customers acquired through business combination is a purchased credit-impaired asset. Upon acquisition of the entity, there was an ECL of R858 million.

Reconciliation of expected credit losses:

R million	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
31 December 2024				
Balance at the beginning of year	(17)	–	–	(17)
Net remeasurement of loss allowance	47	1	9	(57)
Balance at the end of the year	30	1	9	(40)

Maturity analysis of advances to customers:

R million	2024	2023
Due within one year	927	970
Due from one to five years	3 172	2 986
Due after five years	114	109
Total	4 213	4 065

The estimated fair value of advances to customers at amortised cost approximate the carrying value. This valuation is based on a discounted cash flows and is classified as level 3.

The change during the period and cumulatively in fair value through profit or loss that is attributable to changes in the credit risk of the financial asset is determined as the change triggered by factors other than changes in the benchmark interest rates. The impact of the changes in credit risk for 2024 are not material.

The amount of the impairment is based on the expected credit loss (ECL) that is the difference between the cash flows that are due from customers in accordance with the contract and the cash flows that are expected to be received, discounted at the advances' original effective interest rates. Changes in the carrying amount of the portfolio expected credit losses are charged to the statement of comprehensive income.

Extensive data has been collated and a number of scenario based models have been developed for the credit risk analysis and assessment, as well as the measurement of expected credit losses.

The total impairment provisions consist of the expected credit loss model and post-model overlays. The expected credit loss model is calibrated to provide through-the-cycle losses. The post-model overlay includes forward-looking information that incorporates specific macroeconomic variables to adjust the losses accordingly.

The group uses a three stage model in determining the ECL allowance on its advances to customers which is based on changes in credit risk quality since initial recognition.

Stage 1: No significant increase in credit risk since initial recognition. Includes advances to customers not credit-impaired at initial recognition. 12-month ECL allowance is recognised. Indicators include less than one full instalment in arrears, technical cures and restructures. The effective interest is calculated on the gross carrying amount (ie before taking into account any ECL allowances).

Stage 2: A significant increase in credit risk has been identified. However, advances to customers are determined not to be credit-impaired. ECL is measured based on a lifetime basis. Indicators include but not limited to; one or two full instalments in arrears, fully cured restructures but excluding technical cures. The effective interest is calculated on the gross carrying amount (ie before taking into account any ECL allowances).

Stage 3: Represents advances to customers that are credit-impaired. ECL measured based on a lifetime basis. Indicators include but not limited to; three or more instalments in arrears, the customer is in financial distress and technical cures identified. The effective interest is calculated on the net carrying amount (ie after taking into account any ECL allowances).

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A cure occurs when an account does not meet the default definition for a specified number of months. Thus, a cure is defined as the movement of exposures from a non-performing loan status to a performing loan status. A technical cure relates to a non-restructure performing account that defaulted and cured to a performing loan status, but is still classified as a non-performing loan or a technical cure relates to a restructured account that was forced into default at point of restructure. Non-restructure accounts should remain in a performing status for 12 consecutive months before it is removed from the non-performing loan status and restructure accounts should be in up-to-date status for 12 consecutive months measured against the new contract.

Modification gains/losses arise where the original term and/or interest rate of customer accounts have changed. Modification gains/losses are calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, and is recognised within the statement of comprehensive income.

The cashflow model is built solely on restructured accounts to ensure that the total expected credit loss and modification gains/losses are incorporated in the total provision number. The cashflow model calculates the difference between the cash flows that are due from customers in accordance with the restructured contract and the cash flows that the entity expects to receive discounted to restructure date at the original effective interest rate.

Restructured accounts are accounts (including customers under debt review) where there is a formal contractual arrangement between the customer and the company, where both parties have agreed to alter the terms of the original loan agreement. The contractual terms are changed in such a way to accept less than the original contractual amounts due, resulting in cash flow relief for the customer. The contract terms are generally adjusted when the customer can no longer afford the payments under the original agreement terms.

Suspended interest is the difference between the original interest amount due from a customer and the interest amount due on the amortised cost for credit-impaired advances to customers. Suspended interest on credit-impaired advances to customers is derecognised from provisions for impairment and recognised within the gross carrying amount of advances to customers.

Significant increase in credit risk

Significant increase in credit risk involves the company assessing whether the credit risk on advances to customers have increased significantly since initial recognition, the company compares the risk of a default occurring on the advances to customers at the reporting date with the risk of a default occurring on the advances to customers at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's customers operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant strategic advisers and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

The company assumes that the credit risk on advances to customers have not increased significantly since initial recognition, if the advances to customers are determined to have low credit risk at the reporting date. Advances to customers are determined to have low credit risk if:

- the loan and advances have a low risk of default,
- the customer has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the customer to fulfil its contractual cash flow obligations.

Definition of default

An account is considered in default/non-performing when one of the following events occur:

- Three or more instalments in arrears (three or more full instalments in arrears), or resulting in a technical cure.
- Classification (an account will be classified once it meets the write-off criteria. From a system perspective, classification is a trigger for write-off)
- Distressed restructures are classified as non-performing at the point of restructure. Should the account be in an up-to-date state for 12 consecutive months measured against the new contract, they are moved from non-performing loan (NPL) to a performing loan.

Credit-impaired financial assets

Credit impairment of advances to customers occur when there are one or more events that have a detrimental impact on the estimated future cash flows of advances to customers. Evidence that advances to customers are credit-impaired includes observable data about the following events:

- significant financial difficulty of the customer;
- a breach of contract, such as a default or past due event;
- for economic or contractual reasons relating to the customers' financial difficulty, having granted to the customer a concession(s) that the company and group would not otherwise consider;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganisation; or
- the deterioration of an active market for advances to customers, because of market conditions.

Write-off policy

After exhausting all the practical avenues available to the company and in line with the internal collections department policy, based on the specific information and facts relating to each specific customer the relevant debts are written off as bad and charged to the statement of other comprehensive income, when future recoveries are considered immaterial. Accounts that are written off as bad are considered for hand over to an external debt collector when the relevant criteria are met.

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15 Trade receivables and payables

15.1 Trade and other receivables

Trade and other receivables are measured in accordance with the classification categories below. Investment income due is classified in accordance with the classification of the asset that the investment income due stems from to the extent that it forms part of the carrying value of the instrument. Contract receivables are recognised when performance obligations are satisfied, but the compensation has not yet been received. Contract receivables are unconditional rights to consideration. A right to consideration is unconditional if only the passage of time is required before payment becomes due. Contract receivables are presented separately from contract assets and cannot be netted off against contract liabilities.

		Amortised cost				
R million	Fair value	Gross	Expected credit loss allowance	Net	Non-financial instruments	Total
31 December 2024						
Accounts receivable	–	10 322	(332)	9 990	1 088	11 078
Premiums receivable[1]	–	67	–	67	–	67
Investment income due	4	572	–	572	–	576
Contract receivables	–	1 727	–	1 727	–	1 727
Total trade and other receivables	4	12 688	(332)	12 356	1 088	13 448
31 December 2023						
Accounts receivable	12	15 866	(334)	15 532	1 090	16 634
Premiums receivable[1]	–	1 622	(320)	1 302	–	1 302
Investment income due	–	618	–	618	–	618
Contract receivables	–	1 460	–	1 460	–	1 460
Total trade and other receivables	12	19 566	(654)	18 912	1 090	20 014

Classification of trade and other receivables

R million	2024	2023
Mandatorily measured at fair value through profit or loss	4	12
Amortised cost	12 356	18 912
Non-financial instrument[2]	1 088	1 090
Total trade and other receivables	13 448	20 014

Trade and other receivables are receivable within one year. The estimated fair value of receivables at amortised cost approximate the carrying value.

[1] Premiums receivable relate to financial instruments measured within the scope of IFRS 9.
[2] Non-financial instruments refer to prepaid expenses.

Reconciliation of contract receivables

R million	2024	2023
Balance at the beginning of the year	1 460	1 258
Revenue recognised in the current reporting period	22 481	16 186
Consideration received	(22 236)	(16 142)
Acquired through business combination	–	535
Disposal of subsidiaries	–	(5)
Foreign currency translation reserve	22	2
Other movements	–	(374)
Balance at the end of the year	1 727	1 460

Refer to note 24 for the disaggregation of revenue recognised in accordance with IFRS 15.

Reconciliation of expected credit losses

R million	2024	2023
Accounts receivable		
Balance at the beginning of the year	334	334
Acquired through business combination	–	2
Net remeasurement of loss allowance	(2)	–
Reclassified to non-current assets held for sale	–	(2)
Balance at the end of the year	332	334
Premiums receivable		
Balance at the beginning of the year	320	320
Net remeasurement of loss allowance	–	256
Reclassified to non-current assets held for sale	–	(256)
Other	(320)	–
Balance at the end of the year	–	320

Trade and other receivables:

Movement in expected credit loss allowance is mainly due an decrease in net remeasurement of loss allowance of premiums receivable of R320 million.

Santam:

The general approach is applied to provide for expected credit losses prescribed by IFRS 9. To measure the expected credit losses, loans and receivables have been grouped based on shared credit risk characteristics and the days past due to create three categories, namely performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before year-end. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days or more past due are considered to be "not performing" and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

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15 Trade receivables and payables continued

15.2 Trade and other payables

Trade and other payables are measured in accordance with the classification categories below. Accrued investment payable is classified in accordance with the classification of the liability that the investment payable stems from to the extent that it forms part of the carrying value of the instrument.

R million	2024	2023
Accounts payable	30 965	30 261
Accrued interest payable	92	402
Policy benefits payable – investment contracts	50	–
Bank overdrafts	4	137
Contract liabilities	1	–
Total trade and other payables	**31 112**	30 800

Classification of trade and other payables

R million	2024	2023
Designated at fair value through profit or loss[(1)]	100	202
Other payables at amortised cost	29 196	28 418
Non-financial instruments[(2)]	1 816	2 180
Total trade and other payables	**31 112**	30 800

Trade and other payables are payable within one year. The estimated fair value of other payables at amortised cost approximates the carrying value.

(1) For trade and other payables designated at fair value through profit or loss, the amount contractually payable at maturity is equivalent to the carrying amount of the financial liability. The group has designated trade payables as fair value through profit or loss to reduce or limit accounting mismatches.
(2) Non-financial instruments include leave pay accrual and income received in advance.

16 Short-term investments

Short-term investments comprise of highly liquid investments with original maturities of three months or more, such as interest-bearing investments, structured transactions and deposits, and similar securities. Their main purpose is to ensure that the liquidity requirements of the group in the ordinary course of business are met.

Short-term investments are considered to be financial assets which on initial recognition are classified as designated at fair value through profit or loss. They are subsequently measured at fair value through profit or loss in order to reduce or limit accounting mismatches. Net gains and losses (ie on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss.

Short-term investments that are classified as level 2 instruments and the valuation is based on discounted cash flows.

Refer to note 37 for further information in respect of the determination of fair value and fair value hierarchy.

R million	2024	2023
Designated at fair value through profit or loss	7 464	9 089

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17 Cash and cash equivalents

Cash and cash equivalents are classified as follows:

Cash and cash equivalents consists of cash on hand, call deposits and negotiable certificates of deposit with maturity profiles of less 90 days and is classified at amortised cost.

	2024			Restated[(1)] 2023		
R million	Gross amortised cost	ECL on financial assets at amortised cost	Net amortised cost	Gross amortised cost	ECL on financial assets at amortised cost	Net amortised cost
Cash and cash equivalents	34 616	(14)	34 602	27 245	(8)	27 237

(1) The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

Reconciliation of expected credit losses

R million	2024 Lifetime ECL (not credit-impaired)	2023 Lifetime ECL (not credit-impaired)
Balance at the beginning of the year	8	1
Net remeasurement of loss allowance	1	(1)
Foreign currency translation differences	5	8
Balance at the end of the year	14	8

18 Share capital and premium

Share capital is classified as equity where the group has no obligation to deliver cash or other assets to shareholders.

Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

Shares held in Sanlam Limited by shareholder portfolios and related investment funds consolidated as part of IFRS 10, previously held as treasury shares (in the consolidation reserve), are recognised as a deduction from equity on consolidation. The cost of treasury shares acquired is deducted from equity on date of acquisition. The consideration received on the disposal of treasury shares, net of incremental costs attributable to the disposal and tax, is also recognised directly in equity.

Million		2024	2023
Authorised share capital			
4 000 million ordinary shares of 1 cent each	Rand	40,0	40,0
Issued share capital: ordinary shares			
Total shares in issue at the beginning of the year		2 202,9	2 226,9
Shares issued during the year		–	7,3
Shares cancelled during the year		(85,8)	(31,3)
Total shares in issue at the end of the year		2 117,1	2 202,9
Shares held by subsidiaries		(29,6)	(142,3)
Balance at the end of the year		2 087,5	2 060,6
% of ordinary shares held by subsidiaries		1,4%	6,5%
Nominal value and share premium			
Nominal value of 1 cent per share	Rand	21,2	22,0
Share premium	Rand	12 504,7	13 011,2
Total nominal value and share premium	Rand	12 525,9	13 033,2

Special resolutions by subsidiary companies since the date of the previous directors' report relate to approval of directors' remuneration, general authority to purchase shares, general authority to provide financial assistance in terms of section 44 of the Companies Act, and general authority to provide assistance to inter-related companies in terms of section 45 of the Companies Act.

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18 Share capital and premium continued

Equity participation by employees:

Thousands	Shares 2024	Restated[1] 2023
Executive share incentive scheme[2]		
Total number of shares at the beginning of the year	35 731	33 817
Unrestricted shares at the beginning of the year	(363)	(766)
Prior year corrections[1]	–	2 354
Restricted shares at the beginning of the year	35 368	35 405
Additional shares issued pertaining to prior year tranches	158	–
New restricted shares granted in terms of restricted share and deferred share plan schemes	7 881	8 261
Unconditional shares released, available for release, or taken up	(7 104)	(5 750)
Options and shares forfeited/transferred to new scheme	(2 076)	(2 548)
Restricted shares at the end of the year	34 227	35 368
Unrestricted shares at the end of the year[3]	519	363
Total equity participation by employees[4]	34 746	35 731
Total equity participation by employees as a percentage of total issued ordinary shares	1,6%	1,5%
Approved maximum level of equity participation by employees (number of shares)	160 000	160 000

[1] Correction of prior year error relates to the omission of 2021 outperformance plan awards.
[2] Refer to the remuneration report for further details of the schemes.
[3] During the year 1 099 422 (2023: 219 146) number of shares became unrestricted in respect of the Restricted Share Plan.
[4] Refer to the remuneration report on page 248 where the directors' interests in contracts and interests of directors and officers in share capital and changes in directors are disclosed (which have been audited).

Details regarding the restricted shares outstanding on 31 December 2024 and the financial years during which they become unconditional, are as follows:

Unrestricted during year ending (subject to performance targets)

Thousands	Number of shares
31 December 2025	7 120
31 December 2026	13 605
31 December 2027	7 250
31 December 2028	4 270
31 December 2029	1 982
Total unrestricted shares	34 227

A total of 8,0 million (2023: 8,2 million) restricted shares were granted to staff and executive directors during 2024. The fair value of the grants on grant date, calculated in terms of IFRS 2, amounted to R484 million (2023: R415 million) and is expensed in the statement of comprehensive income over the vesting period of up to five years. The fair value is based on the Sanlam share price on grant date, adjusted for dividends not accruing to participants during the vesting period.

19 Other reserves

Non-distributable reserve

The non-distributable reserve consists of the pre-acquisition reserve arising from the demutualisation of Sanlam Life Insurance Limited in 1998. The regulatory non-distributable reserves comprises mainly of the group's Botswana as well as Kenya, Malaysia and Saham operations which, in 2023, have been released as a result of the SanlamAllianz transaction.

Foreign currency translation reserve

The exchange differences arising on the translation of foreign operations to the presentation currency are transferred to the foreign currency translation reserve. On disposal of the net investment, the cumulative exchange differences relating to the operations disposed of are released to the statement of comprehensive income.

Consolidation reserve

Deferred tax assets recognised in respect of assessed tax losses in policyholder funds increases the group's net assets without a corresponding increase in policy liabilities. These create mismatches with a corresponding impact on the shareholders' fund. A separate reserve is created for these valuation differences owing to the fact that they represent accounting differences and not economic gains or losses for the shareholders' fund.

The group elected not to derecognise the investment in Sanlam Limited shares held by policyholder portfolios and consolidated IFRS 10 vehicles as part of IFRS 17 transition and consequential amendment to IAS 32. This has been applied retrospectively.

In respect of the deferred tax, the reserve represents net assessed losses to the extent that assets are considered recognisable, and will be realised as the assessed tax losses are utilised.

R million	2024	2023
Non-distributable reserves	9 414	9 414
Pre-acquisition reserves upon demutualisation of Sanlam Life Insurance Limited	9 414	9 414
Foreign currency translation reserve	2 546	2 542
Consolidation reserve	568	(949)
Policyholder fund investments in consolidated subsidiaries	240	243
Tax benefit in respect of the individual policyholders' tax fund (IPF) tax losses	328	570
Policyholder fund investment in Sanlam Limited shares	–	(1 762)
Total reserves other than retained earnings	12 528	11 007

20 Non-controlling interest

R million	2024	Re-presented[1] 2023
Santam Ltd	5 510	4 124
MCIS Insurance	666	742
Sanlam Namibia Holdings	–	900
Sanlam Investment Holdings Capital[1]	1 072	998
Afrocentric Investment Corporation Ltd	985	1 060
NMS Insurance Services	368	–
Other	345	473
Non-controlling shareholders' interest	8 946	8 297
Non-controlling policyholders' interest	248	78
Total non-controlling interest	9 194	8 375

[1] The prior year financial information for ABSA Financial Services Ltd has been re-presented and is included in Sanlam Investment Holdings Capital (SIHC).

20.1 Financial information for subsidiaries with material non-controlling interest

Analysis of the group's holding in material subsidiaries

%	Santam Ltd[1] 2024	Santam Ltd[1] 2023	Sanlam Investment Holdings Capital[2] 2024	Sanlam Investment Holdings Capital[2] 2023	Afrocentric[3] 2024	Afrocentric[3] 2023	MCIS Insurance[4] 2024	MCIS Insurance[4] 2023	NMS Insurance Services[5] 2024
Shareholders' fund	62,58	62,58	75,00	75,00	58,85	60,00	51,00	51,00	60,00
Policyholders' fund	0,14	0,14	–	–	–	–	–	–	–
Non-controlling interest	37,28	37,28	25,00	25,00	41,15	40,00	49,00	49,00	40,00
Total	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00

[1] The financial information of Santam Limited, incorporated and operating mainly in South Africa, which has a material non-controlling interest has summarised below. This information provided is based on amounts before inter-company eliminations.
[2] The financial information of Sanlam Investment Holdings Capital (SIHC), incorporated and operating mainly in South Africa which has a material non-controlling interest has been summarised below. This information provided is based on amounts before inter-company eliminations.
[3] The financial information of Afrocentric Investment Corporation Limited, incorporated and operating mainly in South Africa, which has a material non-controlling interest has been summarised below. This information provided is based on amounts before inter-company eliminations.
[4] The financial information of MCIS Insurance, incorporated and operating mainly in Malaysia, which has a material non-controlling interest has been summarised below. This information provided is based on amounts before inter-company eliminations.
[5] The financial information of NMS Insurance Services, incorporated and operating mainly in South Africa, which has a material non-controlling interest has been summarised below. This information provided is based on amounts before inter-company eliminations.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

20 Non-controlling interest continued

20.1 Financial information for subsidiaries with material non-controlling interest continued

20.1.1 Financial information of Santam Ltd

Summarised statement of profit or loss for the year ended 31 December

R million	2024	2023
Result from insurance operations	1 630	771
Revenue	364	464
Expenses	(1 461)	(1 219)
Share of profit of associates and joint ventures	88	786
Other income	6 086	4 823
Finance cost	(538)	(438)
Gross amortisation of intangible assets	(217)	(77)
Profit before tax	**5 952**	5 110
Income tax	(1 596)	(1 727)
Profit for the year	**4 356**	3 383
Total comprehensive income	**4 356**	3 455
Attributable to non-controlling interests	1 624	1 288
Dividends paid to non-controlling interests	(687)	(1 387)

Summarised statement of financial position for the year ended 31 December

R million	2024	2023
Assets		
Investments	54 866	46 320
Other non-current assets	2 054	2 265
Other current assets	7 341	10 987
Cash and cash equivalents	6 385	4 819
Trade and other receivables	2 793	3 531
Liabilities		
Insurance and reinsurance contract liabilities	(43 718)	(41 231)
Investment contract liabilities	(6 638)	(6 286)
Other non-current liabilities	(3 849)	(3 877)
Deferred tax	(259)	(1 103)
Other current liabilities	(1 463)	(1 189)
Trade and other payables	(3 437)	(2 830)
Total equity	**14 075**	11 406
Attributable to:		
Equity holders of the parent	8 828	7 154
Non-controlling interest	5 247	4 252

Summarised statement of cash flow for the year ended 31 December

R million	2024	2023
Operating	3 680	650
Investing	(139)	2 146
Financing	(1 960)	(3 335)
Net increase/(decrease) in cash and cash equivalents	**1 581**	(539)

20.1.2 Financial information of Sanlam Investment Holdings Capital

Summarised statement of profit or loss for the year ending 31 December

R million	2024	2023
Revenue	3 693	3 280
Expenses	(2 801)	(2 664)
Share of profit of associates and joint ventures	138	94
Finance cost	(25)	(22)
Profit before tax	**1 005**	688
Income tax	(256)	(188)
Profit for the year	**749**	500
Total comprehensive income	**733**	508
Attributable to non-controlling interests	183	127
Dividends paid to non-controlling interests	167	163

Summarised statement of financial position at 31 December

R million	2024	2023
Assets		
Investments	1 075	1 019
Other non-current assets	1 789	1 883
Other current assets	82	124
Cash and cash equivalents	1 255	1 179
Trade and other receivables	1 476	1 163
Liabilities		
Other non-current liabilities	(308)	(491)
Deferred tax	(17)	(18)
Other current liabilities	(172)	(246)
Trade and other payables	(1 810)	(1 562)
Total equity	**3 370**	3 051
Attributable to:		
Equity holders of the parent	2 527	2 036
Non-controlling interest	843	1 015

Summarised statement of cash flow for the year ended 31 December

R million	2024	2023
Operating	(101)	405
Investing	–	(1)
Financing	92	34
Net (decrease)/increase in cash and cash equivalents	**(9)**	438

The financial information for Absa Financial Services Limited is not included as Absa Financial Services Limited is a subsidiary of Sanlam Investment Holdings Capital.

20.1.3 Financial information of Afrocentric

Summarised statement of profit or loss for the year ended 31 December

R million	2024	2023
Result from insurance operations	13	–
Revenue	6 745	3 947
Expenses	(6 506)	(3 691)
Share of profit of associates and joint ventures	(27)	(11)
Finance cost	(89)	(12)
Profit before tax	**136**	233
Income tax	(85)	(74)
Profit for the year	**51**	159
Total comprehensive income	**52**	158
Attributable to non-controlling interests	21	63
Dividends paid to non-controlling interests	(16)	(15)

Notes to the group annual financial statements continued

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20 Non-controlling interest continued

20.1 Financial information for subsidiaries with material non-controlling interest continued

20.1.3 Financial information of Afrocentric continued

Summarised statement of financial position at 31 December

R million	2024	2023
Assets		
Investments	48	77
Other non-current assets	3 757	3 857
Other current assets	49	43
Cash and cash equivalents	351	190
Trade and other receivables	1 111	1 303
Liabilities		
Other non-current liabilities	(794)	(856)
Deferred tax	(196)	(218)
Other current liabilities	(31)	(10)
Trade and other payables	(732)	(789)
Total equity	3 563	3 597
Attributable to:		
Equity holders of the parent	2 099	2 158
Non-controlling interest	1 466	1 439

Summarised statement of cash flow for the year ended 31 December

R million	2024	2023
Operating	2 333	406
Investing	(86)	(173)
Financing	(147)	(47)
Net increase in cash and cash equivalents	2 100	186

20.1.4 Financial information of MCIS Insurance

Summarised statement of profit or loss for the year ending 31 December

R million	2024	2023
Result from insurance operations	(190)	234
Expenses	(30)	(52)
Other income	65	97
Finance cost	(45)	(46)
Gross amortisation of intangible assets	(2)	(2)
Profit before tax	(202)	231
Income tax	(40)	(143)
Profit for the year	(242)	88
Total comprehensive income	(183)	142
Attributable to non-controlling interests	(90)	70
Dividends paid to non-controlling interests	–	(18)

Summarised statement of financial position at 31 December

R million	2024	2023
Assets		
Investments	17 281	16 255
Other non-current assets	437	443
Other current assets	68	–
Cash and cash equivalents	1 097	1 155
Trade and other receivables	184	201
Liabilities		
Insurance and reinsurance contract liabilities	(16 437)	(15 273)
Other non-current liabilities	(890)	(858)
Deferred tax	(269)	(219)
Other current liabilities	(21)	(144)
Trade and other payables	(197)	(122)
Total equity	1 253	1 438
Attributable to:		
Equity holders of the parent	639	733
Non-controlling interest	614	705

Summarised statement of cash flow for the year ended 31 December

R million	2024	2023
Operating	(1 011)	(110)
Investing	(43)	(34)
Financing	–	(26)
Net decrease in cash and cash equivalents	(1 054)	(170)

20.1.5 NMS Insurance Services

Summarised statement of profit or loss for the year ended 31 December

R million	2024
Result from insurance operations	63
Expenses	(2)
Profit before tax	61
Income tax	(16)
Profit for the year	45
Total comprehensive income	45
Attributable to non-controlling interests	18

Summarised statement of financial position at 31 December

R million	2024
Assets	
Cash and cash equivalents	597
Trade and other receivables	695
Liabilities	
Insurance and reinsurance contract liabilities	(79)
Deferred tax	(4)
Other current liabilities	(49)
Trade and other payables	(672)
Total equity	488
Attributable to:	
Equity holders of the parent	293
Non-controlling interest	195

Summarised statement of cash flow for the year ended 31 December

R million	2024
Operating	196
Net increase in cash and cash equivalents	196

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21 Investment contracts

21.1 Analysis of movement in net investment contracts

All investment contracts assets and liabilities fall within the scope of IFRS 9 and are designated as at fair value through profit or loss as their fair value is dependent on the fair value of the underlying assets that are carried at fair value through profit or loss.

Premium income from investment policy contracts are recognised as an increase in net investment contract liabilities. Claims incurred are recognised as a decrease in net investment contract liabilities.

R million	2024	2023
Investment contract assets[(1)]	(789)	–
Investment contract liabilities	554 955	488 501
Net investment contracts	554 166	488 501

R million	Note	2024	2023
Net investment contracts			
Income		135 141	136 762
Premium income	21.2	67 841	69 316
Change in fair value of investment contract liabilities (including tax)		67 300	67 446
Outflow		(74 248)	(76 427)
Policy benefits	21.3	(52 545)	(51 834)
Retirement fund terminations		(12 990)	(17 540)
Fees and other payments to shareholders' fund		(8 713)	(7 053)
Movement in policy loans		(205)	13
Other movements		–	(1)
Net movement for the year		60 688	60 347
Liabilities acquired through business combinations	35.1	5 240	–
Reclassified to non-current liabilities held for sale		(263)	(13 506)
Balance at the beginning of the year[(1)]		488 501	441 660
Balance at the end of the year		554 166	488 501

[(1)] Investment contract assets and investment contract liabilities has been seperated to enhance disclosure. The investment contract assets relate to two reinsurance contracts written by the group where there is no significant insurance risk. Included in the investment contract asset line is premium income of negative R63 million, investment return of R31 million, policy benefits of R15 million and fees, risk premiums and other payments to shareholders fund of R805 million.

21.2 Analysis of investment contract premiums received

R million	2024	2023
Individual business	46 882	43 189
Recurring	12 683	12 959
Single	32 964	28 351
Continuations	1 235	1 879
Employee benefits business	20 959	26 127
Recurring	9 321	7 940
Single	11 638	18 187
Total investment contract premium income	67 841	69 316

21.3 Analysis of net investment contract policy benefits

R million	2024	2023
Individual business	(44 917)	(44 069)
Maturity benefits	(21 707)	(20 962)
Surrenders	(5 554)	(6 362)
Life and term annuities	(13 954)	(15 519)
Death and disability benefits	(3 702)	(1 226)
Employee benefits business	(7 628)	(7 765)
Withdrawal benefits	(5 797)	(4 447)
Pensions	(13)	(24)
Lump-sum retirement benefits	(126)	(1 407)
Death and disability benefits	(1 692)	(1 887)
Net investment contract policy benefits	(52 545)	(51 834)

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21.4 Maturity analysis

R million	2024	2023
Fair value		
Open-ended[(1)]	365 968	312 495
Due within one year	17 814	18 228
Due from one to five years	56 470	50 468
Due after five years	113 914	107 310
Net investment contract liabilities[(2)]	554 166	488 501

[(1)] Open-ended is defined as policies where the policyholder is entitled to the benefit at any future point (benefits are contractually available on demand).
[(2)] Undiscounted maturity analysis of net investment contract liabilities is not considered to materially different to the discounted maturity analysis disclosed in the above table.

22 Term finance

Term financial liabilities include:
- Liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost; and
- Other term finance liabilities measured at stock exchange prices or amortised cost as applicable.

Preference shares issued by the group that are redeemable or subject to fixed dividend payment terms are classified as term finance liabilities. Dividends paid in respect of term finance are recognised in the statement of comprehensive income as finance cost.

22.1 Term finance comprises

R million	2024	2023
Interest-bearing liabilities held in respect of margin business	1 648	5 358
Other interest-bearing liabilities	18 121	9 578
Total term finance	19 769	14 936

R million	2024	2023
Interest-bearing liabilities held in respect of margin business:		
Redeemable cumulative non-voting preference shares issued by subsidiary companies, with dividend terms that range between 5,5% and 5,9% (2023: 5,5% and 5,9%) or linked to prime interest rates. The preference shares have different redemption dates up to 2029.	1 648	5 358
Other interest-bearing liabilities		
A unsecured bridge loan facility was entered in September 2024 with Standard bank. The bridge loan facility equals a total of R6,5 billion. The loan carries interest at a floating rate (three months JIBAR plus 107 basis points), with a 31 March 2025 maturity date and the option to extend with six months.	6 500	–
Unsecured subordinated bonds of R2 billion were issued in three tranches (SLI5, SLI6 and SLI7) during 2021. SLI5 and SLI6 unsecured subordinated bonds carry interest at a floating rate (three-month JIBAR plus 155 and 174 basis points respectively) and mature on 16 August 2026 and 16 August 2028 respectively. SLI7 carries interest at a fixed rate of 8,42% and matures on 16 August 2028.		
During 2023, additional R2 billion in unsecured subordinated bonds were issued (SLI8 and SLI9). SLI8 (R972 million) carries a floating rate (three-month JIBAR plus 134 basis points) and matures on 5 April 2029. SLI9 (R1 028 million) carries a floating rate (three-month JIBAR plus 150 basis points) with a 5 October 2030 maturity date.		
During 2024, additional R2 billion in unsecured subordinated bonds were issued (SLI10 and SLI11). SLI10 (R820 million) carries a floating rate (three-month JIBAR plus 134 basis points) and matures on 8 April 2030. SLI11 (R1 180 million) carries a floating rate (three-month JIBAR plus 146 basis points) with a 8 April 2032 maturity date.		
Sanlam Limited irrevocably and unconditionally guarantees to the noteholders the due and punctual performance of all obligations arising under the programme[(1)].	6 038	3 991

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22 Term finance continued

22.1 Term finance comprises continued

R million	2024	2023
During November 2020, Santam issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 198 basis points. The notes have an optional redemption date of 30 November 2025 with a final maturity date of 30 November 2030. During May 2022, Santam issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 159 basis points. The notes have an optional redemption date of 16 May 2027 with a final maturity date of 16 May 2032. During April 2023, Santam issued additional five-year unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes is equivalent to the three-month JIBAR plus a spread of 150 basis points. The notes have a final maturity date of 6 April 2028[1].	3 063	3 053
During 2024, a collar loan of R1.2billion carrying an annual interest of 8,33% was redeemed in tranches and finalised by the end of May 2024. Preference shares to the value of R2,4 billion, with an annual interest rate of 7,99% in 2023, were issued by the group for the funding of a BEE transaction in 2019. These preference shares were redeemed on 30 December 2023.	–	1 196
Unsecured subordinated callable notes to the value of 200 million Malaysian Ringgit (ZAR equivalent of R764 million) were issued during December 2021 at a fixed interest rate of 5,30% with a tenure of 10 years, plus an option to call five years prior to maturity.	839	–
A credit facility agreement was entered in March 2019. The full capital repayment is due at the end of the five-year term (March 2024) and was extended in the 2023 financial period by one year to March 2025. The credit facility equals a total of R900 million consisting of revolving credit facility of R600 million and general banking facility of R300 million. R622 million, inclusive of accrued interest, has been utilised by the group of which amounts have been applied to funding the working capital and general corporate requirements of the group. The rate of interest on the loan for each interest period is the percentage rate per annum which is the aggregate of the applicable margin and JIBAR.	623	642
Unsecured subordinated bonds of R350 million were issued by Assupol in three tranches (ASP01U, ASP02U and ASP03U) during 2022. ASP01U and ASP02U unsecured subordinated bonds carry interest at a floating rate (three-month JIBAR plus 240 and 265 basis points respectively) and mature in September 2025 and September 2027 respectively. ASP03U carries interest at a fixed rate of 11,18% and matures in September 2027.	352	–
Other	706	696
	18 121	9 578

[1] The South African Revenue Bank (SARB) has indicated its intention to move away from the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa, namely the South African Overnight Index Average (ZARONIA). Please refer to the basis of preparation.

22.2 Reconciliation of term finance (including interest accrued)

R million	Notes	2024	2023
Balance at the beginning of the year		15 338	15 344
Cash movements		3 380	(691)
New issuances		8 659	3 386
Acquired through business combinations		351	665
Capital repayment		(3 854)	(3 050)
Interest paid		(1 776)	(1 692)
Non-cash movements		1 143	685
Net fair value movements		10	14
Interest expense		1 466	1 404
Reclassified as non-current liabilities held for sale	36	839	(799)
Foreign currency translation differences		–	29
New issuance		(1 172)	
Other movement		–	37
Balance at the end of the year (including interest accruals)		19 861	15 338
Balance comprises:			
Term finance		19 769	14 936
Accrued interest (included in trade and other payables)		92	402

22.3 Maturity analysis of term finance

R million	2024	2023
Fair value		
Due within one year	8 636	5 941
Due from one to five years	9 114	7 967
Due after five years	2 019	1 028
Total	19 769	14 936
Undiscounted		
Due within one year	8 868	8 328
Due from one to five years	11 038	11 550
Due after five years	2 838	1 114
Total	22 744	20 992

22.4 Classification of term finance

R million	Notes	2024	2023
At fair value through profit or loss	22.4.1	9 521	7 444
Valued at stock exchange prices		9 076	7 044
Based on internal valuation[1]		445	400
Other financial liabilities at amortised cost	22.4.2	10 248	7 492
Total term finance liabilities		19 769	14 936

22.4.1 Term finance classified as at fair value through profit or loss

	2024	2023
Total designated as at fair value through profit or loss[2]	9 521	7 444
Amount contractually payable at maturity	10 409	7 929

22.4.2 Term finance classified as other financial liabilities

	2024	2023
Total term finance liabilities measured at amortised cost	10 248	7 492

[1] The valuation is based on a discounted cash flow and classified as a level 3 instruments. Refer to note 37 for additional fair value disclosures.
[2] The unsecured subordinated debt is designated at fair value through profit and loss, as it is managed on fair value basis.

23 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the amounts that are expected to be paid to settle the obligations. Provisions are charged to the statement of comprehensive income in the line item to which it relates.

Details of the different classes of provisions are as follows:

R million	Note	Possible claims	Other	Total
Balance at 1 January 2023		16	216	232
Charged to the statement of comprehensive income		–	(67)	(67)
Additional provisions		–	218	218
Unused amounts reversed		–	(285)	(285)
Acquired through business combinations		–	97	97
Utilised during the year		–	(20)	(20)
Transfer to/from trade and other payables		–	(15)	(15)
Reclassified to non-current liabilities held for sale	36	–	(35)	(35)
Foreign currency translation reserve		–	(4)	(4)
Balance at 1 January 2024		16	172	188
Charged to the statement of comprehensive income		–	59	59
Additional provisions		–	65	65
Unused amounts reversed		–	(6)	(6)
Acquired through business combinations		–	1	1
Utilised during the year		–	(24)	(24)
Transfer to/from trade and other payables		–	15	15
Reclassified from non-current liabilities held for sale	36	–	36	36
Balance at 31 December 2024		16	259	275

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23 Provisions continued

Analysis of provisions

R million	Possible claims	Other	Total
Current	–	194	194
Non-current	16	65	81
Total provisions at 31 December 2024	**16**	**259**	**275**

Possible claims

The group provides for possible claims that may arise as a result of past events, transactions or investments. Due to the nature of the provision, the timing of the expected cash outflows is uncertain.

Estimates are reviewed annually and adjusted as appropriate for new circumstances.

Additional information in respect of these claims cannot be provided, due to the potential prejudice that such disclosure may confer on the group.

Other

Includes sundry provisions for probable outflows of resources from the group arising from past events. The timing of settlement cannot reasonably be determined.

24 Revenue

Revenue included in result from other operations is considered to be revenue for IFRS Accounting Standards purposes and includes both IFRS 15 revenue and revenue scoped out of IFRS 15. The different sources of revenue are listed below.

Major revenue sources not within the scope of IFRS 15:

- Income from investments held for capital market activities, such as realised and unrealised gains or losses on trading accounts, unsecured corporate bonds and money market assets and liabilities.

Major IFRS 15 revenue sources:

- Income from investment management activities, such as fund management fees, collective investment and linked-product administration fees, commissions, performance fees and other fees;
- Income from capital market activities, such as advisory fees and structuring fees on financing provided; and
- Income from other financial services, such as independent financial advice and trust services.

Revenue within the scope of IFRS 15 is either recognised at a point in time or over time. Revenue is recognised over time if one of the following criteria is met:
- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If none of the above criteria is met, revenue is recognised at a point in time.

IFRS 15 Revenue disaggregation

Revenue from contracts with customers are disaggregated by geographic location and type of revenue. We believe it best depicts how the nature, amount, timing and uncertainty of the group's revenue and cash flows are affected by economic factors.

Recognition of different sources of revenue:

Fees for asset management or administration services in respect of investment contracts are recognised as services are rendered. Initial fees that relate to the future rendering of services are deferred and recognised as those future services are rendered. Related performance fees are also recognised over time, however, represent variable consideration and therefore recognition is constrained until there is a 'high degree of confidence' that revenue will not be reversed in a subsequent reporting period; this is typically on crystallisation of the fee. Clients' assets are managed on an ongoing basis and if there is an outperformance of a specific benchmark over a certain period, a fee is recouped from the client's account. The fees are payable on a monthly basis and are aligned with the satisfying performance obligations over time.

Investment contract policyholders are charged for policy administration and other services. This fee income is recognised as revenue over time as the related services are rendered.

Capitation fees, relating to health risk management contracts, are recognised as services rendered over the contract duration. The fees are payable on a monthly basis and is aligned with the satisfying performance obligations over time.

Commissions from investment management or administration services in respect of investment contracts are recognised either at a point in time or over time. The fees are payable within 30 days of the service being rendered. Commission earned by the group at a point in time is earned by the group in its capacity as an intermediary.

Retail relates to revenue from the sale of goods in Afrocentric and is recognised at a point in time when control of goods have been transferred. The fees are payable 30 days from date of invoice.

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Consulting fees are earned for advice and other services provided to clients of the group's financial advisory businesses. For IFRS 15 purposes, these fees are accounted for either over time as the related services are rendered or at a point in time, depending on when the performance obligations are satisfied. The fees are received on the basis of retainer contracts and services are provided on an ongoing (or continuous) basis. The customer therefore simultaneously receives and consumes the benefits provided by the company's performance as the company performs. The fees are payable 30 days from date of invoice.

Estate fees are recognised at a point in time when the administration of estates are completed. The fees are payable 30 days from date of invoice.

Health and risk management fees relates to revenue from the services provided by Afrocentric and is recognised over time. Payments are made on a monthly basis.

Marketing services relate to sales and marketing initiatives that support and promote the brands of various clients. The customer benefits as and when the services are rendered in terms of the signed contract. Marketing fees are paid monthly, which is in line with the frequency and timing of satisfying performance obligations under the contract.

IT revenue relates to administration of the fund/scheme (which include processing claims, collecting payments, maintaining records, member administration and IT services which includes hosting and switching fees). The customer benefits as services are provided, thus revenue is recognised as the services are rendered over the contract duration. The fee charged is per claim per month. The contracts provide for annual escalations. Such amendments are accounted for in the period in which they arise. The rates are updated from the month the increase is effective per the contract. Payments are made on a monthly basis.

Trust administration fees are recognised as follows:
- at a point in time: acceptance fees are recognised when new capital is received, termination fees are recognised when trusts or funds are terminated and income fees are recognised on when the income of a trust is received; or
- over time: trust and fund management fees are recognised on a monthly basis as a percentage of assets under management. Tax preparation, reporting fees and reference fees from related parties are recognised over time.

24.1 Analysis of revenue

According to primary geography:

R million	South Africa	Pan-Africa	Other International	Total
31 December 2024				
IFRS 15 Revenue	20 673	229	1 579	22 481
Administration fees	10 048	206	–	10 254
Asset management and performance fees	4 374	–	1 477	5 851
Capitation fees	1 765	–	–	1 765
Commissions	632	–	83	715
Retail	589	–	–	589
Consulting fees	465	–	17	482
Health and risk management fees(1)	1 788	21	–	1 809
Marketing services	136	–	–	136
IT revenue	81	–	–	81
Other(1)(2)	795	2	2	799
Revenue not within the scope of IFRS 15				934
Revenue(3)				**23 415**
31 December 2023				
IFRS 15 Revenue	14 517	139	1 530	16 186
Administration fees	7 647	130	–	7 777
Asset management and performance fees	3 813	–	1 425	5 238
Capitation fees	972	–	–	972
Commissions	591	–	86	677
Retail	357	–	–	357
Consulting fees	389	–	17	406
Trust and estate fees	119	–	–	119
Other(1)(2)	629	9	2	640
Revenue not within the scope of IFRS 15				2 774
Revenue(3)				18 960

(1) Health and risk management fees were previously included in the other line. The change in disclosure is to provide additional useful information to the reader.
(2) Other IFRS 15 revenue relates to rebates, scrip lending fees received and licence fees.
(3) Sanlam Life and Savings primarily have revenue in South Africa, R14 776 million (2023: R14 145 million), as well as a small portion stemming from Pan-Africa and Other International, respectively, R229 million (2023: R144 million) and Rnil million (2023: R1 million). Sanlam Investment Group revenue from South Africa R4 975 million (2023: R4 985 million) and Other International R1 579 million (2023: R1 879 million). Group Office and Santam revenue stem from South Africa.

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24 Revenue continued

24.1 Analysis of revenue continued

According to timing of revenue recognition:

R million	At a point in time	Over time	Total
31 December 2024			
IFRS 15 Revenue	2 131	20 350	22 481
Administration fees	551	9 703	10 254
Asset management and performance fees	121	5 730	5 851
Capitation fees	–	1 765	1 765
Commissions	508	207	715
Retail	589	–	589
Consulting fees	47	435	482
Health and risk management fees[1]	–	1 809	1 809
Marketing services	–	136	136
IT revenue	–	81	81
Other[1][2]	315	484	799
Revenue not within the scope of IFRS 15			934
Revenue[3]			**23 415**
31 December 2023			
IFRS 15 Revenue	1 691	14 495	16 186
Administration fees	333	7 444	7 777
Asset management and performance fees	99	5 139	5 238
Capitation fees	–	972	972
Commissions	556	121	677
Retail	357	–	357
Consulting fees	49	357	406
Trust and estate fees	80	39	119
Other[1][2]	217	423	640
Revenue not within the scope of IFRS 15			2 774
Revenue[3]			18 960

[1] Health and risk management fees were previously included in the other line. The change in disclosure is to provide additional useful information to the reader.
[2] Other IFRS 15 revenue relates to rebates, scrip lending fees received and licence fees.
[3] Sanlam Life and Savings primarily have revenue in South Africa, R14 776 million (2023: R14 145 million), as well as a small portion stemming from Pan-Africa and Other International, respectively, R229 million (2023: R144 million) and Rnil million (2023: R1 million). Sanlam Investment Group revenue from South Africa R4 975 million (2023: R4 985 million) and Other International R1 579 million (2023: R1 879 million). Group Office and Santam revenue stem from South Africa.

25 Expenses

25.1 Expenses

Sales remuneration consists of commission payable to sales staff on long-term and short-term investment business and expenses directly related thereto, bonuses payable to sales staff and the group's contribution to their retirement and medical aid funds. The portion of sales remuneration that is directly attributable and incremental to the acquisition of long-term recurring premium investment policy contracts is capitalised to the contract costs for investment management services asset and recognised over the period in which the related services are rendered and revenue recognised (refer to policy statement for contract costs for investment management services asset). Sales remuneration recognised in the statement of comprehensive income includes the amortisation of contract cost for investment management service as well as sales remuneration incurred that is not directly attributable to the acquisition of long-term investment policy contracts.

Administration costs include, inter alia, indirect taxes such as VAT, property and administration expenses relating to owner-occupied property, property and investment expenses related to the management of the policyholders' investments, product development and training costs. It also includes expected credit losses of financial assets at amortised cost. The group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. These expenses are included under leases and recognised in the statement of comprehensive income.

The following **staff long-term incentive schemes** have been implemented in the group and have unvested conditions at the reporting date:

In terms of these plans, Sanlam undertakes to deliver a fixed number of shares to selected employees on pre-determined dates in the future, on condition that the employee is still in the employment of Sanlam on those dates. Vesting can occur in three tranches over a period starting three years from the grant date and meet specified individual performance hurdles. Group and/or cluster hurdles are also applicable for some of the plans. Refer to the online Remuneration Report for information on these plans. The fair value of equity instruments granted is measured on grant date using an appropriate valuation model, which takes into account the market price on grant date, the fact that employees will not be entitled to dividends until the shares vest (as applicable), as well as an assumption on the actual percentage of shares that will be delivered. The fair value of the equity instruments granted on the date of grant is recognised in the statement of comprehensive income on a straight-line basis over the vesting period, adjusted to reflect actual levels of vesting.

R million	2024	2023
Auditors' remuneration	231	288
Depreciation		
Owned assets	439	534
Computer equipment	296	333
Furniture, equipment, vehicles and other	137	179
Owner-occupied properties	6	22
Leased assets	389	403
Properties	374	385
Computer equipment, furniture, equipment, vehicles and other	15	18
Leases	351	312
Short-term leases	333	288
Leases of low-value assets	18	5
Variable lease payments	–	19
Consultancy fees	2 640	3 031
Technical, administrative and secretarial fees	261	589
Employee benefits	17 818	17 192
Salaries and other short-term benefits	16 504	15 880
Pension costs – defined contribution plans	655	705
Pension costs – defined benefit plans	2	4
Share-based payments	459	404
Other long-term incentive schemes	198	199
Technology	2 529	2 741
Office expenses	946	1 299
Asset management and distribution fees paid	2 221	1 568
Marketing expenses	800	1 159
Other	6 181	4 163
Total expenses (including profit from discontinued operations)	**34 806**	33 279
Profit from discontinued operations (including administration costs, attributable insurance service expenses and other expenses relating to insurance operations)	177	5 037
Attributable insurance service expenses (continuing operations)	12 216	9 799
Other expenses relating to insurance operations (continuing operations)	1 106	1 211
Administration costs (continuing operations)	21 307	17 232
Number of employees (excluding advisors) (unaudited)	**23 926**	22 320

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25 Expenses continued

25.1 Expenses continued

Auditors' remuneration

R million	PwC (Sanlam Limited auditors)	KPMG (Sanlam Limited auditors)	Other group auditors	Total
2024				
Audit fees: statutory audit	79	112	8	199
Half year fees	9	9	–	18
Non-audit services	9	5	–	14
Non-audit services performed by professional services firms	7	2	–	9
Tax compliance services performed by professional services firms	2	1	–	3
Agreed upon procedures performed by professional services firms required as statutory auditors	–	2	–	2
	97	126	8	231
Non-audit services as a percentage of statutory audit fees	11%	4%	0%	7%
2023				
Audit fees: statutory audit	132	85	7	224
IFRS 17 transition and comparative audit fees	29	9	–	38
Non-audit services	14	12	–	26
Non-audit services performed by professional services firms	12	6	–	18
Tax compliance services performed by professional services firms	2	1	–	3
Agreed upon procedures performed by professional services firms required as statutory auditors	–	5	–	5
	175	106	7	288
Non-audit services as a percentage of statutory audit fees	9%	13%	0%	12%

25.2 Amortisation of intangibles

R million	Notes	2024	2023
Other intangible assets	5	576	337
Total amortisation of intangibles (including profit from discontinued operations)		576	337
Profit from discontinued operations		–	80
Insurance service expenses (continuing operations)		44	–
Amortisation of intangibles (continuing operations)		532	257

25.3 Impairments

R million	Notes	2024	2023
Net impairment losses on financial and contract assets		65	240
Investments other than equities and similar securities, equity-accounted investments and properties	12.3.2	–	1
Trade and other receivables		7	258
Advances to customers	14	57	(18)
Cash and cash equivalents	17	1	(1)
Other impairments		1 347	98
Goodwill[(1)]	1	1 149	–
Equipment	2	(29)	31
Other intangible assets	5	197	26
Investment in equity-accounted investments	12.2.2	–	33
Other		30	8
Total impairments (including profit from discontinued operations)		1 412	338
Profit from discontinued operations		–	259
Impairments (continuing operations)		1 412	79

(1) Refer to note 29.1.1 for additional information on the goodwill impairment.

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26 Finance cost

Finance costs are recognised as an expense in the statement of comprehensive income on an accrual basis.

Margin business finance costs consist of interest paid and term finance in respect of margin business.

R million	2024	2023
Finance cost – margin business	366	412
Interest-bearing liabilities designated as at fair value through profit or loss	893	719
Interest-bearing liabilities held at amortised cost	206	317
Lease liabilities	144	118
Finance cost – other (including profit from discontinued operations)	1 243	1 154
Profit from discontinued operations	–	48
Finance cost – other (continuing operations)	1 243	1 106

27 Earnings per share

For **basic earnings per share**, the weighted average number of ordinary shares is adjusted for the treasury shares held by subsidiaries (including Sanlam Share Account Nominee Pty Ltd (SSA)) as well as consolidated investment funds. Previously, it was included in policyholder funds information. Basic earnings per share is calculated by dividing earnings by the adjusted weighted average number of shares in issue.

For **diluted earnings per share**, the weighted average number of ordinary shares is adjusted for the shares not yet issued under the Sanlam Share Incentive Scheme and treasury shares held by subsidiaries (including SSA). Diluted earnings per share is calculated by dividing earnings by the adjusted diluted weighted average number of shares in issue.

Cents	2024	2023
Basic earnings per share:		
Headline earnings	964,1	702,1
Profit attributable to shareholders' fund	1 067,6	702,6
Diluted earnings per share:		
Headline earnings	951,5	692,4
Profit attributable to shareholders' fund	1 053,7	693,0
Basic earnings per share from continuing operations:		
Headline earnings	950,0	533,1
Profit attributable to shareholders' fund	919,0	562,7
Diluted earnings per share from continuing operations:		
Headline earnings	937,6	525,8
Profit attributable to shareholders' fund	907,0	555,0
Basic earnings per share from discontinued operations:		
Headline earnings	14,1	169,0
Profit attributable to shareholders' fund	148,6	139,0
Diluted earnings per share from discontinued operations:		
Headline earnings	13,9	166,7
Profit attributable to shareholders' fund	146,7	138,0

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27 Earnings per share continued

Analysis of earnings:

R million	2024 Continuing operation	2024 Discontinued operation	2024 Total	2023 Continuing operation	2023 Discontinued operation	2023 Total
Profit attributable to shareholders' fund	19 133	3 107	22 240	11 595	2 883	14 478
Less: Net (profit)/loss on disposal of subsidiaries and associated companies	–	(2 803)	(2 803)	(934)	597	(337)
(Profit)/loss on disposal of subsidiaries and associated companies	–	(2 803)	(2 803)	(882)	388	(494)
Tax on profit on disposal of subsidiaries and associated companies	–	–	–	21	62	83
Non-controlling interest	–	–	–	(73)	147	74
Less: Net profit on disposal of associated companies	(833)	–	(833)	–	–	–
Profit on disposal of associated companies	(1 234)	–	(1 234)	–	–	–
Tax on profit on disposal of associated companies	401	–	401	–	–	–
Less: Equity-accounted non-headline earnings	172	–	172	–	–	–
Plus: Net impairments	1 307	–	1 307	324	–	324
Gross impairments	1 382	–	1 382	350	–	350
Tax on impairment	(13)	–	(13)	(2)	–	(2)
Non-controlling interest	(62)	–	(62)	(24)	–	(24)
Headline earnings	**19 779**	**304**	**20 083**	10 985	3 480	14 465

Number of shares:

Million	2024	2023
Number of ordinary shares in issue at the beginning of the period	2 202,9	2 226,9
Plus: Shares issued	–	4,8
Less: Shares cancelled	(50,0)	(18,2)
Less: Weighted Sanlam shares held by subsidiaries	(69,8)	(153,0)
Adjusted weighted average number of shares for basic earnings per share	2 083,1	2 060,5
Plus: Total number of shares in respect of Sanlam Limited long-term incentive schemes	27,5	28,8
Adjusted weighted average number of shares for diluted earnings per share	2 110,6	2 089,3

28 Collateral

28.1 Collateral provided

The following assets have been pledged as collateral for the group's structured transactions (of which majority relates to over-the-counter derivatives), liabilities or contingent liabilities, which is included in the statement of financial position, unless otherwise stated:

R million	2024	Restated[1] 2023
Investments (off-balance sheet)	1 367	169
Trading account assets[1]	7 694	5 335

[1] The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.
[2] The carrying value and collateral amounts were switched and aligned for comparative purposes accordingly.

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The transferee does not have the right to sell or repledge the assets.

28.2 Collateral received

R million	2024	Restated[1] 2023
Collateral amounts reflected below are included in the statement of financial position, unless otherwise stated.		
28.2.1 Lending activities		
The group is authorised to conduct lending activities as a lender in respect of local listed equity securities and listed government interest bearing investments to appropriately accredited institutions. In general, the lender retains the full economic risks and rewards of securities lent. Scrip lending agreements are governed by Global Master Securities Lending Agreement (GMSLA). The main risk in scrip lending activities is the risk of default by the borrower of securities, ie the borrower fails to return the borrowed securities. Borrower default risk is mitigated by either requiring borrowers to post adequate levels of high-quality collateral and/or by the use of indemnity guarantees. The following collateral has been received in respect of securities lending activities conducted by the group.		
Fair value of collateral accepted as security for these activities:	6 405	9 194
Carrying value of scrip on loan(off-balance sheet):	5 155	8 167
Collateral of between 100% (2023: 100%) and 120% (2023: 120%) of the value of the loaned securities is held at 31 December 2024.		
28.2.2 Credit facilities		
Fair value of collateral accepted as security for credit facilities provided to clients:	7 916	7 041
Sanlam has the legal right to liquidate the collaterised securities if the loan reaches a level of 70% of the value of these securities.		
28.2.3 Margin business: Preference share investments		
Fair value of other collateral received relates to preference share investments of the margin business which the group is permitted to sell only in the case of default.		
Carrying value of the related preference share investments[2]	803	2 787
Collateral (mainly equity securities) of between 200% (2023: 175%) and 0% (2023: 205%) of the value of the preference share investments is held at 31 December 2024 (off-balance sheet).	2 416	5 806
28.2.4 Shares pledged as security for loans granted		
This relates to shares pledged as security for loans granted. The borrower has to maintain a certain minimum loan cover ratio and has to post cash margin or additional shares if the ratio drops below the agreed minimum. Sanlam is allowed to place some of these shares as collateral for other securities. There are however also collateral placed in terms of loans granted that is not allowed to be sold or repledged.		
Fair value of collateral held that the group is not permitted to sell or repledge (including cash margins) (off-balance sheet).	1 102	1 623
These are collateral placed in terms of loans granted that is not allowed to be sold or repledged.		
28.2.5 Derivative transactions		
Cash collateral, included in trading account liabilities, is received for over-the-counter derivative exposures in terms of International Swaps and Derivatives Association (ISDA) agreements. Settlement/changes in the collateral is driven by the close out of the underlying derivative positions as well as the fluctuations in the underlying market values, which is monitored on a daily basis.		
Fair value of cash collateral received in terms of over the counter derivative transactions[1]	3 229	6 268

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29 Critical accounting estimates and judgements

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

The critical estimates and judgements made in applying the group's accounting policies are summarised below.

29.1 Impairment of goodwill and key business relationships

The recoverable amount of goodwill, key business relationships and other intangible assets for impairment testing purposes have been determined based on the higher of fair value less cost to sell and value in use methods for both life and non-life businesses.

29.1.1 Afrocentric (Afrocentric Investment Corp Ltd)

The carrying value of Afrocentric comprise of net asset value (NAV), pre-existing goodwill, goodwill, key business relationships and deferred tax relating to the key business relationships. The recoverable amount is based on the fair value less cost to sell. The impairment test compares the fair value less cost to sell with the carrying value.

For the December 2024 recoverable amount calculation, the 59,78% shareholding was valued on the discounted cash flow (DCF) basis based on an updated five-year projection. The value was substantially lower than the previous valuations due to a decline in the profitability of the Activo group and increased competition in the pharmacy delivery market.

Additionally further judgement was applied to allow for underlying uncertainties, including the longer-term impacts of National Health Insurance (NHI) and possible changes in key partnerships and clients. The recoverable amount of Afrocentric decreased from R2,5 billion in December 2023 to R1,6 billion in December 2024. This decrease in recoverable amount led to a goodwill impairment of R1 144 million and a key business relationships impairment of R15 million. Goodwill has been fully impaired.

R million	2024
Value in use	1 565
Carrying value	2 724
NAV	1 315
Goodwill allocated	1 144
Key business relationships – cost	733
Deferred tax on key business relationships	(198)
Key business relationships – amortisation and impairment	(116)
Deferred tax on amortisation of key business relationships	31
Non controlling interest (NCI) on key business relationships, deferred tax and amortisation of key business relationships	(185)
Net impairment as at 31 December 2024	**(1 159)**

The gross impairment of goodwill amounts to R1 144 million. The impairment comprises of a full write-down of goodwill in respect of the premium paid at acquisition for synergies of R1 144 million.

Key assumptions

Key assumptions in determining the recoverable amount for cash-generating unit:

		2024	2023
Weighted average local discount rate	%	18,70	19,60
Weighted average perpetuity growth rate	%	5,00	5,00
Revenue: compounded annual growth rate (range of values over the 10 years)	%	5,99	7,10
Risk discount rate +100 basis points	R million	1 451	n/a
Risk discount rate -100 basis points	R million	1 699	n/a
Perpetuity growth rate +100 basis points	R million	1 612	n/a
Perpetuity growth rate -100 basis points	R million	1 524	n/a

Future cash flows are projected over 10 years. The year 10 cash flow is expected to be at a stable level and sustainable into perpetuity, which is aligned with industry norms. This is projected into perpetuity and discounted accordingly.

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

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

29.2 Insurance and reinsurance contracts

This disclosure should be read in conjunction with the valuation methodology as described in Addendum A.

29.2.1 Classification

Assessing significance of insurance risk and discretionary amounts for investment contracts with discretionary participation features (DPF)

The group applies judgement to assess whether contracts are in scope of IFRS 17 in some product lines, such as whether additional payments on death related to minimum investment guarantees or vesting bonuses are significant on a present value basis. Where these additional payments have been assessed not to be significant on a present value basis and there are no DPF these investment contracts are in scope of IFRS 9.

The group issues investment contracts with DPF where judgement is applied in assessing whether the discretionary amounts are a significant proportion of the total contractual benefits.

Variable fee approach (VFA) eligibility

The group applies the VFA to life insurance savings business for insurance contracts with DPF that are substantially investment-related. The group applies judgement to assess on the initial recognition of the contracts, whether:

(a) a substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders; and
(b) a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items.

The assumed threshold for "substantial share" and "substantial proportion" is in excess of 50%. The group has applied judgement to conclude that assessments can be performed for groups of homogeneous contracts with similar contract features/terms based on readily available qualitative or quantitative information for investment contracts with DPF (with no significant insurance risk), and other market-linked savings contracts where minimum investment guarantees and/or rider benefits create significant insurance risk. The group has performed quantitative assessments on an individual contract level for the material lines of universal life insurance business where the relative significance of the insurance and investment components can vary based on the benefit selections made by each policyholder.

The assessment of criteria (a) considers the "pass-through" nature of the returns on the underlying item, and therefore excludes any benefits not payable from the underlying, such as fixed insurance benefits in excess of the investment components payable on death. Any deduction of a charge from the underlying item for insurance benefits (including for any waiver of premium) is included in the share of the returns to be paid to the policyholder as it forms part of the policyholder's share.

The assessment of criteria (b) considers how much of the total benefits payable to the policyholder will vary with changes in underlying items, including benefits that do not vary with the returns on underlying items in all scenarios (such as fixed insurance benefits). The assessment therefore considers whether on average the changes in the total amounts payable to policyholders are substantially related to the changes in the fair value of the underlying items based on testing the impact on this relationship for different scenarios where market/non-market variables are adjusted.

Premium allocation approach (PAA) eligibility

The group applies the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at inception of the group: the coverage period of each contract in the group of insurance contracts is one year or less; or the group reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the General Measurement Model (GMM).

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29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.1 Classification continued

Where the coverage period is greater than one year, the group will use judgement to assess the appropriateness of the PAA measurement model as follows:

- Project the fulfilment cash flows of the group of insurance contracts and take into account the time value of money where the time between providing each part of the services and the related premium is more than a year.
- Determine the projected liability or asset for remaining coverage under the PAA at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, ie half-yearly or annually).
- Determine the liability or asset for remaining coverage under the GMM (including the CSM) at initial recognition as well as subsequent measurement. The group will use judgement as described in section 29.2.2 to determine the fulfilment cash flows and CSM at each projection point.
- At each projection point, the difference between the liability or asset for remaining coverage under the PAA and GMM is determined (the difference).
- The difference is compared to the pre-determined materiality threshold (relative measure) at each point in time.
- Where the difference does not exceed the determined threshold (at any time) then the group passes the PAA eligibility test (for the base scenario).
- The group will perform scenario testing using the above process to ensure differences remain immaterial.

Scenario testing will be performed at least annually, by updating the projected fulfilment cash flows under reasonably expected scenarios, which would affect cash flow variability. The group applies judgement in calibrating these scenarios for changes in market and non-market variables based on management's view of the key changes affecting cash flow and liability variability for each portfolio of insurance contracts.

Judgement will be applied to define relative materiality thresholds for each group of insurance contracts based on ensuring that the absolute impacts of all groups of insurance contracts with coverage periods longer than a year applying the PAA, falls within an absolute measure of materiality for each future year.

29.2.1.1 Aggregation

The identification of portfolios of insurance contracts is driven by how the business is managed, with broad product lines being managed together and subject to similar risks. This could result in contracts allocated to a portfolio being measured under the VFA, and other contracts allocated to the same portfolio being measured under GMM. This is relevant to universal life insurance business in the Sanlam Life and Savings (SLS) cluster where these contracts are managed together and subject to similar risk, although the weighting between insurance/investment-related risks could differ between contracts. Contracts within a portfolio are subject to "similar risks" if the risks are non-offsetting and respond similarly to changes in key assumptions. This should result in, for example:

- term life insurance contracts (exposing the group to mortality risk) and annuity contracts (exposing the group to longevity risk) not being allocated to the same portfolio; and
- whole of life and term life insurance contracts (both types of contracts exposing the group to mortality risk) being allocated to the same portfolio if managed together.

Furthermore, businesses are not required to allocate different benefit types within the same product line to different portfolios if the insurance contracts are managed together, for example, if as part of pricing the profit margins are set, or assets are allocated, at the broad product level. This avoids arbitrary allocation of insurance contracts to different portfolios where they are managed together and priced within the same broad product line.

The portfolios are further divided into groups of insurance contracts issued based on the expected profitability at inception date, based on whether:

1. contracts are onerous at initial recognition;
2. contracts at initial recognition have no significant possibility of becoming onerous subsequently; or
3. contracts at initial recognition have a significant possibility of becoming onerous subsequently (ie the remaining contracts).

The group applies judgement to assess whether reasonable and supportable information is available to allocate a set of contracts to the same group of onerous contracts, for example, based on policyholder pricing groups and other internal management information. Where reasonable and supportable information is not available to identify a set of onerous contracts, this assessment is performed at an individual contract level. The individual contract assessments can be performed on an adjusted expense allocation basis for aggregation purposes where it can be justified as a systematic and rationale basis for allocating the expenses included in the fulfilment cash flows to a group of insurance contracts.

Judgement has been applied to conclude that the proportion of insurance contracts issued that have no significant possibility of becoming onerous is immaterial to the group. The group does not issue insurance contracts with sufficiently high profit margins to absorb the impact of any single scenario with no significant possibility of the insurance contracts becoming onerous.

Insurance contracts have typically been allocated to annual cohorts which align with annual financial periods (ie the group will add more contracts to an annual cohort after the end of an interim reporting period, where relevant), except for non-participating life annuities where insurance contracts have typically been allocated to monthly cohorts due to the sensitivity of pricing to changes in financial risk.

For insurance contracts issued measured under the PAA, the portion of onerous groups is not material. The group may have to apply judgement to assess whether facts and circumstances have indicated that a group of contracts has become onerous subsequent to initial recognition. This assessment will follow normal business practice of typically using three to five years of experience to form expectations of profitability. Expectations will be updated half-yearly to understand if a group of insurance contracts, which was previously assumed not to be onerous, subsequently becomes onerous due to changes in experience relative to the pricing basis.

29.2.2 Measurement

29.2.2.1 Recognition and derecognition

The initial recognition date and derecognition of insurance contracts are not areas of significant judgement for the group.

29.2.2.2 Fulfilment cash flows

Fulfilment cash flows include the following components:

- probability-weighted estimates of future cash flows;
- adjustments to reflect the time value of money and financial risk relating to future cash flows, to the extent that the financial risk is not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The probability-weighted estimates of future cash flows are determined through the following deterministic modelling approach, with contract level calculations typically being performed and aggregated for each group of insurance contracts:

- identifying all sets of cash flows (eg related to premiums, claims and expenses) directly related to the fulfilment of a particular group of insurance contracts;
- defining all reasonable outcomes (eg insured and other events such as policyholder death/survival and contract lapse/surrender) that affect the amount and timing of future cash flows;
- estimating the probability that the cash flows will occur based on the different possible outcomes; and
- calculating the probability-weighted mean (expected value) of future cash flows which reflects the full range of possible outcomes

The estimates of future cash flows are discounted at the prevailing discount rates (refer to the 'Discount rates' section below for further details).

Stochastic modelling techniques are used to determine the present value of future cash flows that are highly inter-related and vary based on changes in market variables. This is relevant in estimating the cost of minimum investment return guarantees which is mainly relevant to some insurance contracts with direct participating features in SLS. Stochastic modelling involves projecting future cash flow profiles using a large number of possible scenarios for market variables such as equity returns and interest rates.

Estimates of future cash flows

The group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Estimates of future cash flows incorporate in an unbiased way all reasonable and supportable information that is available without incurring undue cost or effort. This information includes internal and external historical information about claims and other experience, adjusted to allow for expected future changes in experience. Estimates of future cash flows therefore reflect the group's current view of prevailing conditions. Market variables are consistent with current observable market prices. Changes in legislation that affect estimates of future cash flows are only allowed for once substantively enacted.

Contract boundaries

The determination of the contract boundary of an insurance contract is not an area of significant judgement for the group.

For reinsurance contracts held, the group's agreements with reinsurers include terms for the cancellation of new underlying business with notice periods typically ranging between three and six months. The group has applied judgement to assess that estimates of future cash flows arising from new underlying contracts expected to be issued after the reporting date but within the notice period for the cancellation of this business, are either immaterial for the group or relate to future reinsurance contracts, and are therefore not included in the measurement of the reinsurance contracts held.

Expenses

The following expense cash flows are included within the boundary of a contract:

- Acquisition cash flows that relate to the selling, underwriting and starting of a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. This includes underwriting expenses, upfront commissions payable to intermediaries, and commissions payable in respect of policy changes; and
- Administration and other expense cash flows incurred in fulfilling the obligations under the insurance contracts, such as investment management expenses where relevant (see below for further details), claims handling costs, costs related to premium billing and maintenance commissions that are expected to be paid to intermediaries.

Both direct costs and an allocation of fixed and variable overheads are included. Attributable costs are determined using functional cost analysis techniques. The group applies judgement by taking a broad view of attributable expenses where it is reasonable and supportable. The other expenses relating to insurance operations, ie expenses not directly attributable to the fulfilment of insurance contracts such as some product development and training costs, are recognised in profit or loss as incurred and are not included in the measurement of insurance and reinsurance liabilities.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.2 Measurement continued

29.2.2.2 Fulfilment cash flows continued

Unit expense assumptions are based on October 2024 actual figures plus estimates for the last two months of the reporting period (adjusted for significant differences from actual). For Pan-Africa and Asia in particular, businesses still building scale and expected to grow significantly will set unit costs based on approved budgets and business plans over the relevant time horizon (typically three to five years). Unit expense assumptions are escalated at estimated expense inflation rates per annum, with a higher rate assumed for legacy business. The allocation between acquisition and administration and other expense cash flows is based on functional cost analyses and reflects actual expenses incurred during 2024. The future expense assumptions do not include any cash flows that are not directly attributable to the fulfilment of the insurance contracts.

An increase in unit expenses increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

Decrements

Assumptions with regard to future mortality, disability and disability payment termination are consistent with the group's recent experience for the 4,5 years up to 30 June 2024. The mortality rates between policyholder groups allow for various rating factors, such as gender and smoker status. Given the significant size of the group's insurance books and the length of its data history, the performance of the group's insurance contracts during normal conditions is predictable based on past experience. Mortality and disability rates are adjusted to allow for: the expected deterioration in mortality rates as a result of HIV/Aids; the expected improvements in mortality rates in the case of annuity business; and the expected impact of future extreme (eg pandemic) events where relevant.

Mortality and disability cover are material in South Africa, Namibia, and Botswana with actuarial guidance tables typically developed in these countries to best fit the group's recent experience. In countries where sufficient data is not available based on past experience to develop actuarial guidance tables, the group chooses an appropriate standard table (eg based on the industry tables in South Africa), adjusted to fit the group's recent experience.

An increase in mortality and disability rates increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

Surrender, lapse and paid-up rates are key assumptions in the measurement of life insurance contracts (risk and savings business). Assumptions with regard to future surrender, lapse and paid-up rates are based on the group's recent experience for the 4,5 years ending 30 June 2024.

An increase in surrender or lapse rates may increase or reduce the estimates of future cash flows, therefore resulting in a decrease or increase in the CSM depending on the specific product features (all else being equal).

Inflation assumptions

The group applies judgement to determine whether changes in inflation assumptions are related to financial risk or non-financial risk. Inflation assumptions that are based on market observable rates are related to financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions being presented in insurance finance income or expenses. Inflation assumptions that are based on the group's expectation of inflation (for example, based on analysts or insurance bodies' views of country inflation) are treated as assumptions that are related to non-financial risk, with changes in fulfilment cash flows as a result of updates to these assumptions adjusting the CSM. In general, changes in inflation assumptions in the group are related to financial risk. Changes in inflation assumptions related to non-financial risk are an exception to this general rule.

Term-dependent inflation assumptions are applied to premiums and claims cash flows (where increases in cash flows are contractually linked to consumer price index (CPI)) by deriving an inflation curve based on the difference between long-term nominal and real yields. For some of the group's African operations, where long-term fixed-interest markets are underdeveloped, inflation assumptions are based on an assessment of the longer-term inflation outlook while maximising the use of relevant available market observable prices.

Expense inflation assumptions maximise the use of relevant available market observable prices while also reflecting the group's long-term perspective of expected increases in expenses for budgeting and business planning purposes.

The base expense inflation rates applied in the group's main South African companies are either based on an inflation curve or a point estimate determined based on the difference between a representative point on the nominal risk-free yield curve and the historic real interest rate gap between nominal and inflation rates. Further adjustments are typically made for retail business in South Africa that are administered on old platforms to allow for the expected reduction in file size over the coverage period of the insurance contracts.

The following base expense inflation rates are applied in the group's main South African businesses:

(%)	2024	2023
South Africa – Sanlam Life	CPI curve + 1,5% (capped at 10%)	9,6
South Africa – Sanlam Developing Markets	7,2	7,8

The ultimate liability arising from claims under general insurance business

The estimation of the ultimate liability arising from claims under general insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability for incurred claims that the group will ultimately incur. Historic claims triangulations that cross-tabulate claims incurred by their date of loss and date of payment are used to determine the expected cost of future claims. A payment pattern based on the historic claims paid triangulation is used to determine the speed at which the claims provisions are run off in the future. Discount rates are applied to the future estimates of claims payments to allow for the time value of money included in these cash flows.

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

Bonus rate assumptions

Separate asset portfolios are maintained in support of insurance liabilities for each of the major product lines of life insurance – savings business, each portfolio having an asset mix appropriate for the specific product. Bonus rates are declared for each class of relevant savings business in relation to the funding level of each portfolio and the expected future investment return on the assets of the particular investment portfolio.

Discount rates

The group applies a bottom-up approach to determine discount rates applied to future cash flows for insurance contracts.

Estimates of future cash flows that do not vary with investment returns on underlying items are discounted using a risk-free yield curve, adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Risk-free rates are determined based on the market observable yield curves for government bonds, with extrapolation between the last available market point and an ultimate forward rate, considering long-term real interest rate and inflation expectations. Long-term inflation expectations are used to construct yield curves for markets where observable market data is not available.

The group applies judgement to determine the point estimate illiquidity premium added to the risk-free yield curve to reflect the liquidity characteristics of the insurance contracts. An illiquidity premium is estimated for each portfolio of insurance contracts where relevant. Insurance contracts such as non-participating life annuities and income protection incurred claims that cannot be surrendered or lapsed, are illiquid.

The table below sets out the risk-free yield curves used in the group's major geographies:

	1 year		5 years		10 years		15 years	
%	2024	2023	2024	2023	2024	2023	2024	2023
South Africa[1]	8,42	9,18	9,29	9,86	11,03	12,14	12,34	13,99
Namibia	8,42	9,18	9,29	9,86	11,03	12,14	12,34	13,99
Malaysia	3,29	3,30	3,66	3,65	3,86	3,74	4,03	4,05

[1] The prior year has been restated due to an error, the major geography South Africa was restated from 8,77 to 9,18 for 1 year, from 11,42 to 9,86 for 5 years, from 16,44 to 12,14 for 10 years and from 17,92 to 13,99 for 15 years.

The following illiquidity premiums (presented as a range between a lower and upper bound) are applied in the group's major geographies where relevant:

%	2024	2023
South Africa[1]	0 – 0,25	0 – 0,25
Namibia	0 – 0,5	0 – 0,5

[1] The prior year has been restated due to an error, the major geography South Africa was restated from 0 – 0,5% to 0 – 0,25%.

Estimates of future cash flows that do vary with investment returns on underlying items are discounted using risk-free or real-world discount rates. Risk-free discount rates are consistent with the rates applied to the cash flows not varying with investment returns on underlying items. Real-world discount rates are consistent with a risk-free yield curve plus a risk premium which reflects the variability in the cash flows based on the underlying mix of asset classes other than fixed-interest securities. Where a deterministic valuation approach is used, the risk premium is estimated as a flat rate, which represents the average historic risk premiums over an extended time horizon. For the material lines of business in the group, real-world discount rates are applied to cash flows that vary based on the returns on underlying items.

The future investment returns on underlying items are consistent with the discount rates applied to the cash flows that vary with these investment returns on underlying items. The allowance for investment management expenses, policyholder taxation at current tax rates and charges for investment guarantees is determined separately from the future investment returns and discount rates for measurement and presentation purposes. For some of the group's African operations, where long-term fixed-interest markets are underdeveloped, investment return and discount rate assumptions are based on an assessment of longer-term economic conditions. The investment returns and discount rate assumptions for Namibian businesses are based on the market yields of South African fixed-interest securities on the valuation date.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

29 Critical accounting estimates and judgements continued

29.2 Insurance and reinsurance contracts continued

29.2.2 Measurement continued

29.2.2.2 Fulfilment cash flows continued

Risk adjustment for non-financial risk

The risk adjustment is the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The main sources of non-financial risk are the estimates related to decrement rates for mortality and morbidity, persistency rates and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk will be excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

The risk adjustment for non-financial risk is included in the fulfilment cash flows and is measured explicitly, as changes in the risk adjustment impact on accounting estimates (including the CSM) and need to be disclosed separately in the liability reconciliations. IFRS 17 does not require entities to use a specific technique to estimate the risk adjustment, with the confidence level technique highlighted as a possible approach. However, an entity that uses a technique other than the confidence level technique for determining the risk adjustment, is required to disclose the technique used and the confidence level corresponding to the results of that technique. The material lines of business in SLS and Santam adopt a confidence level technique, as well as the material lines of general insurance (GI) business in Pan-Africa and Asia. The life insurance businesses in Pan-Africa and Asia use a margins approach targeting a specified confidence level. The confidence level is determined based on each cluster's level of risk appetite for bearing the non-financial risk arising from the uncertain amount and timing of cash flows.

The confidence level technique is determined with reference to a particular target confidence level. A distribution of fulfilment cash flows is required, from which the risk adjustment is determined based on the standard deviation around the mean for the target confidence level. The standard deviation is estimated assuming the same risk distribution used for solvency purposes. For life insurance businesses the standard deviation is therefore derived based on the solvency capital requirements and assuming that the fulfilment cash flows can be approximated by a normal distribution, with the risk adjustment representing the value at risk in excess of the target confidence level over one year. For GI businesses the standard deviation is derived from past claims development experience. For the life insurance businesses in SLS, the risk adjustment has been calibrated and calculated based on a target confidence level at the 80th percentile. For Santam and the material Pan-Africa GI businesses, the target confidence levels are between the 75th and 85th percentile. The GI businesses use a statistical model to determine the volatility in best estimate claims liabilities, with the risk adjustments being determined based on the expected volatility in the outstanding claims across all expected future periods.

The margins approach requires the calibration of margins based on historic decrement/expense experience and fitting a statistical distribution to the data. Margins are initially calibrated on an independent basis for each risk type based on a specified confidence level. The margins are modelled as percentage changes to the probability-weighted best estimate assumptions applied over the relevant duration for each policy. The direction of each margin is tested independently and the direction that increases the best estimate of future cash flows is adopted. The increase in the best estimate of future cash flows resulting from these margins represents the risk adjustment component of the fulfilment cash flows. The confidence levels corresponding to the results of the margins approach vary between the 80th and 90th percentile across the different Pan-Africa and Asia territories.

The risk adjustment allows for the effect of diversification benefits between different risk and product types (where relevant), which is determined based on correlation matrix techniques and other diversification impacts determined for solvency purposes.

For businesses using the confidence level technique:
- the allocation of the risk adjustment to portfolios and groups of contracts will be estimated using an appropriate measure; and
- the risk adjustment for reinsurance contracts held will be determined by applying the technique to both gross and net of reinsurance, and deriving the amount of risk transferred to the reinsurer as the difference between the two results.

A risk adjustment is determined for incurred claims using the techniques explained in this section where there is uncertainty in the amount and the timing of the underlying cash flows. For insurance contracts measured under the PAA, a risk adjustment is only determined for incurred claims (where relevant).

29.2.2.3 Contractual service margin

Coverage units

The CSM is recognised as income in insurance revenue over the duration of insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits is typically determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

The following definitions of coverage units are used for the material lines of business[1]:

		Relative weighting of the benefits provided[2]			
	Measurement model	Insurance coverage	Investment-related services	Investment-return services	Examples of coverage unit definitions
Risk insurance business	GMM	(A)			Guaranteed sum assured (for example term/whole life insurance business, funeral insurance business)
Non-participating life annuities	GMM	(A)		(a)	Annuity benefit payments[3], or guaranteed benefits available on death/surrender/withdrawal during the accumulation phase for deferred life annuities
Universal life insurance business	GMM	(A)		(a)	Maximum of the guaranteed benefits plus any vested bonuses
Other life insurance business providing investment-return services	GMM	(A)		(a)	Total of the guaranteed sum assured plus any vested bonuses
Proportional reinsurance	GMM	(A)			Maximum amounts recoverable from the reinsurer (for example for quota share reinsurance, the proportion of the guaranteed sum assured ceded)
Non-proportional reinsurance	GMM	(A)			Maximum amounts recoverable from the reinsurer (for example for excess of loss reinsurance, the excess of the guaranteed sum assured over and above the specified limit)
Universal life insurance business	VFA	(a)	(A)		Maximum of the underlying items and the guaranteed sum assured (including any vested bonuses)
Other life insurance savings business[4]	VFA	(a)	(A)		Total of the underlying items plus any insurance benefits (for example rider benefits/waivers)

[1] Coverage units are defined for each group of contracts and could vary based on the specific features/characteristics of the underlying contracts.

[2] The insurance contract services with a majority relative weighting of total benefits provided (ie greater than 50%) are denoted by (A), whereas the insurance contract services with a minority relative weighting of total benefits provided (ie less than 50%) are denoted by (a), where relevant. The actual weighting varies in each current and future period based on the relative differences between the insurance and investment-related benefits payable, which is mainly a function of the terms of each contract and the probability-weighted estimates of future cash flows.

For life insurance risk business, the main purpose of the insurance contracts issued is to provide insurance coverage to the policyholders, and therefore a lower weighting of benefits are provided by investment-return services (where relevant), relative to the benefits provided by insurance coverage.

The reinsurance contracts held by the group do not provide investment-return services.

For insurance contracts meeting the eligibility criteria for measurement under the VFA, there will by definition be a higher weighting of benefits provided by investment-related services, relative to the benefits provided by insurance coverage (refer to section 29.2.1 for further details on the judgements applied in assessing VFA eligibility).

[3] Investment-return services are provided on:
– immediate life annuities during guaranteed periods where payments are made on death or survival; and
– deferred life annuities (relevant to Pan-Africa and Asia only) during the accumulation phase where payments are made on death or surrender/transfer.

[4] Including smoothed bonus business and participating life annuities.

Premium experience adjustments

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if related to future service, or such amounts are recognised in insurance revenue in the reporting period if related to current (or past) service.

The group applies judgement to determine whether these experience adjustments are related to current (or past) or future service. The premium-related experience adjustments typically relate to current (or past) service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule. Such an example is where the premium experience adjustments have a direct impact on the value of future benefits payable to policyholders, resulting in the experience adjustments and the changes in the estimates of the future cash flows to largely offset when adjusting the CSM.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

29 Critical accounting estimates and judgements continued

29.3 Policy liabilities for investment contracts with investment management services

The valuation of these contracts is linked to the fair value of the supporting assets and deviations from future investment return assumptions will therefore not have a material impact. The recoverability of the contract costs for investment management services is not significantly impacted by changes in lapse experience; if future lapse experience was to differ by 10% (2023: 10%) from management's estimates, no impairment of the contract costs for investment management services would be required.

Refer to contract cost for investment management services note 6.

29.4 Valuation of unlisted investments

The valuation of unlisted investments is based on generally accepted and applied investment techniques, but is subject to judgement in respect of the adjustments made by the group to allow for perceived risks. The appropriateness of the valuations is continuously tested through the group's approval framework, in terms of which the valuation of unlisted investments is reviewed and recommended for approval by the Audit, Actuarial and Finance committee and Board by the Sanlam Non-listed Asset Controlling Body at each reporting period.

Refer to note 37 for additional information.

29.5 Consolidation of investment funds

The group invests in a number of investment funds and has varying holdings. In terms of IFRS 10, the Group considers itself to have control of a fund when it both owns the asset manager of the fund and holds greater than 20% thereof.

29.6 Deferred tax assets

During 2016, changes to the South Africa insurance tax legislation gave rise to a change in the probability and timing of utilisations of historic losses in certain tax funds. As a result, management determined that it is now probable that these losses will be utilised and therefore that a deferred tax asset should be raised. In determining the extent to which these losses should be recognised, management forecast future profits, including the impact of new business, where applicable, as well as other business decisions that may affect future profits. Changes in these assumptions, as well as decisions made by the Group in future may affect the extent to which these losses are utilised. Changes in the Taxation Laws Amendment Act 20 of 2021 announced the 80% limitation on the use of assessed losses effective for tax years ending on or after 31 March 2023 (applicable to the Sanlam Group from 1 January 2023). Tax losses carried forward may only be applied against 80% of taxable income. This amendment impacted the level of the deferred tax asset held.

Refer to deferred tax note 11.1.

30 Retirement benefits for employees

Retirement benefits for employees are provided by a number of defined benefit and defined contribution pension and provident funds. The assets of these funds, including those relating to any actuarial surpluses, are held separately from those of the group. The retirement plans are funded by payments from employees and the relevant group companies, taking into account the recommendations of the retirement fund valuator.

Defined benefit plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in net profit. When a fund is in a net surplus position, the value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Defined contribution plans

Group contributions to the defined contribution funds are charged against the statement of comprehensive income in the year incurred.

The Sanlam group provides for the retirement and medical benefits of full-time employees and for certain part-time employees by means of defined benefit and defined contribution pension and provident funds.

At 31 December 2024, 100% (2023: 100%) of employees were covered by defined contribution funds and none by defined benefit funds.

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30.1 Defined contribution pension funds

There are separate defined contribution funds for advisers, full-time and part-time office staff. The Sanlam group contributed R655 million (2023: R705 million) to these funds during 2024.

30.2 Defined benefit pension funds

The Sanlam group has three defined benefit pension funds. These funds relate to:

- Sanlam Investments Holdings UK Limited; and
- Sanlam Developing Markets defined benefit fund SA.

Boards of Trustees oversee the affairs of the other defined benefit funds as required by the relevant legislation. The responsibilities of the Trustees are defined in these regulations. Adequate allowance for future salary increases for active members and allowance for pension increases in line with the funds' pension increase policies are required to ensure that the funds are always financially sound.

Both the Sanlam Investments Holdings UK Limited as well as Sanlam Developing Markets SA funds were in materially sound positions at 31 December 2024.

Principal actuarial assumptions:		Sanlam Investments Holdings UK Limited	Sanlam Developing Markets SA
31 December 2024			
Valuation date			
Pre-retirement discount rate	% pa	4,5	11,3
Post-retirement discount rate	% pa	4,5	6,0
Future pension increases	% pa	2,9	5,0
Actual experience:			
Actual return on assets	% pa	1,6	6,3
31 December 2023			
Valuation date			
Pre-retirement discount rate	% pa	4,5	12,4
Post-retirement discount rate	% pa	4,5	7,1
Future pension increases	% pa	2,9	5,0
Actual experience:			
Actual return on assets	% pa	1,6	7,4

Based on reasonable actuarial assumptions about future experience, the employers' contribution, as a fairly constant percentage of the remuneration of the members of the funds, should be sufficient to meet the promised benefits of the funds. The expected return on defined benefit fund assets is calculated based on the long-term asset mix of these funds. The fund assets are analysed into different classes such as equities, bonds and cash, and a separate expected return is calculated for each class. Current market information and research of future trends are used as the basis for calculating these expected returns.

Net liability recognised in statement of financial position:

R million	2024	2023	2022	2021	2020
Actuarial value of fund assets	998	1 073	913	1 442	1 371
Present value of fund obligations	(844)	(904)	(808)	(1 271)	(1 330)
Net present value of funded obligations	154	169	105	171	41
Effect of limiting defined benefit asset to amount available to employer (asset ceiling)	(154)	(169)	(105)	(171)	(41)
Net asset recognised in statement of financial position	–	–	–	–	–

Notes to the group annual financial statements continued

for the year ended 31 December 2024

30 Retirement benefits for employees continued

30.2 Defined benefit pension funds continued

R million	Fund assets	Fund liabilities	Asset ceiling	Net asset/ (liability)
2024				
Balance at the beginning of the year	1 073	(904)	(169)	–
Past service cost	–	(21)	–	(21)
Contributions – Employer	10	–	–	10
Benefit payments	(38)	48	–	10
Interest income/(expense)	54	(47)	(7)	–
Actuarial (losses) and gains: change in financial assumptions	(6)	91	–	85
Returns from plan assets (excluding amounts included in interest)	(98)	–	–	(98)
Foreign exchange gains and (losses)	13	(11)	–	2
Effect of limiting defined benefit asset to amount available to employer	–	–	23	23
Other	(11)	–	–	(11)
Balance at the end of the year	997	(844)	(153)	–

R million	Fund assets	Fund liabilities	Asset ceiling	Net asset/ (liability)
2023				
Balance at the beginning of the year	913	(808)	(105)	–
Contributions – Employer	31	–	–	31
Benefit payments	(28)	38	–	10
Interest income/(expense)	54	(49)	(6)	(1)
Actuarial (losses) and gains: change in financial assumptions	(11)	17	–	6
Returns from plan assets (excluding amounts included in interest)	5	–	–	5
Foreign exchange (losses) and gains	116	(102)	–	14
Effect of limiting defined benefit asset to amount available to employer	–	–	(58)	(58)
Other	(7)	–	–	(7)
Balance at the end of the year	1 073	(904)	(169)	–

Fund assets comprise:

	2024 R million	2023 R million	2024 %	2023 %
Equities and similar securities	–	315	0	29
Interest-bearing investments	905	669	91	61
Deposits and similar securities	9	8	1	2
Insurance policy	85	81	9	8
	999	1 073	100	100

Net expense recognised in the statement of comprehensive income (included in administration costs):

R million	2024	2023
Interest	–	1
Past service cost	21	–
Other	10	7
Total included in staff costs	31	8

The following discounted benefits are expected payments to be made in future years out of the defined benefit plan:

R million	2024	2023
Due within one year	(43)	(99)
Due from one to five years	(183)	(306)
Due after five years	(1 669)	(499)
Total expected payments	(1 895)	(904)

30.3 Medical aid funds

The actuarially determined present value of medical aid obligations for disabled members and certain pensioners is fully provided for at year-end and is considered to be immaterial. The group has no further unprovided post-retirement medical aid obligations for current or retired employees.

31 Borrowing powers

In terms of the memorandum of incorporation of Sanlam Limited, the directors may at their discretion raise or borrow money for the purpose of the business of the company without limitation.

Material borrowings of the Sanlam group are disclosed in note 22.

32 Commitments and contingencies

Possible obligations of the group, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the group and present obligations of the group where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognised in the group statement of financial position but are disclosed in the notes to the financial statements.

Possible assets of the group, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the group, are not recognised in the group statement of financial position and are only disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

32.1 Leasing commitments

R million	2024	2023
Future lease commitments:		
Lease rentals due within one year	50	63
Lease rentals due from one to five years	94	103
Lease rentals due after five years	4	16
Total lease commitments	148	182

Amounts reflected in lease commitments relate to short-term leases, low-value assets leases and well as variable lease payments.

32.2 Guarantees provided in favour of SanFin and others[1]

Financial guarantee contracts require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under IFRS 9 – Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 – Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The group provides the following financial guarantee:
Sanlam granted a put option to Investec Bank Limited which shall be exercised in the event that Sanpref Proprietary Limited fails to redeem the A15 preference shares in full upon redemption date (17 June 2025). The maximum guarantee amount is R298 million. At initial recognition, the fair value of the guarantee was assessed to be immaterial. At the end of the reporting period, the fair value of the guarantee was calculated, with the fair value movement from initial recognition to the reporting date being immaterial. The maximum amount of the guarantee in the earliest period in which the guarantee could be called, being "open-ended", is R298 million, which is only expected to be paid should the guarantee be triggered.

[1] Restated based on the reassessment of guarantees in terms of IFRS 9.

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for the year ended 31 December 2024

32 Commitments and contingencies continued

32.2 Guarantees provided in favour of SanFin and others continued

In addition to financial guarantees, Sanlam also has performance guarantee contracts in place. Performance guarantee contracts are not considered to be financial guarantee contracts, however, continue to be accounted for under IFRS 9.

At initial recognition, the fair values of the following performance guarantees were individually assessed to be immaterial. At the end of the reporting period, the fair values of the guarantees were calculated, with the fair value movements from initial recognition to the reporting date being immaterial.

For these performance guarantees, the maximum amount of the guarantees in the earliest period in which the guarantees could be called, being "open-ended", is R24.7 billion, which is only expected to be paid should the guarantees be triggered.

Listed below are performance guarantees currently in place:

- Sanlam has guaranteed obligations that may arise under SanFin's unlisted commercial paper programme, as well as SanFin's obligations arising from transactions with approved, specified counterparties through direct guarantees. The total limit for the unlisted commercial paper programme is R20 billion, but both these and the direct guarantees are subject to an overall R6,75 billion guarantee utilisation limit in terms of the group governance processes. At 31 December 2024 the utilisation of guarantees by SanFin amounted to R5,12 billion (2023: R5,05 billion).
- Sanlam has provided security to third parties in respect of the preference share business subject to and within the overall approved limit of 35% of debt to adjusted equity, currently R39 billion (2023: R35 billion) with R13 billion utilised (2023: R15 billion) as at 31 December 2024.
- Security to third parties in respect of the preference share business subject to and within the overall approved limit of R13 billion (2023: R13 billion) with R13 billion utilised (2023: R13 billion) as at 31 December 2024.
- The guarantee in respect of the distribution agreement between Sanlam Life and Savings and Capitec, expired in April 2024, as a result of the partnership between Sanlam and Capitec dissolving in October 2024.
- Sanlam Limited irrevocably and unconditionally guarantees to the noteholders of the recent approved Sanlam Life Insurance Limited's R6 billion unsecured unsubordinated notes under its R6 billion programme, the due and punctual performance of all obligations arising under the programme. Refer to note 22 for additional information.
- During 2020 Sanlam Emerging Markets Pty Ltd ("SEM") entered into a performance guarantee agreement with Stanbic Bank Kenya Limited ("Stanbic Kenya") for a revolving credit facility to be provided to Sanlam Kenya PLC ("Sanlam Kenya"), for which the board approved KES4 billion, but the SARB approval obtained amounted to an aggregate limit of approximately KES5 billion (approximately R720 million) in order to put a buffer in place in case the interest payments increase the total closer to KES5 billion. Sanlam will be providing an irrevocable guarantee to Stanbic Kenya for the due performance by SEM of its obligations to Sanlam Kenya in terms of the SEM guarantee. This guarantee was extended to 31 December 2024. A process is underway to transfer the economic interest of the original facility's guarantee (KES3 billion) to the Sanlam-Allianz JVCo; and the increase in the facility of KES1 billion to be backed by SEM.
- Undertaking to the trustees of Merchant Investors Staff Pension Scheme Trustees Limited to guarantee up to GBP18 million (circa R425 million) for the due performance of its guaranteed obligations by Sanlam's wholly owned subsidiary, Sanlam Investments Holdings UK Limited.
- Financial claims are lodged against the group from time to time. Provisions are recognised for claims based on best estimates of the expected outcome of the claims (refer to note 23). Given the high degree of uncertainty involved in determining the expected outcome, it is reasonably possible that outcomes in future financial years will be different to the current estimates.

There are no material commitments or contingencies that have not been provided for or fully disclosed, unless additional disclosures may potentially prejudice the legal arguments of the group.

32.3 Litigation, disputes and investigations

On 25 August 2022 the Competition Commission (Commission) raided the offices of several life insurers including Sanlam Life Insurance Limited (Sanlam) and Brightrock Life Limited (Brightrock). The Commission expressed concern that the conduct amongst insurers may contravene the Competition Act. Sanlam has not been engaged by the Commission since the raids at our offices and that of Brightrock. Such engagement would facilitate clarity and understanding of the complaint at hand. Sanlam does not believe it has engaged in activities that would place it in breach of the Competition Act. The insurance market is highly competitive with significant differentiation in terms of products, market share, pricing and benefits, distribution channels as well as new entrants.

The group, in common with the insurance industry in general, is subject to litigation, mediation and arbitration, and regulatory, governmental and other sectoral inquiries and investigations in the normal course of its business. The outcome of these can be uncertain, but based on current information, the directors do not believe that any current mediation, arbitration, regulatory, governmental or sectoral inquiries and investigations and pending or threatened litigation or dispute will have a material adverse effect on the group's financial position.

32.4 Other

There are no material commitments or contingencies that have not been provided for or fully disclosed, unless additional disclosures may potentially prejudice the legal arguments of the group.

33 Related parties

33.1 Major shareholders

Sanlam Limited is the ultimate holding company in the group.

The transactions to unwind the B-BBEE SPV arrangements were implemented on a basis ensuring that the participants in the B-BBEE SPV arrangements are placed in the position they would have been in had the B-BBEE SPV arrangements unwound on or around 8 March 2024 (being the original termination date) in accordance with the original terms.

The collar loan, between SU BEE Investment SPV (RF) (Pty) Limited (SU BEE Investment) and Standard Bank, was settled with the delivery of approximately 25,6 million Sanlam Limited shares in tranches from January to May 2024.

Effective 21 June 2024, U.R.D Beleggings (Edms) Beperk (URD Beleggings), a subsidiary in the group, acquired all the issued ordinary shares of SU BEE Funding SPV (RF) (Pty) Limited (SU BEE Funding) for R100. SU BEE Investment is a wholly owned subsidiary of SU BEE Funding.

Sanlam Limited and SU BEE Investment concluded an agreement which became effective 26 June 2024 for the acquisition by Sanlam Limited of 85,8 million treasury shares held by SU BEE Investment. It was implemented at a price of R72,97 per share and an aggregate consideration of R6,3 billion, which remained outstanding on loan account (consideration loan). Sanlam Limited immediately cancelled and delisted the shares so acquired. SU BEE Investment distributed the consideration loan to SU BEE Funding on 27 June 2024.

On 28 June 2024, SU BEE Funding adopted a resolution for the redemption of the A preference shares in its issued shares in accordance with its terms. SU BEE Funding settled its obligations to make payment of the amounts payable by it to URD Beleggings (the holder of the A preference shares) on 1 July 2024 by ceding and assigning a portion of the consideration loan to Sanlam Limited.

SU BEE Funding, further adopted a resolution for the redemption of the B preference shares in its issued shares in accordance with its terms. SU BEE Funding settled its obligations to make payment of the amounts payable by it to Sanpref (Pty) Limited (the holder of the B preference shares) on 23 August 2024 by ceding and assigning a portion of the considerationlLoan to Sanlam Limited.

On 2 September 2024 Sanlam Limited announced Sanlam Life Insurance Limited's intention to acquire a 25% interest in African Rainbow Capital Financial Services Holdings Proprietary (ARC FSH). All the conditions precedent to the transaction have been fulfilled and the transaction became unconditional, and was implemented according to its terms, with an effective date of 2 September 2024. The transaction was partially funded through a cash consideration of R2,4 billion and an asset-for-share transaction of R1,5 billion for the 25% interest Sanlam Life Insurance Limited has in ARC Financial Services Investments Proprietary Limited (ARC FSI). The transaction is a natural extension of Sanlam's existing interest in ARC FSI. Sanlam will continue to explore ways to collaborate strategically with ARC FSH and its portfolio investments to enhance competition and to assist Sanlam in providing holistic and integrated product offerings to its clients. Sanlam Life Insurance Limited's 25% shareholding in ARC FSH shall be treated as an investment in an associate.

No other Sanlam shareholders have a significant influence and thus no other shareholder is a related party. The shares are widely held by public and non-public shareholders.

33.2 Transactions with post-employment benefit plans

Contributions to the post-employment benefit plans were R655 million in 2024 (2023: R705 million). There are no amounts outstanding at year-end.

The trustees of the Sanlam Office Personnel Fund insured the pension fund obligations through a policy with Sanlam Life Insurance Limited during 2017 (refer to note 30).

33.3 Transactions with directors

Remuneration is paid to directors in the form of fees to non-executive directors and remuneration to executive directors of the company. All directors of Sanlam Limited have notified that they did not have a material interest in any contract of significance with the company or any of its subsidiaries, which could have given rise to a conflict of interest during the year. Details relating to directors' emoluments and their shareholdings and share participation in the company are disclosed as part of the remuneration report.

33.4 Transactions with entities in the group

During the year the company and its subsidiaries, in the ordinary course of business, entered into various transactions with other group companies, associated companies, joint ventures and other stakeholders. At a Sanlam group level, the transactions are consolidated and warrant no disclosure.

33.5 Policy administration

Certain companies in the group carry out third-party policy and other administration activities for other related parties in the group. These transactions are entered into in the normal course of business. Policies held by key management personnel are not viewed as material.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

33 Related parties continued

33.6 Key management personnel compensation

R million	2024	2023
Compensation paid to the group's key management personnel is as follows:		
Short-term employee benefits	657	772
Share-based payments[1]	127	166
Termination benefits	7	4
Other long-term benefits and incentive schemes	23	41
Total key management personnel compensation	**814**	**983**

[1] Consists of redemption of shares in respect of share-based payment schemes.

34 Notes to the cash flow statement

34.1 Cash utilised in operations

R million	2024	Restated and re-presented[1][2] 2023
Profit before tax per statement of comprehensive income	32 779	24 786
Profit before tax from continuing operations	29 513	20 682
Profit before tax from discontinued operations	3 266	4 104
Non-cash flow items	(74 727)	(76 846)
Insurance service result: Insurance revenue	(94 462)	(112 281)
Insurance service result: Insurance service expenses	58 465	67 982
Insurance service result: Income or (expense) from reinsurance contracts	5 014	10 565
Insurance investment result: Insurance finance income or (expense)	28 979	15 509
Insurance investment result: Reinsurance finance income or (expense)	(138)	(190)
Depreciation	826	937
Bad debts written off	473	166
Share-based payments	489	468
Profit on disposal of subsidiaries and associates	(4 036)	(494)
Fair value adjustments and change in external investors' liability	(66 566)	(56 807)
Net monetary loss (hyperinflation)	–	29
Net impairment losses on financial assets and other impairments	1 412	339
Amortisation of intangibles	532	337
Equity-accounted earnings	(5 715)	(3 406)
Items excluded from cash utilised in operations	(41 684)	(35 963)
Interest and preference share dividends received	(43 293)	(37 529)
Interest accrued	(35 205)	(24 904)
Dividends accrued	(8 088)	(12 625)
Finance costs	1 609	1 566
Net movement in cash flows from operating assets and liabilities[2]	71 945	58 319
Net cash flows from investment contracts[2]	60 893	60 333
Income	135 141	136 762
Outflow	(74 248)	(76 428)
Other movements	–	(1)
Net cash flows from life insurance contracts[2]	8 118	14 006
Premium allocation approach	4 286	4 814
General model	15 960	17 199
Variable fee approach	(12 128)	(8 007)
Net cash flows from general insurance contracts[2]	9 105	10 309
Premium allocation approach	9 234	10 425
General model	(129)	(116)
Net cash flows from reinsurance contracts[2]	(1 818)	(7 283)
Premium allocation approach	(2 249)	(6 172)
General model	431	(1 111)
Net cash flows from financial assets and liabilities, including investment properties[2]	(17 568)	(23 701)
Net cash flows from trading account assets/liabilities[2]	(1 509)	5 486
Increase in advances to customers	(148)	37
Trade and other receivables	7 722	(1 396)
Trade and other payables	(899)	(2 664)
Other	8 049	3 192
Cash utilised in operations	**(11 687)**	**(29 704)**

[1] The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.
[2] Prior period re-presented in order to group line items with the same nature together under net movement in cash flows from operating assets and liabilities. This was followed by expanding net movement from investment contracts and net cash flows from insurance and reinsurance to provide additional useful information to users of the financial statements. Net disposals/(acquisition) of investments have been renamed to net cash flows from financial assets and liabilities, including investment properties.

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34.2 Acquisition of subsidiaries and associated companies

R million	2024	2023
During the year, various interests in subsidiaries were acquired within the group.		
Investments in associated companies[1]	(9 342)	(24 944)
The fair value of assets acquired via business combinations is as follows:		
Goodwill	(806)	(2 092)
Equipment	(96)	(363)
Right-of-use assets	(136)	(115)
Owner-occupied properties	–	(310)
Intangible assets	(1 207)	(2 397)
Insurance contract assets	(2 243)	–
Reinsurance contract assets	(195)	–
Advances to customers	–	(4 085)
Investments	(9 514)	(168)
Deferred tax assets	–	(233)
Trade and other receivables	(759)	(1 199)
Taxation	–	(21)
Cash and cash equivalents	(1 290)	(432)
Insurance contract liabilities	79	–
Reinsurance contract liabilities	8	–
Investment contract liabilities	5 240	–
Lease liabilities	202	155
Term finance	351	665
Loan payable	–	3 258
Deferred tax liabilities	920	458
Trade and other payables	1 003	999
Provisions	4	97
Taxation	99	72
Non-controlling interest	350	996
Total purchase consideration	**(17 332)**	**(29 659)**
Less: Previously held interest at fair value	4 939	26 304
Less: Deferred purchase consideration	132	51
Less: Share capital and preference shares issued	–	435
Cash element consideration	(12 261)	(2 869)
Less: Cash and cash equivalents acquired	1 290	432
Cash component of acquisition of subsidiaries and associated companies[2]	**(10 971)**	**(2 437)**

[1] The acquisitions during the year relate to further investment in African Rainbow Capital Financial Services Holdings (Pty) Ltd (ARC FSH) to a total holding of 25% for a cash consideration of R2 571 million as well as further capitalisations in respect of SanlamAllianz joint venture (prior year: 26% holding in Capital Legacy for a cash consideration of R904 million).
[2] The acquisitions during the current year relate to Assupol Holding Ltd and NMS Insurance Services (SA) Ltd. Prior year acquisitions relate to SanlamAllianz joint venture, Afrocentric Investment Corporation Ltd, Capital Legacy Solutions (Pty) Ltd, the remaining shareholding of Sanlam Personal Loans (previously accounted for as a joint venture) as well as Alexander Forbes Client administration. The SanlamAllianz joint venture did not result in a cash element of consideration.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

34 Notes to the cash flow statement continued

34.3 Disposal of subsidiaries and associated companies

R million	2024	2023
During the year, various interests in subsidiaries and associated companies were disposed within the group.		
Investments in associated companies[(1)]	3 478	2 022
The fair value of assets disposed of were as follows:		
Contact cost for investment management services	–	22
Right-of-use assets	–	4
Deferred tax assets	–	6
Non-current assets held for sale	27 379	120 003
Trade and other receivables	–	23
Cash and cash equivalents	7	29
Lease liabilities	–	(6)
Non-current liabilities held for sale	(23 467)	(84 235)
Trade and other payables	(6)	(3)
Foreign currency translation reserve release	(122)	(1 309)
Non-controlling interest	(929)	(9 066)
Profit on disposal of subsidiaries and associates	4 036	494
Total disposal price	10 376	27 984
Less: Cash and cash equivalents disposed of	(7)	(29)
Less: Consideration receivable	–	(14)
Less: Investment in joint venture retained	(4 939)	–
Less: Deemed disposal	–	(26 882)
Cash component of disposal of subsidiaries and associated companies	5 430	1 059

(1) The disposals mainly relate to investments in associated companies and joint ventures, Shiram Finance Ltd and ARC FSI. The prior year disposals mainly relate to investments in associated companies and joint ventures, Funeral services group (FSG) in Botswana, ACT Healthcare Assets and Sanlam Personal Loans, as well as investment in subsidiaries Sanlam Pan-Africa (previously treated as held-for-sale) and Sanlam Trust of which are considered to be deemed disposals.

34.4 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value.

R million	Notes	2024	Restated[(1)] 2023
Bank and other cash balances		15 153	13 636
Deposits and similar securities – maturity < 90 days		19 449	13 601
Total cash and cash equivalents – as per the statement of financial position	17	34 602	27 237
Bank overdrafts (included in Trade and other payables)	15.2	(4)	(137)
Plus: Cash and cash equivalents included in non-current assets held for sale		–	2 562
Total cash and cash equivalents – as per statement of cash flow		34 598	29 662

(1) The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

34.5 Non-cash transactions

Interest and dividend income in respect of investment funds to the amount of R4 353 million (2023: R4 198 million) and R2 024 million (2023: R2 111 million) were reinvested. Both of these transactions represent non-cash transactions and also affected the net acquisition of investments in note 34.1 above.

35 Business combinations

35.1 Assupol Holdings Ltd (Assupol)

Effective 1 October 2024, the Sanlam group acquired 100% interest in Assupol, gaining control for the first time. The acquisition accounting is based on provisional estimates, which might result in adjustments to the recognised assets and liabilities as well as deferred tax during the next nine months.

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

R million	2024
Assets	
Pre-existing goodwill	75
Equipment	96
Right-of-use asset	136
Other intangible assets	598
Insurance contract assets	2 214
Reinsurance contract assets	195
Investments	9 513
Working capital assets	
Trade and other receivables	56
Cash and cash equivalents	711
Total identifiable assets	13 594
Liabilities	
Reinsurance contract liabilities	8
Investment contract liabilities	5 240
Term finance	351
Lease liability	201
Deferred tax liability	760
Working capital liabilities	
Trade and other payables	304
Taxation	63
Total identifiable liabilities	6 927
Less: Pre-existing goodwill	(75)
Total identifiable net assets	6 592
Net purchase consideration	6 592
Less: Cash consideration	(6 592)
Net consideration	–

Details of receivables acquired is as follows:

R million	Fair value	Gross contractual amounts receivable
Major class of receivables:		
Asset for insurance acquisition cash flow	43	43
Long-term loans receivable	6	6
Other receivables	8	8
	57	57

The revenue and other comprehensive income of Assupol since acquisition date included in the consolidated statement of comprehensive income as at 31 December 2024 is R1 443 million and R514 million, respectively. The revenue and other comprehensive income of the combined entity for the current reporting period as though the acquisition date occurred at the beginning of the reporting period is R6 126 million and R393 million respectively.

Trade receivables had a fair value of R56 million at acquisition date. The gross amount is R56 million and it is expected that R56 million will be collected. The fair value approximates the gross amount due to its short-term nature.

35.2 NMS Insurance Services

Effective 30 November 2024, the Sanlam group acquired 60% interest in NMS Insurance Services, gaining control for the first time. The acquisition accounting is based on provisional estimates, which might result in adjustments to goodwill, intangibles, assets as well as deferred tax during the next 12 months.

The goodwill arising on the acquisition is attributable to synergies and future opportunities expected.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

35 Business combinations continued

35.2 NMS Insurance Services continued

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

R million	2024
Assets	
Other intangible assets	591
Working capital assets	
Trade and other receivables	701
Cash and cash equivalents	554
Total identifiable assets	1 846
Liabilities	
Insurance contract liabilities	79
Deferred tax liability	160
Working capital liabilities	
Trade and other payables	697
Provisions	1
Taxation	36
Total identifiable liabilities	974
Non-controlling interest	350
Total equity and liabilities	1 324
Total identifiable net assets	522
Goodwill arising on acquisition	806
Net purchase consideration	1 328
Less: Cash consideration	(1 200)
Less: Deferred cash consideration	(128)
Net consideration	–

The revenue and other comprehensive income of NMS Insurance Services since acquisition date included in the consolidated statement of comprehensive income as at 31 December 2024 is R103 million and R61 million respectively. The revenue and other comprehensive income of the combined entity for the current reporting period as though the acquisition date occurred at the beginning of the reporting period is R1,1 billion and R363 million respectively.

Trade and other receivables had a fair value of R702 million at acquisition date. The gross amount is R701 million and it is expected that R701 million will be collected. The fair value approximates the gross amount due to its short-term nature.

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35.3 Other business combinations

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

R million	2024
Assets	
Other intangible assets	18
Investments	50
Working capital assets	
Trade and other receivables	2
Cash and cash equivalents	24
Total identifiable assets	94
Liabilities	
Insurance contract liabilities	21
Working capital liabilities	
Provisions	3
Total identifiable liabilities	24
Total identifiable net assets	70
Net purchase consideration	70
Less: Deferred consideration	(70)
Net consideration	–

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36 Disposal groups, discontinued operations and assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use, a sale is considered highly probable and it is available for sale in its present condition. These assets are measured at the lower of carrying value and their fair value less costs to sell, unless they are specifically excluded from the measurement provisions of IFRS 5: Non-current Assets Held For Sale and Discontinued Operations, in which case measured in accordance with the applicable IFRS Accounting Standards. Immediately before initial classification as held for sale, the assets to be reclassified are measured in accordance with applicable IFRS Accounting Standards.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the group statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the group statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the group statement of comprehensive income.

Below is a summary of non-current assets and disposal groups held for sale:

R million	Segment	Measurement base	Fair value hierarchy	Note	Non-current assets held for sale	Non-current liabilities held for sale	Net
31 December 2024							
Assets					6 837	–	6 837
Investment properties	Sanlam Life and Savings	Fair value	Level 3	36.1	2 548	–	2 548
Investment in joint venture	Pan-Africa	Carrying value		36.2	4 286	–	4 286
Owner-occupied properties	Asia	Carrying value			3	–	3
Total					6 837	–	6 837
31 December 2023							
Assets					2 210	–	2 210
Investment properties	Sanlam Life and Savings	Fair value	Level 3	36.1	2 207	–	2 207
Owner-occupied properties	Asia	Carrying value			3	–	3
Disposal groups					18 246	(16 617)	1 629
MCIS	Asia	Carrying value		36.3	18 246	(16 617)	1 629
Discontinued operation					26 757	(22 786)	3 971
Sanlam Pan-Africa	Pan-Africa	Carrying value		36.4	26 757	(22 786)	3 971
Total					47 213	(39 403)	7 810

36.1 Investment properties

During 2024, 6 further sales were approved by the Sanlam property committee. This allows the Sanlam Properties team to market the assets for sale to potential buyers for all 11 properties. Once serious buyers have been identified, the sale and purchase agreements are initiated. The purchase prices are approved by the Property Committee, in line with the latest internal valuations that were performed and approved in the previous month. The sales are expected to be finalised during 2024 – 2025, as the average sale period is 12 months.

36.2 Investment in joint venture

As part of the joint venture arrangement between Allianz and Sanlam, it was agreed that once Sanlam contributes its operations in Namibia, Allianz will have the option to increase its shareholding in the joint venture to a maximum of 49% (the Allianz Step up Transaction). A definitive agreement was concluded on 20th December 2024 in which SEM will dispose of 8,59% of its interest in SanlamAllianz to Allianz for an initial cash consideration of R4,5 billion, resulting in a final shareholding split between SEM and Allianz of 51% and 49% respectively. As at 31 December 2024, although regulatory approvals are still pending, the transaction is highly probable and the requirements of IFRS 5 are met to disclose the 8,59% stake as held for sale. It is expected that the transaction will become effective in first quarter of 2025.

36.3 Disposal groups

MCIS (Asia)

MCIS was classified as a disposal group held for sale as at 30 June 2024. During the fourth quarter, both Sanlam and the potential buyer have agreed to halt discussions and as such MCIS is no longer classified as held for sale. The balance previously presented within 'Non-current assets held for sale' and 'Non-current liabilities held for sale' have been reclassified to the financial statement captions of the assets/liabilities prior to the disposal group being recognised as held for sale.

36.4 Discontinued operations

Sanlam Pan-Africa (Pan-Africa)

An announcement to shareholders on 4 May 2022 indicated the initial shareholding split of SanlamAllianz was 60% and 40% to Sanlam and Allianz SE (Allianz) respectively, subject to certain postclosing adjustments, and excluded Sanlam's holdings in Namibia which were to be contributed at a later stage. Post-closing adjustments relating to movements in net asset value and corporate actions between initial agreement and transaction conclusion resulted in a final shareholding split of 59,6% and 40,4% to Sanlam and Allianz respectively. Shareholders and noteholders were notified that Sanlam integrated its Namibian holdings into SanlamAllianz at an initial valuation of R6,2 billion, subject to post-closing adjustments. To maintain the shareholding distribution of SanlamAllianz at 59,6% for Sanlam and 40,4% for Allianz, Sanlam subscribed for additional shares in SanlamAllianz, representing 59,6% of the valuation, and receive a cash consideration of R2,5 billion from SanlamAllianz, representing 40,4% of the valuation. SanlamAllianz financed this payment using a capital raise through a share issue to Allianz for cash. This transaction took effect on 7 October 2024.

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36 Disposal groups, discontinued operations and assets classified as held for sale continued

36.4 Discontinued operations continued

Sanlam Pan-Africa (Pan-Africa) continued

Financial performance relating to the discontinued operations for the year is set out below:

R million	2024	2023
Result from insurance operations		
Result from insurance contracts	368	3 716
Insurance service result	175	1 532
Insurance revenue	987	24 442
Insurance service expenses	(785)	(19 741)
Income or expense from reinsurance contracts	(27)	(3 169)
Insurance investment result	200	2 202
Insurance finance income or expense	(383)	(1 299)
Reinsurance finance income or expense	39	5
Investment income on assets held in respect of insurance contracts	479	2 083
Investment surpluses on assets held in respect of insurance contracts	65	1 413
Other expenses relating to insurance operations	(7)	(18)
Result from other operations	2 800	357
Revenue	123	1 372
Investment income	431	2 058
Investment surpluses/(deficits)	3 385	846
Change in fair value of investment contract liabilities	(622)	(1 676)
Change in fair value of external investors' liabilities	(297)	(1 046)
Sales remuneration	(43)	(123)
Administration costs	(177)	(1 074)
Impairments	–	(260)
Net impairment losses on financial and contract assets	–	(259)
Other impairments	–	(1)
Amortisation of intangibles	–	(80)
Net operating result	3 168	3 733
Equity-accounted earnings	98	448
Finance cost – other	–	(48)
Net monetary gain	–	(29)
Profit before tax	3 266	4 104
Taxation	(26)	(710)
Shareholders' fund	(11)	(676)
Policyholders' fund	(15)	(34)
Profit for the year	3 240	3 394

Cash flow information from discontinued operations

R million	2024	2023
Cash flow from operating activities	(281)	14
Cash flow from investment activities	2 332	(11 154)
Cash flow from financing activities	(4)	(2)
Net increase/(decrease) in cash and cash equivalents generated by discontinued operations	2 047	(11 142)

The results from this discontinued operation in 2024 have been included in the notes to the financial statements up until the date of disposal with a transfer to discontinued operation so as to reflect the results from continuing operations excluding discontinued operations.

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37 Fair value disclosures

Financial instruments

Financial instruments carried on the statement of financial position include investments (excluding investment properties, associates and joint ventures), receivables, deposits and similar securities, short-term investments, cash and cash equivalents, investment policy contracts, term finance liabilities, liabilities in respect of external investors in consolidated funds and payables.

Recognition and derecognition

Financial instruments are recognised when the group becomes party to a contractual arrangement that constitutes a financial asset or financial liability for the group that is not subject to suspensive conditions. Regular way investment transactions are recognised by using trade date accounting.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or when the asset is transferred. On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation to deliver cash or other resources in terms of the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Cash collateral pledged as security (including JSE margins placed) are classified as trading account assets and cash collateral received related payables are classified as trading account liabilities.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at:
- Amortised cost,
- Fair value through profit or loss (either mandatory or designated), or
- Fair value through other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are mandatorily measured at fair value through profit or loss. In addition, the group designates certain financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

On initial recognition, the group classifies its financial liabilities into one of the following categories:
- Amortised cost, or
- Fair value through profit or loss (either mandatory or designated)

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed. Financial liabilities classified as at fair value through profit or loss comprise held-for-trading liabilities, including derivatives (mandatory fair value through profit or loss) as well as financial liabilities designated as at fair value through profit or loss.

On initial recognition the group designates a financial liability as at fair value through profit or loss when doing so results in more relevant information either because:
- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis; or
- a group of financial liabilities; or a group of financial assets and liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the entity's key management personnel.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

37 Fair value disclosures continued

Initial measurement

A financial asset or financial liability is initially measured at fair value, plus for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Costs directly attributable to the acquisition of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment surpluses.

Subsequent measurement

Financial instruments classified as at fair value through profit or loss are measured at fair value after initial recognition. Net gains and losses (ie on the sale of investments and fair value gains and losses), interest or dividend income and foreign exchange gains or losses are recognised in profit or loss. Changes in fair value recognised in the statement of comprehensive income as investment surpluses. The particular valuation methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments classified as at amortised cost are measured at amortised cost using the effective interest method. Interest income, interest expense, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also measured in profit or loss.

Impairment

The group recognises loss allowances for expected credit losses on:
- Financial assets measured at amortised cost (including contract assets/contract receivables)

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12-month expected credit losses if:
- the credit risk on a financial instrument has not increased significantly since initial recognition; or
- financial instruments are determined to have a low credit risk at the reporting date.

The group determines whether the credit risk on a financial instrument has increased significantly by comparing this risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition together with reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12-month expected credit losses if the credit risk on a financial instrument has not increased significantly since initial recognition. Financial instruments that are determined to have a low credit risk at the reporting date are assumed to have no significant increase in credit risk.

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

Any 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses measured as the present value of all cash short falls (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Presentation of loss allowances in the statement of financial position

Loss allowances for expected credit losses are presented as a deduction from the gross carrying amounts of the financial assets.

Write-offs

The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Other financial liabilities

Other financial liabilities include:
- term finance liabilities incurred as part of interest margin business and matched by specific financial assets measured at amortised cost;
- other term finance liabilities measured at stock exchange prices or amortised cost as applicable;
- investment contract liabilities measured at fair value, determined on the bases as disclosed in the section on policy liabilities and profit entitlement; and
- external investors in consolidated funds measured at the attributable net asset value of the respective funds.

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Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover assets and liabilities measured at fair value.

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

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

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

Recurring fair value measurements

R million	Level 1	Level 2	Level 3	Total
31 December 2024				
Non-financial instruments				
Investment properties	–	–	7 812	7 812
Financial instruments	627 184	335 123	8 672	970 979
Investment contract assets	–	789	–	789
Investment in joint ventures	–	–	524	524
Equities and similar securities	195 454	581	2 158	198 193
Interest-bearing investments	110 763	234 419	–	345 182
Structured transactions	3	32 424	2	32 429
Investment funds[1]	305 344	21 179	5 941	332 464
Deposits and similar securities	4	31 167	–	31 171
Trading account assets	15 616	7 096	47	22 759
Trade and other receivables	–	4	–	4
Short-term investments	–	7 464	–	7 464
Total assets at fair value	627 184	335 123	16 484	978 791
Financial instruments				
Investment contract liabilities	–	554 955	–	554 955
Term finance	–	9 521	–	9 521
Structured transactions liabilities	–	12 201	–	12 201
External investors in consolidated funds	121 594	3 161	–	124 755
Trading account liabilities	1 366	26 163	–	27 529
Trade and other payables	–	100	–	100
Total liabilities at fair value	122 960	606 101	–	729 061
31 December 2023 – Restated[2]				
Non-financial instruments				
Investment properties	–	–	7 913	7 913
Financial instruments	528 820	258 690	9 764	797 274
Investment in joint ventures	–	–	517	517
Equities and similar securities	155 100	1 247	3 038	159 385
Interest-bearing investments	83 679	158 704	1 308	243 691
Structured transactions	10	26 104	–	26 114
Investment funds	280 222	16 874	4 853	301 949
Deposits and similar securities	–	38 103	–	38 103
Trading account assets[2]	9 809	8 557	48	18 414
Trade and other receivables	–	12	–	12
Short-term investments	–	9 089	–	9 089
Total assets at fair value	528 820	258 690	17 677	805 187
Financial instruments				
Investment contract liabilities	–	488 501	–	488 501
Term finance	–	7 444	–	7 444
Structured transactions liabilities	25	12 255	7	12 287
External investors in consolidated funds	73 172	3 003	293	76 468
Trading account liabilities[2]	1 640	23 075	–	24 715
Trade and other payables	–	202	–	202
Total liabilities at fair value	74 837	534 480	300	609 617

[1] Collective investment schemes that are quoted in an active market of transactions between investors and collective investment schemes based on a quoted/published price.

[2] The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

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Notes to the group annual financial statements continued

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37 Fair value disclosures continued

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

R million	Investment properties	Investment in joint ventures	Equities and similar securities	Interest-bearing investments	Structured transactions	Investment funds	Trading account assets	Trade and other receivables	Total assets
2024									
Assets									
Balance at 1 January 2024	7 913	517	3 038	1 308	–	4 853	48	–	17 677
Net gains in statement of comprehensive income[1]	224	7	202	(763)	2	229	(38)	–	(137)
Acquisitions	248	–	2 824	–	–	1 324	44	–	4 440
Disposals	(259)	–	(4 113)	(28)	–	(451)	–	–	(4 851)
Foreign exchange movements	26	–	2	–	–	(14)	(7)	–	7
Reclassified (to)/from non-current assets held for sale	(340)	–	205	–	–	–	–	–	(135)
Transfers into/(out) of level 3	–	–	–	(517)	–	–	–	–	(517)
Balance at 31 December 2024	7 812	524	2 158	–	2	5 941	47	–	16 484
2023									
Balance at 1 January 2023	10 436	471	922	543	–	2 262	–	110	14 744
Net (losses)/gains in statement of comprehensive income[1]	(571)	46	1 585	36	–	2 063	51	–	3 210
Acquired through business combinations	13	–	–	–	–	–	–	–	13
Acquisitions	170	–	652	776	–	528	85	–	2 211
Disposals	(298)	–	–	(47)	–	–	(92)	(67)	(504)
Foreign exchange movements	(77)	–	8	–	–	–	4	(22)	(87)
Reclassified to non-current assets held for sale	(1 760)	–	(129)	–	–	–	–	–	(1 889)
Settlements	–	–	–	–	–	–	–	(21)	(21)
Balance at 31 December 2023	7 913	517	3 038	1 308	–	4 853	48	–	17 677

R million	Structured transactions liabilities	External investors in consolidated funds	Total liabilities
2024			
Liabilities			
Balance at 1 January 2024	7	293	300
Net loss in statement of comprehensive income[1]	–	(247)	(247)
Acquisitions	–	(46)	(46)
Disposals	(7)	–	(7)
Balance at 31 December 2024	–	–	–
2023			
Balance at 1 January 2023	–	401	401
Net loss/(gain) in statement of comprehensive income[1]	7	(139)	(132)
Foreign exchange movements	–	31	31
Balance at 31 December 2023	7	293	300

[1] Net gains/(losses) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

37 Fair value disclosures continued

Losses (realised and unrealised) included in statement of comprehensive income[1]

R million	2024	2023
Total gains included in statement of comprehensive income for the year	110	3 078
Total unrealised losses included in statement of comprehensive income for the year for assets held at the end of the reporting year	699	3 946

[1] Net gains/(losses) in statement of comprehensive income forms part of investment surpluses/(deficits) and investment surpluses on assets held in respect of insurance contracts.

Transfers between levels

R million	Interest-bearing investments[1]	Investment funds	Total assets
Assets			
2024			
Transfer from level 2 to level 1	350	–	350
2023			
Transfer from level 1 to level 2	(83)	–	(83)
Transfer from level 2 to level 1	–	244	244

[1] Instruments that were not actively traded in the market have been transferred from level 1 to level 2. Conversely, instruments that have become actively traded in the market have been transferred from level 2 to level 1.

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

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input
Investment properties	3	Recently contracted prices, DCF and earnings multiple.	Bond and interbank swap interest rate curve, capitalisation rate, cost of capital, consumer price index and cash flow forecasts (including vacancy rates).	Exit capitalisation rate, discount rate, expected expense growth rate and cash flow forecasts (including vacancy rates).
Equities and similar securities	2 and 3	DCF and earnings multiple.	Cost of capital and consumer price index.	Cost of capital, adjusted earnings multiple, budgets and forecasts.
Interest-bearing investments	2 and 3	DCF, quoted put/surrender price by issuer.	Bond and interbank swap interest rate curve, cost of capital and consumer price index.	Discount rate and cost of capital
Structured transactions assets and liabilities	2 and 3	Option pricing models and DCF.	Bond and interbank swap interest rate curve, forward equity and currency rates and volatility risk adjustments.	Earnings multiple
Investment contract liabilities and investment funds	2 and 3	Current unit price of underlying unitised asset, multiplied by the number of units held, earnings multiple and DCF.	Bond and interbank swap interest rate curve, cost of capital, consumer price index and bond interest rate curve.	Earnings multiple
Trading account assets and liabilities	2 and 3	DCF, Earnings multiple, quoted put/surrender price by issuer and option pricing models.	Bond and interbank swap interest rate curve, cost of capital, consumer price index, forward rate, credit risk spread and liquidity spread.	Earnings multiple
Trade and other receivables/payables	2	DCF, Earnings multiple, quoted put/surrender price by issuer and option pricing models.	Bond and interbank swap interest rate curve, cost of capital, consumer price index, forward rate, credit risk spread and liquidity spread.	n/a
Deposits and similar securities, short-term investments and cash and cash equivalents	2	Mark-to-market and yield curve.	Bond and interbank swap interest rate curve.	n/a
Investment in joint ventures	3	Earnings multiple	Earnings multiple, country risk and size of the business and marketability.	Adjusted earnings multiple
Term finance	2	DCF	Bond and forward rate, credit ratings of issuer, liquidity spread and agreement interest curves.	n/a
External investors in consolidated funds	2 and 3	Current unit price of underlying unitised asset multiplied by the number of units held.	Unit prices	Based on underlying assets.

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37 Fair value disclosures continued

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

Investment properties

R million	Total	Carrying amount: Discount rate	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate	Carrying amount: Capitalisation rate	Effect of a 1% increase in capitalisation rate	Effect of a 1% decrease in capitalisation rate	Carrying amount: Earnings multiple	Effect of a 1% increase in earnings multiple	Effect of a 1% decrease in earnings multiple
2024										
Office buildings	3 247	3 228	(93)	71	3 210	(107)	130	19	–	–
Retail buildings	3 403	3 403	(91)	96	3 403	(202)	255	–	–	–
Industrial buildings	648	648	(31)	32	648	(52)	64	–	–	–
Undeveloped land	514	19	–	–	–	–	–	495	50	(50)
Total investment properties	7 812	7 298	(215)	199	7 261	(361)	449	514	50	(50)
2023										
Office buildings	2 674	2 655	(93)	99	2 655	(127)	157	19	2	(2)
Retail buildings	3 454	3 454	(118)	123	3 454	(278)	354	–	–	–
Industrial buildings	465	465	(21)	23	465	(36)	44	–	–	–
Undeveloped land	344	18	(1)	1	18	(1)	1	326	33	(33)
Other fixed properties	976	976	(24)	26	976	(22)	23	–	–	–
Total investment properties	7 913	7 568	(257)	272	7 568	(464)	579	345	35	(35)

Other investments

R million	Total	Carrying amount	Effect of a 10% increase in earnings multiple	Effect of a 10% decrease in earnings multiple	Carrying amount	Effect of a 1% increase in discount rate	Effect of a 1% decrease in discount rate
2024							
Investment in joint ventures	524	524	52	(52)			
Equities and similar securities	2 158	2 158	216	(216)			
Interest-bearing investments	–	(482)	(48)	48	482	(26)	16
Investment funds	5 941	5 941	594	(594)			
Structured transactions	2	2					
Trading account assets	47	47	5	(5)			
Total other investments	8 672	8 190	819	(819)	482	(26)	16
2023							
Investment in joint ventures	517	517	52	(52)			
Equities and similar securities	3 038	3 038	304	(304)			
Interest-bearing investments	1 308	822	82	(82)	486	(29)	29
Investment funds	4 853	4 853	485	(485)			
Trading account assets	48	28	3	(3)	20	(1)	1
Total other investments	9 764	9 258	926	(926)	506	(30)	30

Liabilities

R million	Carrying amount[1]	Effect of a 10% increase in value	Effect of a 10% decrease in value
2023			
External investors in consolidated funds	293	29	(29)
Structured transactions liabilities	7	1	(1)
Total liabilities	300	30	(30)

(1) Represents mainly private equity investments valued on earnings multiple, with sensitivities based on the full valuation.
(2) The effect of a 10% increase/decrease in the earnings multiple and a 1% increase/decrease in the discount rate and a 1% increase/decrease in the capitalisation rate represents the impact on profit or loss.

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38 Assets subject to offsetting, enforceable master netting arrangements and similar agreements

R million	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments set-off in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Related amounts not set off in the statement of financial position: Other financial instruments[1]	Related amounts not set off in the statement of financial position: Cash collateral received[2]	Net amount	Amounts not set off in the statement of financial position[3]	Total amounts recognised in the statement of financial position
31 December 2024								
Assets								
Trading account assets	6 951	(3 737)	3 214	(4 469)	(160)	(1 415)	24 174	22 759
Structured transactions assets	18 061	(776)	17 285	–	–	17 285	15 144	32 429
Liabilities								
Trading account liabilities	21 314	(16 355)	4 959	(16 682)	(160)	(11 883)	40 556	28 673
Structured transactions liabilities[4]	9 509	(8 943)	566	–	–	566	11 635	12 201
31 December 2023 – Restated[5]								
Assets								
Cash and cash equivalents[5]	–	–	–	–	–	–	27 237	27 237
Trading account assets[5]	3 526	(958)	2 568	(1 236)	(21)	1 311	17 103	18 414
Structured transactions assets	11 068	(6 201)	4 867	–	–	4 867	21 247	26 114
Liabilities								
Trading account liabilities[5]	14 978	(9 899)	5 079	(9 890)	(21)	(4 832)	30 667	25 835
Structured transactions liabilities[4]	2 821	(1 033)	1 788	–	–	1 788	10 499	12 287

(1) The figures for other financial instruments column are made up of ISDA netting, repos and scrip received. These amounts have been limited to the net amount recognised on the statement of financial position.

(2) Amount used is the lower of collateral received or the value of the financial assets (normally the latter due to overcollateralisation). ISDA netting refers to the netting of derivative exposures to arrive at the net amount owed to and by each counterparty as envisaged in the ISDA agreements with these counterparties. Credit Support Agreements (CSA) have been signed with derivative counterparties to place collateral to offset the net exposures in footnote 1. Scrip lending agreements are governed by GMSLA agreements in terms of which the collateral provided and the scrip received can be netted. Security/collateral received refers to equity collateral that has been pledged to SanFin to cover events of default.

(3) Excludes enforceable netting arrangements.

(4) Structured transactions liabilities include derivative liabilities.

(5) The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

39 Segmental information

The group segments are grouped according to the similarity of the solution offerings and market segmentations of the various businesses in line with how the business is reported to management and the board internally.

The operating segments reported for IFRS 8 Operating Segments purposes include the following:

- Sanlam Life and Savings
  - Sanlam Risk and Savings (previously reported under the segment SA Retail Affluent) (providing life insurance and investment solutions to the middle and upper level of the market);
  - Glacier (previously reported under the segment SA Retail Affluent) (providing investment solutions and life insurance to the middle and upper level of the market);
  - SA Retail Mass (providing life insurance and investment solutions to the entry level market); and
  - Sanlam Corporate (providing employee benefits services, group risk and investment services to retirement funds and corporates);
- Pan-Africa (incorporating mainly the life insurance, general insurance, investment management and credit space) businesses;
- Asia (incorporating mainly the life insurance, general insurance, investment management and credit space) businesses;
- Sanlam Investment Group (incorporating investment and wealth management businesses); and
- Santam (being Sanlam's general insurance provider subsidiary in South Africa).

Segment results per the shareholders' fund income statement after tax and non-controlling interest ("segment results") is used to measure performance as management believes this information is the most relevant in evaluating the results from the respective segments as it represents Sanlam's operational and investment activities in the manner that the Sanlam board assesses the group's performance. Refer to page 26 in the shareholders' fund information.

The IFRS Accounting Standards numbers are a base upon which Sanlam specific shareholders' fund adjustments are made to derive the net result from financial services and the underlying cash net result from financial services as disclosed. These shareholders' fund adjustments do not impact attributable earnings or total IFRS Accounting Standards profit after tax.

For total assets and liabilities, the shareholder's fund also incorporates the IFRS Accounting Standards numbers as a base and further makes certain adjustments, as described below to arrive at the shareholder's fund net asset value. The policyholders and outside shareholders' interest are treated as non-controlling interest for group companies consolidated.

IFRS adjustments represent the difference between shareholder fund reporting and IFRS Accounting Standards. This includes but limited to:

- Deferred tax recognised in respect of assessed losses in policyholder funds under IFRS Accounting Standards which creates an artificial mismatch which impacts the group's shareholder fund and earnings.
- Asset mismatch reserve – is created in the group statement of financial position for investment variances emanating from insurance and investment contracts measured under IFRS 17 and IFRS 9 respectively. These reserves are not allowed under IFRS Accounting Standards.
- Discontinued operations – for shareholder fund reporting, discontinued operations in terms of IFRS 5 Non-current assets held for sale are not re-presented as is the case for IFRS Accounting Standards. These are accounted for as if the operations are not yet discontinued and derecognised when the disposal becomes effective.

Policyholder activities – to get to the full IFRS Accounting Standards amounts, policyholder activities are added as these are excluded for shareholders' fund reporting.

Group Office is responsible for areas of financial risk management and is not an operating segment.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

39 Segmental information continued

R million	Sanlam Life and Savings[1] 2024	2023	Pan-Africa 2024	Restated[2] 2023	Asia 2024	Restated[2] 2023	Sanlam Investment Group 2024	2023	Santam 2024	2023	Group office and other 2024	2023	Consolidation entries and IFRS adjustments 2024	2023	Policyholder activities 2024	2023	Total 2024	2023
Investment in associates and joint ventures	5 341	1 424	29 752	25 054	15 736	15 970	694	653	1 798	1 524	–	–	(1 071)	(669)	(3 495)	517	48 755	44 473
Total assets	73 026	60 346	31 531	30 102	18 041	17 863	38 711	35 909	59 896	58 672	1 867	5 849	(2 326)	282	912 798	787 697	1 133 544	996 720
Total liabilities	30 333	24 255	427	3 904	849	259	31 248	28 033	46 864	48 217	779	3 374	905	2 663	911 984	789 110	1 023 389	899 815

R million	Sanlam Life and Savings[1] 2024	Restated[2] 2023	Pan-Africa 2024	Restated[2] 2023	Asia 2024	Restated[2] 2023	Sanlam Investment Group 2024	2023	Santam 2024	2023	Group office and other 2024	2023	Policyholder activities, consolidation entries and IFRS adjustments[3] 2024	2023	Total 2024	2023
Insurance revenue[4]	46 280	39 123	987	24 441	1 842	1 671	–	158	52 317	46 883	–	–	(7 951)	(24 436)	93 475	87 840
Insurance service expenses[5]	(36 730)	(31 360)	(785)	(19 740)	(1 932)	(1 528)	(435)	(417)	(40 038)	(37 344)	–	–	4 367	19 705	(75 553)	(70 684)
Income or expense from reinsurance contracts[5]	(396)	(717)	(27)	(3 169)	22	16	–	–	(7 873)	(7 845)	–	–	3 286	4 319	(4 987)	(7 396)
Insurance finance income or expense[5]	(25 876)	(11 109)	(383)	(1 206)	(1 231)	(1 190)	(511)	(242)	(1 365)	(72)	–	–	769	(484)	(28 597)	(14 303)
Investment income on assets held in respect of insurance contracts[5]	7 360	7 945	479	1 991	638	644	1 493	1 011	1 301	1 100	–	–	(480)	(3 163)	10 791	9 528
Investment surpluses/(deficit) on assets held in respect of insurance contracts[5]	19 657	5 133	65	1 413	469	618	–	–	–	–	–	–	(791)	(756)	19 400	6 408
Revenue[6]	15 811	11 922	78	1 256	–	–	7 438	6 816	364	722	676	678	(952)	(2 434)	23 415	18 960
Investment income	2 838	1 569	118	1 786	64	68	241	255	830	–	459	296	27 540	20 655	32 090	24 629
Investment surpluses/(deficits)	1 569	1 458	4 471	(708)	(106)	29	43	180	1 030	664	(200)	(1 317)	48 240	58 549	55 047	58 855
Change in fair value of external investors' liabilities[5]	–	–	–	–	–	–	–	–	(619)	–	–	–	(6 377)	(8 678)	(6 996)	(8 678)
Change in fair value of investment contract liabilities[5]	–	–	–	–	–	–	–	–	–	–	–	–	(66 679)	(66 262)	(66 679)	(66 262)
Finance cost – margin business	–	–	(64)	(101)	–	–	(56)	(57)	–	–	(246)	(254)	–	–	(366)	(412)
Administration costs[5]	(13 250)	(8 915)	(178)	(1 305)	(32)	(53)	(5 483)	(5 157)	(311)	(340)	(1 513)	(5 157)	(540)	3 695	(21 307)	(17 232)
Consultancy fees[5]	(1 398)	(1 104)	(70)	(131)	(1)	(1)	(81)	(72)	(367)	(596)	(723)	(72)	–	(1 055)	(2 640)	(3 031)
Employee benefits[5]	(8 644)	(6 759)	(121)	(2 218)	(1)	(1)	(2 519)	(2 415)	(5 010)	(4 474)	(1 523)	(1 325)	–	–	(17 818)	(17 192)
Depreciation[7]	(374)	(313)	(7)	(172)	–	–	(51)	(49)	(265)	(292)	(131)	(111)	–	–	(828)	(937)
Impairments	(1 235)	(30)	–	(273)	–	–	1	(37)	(177)	–	–	949	–	(688)	(1 412)	(79)
Amortisation of intangibles	(404)	(180)	–	(33)	(2)	(2)	(87)	(90)	(84)	(33)	–	–	45	81	(532)	(257)
Equity-accounted earnings	(27)	50	2 746	372	2 796	2 431	167	166	88	172	(6)	(83)	(147)	(150)	5 617	2 958
Finance cost – other	(546)	(334)	–	(49)	(45)	(46)	(31)	(31)	(539)	(437)	(30)	(211)	(52)	2	(1 243)	(1 106)
Taxation	(4 406)	(3 236)	(433)	(926)	(40)	(143)	(607)	(547)	(1 101)	(662)	187	–	(1 509)	(1 565)	(7 909)	(7 079)
Profit/(loss) for the year from continuing operations	9 798	9 128	7 073	2 611	2 485	2 482	2 100	1 881	3 944	2 478	(675)	(1 556)	(4 362)	(3 423)	21 604	13 603
Profit for the year from discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–	3 240	3 394	3 240	3 394

(1) Includes the operations of Sanlam Risk and Savings together with Glacier (previously Sanlam Retail Affluent), SA Retail Mass, Sanlam Corporate and discretionary capital held by Sanlam Life and Savings.

(2) During the year ended 31 December 2024, the group re-evaluated its internal organisational structure and management reporting framework. As a result, the group has revised its reportable segments. Changes were made to better align with how the company's chief operating decision maker (CODM) evaluates performance and allocates resources after Sanlam contributed its' African operations to the newly incorporated joint venture, SanlamAllianz in 2023. Sanlam Emerging Markets has been disaggregated into Pan-Africa and Asia. Sanlam Life and Savings was disaggregated in 2023 disclosure into SA Retail Affluent, SA Retail Mass, Sanlam Corporate in the 2024 disclosure this was collapsed. Comparative disclosures have been restated accordingly.

(3) Policyholder activities, consolidation entries and IFRS adjustments included in profit for the period/(loss) from continuing operations relates to Sanlam Life and Savings -R8 million (2023: -R26 million), Pan-Africa -R3 533 million (2023: -R3 545 million), Sanlam Investment Group R1 million (2023: -R1 million), Santam R212 million (2023: R62 million) and Group Office R261 million (2023: R87 million). Consolidation entries relate to inter-segmental transactions. For IFRS adjustments, refer to additional information above table.

(4) The decrease in Pan-Africa insurance revenue stems from the discontinued operations now being equity-accounted following the creation of the joint venture SanlamAllianz in September 2023.

(5) Following the IFRS Accounting Standards Interpretations committee's final agenda decision on operating segments regarding the disclosure of material items of income and expenses in terms of IFRS 8.23(f) and IAS 1.97 during the financial year, the group updated its disclosure of items included in the measure of profit or loss per segment. The prior year information was updated to align to the current year disclosures.

(6) Inter-segmental revenue is included in the policyholder activities, consolidation entries and IFRS adjustments column. Group Office and other had net negative inter-segmental revenue of R643 million (2023: net negative R631 million), Sanlam Investments Group had net negative inter-segmental revenue of R349 million (2023: net negative R306 million), Sanlam Life and Savings had net negative inter-segmental revenue of R64 million (2023: net negative R129 million) and Pan-Africa had inter-segmental revenue of net negative R13 million (2023: net negative R24 million). Inter-segmental revenue stem mainly from IT-services, investment management services and marketing and brand services provided between segments.

(7) Depreciation has been separately disclosed in order to comply with IFRS 8.23(e). The prior year information was updated to align to the current year disclosures.

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Notes to the group annual financial statements continued

for the year ended 31 December 2024

39 Segmental information continued

39.1 Contracts not measured under the premium allocation approach: Total

CSM balance per cluster

R million	2024 Contractual service margin: Total (net of reinsurance)	2024 Contractual service margin: Insurance	2024 Contractual service margin: Reinsurance	2023 Contractual service margin: Total (net of reinsurance)	2023 Contractual service margin: Insurance	2023 Contractual service margin: Reinsurance
Sanlam Life and Savings	26 496	26 163	333	22 502	22 372	130
Sanlam Risk and Savings	15 846	15 454	392	15 131	15 001	130
SA Retail Mass	6 872	6 931	(59)	3 965	3 965	–
Sanlam Corporate	3 778	3 778	–	3 406	3 406	–
Asia	561	604	(43)	–	–	–
Malaysia[1]	561	604	(43)	–	–	–
Santam	–	9 102	(9 102)	–	7 360	(7 360)
Total balance	27 057	35 869	(8 812)	22 502	29 732	(7 230)

[1] MCIS was classified as a disposal group held for sale as at 30 June 2024. During the fourth quarter, both Sanlam and the potential buyer have agreed to halt discussions and as such MCIS is no longer classified as held for sale.

Geographical analysis of shareholder and policyholder non-current assets

R million	Policyholder	Shareholder	IFRS adjustment	Total
31 December 2024				
South Africa	730 779	159 800	104 647	995 226
Pan-Africa	4	161	880	1 045
Other International	63 747	17 678	(509)	80 916
Non-current assets[1]	794 530	177 639	105 018	1 077 187
31 December 2023 – Restated[2]				
South Africa	632 650	139 309	58 964	830 923
Pan-Africa	20 696	4 513	2 682	27 891
Other International	62 054	18 747	(189)	80 612
Non-current assets[1]	715 400	162 569	61 457	939 426

[1] Non-current assets include goodwill, property and equipment, right-of-use assets, owner-occupied properties, intangible assets, contract costs for investment management services, insurance contract assets, reinsurance contract assets, deferred tax asset, investments, trading account assets, advances to customers and non-current assets held for sale.
[2] The prior year has been restated to reclassify collateral pledged and received from cash and cash equivalents to trading account assets and liabilities respectively in order to align with the definition of cash and cash equivalents in IAS 7. Refer to note 41 for additional information.

Addition to non-current assets

R million	2024	2023
Sanlam Life and Savings	3 924	6 520
Pan-Africa	111	515
Asia	24	16
Sanlam Investments Group	65	248
Santam	278	715
Group Office	1	23
Addition to non-current assets[1]	4 403	8 037

[1] Consists of additions to non-current assets expected to be recovered more than 12 months after the reporting period. Non-current assets excludes in this context financial instruments, insurance contract assets, reinsurance contract assets and deferred tax assets.

Notes to the group annual financial statements continued

for the year ended 31 December 2024

39 Segmental information continued

39.1 Contracts not measured under the premium allocation approach: Total continued

Geographical analysis of shareholder and policyholder revenue

R million	Policyholder	Shareholder	IFRS adjustment	Total
31 December 2024				
South Africa	424	21 904	(1 216)	21 112
Pan-Africa	–	93	(76)	17
Other International	–	1 658	(307)	1 351
IFRS 15 Revenue	424	23 655	(1 599)	22 480
Revenue not in scope of IFRS 15			933	933
Revenue	424	23 655	(666)	23 413
31 December 2023				
South Africa	76	17 470	(3 029)	14 517
Pan-Africa	–	1 283	(1 144)	139
Other International	(3)	1 676	(143)	1 530
IFRS 15 Revenue	73	20 429	(4 316)	16 186
Revenue not in scope of IFRS 15			2 774	2 774
Revenue	73	20 429	(1 542)	18 960

40 Unconsolidated structured entities

The group does not consolidate the structured entities where it either does not have the power to control the investment decisions or is exposed to significant variable returns from the structured entities.

The below table provides additional information on significant unconsolidated structured entities in which the group holds an interest.

R million	Investment type	Nature and purpose of the business	How is the entity financed?	Carrying amount[1] 2024	Carrying amount[1] 2023	Income received[2] 2024	Income received[2] 2023
Amber House Fund 5 (RF) Limited	Floating rate notes	Special purpose vehicle setup by South African Home Loans (Pty) Ltd to finance mortgage loans.	Funding received from the South African capital market.	971	972	92	24
Blue Diamond X Investments (RF) Limited	Floating rate notes	Special purpose entity set up for the purpose of issuing debt securities to repay existing credit facilities, refinance indebtedness, and for acquisition purposes. Proceeds from the issue of the notes for the purpose of acquiring and/or investing in participating assets.	Funding received from the South African capital market.	954	1082	83	100
South African Securitisation Programme (RF) Limited	Floating rate notes	Special purpose entity set up for the purpose of issuing debt securities to repay existing credit facilities, refinance indebtedness, and for acquisition purposes.	Funding received from the South African capital market.	738	880	69	80

[1] Included in interest-bearing investments at fair value through profit or loss in the statement of financial position. The carrying amount represents the group's maximum exposure to credit risk.
[2] Consists of interest income and investment surpluses.

The group has not sponsored any significant unconsolidated structured entities in which it holds an interest.

41 Restatements

Collateral

Management restated the statement of financial position to appropriately present financial instruments meeting the definition of cash and cash equivalents as cash and cash equivalents (within working capital), which is required by IAS 7 Statement of Cash Flows. Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Credit Support Agreements (CSA) collateral provided to derivative counterparties as well as initial margins with the JSE in respect of exchange traded derivatives and Credit Support Agreements (CSA) collateral payable to derivative counterparties have been reclassified from cash and cash equivalents to trading account assets and trading account liabilities respectively as it did not meet the definition of cash and cash equivalents.

As a result of the correction of collateral balances, the statement of cash flows was corrected to amend cash and cash equivalents for 1 January 2023 and 31 December 2023.

The "cash and cash equivalents at the beginning of the year" and the "cash and cash equivalents at the end of the year" were restated. In addition, the movement of above impact is included in operating activities in the statement of cash flows. The impact on the statement of financial position as well as the statement of cash flows is as follows:

Group statement of financial position

R million	31 December 2023 As previously reported	Restatements	31 December 2023 Restated	1 January 2023 As previously reported	Restatements	1 January 2023 Restated
ASSETS						
Other non-current assets	921 012		921 012	925 983		925 983
Trading account assets	13 554	4 860	18 414	14 124	5 599	19 723
Working capital assets	55 886	1 408	57 294	58 047	(1 736)	56 311
Trade and other receivables	20 014		20 014	15 232		15 232
Taxation	954		954	574		574
Short-term investments	9 089		9 089	5 375		5 375
Cash and cash equivalents	25 829	1 408	27 237	36 866	(1 736)	35 130
Total assets	990 452	6 268	996 720	998 154	3 863	1 002 017
EQUITY AND LIABILITIES						
Shareholders' fund	88 530		88 530	84 577		84 577
Non-controlling interest	8 375		8 375	14 381		14 381
Total equity	96 905		96 905	98 958		98 958
Other non-current liabilities	841 054		841 054	850 919		850 919
Trading account liabilities	19 567	6 268	25 835	17 794	3 863	21 657
Working capital liabilities	32 926		32 926	30 483		30 483
Total equity and liabilities	990 452	6 268	996 720	998 154	3 863	1 002 017

Notes to the group annual financial statements continued

for the year ended 31 December 2024

41 Restatements continued

Collateral continued

Statements of cash flows

R million	At 31 December 2023 As previously reported	Restatements	At 31 December 2023 Restated
Cash flow from operating activities	(17 704)	3 144	(14 560)
Cash utlilised in operations	(32 848)	3 144	(29 704)
Interest and preference share dividends received	20 962	–	20 962
Interest paid	(1 855)	–	(1 855)
Dividends received	10 514	–	10 514
Dividends paid	(9 604)	–	(9 604)
Taxation paid	(4 873)	–	(4 873)
Cash flow from investment activities	(2 435)	–	(2 435)
Cash flow from financing activities	(1 538)	–	(1 538)
Net increase in cash and cash equivalents	(21 677)	3 144	(18 533)
Net foreign exchange difference	700		700
Cash and cash equivalents at beginning of the year	49 231	(1 736)	47 495
Cash and cash equivalents at end of the year	28 254	1 408	29 662

42 Subsequent events

In early 2025, the group agreed transactions to subscribe for additional shares in Shriram's wealth and stockbroking businesses, increasing its effective economic shareholding from 26% to 50%. The group also subscribed for additional shares in Shriram's listed asset management operations, Shriram Asset Management Company, to increase its effective economic shareholding from 16,3% to 34,8%. These transactions remain subject to regulatory approvals. The combined capital outlay for these transactions is R946 million, funded from discretionary capital.

The asset and wealth management businesses have not been a strategic focus of the partnership to date but given the development of the Indian domestic market in recent years, supported by tailwinds of economic growth, financialisaton of savings and maturing capital markets, Sanlam believes that the opportunity is significant and of strategic importance. The financial impacts are expected to be broadly neutral on earnings and dividends in the initial years but expected to be accretive from year three as the businesses are growing assets very strongly.

No other material facts or circumstances have arisen between the date of the statement of financial position and this report which materially affects the financial position of the Sanlam limited group at 31 December 2024 as reflected in these financial statements.

Company financial results

Statement of financial position

as at 31 December 2024

R million	Note	2024	2023
ASSETS			
Investment in subsidiaries	2	27 660	28 658
Working capital assets		320	680
Loans to group companies	2	–	473
Trade and other receivables		318	205
Cash and cash equivalents		2	2
Total assets		27 980	29 338
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	3	12 526	13 033
Non-distributable reserves		9 342	9 342
Retained earnings		(3 458)	3 189
Total equity		18 405	25 564
Working capital liabilities		9 570	3 774
Loans from group companies	2	8 772	2 997
Accounts payable		791	771
Taxation payable		7	6
Total equity and liabilities		27 980	29 338

Statement of comprehensive income

for the year ended 31 December 2024

R million	Note	2024	2023
Net income		9 071	9 499
Dividend income – included in revenue	4	8 915	10 128
Interest income		15	18
Investment surpluses and other income	5	141	(647)
Expenses			
Administration costs	6	(59)	(33)
Reversals of impairment	2	5	913
Impairment	2	(1 084)	–
Profit before tax		7 933	10 379
Taxation	12	(4)	(5)
Profit for the year		7 929	10 374

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Cash flow statement

for the year ended 31 December 2024

R million	Note	2024	Restated [1] 2023
Cash flow from operating activities		6 349	2 384
Cash generated from operations	11	6 234	458
Dividends received		8 915	10 128
Dividends paid		(8 812)	(8 017)
Interest received		15	18
Taxation paid		(3)	(203)
Cash flow from investment activities		(75)	(515)
Proceeds from sale less cost of acquisition of associated companies	5	–	773
Acquisition of associated companies	5	–	(1 115)
Acquisition of subsidiaries		(75)	(173)
Cash flow from financing activities		(6 274)	(1 869)
BEE redemption of preference shares and share cancellation	3	(6 274)	–
Share buy-back	3	–	(1 869)
Net increase/(decrease) in cash and cash equivalents		–	–
Cash and cash equivalents – beginning of the year		2	2
Cash and cash equivalents – end of the year	2	2	2

[1] The prior year has been restated to present movements in the group company loans (see note 14) in operating activities instead of the cash and cash equivalent section as the loans do not meet the definition of cash and cash equivalents in terms of IAS 7 Statement of Cash Flows (IAS 7). Amounts previously presented for the 'Decrease in cash and cash equivalents' of R468 million is now included in "Cash generated from operations" for the 2023 financial year. The "Cash and cash equivalents - beginning of the year" of (R2 056 million) is restated to R2 million resulting in the "Cash and cash equivalents - end of the year" (R2 524 million) also being restated to R 2 million. The restatement had no impact on the balances as reflected in the Statement of Financial Position.

Statement of changes in equity

for the year ended 31 December 2024

R million	Note	Share capital	Share premium	Non-distributable reserve[1]	Retained income	Total
Balance at 1 January 2023		22	12 761	9 342	2 519	24 644
Profit for the year		–	–	–	10 374	10 374
Dividends declared	7	–	–	–	(8 017)	(8 017)
Shares issued		–	435	–	–	435
Shares cancelled		–	(185)	–	(1 684)	(1 869)
Balance at 31 December 2023		22	13 011	9 342	3 192	25 567
Profit for the year		–	–	–	7 929	7 929
Dividends declared	7	–	–	–	(8 812)	(8 812)
Shares cancelled	3	–	(507)	–	(5 768)	(6 275)
Balance at 31 December 2024		22	12 504	9 342	(3 459)	18 409

[1] Pre-acquisition reserves arising from the demutualisation of Sanlam Life Insurance Limited in 1998.

Notes to the financial statements

for the year ended 31 December 2024

1. Accounting policies

The accounting policies of the Sanlam Limited group as set out on pages 64 to 77 are also applicable to Sanlam Limited except for investments in subsidiaries which are reflected at cost or at a lower value if there is an impairment in value.

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

2. Investment in subsidiaries and loans with group companies

R million	2024	2023
Investment in subsidiaries – shares at cost less impairments	27 660	28 658
Loans with group companies	(8 772)	(2 524)
Loans to group companies	–	473
Loans from group companies	(8 772)	(2 997)
Net interest in group companies	**18 883**	26 134
Net (impairment)/reversal of impairment of investments in group companies		
Genbel Securities Limited	(813)	222
Sanlam Invest (Pty) Limited	–	673
Sanlam PrefCo (Pty) Limited	5	18
Sanlam Investment Holdings UK	(271)	–
Total net impairment of investment in group companies	**(1 079)**	913
Fair value of net investment in group companies	**195 525**	183 377

(Impairments)/Reversals of impairments in investments in subsidiaries

Sanlam Limited evaluates its investments in subsidiaries annually for any indicators of impairment or impairment reversal which are performed in accordance with IAS 36. An impairment loss is recognised for the amount by which the carrying amount of the investment in a subsidiary exceeds its recoverable amount.

Genbel Securities Limited

Due to a decrease in the underlying fair values in the unlisted subsidiaries driven by investment returns and economic assumption changes, there was an impairment of R813 million. The recoverable amount for impairment testing purposes has been determined based on the value in use of the business. The value in use was determined on a discounted cash flow valuation basis. The recoverable amount of R6 339 million and the related discount rates (if applicable) is made up as follows:

- NAV of Genbel securities: R2 016 million.
- Value in use of SPW of R4 323 million has been determined based on a discount rate of 17,7%.

Sanlam Investment Holding (UK) Limited

In 2024, due to the poor performance of financial markets locally there was an impairment of R271 million on the value in Sanlam Investment Holding (UK) Limited. The recoverable amount for impairment testing purposes has been determined based on the value in use of the businesses. The value in use was determined on a discounted cash flow valuation basis. The recoverable amount of R1 911 million and the related discount rates (if applicable) is made up as follows:

- NAV of Sanlam Investments Holdings UK: R141 million
- Value in use of Sanlam UK of R474 million has been determined based on a discount rate of 15,7%
- Recapitalisation of Sanlam Investment Holdings UK: R1 296 million.

Sanlam PrefCo (Pty) Limited

Due to an increase in profits for the year, there was a reversal of impairments to the value of R5 million. The recoverable amount for impairment testing purposes has been determined based on the value in use of the business. The value in use was determined on a discounted cash flow valuation basis. The recoverable amount of R2 476 million and the related discount rates (if applicable) is made up as follows:

- NAV of Sanlam Prefco: R2 476 million.

Loans: Group companies

On initial recognition, loans to and from group companies are classified as measured at:

- Amortised cost or
- Fair value through profit or loss (either mandatory or designated).

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These loans to group companies are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unless otherwise stated, all loans are carried at amortised cost.

The ECL on loans to group companies is immaterial.

The loans to/from Group companies are unsecured and repayable on demand. No interest is charged but these arrangements are subject to revision from time to time. Details regarding the principal subsidiaries of Sanlam Limited are set out on page 247.

The fair value of the loans are disclosed in the note on principal subsidiaries on page 247. The carrying value of these loans approximates the FV.

Investment in group companies

Investment in group companies are carried at cost less accumulated impairment. The fair value disclosed are classified level 3 instruments in terms of IFRS 13. Investment management subsidiaries are valued on a discounted cash flow (DCF) basis, subsidiaries that conduct life insurance business are valued at embedded value plus a multiple of new life insurance business and other subsidiaries and loans are valued at DCF. For a description of the valuation methodology used and sensitivities of main assumptions, refer to note 37 on page 219.

Sanlam Limited does not have a bank account and all transactions of Sanlam Limited, in which it acts as principal, are centrally administered by Sanlam Life and controlled by Sanlam Limited. Sanlam Limited presents cash inflows and outflows from these activities in the cash flow statement as cash flows from operating, investing and financing activities as appropriate.

R million	2024	2023
Loans to group companies		
Sanlam Life Insurance Limited	–	473
	–	473
Loans from group companies		
Sanlam Invest (Pty) Limited	11	11
Sanpref (Pty) Ltd	2 500	–
Sanlam PrefCo (Pty) Limited	2 310	2 310
Sanlam Investment Management Holdings (Pty) Limited	683	364
Sanlam Life Insurance Limited	498	–
Genbel Securities Limited	264	264
Loans from other		
U.R.D. Beleggings (Edms) Beperk	2 458	–
Sanlam Foundation	48	48
	8 772	2 997

3. Share capital and premium

Details of share capital and premium are reflected in note 18 on page 177 of the Sanlam Limited group financial statements.

Shares repurchased and cancelled

Sanlam shareholders granted specific approval under special resolution number 3 adopted at the last general meetings to repurchase Sanlam shares from its wholly owned subsidiary (SU BEE Investment).

A cumulative 85,7 million ordinary shares were repurchased and cancelled in June 2024.

4. Revenue

R million	2024	2023
Dividend income from subsidiaries– included in revenue	8 915	10 128

Sanlam Limited is the holding company which earns its income through dividend income received that is deemed to be revenue for IFRS Accounting Standards purposes.

Notes to the financial statements

for the year ended 31 December 2024

5. Investment surpluses

R million	2024	2023
Investment surpluses	–	(777)
Other income	141	130
	141	(647)

Other income:

Other income is made up only of the release of unclaimed dividends. Sanlam Limited's MOI makes provision for the Board to declare unclaimed dividends forfeited after an unclaimed period of five years. At the end of each financial year an assessment will be made of the appropriate level of the provision to be carried for unclaimed dividends, 50% of the value of all dividends outstanding for more than five years as at the end of a financial year will no longer be claimed, which may allow for some release of the existing provision. The appropriate level of the provision kept for this purpose will be reviewed annually based on the actual claims experience. The Board will be formally notified each year of the level of unclaimed dividends and the proposed amount to be released from the provision.

Investment surpluses:

In the prior year, this related to the loss on disposal of the investment in Afrocentric in which Sanlam had acquired a 43,9% interest through a partial offer to the shareholders resulting in an investment in associate. Sanlam Life then exchanged its 28,7% stake in ACT Healthcare Assets Pty Ltd (AHA) for a 28,7% stake held by Sanlam to 31,3%. The internal cross holdings in Afrocentric create operational and financial reporting challenges. It was therefore proposed that Sanlam dispose of its entire holding of shares in Afrocentric to Sanlam Life by way of an intra-group transaction, following which the Sanlam group's entire holding in Afrocentric will be consolidated and held by Sanlam Life. The sale and transfer of Sanlam's shares to Sanlam Life was implemented through an Intra-group Agreement in which Sanlam will sell its Afrocentric shares to Sanlam Life at a price of R3 per share, which represents the closing price at which Afrocentric shares were trading at on the JSE Limited (JSE) on the business day immediately preceding the effective date (13 December 2023). In terms of the Intra-group Agreement, Sanlam Life will be obliged to make payment of the consideration to Sanlam in cash on the effective date. Since Sanlam owes amounts to Sanlam Life under an existing loan agreement, the parties will agree (Payment Settlement) that Sanlam Life's obligation to make payment of the consideration to Sanlam will be set off against Sanlam's obligation to make payment of a portion of the loan, in an amount equal to the consideration of the sale and transfer shares, to Sanlam Life.

6. Administration costs include:

R million	2024	2023
Directors' remuneration		
Detail of the directors' remuneration are reflected in the remuneration report.		
Audit fees: statutory audit	20	13

7. Dividends

Details of the dividends declared are disclosed on page 82 of the Sanlam Limited group financial statements.

8. Borrowing powers

In terms of the articles of association of Sanlam Limited, the directors may at their discretion raise or borrow money for the purpose of the business of the company without limitation.

9. Commitments and contingencies

Details of commitments and contingencies are reflected in note 32 on page 207 of the Sanlam Limited group financial statements. The maximum utilisation under all of the guarantees granted in favour of Sanlam Financial Markets is R6,8 billion (2023: R6,8 billion).

10. Related parties

Details of related parties are reflected in note 33 on page 209 of the Sanlam Limited group financial statements.

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11. Notes to the cash flow statement

R million	2024	2023 Restated[1]
Cash generated from operations		
Profit before tax	7 933	10 379
Non-cash flow items		
Impairment on investments in subsidiaries	1 084	–
Reversal of impairment on investments in subsidiaries	(5)	(913)
Items disclosed separately		
Dividends received	(8 915)	(10 128)
Investment surpluses	–	777
Interest income	(15)	(18)
Increase in net working capital liabilities	6 152	361
Increase in trade receivables	(113)	(109)
Net increase in group company loans	6 248	468
Increase in trade payables	17	2
Cash generated from operations	6 234	458

[1] Refer to note 14 relating to the restatement. As a result, movements on loans to group companies and loans from group companies are now presented in cash generated from operations.

12. Taxation

Tax rate reconciliation

%	2024	2023
Standard rate of taxation	27,00	27,00
Adjusted for:		
Non-taxable income	(27,09)	(27,03)
Non-deductible expenses	0,14	0,07
Other difference	–	–
Effective tax rate	0,05	0,04

Non-taxable income includes dividends received and reversal of impairment in subsidiaries. Non-deductible expenses includes impairments in subsidiaries.

13. Capital and risk management

The main financial instrument risk that Sanlam Limited is exposed to, is credit risk in respect of its loans to group companies. Loss allowances are recognised on these loans in terms of IFRS 9, by establishing whether the borrowing group company has sufficient accessible liquid assets in order to repay the loan if demanded at the reporting date. If the borrowing group company is not able to repay the loan if demanded at the reporting date, then Sanlam Limited considers the expected manner of recovery to measure expected credit losses. The credit quality of the loans receivable has been assessed as acceptable within the parameters used to measure and monitor credit risk. The circumstances as at the statement of financial position date is not expected to change in the foreseeable future.

R million	2024	2023
Sanlam Limited's maximum exposure to credit risk is calculated as follows:		
Carrying value of loans granted	–	473

Further details of risk management are disclosed in the capital and risk management report on page 13.

Notes to the financial statements

for the year ended 31 December 2024

14. Restatement of statement of cash flows

The prior year has been restated to present movements in the group companies' loans in operating activities instead of the cash and cash equivalents section as the loans do not meet the definition of cash and cash equivalents in terms of IAS 7 Statement of Cash Flows (IAS 7). Amounts previously presented for the 'Decrease in cash and cash equivalents' of (R468 million), 'Cash and cash equivalents – beginning of the year' of (R2 056 million) and 'Cash and cash equivalents – end of the year' was (R2 524 million) are now included in 'Cash utilised in operations'. The adjustment passed to 'Cash and cash equivalents – beginning of the year' of R2 058 million consists of R2 056 million relating to the group loans and R2 million relating to cash. The adjustment passed to 'Cash and cash equivalents – end of the year' of R2 526 million consists of R2 524 million relating to the group loans and R2 million relating to cash.

The impact on the company statement of cash flows is as follows:

	31 December 2023		
R million	As previously reported	Adjustments	Restated
Cash flow from operating activities	1 916	468	2 384
Cash (utilised in)/generated from operations	(10)	468	458
Net (decrease)/increase in cash and cash equivalents	(468)	468	–
Cash and cash equivalents at the beginning of the period	(2 056)	2 058	2
Cash and cash equivalents at the end of the period	(2 524)	2 526	2

15. Guarantees[1]

Guarantees are accounted for in Sanlam Limited company, under IFRS 9. For a detailed view of the accounting policy applied with regards to guarantees, and for the details of guarantees that Sanlam Limited company has entered into with external parties, refer to note 32.2 on pages 207 – 208 of Sanlam Limited group financial statements. Sanlam Limited has entered into the following guarantees with entities within the group:

- Sanlam Limited granted a three put options to Sanlam Investment Management Propriety Limited as follows:
  - A put option which shall be exercised in the event that Sanpref Proprietary Limited fails to redeem the A8 preference share on redemption date (21 December 2027).
  - A put option which shall be exercised in the event that Sanpref Proprietary Limited fails to redeem the A10 preference shares in full upon redemption date (30 November 2027).
  - A put option which shall be exercised in the event that Sanpref Proprietary Limited fails to redeem the A16 preference shares in full upon redemption date (30 June 2025).
- At initial recognition, the fair value of the above guarantees were individually assessed to be immaterial. At the end of the reporting period, the fair values of the guarantees were calculated, with the fair values movements from initial recognition to the reporting date being immaterial.
- For these guarantees, the maximum amount of the guarantees in the earliest period in which the guarantees could be called, being "open-ended", is R500 million, which is only expected to be paid should the guarantees be triggered.
- Sanlam Limited has also provided letters of support to Sanlam Health Solutions (Pty) Ltd, Sanlam Healthcare Distribution Services (Pty) Ltd, SAHAM Angola Seguros, S.A, Real Futures, Sanlam Global Investment Solutions Ltd and Safrican Insurance Company Limited.

[1] Restated based on the reassessment of guarantees in terms of IFRS 9.

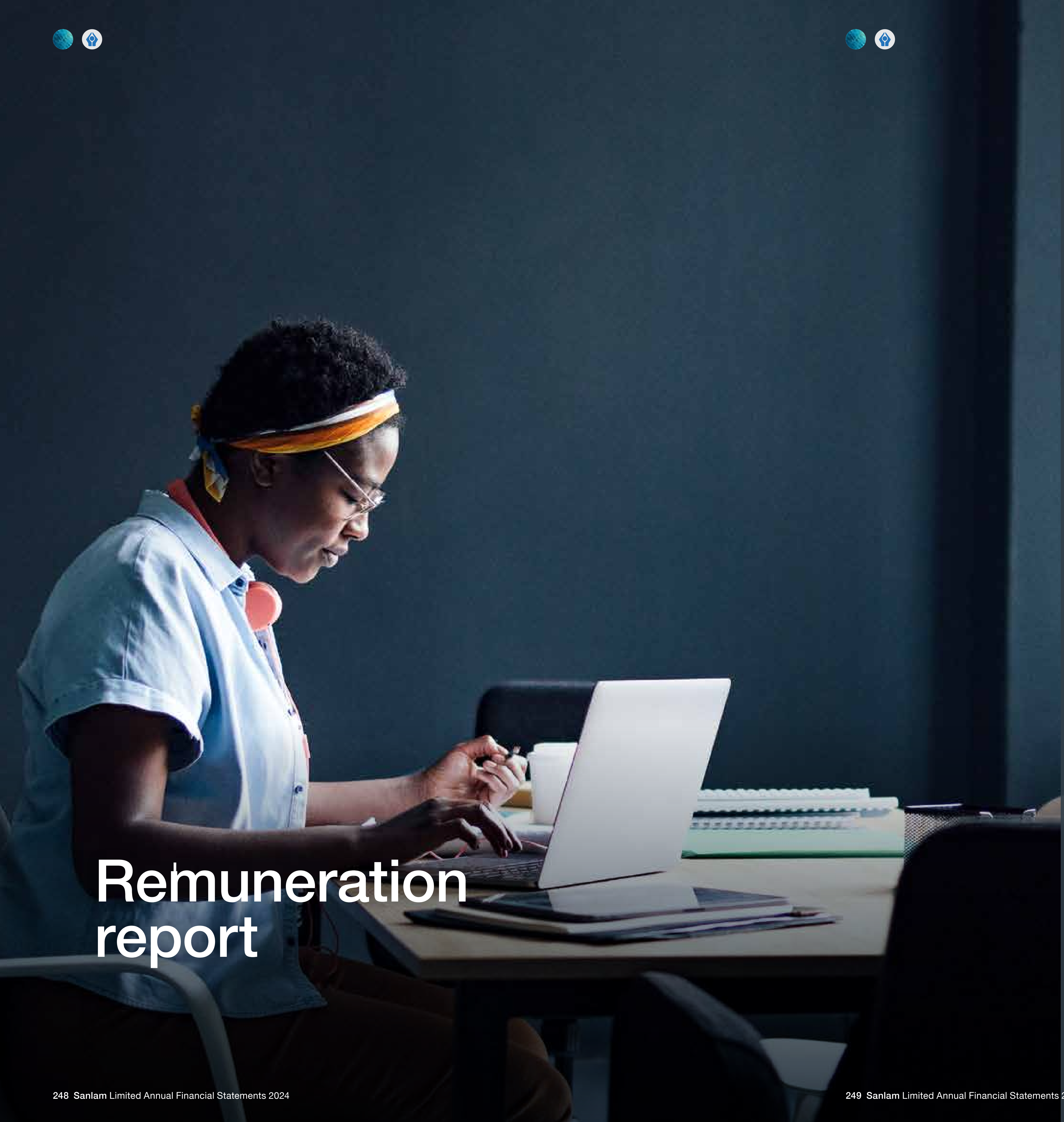
Principal subsidiaries

at 31 December 2024

		Issued ordinary capital	Fair value of interest in subsidiaries			
	%		Shares		Loans	
R million	Interest	2024	2024	2023	2024	2023
Long-term insurance						
Sanlam Life Insurance Limited	100	5 000	180 508	165 329	(498)	473
Investment and capital markets						
Genbel Securities Limited[2]	100	2 415	6 339	5 507	(264)	(264)
Investment management and consulting						
Sanlam Investment Holdings Capital Holdings Limited	75	4 615	5 426	3 386	–	–
Sanlam Investment Holdings (UK) Limited	100	[1]	1 911	2 082	–	–
Sanlam Investment Management Holdings (Pty) Limited[2]	100	2 421	3 761	3 947	(683)	(364)
Investment companies						
Sanlam Spec (Pty) Limited	100	[1]	[1]	[1]	–	–
Sanlam Investments (Pty) Limited	100	2 497	2 798	4 092	(11)	(11)
Sanlam Share Incentive Trust	100	[1]	[1]	[1]	–	–
Sanpref (Pty) Limited	100	[1]	[1]	[1]	(2 500)	–
Sanlam PrefCo (Proprietary) Limited	100	[1]	2 476	2 471	(2 310)	(2 310)
Other						
U.R.D. Beleggings (Edms) Beperk		n/a	n/a	n/a	(2 458)	–
Sanlam Foundation		n/a	n/a	n/a	(48)	(48)
Total		16 948	203 219	186 814	(8 772)	(2 524)

[1] Issued share capital is less than R1 million.
[2] The principal place of all the entities listed above is South Africa, except for Sanlam Investment Holdings (UK) Limited which is in the United Kingdom.

There was a reclassification of the SIIP value from Gensec to Sanlam Investment Management Holdings (Pty) Ltd in the prior year.



Remuneration report

Implementation report

Executive directors (prescribed officers) remuneration summary

Remuneration for the year ended 31 December 2024

The disclosure approach (and specifically as it pertains to long-term incentives (LTIs)) is aligned with King IV™ recommendations. A separate disclosure is provided in respect of the number and value of LTIs that were awarded and vested in the year.

2024

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus: Cash	Annual bonus: Deferred	Attributable value of LTIs vested	Total remuneration
Paul Hanratty	12	6 130	–	6 130	–	–	–	6 130
Abigail Mukhuba	12	6 130	350	6 480	6 860	2 940	5 859	22 139
Total		12 260	350	12 610	6 860	2 940	5 859	28 269

2023

R'000	Months in service	Salary	Company contributions	Subtotal: Guaranteed package	Annual bonus: Cash	Annual bonus: Deferred	Attributable value of LTIs vested	Total remuneration
Paul Hanratty	12	6 130	–	6 130	–	–	–	6 130
Abigail Mukhuba	12	5 757	350	6 107	5 250	2 250	12 096	25 703
Total		11 887	350	12 237	5 250	2 250	12 096	31 833

Total guaranteed package

The TGP (in rand) of the prescribed officers for the past two financial years is reflected in the table below.

Individual	TGP for financial year 2024	TGP for financial year 2023	TGP for financial year 2022	% increase in TGP for financial year 2024 from financial year 2023	% increase in TGP for financial year 2023 from financial year 2022
Paul Hanratty	6 130 000	6 130 000	6 130 000	–	–
Abigail Mukhuba	6 480 000	6 107 000	5 729 000	6,1	6,6

Short-term incentives

The group CEO and FD performance outcomes

The group CEO and FD performance measures for 2024 and achievement against it are set out below (group achievement).

Group financial performance (weighted out of 50)

Metric	Weighting	Measure (for 100%)	Actual	Achievement for each component without weighting (0% – 200%)	Outcome
Adjusted RoGEV (per share)	15%	11,6	18%	200%	30%
Operating profit (NRFFS) ('m)	15%	10 800	14 418	200%	30%
VNB ('m)	10%	2 400	2 953	188,3%	18,8%
Net client cash flow (NCCF) ('m)	5%	70	54	20%	1%
Company valuation (price to GEV)	5%	1,0	1,07	120%	6%
Total					85,9%

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Strategic metrics (weighted out of 50)

Metrics include:	Weighting	Achievement	Outcome
Developing the Sanlam platform to support growth and value creation Strengthening all strategic partnerships Capital allocation (to enhance RoGEV) Deepening customer relations in South Africa Modernise the business through strategic initiatives Transformation, human capital and culture Sustainability across the group Optimisation (business), compliance and risk management	50%	180%	90%
Total for group CEO (out of a maximum of 200%)			175,9%

Group FD performance outcomes

The group FD has 50% weighting to the group financial performance (see above) and 50% to strategic objectives aligned to the group business strategy. The group FD achieved an overall outcome of 176% out of a maximum of 200%.

Outcome of the group CEO's five-year remuneration structure: Financial year 2024

The 2024 outcomes of the group CEO's five-year remuneration structure are detailed below. The performance and OPP shares are finally measured after a five-year measurement period.

Category	Total number of shares (over five years)	Eligible for measurement (12 months) January – December 2024	Shares which met performance condition*	Forfeited shares**	Measurement detail
Restricted shares (in lieu of TGP)	328 590	65 718	65 718		Based on performance per CEO scorecard as evaluated by the board.
Bonus shares	1 671 910	334 382	294 089	40 293	CEO 2024 performance achievement (175,9% out of 200%). Measured annually based on the group CEO's performance contract. Measurement of achievement ranges between 0% – 200%. 100% vesting at target and 200% vesting at stretch. Shares which met the performance condition (measured) to be held until the end of the extended contract term.
Total shares which met performance condition/forfeited shares		400 100	359 807	40 293	

* Shares that met the performance condition are only released after the end of the extended contract term.
** Cumulative forfeited bonus shares from financial year 2021 (98 956), financial year 2022 (133 967), financial year 2023 (25 078) and financial year 2024 (40 293) totalling 298 294.

Implementation report continued

Short-term incentive: group FD

The table below shows the group FD's performance bonus payment (in rand) as well as the deferral into restricted Sanlam shares for three years.

Individual	% of TGP achieved[1] 2024	Total annual bonus R	Cash payment 2024 R	Bonus deferral (restricted shares) R	% of TGP achieved 2023	Total annual bonus R	Cash payment 2023 R	Bonus deferral (restricted shares) R
Abigail Mukhuba	149	9 800 000	6 860 000	2 940 000	121	7 500 000	5 250 000	2 250 000

[1] December 2024 annual TGP: R6 570 000.

Group office bonus outcomes

Sanlam's performance measures applied in 2024 to group office employees' short-term incentives are summarised below. The group office bonus outcomes are aligned to underlying business outcomes and the group achievement as disclosed above.

The group office performance bonus measures can be summarised as:

- weighted average outcome of business clusters' achievements;
- transformation outcomes; and
- efficiency and business optimisation outcomes.

The actual achievement of Sanlam's group office performance bonus measures for 2024 are:

Bonus measures for primary bonus pool	Weighting	Achievement (0% – 200%)	Outcome
Weighted average outcome of business clusters' achievements	85%	121,7%	103,4%
(Note: Business achievements ranged from 100% to 139% out of a maximum of 200%)			
Group office efficiencies and business optimisation	5%	172%	8,6%
Transformation	10%	96%	9,6%
Total	**100%**		**121,6%**

Note:
10% of the primary pool value is ring-fenced for out-performers to drive pay for performance.

Long-term incentives

The PDSP awards are subject to RoGEV and dividend growth conditions for vesting. Ordinarily, there are three tranches of LTIs subject to vesting in a financial year. However, as we added another financial year of measurement for awards made prior to the 2020 award (and excluding the 2020 financial year due to the impact of the pandemic), there were four tranches which were measured for vesting in June 2024.

Sanlam's financial performance on RoGEV and dividend growth over the measurement periods exceeded the targets set for the PDSP A shares vested fully. The 2nd category of PDSP shares met all the conditions for 2018 and 2021 but did not fully meet the RoGEV and dividend target for the 2019 and 2020 awards and therefore some were forfeited.

PDSP vesting percentages: June 2024

Award year	2021	2020*	2019	2018
Tranches measured	1st tranche	2nd tranche	2nd tranche	3rd tranche
PDSP A shares	100%	100%	100%	100%
PDSP B shares	100%	98,0%	96,3%	100%

Note:
* The 2020 award had a 30% weighting to strategic recovery metrics. See page 14 of the standalone remuneration report on the LTI performance conditions for 2020. The metrics were measured over 2021 and 2022 financial years and, in relation to the PDSP A shares, were achieved at 100% and at 93,3% for the PDSP B shares. These measurement outcomes were equally applied to the CEO's performance restricted A and B shares per his remuneration agreement and 10 056 performance-restricted shares were forfeited in 2023 because of the 93,3% outcome for the strategic recovery component of the relevant performance restricted shares subject to this metrics.

DSP

The last DSPs were awarded in 2021 to executive directors, which will vest in June 2025. The FD vesting is measured based on achievement of performance bonus metrics (strategic) over the vesting period. The vesting outcome for the June 2024 tranche was 100% and is reflected below:

Name	Policy on-target % bonus of TGP	> 100% achievement warrants achieving DSP target for vesting	Achievement (average) over five years expressed over on-target %
Abigail Mukhuba	85	Vesting 100%	130%

Prescribed officers DSP, PDSP and restricted share balances and values

Long-term incentives

Number of shares and value

	Balance 31 December 2023	Awarded in 2024	Shares vested	Shares forfeited	Balance 31 December 2024	Eligible for measurement, deferral or vesting in 2025	2026	2027	2028	2029
Paul Hanratty										
Performance restricted shares[1]	4 757 021	–	–	(25 078)[2]	4 731 943	–	4 731 943[3]	–	–	–

[1] The opening balance for 2024 reflects the 5 million performance-restricted shares less 98 956 bonus shares forfeited after financial year 2021; 133 967 bonus shares forfeited after financial year 2022 as well as 10 056 performance shares which were forfeited after strategic recovery metrics were not fully achieved (measured over financial year 2021 and 2022).
[2] This reflects the 25 078 bonus shares which were forfeited after financial year 2023 in March 2024.
[3] These shares are subject to stretching financial performance conditions to be measured after financial year 2025 in terms of the CEO remuneration structure. All measured shares, including the bonus shares which were measured over financial years 2021, 2022, 2023 and 2024 must be held until after the CEOs final employment term expires to ensure alignment with shareholders.

	Balance 31 December 2023	Awarded in 2024	Shares vested	Shares forfeited	Balance 31 December 2024	Vesting in 2025	2026	2027	2028	2029
Abigail Mukhuba										
LTIs (DSPs, PDSPs, restricted shares, including bonus deferral shares)	361 770	113 739	(81 967)	–	393 542	120 554	102 771	97 812	47 513	24 892

OPPs

The summary design of the business OPP is in accordance with the Sanlam remuneration policy. The only OPP in operation in 2024 (besides the Group CEO's remuneration structure, detailed on page 17 of the standalone remuneration report) is the Sanlam Life and Savings (SLS) business OPP.

The design of the OPPs and the relevant performance conditions for vesting are detailed overleaf. As explained in the remuneration policy, OPP targets are considerably more stretching than the performance conditions for PDSPs.

Implementation report continued

SLS Business OPP – salient features

Business	Measurement period and description	OPP performance conditions				
		Measure	Details	Minimum (0% vesting below this)	Maximum (100% vesting)	Weighting
Sanlam Life and Savings (SLS)[2]	1 January 2021 – 31December 2025 (Final measurement March 2026 after conclusion of 2025 financial year-end)	SLS Operating EV experience from all sources 2021 – 2025	Total operating variances from improving persistency, as well as operating assumption changes, reducing maintenance unit expenses in real terms and improving other sources of profit such as mortality and morbidity	< R7,5 billion	R15 billion	25%
		SLS profit growth 2021 – 2025	Average annual rate of growth between NRFFS for 2020 and the NRFS for the 2025 financial year	CPI + 1 %	>CPI + 9%	25%
		SLS RoGEV 2021 – 2025	Average return implied by dividends and change in GEV from 1 January 2021 to 31 December 2025, adjusted for normalised investment returns and interest rates (if required)	RFR + 4% for 2021 From 2022 CPI + 6%	RFR + 8% for 2021 From 2022 CPI + 10%	25%
		SLS GEV Added	Change in GEV 1 January 2021 – 31 December 2025 plus dividends paid over the period in reference to years 2021 to 2025	R40 billion	R60 billion	25%

Modifier based on strategic outcomes measured against:
- reshaping the Sanlam group through M&A and strategic partnerships;
- creating value from Mergers and Acquisitions (M&A) inter alia, transformation of the workforce;
- modernisation of the business through data and digital transformation;
- fortress South Africa: strengthen the competitive position in South Africa through partnerships and by driving deeper customer relationships through use of a wider product set and improved customer proposition;
- transformation of the employee base; and
- culture and ESG.

A maximum adjustment of an added 25% or decreased 25% may be made at the committee's discretion (after testing of the financial metrics) to reflect these factors.

Minimum shareholding requirement

The table below reflects the actual qualifying Sanlam shares held by prescribed officers relative to the minimum shareholding requirements policy (MSR).

Number of shares as of 31 December 2024

Individual	Minimum shareholding requirement	Actual qualifying shareholding	Date at which minimum shareholding must be reached
Paul Hanratty[1]	Holds majority of remuneration in Sanlam restricted shares (subject to performance measurement) in terms of his existing remuneration agreement.		
Abigail Mukhuba	125 222	257 907	In full compliance

[1] Refer to the CEO remuneration structure on pages 16 to 18 of the remuneration report.
[2] Participants in the SLS Business OPP are Anton Gildenhuys, Kanyisa Mkhize and Bongani Madkiza.

Sanlam share scheme allocation

As approved by shareholders, the scheme has an allocation of 110 million shares with a limit on annual usage of 11 million shares and the limit for any individual of 5 million shares.

The following table illustrates the usage since the original approval, the details for 2023 and for 2024 and the capacity (balance of shares available) on 31 December 2024:

	Allocations made	Number of shares
Scheme allocation originally approved*		110 000 000
Less net movement in 2019		(5 142 610)
Less net movement in 2020		(10 354 078)
Less net movement in 2021		(8 272 501)
Less net movement in 2022		(4 296 626)
Balance of scheme allocation carried forward at 31 December 2022		81 934 185
Allocation under DSP and PDSP in 2023	(7 377 092)	
Allocation under RSP in 2023	(652 584)	(8 029 676)
Shares forfeited in 2023		2 477 151
Balance of scheme allocation carried forward at 31 December 2023		76 381 660
Allocation under DSP and PDSP in 2024	(6 577 251)	
Allocation under RSP in 2024	(1 303 968)	(7 881 219)
Shares forfeited in 2024		1 146 863
Balance of scheme allocation carried forward at 31 December 2024		69 647 304

* Scheme allocation approved at the AGM held on 5 June 2019 and applies with effect from 1 January 2019.

Fees for non-executive directors

The policy for non-executive directors' fees is summarised under the remuneration policy part of this report. Disclosure of individual directors' emoluments, as required in terms of the JSE Listings Requirements, is detailed below.

Non-executive directors' emoluments for the year ended 31 December 2024[1]

	Fees from group			Fees from subsidiary companies			
R'000	Directors' fees	Attendance fees	Committee fees	Director fees	Attendance fees	Committee fees	Total
AS Birrell[2]	1 109	718	1 512	947	977	1 057	6 320
AD Botha[2]	443	322	236	–	–	–	1 001
NAS Kruger	443	426	1 335	–	–	–	2 204
E Masilela	1 367	294	116	–	–	–	1 777
TI Mvusi (Chair)	3 532	36	–	–	–	–	3 568
M Mokoka	443	426	1 196	256	–	–	2 321
JP Möller	443	427	1 513			697	3 080
PT Motsepe (Deputy Chair)	674	227	445	–	–	–	1 346
KT Nondumo	443	455	1 694	376	–	–	3 390
SA Nkosi	443	322	181	–	–	–	946
J van Zyl	443	253	417	329	–	144	1 586
SA Zinn	443	398	461	–	–	–	1 302
E Essoka[3]	1 109	690	348	–	–	–	2 147
N Manyonga	443	426	678	–	–	294	1 841
W Van Biljon	443	398	849	–	–	289	1 979
T Skweyiya	443	398	643	–	–	–	1 484
Total non-executive directors	12 664	6 216	11 624	1 908	977	2 903	36 292

[1] Excluding VAT.
[2] Nationality: British/South African.
[3] Nationality: Cameroonian.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R1 227 636.

Implementation report continued

Non-executive directors' emoluments for the year ended 31 December 2023[1]

	Fees from group			Fees from subsidiary companies			
R'000	Directors' fees	Attendance fees	Committee fees	Director fees	Attendance fees	Committee fees	Total
AS Birrell[2]	1 048	461	1 662	646	847	456	5 120
AD Botha[2]	419	184	484	–	–	–	1 087
NAS Kruger	419	184	1 337	–	–	–	1 940
E Masilela (Chair)	4 014	–	–	–	–	–	4 014
M Mokoka	419	184	1 333	105	–	150	2 191
JP Möller	419	184	1 498	–	21	682	2 804
PT Motsepe (Deputy Chair)	637	187	619	–	–	–	1 443
KT Nondumo	419	184	1 811	515	19	373	3 321
SA Nkosi	419	184	405	–	–	–	1 008
J van Zyl	419	184	675	160	–	70	1 508
SA Zinn	419	184	651	–	–	–	1 254
E Essoka[3]	1 048	461	527	–	–	–	2 036
N Manyonga	419	184	398	–	–	44	1 045
W Van Biljon	419	184	1 022	–	–	140	1 765
T Skweyiya	419	184	827	–	–	–	1 430
Total non-executive directors	11 356	3 133	13 249	1 426	887	1 915	31 966

[1] Excluding VAT.
[2] Nationality: British/South African.
[3] Nationality: Cameroonian.

Travel and subsistence paid in respect of attendance of Board and committee meetings amounted to R1 602 943.

Sanlam Limited board information

Total interest of directors in share capital on 31 December 2024

	Beneficial		Non-beneficial		
Directors	Direct	Indirect	Direct	Indirect	UB shares
Executive directors					
PB Hanratty[1]	4 731 943	–	–	–	–
AM Mukhuba	362 245	–	–	–	–
Total executive directors	5 094 188	–			–
Non-executive directors					
J van Zyl	–	–	–	–	168 287
PT Motsepe (Deputy Chair)*	–	–	–	–	*
AD Botha[2]	–	–	–	–	–
AS Birrell[2])	65 487	–	–	–	–
E Essoka[3]	–	–	–	–	–
NAS Kruger	–	–	–	–	–
E Masilela (Chair)	–	–	–	–	–
MG Mokoka	–	–	–	–	–
JP Möller	600 000	–	200 000	–	–
KT Nondumo	–	–	–	–	–
N Manyonga	–	–	–	–	–
SA Nkosi	–	–	–	–	–
T Skweyiya	–	–	–	–	–
W van Biljon	1 169	–	–	–	–
SA Zinn	–	–	–	–	–
T Mvusi (Chair)	100 000	36 617	–	–	–
Total non-executive directors	766 656	36 617	200 000	–	168 287
Total directors	5 860 844	36 617	200 000	–	168 287

[1] Nationality: Irish.
[2] Nationality: British/South African.
[3] Nationality: Cameroonian.
* Ubuntu-Botho Investments (Proprietary) Ltd ("UBI") is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments (Proprietary) Limited ("Sizanani"), holds a beneficial interest of approximately 62% of the issued shares (which issued shares include both the ordinary shares and "A" ordinary shares) in UBI. Approximately 10% of Sizanani's beneficial interest in UBI is attributable to interests in UBI which have been acquired, directly or indirectly, by a subsidiary of UBI. The entire share capital of Sizanani is held by a company, the entire issued share capital of which is in turn held by trusts which, with the exception of the Motsepe Foundation Trust, hold those shares for the benefit of Dr Patrice Motsepe and his family. Dr Motsepe also has an indirect non-beneficial interest of 20% of UBI's shareholding in Sanlam, by virtue of Dr Motsepe being a trustee (but not a beneficiary) of Sanlam Ubuntu-Botho Community Development Trust. Dr Johan van Zyl holds a beneficial interest of 168 287 ordinary shares in the share capital of UBI, representing approximately 2% of the issued shares in UBI. There are presently 8 726 406 ordinary UBI shares and 2 000 000 "A" ordinary UBI shares in issue, respectively.

There was no change in directors' interest between the financial year end and the date of approval of the annual financial statements.

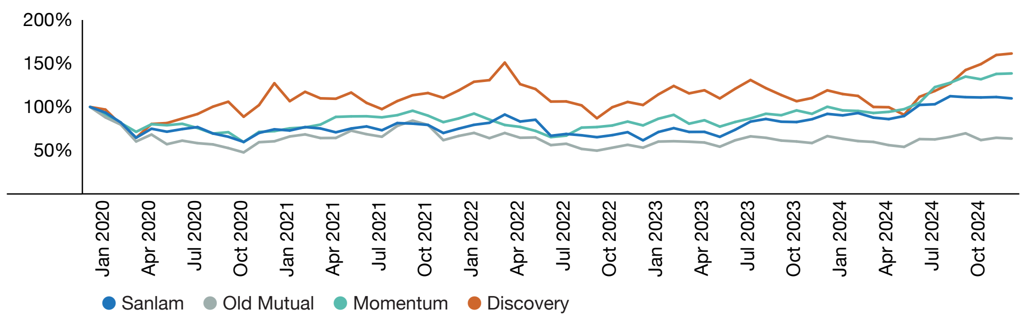
Total interest of directors in share capital on 31 December 2023

	Beneficial		Non-beneficial		
Directors	Direct	Indirect	Direct	Indirect	UB shares
Executive directors					
PB Hanratty[1]	4 757 021	–	–	–	–
AM Mukhuba	175 939	–	–	–	–
HC Werth	558 545	578 438	–	–	–
Total executive directors	5 491 505	578 438	–	–	–
Non-executive directors					
J van Zyl	–	–	–	–	168 287
PT Motsepe (Deputy Chair)*	–	–	–	–	*
AD Botha[2]	–	–	–	–	–
AS Birrell[2]	65 487	–	–	–	–
E Essoka[3]	–	–	–	–	–
NAS Kruger	–	–	–	–	–
E Masilela (Chair)	–	–	–	–	–
MG Mokoka	–	–	–	–	–
JP Möller	600 000	–	200 000	–	–
KT Nondumo	–	–	–	–	–
N Manyonga	–	–	–	–	–
SA Nkosi	–	–	–	–	–
T Skweyiya	–	–	–	–	–
W van Biljon	1 169	–	–	–	–
SA Zinn	–	–	–	–	–
Total non-executive directors	666 656	–	200 000	–	168 287
Total directors	6 158 161	578 438	200 000	–	168 287

[1] Nationality: Irish.
[2] Nationality: British/South African.
[3] Nationality: Cameroonian.
* Ubuntu-Botho Investments (Proprietary) Ltd (UBI) is the direct beneficial holder of 292 471 806 Sanlam ordinary shares. Sizanani-Thusanang-Helpmekaar Investments (Proprietary) Limited (Sizanani), holds a beneficial interest approximately 61% of the issued shares (which issued shares includes both the "A" ordinary shares) in UBI. Approximately 10% of Sizanani's beneficial interest in UBI is attributable to interests in UBI which have been acquired, directly or indirectly, by a subsidiary of UBI. The entire share capital of Sizanani is held by a company, the entire issued share capital of which is in turn held by trusts which, with the exception of the Motsepe Foundation Trust, hold those shares for the benefit of Dr Motsepe and his family. This results in Dr Motsepe having an indirect interest in the securities of Sanlam amounting to approximately 61% of the UBI shareholding in Sanlam. Dr Motsepe also has an indirect non-beneficial interest of 20% of UBI's shareholding in Sanlam, by virtue of Dr Motsepe being a trustee (but not a beneficiary) of Sanlam's Ubuntu-Botho Community Development Trust. Dr van Zyl holds a beneficial interest of 168 287 shares in the share capital of UBI (10 000 000 UBI shares in issue).

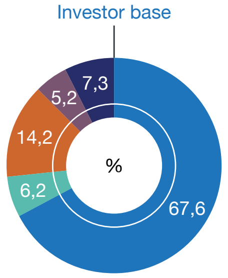
Analysis of shareholders

Share price relative to peers (rebased to Jan 2020)



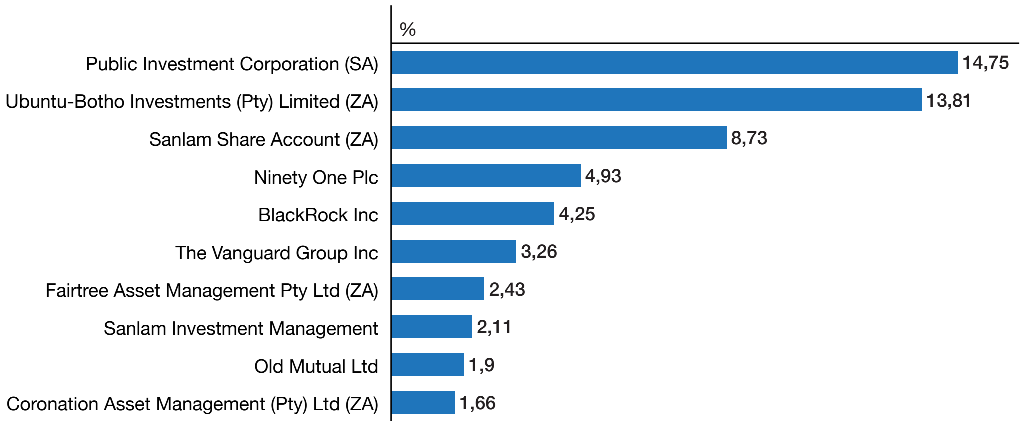
* Source: IRESS

Geographic analysis of identified investor base



	2024	2023
South Africa	**67,6**	66,2
United Kingdom	**6,2**	6,9
North America and Canada	**14,2**	15,8
Rest of Europe	**5,2**	5,2
Rest of World	**7,3**	6,4

Top 10 institutional shareholders (by group) as at 31 December 2024



* Source: J.P. Morgan Cazenove

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Analysis of shareholders at 31 December 2024

	Total shareholders		Total shareholders	
Distribution of shareholding	**Number**	**%**	**Number**	**%**
1 – 1 000	321 795	87,60	116 171 331	5,49
1 001 – 5 000	39 463	10,74	77 108 555	3,64
5 001 – 10 000	3 225	0,88	22 242 415	1,05
10 001 – 50 000	1 734	0,47	34 352 337	1,62
50 001 – 100 000	309	0,08	22 286 695	1,05
100 001 – 1 000 000	644	0,18	206 992 046	9,78
1 000 001 and over	196	0,05	1 638 000 570	77,37
Total	**367 366**	**100**	**2 117 153 949**	**100**

Public and non-public shareholders	**% Shareholding**
Public shareholders	67,99
Non-public shareholders	
Directors' interest	0,29
Held by subsidiaries	1,89
Sanlam Limited Share Incentive Trust	1,27
Government Employees Pension Fund (PIC)	14,75
Ubuntu-Botho Investments (Pty) Ltd	13,81
Total	**100**

Shareholder structure	**% Shareholding**
Institutional and other shareholding Offshore	32,37
South Africa	54,45
Individuals	13,18
Total	**100**

Glossary

ACT (healthcare assets)	Afrocentric Investment Corporation Limited
AC	Accounting Consolidation
AFS	Absa Financial Services Limited
ALCO	Asset liability committee
ALM	Asset liability management
AM Best	Alfred M. Best
ANW	Adjusted net worth
APN	Advisory practice note
ARC	African Rainbow Capital Pty Ltd
ARC FS	African Rainbow Capital Financial Services Holding (Pty) Ltd
ARC FSI	ARC Financial Services Investments
ART	Alternative risk transfer
BAF	Business Approval Framework
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BEL	Best estimate liability
BIFM	Botswana Insurance Fund Management
CBI	Contingent Business Interruption
CDSs	Credit default swaps
CIO	Group Chief Information Officer
COE	Committees of excellence
CPI	Consumer Price Index
CSA	Credit Support Agreements
CSM	Contractual service margin
DCF	Discounted cash flow model
D&A	Deduction and Aggregation
DPF	Discretionary participation features
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECL	Expected credit loss
ERM	Enterprise Risk Management
EV	Embedded value
FCTR	Foreign Currency Translation Reserve
FCFs	Fulfilment cash flows
FRA	Full retrospective approach
FSG	Funeral services group
FVA	Fair value approach
GEV	Group equity value
GI	General Insurance
GMM	General measurement model
GMSLA	Global Master Securities Lending Agreement
GOI	Governance over Insurers
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPF	Individual policyholders' tax fund
ISDA	International Swaps and Derivatives Association
IT	Technology, cyber and information security
JIBAR	Johannesburg Interbank Average rate
JSE	Johannesburg Stock Exchange
JVCo	Joint venture company
LGD	Loss given default
LIA	Lebanon Insurance Africa
LRC	Loss recovery component
LIC	Liability for incurred claims
MCIS	Malaysian Cooperative Insurance Society
MRA	Modified retrospective approach
New Re	New Reinsurance Company Limited Switzerland
NRFFS	Net result from financial services
ORSA	Sanlam Group Own Risk and Solvency Assessment
OF	Own Funds
OPP	Out performance plan
PAA	Premium allocation approach
PA	Prudential Authority
Plc	Public limited company
Pty	Proprietary Limited
PVNBP	Present value of new business premiums
PVIF	Net value of in-force business
PVFP	Present value of future shareholder profits from in-force covered business
Re	Reinsurance Company
RoGEV	Return on group equity value
S&P	Standard & Poor's
SA	South Africa
SAM	Solvency Assessment and Management
SanFin	Sanlam Specialised Finance
SAN JV	Sanlam Emerging Markets Proprietary Limited and Santam Joint Venture
SAZ	SanlamAllianz
SAZ JV	SanlamAllianz Joint Venture
SCR	Solvency Capital Requirement
SEM	Sanlam Emerging Markets
SFT	Sanlam Fintech
SFL	Shriram Finance Limited
SGT	Sanlam Group Technology
SIEA	Sanlam Investments East Africa
SIG	Sanlam Investments Group
SIM	Sanlam Investment Management
SIHC	Sanlam Investment Holdings Capital
SIH	Sanlam Investment Holding
SNT	Santam
SLS	Sanlam Life and Savings
SPA	Sanlam Pan-Africa
SPL	Sanlam Personal Loans
SPM	Sanlam Portfolio Management
SPV	Special purpose vehicle
SPW	Sanlam Private Wealth
SSA	Sanlam Share Account Nominee (Pty) Ltd
SSS	Sanlam Structured Solutions
TCF	Treating Clients Fairly
TCL	Total Care Lebanon
UBI	Ubuntu-Botho Investments
UK	United Kingdom
UMA	Underwriting Management Agencies
VaR	Value at risk
VAT	Value added tax
VFA	Variable fee approach
VNB	Value of new business
VOBA	Value of business acquired
WACC	Weighted average cost of capital
ZAR	South African Rand

Administration

Registered name: Sanlam Limited

Registration number:	1959/001562/06
Tax reference number:	9536/346/84/5
JSE share code (primary listing):	SLM
NSX share code:	SLA
A2X share code:	SLM
ISIN:	ZAE000070660 incorporated in South Africa
Internet address:	http://www.sanlam.com

Directors:

Temba Mvusi
Chair

Dr Patrice Motsepe
Deputy Chair

Paul Hanratty
Group Chief Executive Officer

Abigail Mukhuba
Group Finance Director

Andrew Birrell
Anton Botha
Ebenezer Essoka
Elias Masilela
Nicolaas Kruger
Ndivhuwo Manyonga
Mathukana Mokoka

Kobus Möller
Sipho Nkosi
Karabo Nondumo
Thembisa Skweyiya[1]
Willem van Biljon
Dr Johan van Zyl
Dr Shirley Zinn

Executive Head: Investor Relations
Grant Davids

Company Secretary:
Adela Fortune

Registered office:
2 Strand Road, Bellville 7530, South Africa
Telephone +27 (0) 21 947 9111
Fax +27 (0) 21 947 3670
33"45'09.77S 18"38'28.32E

Postal address:
PO Box 1, Sanlamhof 7532

Equity Sponsor to Sanlam
The Standard Bank of South Africa Limited

Debt Sponsor to Sanlam Life Insurance Limited
The Standard Bank of South Africa Limited

Transfer secretaries:
Registered number: 2004/003647/07
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue,
Rosebank 2196, South Africa
Private Bag X9000, Saxonwold 2132, South Africa
Tel +27 (0) 11 370 5000
Fax +27 (0) 11 688 5200
sanlamholders@computershare.co.za

Sanlam client care centre:
021 916 5000 or
0860 SANLAM (0860 726 526),
(021) 947 9111/+27 (0) 21 947 9111 (International)

Contact:
Investor relations:
ir@sanlam.co.za

[1] On 3 February 2025, Ms Thembisa Skweyiya stepped down as a non-executive director of both the Sanlam and Sanlam Life boards as well as a member of the Customer Interest Committee, Risk and Compliance Committee, Non-executive Directors Committee and Independent Non-executive Directors Committee.

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