2023

Notice of the Annual General Meeting and form of proxy

Santam

Contents

Salient features

FOR THE 12 MONTHS ENDED 31 DECEMBER 2022

Conventional insurance gross written premium growth
8%
(2021: 5%)

Conventional insurance net underwriting margin
5.1%
(2021: 8.0%)

Group gross claims paid
R29.8 billion
(2021: R24.5 billion)

KZN flood gross claims
R4.4 billion

Alternative Risk Transfer (ART) operating results net of non-controlling interest
R306 million
(2021: R276 million)

Economic capital coverage ratio
156%
(2021: 169%)

Return on shareholders' funds
18.8%
(2021: 28.5%)

Headline earnings per share
1 826 cents
(2021: 2 495 cents)

Earnings per share
1 816 cents
(2021: 2 491 cents)

Final dividend per share
845 cents
(2021: 790 cents)

Letter to shareholders

Dear Shareholders,

On behalf of the Santam Limited (Santam) board, you are hereby invited to participate in the annual general meeting (AGM) of Santam (the company), which will be held and conducted entirely by electronic communication, on Wednesday, 31 May 2023 at 14:00 SA time.

The detailed notice of the AGM and the supporting documentation are attached hereto. The notice is accompanied, where necessary, by explanatory notes setting out the reasons and effects of the proposed ordinary and special resolutions presented in the notice. This will assist shareholders in their deliberations for voting at the AGM.

The full integrated report is available on the company's website at www.santam.co.za. The summarised financial statements are included with this notice (Annexure 1). The audited annual financial statements for the financial year ended 31 December 2022, can be viewed on the company's website.

Certificated shareholders and dematerialised shareholders with "own name" registration who are unable to attend the AGM and who wish to be represented at the AGM, must complete and lodge the enclosed proxy form in accordance with the instructions contained therein.

Dematerialised shareholders without "own name" registration should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement to furnish them with their voting instructions, or if they wish to attend the AGM, obtain the necessary letters of representation.

Yours sincerely,

Ruwaida Eksteen
Company secretary

6 April 2023

2023 Notice of the Annual General Meeting

SANTAM LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 1918/001680/06)
JSE Share Code: SNT & ISIN: ZAE000093779
NSX Share Code: SNM
Debt company code: BISAN
("Santam" or "the company")

Notice is hereby given in terms of sections 59 and 62(1) of the Companies Act (No. 71 of 2008), as amended (Companies Act), to shareholders recorded in the company's securities register on Friday, 31 March 2023 that the next annual general meeting (the AGM/the meeting) of the shareholders of Santam will be held entirely by electronic communication on Wednesday, 31 May 2023 at 14:00* to:

(i) deal with such business as may lawfully be dealt with at the meeting; and
(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, as read with the listings requirements of the JSE Limited (JSE) (JSE Listings Requirements) and the requirements of other stock exchanges on which the company's ordinary shares are listed.

The record date, in terms of section 59 of the Companies Act, for shareholders to be recorded on the company's securities register for them to be able to attend, participate in and vote at the meeting is Friday, 26 May 2023. The last day to trade in the company's shares is therefore Tuesday, 23 May 2023 in order to be recorded in the share register on the aforementioned record date.

Kindly note that meeting participants (including proxies) will be allowed to participate in the meeting electronically (online). However, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in the meeting.

Acceptable forms of identification include valid identity documents or barcoded identification smart cards, driver's licences and passports.

Voters will be able to submit their votes once the chair of the meeting opened voting on the online platform.

PRESENTATION OF THE COMPANY'S ANNUAL FINANCIAL STATEMENTS AND THE 2022 INTEGRATED ANNUAL REPORTING SUITE

The audited consolidated annual financial statements for the year ended 31 December 2022, including the auditors' report, the audit committee's report as well as the directors' report, the integrated annual report, the corporate governance report, the King IV™[1] disclosure report and the remuneration report have been published and are available on the company's website at www.santam.co.za. It can also be requested and obtained in person, at no charge, from the company at its registered office during office hours.

A summarised version of the annual financial statements is enclosed with this notice of the AGM (Annexure 1).

The objective is to afford Santam's shareholders with an opportunity to formally consider the company's annual reporting suite, including the consolidated audited financial statements for the year ended 31 December 2022 as required by section 30(3)(d) of the Companies Act.

* *The meeting will start promptly at 14:00 SA time. Due to the electronic voting system, no late registrations will be allowed on the day.*

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

ORDINARY RESOLUTIONS

Shareholders are herewith requested to consider and, if approved, to pass, with or without modification, the following 9 ordinary resolutions:

Percentage support required for ordinary resolutions numbers 1 to 9.
For these ordinary resolutions to be adopted, the support of more than 50% (fifty percent) of the total number of votes per ordinary resolution, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required, apart from ordinary resolution number 8, where the support of at least 75% (seventy-five percent) of the total number of votes is required.

Ordinary resolutions numbers 6.1 and 6.2 are non-binding advisory votes.

ORDINARY RESOLUTION NUMBER 1: REAPPOINTMENT OF THE INDEPENDENT AUDITOR FOR THE 2023 FINANCIAL YEAR

To reappoint PricewaterhouseCoopers Inc. (PwC), as nominated by the company's audit committee, as the independent auditor of the company to hold office until the conclusion of the next AGM of the company. It is to be noted that Ms C van den Heever is the individual and designated independent auditor who will undertake the company's audit for the financial year ended 31 December 2023.

Reason and effect

The reason for ordinary resolution number 1 is that the Companies Act and the JSE Listings Requirements require the appointment or reappointment of the company's auditor each year at the AGM of the company. To strengthen overall governance and to ensure alignment with the requirements of the Prudential Authority, the audit committee recommended to the board of directors of Santam (the board) the reappointment of the independent auditor for Santam. Furthermore, in terms of paragraph 3.86 of the JSE Listings Requirements, the audit committee considered and satisfied itself that:

a) PricewaterhouseCoopers Inc., the independent auditor, is accredited as such on the JSE List of Auditors and Accounting Specialists; and
b) the aforementioned individual and designated independent auditor meets the applicable requirements stipulated in section 22 of the JSE Listings Requirements and does not appear on the JSE list of disqualified individual auditors.

ORDINARY RESOLUTION NUMBER 2: APPOINTMENT OF THE INDEPENDENT AUDITOR FOR THE 2024 FINANCIAL YEAR

To appoint KPMG Inc. (KPMG), as nominated by the company's audit committee, as the independent auditor with effect from the company's 2024 financial year. It is to be noted that Mr M Danckwerts is the individual and designated independent auditor who will undertake the company's audit for the year ended 31 December 2024.

Reason and effect

The reason for ordinary resolution number 2 is that the Companies Act and the JSE Listings Requirements require the appointment or reappointment of the company's auditor each year at the AGM of the company. Moreover, the rule as per the Mandatory Audit Firm Rotation regulations published by the Independent Regulatory Board for Auditors, requires PricewaterhouseCoopers Inc. to rotate off the Santam audit by no later than the group's 2023 financial year. After due process and consideration, the audit committee recommends to shareholders the appointment of KPMG to replace PricewaterhouseCoopers Inc. with effect from the group's 2024 financial year. To this end, although shareholders will be provided with an opportunity to appoint KPMG as the replacement auditors at Santam's 2024 AGM, the audit committee recommends seeking the approval of shareholders timeously to allow KPMG to commence with the transitioning process in preparation for the company's audit for the year ended 31 December 2024.

Furthermore, in terms of paragraph 3.86 of the JSE Listings Requirements, the audit committee considered and satisfied itself that:

a) KPMG, the independent auditor, is accredited as such on the JSE's List of Auditors and Accounting Specialists;
b) the aforementioned individual and designated independent auditor meets the applicable requirements stipulated in section 22 of the JSE Listings Requirements and does not appear on the JSE list of disqualified individual auditors; and
c) the appointment of KPMG and the designated independent auditor has been approved by the Prudential Authority.

ORDINARY RESOLUTION NUMBER 3: APPOINTMENT OF DIRECTORS

To confirm the appointment of the following directors (ordinary resolution numbers 3.1 and 3.2) to the board, as additional directors in terms of clause 25.11 of the company's memorandum of incorporation (MOI), being eligible and having offered themselves for election.

Reason and effect

The reason for and effect of ordinary resolutions numbers 3.1 and 3.2 are to confirm the appointment of the directors appointed to the board as additional directors in terms of the company's MOI.

3.1 Ordinary resolution number 3.1: Appointment of Mr Tavaziva (Tava) Madzinga as an executive director

To confirm the appointment of Mr Madzinga as an additional director in terms of the company's MOI, being eligible and having offered himself for election.

Name: Tavaziva (Tava) Madzinga (44)
Appointed: Executive director since April 2022
Qualifications: FIA, FASSA, BBusSc

Santam and Santam committee memberships: Group chief executive officer (CEO) of Santam since July 2022. Director of the Centriq group of companies, the MiWay group of companies and the Santam Structured Insurance (SSI) group of companies as well as a member of the investment committee, the risk committee and the social, ethics and sustainability committee of Santam.

Major external positions, directorships or associations: Member of the group executive committee of Sanlam Limited

Fields of expertise:
Actuarial, financial markets/investments, insurance, re-insurance, general business, audit, risk, international business, sustainability and empowerment.

The board recommends the confirmation of the appointment of this executive director.

3.2 Ordinary resolution number 3.2: Appointment of Mlondolozi (Lotz) Mahlangeni as a non-executive director

To confirm the appointment of Mr Mahlangeni as an additional non-executive director in terms of the company's MOI, being eligible and having offered himself for election.

Name: Mlondolozi (Lotz) Mahlangeni (42)
Appointed: Non-executive director since December 2022
Qualifications: BBusSc (Hons), FIA, FASSA

Santam Limited committee memberships: Member of the risk committee.

Major external positions, directorships or associations: Group chief actuary and chief risk officer of Sanlam Limited and a member of the group executive committee of Sanlam Limited. He also serves as a director on the board of ARC Financial Services Investments (Pty) Ltd.

Fields of expertise:
Financial markets/investments, actuarial, general business, audit, risk, insurance, compliance and sustainability.

The board recommends the confirmation of the appointment of this non-executive director.

ORDINARY RESOLUTION NUMBER 4: THE RE-ELECTION OF RETIRING NON-EXECUTIVE DIRECTORS

To individually re-elect the following non-executive directors (ordinary resolutions numbers 4.1 to 4.4) of the company who retire by rotation in terms of clause 25.3 of the company's MOI, all being eligible and offering themselves for re-election.

Reason and effect

The reason for and effect of ordinary resolutions numbers 4.1 to 4.4 are to re-elect the following non-executive directors who retire by rotation in terms of clause 25.3 of the company's MOI:

4.1 Dawn Marole
4.2 Monwabisi Fandeso
4.3 Preston Speckmann
4.4 Junior Ngulube

4.1 Ordinary resolution number 4.1: The re-election of Ms Dawn Marole as an independent non-executive director

To re-elect Ms Dawn Marole, who retires voluntarily owing to her long tenure on the board (longer than nine years) by rotation in terms of clause 25.3 of the company's MOI, being eligible and offering herself for re-election. Shareholders are advised that an independence review has been performed by the board to assess and evaluate Ms Marole's independence in view of her tenure. This review process was conducted with the assistance of two external service providers. The board was satisfied with the outcome of the process followed and confirmed the independence of Ms Marole.

Name: Dawn Marole (62)
Appointed: Independent non-executive director since 2011
Qualifications: BCom, Dip Tertiary Education, MBA

Santam and Santam committee memberships: Chair of the human resources and remuneration committee and chair of the social, ethics and sustainability committee as well as a member of the nominations committee.

Major external positions, directorships or associations: Ms Marole previously served on various boards including those of MTN Group Ltd, Kumba Resources Ltd, the Development Bank of Southern Africa and JP Morgan Sub-Sahara. She is currently a director of Resilient REIT Ltd, Sun International Ltd and Shoprite Holdings. Ms Marole is also a trustee of the Emthunzini B-BBEE Community Trust.

Fields of expertise:
General business, governance, human resources, remuneration, risk management, sustainability and empowerment.

The board recommends the re-election of this independent non-executive director.

NOTICE OF THE ANNUAL GENERAL MEETING

4.2 Ordinary resolution number 4.2: The re-election of Mr Monwabisi Fandeso as an independent non-executive director

To re-elect Mr Monwabisi Fandeso, who retires by rotation in terms of clause 25.3 of the company's MOI, being eligible and offering himself for re-election. Shareholders are advised that an independence review has been performed by the board to assess and evaluate Mr Fandeso's independence in view of the role he is fulfilling on the board as lead independent non-executive director. This review process was conducted with the assistance of two external service providers. The board was satisfied with the outcome of the process followed and confirmed the independence of Mr Fandeso.

Name: Monwabisi Fandeso (64)
Appointed: Independent non-executive director since 2020
Qualifications: BSc (Hons), MBA

Santam and Santam committee memberships: Lead independent non-executive director, chair of the investment committee, member of the audit committee and member of the risk committee. He also serves as an independent non-executive director of the Centriq group of companies and the SSI group of companies.

Major external positions, directorships or associations: Independent non-executive director on the boards of Empact (Pty) Ltd, the Thebe Investment Corporation and Brolink (Pty) Ltd.

Fields of expertise:
Accounting, financial markets/investments, general business, international, engineering, governance, audit, risk management, sustainability and empowerment.

The board recommends the re-election of this independent non-executive director.

4.3 Ordinary resolution number 4.3: The re-election of Mr Preston Speckmann as an independent non-executive director

To re-elect Mr Preston Speckmann, who retires by rotation in terms of clause 25.3 of the company's MOI, being eligible and offering himself for re-election.

Name: Preston Speckmann (66)
Appointed: Independent non-executive director since 2017
Qualifications: CA(SA), Hons B.Compt (SA)

Santam and Santam committee memberships: Chair of the audit committee, member of the risk committee and an independent non-executive director on the boards of the MiWay group of companies and the Centriq group of companies.

Major external positions, directorships or associations: Non-executive director on the boards of African Rainbow Life Ltd, Safrican Insurance Company Ltd, SIH Capital Holdings (Pty) Ltd and Impala Platinum Holdings Ltd. He also serves as the chair of the Risk and Finance Forums of Sanlam Investments Group and Sanlam Emerging Markets.

Fields of expertise:
Accounting, financial markets/investments, general business, international, information technology, governance, audit, risk management, sustainability and empowerment.

The board recommends the re-election of this independent non-executive director.

4.4 Ordinary resolution number 4.4: The re-election of Mr Junior Ngulube as a non-executive director

To re-elect Mr Junior Ngulube, who retires by rotation in terms of clause 25.3 of the company's MOI, being eligible and offering himself for re-election.

Name: Junior Ngulube (65)
Appointed: Non-executive director since 2018
Qualifications: BSc (Hons) (Agri) (Zimbabwe), MSc (Agri) (Penn State, USA), Dip Financial Management

Santam and Santam committee memberships: Member of the social, ethics and sustainability committee

Major external positions, directorships or associations: Non-executive director of Continental Reinsurance company as well as a non-executive board member of Transition to Transformation NPC. He also serves as an independent non-executive chair of Marsh South Africa.

Fields of expertise:
Financial markets/investments, general business, international, insurance, re-insurance, agriculture, governance, risk management, sustainability and empowerment.

The board recommends the re-election of this non-executive director.

ORDINARY RESOLUTION NUMBER 5: THE ELECTION AND REAPPOINTMENT OF THE MEMBERS OF THE AUDIT COMMITTEE

To individually elect and reappoint the following independent non-executive directors (ordinary resolutions numbers 5.1 to 5.4) of the company as members of the audit committee until the conclusion of the next AGM of the company.

Reason and effect

The reason for and effect of ordinary resolutions numbers 5.1 to 5.4 relate to the members of the audit committee of the company, being a statutory committee, who need to be appointed annually by the shareholders of the company in terms of the requirements outlined in section 94(2) of the Companies Act.

5.1 Ordinary resolution number 5.1: The reappointment of Ms Mmaboshadi (Shadi) Chauke as a member of the audit committee

Name: Mmaboshadi Chauke (43)
Appointed: Independent non-executive director since 2021
Qualifications: CA(SA), Bachelor of Commerce, Bachelor of Accountancy

Santam and Santam committee memberships: Member of the audit committee, the risk committee and the social, ethics and sustainability committee. She also serves as an independent non-executive director on the board of the MiWay group of companies.

Major external positions, directorships or associations: Independent non-executive director on the boards of the Mr Price Group, Sanlam Developing Markets, Afrocentric Investment Corporation, The Small Enterprise Foundation and Mamor Capital.

Fields of expertise:
Financial markets/investments, accounting, audit, risk management, general business, governance, sustainability and empowerment.

The board recommends the reappointment of this independent non-executive director to serve on the audit committee.

5.2 Ordinary resolution number 5.2: The reappointment of Mr Monwabisi Fandeso as a member of the audit committee

Name: Monwabisi Fandeso (64)
Appointed: Independent non-executive director since 2020
Qualifications: BSC (Hons), MBA

Santam and Santam committee memberships: Lead independent non-executive director, chair of the investment committee, member of the audit committee and member of the risk committee. He also serves as an independent non-executive director of the Centriq group of companies and the SSI group of companies.

Major external positions, directorships or associations: Independent non-executive director on the boards of Empact (Pty) Ltd, the Thebe Investment Corporation and Brolink (Pty) Ltd.

Fields of expertise:
Accounting, financial markets/investments, general business, international, engineering, governance, audit, risk management, sustainability and empowerment.

The board recommends the reappointment of this independent non-executive director to serve on the audit committee.

5.3 Ordinary resolution number 5.3: The reappointment of Ms Deborah (Debbie) Loxton as a member of the audit committee

Name: Debbie Loxton (59)
Appointed: Independent non-executive director since 2021
Qualifications: CA(SA), Bachelor of Accounting, Bachelor of Commerce

Santam and Santam committee memberships: Chair of the risk committee and a member of the audit and investment committees.

Major external positions, directorships or associations: Non-executive director on the boards of Ocean Star and Superyacht Training, trustee on the Steenberg Homeowners Trust.

Fields of expertise:
Audit, accounting, risk management, financial markets/investments, general business, governance, insurance and sustainability.

The board recommends the reappointment of this independent non-executive director to serve on the audit committee.

5.4 Ordinary resolution number 5.4: The reappointment of Mr Preston Speckmann as a member of the audit committee

Name: Preston Speckmann (66)
Appointed: Independent non-executive director since 2017
Qualifications: CA(SA), Hons B.Compt (SA)

Santam and Santam committee memberships: Chair of the audit committee, member of the risk committee and an independent non-executive director on the boards of the MiWay group of companies and the Centriq group of companies.

Major external positions, directorships or associations: Non-executive director on the boards of African Rainbow Life Ltd, Safrican Insurance Company Ltd, SIH Capital Holdings (Pty) Ltd and Impala Platinum Holdings Ltd. He also serves as the chair of the Risk and Finance Forums of Sanlam Investments Group and Sanlam Emerging Markets.

Fields of expertise:
Accounting, financial markets/investments, general business, international, information technology, governance, audit, risk management, sustainability and empowerment.

The board recommends the reappointment of this independent non-executive director to serve on the audit committee.

ORDINARY RESOLUTION NUMBER 6: A NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION POLICY AND ITS REMUNERATION IMPLEMENTATION REPORT

Shareholders are requested to cast a separate non-binding advisory vote on the company's remuneration policy and its remuneration implementation report as set out in Santam's 2022 remuneration report (available online at www.santam.co.za).

6.1 Ordinary resolution number 6.1: Non-binding advisory vote on the company's remuneration policy

Resolved that shareholders approve by way of a non-binding advisory vote the company's remuneration policy as set out in Santam's 2022 remuneration report.

6.2 Ordinary resolution number 6.2: Non-binding advisory vote on the company's remuneration implementation report

Resolved that shareholders approve by way of a non-binding advisory vote the company's remuneration implementation report as set out in Santam's 2022 remuneration report.

Reason and effect

The King Report on Corporate Governance™ for South Africa, 2016 (King IV), principle 14, recommended practice 37 as well as paragraph 3.84(j) of the JSE Listings Requirements, provide that the remuneration policy and the remuneration implementation report be tabled every year for separate non-binding advisory votes to shareholders at the company's AGM.

Ordinary resolutions numbers 6.1 and 6.2 are of an advisory nature only and failure to pass any of these 2 (two) resolutions will therefore not have any legal consequences relating to existing arrangements. However, the company's human resources and remuneration committee and the Santam board will take the outcome of these votes and any comments raised by shareholders into consideration when considering the company's remuneration policy.

If 25% (twenty-five percent) or more of the voting rights exercised at the AGM are cast against any of these 2 (two) resolutions, the board will invite dissenting shareholders to engage with the human resources and remuneration committee on their concerns in line with the provisions of the JSE Listings Requirements and King IV.

ORDINARY RESOLUTION NUMBER 7: TO PLACE UNISSUED ORDINARY SHARES UNDER THE CONTROL OF THE DIRECTORS

To place all the unissued ordinary shares of the company, as well as Santam shares held as treasury shares by subsidiaries of the company (treasury shares), under the control of the directors of the company, who are hereby authorised, subject to the provisions of the Companies Act and the JSE Listings Requirements, to allot and issue these unissued shares and/or dispose of these treasury shares at their discretion on such terms and conditions as and when they deem it fit to do so, until the next AGM, provided that:

a) the aggregate number of ordinary shares to be allotted and issued as well as the treasury shares disposed of in terms of this resolution and ordinary resolution number 8 is limited to 5% (five percent) of the number of ordinary shares in issue as at the date of the notice of the meeting; and
b) any issue of ordinary shares as an issue for cash as defined in the JSE Listings Requirements is in accordance with the restrictions contained in ordinary resolution number 8.

Reason and effect

The reason for ordinary resolution number 7 is that the board requires authority from shareholders in terms of the company's MOI to issue shares in the company and/or dispose of treasury shares held by subsidiaries of the company. This general authority, once granted, allows the board [from time to time, when it is appropriate to do so], to issue shares or dispose of treasury shares as may be required, inter alia, in terms of capital-raising exercises and to maintain a healthy capital adequacy ratio. This general authority is subject to the restriction that it is limited to 5% (five percent) of the number of shares in issue as at the date of the notice of the meeting.

ORDINARY RESOLUTION NUMBER 8: THE GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares of one (1) cent each (or options to subscribe for, or securities that are convertible into such ordinary shares) and dispose of Santam shares held as treasury shares by subsidiaries of the company (treasury shares) as an "issue for cash" as defined in the JSE Listings Requirements as and when suitable situations arise and on such terms and conditions as they deem fit, provided that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution and ordinary resolution number 7, together with any treasury shares disposed of in terms of ordinary resolution number 7, is limited to 5% (five percent) of the number of ordinary shares in issue at the date of the notice of this AGM.

To avoid doubt, it is recorded that a pro rata rights offer to shareholders is not an issue for cash as defined in the JSE Listings Requirements, and so this resolution and the restrictions contained herein do not apply to any such pro rata rights offered to shareholders.

It is recorded that the JSE Listings Requirements currently contain the following requirements:

a) that this general authority shall be valid until the company's next AGM or for 15 (fifteen) months from the date of adoption of this resolution, whichever occurs first;
b) that the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into or represent options in respect of a class already in issue;
c) that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution, together with any treasury shares disposed of in terms of this ordinary resolution number 8, is limited to 5% (five percent) of the number of ordinary shares in issue at the date of the notice of this AGM, such number being 115 131 417 ordinary shares in the company's issued share capital, excluding treasury shares;
d) that any equity securities issued under the authority during the period contemplated in (a) must be deducted from the number in (c);
e) that, in the event of sub-division or consolidation of issued equity securities during the period contemplated in (a), the existing authority must be adjusted accordingly to represent the same allocation ratio;
f) that the equity securities be issued, or treasury shares disposed of, to persons qualifying as public shareholders as defined in the JSE Listings Requirements;
g) that, in determining the price at which an issue of shares or disposal of treasury shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of the shares in question, as determined over the 30 (thirty) business days prior to the date that the price of the issue or disposal is agreed between the issuer and the party subscribing for or acquiring the securities;
h) that, after the company has issued equity securities or disposed of treasury shares in terms of an approved general issue for cash representing, on a cumulative basis within a financial year, 5% (five percent) or more of the number of equity securities in issue prior to that issue, the company will publish an announcement containing full details of the issue in accordance with the JSE Listings Requirements; and
i) related parties may participate in a general issue for cash through a bookbuild process provided –

    (i) the approval by shareholders contemplated in paragraph 5.52(e) expressly affords the ability to the issuer to allow related parties to participate in a general issue for cash through a bookbuild process;
    (ii) related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and not be allocated shares; and
    (iii) equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild.

Reason and effect
To grant to the directors, subject to the JSE Listings Requirements, the general authority to issue ordinary shares and dispose of treasury shares as an issue for cash as defined in the JSE Listings Requirements.

Percentage voting

In order for this ordinary resolution number 8 to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at the meeting are required, in terms of the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 9: TO AUTHORISE ANY DIRECTOR OF THE COMPANY AND, WHERE APPLICABLE, THE COMPANY SECRETARY, TO IMPLEMENT THE AFORESAID ORDINARY RESOLUTIONS AND UNDERMENTIONED SPECIAL RESOLUTIONS

To authorise any director of the company and, where applicable, the company secretary, to do all such things, sign all such documentation and take all such actions as may be necessary to implement the aforesaid ordinary resolutions and undermentioned special resolutions.

Reason and effect
The reason for and effect of ordinary resolution number 9 are to grant authorisation to any director of the company and, where applicable, the company secretary, to implement the aforesaid ordinary and undermentioned special resolutions.

SPECIAL RESOLUTIONS

To consider and, if approved, to pass, with or without modification, the following 4 (four) special resolutions:

Percentage support required for special resolutions numbers 1 to 4

For these special resolutions to be adopted, the support per special resolution of at least 75% (seventy-five percent) of the total number of votes, which the shareholders present or are represented by proxy at the meeting are entitled to cast, is required.

A. SPECIAL RESOLUTION NUMBER 1: THE APPROVAL OF THE NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THEIR SERVICES AS DIRECTORS

To resolve that:
In terms of section 66(9) of the Companies Act, payment of the remuneration for their services as non-executive directors of Santam is approved for the period 1 July 2023 until 30 June 2024 as set out in the following table. These adjusted fees generally represent a 5.75% increase on the fees applicable in respect of the 12 months to 30 June 2023 to ensure alignment with Santam's increase mandate. However, it excludes the fees proposed for the services rendered by the company's lead independent director. The recommended fees in this regard have been benchmarked with external guidance and practice notes issued by the Institute of Directors in South Africa (IoDSA) and PwC.

Reason and effect
The reason for and effect of special resolution number 1 are to approve the basis for calculating the remuneration payable by the company to its non-executive directors for their services as directors of the company for the period 1 July 2023 to 30 June 2024. Executive directors of the company do not receive any fees for services rendered other than what have been reported in the company's 2022 remuneration report which can be downloaded and accessed on the company's website (www.santam.co.za).

NOTICE OF THE ANNUAL GENERAL MEETING

Proposed non-executive directors' fee schedule for 2023/2024

Non-executive directors' fees	Present R[1]	Proposed R[1]
Chair of the board (no attendance fees for meetings except for ad hoc board or committee meetings and then paid at the rate payable to non-executive directors)	1 500 000	1 586 250
Non-executive director annual retainer	310 000	327 825
Lead independent director[2]	–	565 000
Non-executive director attendance fee per board meeting	27 700	29 293
Chair of the audit committee fee per committee meeting chaired	63 000	66 623
Audit committee member	41 500	43 886
Chair of the risk committee fee per committee meeting chaired	63 000	66 623
Risk committee member	41 500	43 886
Chair of the investment committee fee per committee meeting chaired	41 500	43 886
Investment committee member	27 700	29 293
Chair of the human resources and remuneration committee fee per committee meeting chaired	43 400	45 896
Human resources and remuneration committee member	27 700	29 293
Chair of the social, ethics and sustainability committee fee per committee meeting chaired	41 500	43 886
Social, ethics and sustainability committee member	27 700	29 293
Nominations committee chair fee per committee meeting chaired	41 500	43 886
Nominations committee member	27 700	29 293
Special ad hoc and extraordinary board and committee meetings – hourly rate (subject to a maximum fee of R27 800 per meeting)	5 000 per hour	5 288 per hour

[1] *All fees are VAT exclusive.*
[2] *A Lead independent director (LID) was appointed in 2022 and the proposed fee structure was benchmarked (Source: PwC NED Practices and Fees Report and the IoDSA's Non-Executive Fees Guide).*

B. SPECIAL RESOLUTION NUMBER 2: AUTHORITY TO THE COMPANY OR A SUBSIDIARY OF THE COMPANY TO ACQUIRE THE COMPANY'S SHARES

Resolved that:

Pursuant to the MOI of the company, the shareholders of the company hereby approve, by way of a general approval, whether by way of a single transaction or a series of transactions:

a) the purchase of any of its ordinary shares by the company or any subsidiary of the company; and

b) the purchase by and/or transfer to the company of any of its ordinary shares purchased by any of its subsidiaries pursuant to (a) above, upon such terms and conditions and in such amounts as the board of the company or its subsidiaries may from time to time decide, but subject to the provisions of the Companies Act, the JSE Listings Requirements and the requirements of any other stock exchange on which the securities of the company may be quoted or listed from time to time as well as the Short-term Insurance Act, 53 of 1998 (Short-term Insurance Act), the Insurance Act, 18 of 2017 (Insurance Act), the Prudential Standards (as defined in section 1 of the Insurance Act) and subject to such other conditions as may be imposed by other relevant authorities, provided that, in relation to purchases that are subject to the JSE Listings Requirements:

- the authority shall only be valid up to and including the date of the company's next AGM or for 15 (fifteen) months from the date of this special resolution, whichever period is shorter;
- ordinary shares to be purchased pursuant to (a) above may only be purchased through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and/or the relevant subsidiary and the counterparty;
- the general authority to purchase ordinary shares in the company pursuant to (a) above be limited in any 1 (one) financial year to a maximum of 5 (five percent) of the company's issued ordinary share capital of that class at the time the authority is granted;
- purchases pursuant to (a) above may not be made at a price more than 10% (ten percent) above the weighted average traded price of the ordinary shares for the five (5) business days immediately preceding the date of the purchases;
- at any point in time, the company may only appoint 1 (one) agent to effect any purchase on the company's behalf or on behalf of any of its subsidiaries;
- the board of the company has resolved:

  i) to authorise a purchase of ordinary shares in the company,
  ii) that the company and each relevant subsidiary have passed the solvency and liquidity test as contemplated in the Companies Act, and
  iii) that, since the solvency and liquidity test was performed, no material change occurred in the financial position of the company or any relevant subsidiary;

- the company and its subsidiaries may not effect a repurchase during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place where the dates and quantities of the ordinary shares to be traded during the relevant period are fixed (not subject to variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's ordinary shares independently of, and not influenced by the company, prior to the commencement of the prohibited period, to execute the repurchase programme submitted to the JSE;
- an announcement complying with paragraph 11.27 of the JSE Listings Requirements would be published by the company:

  i) when the company and/or its subsidiaries have cumulatively purchased 3% (three percent) of the initial number of ordinary shares in issue as at the time when the general authority was given and
  ii) thereafter, for each 3% (three percent) in aggregate of the initial number of ordinary shares in issue as at the time when the general authority was given, acquired by the company and/or its subsidiaries; and

- details of equity ordinary shares purchased during the period under review would be disclosed in the annual financial statements in accordance with paragraph 8.63(o) of the JSE Listings Requirements.

Reason and effect

The reason for and effect of special resolution number 2 are to grant a general authority to enable the company, or any subsidiary of the company, to acquire ordinary shares that have been issued by the company, including the subsequent purchase by or transfer to the company of such ordinary shares held by any subsidiary.

DIRECTORS' STATEMENT

The board resolved that it would authorise and implement a purchase of the company's ordinary shares only if prevailing circumstances warrant this.

Having considered the effect of the maximum purchases, the board reasonably concluded in relation to purchases that are subject to the JSE Listings Requirements that:

- after an acquisition, the company will continue to comply with the JSE Listings Requirements concerning shareholder spread requirements;
- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of this notice of the AGM of the company;
- the assets of the company and its subsidiaries will be in excess of the liabilities of the company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the company;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for a period of 12 (twelve) months after the date of this notice of the AGM of the company; and
- the company and its subsidiaries will have adequate working capital for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the AGM of the company.

DISCLOSURES IN TERMS OF PARAGRAPH 11.26(B) OF THE JSE LISTINGS REQUIREMENTS

The following disclosures are required in terms of paragraph 11.26(b) of the JSE Listings Requirements in relation to purchases that are subject to the JSE Listings Requirements, which appear in the Santam annual reporting suite. It can also be accessed online at www.santam.co.za for the purposes of special resolution number 2:

- Major shareholders (page 151 of the annual financial statements)
- Share capital of the company (page 123 of the annual financial statements)
- Material changes (page 18 of this notice of the AGM)

THE DIRECTORS' RESPONSIBILITY STATEMENT

The board of directors, whose names appear in this notice and on pages 20 to 22 of the 2022 corporate governance report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this special resolution number 2, and certify that to the best of their knowledge and belief:

- there are no other facts, the omission of which would make any statement false or misleading;
- they have made all reasonable enquiries in this regard; and
- special resolution number 2 contains all the required information in terms of the Companies Act and the JSE Listings Requirements.

C. SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF SECTION 44 OF THE COMPANIES ACT

Resolved that:

As a general approval, the board of the company may from time to time during the 2 (two) years from the passing hereof authorise the company, in terms of and subject to the provisions of section 44 of the Companies Act, to provide financial assistance by way of a loan, guarantee or the provision of security to any party, other than a director or prescribed officer of the company or its related or inter-related companies or corporations, for the purpose of, or in connection with, the subscription or purchase of any securities issued or to be issued by a related or inter-related company or corporation of the company on such terms and conditions as the board may determine.

Reason and effect

The reason for and effect of special resolution number 3 are as follows:

- *The company is from time to time, as an essential part of conducting the business of the Santam group, required to provide financial assistance to parties by way of a loan, guarantee or the provision of security in respect of securities issued or to be issued by a related or inter-related company or corporation of the company.*
- *In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of a special resolution in order to provide financial assistance to any party as contemplated in section 44(2) of the Companies Act. The company therefore seeks general approval for the board of the company to authorise the provision by the company of financial assistance by way of a loan, guarantee or the provision of security in respect of securities issued or to be issued by a related or inter-related company or corporation of the company at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution number 3.*

D. SPECIAL RESOLUTION NUMBER 4: GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

Resolved that:

As a general approval, the board of the company from time to time during the 2 (two) years from the passing hereof authorise the company, in terms of and subject to the provisions of section 45 of the Companies Act, to provide any type of direct or indirect financial assistance as defined in section 45 of the Companies Act, to a related or inter-related company or corporation of the company, on such terms and conditions and for such amounts as the board may determine.

Reason and effect

The reason for and effect of special resolution number 4 are as follows:

- *The company is from time to time, as an essential part of conducting the business of the Santam group, required to provide financial assistance to related or inter-related companies or corporations of the company 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 Companies Act.*
- *In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of a special resolution in order to provide financial assistance to any related or inter-related companies or corporations. The company therefore seeks general approval for the board of the company to authorise the provision by the company of all types of financial assistance to any such related or inter-related company or corporation as contemplated in section 45(2) of the Companies Act at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution number 4. Notwithstanding such general approval, related party transactions remain subject to any applicable regulatory requirements on a transaction per transaction basis.*

REPORT BY THE SOCIAL, ETHICS AND SUSTAINABILITY (SES) COMMITTEE

The company's SES committee's report as outlined in Santam's 2022 corporate governance report on pages 35 and 36 (which can be downloaded and accessed online at www.santam.co.za), will serve as the SES committee's report to the company's shareholders on the matters within its mandate and will be presented at the AGM by a member of the company's SES committee. Any specific questions for/to the SES committee may be sent to the company's head: strategy and investor relations or the company secretary prior to the AGM on/or before Friday, 26 May 2023.

NOTICE OF THE ANNUAL GENERAL MEETING

APPROVALS REQUIRED FOR RESOLUTIONS

a) Ordinary resolutions numbers 1 to 9 require approval by more than 50% of the voting rights exercised on the resolutions - i.e. apart from ordinary resolution number 8, where the support of at least 75% (seventy-five percent) of the total number of votes is required.

b) Ordinary resolutions numbers 6.1 and 6.2 are non-binding advisory votes.

c) Special resolutions numbers 1 to 4 require approval by at least 75% of the voting rights exercised on these resolutions.

Equity securities held by a share trust or scheme will not have their votes considered for the purposes of resolutions passed in terms of the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in the 2022 integrated annual report and the 2022 corporate governance report, there has been no material change in the trading or financial position of the company and its subsidiaries that occurred since the end of the last financial period for which either audited annual financial statements or unaudited interim reports have been published.

GENERAL NOTES

1. The record date for the distribution of the notice of the AGM was set as close of business on Friday, 31 March 2023.
2. The record date to participate in and vote at the meeting was set as close of business on Friday, 26 May 2023. The last day to trade in the company's shares on the JSE is therefore Tuesday, 23 May 2023, in order to be recorded in the share register on the record date.
3. A shareholder entitled to participate in, speak and vote at the meeting may appoint a proxy to participate in, speak and vote in his or her stead.
4. Santam shareholders who hold share certificates for their Santam ordinary shares or have dematerialised their Santam ordinary shares and have them registered in their own name, but who are unable to participate at the meeting and wish to be represented at the meeting, need to complete and return the enclosed proxy form, in accordance with the instructions contained therein, to the transfer secretaries Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold, 2132) or they can email proxy@computershare.co.za.
5. For administrative purposes, it is requested that the proxy form be received by no later than 14:00 SA time on Tuesday, 30 May 2023. It may alternatively be emailed to proxy@computershare.co.za prior to the commencement of the meeting on Wednesday, 31 May 2023.
6. Santam ordinary shareholders who hold their dematerialised Santam ordinary shares through a Central Securities Depository Participant (CSDP), bank or broker nominee (Santam dematerialised shareholders) must provide their CSDP, bank or broker nominee with their voting instructions, in accordance with the agreement between them and their CSDP, bank or broker nominee. Should Santam dematerialised shareholders wish to cast their votes at the meeting, they must contact their CSDP, bank or broker nominee to issue them with the appropriate letter of representation. Santam does not accept responsibility for any failure on the part of the CSDP, bank or broker nominee with regard hereto.
7. A person representing a corporation/company/legal entity is not deemed to be a proxy. As such, a corporation/company/legal entity can only participate in a meeting through a natural person, duly authorised by way of a resolution to act as a representative. A notarial certified copy of such power of attorney or other documentary evidence establishing and confirming the authority of the person signing the proxy in a representative capacity, must be attached to the form of proxy. Such a person enjoys the same rights at the meeting as the shareholding corporation/company/legal entity that he/she represents by proxy.
8. In respect of a vote by a show of hands, every shareholder present as well as every proxy or duly authorised representative representing shareholders, shall have only 1 (one) vote irrespective of the number of shareholders or shares he or she represents or holds.

9. A resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the meeting. If a poll is so demanded, the resolutions put to the vote shall be decided on a poll. On a poll, every shareholder present or represented by proxy or a duly authorised representative shall each have 1 (one) vote for every Santam share held by that shareholder. Since the meeting is held by electronic communication, the Chair has decided that the resolutions put to the vote shall be decided on a poll.

10. The company's memorandum of incorporation provides for an electronic voting process. To this end, shareholders are advised that they, or their proxies, will be able to participate in the meeting by way of electronic communication.

Electronic registration and participation at the meeting

a) The AGM (including voting) will be conducted entirely by electronic communication as contemplated in section 63(2)(a) of the Companies Act. The procedure for participation by electronic communication is set out hereunder.

b) Shareholders who wish to participate in the AGM should either register online at https://smartagm.co.za by no later than 14:00 on Tuesday, 30 May 2023 or submit a request to participate to proxy@computershare.co.za. Shareholders may still register to participate in and/or vote electronically at the AGM after this date and time provided that, for those shareholders to participate in and/or vote electronically at the AGM, they must be verified and registered prior to exercising any rights at the AGM.

c) As part of the registration process, shareholders will be requested to upload and submit proof of identification (i.e. a copy of a valid identity document, or barcoded identification smart card, driver's licence or passport) and authority to do so (where acting in a representative capacity) as well as to provide details such as their name, surname, email address, contact number and the number of Santam shares held.

d) Following successful registration, the transfer secretaries will provide shareholders with a username and password to connect electronically to the AGM. Telephone lines will be made available for shareholders who want to ask questions at the meeting.

e) Shareholders who wish to ask questions on the telephone line must register their request in writing with the company secretary (ruwaida.eksteen@santam.co.za) by no later than 12:00 on Friday, 26 May 2023. The cost of the shareholder's phone call will be for his/her own account. The shareholder acknowledges that the telecommunication platforms are provided by a third party and indemnifies Santam against any claim arising in any way from the use or possession of the telecommunication lines. All shareholders who wish to call into the meeting to ask questions, would be provided a telephone number and a pin number on/or before the meeting commences at 14h00 on 31 May 2023.

f) Shareholders are kindly requested to log into the virtual meeting from 13:50 on the day of the meeting.

g) For any assistance and/or if any difficulty is experienced with the registration process outlined herein above, or logging into the AGM, shareholders are encouraged to request assistance by emailing proxy@computershare.co.za.

By order of the board

Ruwaida Eksteen
Company secretary
Tygervalley, Cape Town

6 April 2023

Shareholders’ diary

Financial year-end	31 December
Annual general meeting	31 May 2023

Reports

Interim report for 30 June 2023	31 August 2023
Announcement of the results for the year ended 31 December 2022	2 March 2023
Integrated report for the year ended 31 December 2022	9 March 2023

Dividends

Dividend for 2022 declared	2 March 2023
Last date to trade cum dividend	20 March 2023
Shares trade ex-dividend	22 March 2023
Record date for 2022 dividend	24 March 2023
Payment date of dividend for 2022	27 March 2023

To allow for the dividend calculation, Santam’s share register will be closed for all transfers, off-market transactions and dematerialisations or rematerialisations between Wednesday, 22 March 2023 and Friday, 24 March 2023, both days inclusive.

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

Administration

Registered name

Santam Limited

(an authorised financial services provider, Licence number 3416)

Incorporated in South Africa

Company registration number: 1918/001680/06

Company Tax reference number: 9475/144/71/4

ISIN: ZAE000093779

JSE share code: SNT

NSX share code: SNM

A2X share code: SNT

Debt company code: BISAN

Internet address

www.santam.co.za

JSE Sponsors

Equity sponsor: Investec Bank Ltd

Debt sponsor: Rand Merchant Bank (a division of FirstRand Bank Ltd)

Transfer secretaries

Computershare Investor Services (Pty) Ltd

Company registered number: 2004/003647/07

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

santamholders@computershare.co.za

Non-Executive Directors

M Chauke, C Da Silva, M Fandeso, P Hanratty, D Loxton, M Mahlangeni, M Marole, N Moholi (chair), A Mukhuba, J Ngulube and P Speckmann

Executive Directors

T Madzinga (group chief executive officer) and H Nel (chief financial officer)

Company secretary

R Eksteen

Santam head office registered address: 1 Sportica Crescent, Tyger Valley, Bellville, 7530

PO Box 3881, Tyger Valley, 7536

Tel: +27 (0) 21 915 7000

Fax: +27 (0) 21 914 0700

Head: strategy and investor relations

G Mtetwa

Report fraud

Fraudline (South Africa): 0860 600 767

Fraudline (Namibia): 0800 002 020

Fraudline SMS: 31640

WhatsApp: +27 76 921 3347

Email: forensic.services@santam.co.za

Annexure 1: Summary consolidated financial statements

FINANCIAL REVIEW

The 2022 financial year was one of the most challenging underwriting periods in Santam's history, combined with a turbulent investment market environment. Despite these headwinds, the Santam group reported strong gross written premium growth and acceptable net insurance results.

The group's conventional insurance business achieved gross written premium growth of 8%. A net underwriting margin of 5.1% (2021: 8.0%) was reported, at the bottom end of the group's target range of 5% to 10%. Following the implementation of focused underwriting actions, the underwriting results for the second half of 2022 showed a significant improvement. Adverse weather conditions in the first three months of the year and the devastating floods in the KwaZulu-Natal province (KZN floods) during early April 2022 significantly impacted the underwriting results. Other contributing factors to the lower underwriting margin were increased claims inflation, which escalated ahead of premium increases, higher-than-expected significant fire losses, and increased power surge and crime-related claims. These were offset to some extent by a reduction in the COVID-19-related contingent business interruption (CBI) claims provisions. The alternative risk transfer (ART) business reported excellent operating results, net of non-controlling interests, of R306 million (2021: R276 million), positively impacted by strong growth in fee income and positive investment and underwriting results. The net insurance result from Santam's share of Sanlam Emerging Markets (SEM) general insurance businesses decreased by 13% to R136 million (2021: R156 million) following the dilution of the investment in India and lower growth achieved.

Net investment income attributable to shareholders, inclusive of the investment return on insurance funds, amounted to R1 182 million (2021: R1 493 million). Local and foreign bond market volatility and lower equity markets were the key contributors to the weaker investment performance, partly offset by gains from a weaker rand exchange rate and increased dividends from the SEM investments.

Equity-accounted income from associates and joint ventures amounted to R54 million (2021: R78 million) following lower underwriting and negative investment results reported by SAN JV for the period to 30 June 2022. The investment in SAN JV was classified as a non-current asset held for sale effective 30 June 2022, and no further equity-accounted income was included since that date.

Cash generated from operations increased to R10 billion (2021: R3 billion), mainly due to growth in premiums received on ART business and reinsurance recoveries.

Headline earnings decreased to 1 826 cps compared to 2 495 cps for the year ended 31 December 2021 due to the weaker operating results and lower investment income attributable to shareholders.

A return on capital (ROC) of 18.8% was achieved, below the ROC target of 24%. However, a significant improvement on the 7.4% reported for the first six months of 2022, following improved underwriting and investment performance in the second half of the year. The economic capital coverage ratio at 31 December 2022 was 156% (2021: 169%), above the midpoint of the target range of 145% to 165%.

CONVENTIONAL INSURANCE

The conventional insurance business achieved strong gross written premium growth of 8% in a challenging high inflation, low growth economic environment and reported a net underwriting margin of 5.1% (2021: 8.0%), following much-improved underwriting results during the second half of 2022.

The devastating KZN floods negatively impacted the underwriting results in the current year. The current estimate of Santam's gross exposure to the KZN floods is R4.4 billion. Santam's reinsurance programme limited the net impact to approximately R567 million, including reinsurance reinstatement premiums. The KZN floods were the most significant natural catastrophe in Santam's history.

The process of finalising the remaining CBI claims and associated reinsurance recoveries relating to the COVID-19 lockdown continued steadily. Santam reviewed its provisions for CBI claims at the end of December 2022, considering the underlying exposure, claims payment experience to date, the level of claims aggregating for reinsurance recovery purposes, and expected recoveries from applicable reinsurance contracts. Following this review, Santam has reduced its net provision for CBI claims by a further R317 million, following the reduction of R397 million accounted for in the June 2022 results. The reduction is mainly due to the actual claims to date being lower than initial estimates. There remains some marginal uncertainty about the ultimate liability, which will only be eliminated once the process has been finalised. The current estimate of Santam's gross liability for open CBI claims at 31 December 2022 is R1 billion (2021: R3.2 billion), and a reinsurance asset of R0.9 billion (2021: R3.2 billion).

Gross written premium growth

Per business unit

The Santam Commercial and Personal (C&P) business reported good growth in gross written premiums compared to 2021, specifically in commercial lines and Santam Direct.

The Santam Specialist business achieved overall strong growth with the crop, travel, liability, marine and corporate property insurance businesses as the main contributors. The growth in the crop business was mainly due to increased commodity prices.

MiWay recorded subdued growth of 2%, following a deliberate focus on profitability, which impacted new business growth. The impact of low premium increases during 2021 and increased premium defaults in 2022 also contributed to lower growth in the existing book of business. Management is confident that the current focus on growth initiatives should improve the growth prospects for 2023.

Santam Re achieved acceptable growth in its third-party business, positively impacted by new business written during the reporting period and a general increase in reinsurance premium rates globally.

Geographical analysis

South Africa remains the most significant contributor to gross written premiums at 85% (2021: 84%), with gross written premiums from this market increasing by 9% to R30.0 billion (2021: R27.5 billion). Gross written premiums from outside South Africa, written on the Santam Ltd and Santam Namibia Ltd licences made up 15% (2021: 16%) of total gross written premiums and grew by 3% to R5 462 million (2021: R5 284 million). Strong growth was achieved by Santam Re in the Middle East, offset to some extent by fewer large engineering projects written in the rest of Africa. The collaboration with Sanlam Pan-Africa (SPA) across the African continent in specialist business continues to yield positive results, with excellent gross written premiums growth of 50% to R574 million (2021: R383 million), following solid growth achieved during 2022 in the corporate property and crop businesses. Santam Namibia recorded acceptable growth of 5%.

Per insurance class

Gross written premiums in the property class grew by 8% due to strong growth by Santam Re, as well as solid contributions from the corporate property business and the Santam C&P intermediated business.

The motor class reported growth of 5%, following good growth achieved by Santam Re and the Santam C&P intermediated business, offset to some extent by subdued growth from MiWay.

The liability class continued to achieve strong growth, supported by firmer premium rates, growth in cyber product uptake and increased market share across the independent broker market segment.

The accident and health class reported excellent growth as the travel insurance business benefitted from increased local and international travel trends and increased business activity post-COVID-19. The transportation class also reported strong growth that included good growth in the Santam Specialist aviation and marine businesses. However, gross written premiums in the engineering class achieved subdued growth of 2%, following a slowdown in business flows from outside South Africa, as highlighted above.

ANNEXURE 1: SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Underwriting result

Per business unit

The Santam C&P business underwriting results were significantly impacted by the adverse weather conditions during the first quarter, the KZN floods in April, high claims inflation and a significant increase in motor theft and power surge claims. Claims frequency trends for the motor class have normalised with an increase in vehicle accidents compared to the experience during the various levels of lockdown in 2021. Good progress has been made in implementing underwriting actions to address the increase in claims frequency and claims inflation resulting in improved underwriting results in the second half of 2022. The positive impact of these underwriting actions, which include procurement efficiencies, segmented premium increases, and higher claim excesses, will continue into 2023.

The Santam Specialist business achieved significantly improved underwriting results during the second half of 2022. The crop, liability, engineering, and travel insurance businesses reported excellent results. At the same time, the corporate property business also achieved a positive net underwriting result despite significant claims exposure to the KZN floods.

MiWay recorded, net of catastrophe claims recoveries, a loss ratio of 58.6% (2021: 60.9%) and an underwriting profit of R284 million (2021: R285 million). Underwriting actions, which included claim efficiencies, segmented premium increases and adjusted risk covers, started to gain traction after the interim reporting period.

Santam Re reported an underwriting loss in its third-party business, negatively impacted by significant losses and increased claims activity on an international motor treaty. Most of this book of business was not renewed for the 2023 year.

Per insurance class

The KZN floods severely impacted the underwriting performance of the property class, offset by the release of CBI claims provisions of R714 million. Excluding the impact of the KZN floods and the CBI reserve releases, the property class recorded a net underwriting loss of R478 million (2021: R215 million excluding CBI reserve releases), mainly due to more than expected large fire claims, a significant increase in power surge claims and the impact of claims inflation.

The engineering class delivered excellent underwriting results compared to 2021, following positive reserve movement and fewer large claims during the year.

The liability class continued to deliver strong underwriting results with limited adverse claims developments. Crop insurance delivered excellent underwriting results, following positive claims development in 2022, good profitability on business flows from outside South Africa and fewer claims. Underwriting losses in the Santam Re marine business negatively impacted the transportation class.

Expense management

The net acquisition cost ratio, excluding reinstatement premiums relating to KZN floods and CBI claims, remained in line with the prior year at 29.8% (2021: 30.0%), with the net commission ratio at 13.3% compared to 13.4% in 2021.

The management expense ratio, excluding reinstatement premiums, remained acceptable at 16.5% (2021: 16.6%) on the back of focused cost containment efforts and a decrease in variable incentive costs compared to 2021.

Strategic project costs, included as part of management expenses, accounted for 1.9% (2021: 1.6%) of net earned premiums. These costs relate mainly to the development of a new claims management platform, the IFRS 17 implementation project, data enhancements and other digital solutions.

Investment return on insurance funds

The investment return on insurance funds of 1.3% (2021: 1.5%) of net earned premiums was adversely impacted by local and global bond market volatility, particularly during the first half of 2022. The higher US dollar component of the investments backing the insurance reserves incurred significant fair value losses following rising international bond yields. The second half of the year showed a marked improvement compared to the first half, as actions taken to reduce volatility had a positive impact. The impact of higher interest rates on the running yield of the investment portfolios also contributed to the improvement in investment results towards the end of 2022.

ALTERNATIVE RISK TRANSFER (ART) BUSINESS

The ART business reported excellent operating results, net of non-controlling interests (NCI), of R306 million (2021: R276 million). Income from clients, net of NCI, increased by 10% to R518 million (2021: R470 million) due to strong growth in fee income and positive investment results. Significant new gross written premiums in the mining rehabilitation business contributed to the growth in the group's operating cash flows, while several new first-party cells were established.

SEM GENERAL INSURANCE BUSINESSES

Restatement of SAN JV (RF) (Pty) Ltd (SAN JV) and redemption of African target shares

On 4 May 2022, Santam announced that it entered into an agreement with Allianz Europe BV (Allianz), in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. The regulatory approvals for the proposed disposal are progressing according to plan and remain on track to complete mid-2023. As a result, the investment in SAN JV was classified as a non-current asset held for sale effective 30 June 2022. Equity-accounted earnings from SAN JV up to 30 June 2022 have been classified as discontinued operations. In addition, Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments.

On 14 December 2022, SEM redeemed the target shares through which the Santam group held economic participation rights in the general insurance businesses of SEM in Africa, excluding SAN JV (the African target shares). Santam will retain its economic participation rights in the general insurance investments of SEM in India and Malaysia. These two investments now make up the SEM general insurance business segment.

Net insurance results

In India, Shriram General Insurance Company Ltd (SGI) was impacted by lower sales through Shriram channels and lower prescribed premium increases on its third-party portfolio relative to the historical average. New business sales trends did, however, improve through the year, driven by group and broker distribution channels. Although the business benefitted from an improved claims ratio and higher investment returns on insurance funds, higher distribution costs from non-Shriram channels detracted from the result.

Pacific & Orient Insurance Co. Berhad (P&O) in Malaysia recorded weaker growth in gross premiums, which were impacted by significant competitive pricing in the market. The business recorded lower net insurance results due to higher claims frequencies, lower volumes and lower investment return on insurance funds.

ANNEXURE 1: SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

INVESTMENT RESULTS

Santam's listed equity portfolio achieved a return of 4.1% for the year ended 31 December 2022, in line with the SWIX benchmark (60% SWIX, 40% capped SWIX), which delivered a return of 3.9%.

On 30 June 2022, the group entered into a zero-cost collar over listed equities to the value of R1.4 billion, based on the SWIX 40, to provide capital protection given the prevailing volatile market conditions at the time and the below target underwriting results in the first six months of 2022. The structure offered full downside protection from the implementation level, with upside participation (excluding dividends) capped at 100.78%, and it expired on 15 December 2022. The increase in the SWIX 40 between June 2022 and December 2022 resulted in a breach of the cap, contributing to a realised loss on the zero-cost collar of R90 million.

The Santam group's interest-earning investments are managed in enhanced cash, active income and global fixed-income portfolios. The fixed-income portfolios were negatively affected by the poor local and global bond market performance during 2022. Even though the fourth quarter of 2022 showed a good recovery, the full-year performance for the global fixed-income portfolios lagged behind their benchmarks.

Foreign currency gains of R178 million (2021: R373 million) were recorded. This included unrealised foreign currency losses of R56 million (2021: gains of R94 million) on Santam's investments in SEM's general insurance businesses in India and Southeast Asia.

Net losses on financial assets and liabilities of R299 million (2021: net gains of R171 million) include fair value losses on listed equities, local and foreign bonds and derivatives. Positive fair value movements (excluding currency movements) of R185 million (2021: R34 million) were recorded on Santam's interest in SEM's general insurance businesses in India and Southeast Asia.

Net income from associated companies of R54 million (2021: R78 million) included Santam's share of SAN JV's net equity-accounted losses of R14 million (2021: net income of R8 million) for the six months to June 2022 following lower underwriting results and negative investment returns on insurance funds. The net loss from SAN JV has been classified as a discontinued operation. The carrying value of SAN JV at 31 December 2022 was R1 768 million (2021: R1 848 million). Following Santam's announcement on 4 May 2022 to dispose of its interest in SAN JV (refer to Corporate transactions section below), the investment has been reclassified as a non-current asset held for sale from 30 June 2022.

CORPORATE TRANSACTIONS

In April 2022, KKR, a leading global investment fund, acquired a 9.99% stake in SGI from the Shriram Group. KKR's investment will position SGI for continued growth in India's fast-growing general insurance industry. Before the transaction, Santam held a 15% economic participatory interest in SGI by way of a target share issued by SEM, which target share references SEM's effective shareholding in SGI. The transaction diluted SEM's effective shareholding in SGI, resulting in a commensurate dilution of Santam's economic interest in SGI from 15% to 14.1%. The enterprise value attributed to SGI for the transaction was around R38 billion (Rs 18 000 crore) and exceeded Santam's internal valuation of SGI at 31 December 2022 of R10 billion (Rs 5 046 crore) for the 100% stake. Pursuant to the transaction, Santam received a distribution in respect of the SGI target share at the end of May 2022, amounting to R217 million.

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. On the same day, Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the rand strengthening against the euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in rand weakness against the euro up to a cap of R19.16. The fair value of this derivative structure on 31 December 2022 was an unrealised valuation loss of R35 million.

In another transaction in May 2022, the group increased its stake in Indwe Broker Holdings (Pty) Ltd by acquiring the additional 76% shareholding for R125 million, making it a wholly-owned subsidiary of the group.

On 14 December 2022, SEM redeemed the target shares through which the Santam group held economic participation rights in the general insurance businesses of SEM in Africa (the African target shares). The African target shares were redeemed following the cash payment by SEM of aggregate redemption distributions to the amount of R126 million to Santam, comprising a capital distribution of R92 million and an income distribution of R34 million. The capital distribution was recognised directly in the statement of financial position as a reduction of the African target share investment value. The income distribution was recognised in the statement of comprehensive income, where it was countered with a release of the realised fair value adjustment of the same value. The Santam group retained its economic participation rights in the general insurance investments of SEM in India and Malaysia.

CAPITAL AND SUBORDINATED DEBT

On 16 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 is equivalent to the three-month JIBAR plus a spread of 159 basis points. The notes have an optional redemption date of 16 May 2027 with a final maturity date of 16 May 2032. Floating rate subordinated debt issued in June 2017 to the value of R1 billion (with an interest rate equal to the three-month JIBAR plus a spread of 210 basis points), which became callable on 27 June 2022, was also redeemed during the year. Santam's issued subordinated notes, therefore, remained at the current target level of R2.5 billion.

Based on the internal model, the group economic capital requirement at 31 December 2022 amounted to R8.6 billion (2021: R8.3 billion) compared to the actual capital of R13.5 billion (2021: R13.9 billion). This equates to an economic capital coverage ratio of 156% (2021: 169%), above the midpoint of the capital target range of 145% to 165%.

In November 2022, the Prudential Authority removed the remaining 10% capital add-on that applied to Santam's approved partial regulatory internal model. This increases the Santam Ltd regulatory capital coverage ratio. However, the targeted economic capital coverage ratio band of 145% to 165% has remained unchanged. The group remains committed to efficient capital management.

PROSPECTS

Trading conditions in South Africa and globally remain very competitive. High interest rates and significant inflationary pressures continue to decrease disposable income in South Africa. It is expected that economic activity will, in the short to medium term, be constrained by weak consumer spending. The high inflation environment also puts pressure on claims costs, while the ongoing Eskom load shedding negatively impacts economic growth and results in increased power surge claims. In addition, there has been a significant increase in reinsurance premium rates following several large global and local catastrophe events. To manage the impact of increased reinsurance rates and the reduction in capacity offered by the global reinsurance market, Santam's catastrophe net retention has increased to just over R500 million plus reinstatement premiums. Underwriting actions to address these matters, which include procurement efficiencies, segmented premium increases, and higher claim excesses, showed a positive impact during the second half of the year and are expected to continue into 2023.

Investment markets are likely to remain volatile. Santam's investment income is expected to benefit from the higher interest rate environment. The non-rand-denominated investments expose the group to foreign currency volatility. However, it does also provide a hedge against the operational impact of a weakening rand.

The group has concluded a strategy refresh process to ensure our FutureFit strategy remains optimal in the current and medium-term environment. Santam is the market leader in South Africa. Our customers' needs, behaviours, and technologies are constantly evolving, so it is important to adjust our operating model to meet the needs of both our current clients and new client segments. We will aim to acquire and understand our customers through the enhanced use of data and connect with them through a shift to a focused multi-channel approach complemented with ecosystem adjacencies and partnerships at scale.

To achieve this, the C&P multi-channel business was restructured into three business units to focus on the distribution channels where we interact directly with clients, through brokers and through partnerships. The other customer-facing businesses – MiWay, Santam Specialist and Santam Re will continue to operate as before and provide growth and diversification benefits. Our operating model shift will also see us managing our shared services in a more coordinated manner to enhance efficiency and delivery to our customer-facing business units. Our operating model changes took effect from 1 January 2023.

Through the strategy refresh process, we have confirmed the net underwriting margin target of 5% to 10% of net earned premiums, the gross written premium growth target to exceed GDP and CPI by 1% to 2%, and the return on capital target of 24% remain valid. The pivot in our strategy aims to ensure delivery against these targets in a changing environment.

The growth of cyber insurance and the shift to digital distribution channels are key drivers for future insurance growth, with increasing global investment into InsureTech. We will continue to invest in improving our digital end-to-end insurance offering, internal efficiencies, intermediary enablement, and creating excellent, intuitive client experiences. This will enable us to deliver on our brand promise of ***Insurance good and proper.***

We will continue to grow our international strategy off the back of our tested competencies in specialist and reinsurance businesses. Extending our leadership position in South Africa and continuing to build a specialist Pan-African insurance business with Sanlam Pan Africa (SPA) remain priorities. The framework cooperation agreement that governs the relationship between Santam and SPA in respect of specialist business will endure in all material respects post-implementation of the disposal of Santam's 10% interest in SAN JV to Allianz. Furthermore, the arrangement will incorporate Allianz's African business (excluding South Africa), from which Santam will also benefit. The transaction is expected to be completed mid-2023.

Climate change poses a key risk to the group, potentially threatening the insurability of a range of risks where losses become increasingly prevalent. In this regard, Santam continues to address the climate-related risks and the implications for the business in line with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. We continuously seek ways to actively manage climate-related risks and contribute towards the low carbon economy, which will also impact our underwriting strategy.

Through our Partnership for Risk and Resilience (P4RR), we support selected district municipalities and metros with climate change adaptation planning. Our Specialist business provides insurance coverage for the renewable energy sector in South Africa and the rest of Africa. Furthermore, our Santam Resilient Investment Fund (SRI), managed by Sanlam Investments, provides funding to companies that address environmental, social or governance needs.

The group continues to prioritise and focus on its transformation initiatives. Santam maintained its level 1 BBBEE status and will continue to promote the transformation to the ultimate benefit of the economy at both a Santam and an industry level.

EVENTS AFTER THE REPORTING PERIOD

There have been no material changes in the affairs or financial position of the group since the statement of financial position date.

CHANGE IN DIRECTORS AND BOARD COMMITTEES

The following changes took place on the company's board of directors during the year:

TC Madzinga	» Appointed to the board (risk and investment committees) on 1 April 2022 and as chief executive officer (CEO) on 1 July 2022. Appointed to the social, ethics and sustainability committee with effect from 1 January 2023.
MJ Reyneke	» Retired from the board (audit, risk and investment committees) on 1 June 2022.
L Lambrechts	» Retired as CEO and from the board (risk and investment committees) on 30 June 2022.
MM Mahlangeni	» Appointed to the board on 12 December 2022 and to the risk committee effective 1 January 2023, to enhance the overall skill set of the board.

CHANGE IN COMPANY SECRETARY

R Eksteen was appointed as company secretary with effect from 1 July 2022 pursuant to the resignation of T Moshakga, effective 30 April 2022.

DECLARATION OF ORDINARY DIVIDEND (NUMBER 136)

Notice is hereby given that the board has declared a gross final dividend of 845 cents per share (2021: 790 cents), 676 cents net of dividend withholding taxation, where applicable, per ordinary share for the year ended 31 December 2022 to those members registered on the record date, being Friday, 24 March 2023. The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

Share code:	SNT
ISIN:	ZAE000093779
Company registration number:	1918/001680/06
Company tax reference number:	9475/144/71/4
Gross cash dividend amount per share:	845 cents
Net dividend amount per share:	676 cents
Issued shares at 2 March 2023:	115 131 417
Declaration date:	Thursday, 2 March 2023
Last day to trade cum dividend:	Monday, 20 March 2023
Shares trade ex-dividend:	Wednesday, 22 March 2023
Record date:	Friday, 24 March 2023
Payment date:	Monday, 27 March 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 March 2023, and Friday, 24 March 2023, both days inclusive. In terms of the dividends tax legislation, the dividends tax amount due will be withheld and paid over to the South African Revenue Service (SARS) by a nominee company, stockbroker or Central Securities Depository Participant (CSDP) (collectively Regulated Intermediary) on behalf of shareholders. Shareholders should seek their own advice on the tax consequences associated with the dividend and are encouraged to ensure their records are up to date so that the correct withholding tax is applied to their dividend.

ANNEXURE 1: SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

APPRECIATION

The board would like to extend its gratitude to Santam's clients, intermediaries, management, employees and other business partners for their efforts and contributions during 2022. A special word of appreciation to Machiel Reyneke for his valuable contribution to the board over many years and to Lizé Lambrechts for her leadership and inspiration.

PREPARATION AND PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

The preparation of the audited annual financial statements was supervised by the chief financial officer of Santam Ltd, Hennie Nel CA(SA).

NT Moholi
Chairperson

TC Madzinga
Chief executive officer

1 March 2023

Independent auditor’s report on the summary consolidated financial statements

TO THE SHAREHOLDERS OF SANTAM LIMITED

OPINION

The summary consolidated financial statements of Santam Limited, set out on pages 32 to 75 of the Santam Limited’s notice of its Annual General Meeting and form of proxy as well as its summary of the consolidated financial statements for the year ended 31 December 2022, which comprise the summary consolidated statement of financial position as at 31 December 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Santam Limited for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited’s (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor’s report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 1 March 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTOR’S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE’s requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements.*

PricewaterhouseCoopers Inc.
Director: C van den Heever
Registered Auditor
Cape Town, South Africa

6 April 2023

The examination of controls over the maintenance and integrity of the group’s website is beyond the scope of the review of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Summary consolidated statement of financial position

	Notes	Audited as at 31 December 2022 R million	Audited as at 31 December 2021 R million
ASSETS			
Intangible assets		1 073	989
Property and equipment		640	702
Investment in associates and joint ventures	9	467	2 284
Strategic investment – unquoted SEM target shares	7	1 596	1 691
Deferred income tax		84	78
Deposit with cell owner		56	90
Cell owners' and policyholders' interest		3	11
Financial assets at fair value through income	7	35 850	31 047
Reinsurance assets	8	13 652	14 892
Deferred acquisition costs		1 056	961
Non-current assets held for sale	9	1 768	–
Loans and receivables including insurance receivables	7	11 319	8 312
Current income tax		96	5
Cash and cash equivalents		5 387	4 496
Total assets		73 047	65 558
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital		103	103
Treasury shares		(713)	(570)
Other reserves		(63)	37
Distributable reserves		11 602	11 862
		10 929	11 432
Non-controlling interest		669	630
Total equity		11 598	12 062
LIABILITIES			
Deferred income tax		94	85
Cell owners' and policyholders' interest	4	7 124	4 908
Reinsurance liability relating to cell owner		56	90
Financial liabilities at fair value through income			
Debt securities	7	2 539	2 552
Investment contracts	7	2 061	1 970
Derivatives	7	35	1
Lease liabilities		669	764
Financial liabilities at amortised cost			
Repo liability		739	926
Collateral guarantee contracts		129	155
Insurance liabilities	8	39 977	36 040
Deferred reinsurance acquisition revenue		642	561
Provisions for other liabilities and charges		139	188
Trade and other payables including insurance payables	7	6 911	4 851
Current income tax		334	405
Total liabilities		61 449	53 496
Total shareholders' equity and liabilities		73 047	65 558

Summary consolidated statement of comprehensive income

	Notes	Audited Year ended 31 December 2022 R million	Restated[1] Audited Year ended 31 December 2021 R million	Change
Gross written premium		49 627	42 129	18%
Less: reinsurance written premium		17 972	14 766	
Net written premium		31 655	27 363	16%
Less: change in unearned premium				
Gross amount		4 499	1 573	
Reinsurers' share		(920)	(794)	
Net insurance premium revenue		28 076	26 584	6%
Interest income on amortised cost instruments	10	276	206	
Interest income on fair value through income instruments	10	1 688	1 346	
Other investment income	10	811	552	
Income from reinsurance contracts ceded		2 318	2 067	
Net (losses)/gains on financial assets and liabilities at fair value through income	10	(550)	732	
Other income		547	352	
Net income		33 166	31 839	4%
Insurance claims and loss adjustment expenses:				
Gross amount		29 168	29 734	
Recovered from reinsurers		(11 134)	(13 329)	
Net insurance benefits and claims		18 034	16 405	10%
Expenses for the acquisition of insurance contracts		5 997	5 539	
Expenses for marketing and administration		5 248	4 794	
Expenses for investment-related activities		124	93	
Amortisation and impairment of intangible assets		105	68	
Investment return allocated to cell owners and structured insurance products		655	982	
Total expenses		30 163	27 881	8%
Results of operating activities		3 003	3 958	(24%)
Finance costs		(323)	(313)	
Net income from associates and joint ventures		68	70	
Income tax recovered from cell owners and structured insurance products	11	749	592	
Profit before tax		3 497	4 307	(19%)
Tax expense allocated to shareholders	11	(645)	(879)	
Tax expense allocated to cell owners and structured insurance products	11	(749)	(592)	
Total tax expense		(1 394)	(1 471)	(5%)
Profit from continuing operations		2 103	2 836	(26%)
(Loss)/profit from discontinued operations	9.2	(14)	8	(275%)
Profit for the year		2 089	2 844	(27%)
Other comprehensive income, net of tax				
Items that may subsequently be reclassified to income				
Exchange differences on translation of discontinued operations		(57)	18	
Total comprehensive income for the year		2 032	2 862	(29%)
Profit attributable to:				
- equity holders of the company		1 990	2 745	(28%)
- non-controlling interest		99	99	0%
		2 089	2 844	
Total comprehensive income attributable to:				
- equity holders of the company		1 933	2 763	(30%)
- non-controlling interest		99	99	0%
		2 032	2 862	
Total comprehensive income for the year arises from:				
Continuing operations		2 103	2 836	(26%)
Discontinued operations		(71)	26	(373%)
		2 032	2 862	
Earnings attributable to equity shareholders				
Earnings per share (cents)	13			
Basic earnings per share		1 816	2 491	(27%)
Diluted earnings per share		1 803	2 478	(27%)

[1] *Refer to notes 6.1 and 9.1 for detail of the restatement.*

Summary consolidated statement of changes in equity

	Attributable to equity holders of the company						
	Share capital R million	Treasury shares R million	Other reserves R million	Distributable reserves R million	Total R million	Non-controlling interest R million	Total R million
Balance as at 1 January 2021	103	(527)	19	9 761	9 356	736	10 092
Profit for the year	–	–	–	2 745	2 745	99	2 844
Other comprehensive income:							
Exchange differences on translation of discontinued operations	–	–	18	–	18	–	18
Total comprehensive income for the year ended 31 December 2021	–	–	18	2 745	2 763	99	2 862
Issue of treasury shares in terms of share option schemes	–	77	–	(77)	–	–	–
Purchase of treasury shares	–	(120)	–	–	(120)	–	(120)
Share-based payment costs	–	–	–	86	86	–	86
Equity interest issued in cell captive	–	–	–	–	–	22	22
Dividends paid	–	–	–	(477)	(477)	(227)	(704)
Non-controlling interest acquired	–	–	–	(176)	(176)	–	(176)
Balance as at 31 December 2021	103	(570)	37	11 862	11 432	630	12 062
Profit for the year	–	–	–	1 990	1 990	99	2 089
Other comprehensive income:							
Exchange differences on translation of discontinued operations	–	–	(57)	–	(57)	–	(57)
Total comprehensive income for the year ended 31 December 2022	–	–	(57)	1 990	1 933	99	2 032
Issue of treasury shares in terms of share option schemes	–	94	–	(94)	–	–	–
Purchase of treasury shares	–	(237)	–	–	(237)	–	(237)
Share-based payment costs	–	–	–	112	112	–	112
Hedging reserve movement	–	–	(35)	–	(35)	–	(35)
Share of associates' movements in other reserves	–	–	(8)	–	(8)	–	(8)
Issue of equity interest in cell captive	–	–	–	–	–	46	46
Repayment of equity interest in cell captive	–	–	–	–	–	(6)	(6)
Dividends paid	–	–	–	(2 264)	(2 264)	(98)	(2 362)
Non-controlling interest acquired	–	–	–	(4)	(4)	(2)	(6)
Balance as at 31 December 2022	103	(713)	(63)	11 602	10 929	669	11 598

Summary consolidated statement of cash flows

	Notes	Audited Year ended 31 December 2022 R million	Restated[2] Audited Year ended 31 December 2021 R million
Cash flows from operating activities			
Cash generated from operations[1]		9 624	3 279
Interest paid		(322)	(295)
Income tax paid		(802)	(626)
Net movement from the acquisition and sale of financial assets[2]		(4 957)	(474)
Net cash from operating activities		3 543	1 884
Cash flows from investing activities			
Acquisition of financial assets		–	(1)
Proceeds from the redemption of financial assets		92	–
Acquisition of subsidiaries, net of cash acquired	12	31	–
Purchases of equipment		(78)	(19)
Purchases of intangible assets		(58)	(89)
Proceeds from sale of intangible assets		16	–
Acquisition of associates and joint ventures	12	(2)	–
Net cash from/(used in) investing activities		1	(109)
Cash flows from financing activities			
Purchase of treasury shares		(237)	(120)
Purchase of non-controlling interest in subsidiaries	12	(6)	(176)
Proceeds from issue of unsecured subordinated callable notes		1 000	–
Redemption of unsecured subordinated callable notes		(1 000)	(500)
Dividends paid to company's shareholders		(2 264)	(477)
Dividends paid to non-controlling interest		(98)	(227)
Equity interest issued to cell captive		46	22
Repayment of equity interest in cell captive		(6)	–
Payment of principal element of lease liabilities		(123)	(156)
Net cash used in financing activities		(2 688)	(1 634)
Net increase in cash and cash equivalents		856	141
Cash and cash equivalents at beginning of year		4 496	4 383
Exchange gains/(losses) on cash and cash equivalents		35	(28)
Cash and cash equivalents at end of year		5 387	4 496

[1] *Refer to note 10 for disclosure of interest and dividends received in cash.*
[2] *Acquisition of financial assets and proceeds from sale of financial assets restated to be disclosed on a net basis instead of gross. Refer to note 18 for detail of restatement.*

Notes to the summary consolidated financial statements

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings and Debt Listings Requirements for summary financial statements, and the requirements of the Companies Act 71 of 2008, as amended, applicable to summary consolidated financial statements. The JSE Limited Listings and Debt Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The summary consolidated financial statements have been prepared on a going concern basis. In adopting the going concern basis, the board has reviewed the group's ongoing commitments for the next 12 months and beyond. The board's review included the group's strategic plans and updated financial forecasts including capital position, liquidity and credit facilities, and investment portfolio.

In the context of the current challenging environment, a range of downside scenarios have been considered. These include scenarios which reflect subdued economic activity, market volatility and increased climate-related claim events.

As a result, the board believes that the group is well placed to meet future capital requirements and liquidity demands. Based on this review no material uncertainties, that would require disclosure, have been identified in relation to the ability of the group to remain a going concern for at least the next 12 months, from the date of the approval of the summary consolidated financial statements.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated annual financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for those referred to below:

RESTATEMENT OF SAN JV

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. As a result, equity-accounted earnings from SAN JV has been classified as discontinued operations, with a corresponding restatement of the statement of comprehensive income. The completion of the sale is subject to various regulatory approvals that are expected to be obtained mid-2023. The investment in SAN JV of R1.768 billion (previously included in "Investment in associates and joint ventures") has therefore been reclassified as "Non-current assets held for sale" from 30 June 2022. In addition Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments, but instead has been reclassified to the investments reportable segment. The December 2021 consolidated segment report was restated as a result.

Refer to notes 6 and 9 for more detail.

RESTATEMENT OF STATEMENT OF CASH FLOWS

Cash flows relating to the investment portfolios within operating activities have been restated and disclosed on a net basis instead of gross. Refer to note 18 for detail of restatement.

2. **ACCOUNTING POLICIES** (CONTINUED)

STANDARDS EFFECTIVE IN 2022

The following new IFRSs and/or IFRICs were effective for the first time from 1 January 2022:

- Amendment to IFRS 3 *Business combinations: Asset or liability in a business combination clarity*
- Amendment to IFRS 16 *Leases: COVID-19-Related rent concessions*
- Amendments to IAS 16 *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37 *Provisions, contingent liabilities and contingent assets: Onerous contracts: Cost of fulfilling a contract*
- Annual improvements cycle 2018-2020, IFRS 9 *Financial instruments*
- Annual improvements cycle 2018-2020, IFRS 16 *Leases*

No material impact on the summary consolidated financial statements, resulting from the adoption of these amendments made to IFRS, was identified.

STANDARDS NOT YET EFFECTIVE IN 2022

The group did not early adopt any of the IFRS standards. Of the standards that are not yet effective, management expects IFRS 17 to have a future impact on the group.

IFRS 17 INSURANCE CONTRACTS

Introduction

The IASB issued IFRS 17 *Insurance contracts* in May 2017 and on 25 June 2020, the IASB issued amendments to the standard. The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023. Hence the group will apply the standard on 1 January 2023 and restate comparatives for the 2022 financial period.

Project governance and progress

The group's audit committee and an IFRS 17 steering committee provide oversight and governance over the implementation of the new standard. The steering committee is comprised of senior management from various functions including finance, risk, information technology, operations, and group internal audit.

Accounting policy papers, actuarial methodologies and disclosure requirements have been prepared to be implemented throughout the group. The implementation team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments and, where applicable, aligns the policy and methodology papers accordingly. The tax implications regarding the adoption of IFRS 17 have been considered.

The IFRS 17 implementation team will focus on the following key areas during 2023:

- Refine disclosures for transition, interim financial statements, and annual financial statements
- Refine remaining internal financial controls to ensure accuracy of reporting
- Finalise the management reporting format and key performance measures
- Engage external auditors for the sign-off of June 2022 and December 2022 results under IFRS 17

Transition approach

The group will apply IFRS 17 as of 1 January 2023 on a fully retrospective basis for all its portfolios except for certain portfolios containing life contracts. For the life portfolios where the fully retrospective method is deemed impractical, the fair value approach will be applied. Comparative figures for 2022 will be restated as required by the transitional provisions of IFRS 17.

Any adjustments to the carrying amounts of insurance and reinsurance assets and liabilities at the date of transition (being 1 January 2022), will be recognised in the opening balance of retained earnings.

2. ACCOUNTING POLICIES (CONTINUED)

STANDARDS NOT YET EFFECTIVE IN 2022 (CONTINUED)

IFRS 17 INSURANCE CONTRACTS (continued)

Estimated impact of adopting IFRS 17

The group has assessed the impact that the initial application of IFRS 17 will have on its consolidated financial statements as at 1 January 2022 (the transitional impact). It is estimated that the transitional impact will be a decrease in retained earnings of less than R100 million after tax. The decrease in retained earnings is mainly attributable to the deferral of administration fee income related to the cell captive business, only to be released as the insurance service is provided. The impact on the statement of comprehensive income for 2022 is in the process of being finalised and is not expected to be material.

Included in the estimated impact is the group's share of the transitional impact on reserves of associated companies and joint ventures, apart from the group's investment in SAN JV. As disclosed in note 9, the group entered into an agreement with Allianz during 2022 to dispose of its interest in SAN JV. The group's share of the transitional impact of IFRS 17 on SAN JV's reserves is expected to be less than R70 million after tax. Any transitional impact on the group's shareholders' equity relating to SAN JV will reverse as part of the profit/loss on disposal of the investment in SAN JV at the effective date, which is expected mid-2023. The SAN JV transitional impact will commensurately not have an ongoing impact on the group's shareholders' equity after the disposal is completed.

The estimated transitional impact is still provisional as the transition assessment has not yet been finalised. The actual impact of adopting IFRS 17 may yet change due to:

- the new accounting policies, assumptions, judgements, and estimation techniques employed are subject to change until the group finalises its first interim financial statements that include the date of initial application
- the new systems and associated internal controls have not been fully operational for a full reporting cycle and may yet require more refinement

Impact of changes in tax legislation

National Treasury (NT) promulgated the 2022 Taxation Laws Amendment Act (2022 TLAA) in January 2023, that was substantively enacted on 22 December 2022 and which contained the changes to section 28 of the Income Tax Act to cater for the implementation of IFRS 17. The changes ensure that section 28 is aligned to the terminology and principles of IFRS 17. A change from the previous regime is that salvages and third-party recoveries will be taxed on accrual instead of the cash receipt basis. The required changes were made to sufficiently cater for the taxation of investment contracts and cell captive arrangements in line with the current tax treatment. The impact is however immaterial.

IFRS 17 *Insurance contracts:* Summarised accounting policies relating to insurance and reinsurance liabilities and assets

This section includes the draft key accounting policies to be applied to contracts within the scope of IFRS 17. These draft accounting policies are subject to change until the publication of the group's interim results for the six months ended 30 June 2023.

2. ACCOUNTING POLICIES (CONTINUED)

STANDARDS NOT YET EFFECTIVE IN 2022 (CONTINUED)

IFRS 17 INSURANCE CONTRACTS (continued)

Classification and measurement

The group applies IFRS 17 *Insurance contracts* to insurance contracts issued and reinsurance contracts held.

All references to insurance contracts in these summary consolidated financial statements apply to insurance contracts issued or acquired, and reinsurance contracts issued or held, unless specifically stated otherwise.

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.

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.

The accounting model applied to these insurance contracts, including reinsurance contracts issued and/or held, for liability measurement purposes is the General Measurement Model (GMM) unless the Premium Allocation Approach (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.

Where the requirements are met to measure a group of insurance contracts using the PAA, the liability for remaining coverage (LRC) at initial recognition corresponds to premiums received less acquisition costs. However, the GMM remains applicable for the measurement of incurred claims.

The standard provides that the LRC of insurance contracts and asset for remaining coverage (ARC) for reinsurance contracts be measured as: fulfilment cash flows, that is, the present value of future cash flows necessary to fulfil insurance obligations under the contract; plus a risk adjustment for non-financial risk and the contractual service margin (CSM) (representing unearned profit). Under the simplified approach (PAA), the insurance and reinsurance groups of contracts are measured as the premiums received less acquisition costs (if the accounting policy choice was made to defer acquisition costs). The liability for incurred claims (LIC) is measured as the present value of future cash flows necessary to fulfil a claim, plus a risk adjustment for non-financial risk and applies to both GMM and PAA.

Based on the group's analysis of insurance policies issued, the group predominantly writes short-duration non-life contracts, to which the PAA will be applied. Certain portfolios within the life insurance book, will be measured under the GMM.

Based on assessments performed to date, the group does not expect to have contracts which meet the definition of insurance or investment contracts with discretionary participation features. Therefore, the group does not anticipate that the variable fee approach (VFA) measurement model will be applied to insurance contracts in the group.

Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the concept of services provided during the period. The standard also recognises losses earlier on contracts that are expected to be onerous.

2. ACCOUNTING POLICIES (CONTINUED)

STANDARDS NOT YET EFFECTIVE IN 2022 (CONTINUED)

IFRS 17 INSURANCE CONTRACTS (continued)

Critical accounting estimates and judgements

The main changes in the critical estimates and judgements to be made to the group's accounting policies in terms of IFRS 17 – *Insurance contracts* are summarised below.

Contract boundaries

Cash flows are within the boundary of an insurance contract 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 the group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the group has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or
b. both of the following criteria are satisfied:
   i. the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the re-assessed risk of that portfolio; and
   ii. the pricing of premiums up to the date when risks are re-assessed does not reflect the risks related to periods beyond the re-assessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the group, such as insurance risk and financial risk, are considered. Other risks, such as lapse, surrender and expense risk, are not included.

The group considers the legal rights and the commercial substance of the contracts in this assessment.

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.

For most insurance contracts issued, the group has the practical ability to re-assess the risks of a policyholder and set an appropriate premium to reflect those risks on short notice. Consequently, for most insurance contracts the contract boundary will be shorter than a year. The practical ability to reprice is not removed when management makes a commercial decision to price, or not price, at a certain level.

Most facultative reinsurance contract boundaries will align with the contract boundary of the underlying direct insurance contracts. Certain risk attaching treaty reinsurance contracts, however, cover underlying direct business that begins during a one-year coverage period of the reinsurance contract (risk-attaching reinsurance contracts). Because of this feature, the contract boundary of these reinsurance contracts can be more than one year. Such contracts will be subjected to the PAA eligibility test, described below.

The contract boundary of loss occurring treaty reinsurance contracts, is equal to the coverage period of the reinsurance contact. That is, losses must occur within the treaty's cover period.

Premium allocation approach (PAA) eligibility

The group will apply the PAA to measure a group of insurance/reinsurance contracts issued or reinsurance 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 GMM.

2. ACCOUNTING POLICIES (CONTINUED)

STANDARDS NOT YET EFFECTIVE IN 2022 (CONTINUED)

IFRS 17 INSURANCE CONTRACTS (continued)

Premium allocation approach (PAA) eligibility (continued)

Where the cover period is greater than one year, the group will assess the appropriateness of the PAA measurement model as follows:

- Project the fulfilment cash flows of the group of 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
- Calculate the projected LRC under the PAA at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, i.e., half-yearly or annually)
- Calculate the LRC under the GMM (including the CSM) at initial recognition as well as subsequent measurement
- At each point in time (in the projection) calculate the difference between the LRC under the PAA and GMM ("the difference")
- Compare the difference 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 case)
- 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 (best estimates and corresponding risk adjustments) under reasonably expected scenarios, which would affect cash flow variability.

Relative materiality thresholds will be defined for each portfolio based on ensuring that the combined absolute impacts of all IFRS 17 groups with coverage periods longer than a year applying the PAA falls within an absolute measure of materiality for the entity for each future year.

Unit of account

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and there is a presumption that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account.

There might be certain cases where the legal form of a contract does not reflect the substance, and thus where separation is required for accounting purposes. In such instances, the group writes multiple risks into a single contract and has concluded that each risk within the policy document is the unit of account for IFRS 17 based on the following reasons:

- Each risk in the policy is a separate transaction and therefore a separate contract concluded with the policyholder due to the risk being acquired independently by the policyholder, independently underwritten and priced and monitored and reported on separately by management
- Depending on when the risks were acquired and added to a policy document, the risks would expire at different times. Practically however when the earliest of the contracts renew in a policy, all risks in the policy are renewed to ease the administrative burden for the policyholder. This is also permissible as in the commercial and personal lines contracts the group is allowed to give 30 days' written notice of the changes that will be made to the policy
- The different risks covered in a policy do not have similar characteristics and commercial risks and have no bearing to each other in consideration of future fulfilment net cash flows
- Fulfilment cash flows for each risk is considered independently of other risks covered in a policy

2. ACCOUNTING POLICIES (CONTINUED)
STANDARDS NOT YET EFFECTIVE IN 2022 (CONTINUED)
IFRS 17 INSURANCE CONTRACTS (continued)
Liability for incurred claims

The best estimate provision for LIC relates to claim events that have occurred before or at the reporting date – whether the claims arising from these events have been reported (outstanding claims reserve – OCR) or not (incurred but not reported – IBNR).

The cash flow projections comprise all future claim payments, receivables from salvage as well as the claims administration expenses arising from these events.

The reinsurance cash flow projections will make allowance for the best estimate credit risk arising from the potential default of reinsurance counterparties.

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 (equivalent to the OCR plus IBNR).

A payment pattern based on the historic claims paid triangulation is used to determine the speed at which the claims provision runs off into the future.

These future claims payments are then discounted back to the reporting date using a term-dependent discount rate.

The historic claims incurred already include an amount for allocated loss adjustment expenses (ALAE) and so are implicitly projected into the future with the claims payments. In addition, directly attributable claims management expenses is added to the best-estimate liability to allow for the cost of administering the ultimate run-off of the claims provisions.

The best-estimate liability is equal to the sum of the discounted claims and expense provisions.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. For the non-life business, the group will apply the 10-year government bond risk-free rates as at reporting date for the liability of incurred claims.

The risk-free rates are deemed appropriate given that:

- The risk-free rate adequately reflects the characteristics of the insurance contracts as the risk-free rate generally increases for longer durations. Further, any differences in characteristics between the risk-free rates and the insurance contracts should not be material given the short-term nature of the liabilities
- The risk-free rates are consistent with current market prices as they reflect the rates provided in the market and will be the latest available rates

Given the nature of the liabilities, no liquidity adjustment will be made to the risk-free rate. The discount rate used for cash flows will be based on the most current rates reflecting that variability.

2. ACCOUNTING POLICIES (CONTINUED)

STANDARDS NOT YET EFFECTIVE IN 2022 (CONTINUED)

IFRS 17 INSURANCE CONTRACTS (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would require to remove the uncertainty that future cash flows will exceed the expected value amount.

The first step in the process is to calculate a best estimate reserve, where there is an equal chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The risk adjustment is then calculated such that there is a 75% probability that the reserves will be sufficient to cover future claims.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the group to the reinsurer.

The risk adjustment percentile will be defined at the Santam group level and implemented consistently across the group. All licensed entities within the Santam group are required to target the confidence interval as defined at the Santam group level.

Foreign currency translation

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.

3. ESTIMATES

The preparation of summary consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these summary consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated annual financial statements for the year ended 31 December 2022. Estimates and their underlying assumptions continue to be reviewed on an ongoing basis with revisions to estimates being recognised prospectively.

Subsequent to the classification of the investment in SAN JV as a non-current asset held for sale, the impairment assessment of investments in associates and joint ventures is no longer considered a critical accounting estimate.

4. SIGNIFICANT EVENTS IN 2022

4.1 CLIMATE-RELATED CLAIM EVENTS

The underwriting results for the year were significantly impacted by adverse weather conditions in the first three months and the devastating floods in the KwaZulu-Natal province (KZN floods) during early April 2022. The current estimate of Santam's gross exposure to the KZN floods is R4.4 billion. However, adjustments to gross exposures may still occur. Santam's reinsurance programme provided effective protection against this natural catastrophe, limiting the net impact to approximately R567 million, including reinsurance re-instatement premiums. The KZN floods were the most significant natural catastrophe in Santam's history.

4.2 PREMIUM RECEIVED ON ART BUSINESS

Growth in group gross written premium for the year was significantly impacted by an increase in the premiums received on ART mining rehabilitation business. As a result the liability for cell owners' and policy holders' interest also increased significantly.

5. RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk, foreign currency risk and derivatives risk), credit risk and liquidity risk. Insurance activities expose the group to insurance risk (including pricing risk, reserving risk, accumulation risk and reinsurance risk). The group is also exposed to operational risk and legal risk.

The capital risk management philosophy is to maximise the return on shareholders' capital within an appropriate risk framework.

The summary consolidated financial statements do not include all risk management information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements for the year ended 31 December 2022.

There have been no material changes to the risk management policies since 31 December 2021.

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer, supported by the group executive committee.

The group conducts mainly insurance and investment activities.

INSURANCE ACTIVITIES

The group presents its insurance results in the following segments:

- Conventional insurance business written on insurance licences controlled by the group, consisting of Santam Commercial and Personal, Santam Specialist, Santam Re and MiWay
- Alternative risk transfer (ART) insurance business written on the insurance licences of the Centriq Insurance group (Centriq) and the Santam Structured Insurance group (SSI)
- Santam's share of the insurance results of the Sanlam Emerging Markets (SEM) general insurance businesses

6. **SEGMENT INFORMATION** (CONTINUED)

INSURANCE ACTIVITIES (CONTINUED)

Conventional insurance is further analysed by insurance class. Operating segments are aggregated based on quantitative and/or qualitative significance. The performance of insurance activities is based on gross written premium as a measure of growth, with operating result as measure of profitability.

Growth is measured for SEM general insurance businesses based on the gross written premium generated by the underlying businesses. With regard to the SEM insurance business, this information is considered to be a re-allocation of fair value movements recognised on the SEM target shares. It is also included as reconciling items in order to reconcile to the summary consolidated statement of comprehensive income. Overall profitability is measured based on net investment income and fair value movements from SEM target share investments.

Insurance business denominated in foreign currencies is covered by foreign-denominated bank accounts and investment portfolios. Foreign exchange movements on underwriting activities are therefore offset against the foreign exchange movements recognised on the bank accounts and investment portfolios.

The investment return on insurance funds is calculated based on the day-weighted effective return realised by the group on the assets held to cover the group's net insurance working capital requirements.

INVESTMENT ACTIVITIES

Investment activities are all investment-related activities undertaken by the group. Due to the nature of the activities conducted, investment activities are considered to be one operating segment. Investment activities are measured based on net investment income. Revenue is earned from the various investment portfolios managed in the form of interest, dividends and fair value gains or losses, as well as income from associates and joint ventures that are not considered to be strategic investments.

ALL ACTIVITIES

Given the nature of the operations, there is no single external client that provides 10% or more of the group's revenues.

The Santam BEE transaction costs are unrelated to the core underwriting and investment performance of the group. Therefore, these costs are disclosed as unallocated activities.

Santam Ltd is domiciled in South Africa. Geographical analysis of the gross written premium and non-current assets is based on the countries in which the business is underwritten or managed. Non-current assets comprise goodwill and intangible assets, property and equipment, investments in associates and joint ventures, SEM target shares and non-current assets held for sale.

6. SEGMENT INFORMATION (CONTINUED)

6.1 RESTATEMENT OF SEGMENT REPORT

Since the group reported its segmental results for the year ended 31 December 2021, the group entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. As a result, Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments, but instead has been reclassified to the investments reportable segment. The December 2021 segment report was restated as a result. Additional information on Santam's share of SAN JV is also no longer disclosed. The restatement had no impact on net income, profit after tax, earnings per share or headline earnings per share. It also has no impact on the statements of financial position, changes in equity or cash flows. Detail of the restatement is as follows:

For the year ended 31 December 2021 (published) (audited)

	Insurance			
Business activity	Conventional R million	Alternative risk transfer R million	Santam's share of SAN JV and SEM businesses R million	Total R million
Revenue	32 745	9 384	2 846	44 975
External	32 296	9 384	2 846	44 526
Intersegment	449	–	–	449
Operating result before non-controlling interest and tax	2 465	306	377	3 148
Re-allocation of operating result	–	–	(377)	(377)
Investment income net of investment-related fees	–	1 025	152	1 177
Investment return allocated to cell owners and structured insurance products	–	(982)	–	(982)
Finance costs	–	(43)	–	(43)
Income from associates and joint ventures	–	–	8	8
Santam BEE costs	–	–	–	–
Amortisation and impairment of intangible assets	(21)	(1)	–	(22)
Income tax recovered from cell owners and structured insurance products	–	592	–	592
Profit before tax from continuing and discontinued operations	2 444	897	160	3 501

Investment R million	Total R million	Reconciling and unallocated R million	IFRS total R million
1 119	46 094	(3 965)	42 129
1 119	45 645	(3 965)	41 680
–	449	–	449
–	3 148	(377)	2 771
–	(377)	377	–
956	2 133	–	2 133
–	(982)	–	(982)
(210)	(253)	–	(253)
70	78	–	78
–	–	(2)	(2)
–	(22)	–	(22)
–	592	–	592
816	4 317	(2)	4 315

6. SEGMENT INFORMATION (CONTINUED)

6.1 RESTATEMENT OF SEGMENT REPORT (CONTINUED)

For the year ended 31 December 2021 (restatement) (audited)

Business activity	Insurance Conventional R million	 Alternative risk transfer R million	 Santam's share of SEM businesses R million	 Total R million
Revenue	–	–	(1 820)	(1 820)
External	–	–	(1 820)	(1 820)
Operating result before non-controlling interest and tax	–	–	(221)	(221)
Re-allocation of operating result	–	–	221	221
Income from associates and joint ventures	–	–	(8)	(8)
Profit from discontinued operations (equity-accounted income from SAN JV)	–	–	–	–
Profit before tax from continuing and discontinued operations	–	–	(8)	(8)

For the year ended 31 December 2021 (restated) (audited)

Business activity	Insurance Conventional R million	 Alternative risk transfer R million	 Santam's share of SEM businesses R million	 Total R million
Revenue	32 745	9 384	1 026	43 155
External	32 296	9 384	1 026	42 706
Intersegment	449	–	–	449
Operating result before non-controlling interest and tax	2 465	306	156	2 927
Re-allocation of operating result	–	–	(156)	(156)
Investment income net of investment-related fees	–	1 025	152	1 177
Investment return allocated to cell owners and structured insurance products	–	(982)	–	(982)
Finance costs	–	(43)	–	(43)
Income from associates and joint ventures	–	–	–	–
Profit from discontinued operations (equity-accounted income from SAN JV)	–	–	–	–
Santam BEE costs	–	–	–	–
Amortisation and impairment of intangible assets	(21)	(1)	–	(22)
Income tax recovered from cell owners and structured insurance products	–	592	–	592
Profit before tax from continuing and discontinued operations	2 444	897	152	3 493

Investment R million	Total R million	Reconciling and unallocated R million	IFRS total R million
8	(1 812)	1 812	–
8	(1 812)	1 812	–
–	(221)	221	–
–	221	(221)	–
–	(8)	–	(8)
8	8	–	8
8	–	–	–

Investment R million	Total R million	Reconciling and unallocated R million	IFRS total R million
1 127	44 282	(2 153)	42 129
1 127	43 833	(2 153)	41 680
–	449	–	449
–	2 927	(156)	2 771
–	(156)	156	–
956	2 133	–	2 133
–	(982)	–	(982)
(210)	(253)	–	(253)
70	70	–	70
8	8	–	8
–	–	(2)	(2)
–	(22)	–	(22)
–	592	–	592
824	4 317	(2)	4 315

6. SEGMENT INFORMATION (CONTINUED)

6.2 SEGMENT REPORT

For the year ended 31 December 2022 (audited)

Business activity	Insurance Conventional R million	Insurance Alternative risk transfer R million	Insurance Santam's share of SEM businesses R million	Total R million
Revenue	35 418	14 209	1 058	50 685
External	34 751	14 209	1 058	50 018
Intersegment[5]	667	–	–	667
Operating result before non-controlling interest and tax[1]	1 729	355	136	2 220
Re-allocation of operating result	–	–	(136)	(136)
Investment income net of investment-related fees	–	698	357	1 055
Investment return allocated to cell owners and structured insurance products	–	(655)	–	(655)
Finance costs[2]	–	(43)	–	(43)
Income from associates and joint ventures	–	–	–	–
Loss from discontinued operations (equity-accounted loss from SAN JV)	–	–	–	–
Santam BEE costs	–	–	–	–
Amortisation and impairment of intangible assets[3]	(23)	–	–	(23)
Income tax recovered from cell owners and structured insurance products	–	749	–	749
Profit before tax from continuing and discontinued operations	1 706	1 104	357	3 167

1 *Includes depreciation of R203 million for Conventional and R11 million for ART.*
2 *Finance costs relating to lease liabilities is included in operating result.*
3 *Amortisation and impairment of computer software is included as part of operating result. Santam's share of the costs to manage the SEM portfolio of R9 million is included in operating result.*
4 *Reconciling items consist of the re-allocation of net operating results relating to the underlying investments of the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income), and the re-allocation of investment revenue for IFRS purposes.*
5 *Intersegment revenue includes revenue earned from Santam's share of the SEM businesses segment.*

Investment R million	Total R million	Reconciling and unallocated[4] R million	IFRS total R million
664	51 349	(1 722)	49 627
664	50 682	(1 722)	48 960
–	667	–	667
–	2 220	(136)	2 084
–	(136)	136	–
486	1 541	–	1 541
–	(655)	–	(655)
(222)	(265)	–	(265)
68	68	–	68
(14)	(14)	–	(14)
–	–	(2)	(2)
–	(23)	–	(23)
–	749	–	749
318	3 485	(2)	3 483

6. SEGMENT INFORMATION (CONTINUED)
6.2 SEGMENT REPORT (CONTINUED)
For the year ended 31 December 2021 (audited and restated)

	Insurance			
Business activity	**Conventional R million**	**Alternative risk transfer R million**	**Santam's share of SEM businesses[6] R million**	**Total R million**
Revenue	32 745	9 384	1 026	43 155
External	32 296	9 384	1 026	42 706
Intersegment[5]	449	–	–	449
Operating result before non-controlling interest and tax[1]	2 465	306	156	2 927
Re-allocation of operating result	–	–	(156)	(156)
Investment income net of investment-related fees	–	1 025	152	1 177
Investment return allocated to cell owners and structured insurance products	–	(982)	–	(982)
Finance costs[2]	–	(43)	–	(43)
Income from associates and joint ventures	–	–	–	–
Profit from discontinued operations (equity-accounted income from SAN JV)	–	–	–	–
Santam BEE costs	–	–	–	–
Amortisation and impairment of intangible assets[3]	(21)	(1)	–	(22)
Income tax recovered from cell owners and structured insurance products	–	592	–	592
Profit before tax from continuing and discontinued operations	2 444	897	152	3 493

1 *Includes depreciation of R203 million for Conventional and R12 million for ART.*
2 *Finance costs relating to lease liabilities is included in operating result.*
3 *Amortisation of computer software is included as part of operating result. Santam's share of the costs to manage the SEM portfolio of R8 million is included in operating result.*
4 *Reconciling items consist of the re-allocation of net operating results relating to the underlying investments of the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income), and the re-allocation of investment revenue for IFRS purposes.*
5 *Intersegment revenue includes revenue earned from the Santam's share of the SEM businesses segment.*
6 *Refer to notes 6.1 and 9.1 for detail of the restatement.*

Investment R million	Total R million	Reconciling and unallocated[4] R million	IFRS total R million
1 127	44 282	(2 153)	42 129
1 127	43 833	(2 153)	41 680
–	449	–	449
–	2 927	(156)	2 771
–	(156)	156	–
956	2 133	–	2 133
–	(982)	–	(982)
(210)	(253)	–	(253)
70	70	–	70
8	8	–	8
–	–	(2)	(2)
–	(22)	–	(22)
–	592	–	592
824	4 317	(2)	4 315

6. SEGMENT INFORMATION (CONTINUED)
6.2 SEGMENT REPORT (CONTINUED)
Additional information on Conventional insurance activities

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
Revenue	35 418	32 745
Net earned premium	27 221	25 858
Net claims incurred	17 588	16 023
Net commission	3 661	3 458
Management expenses (excluding BEE costs)[1,2]	4 583	4 313
Net underwriting result	1 389	2 064
Investment return on insurance funds	341	400
Net insurance result	1 730	2 464
Other income	129	118
Other expenses	(130)	(117)
Operating result before non-controlling interest and tax	1 729	2 465

[1] *Amortisation and impairment of computer software is included in management expenses.*
[2] *Finance costs relating to lease liabilities is included in management expenses.*

The group's conventional insurance activities are spread over various classes of general insurance.

	Audited Year ended 31 December 2022		Audited Year ended 31 December 2021	
	Gross written premium R million	Underwriting result R million	Gross written premium R million	Underwriting result R million
Accident and health	719	87	572	60
Crop	1 556	294	1 130	(92)
Engineering	1 759	518	1 730	313
Guarantee	50	25	127	(5)
Liability	1 743	375	1 550	252
Miscellaneous	99	(19)	53	14
Motor	15 124	382	14 412	1 188
Property	13 194	(292)	12 177	236
Transportation	1 174	19	994	98
Total	35 418	1 389	32 745	2 064
Comprising				
Commercial insurance	21 327	1 223	19 206	1 126
Personal insurance	14 091	166	13 539	938
Total	35 418	1 389	32 745	2 064

6. SEGMENT INFORMATION (CONTINUED)

6.2 SEGMENT REPORT (CONTINUED)

Additional information on Alternative risk transfer insurance activities

The group's alternative risk insurance activities can be analysed as follows:

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
Income from clients	531	470
Participation in underwriting results[1]	112	101
	643	571
Administration expenses	(288)	(265)
Operating result before non-controlling interest and tax	355	306
Non-controlling interest	(49)	(30)
Operating results before tax	306	276

[1] *This relates to Centriq and SSI's selective participation in underwriting risk across the portfolios of traditional insurance business.*

Additional information on Santam's share of SEM businesses

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
Revenue	1 058	1 026
Net earned premium	766	822
Net claims incurred	505	593
Net acquisition cost	325	274
Net underwriting result	(64)	(45)
Investment return on insurance funds	200	201
Operating result before non-controlling interest and tax	136	156

Additional information on Investment activities

The group's return on investment-related activities can be analysed as follows:

	Audited Year ended 31 December 2022 R million	Restated[1] Audited Year ended 31 December 2021 R million
Investment income	922	869
Net (losses)/gains on financial assets and liabilities at fair value through income	(312)	180
Income from associates and joint ventures	68	70
(Loss)/profit from discontinued operations	(14)	8
Investment-related revenue	664	1 127
Expenses for investment-related activities	(124)	(93)
Finance costs	(222)	(210)
Net total investment-related transactions	318	824

[1] *Refer to notes 6.1 and 9.1 for detail of the restatement.*

For a detailed analysis of investment activities, refer to notes 7 and 10.

6. SEGMENT INFORMATION (CONTINUED)
6.3 GEOGRAPHICAL ANALYSIS

	Gross written premium		Non-current assets	
	Audited Year ended 31 December 2022 R million	Restated[3] Audited Year ended 31 December 2021 R million	Audited as at 31 December 2022 R million	Audited as at 31 December 2021 R million
South Africa	44 165	36 845	2 168	2 117
Rest of Africa[1]	2 562	2 599	1 781	1 980
Southeast Asia, India and Middle East	3 719	3 245	1 596	1 346
Other	239	466	–	–
	50 685	43 155	5 545	5 443
Reconciling items[2]	(1 058)	(1 026)	–	–
Total	49 627	42 129	5 545	5 443

[1] *Includes gross written premium relating to Santam Namibia Ltd of R1 035 million (2021: R982 million).*
[2] *Reconciling items relate to the underlying investments included in the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income).*
[3] *Refer to notes 6.1 and 9.1 for detail of the restatement.*

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES)

The group's financial assets and liabilities including insurance receivables and payables are summarised below by measurement category.

	Audited as at 31 December 2022 R million	Audited as at 31 December 2021 R million
Financial assets mandatorily measured at fair value through income		
Strategic investment – unquoted SEM target shares	1 596	1 691
Financial assets at fair value through income	35 850	31 047
	37 446	32 738
Expected to be realised after 12 months[1]	26 267	25 978
Expected to be realised within 12 months	11 179	6 760
Loans and receivables including insurance receivables	11 319	8 312
Receivables arising from insurance and reinsurance contracts	8 596	6 421
Loans and receivables excluding insurance receivables	2 723	1 891
Financial liabilities		
Financial liabilities at fair value through income	4 635	4 523
Expected to be settled after 12 months	3 610	3 217
Expected to be settled within 12 months	1 025	1 306
Trade and other payables including insurance payables	6 911	4 851
Payables arising from insurance and reinsurance contracts	3 609	2 498
Trade and other payables excluding insurance payables	3 302	2 353

[1] *Including unquoted SEM target shares amounting to R1 596 million (2021: R1 691 million).*

Loans and receivables including insurance receivables are expected to be realised within 12 months.

Trade and other payables including insurance payables are expected to be settled within 12 months.

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (CONTINUED)

7.1 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The table below analyses financial instruments, carried at fair value through income, by valuation method. There were no significant changes in the valuation methods applied since 31 December 2021. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, by prices) or indirectly (that is, derived from prices). The fair value of level 2 instruments are determined as follows:
  - » Listed equities and similar securities: valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market
  - » Unlisted equities and similar securities: valued using the discounted cash flow (DCF) or net asset value method based on market input
  - » Interest-bearing investments:
    - Quoted interest-bearing investments are valued using yield of benchmark bond, DCF benchmarked against similar instruments with the same issuer, price quotations of the JSE interest rate market or issue price of external valuations based on market input[1]
    - Unquoted interest-bearing investments are valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input
  - » Structured transactions: valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input
  - » Investment funds:
    - Quoted investment funds with underlying equity securities are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market
    - Quoted investment funds with underlying debt securities are valued using DCF, external valuations and published price quotations on the JSE equity and interest rate market or external valuations that are based on published market input with the main assumptions being market input, uplifted with inflation[1]
  - » Derivatives: valued using the Black-Scholes model, net present value of estimated floating costs less the performance of the underlying index over contract term, DCF (using fixed contract rates and market-related variable rates adjusted for credit risk, credit default swap premiums, offset between strike price and market projected forward value, yield curve of similar market-traded instruments) with the main assumptions being market input, credit spreads and contract inputs
- Level 3: Input for the asset or liability that is not based on observable data (that is, unobservable input)

There were no significant transfers between level 1 and level 2 during the current or prior year. The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

[1] *These investments are classified as level 2 as the markets that they trade on are not considered to be active.*

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (CONTINUED)

7.1 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS (CONTINUED)

	Level 1 R million	Level 2 R million	Level 3 R million	Level 4 R million
Audited as at 31 December 2022				
Equities and similar securities				
Listed equities and similar securities	2 861	–	–	2 861
Unlisted equities and similar securities	–	–	1 738	1 738
Interest-bearing investments				
Government interest-bearing investments	–	4 640	–	4 640
Corporate interest-bearing investments	–	15 280	60	15 340
Mortgages and loans	–	87	–	87
Structured transactions				
Structured notes	–	238	–	238
Investment funds	–	9 065	–	9 065
Cash, deposits and similar securities	–	3 477	–	3 477
Financial assets at fair value through income	2 861	32 787	1 798	37 446
Debt securities	–	2 539	–	2 539
Investment contracts	–	2 061	–	2 061
Derivative liabilities	–	–	35	35
Financial liabilities at fair value through income	–	4 600	35	4 635
Audited as at 31 December 2021				
Equities and similar securities				
Listed equities and similar securities	3 061	–	–	3 061
Unlisted equities and similar securities	–	–	1 765	1 765
Interest-bearing investments				
Government interest-bearing investments	–	5 666	–	5 666
Corporate interest-bearing investments	–	14 742	60	14 802
Mortgages and loans	–	84	–	84
Structured transactions				
Structured notes	–	216	–	216
Investment funds	–	6 113	–	6 113
Cash, deposits and similar securities	–	1 031	–	1 031
Financial assets at fair value through income	3 061	27 852	1 825	32 738
Debt securities	–	2 552	–	2 552
Investment contracts	–	1 970	–	1 970
Derivative liabilities	–	–	1	1
Financial liabilities at fair value through income	–	4 522	1	4 523

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (CONTINUED)

7.1 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS (CONTINUED)

The following table presents the changes in level 3 instruments:

	Equity securities R million	Interest-bearing investments R million	Derivative liabilities R million	Total R million
31 December 2022 (audited)				
Opening balance	1 765	60	(1)	1 824
Acquisitions	62	–	–	62
Redemptions/settlements	(92)	–	(23)	(115)
Gains recognised in profit or loss	3	–	24	27
Losses recognised directly in equity	–	–	(35)	(35)
Closing balance	1 738	60	(35)	1 763
31 December 2021 (audited)				
Opening balance	1 609	60	(80)	1 589
Acquisitions	1	–	–	1
Settlements	–	–	132	132
Gains/(losses) recognised in profit or loss	155	–	(53)	102
Closing balance	1 765	60	(1)	1 824

The unquoted equity instruments recognised as level 3 instruments consist mainly of the participation target shares issued by SEM.

Of the R3 million gain (2021: R155 million) recognised on equity securities, a R3 million loss (2021: R152 million gain) relates to the SEM target shares, of which R58 million (2021: R100 million gain) relates to foreign exchange losses, and R55 million (2021: R52 million) to an increase in fair value in local currency terms. The key drivers of the fair value movements of Santam's share of the SEM investment portfolio were:

- In April 2022, KKR, a leading global investment fund, acquired a 9.99% stake in SGI from the Shriram group. KKR's investment will position SGI for continued growth in India's fast-growing general insurance industry. Before the transaction, Santam held a 15% economic participatory interest in SGI by way of a target share issued by SEM, which target share references SEM's effective shareholding in SGI. The transaction diluted SEM's effective shareholding in SGI, resulting in a commensurate dilution of Santam's economic interest in SGI from 15% to 14.1%. The enterprise value attributed to SGI for the transaction was around R38 billion (Rs 18 000 crore) and exceeded Santam's internal valuation of SGI at 31 December 2022 of R10 billion (Rs 5 046 crore) for the 100% stake. Pursuant to the transaction, Santam received a distribution in respect of the SGI target share at the end of May 2022, amounting to R217 million

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (CONTINUED)

7.1 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS (CONTINUED)

- On 14 December 2022, SEM redeemed the target shares through which the Santam group held economic participation rights in the general insurance businesses of SEM in Africa (the African target shares). The African target shares were redeemed following the cash payment by SEM of aggregate redemption distributions to the amount of R126 million to Santam, comprising a capital distribution of R92 million and an income distribution of R34 million. The capital distribution was recognised directly in the statement of financial position as a reduction of the African target share investment value. The income distribution was recognised in the statement of comprehensive income, where it was countered with a release of the realised fair value adjustment of the same value. The Santam group retained its economic participation rights in the general insurance investments of SEM in India and Malaysia
- In 2022, the increase in the value of SGI of R187 million (excluding the impact of exchange rate movements) was positively impacted by strong growth in the direct channel coupled with expected recovery of the credit extension business where car financing extended is coupled with insurance policies. SGI also reported a better claims experience than prior years and expects the claims ratio to gradually improve over the short term

Fair value (excluding SEM target shares) is determined based on valuation techniques where the input is determined by management, e.g. multiples of net asset value, and is not readily available in the market or where market observable input is significantly adjusted. Valuations are generally based on multiples of net asset value ranging between 0.6 and 1.0 (2021: based on price/earnings multiples ranging between 2.3 and 8.5). The value of unlisted equity instruments (excluding SEM target shares) is not material.

The fair value of the SEM target shares is determined using predominantly DCF models, with the remainder valued at or within close proximity of the latest available net asset value of the underlying company. The most significant investment relates to the target share which provides a participatory interest in SGI in India to the value of R1 459 million (2021: R1 419 million). No other individual target share is material.

The fair value of the SGI target share is determined using a DCF model, and significant assumptions are tested with local management as well as Santam's representative on the SGI board of directors. Given the short volatility of earnings patterns, the group uses a 10 year discounting period, rather than a five year one, in order to provide a more robust valuation of the SGI business. The 10 year DCF model discounts expected cash flows and a perpetual value (after providing for regulatory capital requirements) at an appropriate risk-adjusted discount rate. The most significant unobservable input used in this DCF model is the discount rate of 15.1% (2021: 14.3%). A Rand/Indian Rupee exchange rate of 0.205 (2021: 0.214) was used to translate the DCF valuation result in Indian Rupee to Rand. An average net insurance margin over a 10 year period of 21.4% (2021: 24.0%) was incorporated. Should the discount rate increase or decrease by 10%, the investment would decrease by R277 million (2021: R265 million) or increase by R438 million (2021: R436 million), respectively. If the relative foreign exchange rate increases or decreases by 10%, the fair value will increase or decrease by R146 million (2021: R142 million). Should the net insurance margin profile (projected over a period of 10 years) increase or decrease by 10%, the fair value will increase or decrease by R117 million (2021: R110 million). The remaining SEM target share is valued with reference to the net asset value of the underlying company and was mostly impacted by changes in the exchange rate.

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (CONTINUED)

7.2 DEBT SECURITIES

During April 2016, the company issued unsecured subordinated callable notes to the value of R1 billion in two equal tranches of fixed and floating rate notes. The effective rate for the floating rate notes represents the three-month JIBAR plus 245 basis points, while the rate for the fixed rate notes amounted to 11.77%. The floating rate notes of R500 million have all been redeemed on the optional redemption date on 12 April 2021, and the fixed rate notes have an optional redemption date of 12 April 2023 with a final maturity date of 12 April 2028.

During June 2017, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion in anticipation of the redemption of the R1 billion subordinated debt issued in 2007 and redeemed in September 2017. The effective interest rate for the floating rate notes represented the three-month JIBAR plus 210 basis points. The notes have all been redeemed on the optional redemption date of 27 June 2022.

During November 2020, the company 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, the company 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.

Per the conditions set by the Prudential Authority, Santam is required to maintain liquid assets equal to the value of the callable notes until maturity. The callable notes are therefore measured at fair value to minimise undue volatility in the statement of comprehensive income. The fair value of the fixed rate notes is calculated using the yield provided by the JSE and adding accrued interest. The fair value of the floating rate notes is calculated using the price provided by the JSE and adding accrued interest.

Santam's international credit rating was re-affirmed as BB in November 2022. No reviewed credit rating has been issued since. The movement in the fair value of the unsecured subordinated callable notes is considered immaterial and mainly represents the market movement.

7.3 DERIVATIVES

At 31 December 2022, the group had exchange traded futures with an exposure value of R968 million (2021: R1 233 million). The exchange traded futures relate to interest rate derivatives used to manage interest rate risk in Santam's fixed income portfolios.

On 3 February 2021, the company rolled the collar structure that has been in place since 3 November 2020. The structure offered almost full downside protection from the implementation level of 11 857. It expired on 3 May 2021 and realised a loss of R31 million. On 3 May 2021, the company rolled the collar again until expiry on 3 August 2021, at an implementation level of 12 223. The structure was not renewed on 3 August 2021 and a final gain of R15 million was realised (inclusive of the fair value gain of R19 million at 30 June 2021).

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. On the same day Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the Rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in Rand weakness against the Euro up to a cap of R19.16. On 31 December 2022 the fair value of the structure amounted to a R35 million liability.

7. FINANCIAL ASSETS AND LIABILITIES (INCLUDING INSURANCE RECEIVABLES AND PAYABLES) (CONTINUED)

7.3 DERIVATIVES (CONTINUED)

The collar was designated as a cash flow hedge instrument on 4 May 2022. The impact of this was that foreign currency losses of R35 million recognised on the collar since implementation date were not recognised in the statement of comprehensive income, but were accounted for as a hedging reserve.

On 30 June 2022, the group entered into a zero-cost collar over listed equities to the value of R1.4 billion, based on the SWIX 40, to provide capital protection under continued volatile market conditions. The structure offered full downside protection from the implementation level of 11 789, with upside participation (excluding dividends) of 0.78% and expired on 15 December 2022. The final loss on the contract was R90 million.

At 31 December 2022, the group had no interest rate swaps (2021: had interest rate swaps as part of the international bond portfolio). In the prior year the fair value of the swap was disclosed on a net basis in the statement of financial position as well as the statement of comprehensive income due to the contractual right to settle the instrument on a net basis. They were classified as level 3 per the fair value hierarchy. The gross exposure asset and liability as at 31 December 2021 amounted to R11 million and R11 million respectively.

8. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	Audited as at 31 December 2022 R million	Audited as at 31 December 2021 R million
Gross insurance liabilities		
Long-term insurance contracts		
- claims reported and loss adjustment expenses	205	163
- claims incurred but not reported	160	123
General insurance contracts		
- claims reported and loss adjustment expenses	17 348	17 779
- claims incurred but not reported	3 609	3 884
- unearned premiums	18 655	14 091
Total gross insurance liabilities	39 977	36 040
Expected to be settled after 12 months	2 752	2 328
Expected to be settled within 12 months	37 225	33 712
Recoverable from reinsurers		
Long-term insurance contracts		
- claims reported and loss adjustment expenses	12	6
- claims incurred but not reported	24	11
General insurance contracts		
- claims reported and loss adjustment expenses	10 876	11 926
- claims incurred but not reported	426	704
- unearned premiums	2 314	2 245
Total reinsurers' share of insurance liabilities	13 652	14 892
Expected to be recovered after 12 months	626	489
Expected to be recovered within 12 months	13 026	14 403
Net insurance liabilities		
Long-term insurance contracts		
- claims reported and loss adjustment expenses	193	157
- claims incurred but not reported	136	112
General insurance contracts		
- claims reported and loss adjustment expenses	6 472	5 853
- claims incurred but not reported	3 183	3 180
- unearned premiums	16 341	11 846
Total net insurance liabilities	26 325	21 148

8. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

INSURANCE LIABILITY ESTIMATES

Estimation methodologies and reserving processes remained consistent for the year ended 31 December 2022 and are discussed in note 3 of the group's annual financial statements for the year ended 31 December 2022. The ultimate costs of claims are always uncertain and different outcomes to those assumed are possible.

Details of the group's accounting policies in respect of insurance contract liabilities can be found in note 4 of the group's annual financial statements for the year ended 31 December 2022.

COVID-19-RELATED CLAIMS ESTIMATES

Judgement is applied in the determination of the best estimate of the insurance liability and reinsurance asset associated with the group's exposure to CBI claims. There remains, however, uncertainty regarding the ultimate outcome of these claims (and the related reinsurance recovery). The judgement applied includes:

Insurance liabilities:

- The assumptions used to determine the underlying exposure at a policy level
- The impact of the claims payment experience to date

Reinsurance assets:

- The proportion of CBI claims which aggregate as a single loss occurrence under Santam's catastrophe reinsurance treaty
- Expected recoveries from applicable reinsurance contracts

The group's projected ultimate net insurance liability at 31 December 2021 was R2.55 billion. This comprised gross claims payments of R3.2 billion, a gross liability provision of R3.2 billion for open claims, a reinsurance recovery net of re-instatement premiums of R0.6 billion and a reinsurance asset of R3.2 billion.

Following the payment of a significant number of claims and a review of CBI provisions, the group's projected ultimate net insurance exposure at 31 December 2022 was R1.9 billion. This comprised gross claims payments of R4.7 billion, a gross liability provision of R1 billion for open claims, a reinsurance recovery net of re-instatement premiums of R2.9 billion and a reinsurance asset of R0.9 billion.

There are a number of interdependent judgements applied in the measurement of the insurance liability and reinsurance asset in relation to this exposure, and therefore when assessing the potential impact on the group, consideration should be applied to the ultimate net impact.

Santam has reviewed its provisions for CBI claims at 31 December 2022, considering the underlying exposure, claims payment experience to date, the level of claims aggregating for reinsurance recovery purposes, as well as expected recoveries from applicable reinsurance contracts.

Following this review, Santam's projected net ultimate liability for CBI claims has reduced by R714 million. The reduction is mainly due to the actual claims to date being lower than initial estimates. There is still, however, uncertainty in relation to the ultimate liability which will only be eliminated once the process has been finalised.

A sensitivity analysis on the net CBI provision of R1.9 billion (2021: R2.55 billion) has been performed by assuming a 10% positive and negative combined impact on the assumptions used to derive the provision. A 10% positive movement in the combined assumptions used would result in a decrease in the projected ultimate net exposure of 4% (2021: 6%). A 10% negative movement in the assumptions used would result in an increase in the projected ultimate net exposure of 4% (2021: 6%).

9 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

9.1 NON-CURRENT ASSETS HELD FOR SALE

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. The completion of the sale is subject to various regulatory approvals that are expected to be obtained mid-2023. The investment in SAN JV of R1.768 billion (previously included in "Investment in associates and joint ventures") has therefore been reclassified as "Non-current assets held for sale" from 30 June 2022.

In accordance with IFRS 5: *Non-current assets held for sale and discontinued operations*, the assets held for sale were recognised at their carrying value as at 30 June 2022, being lower than the fair value less costs to sell. This is a non-recurring fair value based on the net asset value of the business. It is therefore also recognised within level 3 of the fair value hierarchy. Reserves relating to non-current assets held for sale as at 31 December 2022 amounts to R37 million.

On 4 May 2022, Santam also entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the Rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in Rand weakness against the Euro up to a cap of R19.16. On 31 December 2022 the structure amounted to a R35 million liability.

9.2 DISCONTINUED OPERATIONS

Financial information relating to the discontinued operations for the year is set out below.

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
(Loss)/income from associate	(24)	16
Tax credit/(expense) on (loss)/income from associate	10	(8)
(Loss)/profit from discontinued operations	(14)	8
Exchange differences on translation of discontinued operations	(57)	18
Other comprehensive (loss)/income from discontinued operations	(57)	18

The prior year statement of comprehensive income was restated by transferring a profit of R8 million from "Net income from associates and joint ventures" to "(Loss)/profit from discontinued operations".

10. INVESTMENT INCOME AND NET (LOSSES)/GAINS ON FINANCIAL ASSETS AND LIABILITIES

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
Investment income	**2 775**	2 104
Interest income derived from[1]	**1 964**	1 552
Financial assets measured at amortised cost	**276**	206
Financial assets mandatorily measured at fair value through income	**1 688**	1 346
Other investment income	**811**	552
Dividend income[2]	**520**	250
Foreign exchange differences	**291**	302
Net (losses)/gains on financial assets and liabilities at fair value through income	**(550)**	732
Net fair value (losses)/gains on financial assets mandatorily at fair value through income	**(600)**	989
Net realised (losses)/gains on financial assets excluding derivative instruments	**(128)**	157
Net unrealised fair value (losses)/gains on financial assets excluding derivative instruments	**(496)**	885
Net realised/fair value gains/(losses) on derivative instruments	**24**	(53)
Net fair value gains/(losses) on financial liabilities designated as at fair value through income	**50**	(257)
Net fair value gains on debt securities	**25**	30
Net realised gains/(losses) on investment contracts	**25**	(287)
	2 225	2 836

1 *Includes interest income of R1 541 million (2021: R1 555 million) received in cash.*
2 *Includes dividend income of R457 million (2021: R249 million) received in cash.*

11. INCOME TAX EXPENSE

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
Normal taxation		
Current year	1 351	1 472
Prior year overprovision	(11)	(72)
Other taxes	2	6
Foreign taxation – current year	57	60
Total income taxation for the year	1 399	1 466
Deferred taxation		
Current year	(5)	5
Total deferred taxation for the year	(5)	5
Total taxation as per statement of comprehensive income	1 394	1 471
Income tax recovered from cell owners and structured insurance products	(749)	(592)
Total tax expense attributable to shareholders	645	879
Profit before taxation per statement of comprehensive income from continuing and discontinued operations	3 483	4 315
Adjustment for income tax recovered from cell owners and structured insurance products	(749)	(592)
Total profit before tax attributable to shareholders from continuing and discontinued operations	2 734	3 723
Reconciliation of taxation rate (%)		
Normal South African taxation rate	28.0	28.0
Adjusted for:		
Disallowable expenses	0.1	0.1
Foreign tax differential	0.1	0.1
Exempt income[1]	(4.2)	(1.5)
Investment results	1.3	(0.5)
Income from associates and joint ventures and discontinued operations	(0.5)	(0.6)
Previous year's overprovision	(0.4)	(1.9)
Other permanent differences	(0.1)	(0.3)
Other taxes	(0.7)	0.2
Net reduction	(4.4)	(4.4)
Effective rate attributable to shareholders (%)	23.6	23.6

[1] *Exempt income consists mainly of dividends received.*

12. CORPORATE TRANSACTIONS

FOR THE YEAR ENDED 31 DECEMBER 2022

Acquisitions

Indwe Broker Holdings Group (Pty) Ltd

In May 2022, the group acquired the remaining 76% shareholding in Indwe Broker Holdings Group (Pty) Ltd for R125 million in cash. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Indwe Broker Holdings Group (Pty) Ltd, and it is classified as a subsidiary from May 2022. Goodwill relates to synergies expected to be received.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	66
Property and equipment	30
Deferred income tax assets	8
Loans and receivables including insurance receivables	36
Current income tax	9
Cash and cash equivalents	156
Deferred income tax liabilities	(17)
Lease liabilities	(30)
Trade and other payables including insurance payables	(159)
Net asset value acquired	99
Goodwill	66
Investment in joint venture	(34)
Gain on remeasurement to subsidiary	(6)
Purchase consideration paid	125

JaSure Financial Services (Pty) Ltd

The Santam group purchased the 49% non-controlling interest effective 1 June 2022 for R6 million in cash. The Santam group now effectively owns 100% shareholding in JaSure Financial Services (Pty) Ltd.

Ctrl Investment Holdings (Pty) Ltd

The Santam group purchased additional shares in Ctrl Investment Holdings (Pty) Ltd, effective 1 June 2022 for R2 million in cash, increasing the effective holding from 20.41% to 21.97%. The investment continues to be accounted for as an investment in associate.

Disposals

SAN JV (RF) (Pty) Ltd

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV (RF) (Pty) Ltd (SAN JV) to Allianz. On the same day Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the Rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in Rand weakness against the Euro up to a cap of R19.16. The investment in SAN JV has been reclassified as "Non-current assets held for sale" from 30 June 2022 and equity-accounted earnings from SAN JV as discontinued operations. Refer to note 9.

FOR THE YEAR ENDED 31 DECEMBER 2021

Acquisitions

Mirabilis Holding Company (Pty) Ltd

During April 2021, the Santam group acquired a shareholding of 100% in Mirabilis Holding Company (Pty) Ltd for R176 million in cash. Mirabilis Holding Company (Pty) Ltd owns a 45% shareholding in Mirabilis Engineering Underwriting Managers (Pty) Ltd. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Mirabilis Engineering Underwriting Managers (Pty) Ltd.

13. EARNINGS PER SHARE

	Audited Year ended 31 December 2022	Audited Year ended 31 December 2021
Basic earnings per share		
Profit attributable to the company's equity holders (R million)	1 990	2 745
Weighted average number of ordinary shares in issue (million)	109.61	110.20
Earnings per share (cents)	1 816	2 491
Continuing operations	1 829	2 484
Discontinued operations	(13)	7
Diluted earnings per share		
Profit attributable to the company's equity holders (R million)	1 990	2 745
Weighted average number of ordinary shares in issue (million)	109.61	110.20
Adjusted for share options	0.74	0.58
Weighted average number of ordinary shares for diluted earnings per share (million)	110.35	110.78
Diluted basic earnings per share (cents)	1 803	2 478
Continuing operations	1 816	2 471
Discontinued operations	(13)	7
Headline earnings per share		
Profit attributable to the company's equity holders (R million)	1 990	2 745
Adjusted for:		
Profit on disposal of intangible assets	(15)	–
Tax on profit on disposal of intangible assets	4	–
Impairment of intangible assets	39	–
Tax on impairment of intangible assets	(10)	–
Gain on remeasurement to subsidiary	(6)	–
Loss on sale of associates	–	4
Headline earnings (R million)	2 002	2 749
Weighted average number of ordinary shares in issue (million)	109.61	110.20
Headline earnings per share (cents)	1 826	2 495
Continuing operations	1 839	2 488
Discontinued operations	(13)	7
Diluted headline earnings per share		
Headline earnings (R million)	2 002	2 749
Weighted average number of ordinary shares for diluted headline earnings per share (million)	110.35	110.78
Diluted headline earnings per share (cents)	1 814	2 481
Continuing operations	1 827	2 474
Discontinued operations	(13)	7

14. DIVIDEND PER SHARE

	Audited Year ended 31 December 2022	Audited Year ended 31 December 2021
Interim dividend per share (cents)	462	432
Final dividend per share (cents)[1]	845	790

[1] *2022: Proposed (2021: Paid).*

A special dividend of 800 cents per share was also declared and paid in March 2022. No special dividend was declared or paid during 2021.

15. RELATED PARTIES

During 2022, there have been no related party transactions that have materially affected the financial position or the results for the year. There have also been no changes in the nature of the related party transactions as disclosed in note 27 of the group's annual financial statements for the year ended 31 December 2022.

16. SUBSEQUENT EVENTS

There have been no material changes in the affairs or financial position of the company and its subsidiaries since the statement of financial position date.

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS

This note provides information on cellholder/policyholder versus shareholder statement of financial position and statement of comprehensive income. Cellholder/policyholder activities relate mainly to alternative risk transfer insurance business written on the insurance licences of Centriq and SSI.

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS (CONTINUED)

17.1 ANALYSIS OF POLICYHOLDER/SHAREHOLDER STATEMENT OF FINANCIAL POSITION

	Group Audited as at 31 December 2022 R million	Shareholder Audited as at 31 December 2022 R million	Policyholder/ cellholder Audited as at 31 December 2022 R million
ASSETS			
Intangible assets	1 073	1 073	–
Property and equipment	640	640	–
Investment in associates and joint ventures	467	467	–
Strategic investment – unquoted SEM target shares	1 596	1 596	–
Deferred income tax	84	99	(15)
Deposit with cell owner	56	–	56
Cell owners' and policyholders' interest	3	–	3
Financial assets at fair value through income	35 850	15 858	19 992
Reinsurance assets	13 652	12 210	1 442
Deferred acquisition costs	1 056	850	206
Non-current assets held for sale	1 768	1 768	–
Loans and receivables including insurance receivables	11 319	6 756	4 563
Current income tax	96	96	–
Cash and cash equivalents	5 387	3 927	1 460
Total assets	73 047	45 340	27 707
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(713)	(713)	–
Other reserves	(63)	(63)	–
Distributable reserves	11 602	11 602	–
	10 929	10 929	–
Non-controlling interest	669	462	207
Total equity	11 598	11 391	207
LIABILITIES			
Deferred income tax	94	94	–
Cell owners' and policyholders' interest	7 124	–	7 124
Reinsurance liability relating to cell owners	56	–	56
Financial liabilities at fair value through income			
Debt securities	2 539	2 539	–
Investment contracts	2 061	5	2 056
Derivatives	35	35	–
Lease liabilities	669	669	–
Financial liabilities at amortised cost			
Repo liability	739	–	739
Collateral guarantee contracts	129	–	129
Insurance liabilities	39 977	24 414	15 563
Deferred reinsurance acquisition revenue	642	548	94
Provisions for other liabilities and charges	139	139	–
Trade and other payables including insurance payables	6 911	5 151	1 760
Current income tax	334	355	(21)
Total liabilities	61 449	33 949	27 500
Total shareholders' equity and liabilities	73 047	45 340	27 707

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS (CONTINUED)

17.1 ANALYSIS OF POLICYHOLDER/SHAREHOLDER STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Group Audited as at 31 December 2021 R million	Shareholder Audited as at 31 December 2021 R million	Policyholder/ cellholder Audited as at 31 December 2021 R million
ASSETS			
Intangible assets	989	989	–
Property and equipment	702	702	–
Investment in associates and joint ventures	2 284	2 284	–
Strategic investment – unquoted SEM target shares	1 691	1 691	–
Deferred income tax	78	78	–
Deposit with cell owner	90	–	90
Cell owners' and policyholders' interest	11	–	11
Financial assets at fair value through income	31 047	16 590	14 457
Reinsurance assets	14 892	13 793	1 099
Deferred acquisition costs	961	805	156
Loans and receivables including insurance receivables	8 312	5 117	3 195
Current income tax	5	5	–
Cash and cash equivalents	4 496	3 144	1 352
Total assets	65 558	45 198	20 360
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	103	103	–
Treasury shares	(570)	(570)	–
Other reserves	37	37	–
Distributable reserves	11 862	11 862	–
	11 432	11 432	–
Non-controlling interest	630	447	183
Total equity	12 062	11 879	183
LIABILITIES			
Deferred income tax	85	61	24
Cell owners' and policyholders' interest	4 908	–	4 908
Reinsurance liability relating to cell owners	90	–	90
Financial liabilities at fair value through income			
Debt securities	2 552	2 552	–
Investment contracts	1 970	–	1 970
Derivatives	1	1	–
Lease liabilities	764	764	–
Financial liabilities at amortised cost			
Repo liability	926	–	926
Collateral guarantee contracts	155	–	155
Insurance liabilities	36 040	25 116	10 924
Deferred reinsurance acquisition revenue	561	478	83
Provisions for other liabilities and charges	188	188	–
Trade and other payables including insurance payables	4 851	3 732	1 119
Current income tax	405	427	(22)
Total liabilities	53 496	33 319	20 177
Total shareholders' equity and liabilities	65 558	45 198	20 360

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS (CONTINUED)

17.2 ANALYSIS OF POLICYHOLDER/SHAREHOLDER STATEMENT OF COMPREHENSIVE INCOME

	Group Audited Year ended 31 December 2022 R million	Shareholder Audited Year ended 31 December 2022 R million	Policyholder/ cellholder Audited Year ended 31 December 2022 R million
Gross written premium	49 627	36 005	13 622
Less: reinsurance written premium	17 972	7 923	10 049
Net written premium	31 655	28 082	3 573
Less: change in unearned premium			
Gross amount	4 499	494	4 005
Reinsurers' share	(920)	(25)	(895)
Net insurance premium revenue	28 076	27 613	463
Interest income on amortised cost instruments	276	276	–
Interest income on fair value through income instruments	1 688	846	842
Other investment income	811	756	55
Income from reinsurance contracts ceded	2 318	1 778	540
Net losses on financial assets and liabilities at fair value through income	(550)	(351)	(199)
Other income	547	547	–
Net income	33 166	31 465	1 701
Insurance claims and loss adjustment expenses:			
Gross amount	29 168	23 984	5 184
Recovered from reinsurers	(11 134)	(6 290)	(4 844)
Net insurance benefits and claims	18 034	17 694	340
Expenses for the acquisition of insurance contracts	5 997	5 374	623
Expenses for marketing and administration	5 248	5 228	20
Expenses for investment-related activities	124	124	–
Amortisation and impairment of intangible assets	105	105	–
Investment return allocated to cell owners and structured insurance products	655	–	655
Total expenses	30 163	28 525	1 638
Results of operating activities	3 003	2 940	63
Finance costs	(323)	(280)	(43)
Net income from associates and joint ventures	68	68	–
Income tax recovered from cell owners and structured insurance products	749	–	749
Profit before tax	3 497	2 728	769
Income tax expense	(1 394)	(645)	(749)
Profit from continuing operations	2 103	2 083	20
Loss from discontinued operations	(14)	(14)	–
Profit for the year	2 089	2 069	20
Profit attributable to:			
- equity holders of the company	1 990	1 990	–
- non-controlling interest	99	79	20
	2 089	2 069	20

17. ANALYSIS OF POLICYHOLDER/SHAREHOLDER FINANCIAL POSITION AND RESULTS (CONTINUED)

17.2 ANALYSIS OF POLICYHOLDER/SHAREHOLDER STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Restated[1] Group Audited Year ended 31 December 2021 R million	Restated[1] Shareholder Audited Year ended 31 December 2021 R million	Policyholder/ cellholder Audited Year ended 31 December 2021 R million
Gross written premium	42 129	33 163	8 966
Less: reinsurance written premium	14 766	6 959	7 807
Net written premium	27 363	26 204	1 159
Less: change in unearned premium			
Gross amount	1 573	169	1 404
Reinsurers' share	(794)	(128)	(666)
Net insurance premium revenue	26 584	26 163	421
Interest income on amortised cost instruments	206	206	–
Interest income on fair value through income instruments	1 346	818	528
Other investment income	552	448	104
Income from reinsurance contracts ceded	2 067	1 625	442
Net gains on financial assets and liabilities at fair value through income	732	324	408
Other income	352	352	–
Net income	31 839	29 936	1 903
Insurance claims and loss adjustment expenses:			
Gross amount	29 734	25 509	4 225
Recovered from reinsurers	(13 329)	(9 407)	(3 922)
Net insurance benefits and claims	16 405	16 102	303
Expenses for the acquisition of insurance contracts	5 539	5 014	525
Expenses for marketing and administration	4 794	4 773	21
Expenses for investment-related activities	93	93	–
Amortisation and impairment of intangible assets	68	68	–
Investment return allocated to cell owners and structured insurance products	982	–	982
Total expenses	27 881	26 050	1 831
Results of operating activities	3 958	3 886	72
Finance costs	(313)	(270)	(43)
Net income from associates and joint ventures	70	70	–
Income tax recovered from cell owners and structured insurance products	592	–	592
Profit before tax	4 307	3 686	621
Income tax expense	(1 471)	(875)	(596)
Profit from continuing operations	2 836	2 811	25
Profit from discontinued operations	8	8	–
Profit for the year	2 844	2 819	25
Profit attributable to:			
- equity holders of the company	2 745	2 745	–
- non-controlling interest	99	74	25
	2 844	2 819	25

[1] *Refer to notes 6.1 and 9.1 for detail of restatement.*

18. RESTATEMENT OF THE STATEMENT OF CASH FLOWS

During the current year the group changed its presentation accounting policy for sales and acquisitions of financial assets presented under operating activities from gross disclosure to net disclosure. This is more relevant as the investment portfolios are managed within board approved mandates and thus the turnaround for these financial assets are quick, the amounts large and the maturities short. Furthermore the growth in ART business has led to an increase in the cash flows related to the acquisition and sale of financial assets held for cellholder and policyholder activities. These activities are managed on a net basis, with Santam shareholders not entitled to benefit from any gross cash flows.

It is therefore more appropriate to disclose the net acquisition or disposal of financial assets as cash flows. This is aligned with the industry (currently the majority of insurers disclose sales and acquisitions of financial assets on a net basis) and the group's parent company, Sanlam Ltd.

The comparative information has been restated accordingly.

The table below shows the impact of the change:

	Previously reported Audited Year ended 31 December 2021 R million	Restatement Audited Year ended 31 December 2021 R million	Restated Audited Year ended 31 December 2021 R million
Group			
Net cash from operating activities			
– Acquisition of financial assets	(30 712)	30 712	–
– Proceeds from sale of financial assets	30 238	(30 238)	–
– Net movement from the acquisition and sale of financial assets	–	(474)	(474)
Net impact	(474)	–	(474)

Notes