



2022 Analyst Presentation

**FOR THE YEAR ENDED
31 DECEMBER 2022**

**PRESENTED BY:
TAVA MADZINGA AND HENNIE NEL**



CONTENT

- The Santam business portfolio
- Market context
- Financial results
- Capital management
- Group strategy and priorities
- Environmental, social and governance (ESG) matters

THE SANTAM BUSINESS PORTFOLIO



Conventional Insurance



- Santam Commercial and Personal
- Santam Specialist
- Santam Re
- MiWay

Alternative Risk Transfer (ART)



- Centriq Insurance
- Santam Structured Insurance (SSI)

Sanlam Emerging Markets (SEM) partner businesses



Santam's investments through SEM in India and Malaysia

A hand holding a globe with a network overlay against a sunset background. The globe is rendered in a light blue and white color scheme, with a network of white lines and dots connecting various points across its surface. The hand is silhouetted against a bright, glowing sunset sky with orange and yellow hues. The overall composition suggests global connectivity and financial stability.

MARKET CONTEXT

INSURANCE MARKET ENVIRONMENT - GLOBAL



FACTORS

Macro-economic

- Rising inflation
- Rising interest rates/ yields
- Market volatility

Geopolitical

- Russia/ Ukraine
- China

Regulatory

- IFRS 17
- ESG

Climate

- Hurricane Ian, Drought in US, Europe & China
- Floods in India, Pakistan & Brazil
- Earthquakes in Japan & Indonesia

INDUSTRY IMPACT

- Claims inflation
- Investment losses
- Improved float return prospects

- Global economic uncertainty
- Supply chain disruption
- Economic growth

- Increased disclosures
- Operational costs
- Hydrocarbon/ coal insurance

- Rate hardening
- Reinsurance capacity
- Earnings volatility

INSURANCE MARKET ENVIRONMENT - SA

FACTORS

Macro-economic

- Rising inflation
- Rising interest rates/ yields
- Market volatility
- Exchange rates

Infrastructure

- Load shedding
- Road infrastructure
- Municipalities

Regulatory

- FATF
- Energy
- POPIA

Climate

- KZN floods
- Rainfall

INDUSTRY IMPACT

- Consumer pressure
- Claims inflation
- Competitive pressure
- Weak investment return / improved float return prospects

- Power surge claims
- Fire claims
- Economic growth impact

- Increased disclosures
- KYC scrutiny

- Rate hardening
- Reinsurance capacity
- Earnings volatility



OPERATING ENVIRONMENT IMPACTING RESULTS

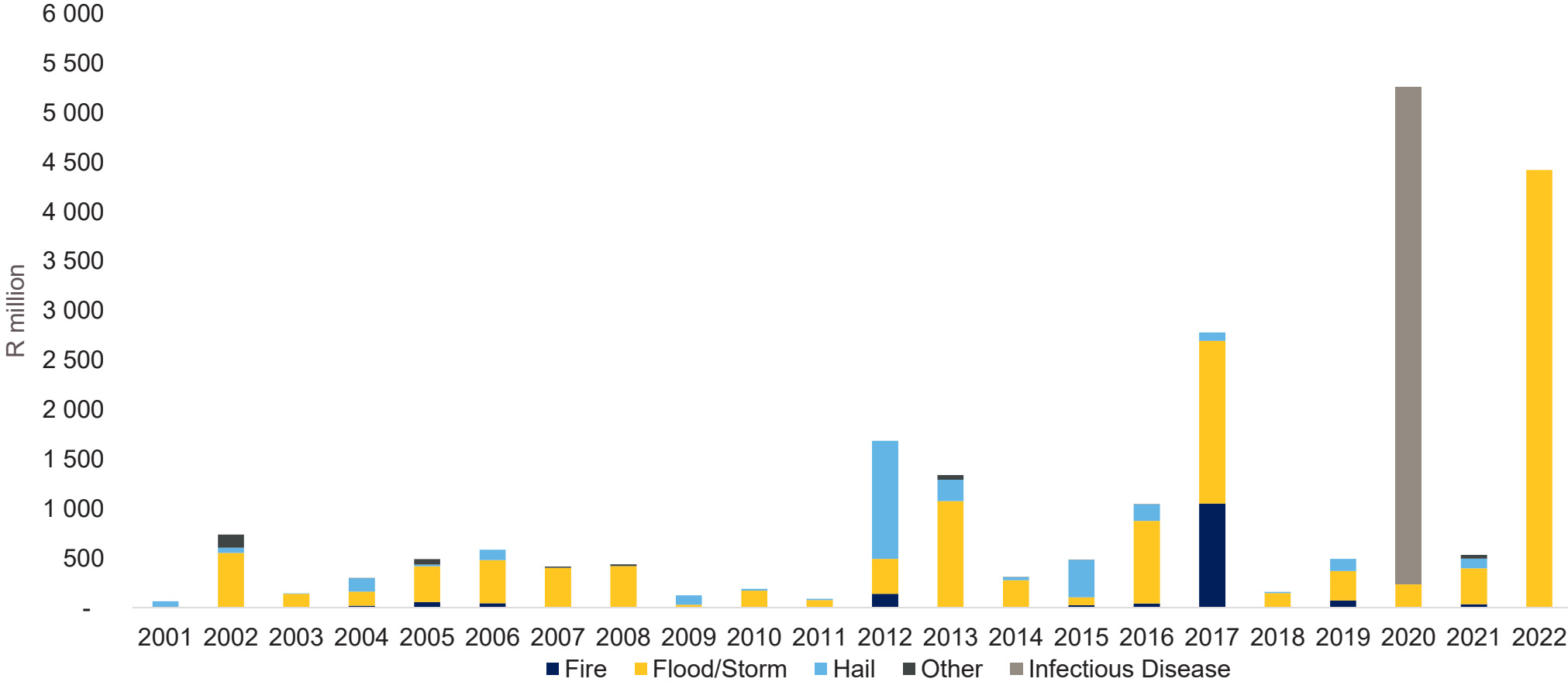
REPORTED RESULTS AFFECTED BY:

- **Weather** – KZN Floods best estimate of gross claims is R4.4 billion and net loss of R567 million (inclusive of reinstatement premiums of R381 million)
- **Inflation** – premium increases lagged average cost per claim
- **Market volatility** – volatile equity and bond markets contributed to negative market value movements – improved in Q4
- **Loadshedding** – increase in power surge claims
- **Large fires** – increase in large commercial fire claims
- **Motor theft** – increase in motor claims

CATASTROPHE CLAIMS: SANTAM

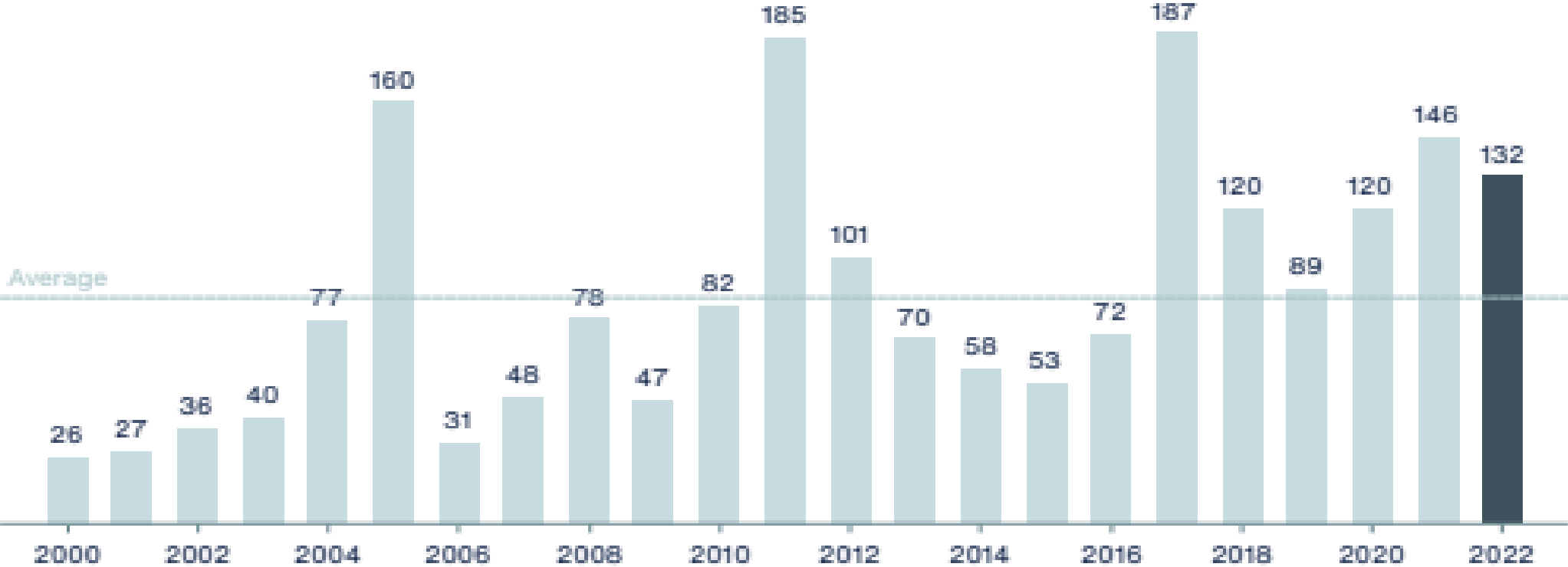
GROSS TOTAL CATASTROPHE CLAIMS: ALL PERILS

All years expressed in equivalent values as at 31 December 2022



CATASTROPHE CLAIMS: GLOBAL

GLOBAL INSURED LOSSES: ALL PERILS (\$ BN)



Source: Catastrophe Insight, Aon

OPERATING ENVIRONMENT: UNDERWRITING RESPONSE

- **Weather** – reinsurance programme responded, geocoding
- **Inflation** – segmented premium increase, excess management, limited churn, supplier management
- **Market volatility** – mandate adjustments, equity hedge expired (loss of R90 million)
- **Loadshedding** – premium increases, policy screening, excess management, surge protection devices
- **Large fire losses** – surveying, follow up on risk mitigation requirements
- **Motor theft** – SUV tracker fitting, collaboration with manufacturers
- **CBI reserve release** – H1: R397 million, H2: R317 million = Total: R714 million
- **Good progress** with underwriting actions – evident in H2 result

SANTAM DECEMBER 2022

KEY FACTS

- Conventional insurance gross written premium growth of **8%** (2021: **5%**)
- Underwriting margin for conventional insurance business of **5.1%** (2021: **8.0%**)
- Alternative Risk Transfer operating result of **R306 million** (2021: **R276 million**)
- Headline earnings per share decreased to **1 826 cps** (2021: **2 495 cps**)
- Return on capital of **18.8%** (2021: **28.5%**)
- Group economic capital coverage ratio of **156%** (2021: **169%**)
- Final dividend of **845 cps** (2021: **790 cps**), up **7%**



FINANCIAL RESULTS

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

EXCHANGE RATE VOLATILITY

CLOSING RATES

Currency	Dec 2022	Jun 2022	Dec 2021	% change Dec 2021 – Jun 2022	% change Dec 2021 – Dec 2022
United States Dollar	17.02	16.38	15.96	2.6	6.6
Moroccan Dirham	1.60	1.61	1.72	(6.4)	(7.0)
Indian Rupee	0.21	0.21	0.21	(3.5)	(4.2)

AVERAGE RATES

Currency	Dec 2022	Jun 2022	Dec 2021
United States Dollar	16.31	15.40	14.76
Moroccan Dirham	1.60	1.59	1.64
Indian Rupee	0.21	0.20	0.20



CONVENTIONAL INSURANCE

CONVENTIONAL INSURANCE

NET INSURANCE RESULT

	2022 R'm	% of NEP	2021 R'm	% of NEP	2022/ 2021	5 Yr ave %	10 Yr ave %
Gross written premium	35 418		32 745		8%	6.5	7.6
Net earned premium	27 221	100.0	25 858	100.0	5%	5.4	6.0
Net claims incurred	17 588	64.6	16 023	62.0	10%	63.5	64.1
Net acquisition cost	8 244	30.3	7 771	30.0	6%	30.0	29.2
Net underwriting result	1 389	5.1	2 064	8.0	(33%)	6.5	6.7
Investment return on insurance funds	341	1.3	400	1.5	(15%)	1.9	2.3
Net insurance result	1 730	6.4	2 464	9.5	(30%)	8.4	9.0
Combined ratio		94.9		92.0		93.5	93.3

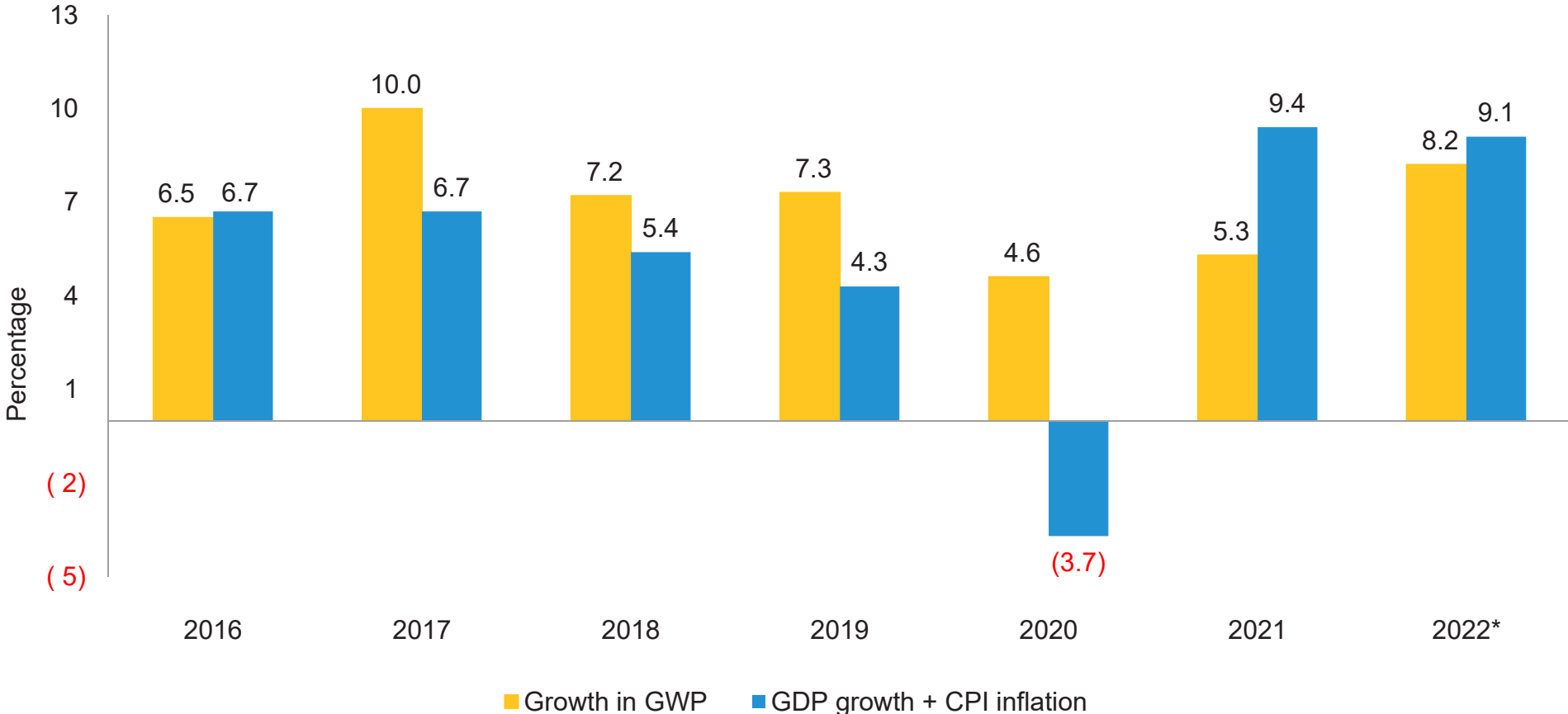
CONVENTIONAL INSURANCE

NET INSURANCE RESULT (H1 vs H2)

	H1 2022 R'm	% of NEP	H2 2022 R'm	% of NEP	Total 2022 R'm	% of NEP
Gross written premium	16 543		18 875		35 418	
Net earned premium	13 018	100.0	14 203	100.0	27 221	100.0
Net claims incurred	8 817	67.7	8 771	61.8	17 588	64.6
Net acquisition cost	3 903	30.0	4 341	30.5	8 244	30.3
Net underwriting result	298	2.3	1 091	7.7	1 389	5.1
Investment return on insurance funds	30	0.2	311	2.2	341	1.3
Net insurance result	328	2.5	1 402	9.9	1 730	6.4
Combined ratio		97.7		92.3		94.9

CONVENTIONAL INSURANCE

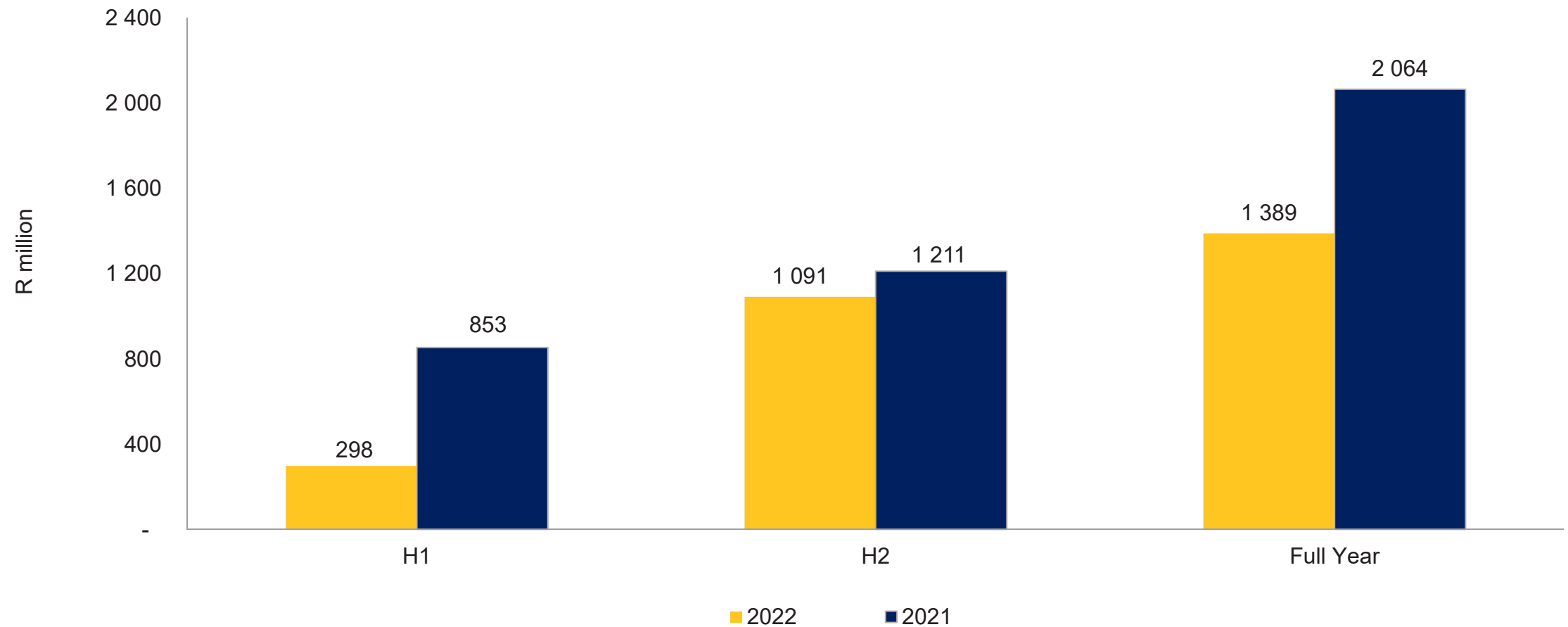
GROSS WRITTEN PREMIUM VS CPI + GDP GROWTH



*Expected 2022 GDP of 2.2% CPI of 6.9%

CONVENTIONAL INSURANCE

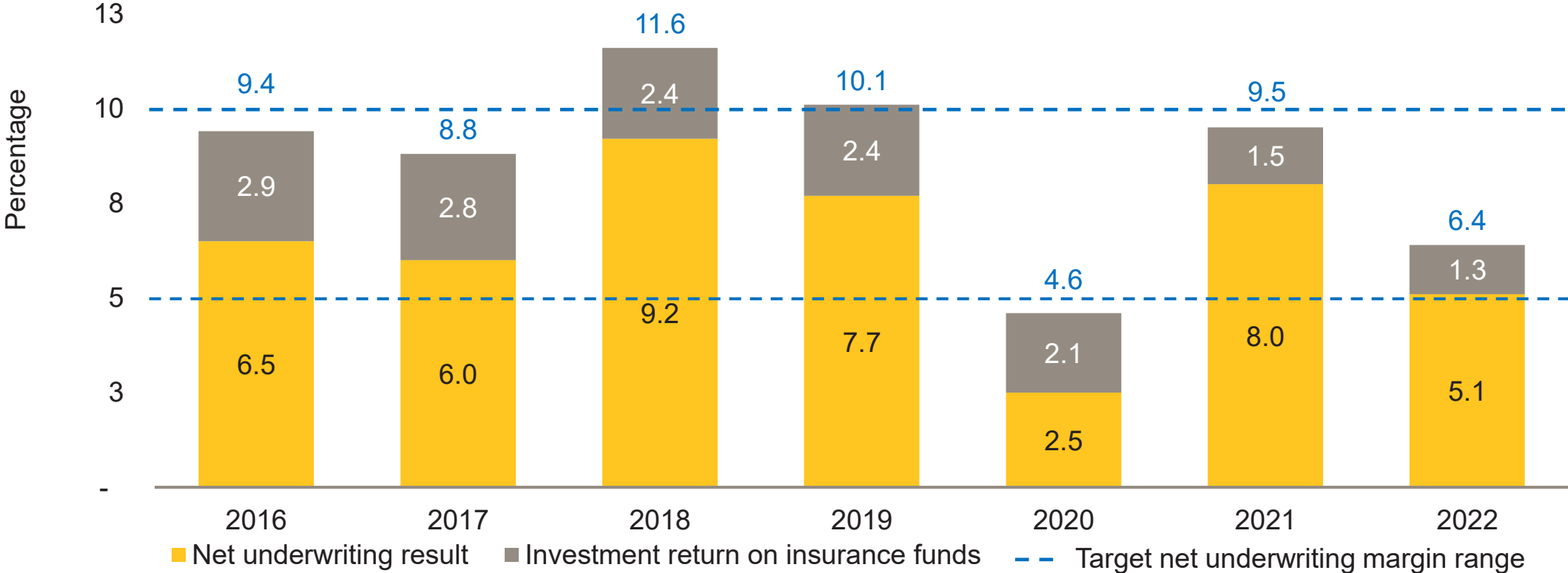
NET UNDERWRITING RESULT (H1 VS H2)



CONVENTIONAL INSURANCE

NET INSURANCE RESULT

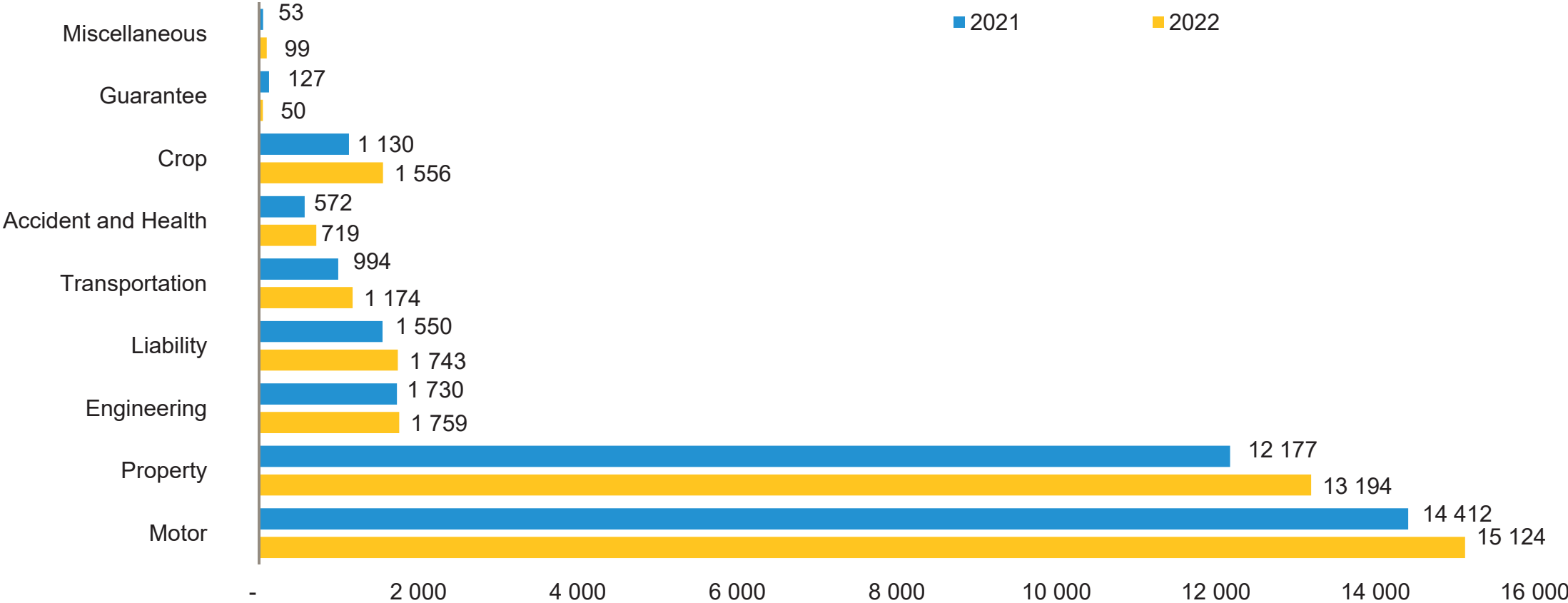
As % of net earned premium



CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM

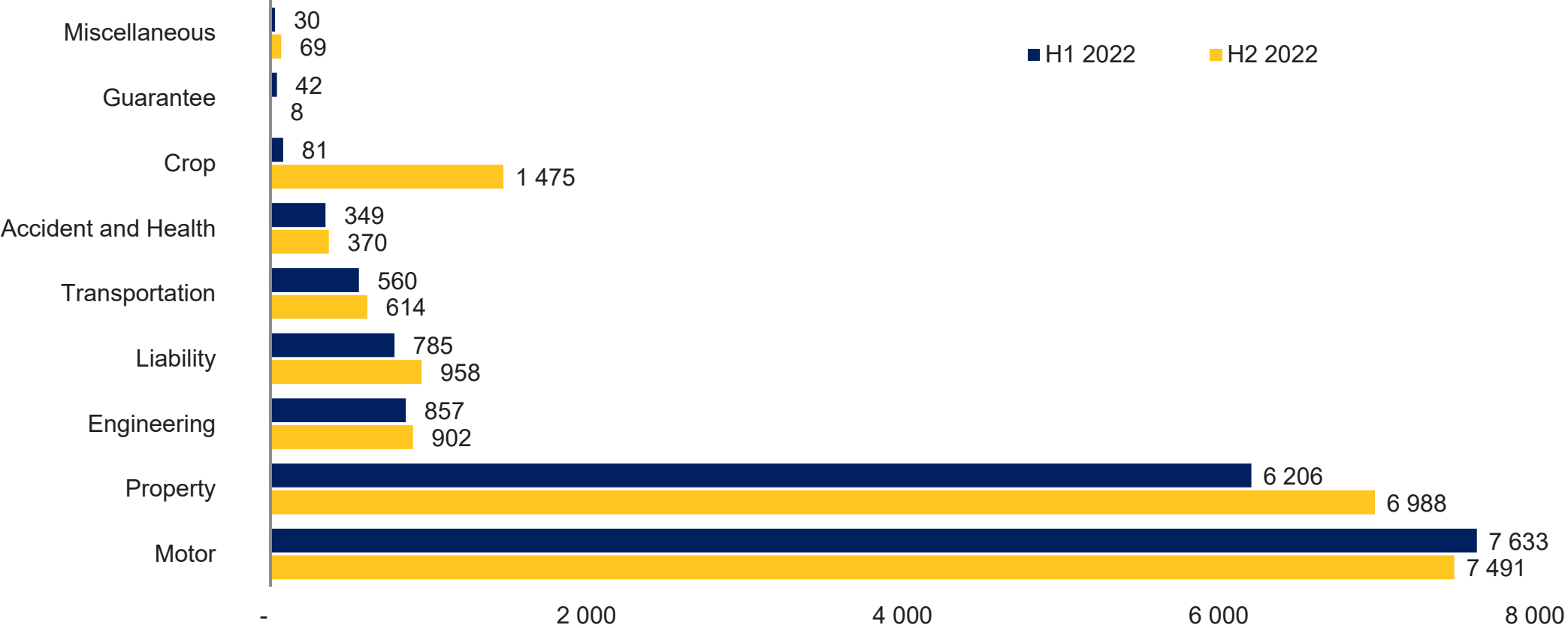
Per insurance class (R million)



CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM (H1 VS H2)

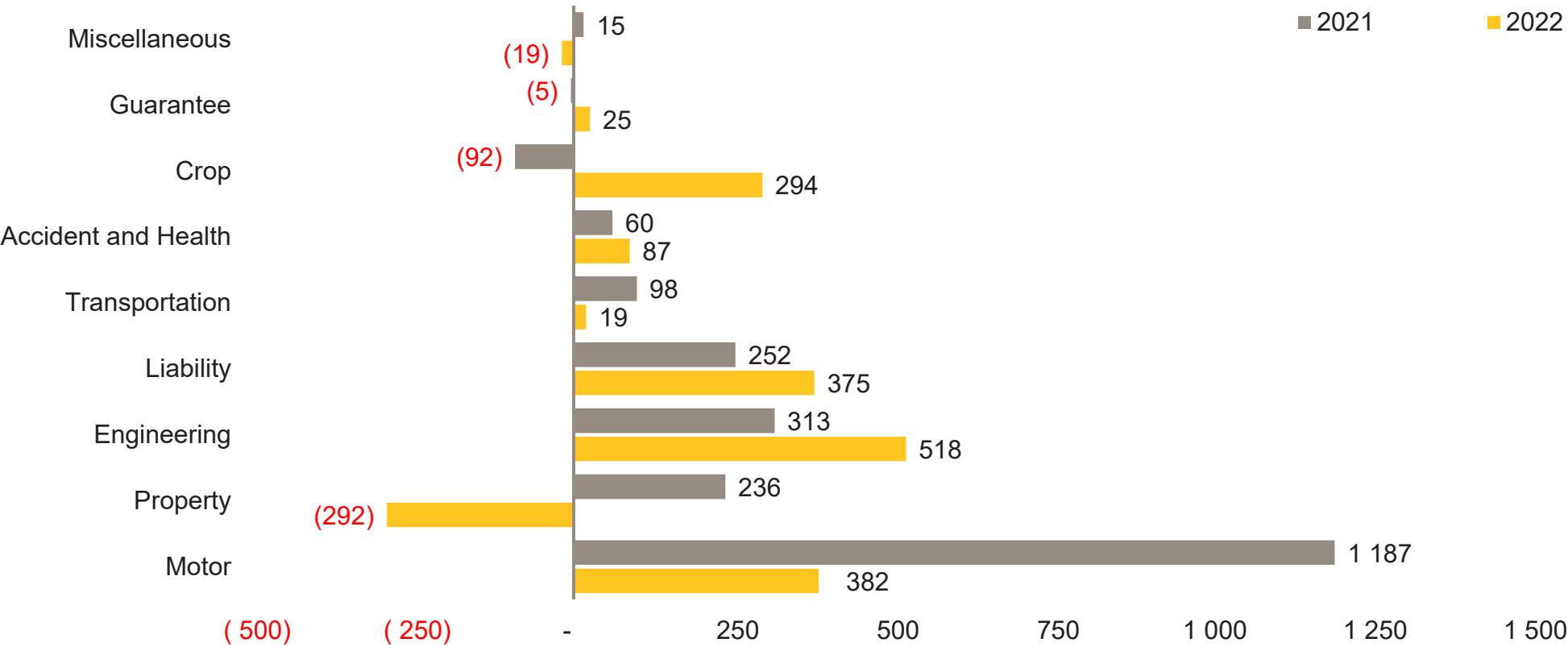
Per insurance class (R million)



CONVENTIONAL INSURANCE

NET UNDERWRITING SURPLUS

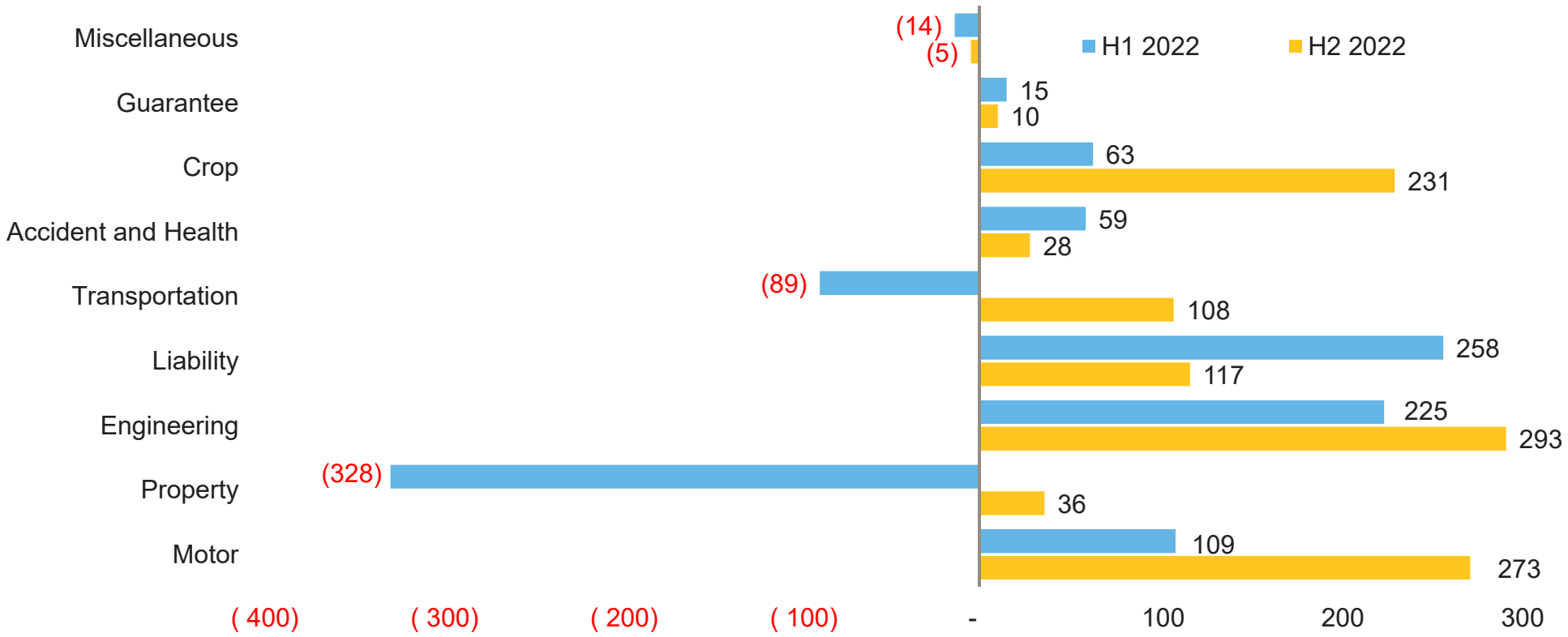
Per insurance class (R million)



CONVENTIONAL INSURANCE

NET UNDERWRITING SURPLUS (H1 VS H2)

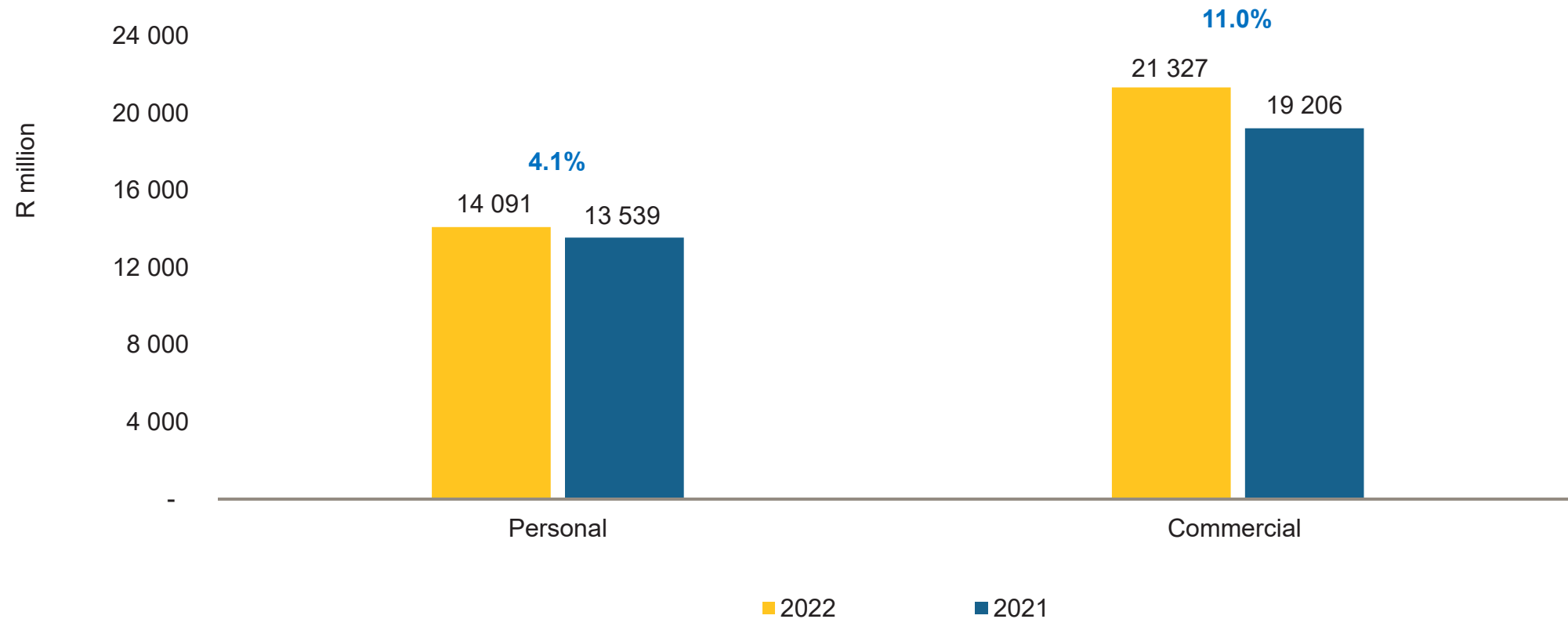
Per insurance class (R million)



CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM

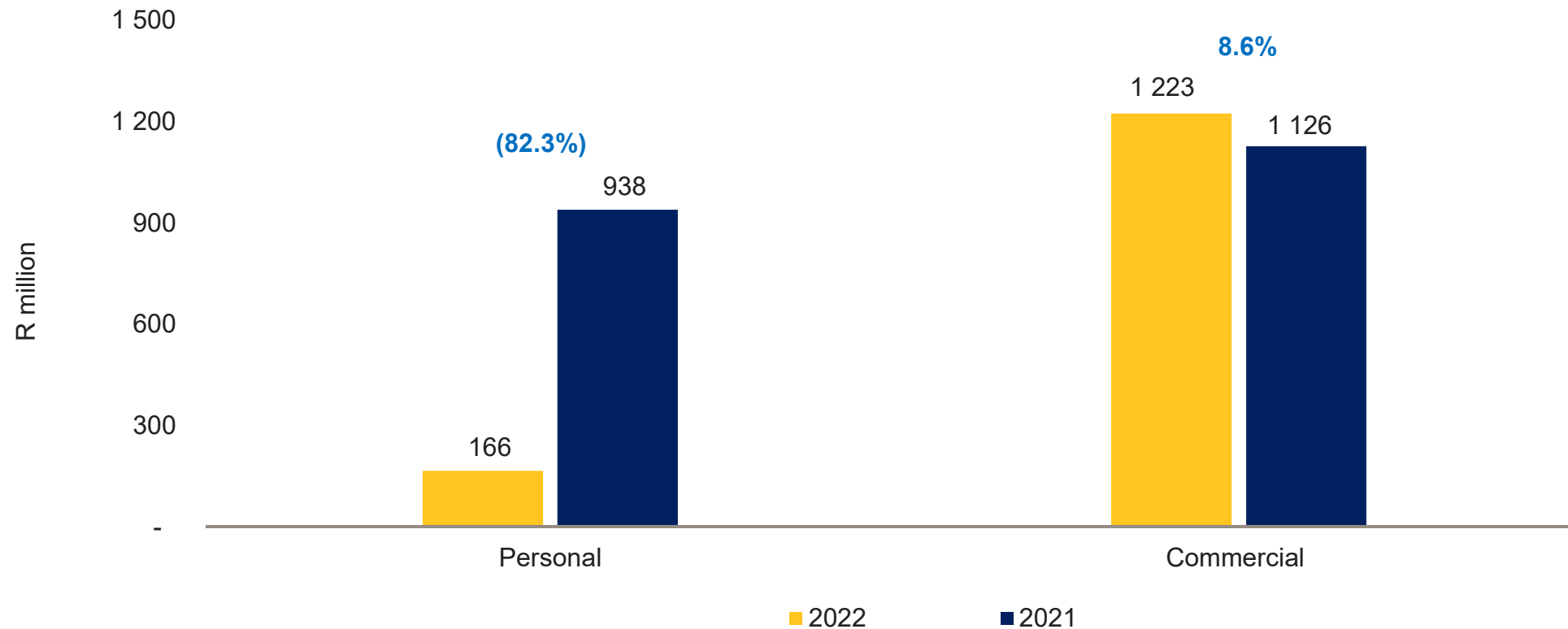
Segmental Analysis – Personal and Commercial



CONVENTIONAL INSURANCE

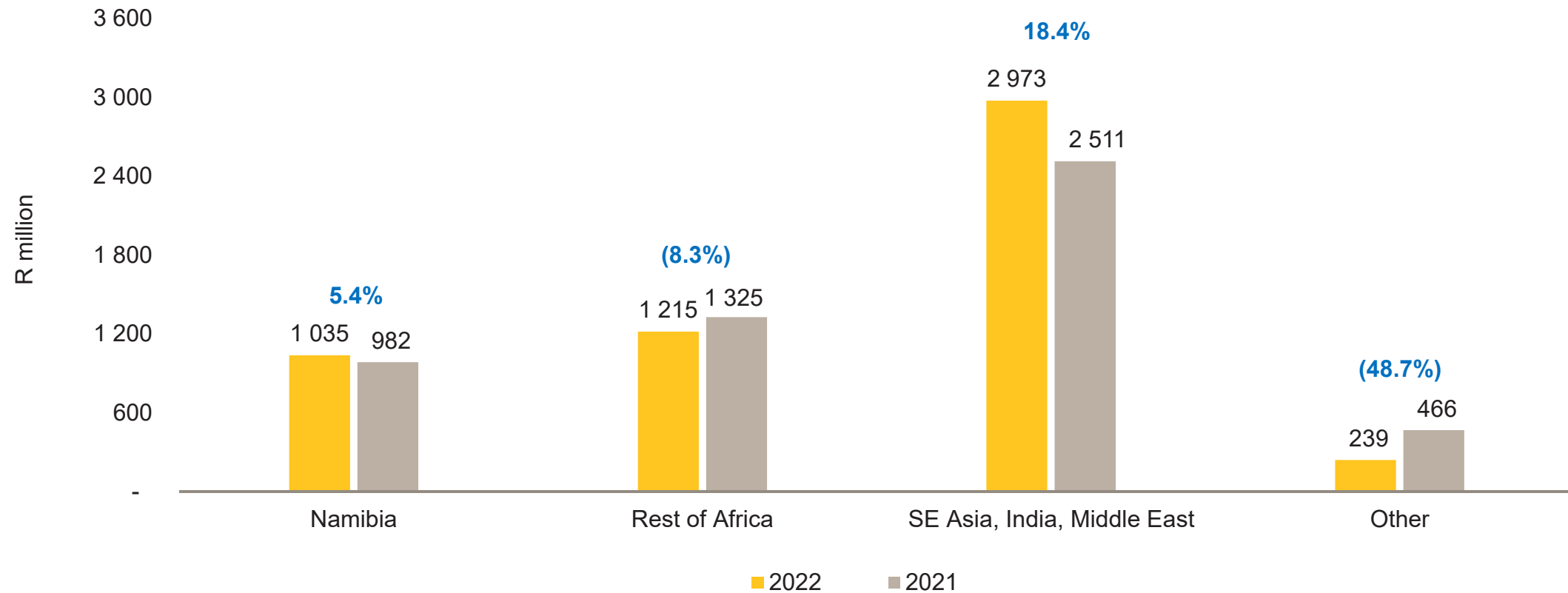
NET UNDERWRITING RESULT

Segmental Analysis – Personal and Commercial



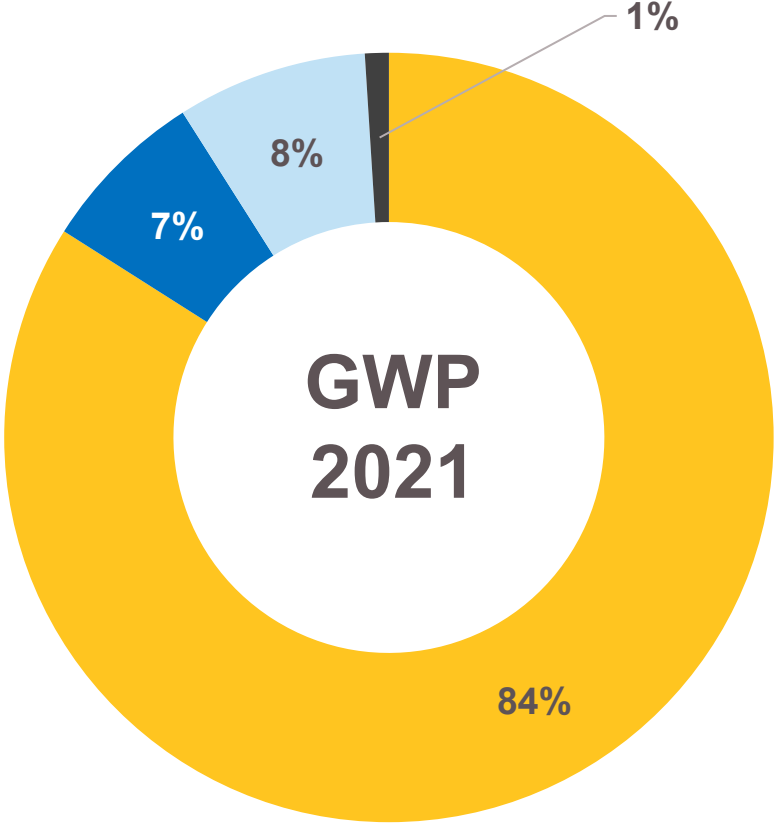
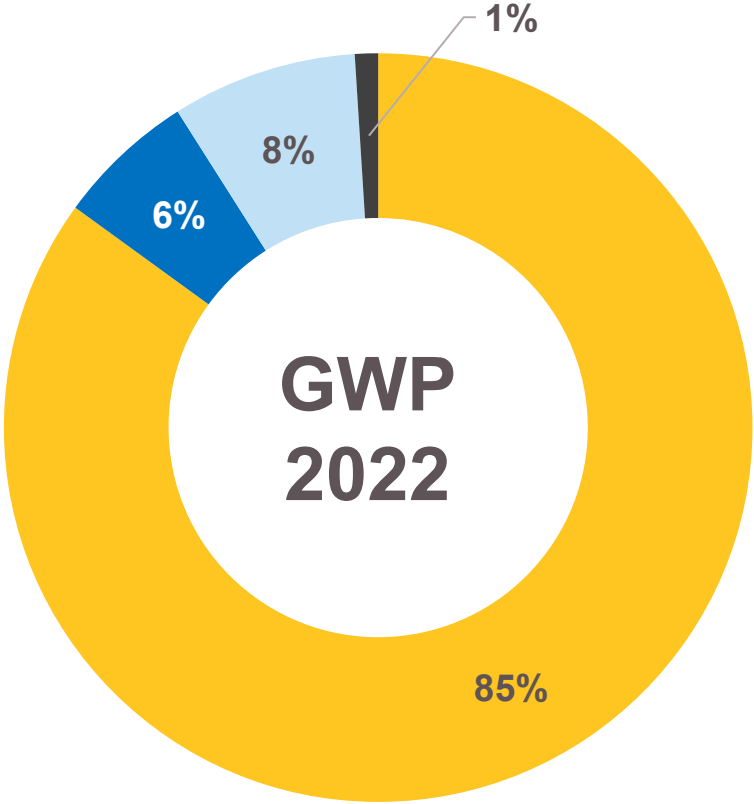
CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM FROM OUTSIDE SA



GEOGRAPHIC DIVERSIFICATION

CONVENTIONAL INSURANCE

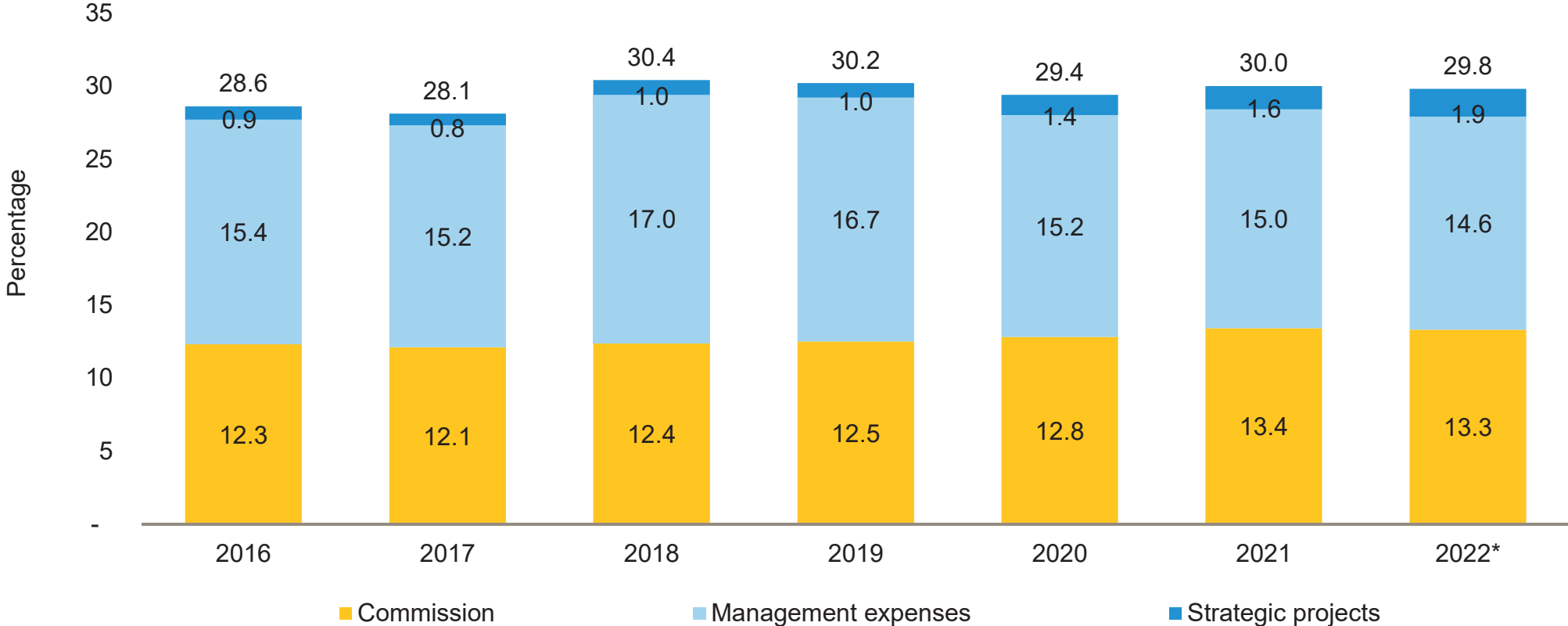


■ South Africa ■ Rest of Africa ■ Southeast Asia, India, Middle East ■ Other

CONVENTIONAL INSURANCE

NET ACQUISITION COST RATIO

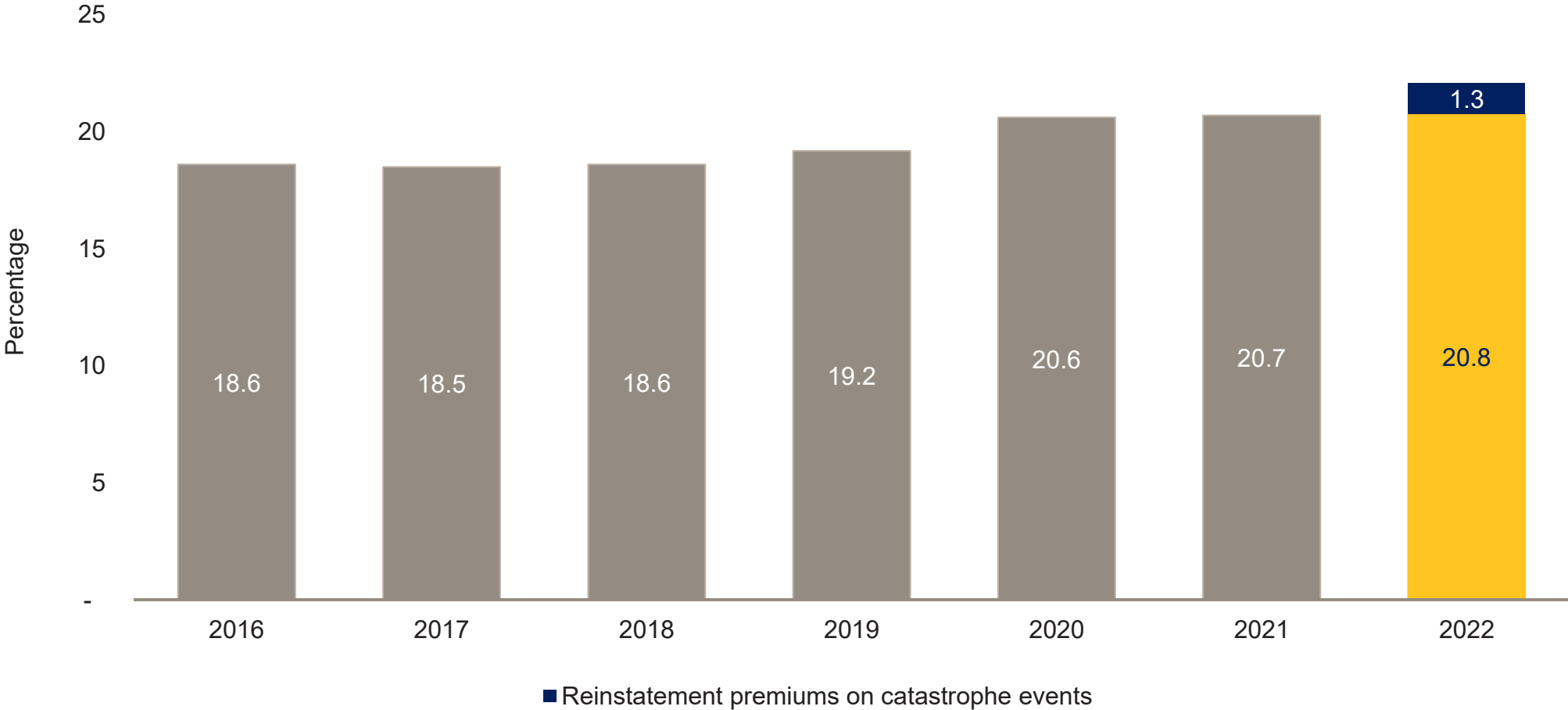
As % of net earned premium



*2022 ratios calculated excluding KZN and CBI reinstatement premiums

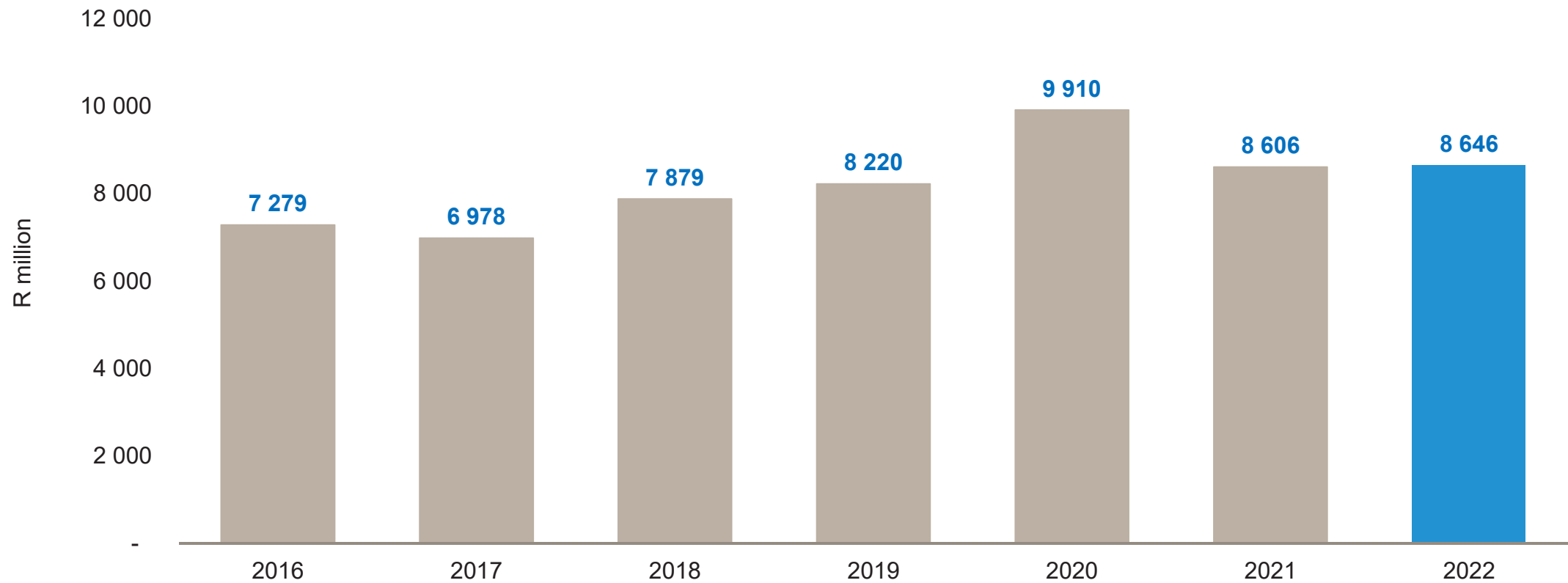
CONVENTIONAL INSURANCE

REINSURANCE AS % OF GROSS EARNED PREMIUM



CONVENTIONAL INSURANCE

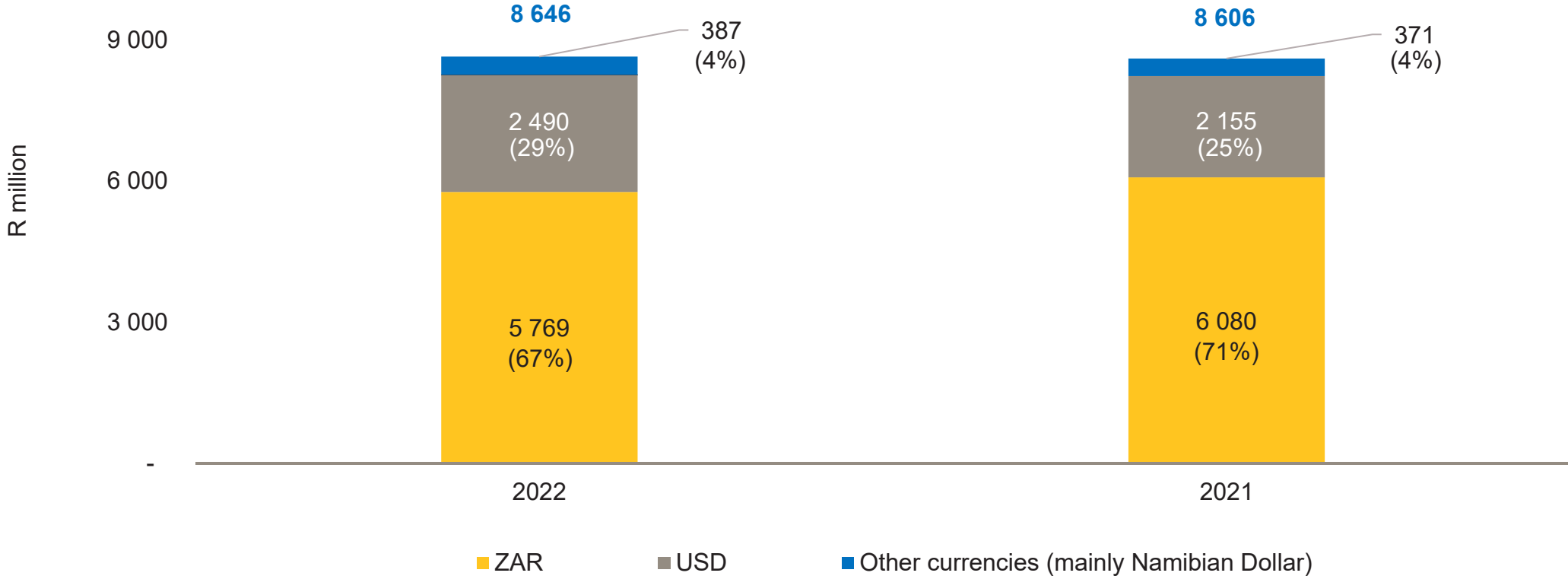
SIZE OF NET INSURANCE FUNDS



CONVENTIONAL INSURANCE

ASSETS BACKING NET INSURANCE FUNDS

Currency mix



CONVENTIONAL INSURANCE

MIWAY

	2022	2021	Change	H1 2022	H2 2022
Gross written premium (R million)	3 283	3 203	2.5%	1 626	1 657
Gross underwriting result, net of CAT recoveries (R million)	284	285	(0.4%)	122	162
Gross claims ratio, net of CAT recoveries	58.6%	60.9%		61.3%	56.0%
Gross acquisition cost ratio	32.1%	30.2%		30.2%	34.2%
Gross underwriting margin	8.7%	8.9%		7.5%	9.8%
Number of clients ¹	340 000	347 000	(2.0%)		

¹ Excluding value-added products

A close-up photograph of a person's hand in a dark suit jacket, balancing a stack of light-colored wooden blocks. To the right, a tall stack of gold coins is visible. The background is blurred, showing a white shelf with books. The text 'ALTERNATIVE RISK TRANSFER' is overlaid in yellow on the left side of the image.

ALTERNATIVE RISK TRANSFER

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

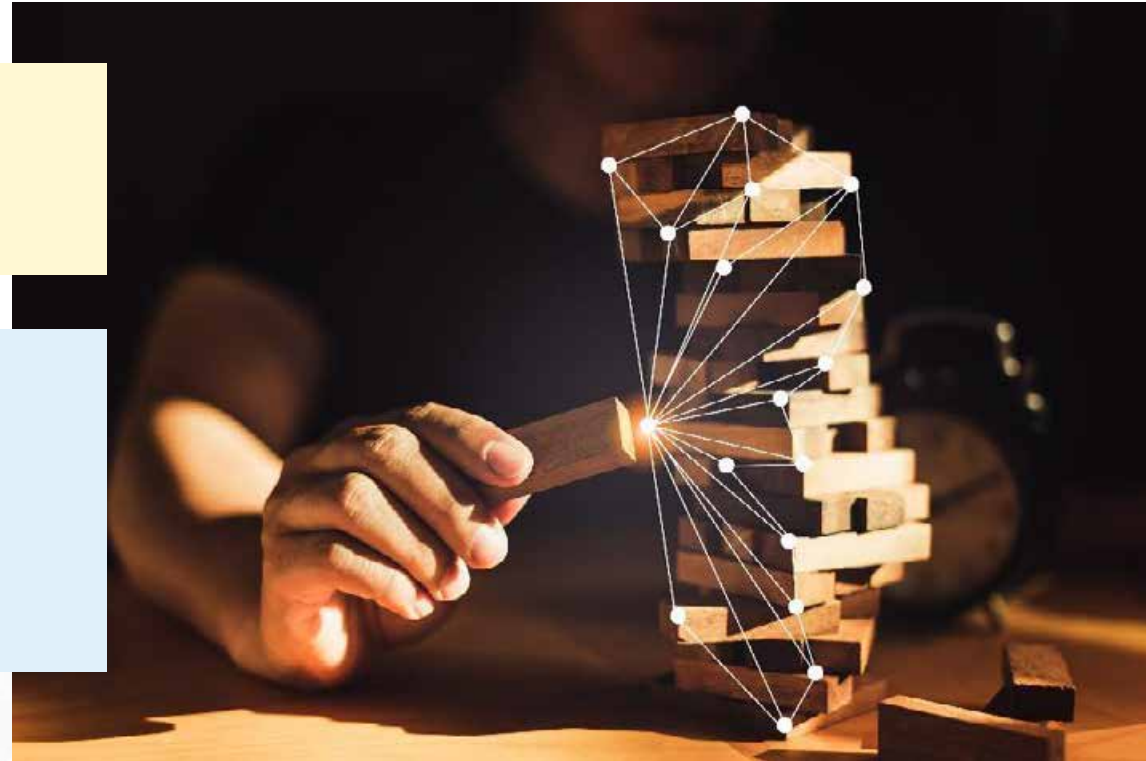
ALTERNATIVE RISK TRANSFER INSURANCE (ART)

- **Includes the results from:**

- Centriq Insurance
- Santam Structured Insurance

- **Types of business:**

- Risk finance
- Underwriting managers
- Affinity business
- Structured insurance



ALTERNATIVE RISK TRANSFER INSURANCE

CENTRIO

	2022 R'm	2021 R'm	2022/2021
Gross written premium	12 269	7 950	54%
Income from clients	361	320	13%
Participation in underwriting results	56	57	(2%)
Administration expenses	(162)	(151)	7%
Operating result after non-controlling interest	255	226	13%

ALTERNATIVE RISK TRANSFER INSURANCE

SANTAM STRUCTURED INSURANCE

	2022 R'm	2021 R'm	2022/2021
Gross written premium	1 970	1 483	33%
Income from clients	157	150	5%
Participation in underwriting results	16	13	23%
Administration expenses	(122)	(113)	8%
Operating result after non-controlling interest	51	50	2%

ALTERNATIVE RISK TRANSFER INSURANCE

COMBINED RESULTS NET OF NON-CONTROLLING INTEREST

	2022 R'm	2021 R'm	2022/2021	5 Yr Ave %	10 Yr Ave %
Gross written premium	14 209	9 835	44%	30%	22%
Income from clients	518	470	10%		
Participation in underwriting results	72	70	3%		
Administration expenses	(284)	(264)	8%		
Operating result after non-controlling interest	306	276	11%		



SEM PARTNER BUSINESSES

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

BUSINESS DEVELOPMENTS

H2 2022

- 14 December 2022: **SEM redeemed the African target shares** with aggregate redemption distributions to the amount of **R126 million paid to Santam**
- Sale of **Santam's 10% interest in SAN JV to Allianz** for Euro 120.5 million announced on 4 May 2022. Regulatory approval process is ongoing and the transaction is expected to be completed mid-2023
- 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.

SEM PARTNER BUSINESSES

SANTAM EFFECTIVE HOLDING

	Domicile	Dec 2022	Dec 2021
Pacific and Orient Insurance Company Berhad	Malaysia	15.4	15.4
Shriram General Insurance Company Ltd	India	14.1	15.0
NICO Holdings general insurance subsidiaries	Malawi and Zambia	-	5.6
Sanlam General Insurance (Uganda) Ltd	Uganda	-	9.5
Sanlam General Insurance (Tanzania) Ltd	Tanzania	-	5.0
SORAS Assurances Générales Ltd	Rwanda	-	9.0
SOCAR s.a. Burundi	Burundi	-	3.1
FBN General Insurance Ltd	Nigeria	-	10.0
Sanlam General Insurance Ltd	Kenya	-	3.9
Botswana Insurance Company Ltd	Botswana	-	2.9
Zimnat Lion Insurance Company Ltd	Zimbabwe	-	4.0
Grand Reinsurance Company (Private) Ltd	Zimbabwe	-	4.0

SEM GENERAL INSURANCE PARTICIPATION INVESTMENTS

ANALYSIS OF SANTAM'S SHARE OF NET INSURANCE RESULT BEFORE TAXATION AND NON-CONTROLLING INTEREST OF SGI AND P&O

	2022 R'm	% of NEP	2021 ² R'm	% of NEP	2022/2021
Gross written premium	746		729		2%
Net earned premium	603	100.0	664	100.0	(9%)
Net claims incurred	419	69.5	505	76.1	17%
Net acquisition cost ¹	242	40.1	191	28.8	(27%)
Net underwriting result	(58)	(9.6)	(32)	(4.9)	(81%)
Investment return on insurance funds	189	31.3	199	30.0	(5%)
Net insurance result	131	21.7	167	25.1	(22%)

¹ Santam's share of the costs to manage the SEM portfolio of R8.8 million (2021: R8.4 million) has been included in net acquisition cost.

² Prior year amounts restated to reflect Santam's share after the impact of SGI dilution.

SAN JV

RECONCILIATION OF SAN JV CARRYING VALUE AS AT 31 DECEMBER 2022

	R'm
Carrying value at 1 January 2022	1 848
Equity-accounted loss	(14)
Statement of changes in equity	(66)
Foreign currency translation differences	(58)
Other movements in retained earnings	(8)
Carrying value at 31 December 2022¹	1 768
Fair value at 1 January 2022	2 263
Expected sale proceeds at 31 December 2022²	2 265

¹ No change since 30 June 2022

² EUR 125 million proceeds protected through a 12-month zero-cost collar, providing 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

A hand holding a pen is positioned over a document. The image is overlaid with a complex financial visualization. This includes a series of vertical blue bars of varying heights, a yellow dashed line graph showing an upward trend, and a network of glowing blue lines connecting various points. The background is dark with bokeh light effects.

SANTAM GROUP

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

SANTAM GROUP

NET OPERATING INCOME

R million	2022	Restated 2021	2022/2021
Conventional insurance	1 729	2 465	(30%)
Alternative risk transfer insurance (before NCI)	355	306	16%
SEM partner businesses	136	156	(13%)
Net operating income – segmental	2 220	2 927	(25%)
SEM partner businesses	(136)	(156)	
Net operating income - IFRS	2 084	2 771	(25%)

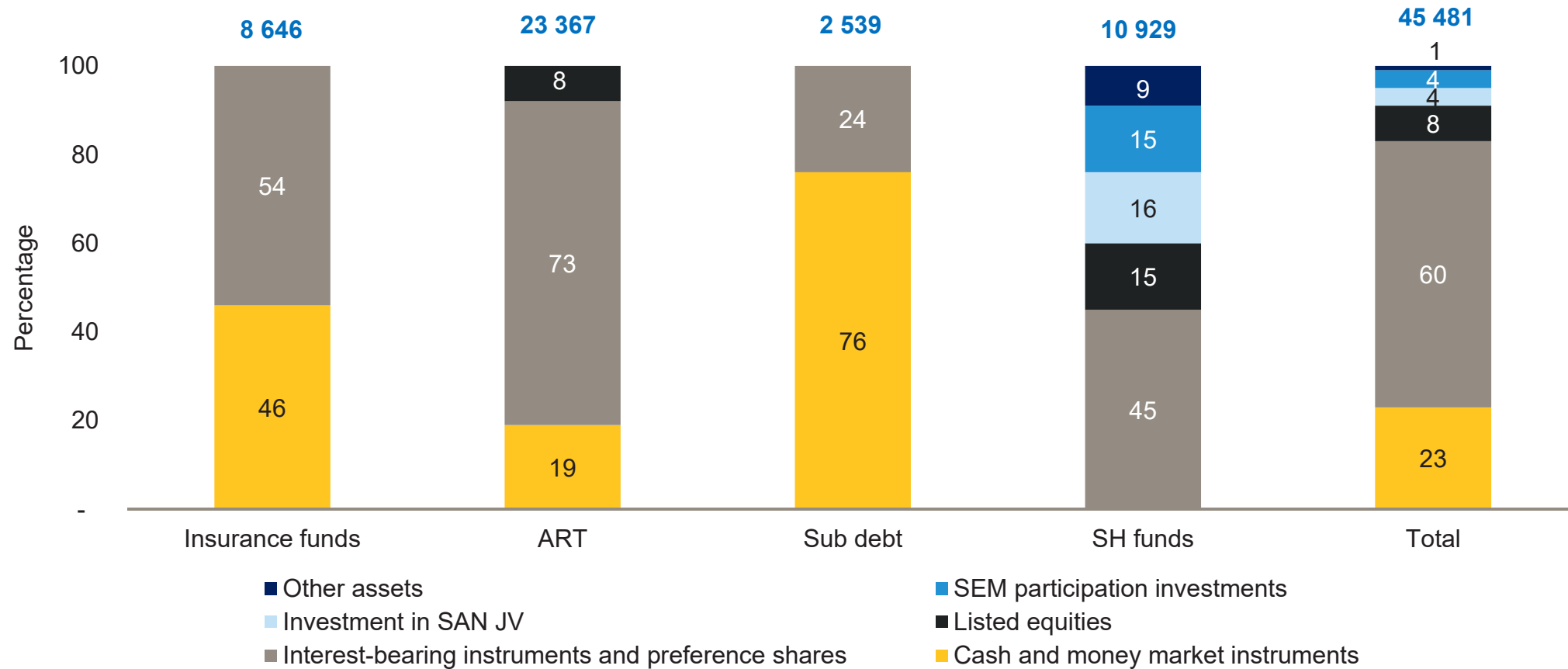
SANTAM GROUP

RECONCILIATION TO HEADLINE EARNINGS

	2022	2021	2022/2021
Net profit attributable to ordinary shareholders (R million)	1 990	2 745	(28%)
Per share (cents)	1 816	2 491	
Loss on sale of associates	-	4	
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)	-	
Headline earnings (R million)	2 002	2 749	(27%)
Per share (cents)	1 826	2 495	

ASSET LIABILITY MATCHING

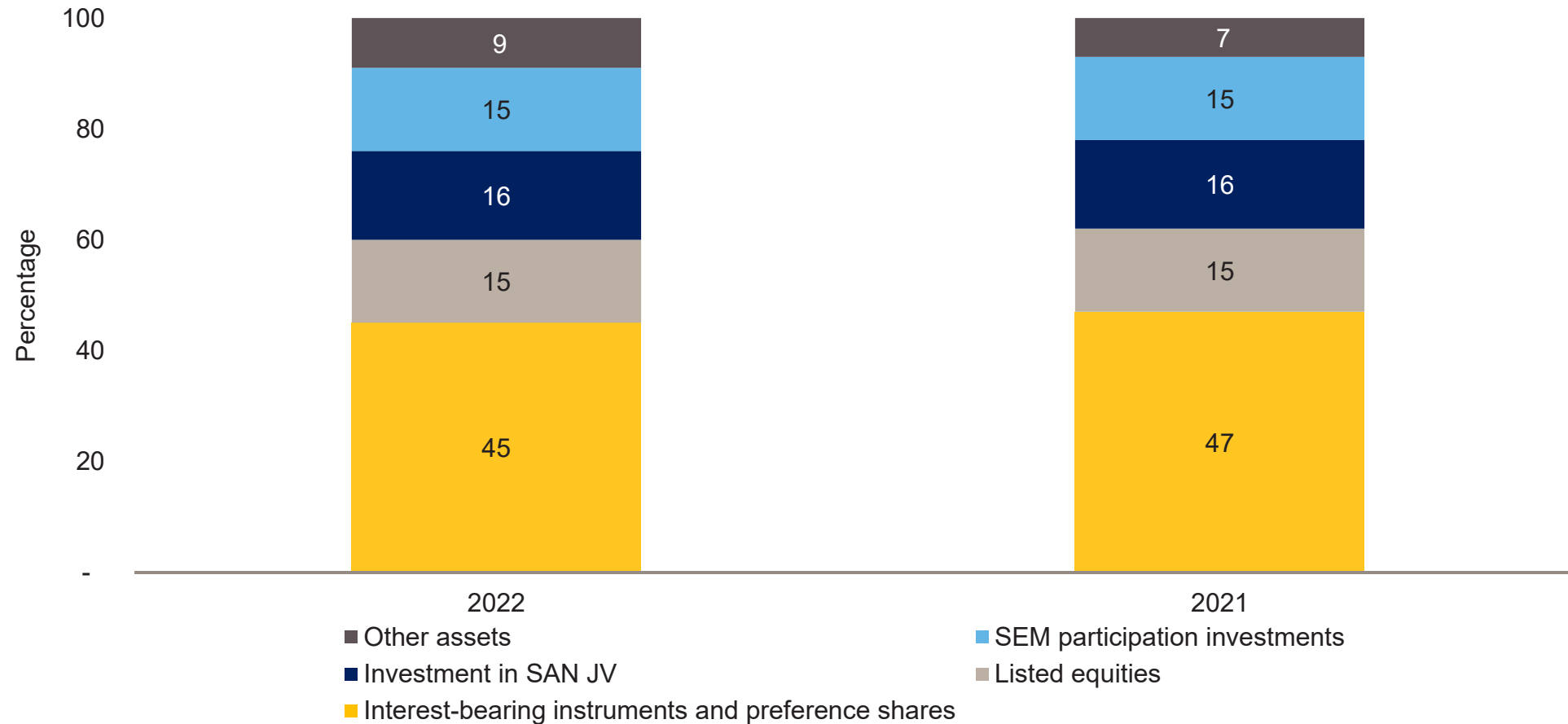
GROUP CONSOLIDATED ASSETS AT 31 DECEMBER 2022



The amounts presented above each bar graph is in R millions

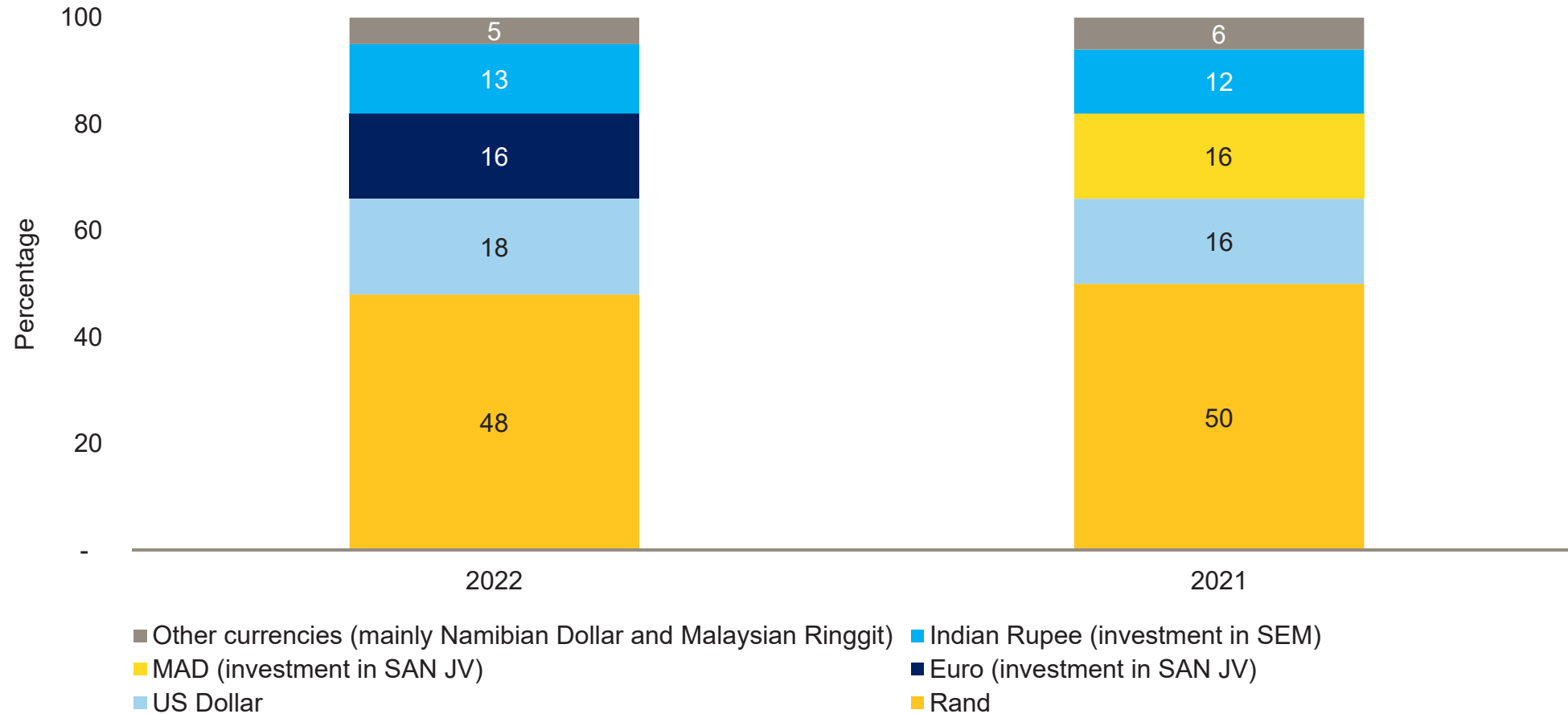
SHAREHOLDER FUNDS

ASSET MIX



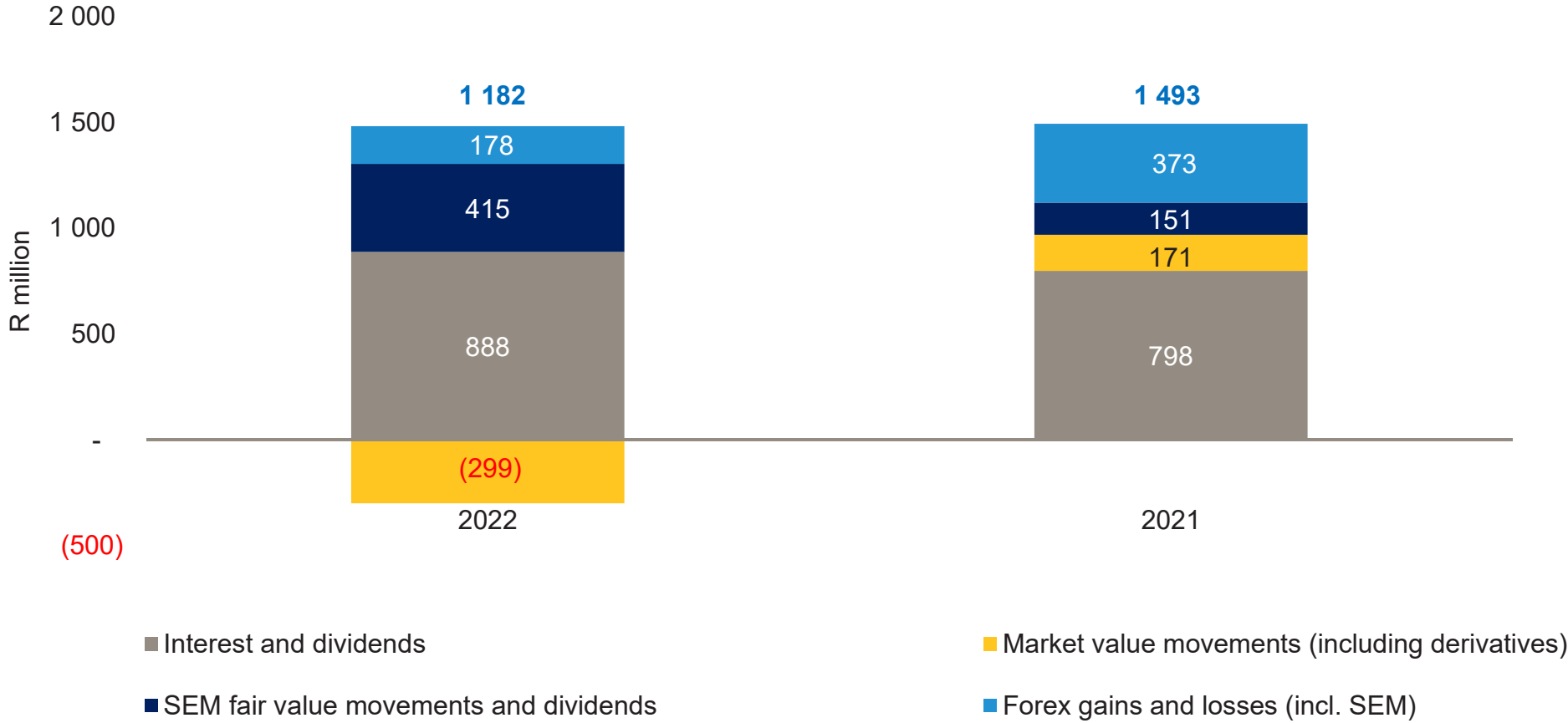
SHAREHOLDER FUNDS

CURRENCY MIX



INVESTMENT RETURN

ON SHAREHOLDERS FUNDS



INVESTMENT RETURN

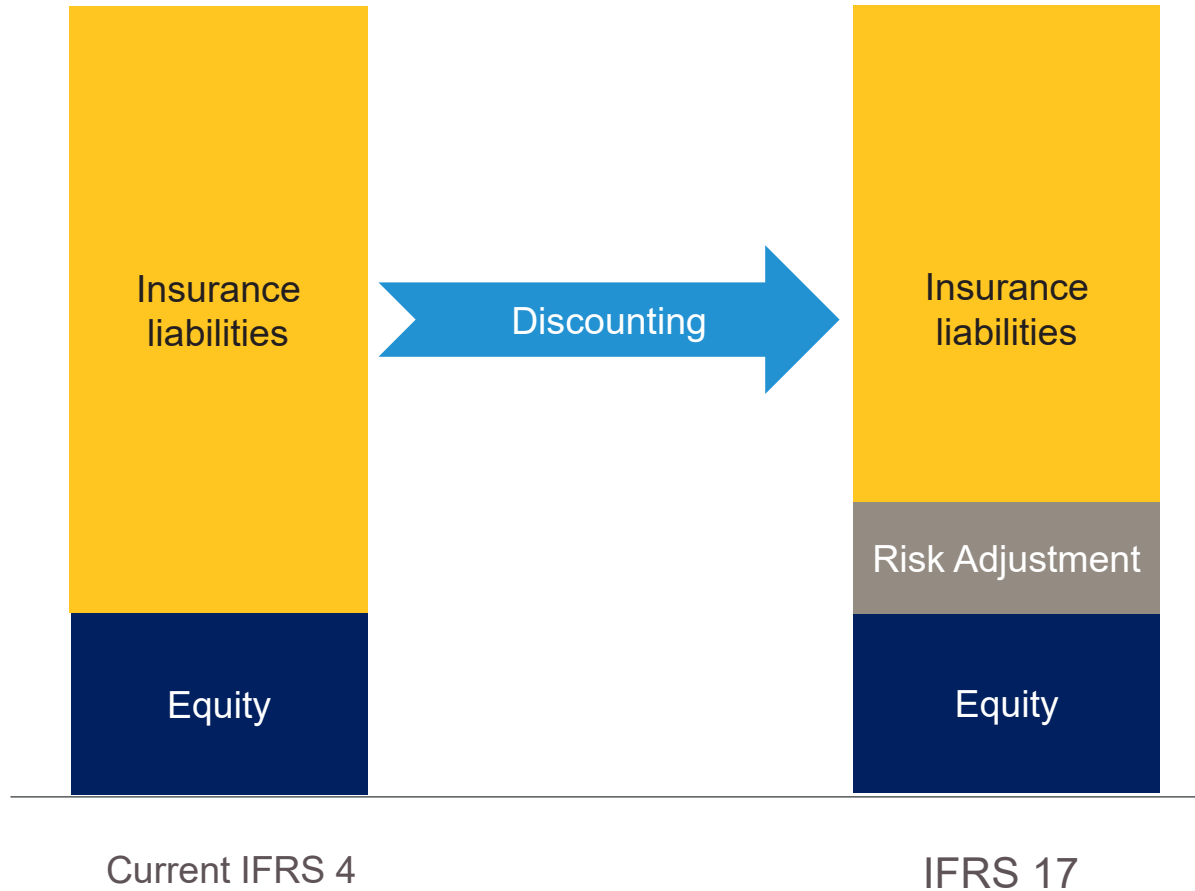
ANALYSIS OF SANTAM'S SHARE OF NET INVESTMENT IN SEM TARGET SHARES

Region	Carrying value Dec 2021 R'm	Dilution R'm	Redemption R'm	Change in exchange rates R'm	Change in valuation R'm	Carrying value Dec 2022 R'm
Africa	134		(128)	(2)	(4)	-
Southeast Asia	138			1	(2)	137
India	1 419	(90)		(57)	187	1 459
Total	1 691	(90)	(128)	(58)	181	1 596

A woman with dark hair, wearing a yellow ribbed top and dark pants, is holding a tablet in her left hand and pointing with her right index finger at a large, glowing digital interface. The interface displays various data visualizations, including a tree diagram, bar charts, and text elements. The background is a dark, futuristic setting with blue and white lights.

IFRS17

IMPACT OF IFRS 17 TRANSITION – 1 JANUARY 2022



- The simplified Premium Allocation Approach (PAA) is applied to general insurance businesses
- Claim reserves discounted
- Unallocated loss adjustment expenses (ULAE) are now added to claim reserves
- Risk adjustment: Explicit add-on for non-financial risks to best estimate reserves.
- Immaterial impact on equity at transition
- No significant change in underwriting results expected

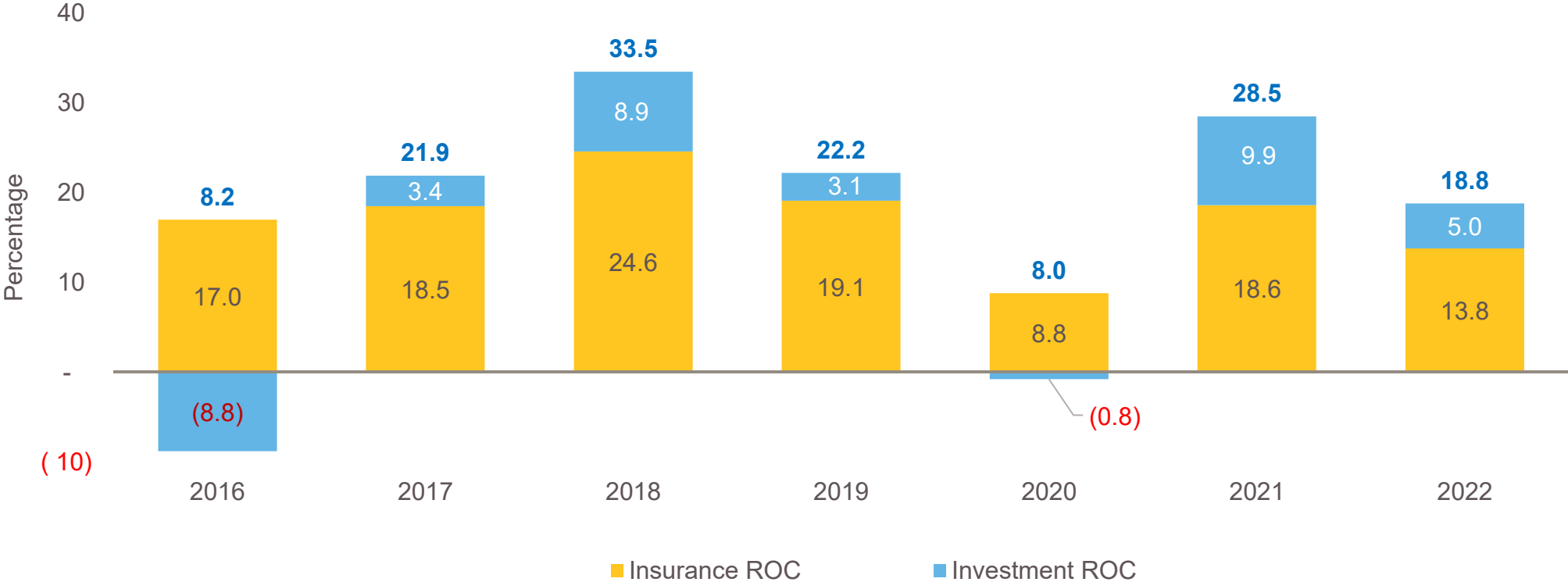


■ CAPITAL MANAGEMENT

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

RETURN ON CAPITAL

TOTAL COMPREHENSIVE INCOME EXPRESSED AS % OF WEIGHTED AVERAGE SHAREHOLDERS' FUNDS

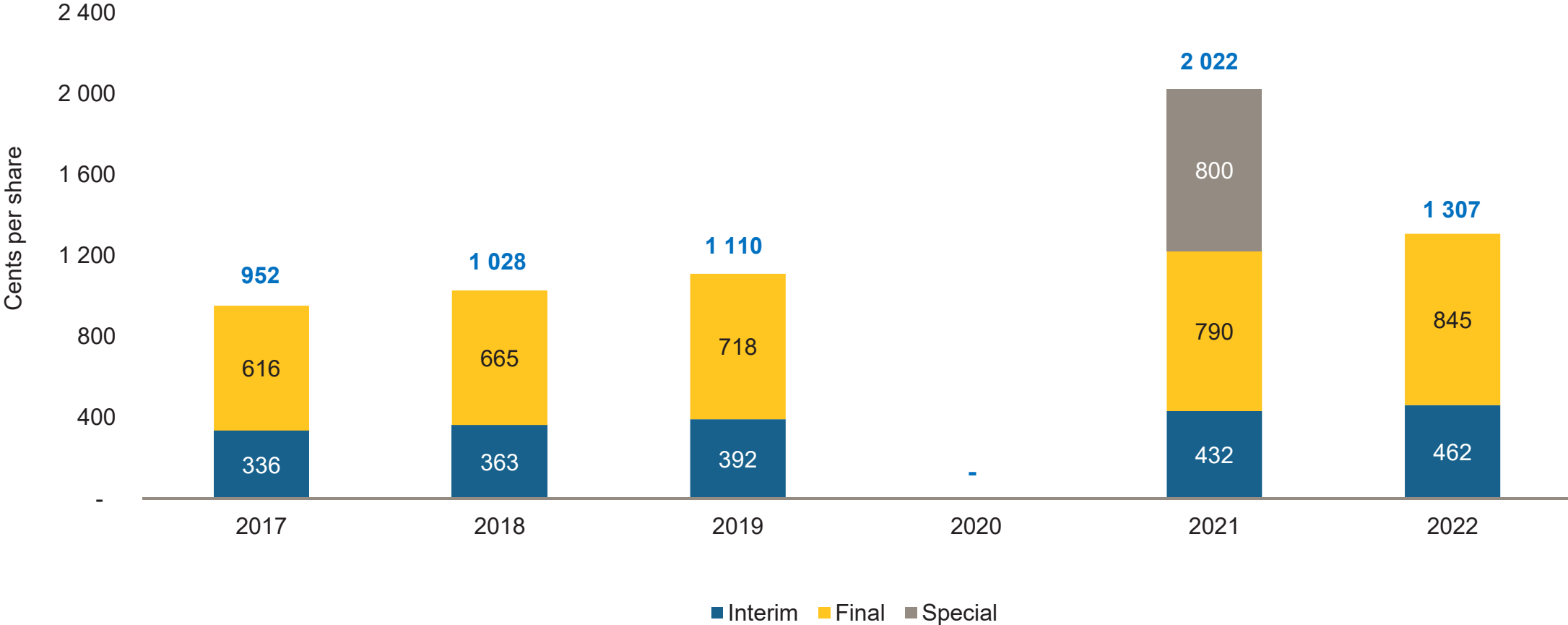


CAPITAL MANAGEMENT

- Group economic capital requirement based on the internal model **R8.6 billion** (Dec 2021: **R8.3 billion**).
- Current Group economic capital coverage ratio of **156%**.
- In November 2022, the Prudential Authority removed the remaining **10% capital add-on** that applied to Santam's approved partial regulatory internal model (reducing regulatory capital requirement by **R244 million**).
- Regulatory internal model capital requirement is **R2.4 billion** lower than the standard formula capital requirement.
- Target economic capital coverage ratio band maintained at between **145%** and **165%**.
- Considering the capital position, an ordinary dividend of **845 cps** was declared, which will reduce the economic capital coverage ratio to a level that remains well within the target band.



DIVIDEND PER SHARE





GROUP STRATEGY AND PRIORITIES

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

OUR REFRESHED STRATEGY IS ANCHORED AROUND THREE KEY STRATEGIC GROWTH DRIVERS WHILST EMPLOYING A DATA AND ANALYTICS CENTRIC STRATEGY

PURPOSE:

Safeguard what is important to our clients

VISION:

Narrow the risk protection gap in the markets where we do business through collaborative, proactive risk management activities and the provision of reliable, inclusive risk solutions

STRATEGIC INTENT:

Leading South African insurer driven by data, with the customer at the centre of everything we do

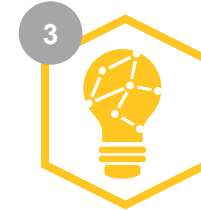
Growth vectors:



Strengthen leadership position in South Africa



Drive international expansion and diversification



Scale ecosystems and explore new markets through partnerships

Unlock



Digital/AI/
Analytics

Digitizing E2E value chain and customer journey;
Developing data capabilities using select use cases to transform data into asset

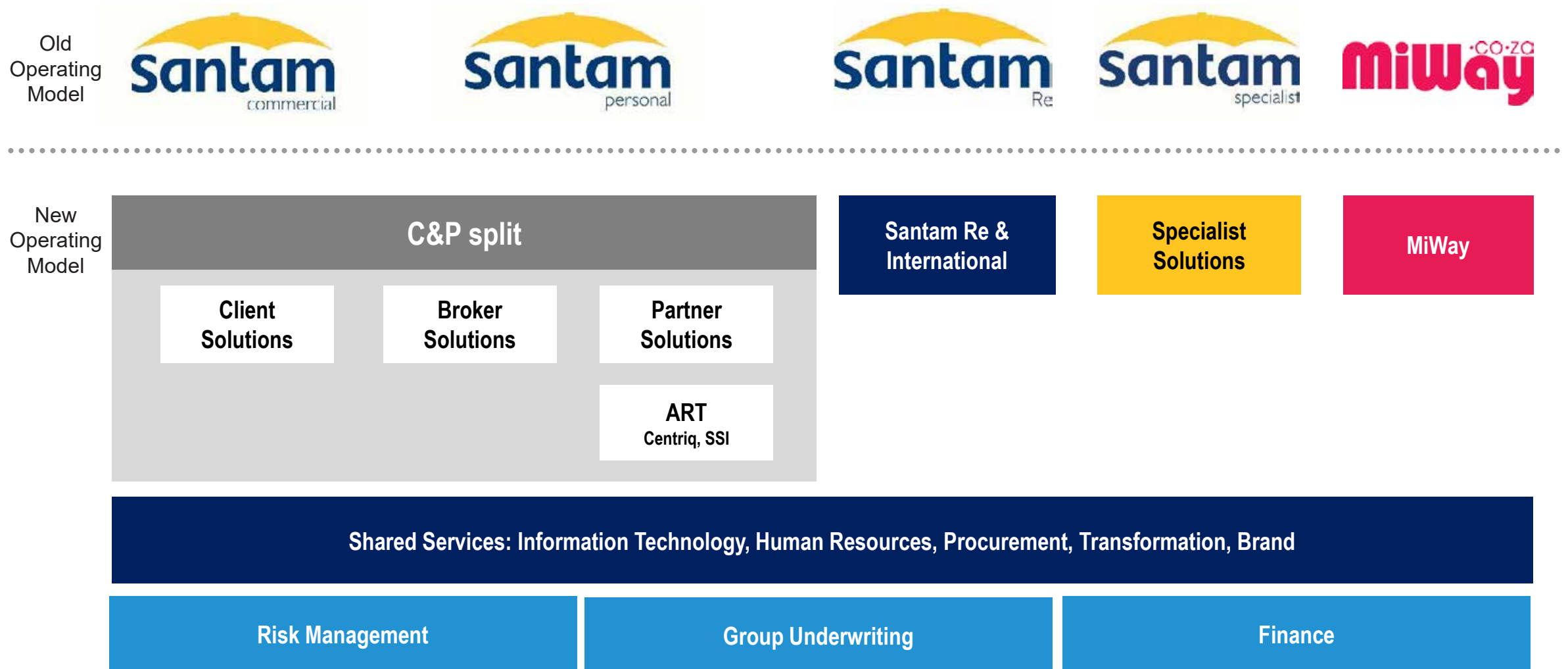
Enablers



Firm
foundation

Technical excellence, Talent management and transformation, Cost excellence, brand,
Synergies with Sanlam and Establish leadership in sustainability/ESG

NEW OPERATING MODEL TO SUPPORT THE GROWTH STRATEGY



STRATEGIC PRIORITIES FOR 2023

EXECUTING THE REFRESHED FUTUREFIT STRATEGY

- Bedding down the new operating model
- Continue to implement corrective underwriting actions
- Managing increased volatility in insurance results
- Executing and implementing on growth initiatives
- Strengthen our digital and data capabilities
- Embed ESG

A close-up photograph of a person's hand gently placing a small, vibrant green seedling into a mound of dark, rich soil. The background is a soft, out-of-focus landscape under a warm, golden light, suggesting a sunrise or sunset. The overall mood is one of care, growth, and environmental stewardship.

ENVIRONMENTAL SOCIAL GOVERNANCE

OUR ESG COMMITMENTS

SUPPORTING COMMUNITY RESILIENCE AND ESG COMMITMENTS

SUPPORTING THE COMMUNITIES



Promote a diverse and inclusive workforce, employing **more than 6,000 people**



We have been certified as a **top employer for the seventh consecutive year (top 10 position in 2022)**



We paid more than **R1.5 billion in income taxes** in 2022



We now support 82 municipalities through **Partnership for Risk and Resilience (P4RR)**



Continued as a constituent of the **FTSE 4 Good index series** and **FTSE/JSE Responsible Investment Top 30 index**



Support the **Principles for Sustainable Insurance (PSI)** with a particular focus on Africa

CLAIMS PAYING CAPACITY



We processed more than **6 000 claims** related to the **KZN floods**, with a gross exposure of **R4.4 billion**



We settled **R29.8 billion** in claims during 2022



We processed more than **3 400 SASRIA claims** in 2021 related to the civil unrest in KZN



We processed more than **3 000 CBI claims** and paid in excess of **R4.7 billion** since 2020



QUESTIONS?



Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.



THANK YOU

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Santam