

Santam Ltd

December 10, 2025

This report does not constitute a rating action.

Credit Highlights

Overview

Key strengths

Leading competitive position in South Africa's property/casualty (P/C) market, supported by strong brand recognition, diversified products and extensive broker network.

Diversified underwriting portfolio across personal, commercial and specialist lines, complemented by some international diversification.

Key risks

Low asset quality, given concentration to South Africa.

Primary Contact

Sylvia Mhlanga

Johannesburg
27-11-214-4825
sylvia.mhlanga
@spglobal.com

Secondary Contact

Tatiana Grineva

London
44-20-7176-7061
tatiana.grineva
@spglobal.com

Research Contributor

Rahul Iyer

CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Mumbai

With insurance revenue of about South African rand (ZAR) 52 billion and net profits of ZAR4.3 billion in 2024, Santam maintained its position as the country's largest listed insurer with approximately 24% market share. Santam's growth plans include strengthening its market position in South Africa through a multi-channel model, expanding internationally through the Lloyd's market, and exploring new markets through partnerships. We expect top-line growth of about 6% and a combined ratio of around 95% over the next two years.

Santam's capital adequacy at the 99.5% confidence interval of our internal capital model supports the ratings. Our risk-based capital assessment includes Santam's business operated by protected cell companies (PCCs) through Centriq and Santam Structured and therefore we adjust it for incremental risk from the cell business. We note that Santam is not principally responsible for capitalizing the cells and that the risk from the cells to Santam is remote. However, we apply a downward adjustment to our assessment of risk-based capital because the cell business is growing at a faster rate than Santam's core business and there is uncertainty about the potential capital requirements should the cells continue to grow.

Outlook

The positive outlook on the global scale ratings on Santam subsidiaries reflects our positive outlook on the sovereign. We do not assign an outlook to our South Africa national scale ratings.

Downside scenario

An outlook revision to stable over the next 12 months would be driven by a similar action on the sovereign.

Upside scenario

Over the next 12 months, the most likely trigger for an upgrade would be a similar action on the sovereign.

Assumptions

South Africa Economic Forecast Summary

	2021	2022	2023	2024	2025f	2026f	2027f
Real GDP growth (%)	4.9	2.1	0.8	0.5	1.1	1.4	1.5
Inflation (annual average, %)	4.5	6.9	5.9	4.4	3.4	3.5	3.4
Unemployment rate (%)	34.3	33.5	32.4	32.6	31.9	31.5	31.0

f--Forecast

Entity Name--Key Metrics

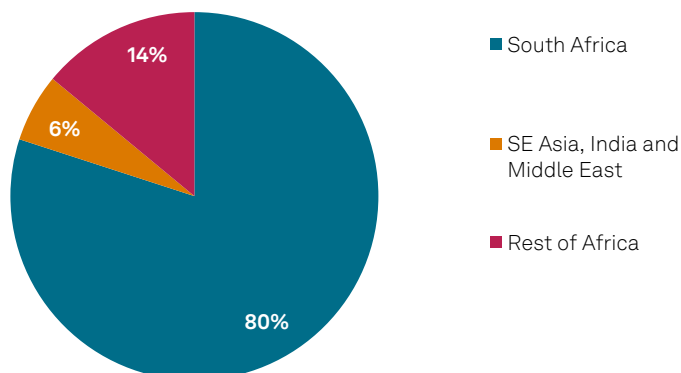
	2026f	2025f	2024	2022
S&P Global Ratings capital adequacy	99.5	99.5	99.5	Fair
Insurance Revenue	~58,000	~55,000	52,317	43,082
EBITDA	~5,000	~5,000	5,224	4,285
Net income (attributable to shareholders)	~2,500	~2,500	4,356	2,091
Return on Shareholder's equity (%)	~18	~18	34.2	17.8
EBITDA fixed-charge coverage (x)	>8	>8	9.7	13.3
Financial leverage including pension deficit as debt (%)	~18	~17	25.8	24.8
Net combined ratio (%)	~95	~95	87.8	90.5
Return on revenue (%)	~14	~13	8.7	9.10
Return on assets (excluding investment gains/losses) (%)	~6	~6	8.1	7.4
Financial obligations/EBITDA (x)	~1	~1	0.7	1.0

§Capital adequacy for 2023 onward is as per new capital model. ZAR--South African Rand; N.A.--Not available. N/A--Not applicable. f--Forecast data reflects S&P Global Ratings' base-case assumption.

Business Risk Profile

Santam benefits from a well-diversified underwriting portfolio spanning personal, commercial, and specialist lines, which mitigates exposure to volatility from any single segment. Geographic diversification in the rest of Africa plus other selective international exposure provides incremental growth opportunities and reduces concentration risk, although South Africa remains the core earnings contributor. This diversity supports Santam's ability to navigate varying market cycles and economic conditions.

Santam's business is concentrated in South Africa although we note ongoing diversification efforts



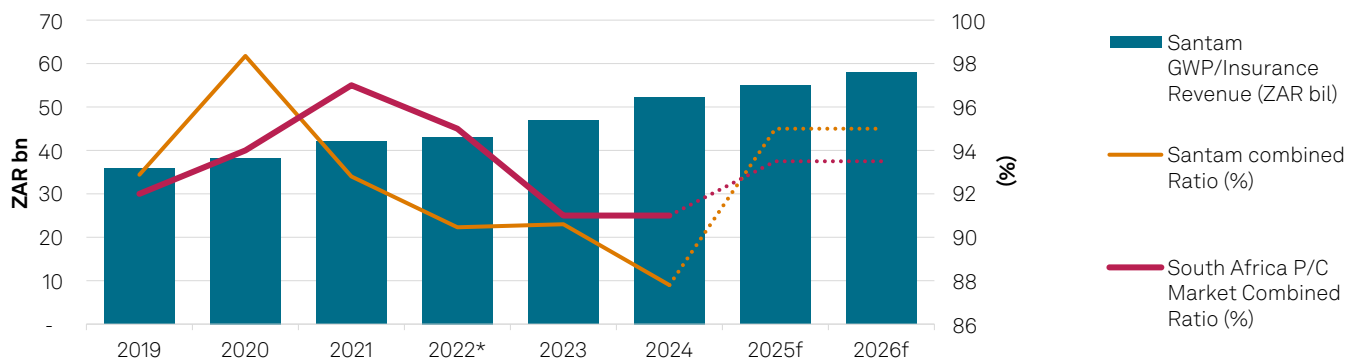
Source: S&P Global Ratings.

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Santam's competitive position is strengthened by its leading share of the South African P/C insurance market, supported by an established brand, deep client relationships, and extensive broker and affinity distribution networks. The group's scale, technical expertise, and integrated risk-management framework continue to differentiate it from peers, enabling superior underwriting insights and operational efficiencies. Santam's investments in digital capabilities, data analytics, and specialized risk solutions further enhance its value proposition across customer segments. Combined, these factors underpin a strong competitive advantage that supports the group's market leadership.

Santam's business profile is supported by a track record of robust underwriting performance, underpinned by disciplined pricing, prudent risk selection, and effective cycle management across its major product lines. Despite the elevated loss environment in South Africa driven by weather-related claims, claims inflation and economic pressures, the group has consistently delivered good underwriting margins, reflecting strong technical capabilities and conservative reserving practices. Earnings stability is further reinforced by scale benefits, a well-embedded reinsurance strategy, and sound expense management, supporting resilient operating performance through the cycle. Over the past five years (2020-2024), Santam's premium income/insurance revenue has increased, reaching ZAR52.3billion in 2024 with the average net combined ratio at around 93.3%. Overall, the company's underwriting performance is in line with the South African P/C market. However, its five-year average return on equity (ROE) is 21.1%, which is better than the South Africa P/C market average ROE of around 13%. We expect revenue growth around 6% and combined ratios around 95% over 2025-2027.

Underwriting performance in line with South Africa P/C Market



Source: Audited financial statement, SARB Regulatory industry Data; S&P Global Ratings. F-- S&P Global Rating Forecast * 2022 onwards IFRS 17 inputs Source: S&P Global Ratings.

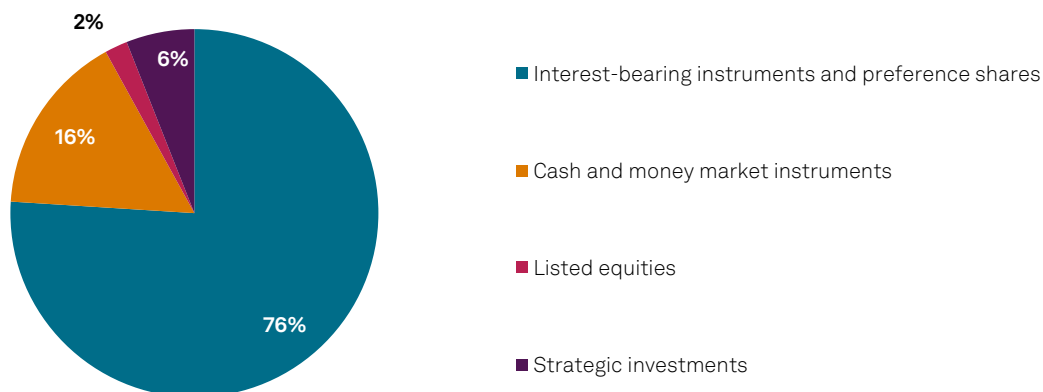
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Financial Risk Profile

Santam’s capital and earnings position is supported by a prudent capital management philosophy, adequate reinsurance cover, and consistent internal capital generation. Earnings quality is supported by its diversified underwriting book and stable investment strategy. In this regard, the group’s risk-based capital, measured using our capital model, is likely to remain at the 99.5% level over 2025-2027, considering our earnings projections and dividend expectation over this period. From a regulatory perspective, Santam reported a group economic capital coverage ratio of 170% in June 2025 (166% in December 2024). We expect Santam’s solvency ratio to remain within internal targets.

Santam’s financial risk profile is constrained by its low asset quality ('BB' range). The majority of its assets are in domestic banks in money market funds and cash instruments, as well as local currency sovereign bonds. It also has exposure to unlisted equities, which we consider high-risk assets, along with exposure to speculative-grade bonds and bank deposits. However, in our view, Santam’s execution of its credible and board-approved risk mitigation plan help it keep capital and earnings volatility within the internally set target.

Low Asset Quality Reflecting Exposure To Domestic Market



Santam H1 2025 Analyst Presentation, Source: S&P Global Ratings.

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We view Santam's access to external funds as good, particularly because it is an active player in the domestic debt market. Including recently issued unsecured subordinate notes, we estimate Santam's average financial leverage at 23%-28% over 2024-2026 and the fixed-charge coverage to be around 9x-11x in 2024-2026.

Other Credit Considerations

Governance

Santam benefits from an experienced team with a clear strategy focused on extending the group's leadership position in South Africa. Moreover, we consider that there is adequacy oversight from the board. There is reasonable independence between the board and executive management teams, in our view. The company has set its strategy based on its operating environment and with a view to emulating its international peers. It has consistently proven its strength relative to peers, both in achieving consistently strong results and maintaining its leading market position in South Africa. We have not identified any governance deficiencies in our analysis.

Liquidity

We view Santam as having a diverse array of available liquidity sources and a highly liquid asset portfolio, which is well managed. This is balanced by the concentration of investments in South Africa that back a significant portion of its technical liabilities.

Factors specific to the holding company

Sanlam Ltd. holds the majority of Santam (around 61.9%) and we assess Santam as strategically important to it. At the same time, we consider it is insulated from the parent due to an independent board of directors and sizable minority shareholders. Furthermore, we assess Santam SI Investments Group (Santam SI) as a highly strategically important subgroup for Santam, and therefore our ratings on Santam SI are one notch below Santam's group credit profile. This is due to Santam's senior management's strong support and involvement in

operational and financial decision-making at Santam SI, since it is integrated into the wider group. This is further reinforced by the role Santam SI plays within Santam's broader group strategy, its contribution toward the diversified revenue streams, and shared branding. The ratings on Santam SI's core operating subsidiaries, Santam Structured Insurance Ltd. and Santam Structured Reinsurance Ltd. PCC, are equalized with our group credit profile on the subgroup. We regard Santam Structured Insurance Ltd. PCC as highly strategic to Santam SI. Therefore, we rate it one notch below our rating on Santam Structured Insurance Ltd. We also rate Santam SI Investments Mauritius Ltd. two notches below our rating on Santam Structured Insurance PCC to reflect dependency on dividends and other distributions from the operating company to meet its obligations.

Accounting considerations

Santam's financial statements have been prepared in accordance with, and contain information required by, International Financial Reporting Standards.

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Bulletin: Santam Ltd.'s Full-Year Results Reflect Continued Growth Momentum And Earnings Strength](#), March 4, 2025
- [Santam Ltd.](#), Dec. 19, 2024

Regulatory Disclosure

Regulatory disclosures applicable to the most recent credit rating action can be found in [Various Rating Actions Taken On South Africa-Based Insurers Following South Africa Sovereign Upgrade](#), published Nov. 18, 2025 on RatingsDirect.

Glossary

- Anchor: The starting point for rating an insurer, based on S&P Global Ratings' assessments of the business and financial risk profiles.

- Business risk profile (BRP): Assesses the risk inherent in the insurer's operations and therefore the potential sustainable return to be derived from those operations.
- Capital and earnings: Measure of an insurer's ability to absorb losses.
- Combined ratio: The ratio of the sum of loss expense, loss adjustment expense, and operating expenses divided by premiums earned. All elements are net of ceded reinsurance. We may use net premiums written (NPW) in the denominator where net premiums earned is not available or where expenses are not deferred in the accounting system the insurer uses (e.g., U.S. statutory accounting).
- Competitive position: An assessment based on an insurer's market or niche position, scale or efficiency of operations, brand name recognition or reputation, and strength of distribution.
- Date initial rating assigned: The date S&P Global Rating's assigned the long-term foreign currency issuer credit rating on the entity.
- Date of previous review: The date S&P Global Rating's last reviewed the credit rating on the entity.
- Earnings before interest (other than interest on nonrecourse or operational leverage) and taxes. We may apply analytical adjustments for items such as nonrecurring events; realized investment gains/losses; or impairments to goodwill.
- Earnings before interest (other than interest on nonrecourse or operational leverage), taxes, depreciation, and amortization. We may apply analytical adjustments for items such as nonrecurring events, realized investment gains/losses, impairments to goodwill, or other non-cash items. Where we believe depreciation and amortization is immaterial, we may use EBIT in the relevant ratios.
- ESG credit factors: Those environmental, social, and governance (ESG) factors that can materially influence the creditworthiness of a rated entity or issue and for which we have sufficient visibility and certainty to include in our credit rating analysis. These credit factors can have a negative or positive impact on creditworthiness, depending on whether they represent a risk or an opportunity.
- Financial leverage. Financial obligations/(reported equity + financial obligations). We deduct from reported equity any off-balance-sheet pension deficit, net of tax, and any financial obligations included in reported equity, such as preferred stock. We typically include noncontrolling interests as part of reported equity. We may use net assets rather than reported equity, for example in the case of mutual insurers.
- Financial obligations/EBITDA. Determines the number of years of normalized earnings required to pay back debt and is another measure of the sustainability of the level of debt taken on by an insurer.
- Financial risk profile (FRP): The consequence of decisions that management makes in the context of its business risk profile and its risk tolerances.
- Financial strength rating (FSR): A forward-looking opinion about the financial security characteristics of an insurer with respect to its ability to pay under its insurance policies and contracts, in accordance with their terms.
- Fixed-charge coverage. EBITDA/fixed charges. Fixed-charge coverage represents an insurer's ability to service interest on financial obligations out of EBITDA. Fixed charges include total interest expense including interest expense reported as investment expense, lease expense,

and preferred stock dividends (tax-adjusted), minus any interest expense on debt that we consider to be nonrecourse or operational leverage.

- High-risk assets: Volatile or illiquid assets.
- Insurance Industry And Country Risk Assessment (IICRA): Addresses the risks typically faced by insurers operating in specific industries and countries, and is generally determined at a country or regional level.
- Intangibles: The sum of goodwill, intangible assets, deferred acquisition costs (DAC), value of in-force, value of business acquired, and deferred tax assets.
- Issuer credit rating (ICR): A forward-looking opinion about an obligor's overall creditworthiness, focusing on its capacity and willingness to meet its financial obligations in full and as they come due.
- Prebonus pretax earnings are the sum of EBITDA and policyholder dividends.
- Return on assets (ROA): Indicates to us how efficiently management uses its assets to generate earnings by comparing EBIT to the two-year average of total assets adjusted. Total assets adjusted is total assets minus reinsurance assets.
- Return on revenue (ROR): EBIT divided by total revenue. Total revenue is the sum of net premiums earned (or net written premium if net earned premium is not available), net investment income, and other income. We remove the effects of realized and unrealized gains or losses from investments and derivatives to provide a more complete picture of an insurer's revenue-generating abilities.
- Risk exposure: Assesses material risks that the capital and earnings analysis does not incorporate and specific risks that it captures but that could make an insurer's capital and earnings significantly more or less volatile.
- Return on equity (ROE): Reported net income divided by the average of opening and closing reported equity for the year. Reported net income is before remuneration of preferred stock and non-controlling interests. Reported equity includes non-controlling interests and preferred stock.
- Stand-alone credit profile (SACP): S&P Global Ratings' opinion of an insurer's creditworthiness, in the absence of extraordinary intervention from its parent, affiliate, or related government.
- Total adjusted capital (TAC): S&P Global Ratings' measure of the capital an insurer has available to meet capital requirements.
- Total assets are the average of opening and closing total assets (less reinsurance assets) for the year.

Ratings Detail (as of December 08, 2025)*

Operating Companies Covered By This Report

Santam Ltd.

Issuer Credit Rating

South Africa National Scale	zaAAA/--/--
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Subordinated

South Africa National Scale	zaAA-
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Santam SI Investments Mauritius Ltd.

Issuer Credit Rating

Ratings Detail (as of December 08, 2025)*

<i>Local Currency</i>	B/Positive/--
Santam Structured Insurance Ltd.	
Financial Strength Rating	
<i>Local Currency</i>	BB/Positive/--
<i>South Africa National Scale</i>	zaAAA/--/--
Issuer Credit Rating	
<i>Local Currency</i>	BB/Positive/--
Santam Structured Insurance Ltd. PCC	
Financial Strength Rating	
<i>Local Currency</i>	BB-/Positive/--
Santam Structured Reinsurance Ltd. PCC	
Financial Strength Rating	
<i>Local Currency</i>	BB/Positive/--
Issuer Credit Rating	
<i>Local Currency</i>	BB/Positive/--
Domicile	South Africa

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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