

2024 ANALYST PRESENTATION

INTERIM FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED
30 JUNE 2024

PRESENTED BY: TAVAZIVA MADZINGA
AND WIKUS OLIVIER



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



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KEY MESSAGES

- Improved performance despite tough operating environment and extreme weather conditions
- Conventional insurance underwriting results have been impacted by weather-related and fire losses, however within the 5% to 10% target range
- Strategic progress in each of our growth vectors, our management actions continue to show positive outcomes:
 - MiWay continues to improve on its growth trajectory
 - Actions to address underperforming SA property book are underway with benefits being realised
 - Santam Re turnaround is on track
 - Our partnership with MTN continues to surpass expectations
 - Continuing to strengthen our Broker partnerships to maintain dominance
 - Good progress with transformation of direct engagement model in Client Solutions
- The Group benefitted from good investment returns and strong performance from the Alternative Risk Transfer businesses
- We remain focused on driving profitable growth

OPERATING ENVIRONMENT

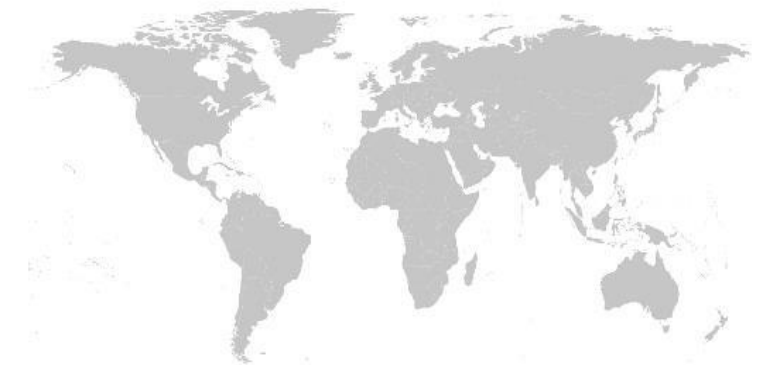


Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and controlling company for its group companies.

OPERATING ENVIRONMENT REMAINS CHALLENGING

- The operating environment remains challenging, characterised by **weak economic growth**, elevated inflation, and suppressed business and consumer confidence.
- **High unemployment:** affordability and shrinking client pool.
- Increasing pressure on **personal disposal income** with middle-class segments still financially strained.
- **Improved electricity availability** (over 120 consecutive days without loadshedding).
- **Infrastructure challenges remain**, e.g., municipal delivery, rail and port infrastructure not conducive to economic growth.
- **Positive investor optimism** following the SA election outcome and the GNU formation.

- **Global growth remains resilient**, with emerging markets (India and China) continuing to be the major growth engines.
- **Geopolitical risks remain elevated:** Ukraine/Russia, Middle East war, China/US tensions, major political shifts in Europe and the UK.
- **Global natural catastrophe losses remain a theme**, albeit lower than in 2023. Heavy rains in KZN, Eastern Cape, Western Cape and Free State have resulted in severe flooding. In addition, the Western Cape experienced strong winds.
- **Sustained rise in temperatures above 1.5°C increases** the risk of more severe climate change impacts, extreme weather events and a growing protection gap.
- Continued rise in the **use of Generative AI** and data analytics.
- **Competition for top talent** remains fierce within and outside the industry.

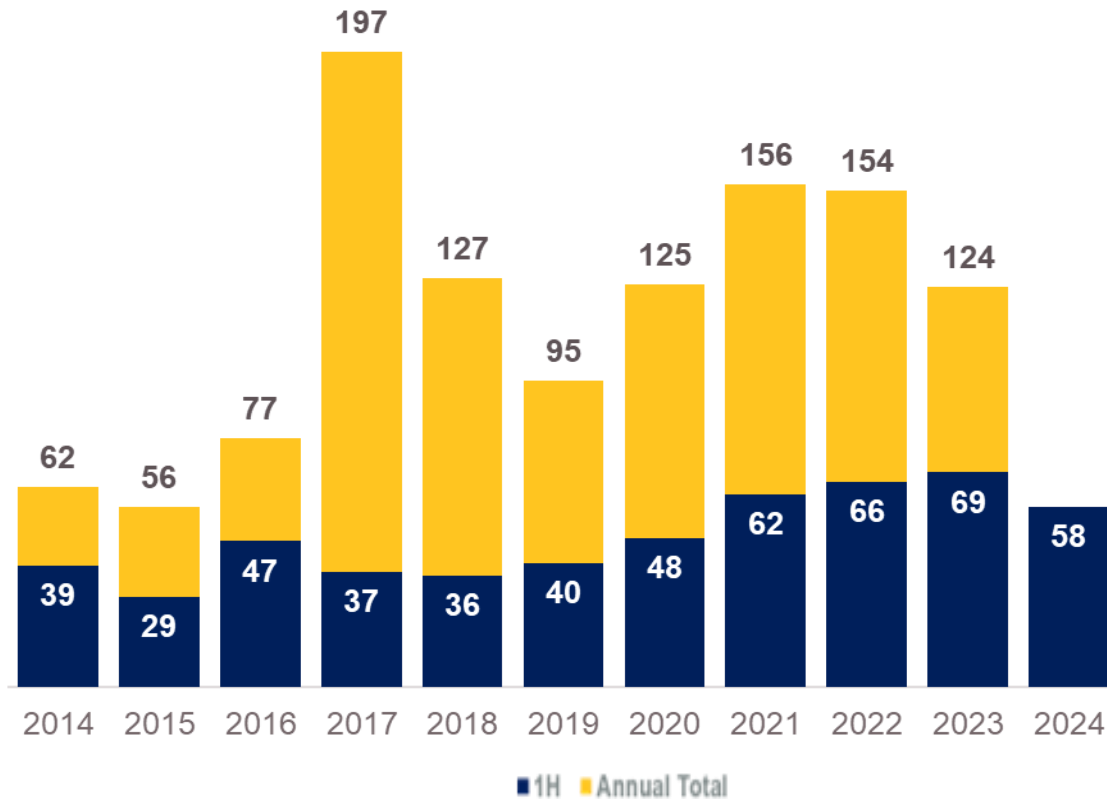


Source: IMF; World Bank; SA Reserve Bank; StatSA, GlobalData; AON, Swiss Re, KPMG

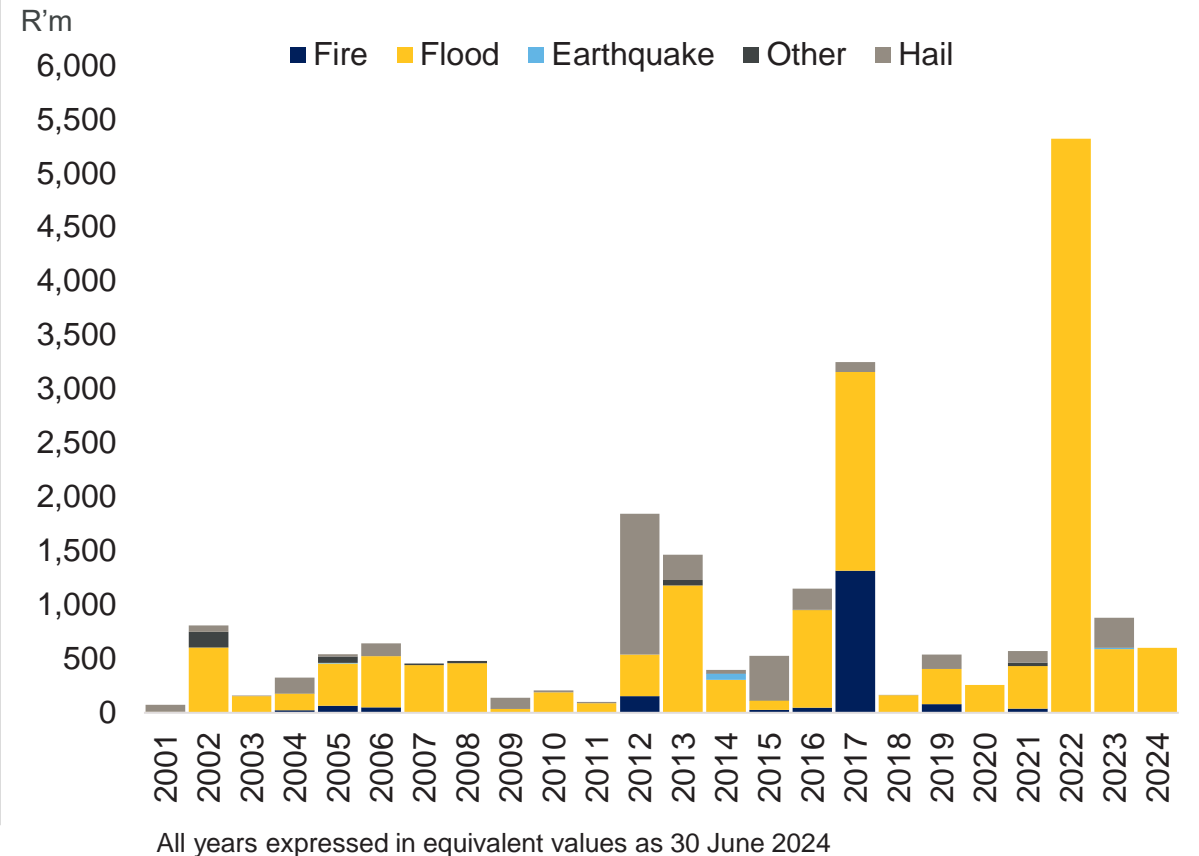
CATASTROPHE LOSSES

Catastrophe losses have been elevated over the last few decades due to high-loss events such as storms and floods. The size and frequency of catastrophe claims have increased in South Africa and around the world.

GLOBAL INSURED LOSSES: ALL PERILS (\$ BILLION)



SANTAM: GROSS TOTAL CATASTROPHE CLAIMS, ALL PERILS (R MILLION)



Sources: AON, Santam

OPERATING HIGHLIGHTS



PERFORMANCE UPDATE: JUNE 2024



GROWTH

Conventional insurance
GWP growth of **8%**
(2023: **7%**)

Conventional insurance
NEP growth of **7%**
(2023: **7%**)



EARNINGS

Underwriting margin for
conventional insurance
business of **6.5%**
(2023: **3.8%**)

Alternative Risk Transfer
earnings of **R326 million**
(2023: **R200 million**)

Net income of **R1 718 million**
(2023: **R1 281 million**)

Return on Capital of **33.6%**
(2023: **24.0%**)



FINANCIAL STRENGTH

Group economic capital
coverage ratio of **158%**
(Dec 2023: **155%**)

Interim dividend of **535 cps**
(2023: **495 cps**), up **8.1%**



VALUE DRIVERS

Direct as % of GWP **19%** (2023:
17%)

International as % of GWP
18% (2023: **17%**)

Policy count: **1.7 million**



RESULTS AFFECTED BY:

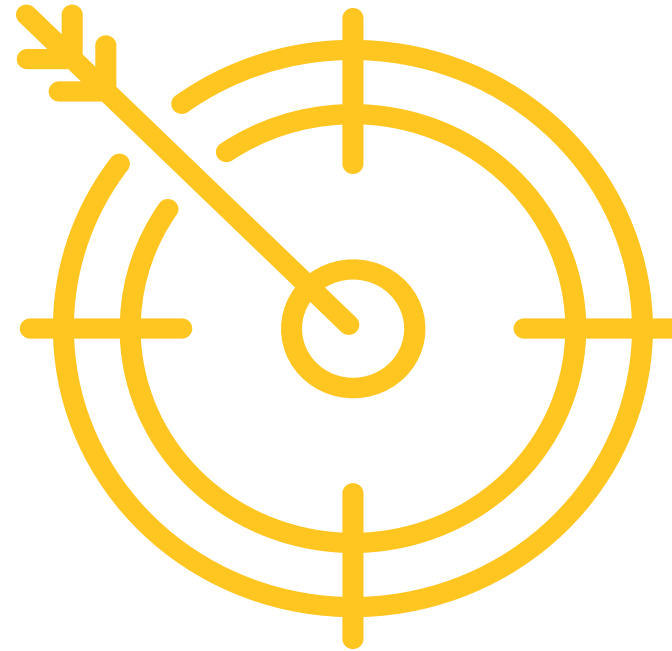
Negatives: KZN & EC flooding, Western Cape windstorm and flooding, Large fire loss

Positives: Favourable attritional loss ratio, Specialist & ART performance, MTN partnership, decline in churn

OUR CORRECTIVE ACTIONS ARE SHOWING POSITIVE OUTCOMES

Management actions implemented since 2022 have successfully addressed the power surge and motor experience. Underwriting actions in the property portfolio are underway; however, weather and fire-related losses have impacted the property experience.

RAG Status	H1 2024	H1 2022
CBI release and other	N/A	😊
Power surge claims	😊	😞
Motor-related claims	😊	😞
NatCat / Weather-related claims	😞	😞
Cancelled business	😊	😐
Large fire claims	😐	😞

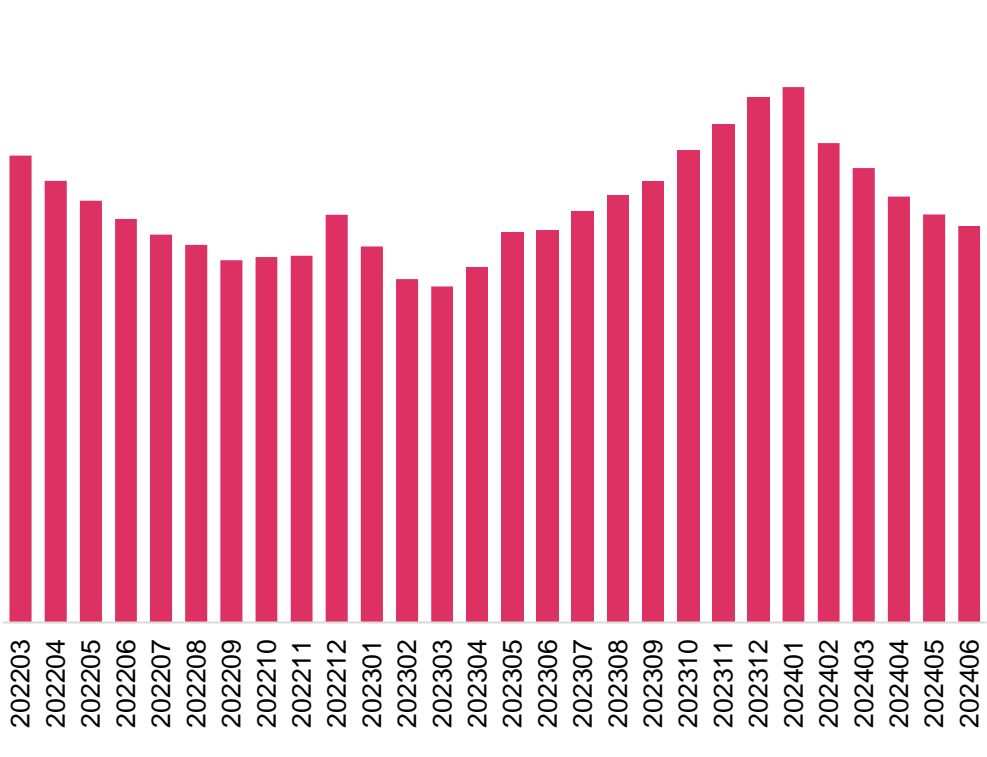


- At Santam Re, we have completed the portfolio restructuring.
- A range of underwriting actions in the property portfolio is being implemented, with some benefits already realised.
- Geo-coding is progressing well across product lines and has now been extended to the Specialist Solutions businesses.
- Fewer large losses and less surge-related claims
- Improved motor claims experience

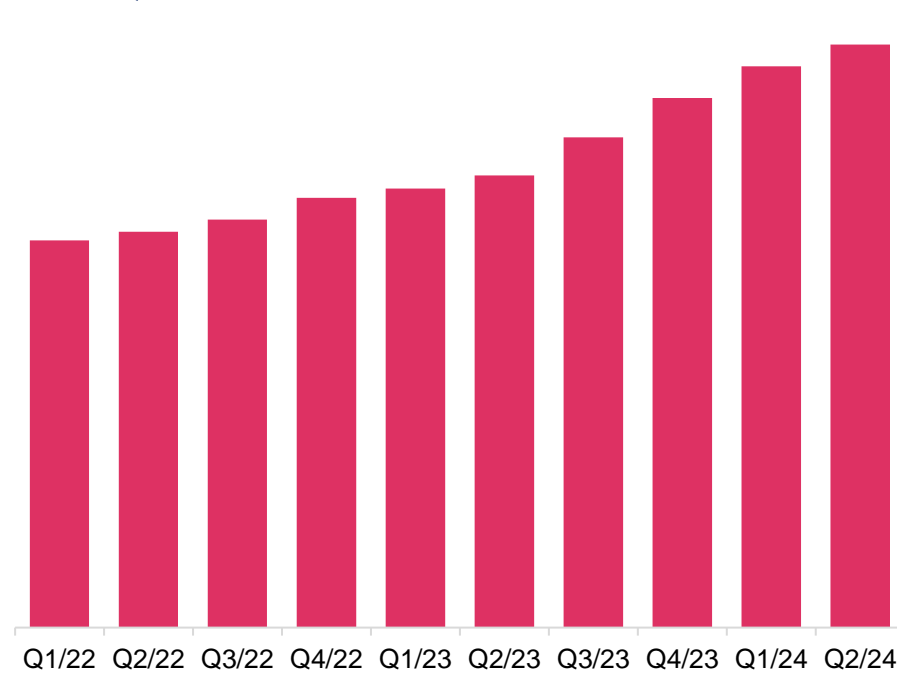
MIWAY TURNAROUND

Traction from new initiatives are contributing to growth, however, personal lines are not yet at the desired level

POLICY GROWTH RECOVERY MONTH-ON-MONTH

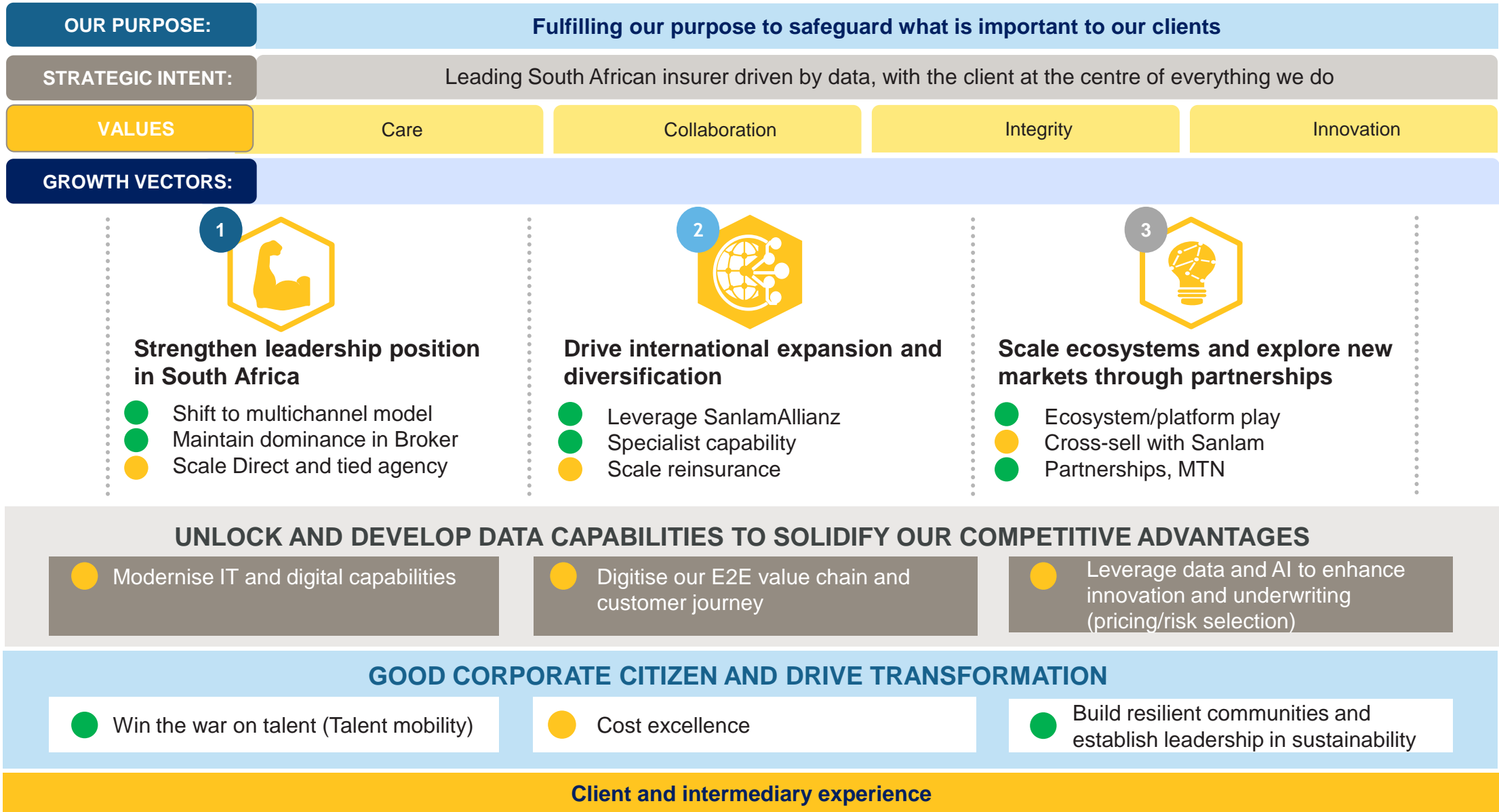


GWP - QUARTERLY TRENDS

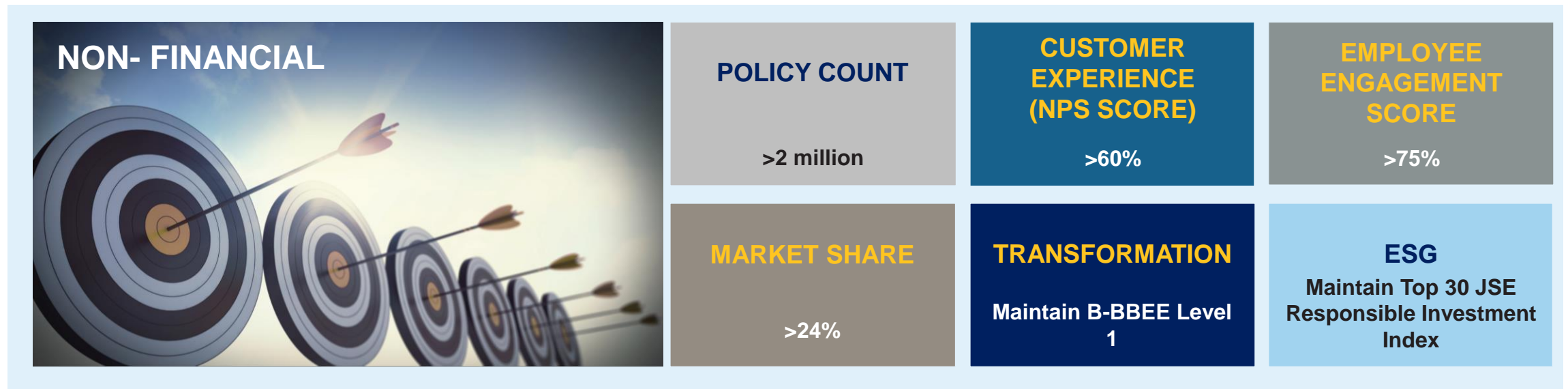


- Business insurance showing gains from both Inbound and Tied Agency initiatives, with VAPS showing good growth
- Client count impacted by the technical acceleration in lapses following the reduction in lapse period from 4 to 3 months. Profitable client base increasing

WE ARE MAKING PROGRESS WITH OUR REFRESHED STRATEGY AND CONTINUE TO FOCUS ON DIVERSIFYING OUR PORTFOLIO



OUR LONG TERM TARGETS TO 2030



FINANCIAL RESULTS



RESULTS AT A GLANCE

	For the period ended 30 June 2024	For the period ended 30 June 2023
NEP Growth	7%	7%
Claims ratio	62.3%	66.0%
Acquisition costs ratio	31.2%	30.2%
Underwriting margin	6.5%	3.8%
Investment return on insurance funds	2.3%	2.2%
Net insurance result	8.8%	6.0%
Return on Capital	33.6%	24.0%

EXCHANGE RATE VOLATILITY

CLOSING RATES

Currency	Jun 2024	Dec 2023	% change
United States Dollar	18.26	18.29	(0.2)
Euro	19.57	20.20	(3.1)
Indian Rupee	0.22	0.22	(0.3)

AVERAGE RATES

Currency	Jun 2024	Dec 2023	% change
United States Dollar	18.73	18.44	1.6
Euro	20.25	19.93	1.6
Indian Rupee	0.23	0.22	2.3



INVESTMENT MARKET PERFORMANCE

RETURN FOR THE PERIOD

INDEX	Jun 2024	Jun 2023
JSE All Share	5.3%	4.1%
JSE Swix 40	3.4%	3.2%
JSE All Bond	5.5%	1.7%
SA Money Market (STeFI)	4.6%	3.7%
USD Money Market (SOFR)	2.7%	5.5%

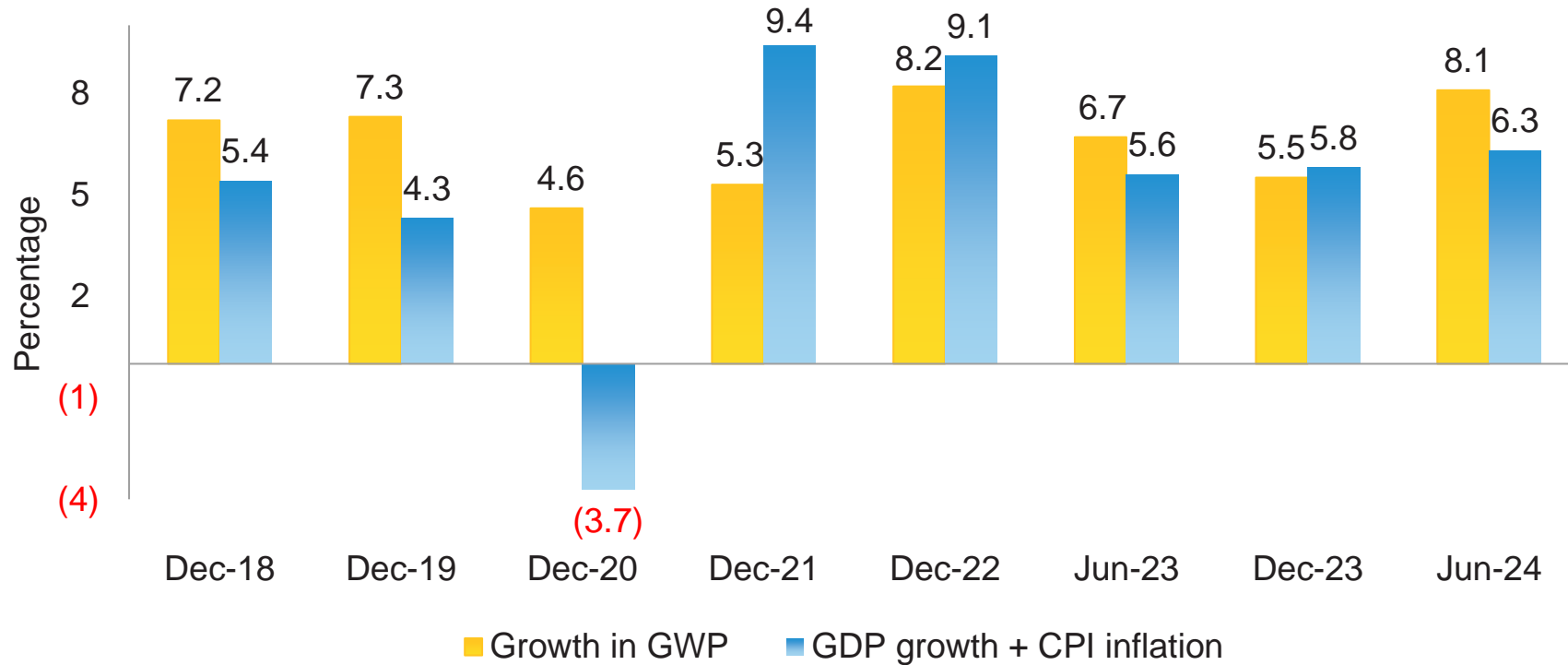


BUSINESS VOLUMES



CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM VS CPI + GDP GROWTH



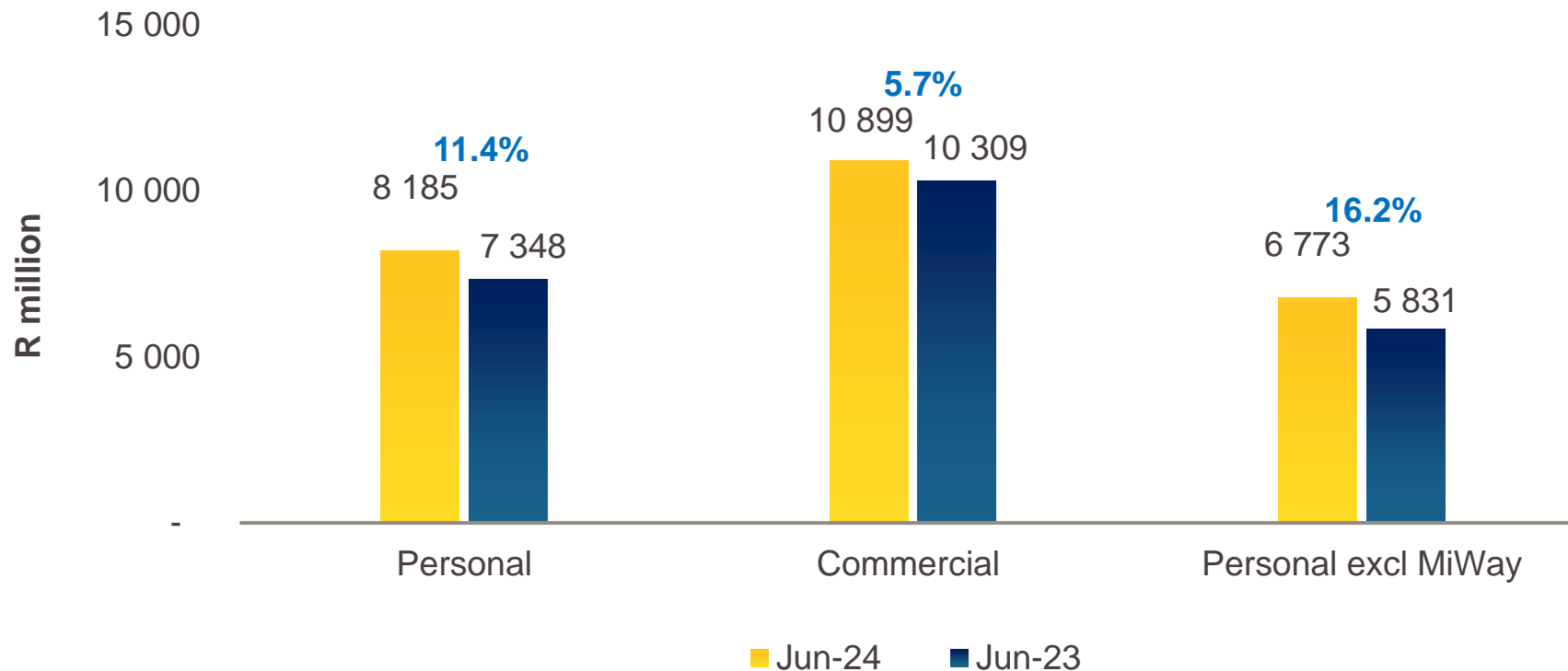
*Year-on-year SARB forecasted GDP of 1.2%, CPI of 5.1%

- Strong growth from Santam Re. Portfolio restructuring complete with improvement in diversification
- Partner Solutions benefitting from MTN partnership - exceeding expectations
- Traction from new initiatives at MiWay – growth accelerating to 7% from 4% in 1H23
- Specialist Solutions impacted by competitive liability pricing, focus on quality in transportation and timing differences
- Rate strengthening in Broker Solutions and Client Solutions
- Net earned premiums grew by **7%**

CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM

SEGMENTAL ANALYSIS – PERSONAL AND COMMERCIAL

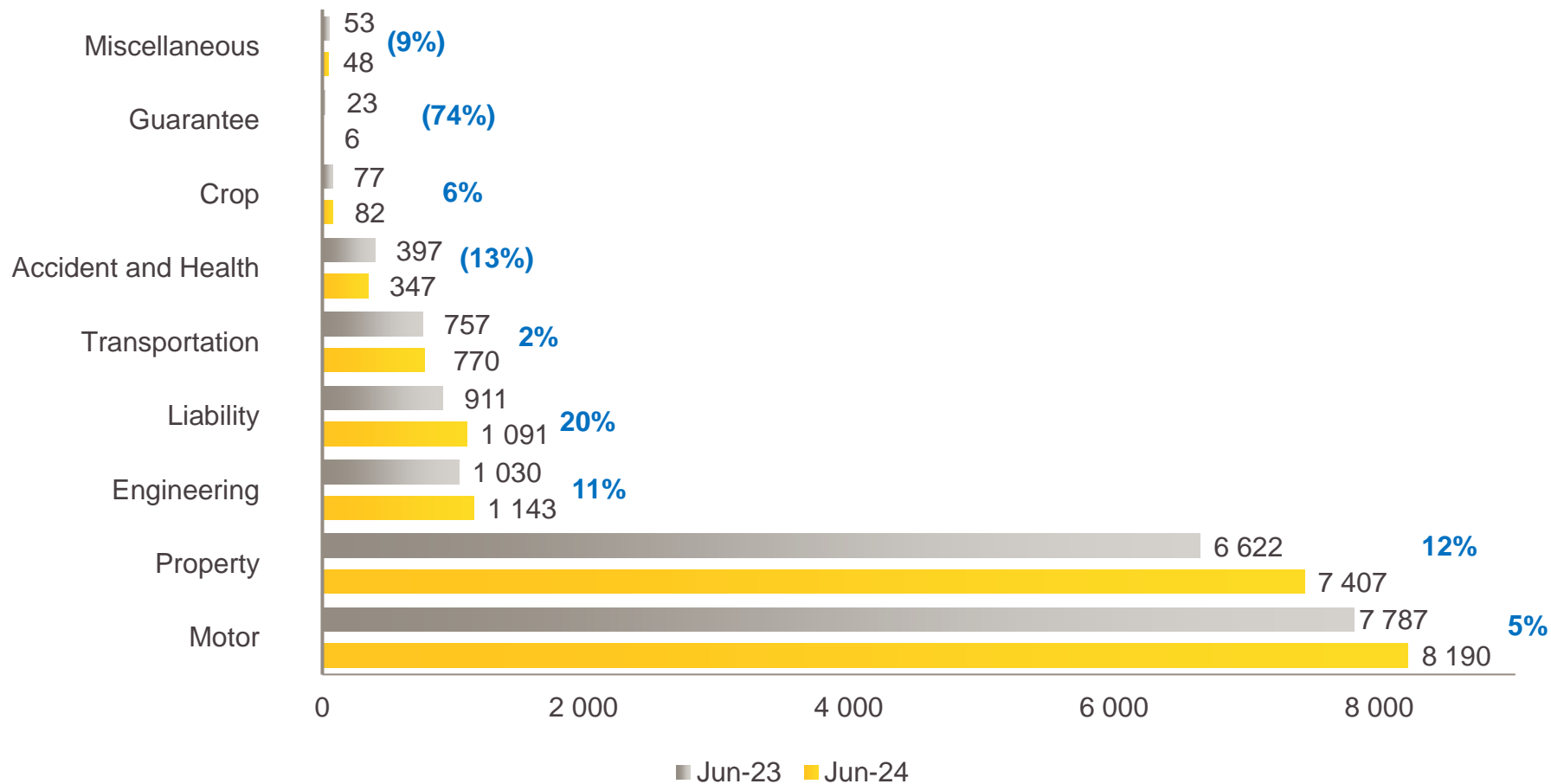


- Personal lines benefitting from MTN partnership, rate strengthening and robust growth from Client Solutions tied agents and franchises
- Commercial lines supported by strong growth at MiWay and property rate increases, partly offset by decline in Casualty, Agri and Engineering at Specialist Solutions

CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM

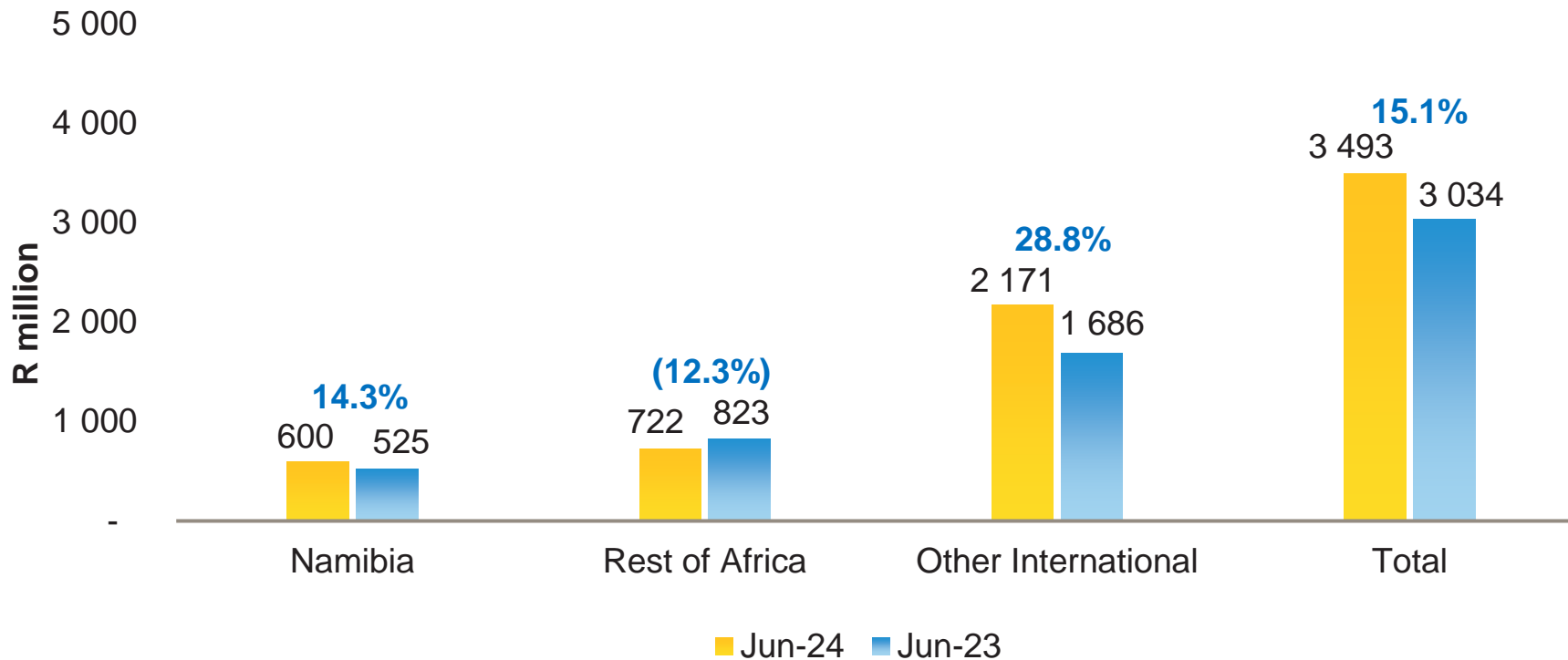
PER INSURANCE CLASS (R MILLION)



- Solid growth across all major insurance classes
- Motor grew by **5%** - flat volumes at Specialist Solutions and restructuring of Santam Re portfolio
- Property up **12%** - good growth across most businesses, augmented by MTN partnership
- Santam Re portfolio restructuring also impacted Accident & Health and Transportation classes
- Crop reflecting lower hectares covered due to weather conditions

CONVENTIONAL INSURANCE

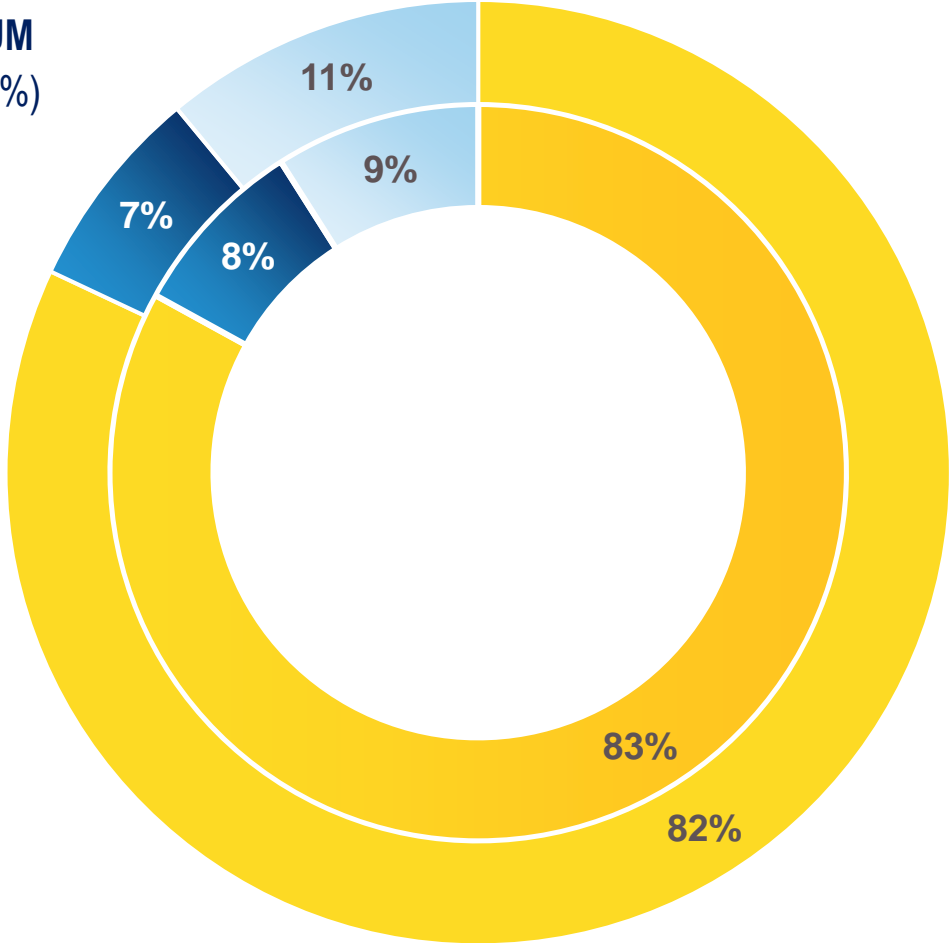
GROSS WRITTEN PREMIUM FROM OUTSIDE SA



- Excellent 1H performance in Namibia; strong growth in niche classes
- Business gained through SanlamAllianz partnership across Africa grew by 33%
- Other international reflects strong growth at Santam Re following portfolio restructuring in 2023

CONVENTIONAL INSURANCE

GROSS WRITTEN PREMIUM GEOGRAPHIC ANALYSIS (%)



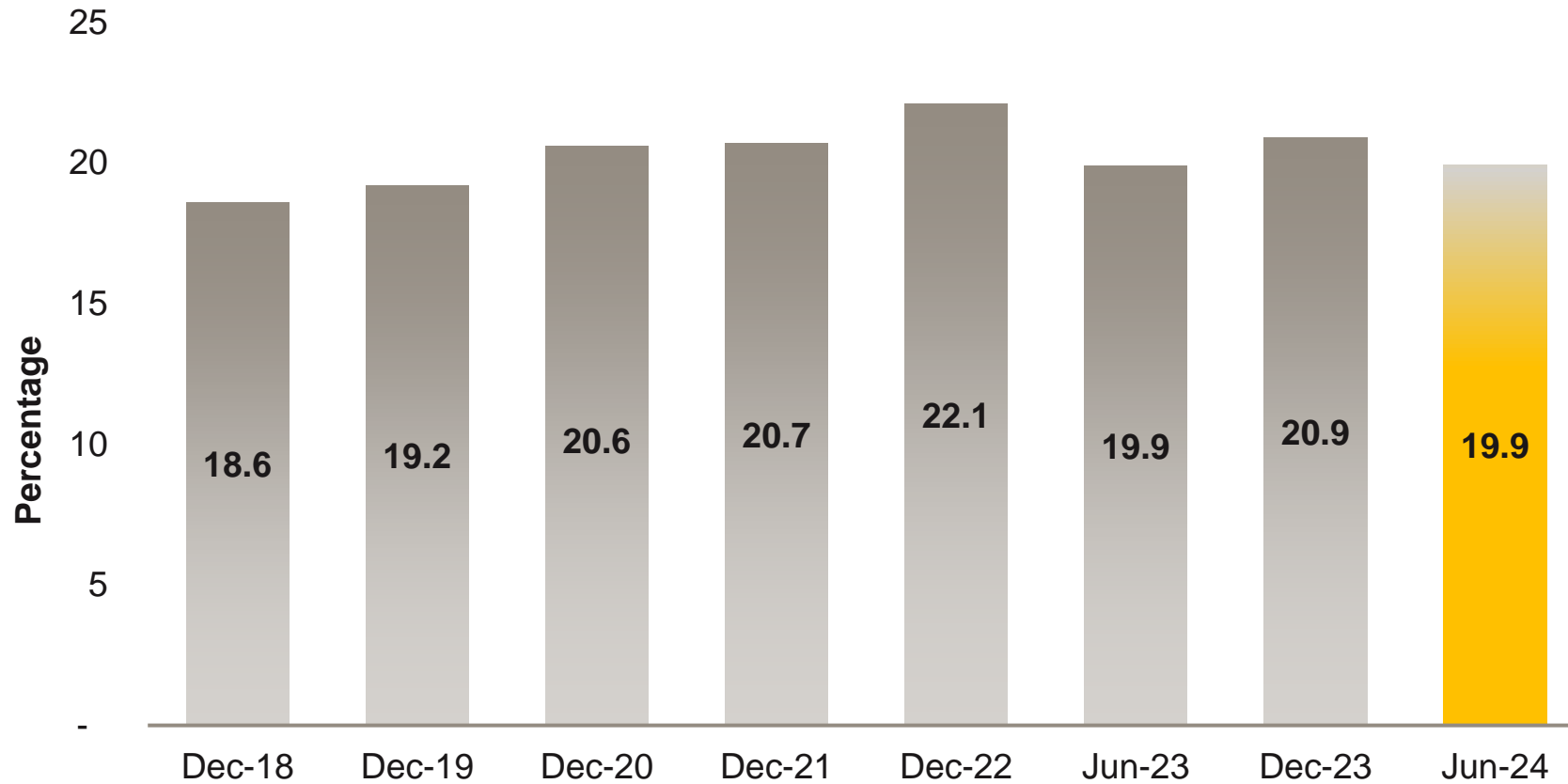
■ South Africa ■ Rest of Africa ■ Other international

Outer ring: 2024 Inner ring: 2023

- Positive momentum at Santam Re and Specialist Solutions outside of South Africa; offset by strong growth in SA
- Focus remains on exporting proven capabilities in Santam Re and Specialist Solutions

CONVENTIONAL INSURANCE

REINSURANCE AS % OF GROSS EARNED PREMIUM



- Single digit rate increases in January 2024 renewal for excess-of-loss and catastrophe programmes
- Optimisation of programme reduced reinsurance cost

Percentages disclosed for periods prior to Dec 2022 not restated for IFRS17, but impact is immaterial

EARNINGS



ANALYSIS OF EARNINGS

R million	Jun 2024	Jun 2023	Variance
Conventional	2 050	1 587	29%
• Net insurance result	1 352	864	56%
• Investment return on capital	698	723	(3%)
Net income ART	326	200	63%
Associates	39	45	(13%)
Amortisation & other	(99)	(34)	>(100%)
Income before tax & non-controlling interest	2 316	1 798	29%
Tax & non-controlling interest	(598)	(517)	(16%)
Net income	1 718	1 281	34%

- Pleasing turnaround in Conventional underwriting result; marked improvement in profitability of in-force book following underwriting actions
- High-interest rate environment supported investment return on float portfolios
- Investment return on capital includes forex gains of **R43 million (2023: R300 million)** and **R356 million (2023: R293 million)** return on investments in India/Malaysia
- Return on Capital of **33.6%**, well in excess of the 24% target

OPERATING EARNINGS

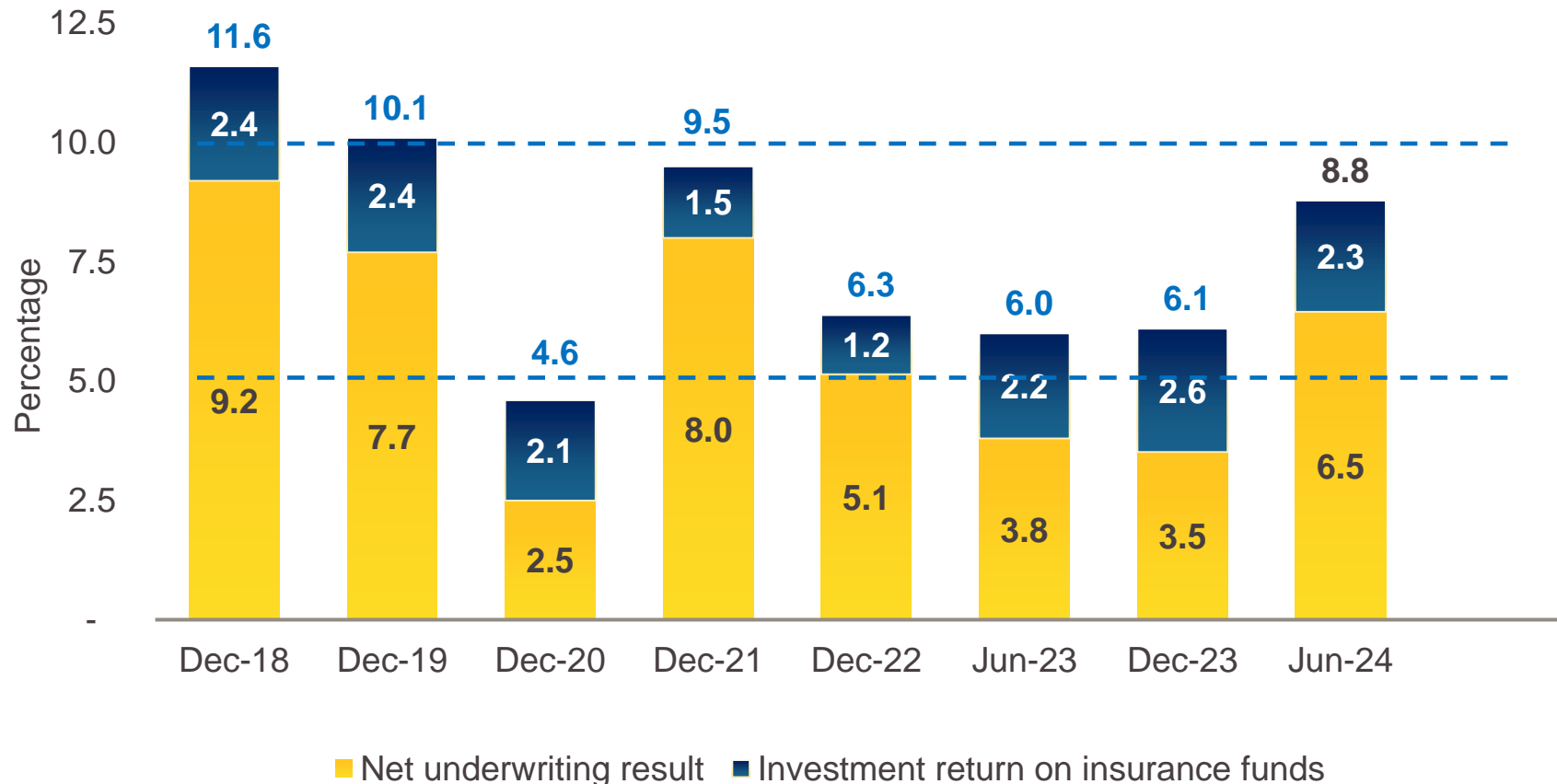


NET INSURANCE RESULT: CONVENTIONAL

	Jun 2024 R million	% of NEP	Jun 2023 R million	% of NEP	% change
Gross written premium	19 084		17 657		8%
Net earned premium	15 395	100%	14 377	100%	7%
Claims incurred	9 595	62.3%	9 491	66.0%	1%
Acquisition cost	4 807	31.2%	4 341	30.2%	11%
• Commission	2 392	15.5%	2 170	15.1%	10%
• Management expenses	2 415	15.7%	2 171	15.1%	11%
Underwriting result	993	6.5%	545	3.8%	82%
Investment return on insurance funds	359	2.3%	319	2.2%	13%
Net insurance result	1 352	8.8%	864	6.0%	56%
Combined ratio		93.5%		96.2%	

CONVENTIONAL INSURANCE

NET INSURANCE RESULT AS A % OF NET EARNED PREMIUM

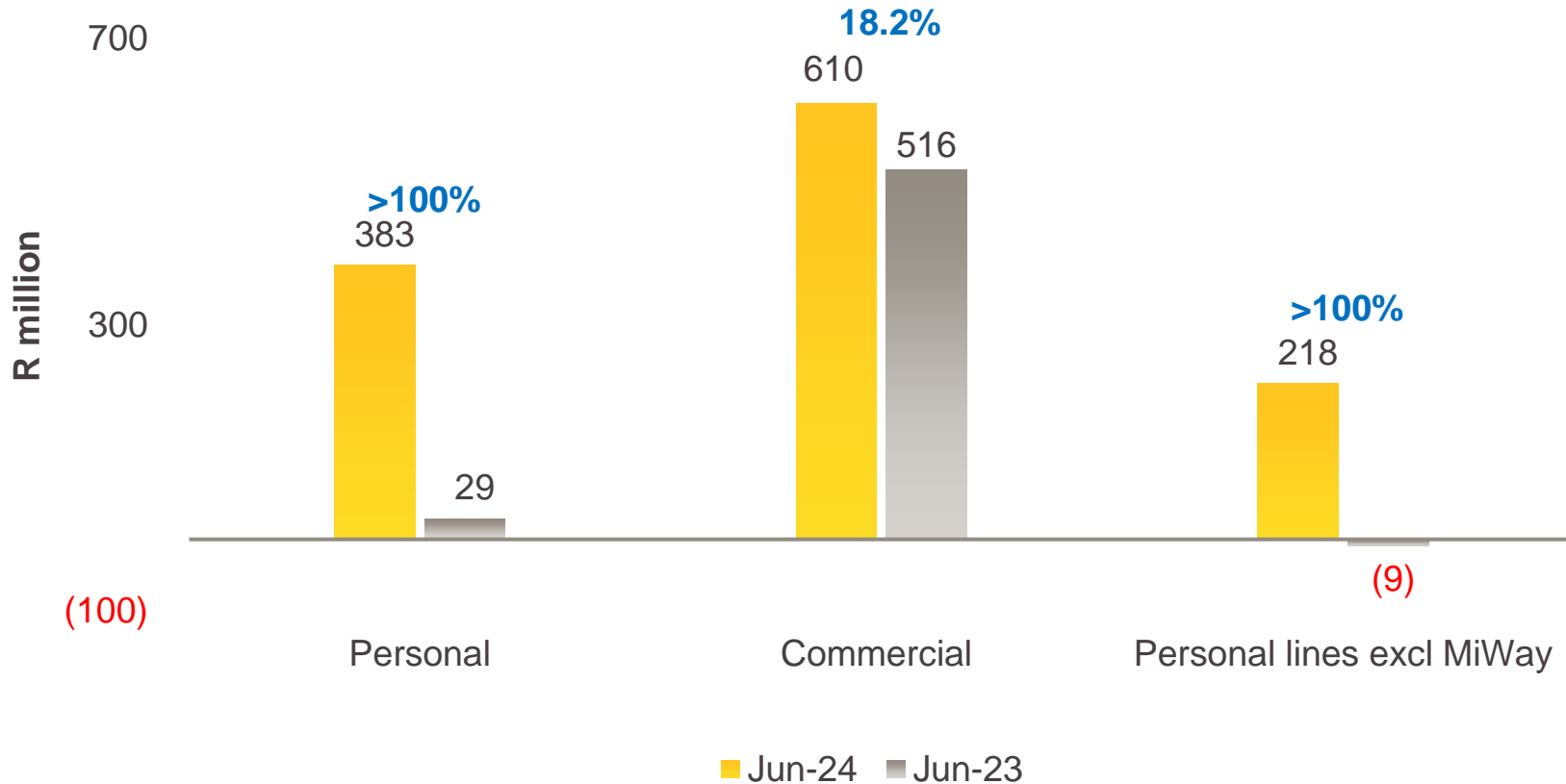


- Underwriting margin within 5% - 10% target range
- Catastrophe claims and large losses of **R705m** (2023: **R508m**) in Broker Solutions and Client Solutions
- 2024: KZN flooding, Western Cape windstorm and flooding, Eastern Cape flooding, Shelley Point fire claim
- 2023: Western Cape flood, fire claims
- Large fire claims reduced by **R260m**
- CBI release of **R155m** in 2023
- Turnaround in Santam Re performance

*Periods before 2022 not restated for adoption of IFRS 17

CONVENTIONAL INSURANCE

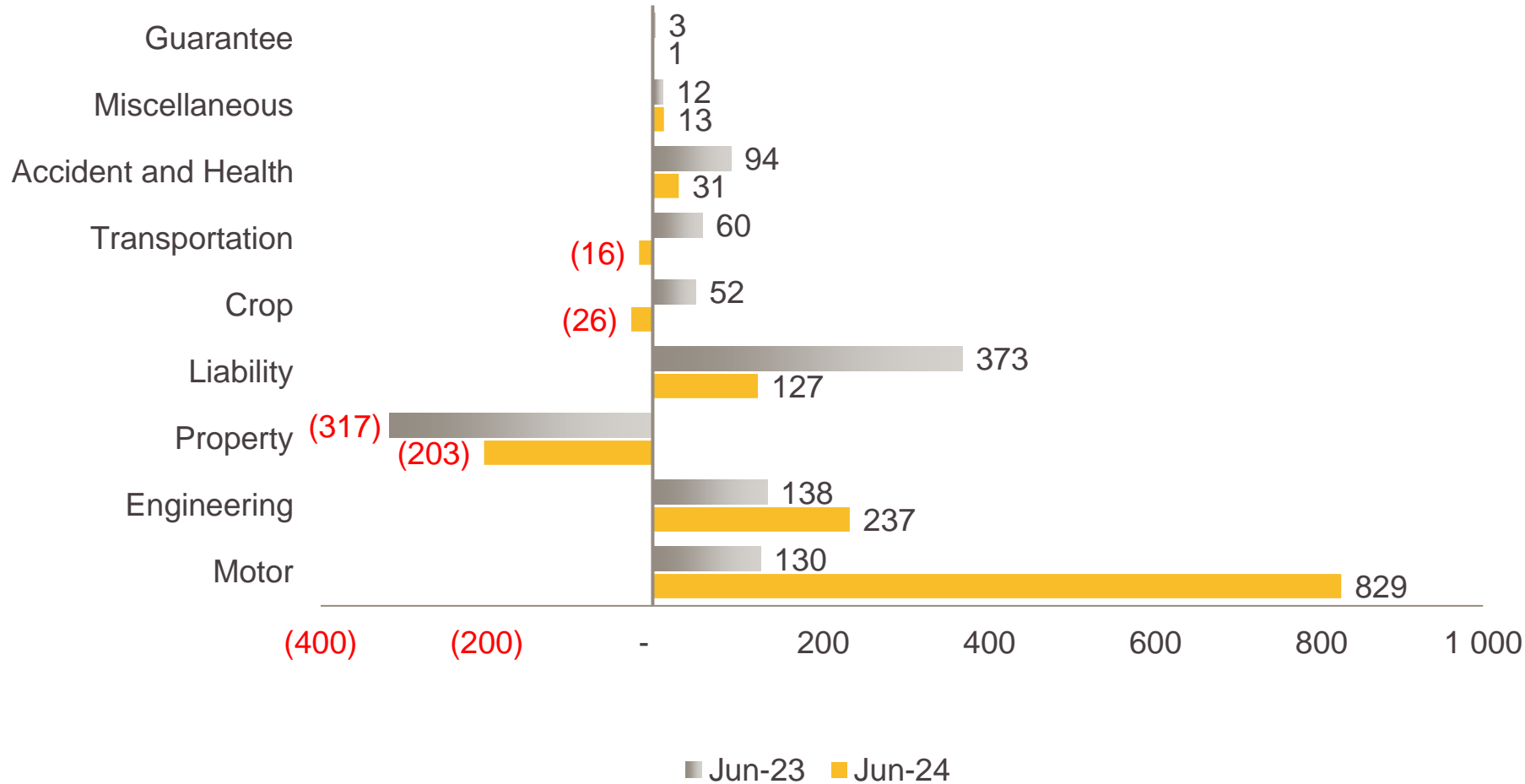
NET UNDERWRITING RESULT: PERSONAL AND COMMERCIAL



- Personal lines supported by reduced attritional losses and non-repeat of run-off losses from cancelled business in 2023
- Commercial benefitted in 2023 from CBI reserve release. Decline in large commercial fire losses in 2024

CONVENTIONAL INSURANCE

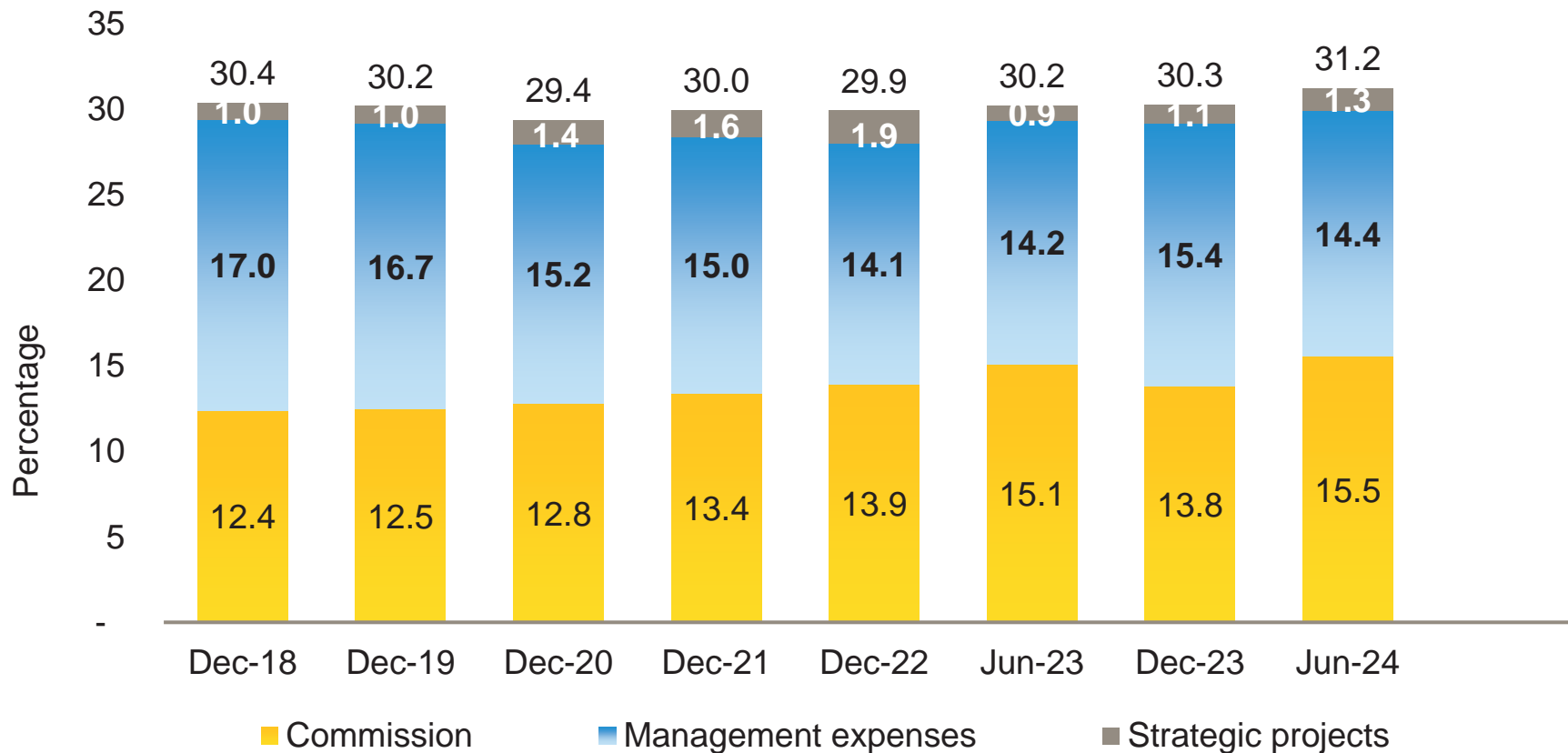
NET UNDERWRITING RESULT PER INSURANCE CLASS (R'M)



- Improved performance in motor book across all businesses; monitoring claims inflation
- Lower frequency of large claims in Engineering
- Property impacted by weather-related claims and fire losses – range of underwriting actions being implemented with some benefits already realised
- Liability benefitted from estimate adjustments in 2023; lower volumes at Specialist Solutions in 2024

CONVENTIONAL INSURANCE

NET ACQUISITION COSTS AS A % OF NET EARNED PREMIUM



- Roll-out of new initiatives at MiWay started towards end of 1H23 – base effect in 2024
- Stringent focus on expense management and driving efficiencies

CONVENTIONAL INSURANCE

MIWAY

	Jun 2024	Jun 2023	Var %
Gross written premium (R million)	1 798	1 685	7%
Underwriting result (R million)	145	123	18%
Claims ratio	53.9%	58.8%	
Acquisition cost ratio	37.9%	33.9%	
Underwriting margin	8.2%	7.3%	
Number of clients ¹	339 000	340 000	0%

- Strong growth in business insurance and VAPS - up more than **20%**. Business insurance showing gains from both Inbound and Tied Agency initiatives
- Personal lines growth improved on 1H23, but not yet at desired level
- Client count impacted by technical acceleration in lapses following reduction in lapse period from 4 to 3 months
- Acquisition cost ratio includes expenditure on new initiatives, which launched in the latter part of 1H23

¹ Excluding value-added products

ALTERNATIVE RISK TRANSFER INSURANCE

	Jun 2024 R million	Jun 2023 R million	Var %
Fee income	222	181	23%
Investment margin	171	101	69%
Underwriting income	100	47	113%
Expenses	(181)	(155)	(17%)
Operating result	312	174	79%
Investment income	14	26	(46%)
Net profit before tax and NCI	326	200	63%

- Growth in size of book and new deals supporting fee income at Centriq and Santam Structured Insurance
- Favourable underwriting experience in both businesses
- Investment margin benefitting from favourable investment market performance

INDIA/MALAYSIA TARGET SHARES

ANALYSIS OF SANTAM'S SHARE OF NIR IN R MILLION FOR P&O AND SGI

	Jun 2024 R million	% of NEP	Jun 2023 R million	% of NEP
Gross written premium	653		482	
Net earned premium	444	100%	338	100.0%
Net claims incurred	248	55.9%	199	58.9%
Net acquisition cost	200	45.0%	149	44.1%
Net underwriting result	(4)	(0.9%)	(10)	(3.0%)
Investment return on insurance funds	106	23.9%	116	34.3%
Net insurance result	102	23.0%	106	31.4%

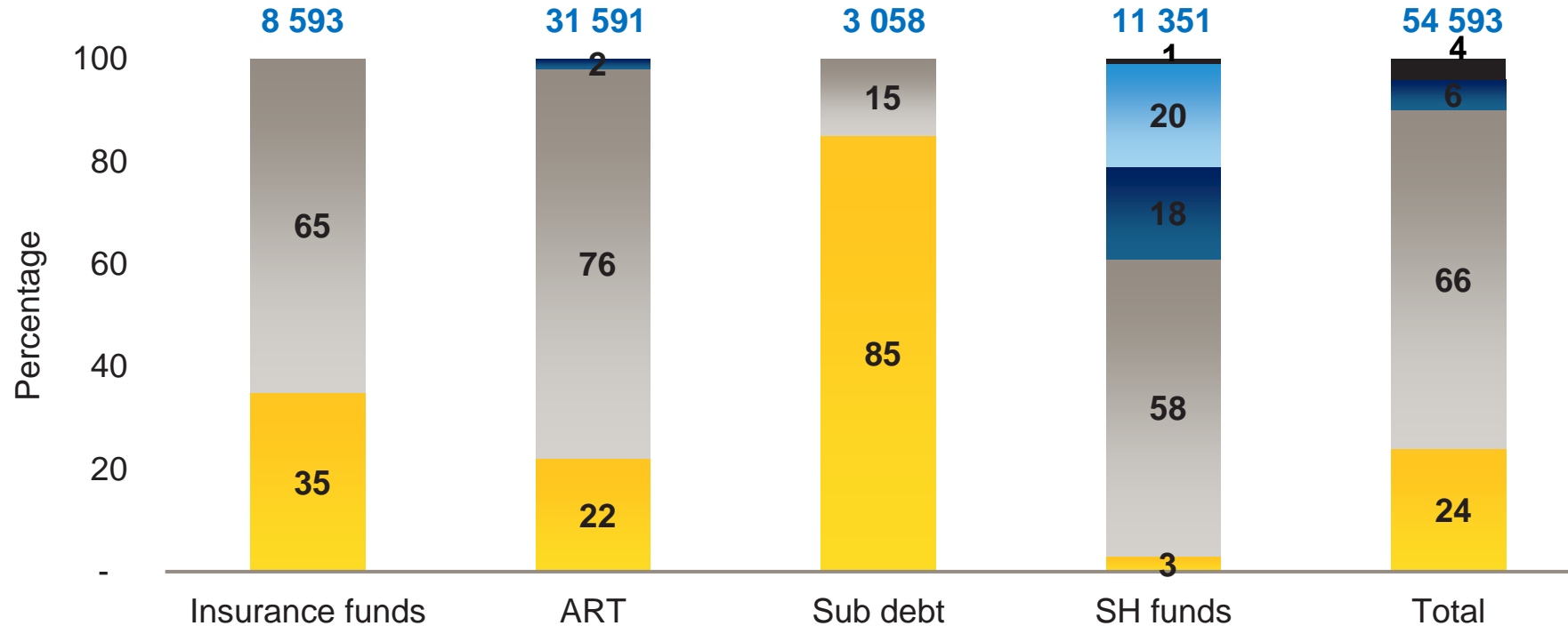
- SGI continued to grow GWP strongly through both the Shriram ecosystem and own channels
- Net insurance result of R102 million
- Revaluation of SGI by R263 million in line with operational performance and positive outlook

INVESTMENT RESULTS



ASSET LIABILITY MATCHING

GROUP CONSOLIDATED NET ASSETS AT 30 JUNE 2024

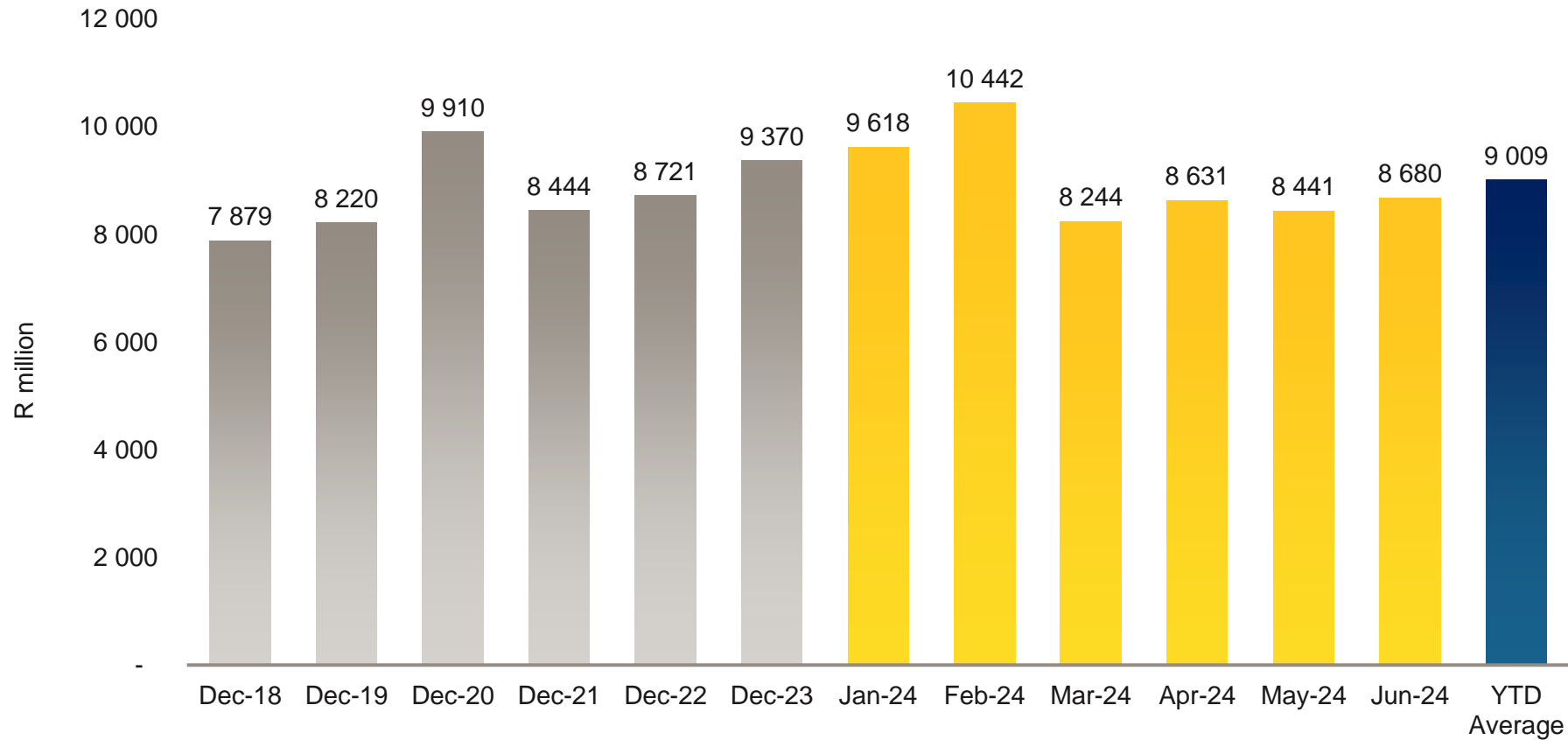


- Other assets
- Target shares
- Investment in SAN JV
- Listed equities
- Interest-bearing instruments and preference shares
- Cash and money market instruments

- No significant change in investment mandates of key portfolios – continue to apply strict matching policy for insurance funds and subordinated debt
- Target shares mostly reflect economic interest in SGI

CONVENTIONAL INSURANCE

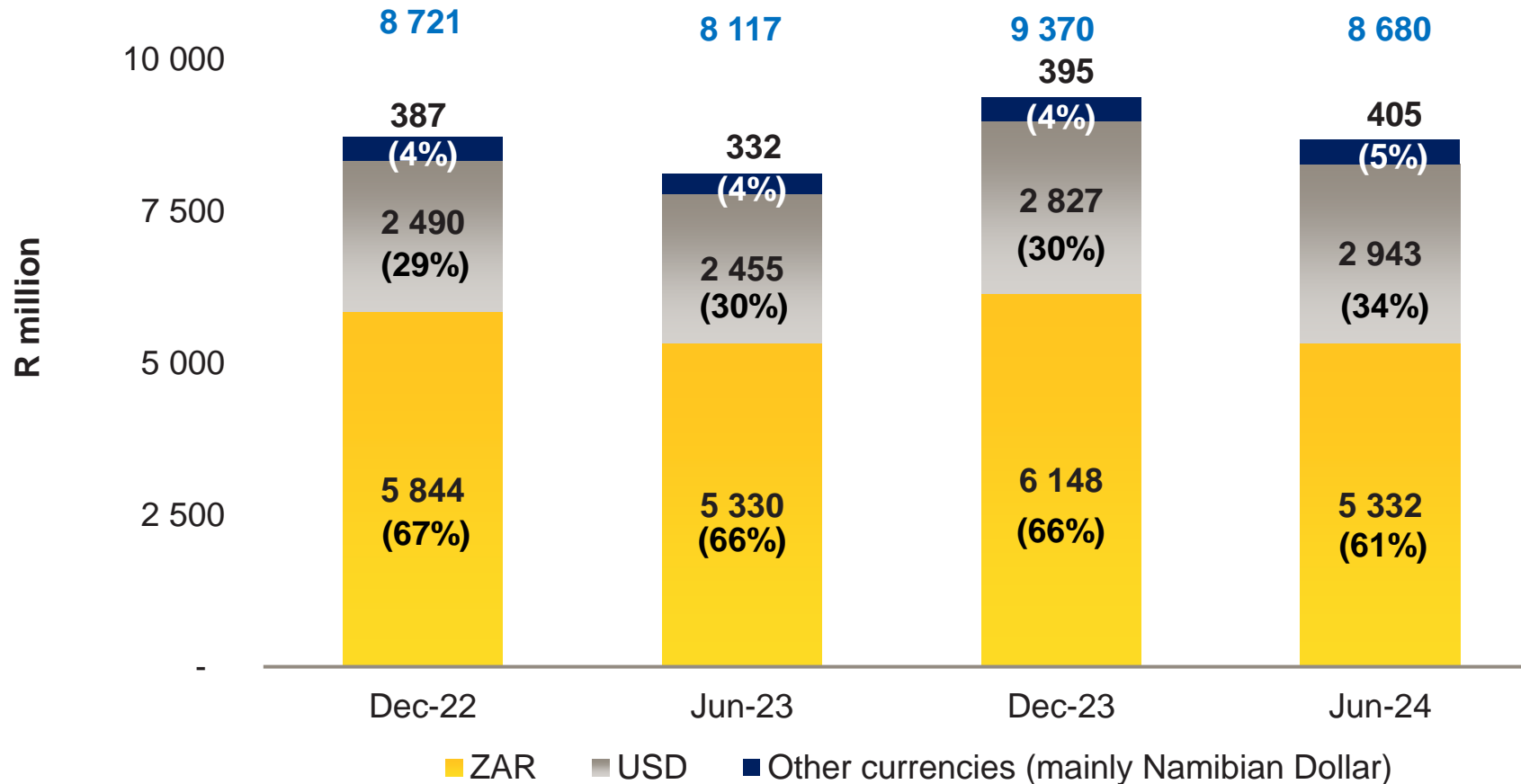
SIZE OF NET INSURANCE FUNDS



- Average float balance down **4%** on Dec 2023 compared to **7%** growth in NEP
- Decline since December 2023 due to increase in net other working capital balances

CONVENTIONAL INSURANCE FUNDS

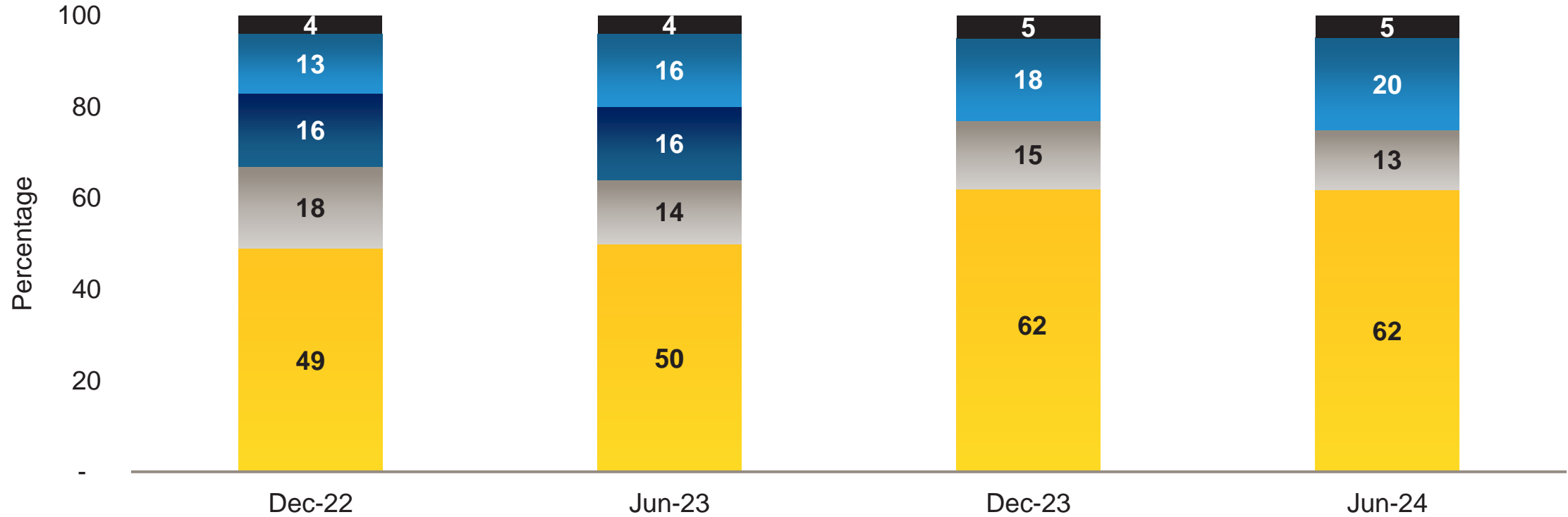
CURRENCY EXPOSURE



- Change in currency exposure driven by profile of insurance liabilities

SHAREHOLDER FUNDS

CURRENCY EXPOSURE



- Other currencies (mainly Namibian Dollar and Malaysian Ringgit)
- Euro (investment in SAN JV)
- Indian Rupee (Target shares)
- US Dollar
- Rand

INVESTMENT RETURN

Investment return on insurance funds	Jun 2024 R million	Jun 2023 R million	Var %	Dec 2023 R million
Conventional	359	319	13%	759
Alternative Risk Transfer	194	121	60%	341
Santam Group	553	440	26%	1 100

Shareholder investment return	Jun 2024 R million	Jun 2023 R million	Var %	Dec 2023 R million
Conventional	698	723	(3%)	1 120
Alternative Risk Transfer	14	26	(46%)	73
Santam Group	712	749	(5%)	1 193

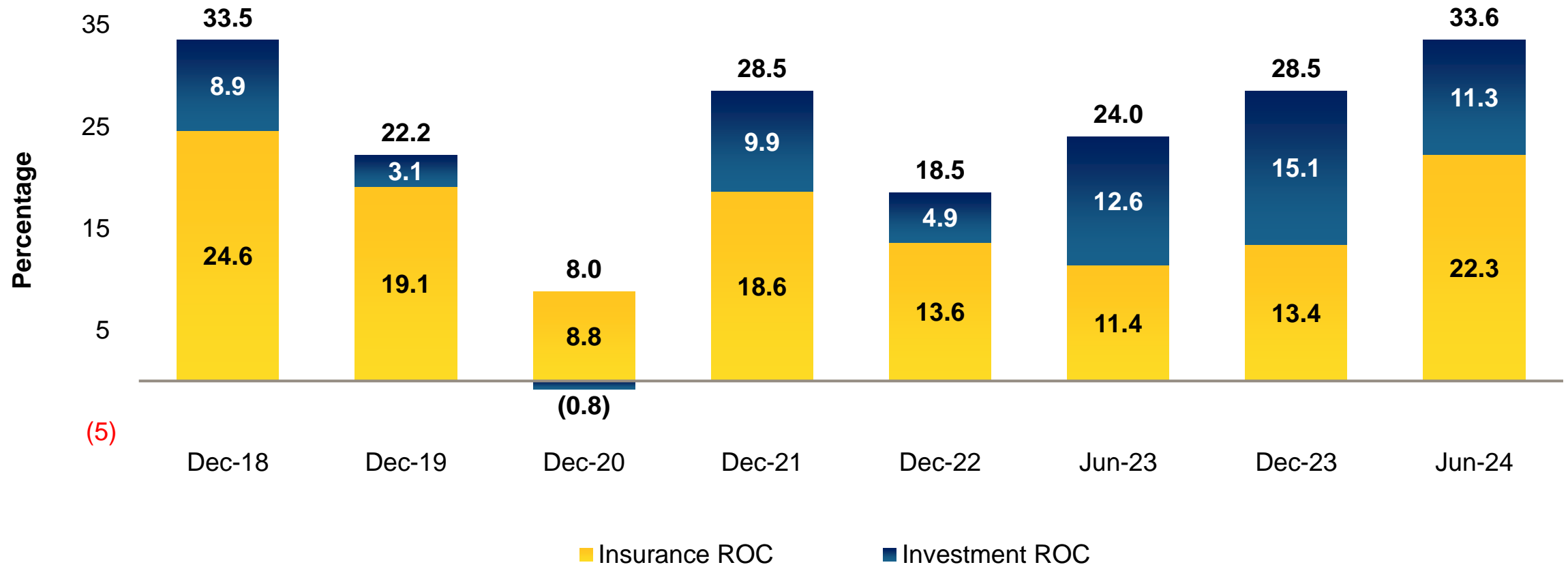
- Improved investment return on all portfolios
- Performance exceeded benchmarks in general

CAPITAL MANAGEMENT



RETURN ON CAPITAL

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



CAPITAL MANAGEMENT

- Group economic capital requirement based on the internal model **R9.0 billion** (Dec 2023: **R8.8 billion**)
- Group economic capital coverage ratio of **158%** at 30 June 2024 (Dec 2023: **155%**)
- Target economic capital coverage ratio band maintained at between **145%** and **165%**
- Considering the capital position, an interim ordinary dividend of **535 cps** was declared, up **8.1%** on 2023
- Interim dividend will reduce the economic capital coverage ratio to a level that remains well within the target band



CLOSING REMARKS



OUR ESG COMMITMENTS

Positive impact on society and nature

- ① Continued as a constituent of the **FTSE 4 Good index series** and **FTSE/JSE Responsible Investment Top 30 Index**
- ① Participating in the **UN PSI Nature Working Group**
- ① Continued with the **ClimateWise membership**



FTSE4Good

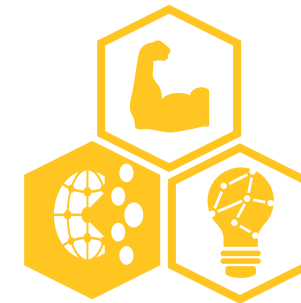
Supporting community resilience

- ① We now support 95 municipalities through **Partnership for Risk and Resilience (P4RR)**
- ① Contributions worth R180 million to the **Santam Resilient Investment Fund** which focuses on social impact
- ① MTN partnership **increasing reach** to new markets across South Africa
- ① We support 667 intermediaries through the **Black Broker Development programme**



Culture and Customer Experience

- ① Maintained **our B-BBEE level 1** status since 2018
- ① Continued commitment to **excellent customer experience and fair treatment**
 - ① Achieved best results for personal lines cases in the OSTI results
 - ① Consistent NPS improvement
 - ① Recognised by intermediaries as the **Best Personal Insurer** and **Best Corporate Insurer**



PRIORITIES AND OUTLOOK FOR REST OF THE YEAR

FOCUSED ON DELIVERING ON STRATEGY AND IMPROVED PROFITABILITY



Driving profitable growth



Continue to accelerate our digital and data capabilities



Continue to fix the property portfolio



Strong focus on improving efficiencies



Continue to scale direct



Drive client and employee experience



Drive diversification play through scaling Santam Re and Specialist Business

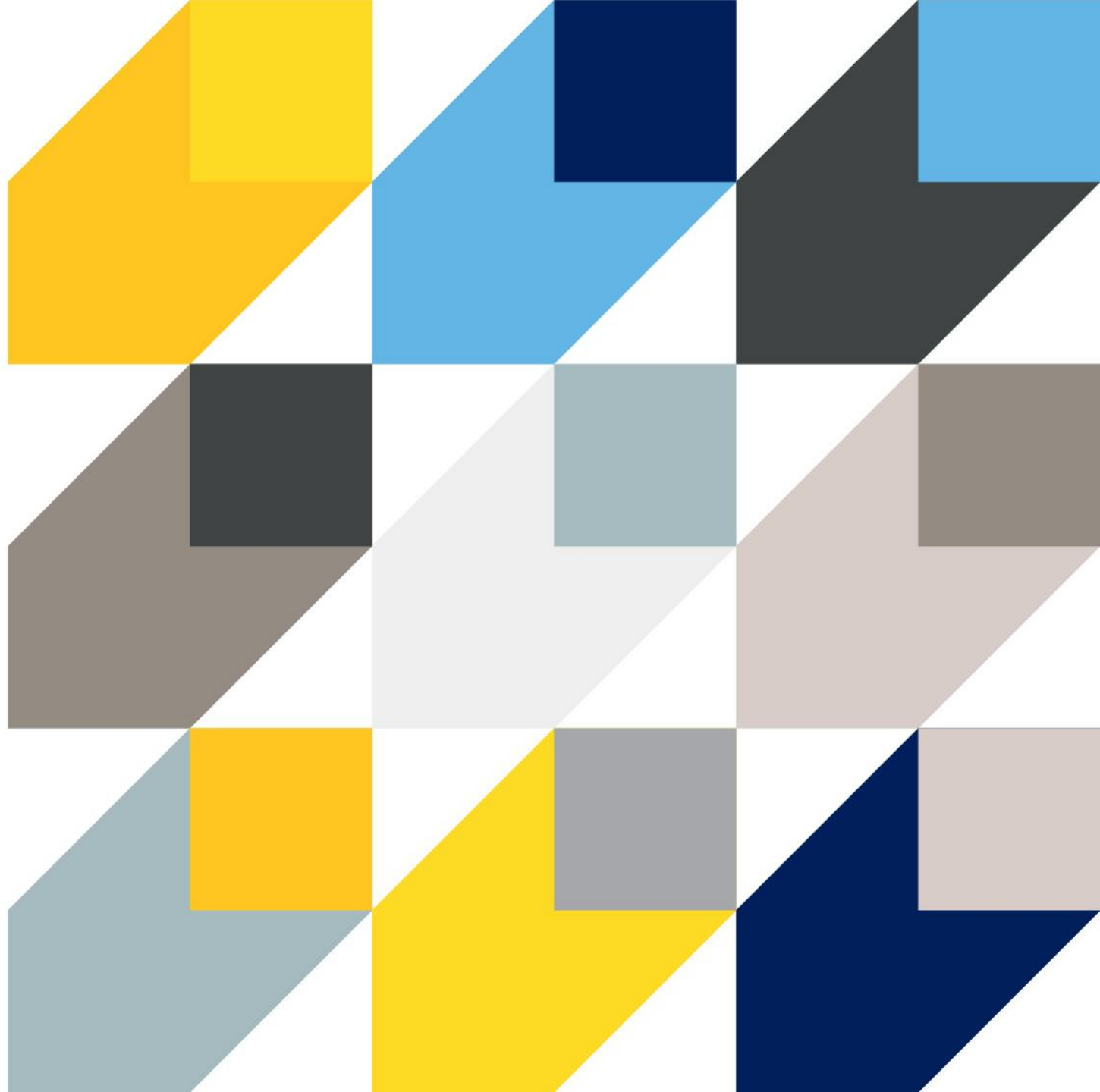


Enhance brand visibility

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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