

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

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

Sanlam group operational update for the nine-month period ended 30 September 2024

Ongoing favourable progress throughout our business

Earnings	Growth	Value creation
<p>Net result from financial services (NRFFS)¹</p> <p>+15%</p> <p>Net operational earnings²</p> <p>+17%</p>	<p>Life insurance new business volumes (PVNBP)³</p> <p>+12%</p> <p>Group net client cash flows (NCCF)</p> <p>R40 billion</p>	<p>Life insurance net value of new business (VNB)</p> <p>+13%</p> <p>Life insurance net new business margin</p> <p>2,81%</p>

Sanlam maintained the positive performance seen in the first half of 2024, with continued double-digit growth on most key earnings and new business metrics.

NRFFS growth remained robust with satisfactory performance across all lines of business. Higher investment returns on the shareholder capital portfolio over the nine-month period ended 30 September 2024 (the period), resulted in increased growth in **net operational earnings** relative to NRFFS.

The group recorded solid performance in life insurance **new business volumes** and **VNB**, with new business margins remaining robust. General insurance new business trends were satisfactory, with continued strong growth in Asia and good growth in South Africa.

Net client cash inflows improved across all lines of business.

The group's **discretionary capital** balance decreased from R3,8 billion on 30 June 2024 to R841 million on 30 September 2024. Net utilisation over the third quarter relates to the R2,6 billion outflow in respect of the acquisition of a 25% stake in Africa Rainbow Capital Financial Services Holdings (ARC FSH) and other minor activity.

In October 2024, the group received inflows of R2,3 billion from the integration of its Namibia holdings into SanlamAllianz; and in November 2024, R1,4 billion (net of tax) in respect of the Capitec reinsurance recapture fee.

The Assupol Holdings Limited (Assupol) acquisition was finalised on 7 October 2024 for a R6,6 billion consideration. We are focused on integrating Assupol into the group's operations and will include this business in the group's financial results from the fourth quarter of 2024.

In Pan-Africa, Namibia's operations were incorporated into SanlamAllianz, with an effective date of 1 July 2024. Integration of operations and rebrand projects are proceeding well, with the completion of four overlapping countries: Côte d'Ivoire, Senegal, Ghana and Cameroon in the third quarter of 2024.

The group remains well capitalised and within its solvency capital ratio target range.

1. The core earnings of the group, a measure of operating performance of the Sanlam group excluding investment return and project expenses.
2. NRFFS including investment return and project expenses.
3. On a present value of new business premiums basis.

Sanlam at a glance

Group line of business and geographical footprint

Life insurance and health	General insurance	Investment management	Credit and structuring
South Africa <ul style="list-style-type: none"> ➤ Sanlam Life and Savings <ul style="list-style-type: none"> ○ Risk and Savings⁴ ○ Glacier⁴ ○ Retail mass ○ Corporate ➤ Sanlam Specialised Finance Pan-Africa <ul style="list-style-type: none"> ➤ SanlamAllianz Asia <ul style="list-style-type: none"> ➤ India ➤ Malaysia 	South Africa <ul style="list-style-type: none"> ➤ Santam Pan-Africa <ul style="list-style-type: none"> ➤ SanlamAllianz Asia <ul style="list-style-type: none"> ➤ India ➤ Malaysia 	South Africa <ul style="list-style-type: none"> ➤ Sanlam investments ➤ Wealth management ➤ International Pan-Africa <ul style="list-style-type: none"> ➤ SanlamAllianz 	South Africa <ul style="list-style-type: none"> ➤ Sanlam Personal Loans ➤ Sanlam Specialised Finance Pan-Africa <ul style="list-style-type: none"> ➤ SanlamAllianz Asia <ul style="list-style-type: none"> ➤ India

4. Retail affluent split into Risk and Savings and Glacier, collectively referred to as 'affluent'.

Strong earnings growth across our operations

Net result from financial services <i>(percentage increase for the first nine months of 2024 relative to the first nine months of 2023)</i>	Actual	Constant currency
Sanlam group	15%	17%
By major line of business		
Life insurance and health	12%	14%
General insurance	46%	48%
Investment management	13%	12%
Credit and structuring	9%	9%

Life insurance and health NRFFS growth trends remained satisfactory in South Africa and Pan-Africa while Asia's performance was muted due to costs associated with expanding distribution in India; and in Malaysia, higher claims as well as elevated expenses, partly due to regulatory changes.

Persistency trends in Sanlam's South Africa retail mass segment continue to stabilise and remain a key focus area for management. Persistency trends across the other businesses remain stable.

General insurance NRFFS recorded strong growth driven by the operations in Africa. Santam remained within its 5% to 10% target range for underwriting margin in the period. The Pan-Africa operations recorded a net insurance result margin within its target range of 10% to 15%.

Investment management NRFFS growth was supported by good performance in the international and wealth management businesses.

Credit and structuring NRFFS benefited from continued strong performance in India and improved performance in South Africa.

Satisfactory growth in new business volumes and net client cash flows

Key group new business metrics <i>(percentage increase for the first nine months of 2024 relative to the first nine months of 2023)</i>		Actual
Sanlam group		
New business volumes		10%
Net client cash inflows		R40 billion
Life insurance new business metrics		
PVNBP		12%
VNB		13%
VNB margin		2,81%

Life insurance new business volume growth was underpinned by single premium growth in South Africa, with the Asia operations also contributing strongly.

In South Africa, the affluent business recorded satisfactory growth despite a slowdown in guaranteed annuity sales in the third quarter of 2024 on the back of reduced long-term interest rates. Local endowments and international products recorded good sales. The corporate business recorded strong inflows into annuities and guaranteed investment products, with improved recurring premium sales trends from group risk business in the third quarter. Retail mass sales trends weakened slightly from the first half of 2024 due to management actions aimed at improving persistency.

Asia maintained strong sales trends, with both India and Malaysia performing well. Pan-Africa comparison with 2023 is impacted by structural change post the implementation of the SanlamAllianz transaction. SanlamAllianz recorded 35% volume growth on a comparable basis⁵.

Group net VNB increased by 13%, with South Africa growing by 16%, and Pan-Africa increasing by 24%. Asia was impacted negatively by costs of establishing new distribution channels in India. The group recorded a net VNB margin of 2,81% (2,71% on a constant economic basis). Group VNB and margin benefited from a positive economic basis impact due to reduction in the yield curve across most regions.

General insurance net earned premium growth was broadly in line with prior year, impacted by the structural changes in the Pan-Africa portfolio. Santam recorded an 8% increase in net earned premium for the conventional insurance business and Asia recorded growth of 30%. In the Pan-Africa portfolio, SanlamAllianz recorded net earned premium growth of 9% on a comparable basis.

Group net client cash flows more than doubled to R40 billion, boosted by improved life insurance and asset management performance. Life insurance net inflows increased by 57%, with South Africa inflows more than doubling despite the implementation of the “two-pot” retirement fund legislation from 1 September 2024, which saw just under R1,5 billion in withdrawals from over 78,000 clients in September. Withdrawals to date are R2,5 billion.

5. 100% of SanlamAllianz for both the first nine months of 2024 and 2023 on a like-for-like basis in constant currency.

Outlook

The group supports the long-term preservation of wealth through the “two-pot” retirement fund legislation in South Africa, and we expect some further outflows of assets from retirement funds for the full year.

The Capitec JV was successfully terminated at the end of October 2024, with the in-force book of business transferred to Capitec Life. Sanlam received the cash reinsurance recapture fee of R1,9 billion (gross of tax) on 1 November 2024, which will be recognised in NRFFS. The termination of this JV will reduce full year VNB and new business volume trends.

The group is focused on integrating Assupol into its operations. Bongani Madikiza has been appointed as CEO of Assupol and will continue to lead the broader retail mass segment in the group. We anticipate significant synergies to arise over time following the acquisition of Assupol.

The robust performance and continued strategic execution in the first nine months of 2024 supports our optimism for the remainder of 2024. The group expects NRFFS for the second half of the year to be at a similar level to the first half, excluding the Capitec reinsurance recapture fee.

The information in this operational update has not been reviewed or reported on by Sanlam's external auditors. Shareholders are advised that this is not a trading statement as per paragraph 3.4(b) of the JSE Limited Listings Requirements. Currency movements did not have a material impact on group earnings and new business metrics.

Conference call

Paul Hanratty, group CEO, will host a conference call for investors, analysts, and the media at 17:00 South African time (UTC+2) on 14 November 2024.

Those wishing to participate in the conference call should navigate to: <https://www.diamondpass.net/2270071>
Registered participants will receive their dial-in number on registration.

Recorded playback will be available until 19 November 2024.

Access code for recorded playback: 46876

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Cape Town
14 November 2024

Equity sponsor: The Standard Bank of South Africa Limited

Debt sponsor: The Standard Bank of South Africa Limited

NSX sponsor: Simonis Storm Securities (Pty) Ltd

Disclaimer

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

Forward-looking statements

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