



# 2025

## Annual financial statements

for the year ended 31 December



As we embark on this journey together, we are not changing who we are. We are evolving to stay relevant and impactful in a rapidly changing world.

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# **How** to navigate the annual financial statements

*The format of the annual financial statements for 2025 is consistent with that of 2024. All key information relating to a financial statement line item is grouped in one note.*

## Primary statements

The primary statements are included in the beginning of the annual financial statements and include note references to specific underlying detailed notes.

## Notes to the financial statements

The notes to the financial statements are presented in order of significance and consist of insurance-specific, financial instrument-specific and risk management notes followed by other notes thereafter.

## Accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are included in the specific notes to which they relate and are indicated with a grey background.

## Critical accounting estimates and judgements

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and company financial statements, are included in the specific notes to which they relate and are indicated with a yellow background.

# **Approval** of the annual financial statements

To the shareholders of Santam Ltd

## **Responsibility for and approval of the group and company annual financial statements**

The board of Santam Ltd accepts responsibility for the integrity, objectivity and reliability of the group and company annual financial statements of Santam Ltd. Adequate accounting records have been maintained. The board endorses the principle of transparency in financial reporting.

The responsibility for the preparation and presentation of the annual financial statements has been delegated to management.

The responsibility of the external auditors is to express an independent opinion on the fair presentation of the financial statements based on their audit of Santam Ltd and its subsidiaries.

The board has confirmed that adequate internal financial control systems are being maintained. There were no breakdowns in the functioning of the internal control systems during the year that had a material impact on the financial results. The board is satisfied that the financial statements fairly present the financial position, the results of the operations and cash flows in accordance with relevant accounting policies, based on IFRS® Accounting Standards, supported by reasonable and prudent judgements consistently applied.

The board is of the opinion that Santam Ltd is financially sound and operates as a going concern. The financial statements have accordingly been prepared on this basis.

The financial statements were authorised for issue and publication by the board and signed on its behalf by:

**NT Moholi**  
*Chairperson*  
*Authorised director*

6 March 2026

**TC Madzinga**  
*Group chief executive officer*  
*Authorised director*

6 March 2026

## **Preparation** and presentation of the annual financial statements

The preparation of the annual financial statements was supervised by the group chief financial officer of Santam Ltd, ML (Wikus) Olivier (CA (SA)).

# **Statement** on internal financial controls

Each of the directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 18 to 159, fairly present in all material respects the financial position, financial performance and cash flows of the group and company in terms of IFRS® Accounting Standards.
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.
- Internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the group.
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, and we have fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies.
- We are not aware of any fraud involving directors.

**ML Olivier**

*Group chief financial officer  
Authorised director*

6 March 2026

**TC Madzinga**

*Group chief executive officer  
Authorised director*

6 March 2026

# **Secretarial** certification

In accordance with section 88(2)(e) of the Companies Act, 71 of 2008, as amended (the Companies Act), it is hereby certified that the company has lodged with the Registrar of Companies all such applicable returns as are required of a public company in terms of the Companies Act and that such returns are to our knowledge true, accurate and up to date.

**R Eksteen**

*Group company secretary*

6 March 2026

# Independent auditor's report

To the Shareholders of Santam Limited

## Report on the audit of the consolidated and separate financial statements

### Opinion

We have audited the financial statements of Santam Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 18 to 159, which comprise:

- the statements of financial position as at 31 December 2025;
- the statements of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Santam Limited as at 31 December 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code), as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

### Final Materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
<b>Final materiality</b>	R400 million	R270 million
<b>Percentage applied</b>	0.71% (rounded) of Insurance revenue	0.71% (rounded) of Insurance revenue
<b>Rationale for the benchmark and percentage applied</b>	We selected Insurance Revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group and Company is most likely to be measured by users when evaluating a short-term insurance orientated group.  We applied a percentage of 0.71% of Insurance Revenue which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the Group and Company.	

# **Independent** auditor's report

## **Group audit**

The consolidated and separate financial statements were both considered to meet the definition of 'group financial statements' as they represent the financial information of more than one entity or business units. The group audit scoping and group auditor oversight sections were applied to the audit of both the consolidated and separate financial statements.

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which further audit procedures to perform at these components to address those risks. Our judgement included assessing the size of the components, nature of assets, liabilities and transactions within the components as well as specific risks.

We identified two components that were common to both the Group and Company and six components relating to the Group which required an audit response.

Risk assessment procedures were performed at the eight components. Further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated financial statements, at eight of the components for the Group and two components for the Company.

Accordingly, we performed audit procedures on eight components, of which we involved component auditors in performing the audit work on seven components.

Based on our risk assessment procedures, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information not subject to further audit procedures.

## **Group auditor oversight**

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components.

We inspected selected areas of the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent auditor's report

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matter and these are included below.

## Valuation of the liability for incurred claims (Consolidated and separate)

Refer to note 1.3 Critical accounting estimates and judgements and note 4 Insurance and reinsurance contracts.

Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2025, Santam Limited held insurance contract liabilities (net) to the value of R42 331 million (Group) and R16 014 million (Company). The insurance contract liabilities comprise the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). Insurance contract liabilities are accounted for under IFRS 17: Insurance Contracts (IFRS 17).</p> <p>Significant judgement and estimation were applied in determining the value of the insurance contracts to be recognised in the consolidated and separate financial statements as it relates to the selection of actuarial methods and assumptions relating to the present value of expected future cash flows and the risk adjustment for non-financial risk (risk adjustment), which together comprise the LIC.</p> <p>The most significant inputs in determining the LIC are:</p> <ul style="list-style-type: none"> <li>• The expected loss ratio used to determine the expected future cash flows;</li> <li>• The discount rate used to discount the expected future cash flows; and</li> <li>• The determination of the risk adjustment.</li> </ul> <p>The discount rate is determined as a risk-free rate plus an illiquidity premium where applicable.</p> <p>The risk adjustment is determined using a confidence level approach (value at risk), calibrated to the technical reserves being held between the 75th and 95th percentile.</p> <p>Historic claims triangulations are used to determine the expected cost of future claims, which are discounted back to the reporting date using a term dependent discount rate. The stochastic chain ladder methodology assists in developing a greater understanding of the trends inherent in the data being projected to estimate the ultimate cost of claims.</p> <p>We considered the valuation of the LIC to be a key audit matter in our audit of the consolidated and separate financial statements as significant judgement and estimation are applied by management.</p>	<p>In order to address the risk relating to the valuation of assets and liabilities arising from the insurance contracts recorded on the consolidated and separate financial statements, our audit approach included internal actuarial specialists.</p> <p>In respect of the valuation of the LIC we:</p> <ul style="list-style-type: none"> <li>• Assessed the IFRS 17 valuation methodology and assumptions for compliance against the latest actuarial guidance and approved Group accounting policy in accordance with IFRS 17;</li> <li>• On a sample basis, independently calculated the incurred but not reported component of the best estimate cash flows using our internally developed model;</li> <li>• On a sample basis for outstanding claims at year-end, tested the claims information recorded on the underlying source system (such as loss event and claim estimate). Where applicable we further compared the claim values used by management to reports from assessors to determine the validity of the claims;</li> <li>• Independently discounted the best estimate LIC using an independently sourced rate;</li> <li>• On a sample basis, tested the risk adjustment by performing independent estimates of the calculated liabilities and comparing the results to management's proposed estimate and assessed whether the results fell within a reasonable range;</li> <li>• Tested the reliability, completeness and accuracy of the underlying data inputs used as the basis for the underlying IFRS 17 estimates by selecting a risk-based sample and agreeing it to underlying support; and</li> <li>• Assessed the appropriateness of the disclosures relating to the valuation of the LIC, including the sensitivity analysis, against the requirements of IFRS 17.</li> </ul> <p>Based on the procedures as listed above, we did not identify any matters requiring further consideration.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Santam Limited Annual Financial Statements for the year ended 31 December 2025", which includes the Directors' Report, the Audit Committee's Report and the Secretarial certification as required by the Companies Act of South Africa, and the Santam 2025 Integrated Report, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa, and for such internal control as

# **Independent** auditor's report

the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group and Company as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

### **Audit Tenure**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the second year that KPMG Inc. has been the auditor of Santam Limited.

#### **KPMG Inc.**

*Per Mark Danckwerts*

Chartered Accountant (SA)  
Registered Auditor  
Director

4 Christiaan Barnard Street  
Cape Town City Centre  
Cape Town, 8001

6 March 2026

# Report of the audit committee

## Composition and charter

The Santam group audit committee appointed to hold office until the conclusion of the annual general meeting (AGM) on 5 June 2026 comprises of four independent non-executive directors of the company. PE Speckmann, MP Fandeso and DEH Loxton were re-elected to the committee by the company's shareholders at the AGM on 30 May 2025, and RJ Wainwright was newly appointed to the committee effective 20 May 2025. The qualifications of the members of the committee are listed on page 79 of the integrated report. The members possess the necessary experience and expertise to direct the committee in the execution of its duties.

The audit committee of the Santam group acts as such for the following companies within the group where an audit committee is required in terms of the Companies Act, 71 of 2008, as amended: Santam Ltd, Miway Insurance Ltd, Centriq Insurance Company Ltd, Centriq Life Insurance Company Ltd, Santam Structured Insurance Ltd and Santam Structured Life Ltd. The committee has a charter, approved by the board, dealing, *inter alia*, with its membership, frequency of meetings and responsibilities. The charter is reviewed annually and was updated during November 2025. The committee has a formal work plan to structure the execution of its responsibilities. The committee reviews reports from the external and internal auditors. The chair of the committee reports on the findings at board meetings.

## Functions

The responsibility and functions of the audit committee includes the review of financial reporting (and their recommendation for approval to the board), regulatory compliance matters and monitoring litigation. The audit committee also has the responsibility of reviewing the basis on which the company has been determined a going concern and is responsible for considering changes to, and the application of, the dividend policy and recommending dividend declarations to the board. The committee's charter allows it to consult with external consultants to assist it with the execution of its functions, subject to a board approval process.

## Internal and external audit

The committee nominated the independent external auditor to Santam group and its subsidiaries for appointment by the shareholders at the annual general meeting held on 30 May 2025. It also approves the terms of engagement and remuneration for the external audit engagement. Furthermore, a review of the non-audit services rendered by external auditors and an assessment of the external auditor's ability to accept the audit, had been conducted by the committee. It was confirmed that the non-audit services did not compromise the external auditor's independence and that there were no regulations that prevented the external auditor's reappointment. The committee has considered the latest Independent Regulatory Board for Auditors' inspection findings report and the information provided in accordance with paragraph 5.7(h) read with paragraphs 6.37 – 6.38 of the JSE Listings Requirements in respect of the external auditor when assessing the suitability of the appointment of the audit firm and the designated audit partner.

The head of internal audit functionally reports to the chairperson of the audit committee and administratively to the group chief financial officer. The audit committee is responsible for reviewing and approving the internal audit charter, the internal audit coverage, as well as resource and financial plans of the internal audit function. The committee also evaluates and promotes the independence of internal audit. The committee ensures a combined assurance model is applied to provide a coordinated approach to all assurance activities of the Santam group.

## Meetings

The committee held four scheduled meetings during the year under review. The required quorum was present at all meetings held.

## Chief financial officer

As required by paragraphs 5.7(h)(i) and 7.3(e)(i) of the JSE Ltd Listings Requirements and Debt and Specialist Securities Listings Requirements, the audit committee has considered the expertise and experience of the chief financial officer and financial director, ML Olivier, and concluded that the appropriate requirements had been met. The committee is satisfied that the expertise, resources and experience of the company's finance function are appropriate and that the financial reporting procedures are operating satisfactorily.

# **Report** of the audit committee

## Integrated report and annual financial statements

The audit committee reviewed the 2025 Santam Ltd integrated report and annual financial statements and considered factors and risks that may impact the integrity of the reports. The audit committee also reviewed the disclosure of sustainability and governance issues in the integrated report to ensure that it is reliable and does not conflict with the financial information. The committee has recommended the integrated report and annual financial statements to the board for approval.

## Effectiveness of internal financial controls

The audit committee has confirmed that effective systems of internal financial control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year that had a material impact on the Santam group annual financial statements. The board is satisfied that the annual financial statements fairly present the financial position, changes in equity, the results of operations and cash flows for the group in accordance with IFRS® Accounting Standards and is supported by reasonable and prudent judgements consistently applied.

The committee is satisfied that it had fulfilled its responsibilities in terms of its charter during the year under review and believes that it complied with its legal, regulatory and other responsibilities for the year.

**PE Speckmann**

*Chairperson of the audit committee*

6 March 2026

# Directors' report

## Financial and operational review

### Key features

#### Business volumes

- Premium growth exceeded long-term target despite competitive pressure on specialist classes in South Africa
- Miway achieved record new business sales, contributing to strong double-digit premium growth and net policy count growth for the year
- First-time contribution from the recently acquired MultiChoice book

#### Earnings

- Underwriting margin of 11.3% (combined ratio 88.7%) is well above the target range (2024: 7.6%; combined ratio 92.4%)
- Reserve prudence strengthened by R900 million
- Strong turnaround in the profitability of the property portfolio
- Favourable attritional loss experience throughout the year, partly offset by weather-related and other large losses in second half of 2025
- Foreign currency losses of R1 billion suppressed investment return earned on shareholders' funds (2024: R98 million gains)
- Non-recurring project expenses of R325 million incurred in 2025

#### Capital

- Return on capital of 29.2% exceeded the hurdle rate of 24%
- Final dividend of 1 090 cents per share, up 10.7%

### Executive summary

The group recorded a strong financial performance for the 2025 financial year. Consistent with the first-half results, all key financial performance indicators exceeded their longer-term targets for the full year.

We continued to execute our FutureFit 2030 strategy, which laid a solid foundation to deliver good results. We maintained our leading position in the broker distribution channel in South Africa across personal and commercial lines of business, while growing market share in the direct channel and in underpenetrated consumer segments. We moderated market share in specialist lines of business where we were not prepared to follow unsustainable market pricing. Our focus remains on profitable long-term growth. International growth and diversification is a key strategic pillar to transform the group's future growth prospects and investment case. Santam Re and Specialist Solutions performed well and increased their non-South African gross written premium (GWP) by 11% to R6.8 billion. Santam Re contributed some 80% to this business. International growth will be augmented in 2026 by the official launch of Santam Syndicate 1918, with Lloyd's providing its final approval to commence underwriting from 1 January 2026. We celebrated the stamping of the first risks for the Syndicate in December 2025. The remaining underwriting actions implemented to fully restore the underlying profitability of the in-force book, were successfully rolled out.

Investment markets in South Africa and globally shrugged off initial fears caused by international trade policy developments and delivered a strong performance across equity and interest rate markets, benefiting investment return earned across all portfolios. The strengthening of the rand against major currencies in 2025 contributed to foreign currency losses in respect of non-South African assets.

Our strategic progress underpinned our financial performance scorecard for 2025:

Performance measure	Long-term goal	2025 performance	Rating
Growth in size of book	CPI + GDP + 1 to 2% (5.4% – 6.4%)*	Gross written premium (GWP): 6.4% Net earned premium (NEP): 14.7%	●
Net underwriting margin	5% – 10%	11.3%	●
Diversification			
• International	>20% by 2030	19%	●
• Direct	>30% by 2030	22%	●
Return on capital	24%	29.2%	●
Dividend growth	Based on NEP growth (14.7%)	10.5%	●
Capital coverage ratio	145% – 165%	169%	●

\* Based on estimated 2025 GDP and CPI of 1.1% and 3.3% respectively.

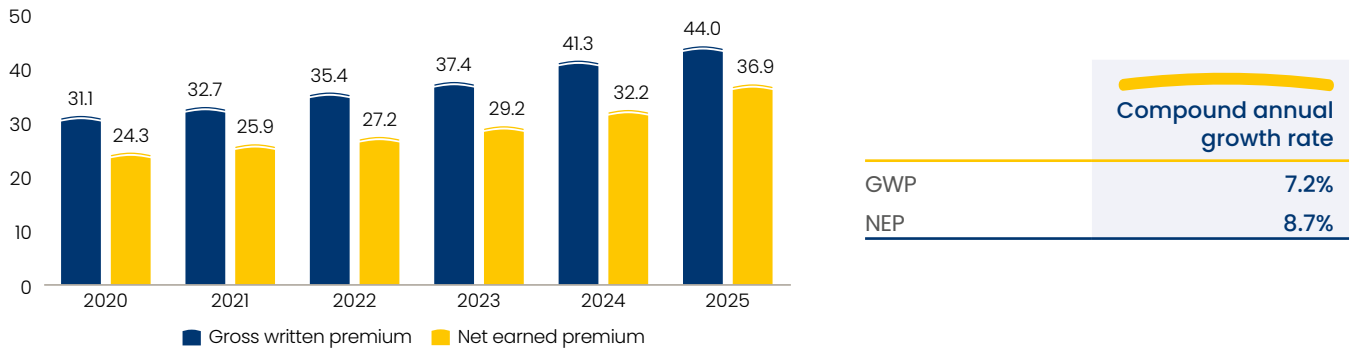
# Directors' report

## Business volumes

GWP indicates the size of the business written by the group's distribution channels before allowing for reinsurance premiums paid. As it excludes reinsurance, it reflects the group's distribution capacity rather than earnings potential. NEP is also disclosed as an indicator of the size of the business retained by the group. It relates to the portion of GWP after reinsurance recognised in the current reporting period regarding expired risk and is a better reflection of the group's earnings potential.

GWP increased by 6%, while NEP grew by 15%. Sizeable new business written through partnerships in Santam Re impacted the premium recognition profile in this business, which was the major contributor to the higher level of growth in NEP compared to GWP. With these transactions now fully in the base, Santam Re's NEP growth should follow GWP more closely in the future.

Conventional business volumes (R billion)



Broker Solutions and Client Solutions achieved solid growth in GWP despite an overall moderation in premium rate increases after successfully addressing key areas of underperformance that had been experienced since 2022. Persistency experience improved compared to 2024 across commercial and personal lines.

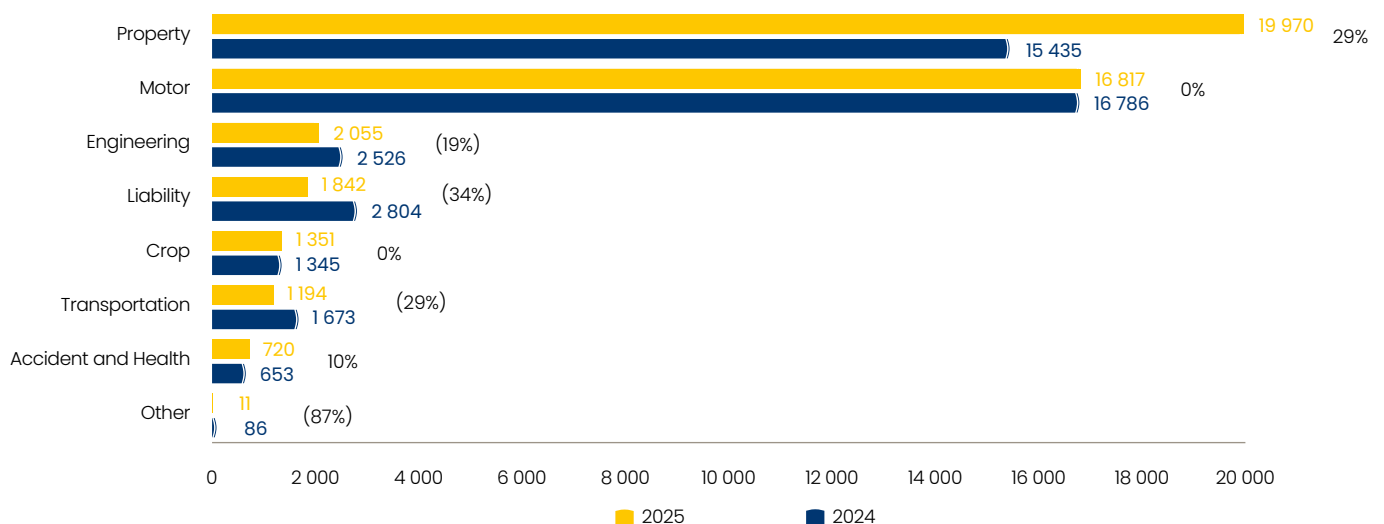
Partner Solutions experienced strong growth, supported by the first-time inclusion of the MultiChoice transaction with effect from May 2025. Device insurance sales at MTN performed in line with expectations, with policy count almost reaching the 600 000 level.

Miway benefited from the inbound and tied agency strategies launched in 2023 as well as the Micashback value proposition launched in 2025. Some 78% of policies had the Micashback feature active at the end of 2025, with activation for the remainder of the book scheduled for policy renewal dates in 2026. GWP grew by 15% compared to 8% in 2024, aided by new business sales that reached record levels in 2025. Business insurance and value-added products performed exceptionally well, with personal lines growth more than doubling compared to 2024.

Specialist Solutions' GWP declined marginally. Pricing pressure in the Casualty business persisted, while rates softened in Corporate Property and Heavy Haulage. Our strategy of not following uneconomically priced risks is key to ensuring a sustainable core business.

Santam Re achieved its targeted business volumes for the year, which was broadly in line with 2024. Growth decelerated in the second half of 2025 as the base effect of business written through strategic partnerships moderated over this period. This line of business was written for the first time in 2024.

Conventional business GWP by insurance class (R million)



# Directors' report

The restructuring of Santam Re's portfolio, along with sizeable business written through strategic partnerships, resulted in a shift in the mix of business from Motor, Engineering and Liability to Property, affecting growth trends for these insurance classes. Excluding the change in mix at Santam Re, solid growth was achieved across both Motor and Property, the two largest insurance classes. Liability business was negatively impacted by the persisting pricing pressure. The decline in Transportation is the combination of rate softening in Heavy Haulage and lower new business in Marine.

Optimisation of the group's reinsurance programme is an ongoing focus and a major contributor to a 4.6% absolute decline in the cost of reinsurance as a percentage of gross earned premiums from 20.9% in 2023 to 16.3% in 2025. The decline comprises of the following:

- Optimisation of the reinsurance programme – 1.3%.
- Change in mix of business at Santam Re – 1.7%. The partnership business requires a lower level of reinsurance than standalone treaties.
- A decline in the relative contribution of specialist lines of business – 1.6%. Specialist insurance classes are subject to high levels of reinsurance, in particular facultative insurance.

## Geographical analysis

South Africa remains the most significant contributor to GWP at 81% (2024: 82%), with business from this market increasing by 5% to R35.5 billion (2024: R33.9 billion). GWP from outside South Africa contributed 19% (2024: 18%) of total GWP and grew by 14% to R8.4 billion (2024: R7.4 billion).

## Earnings

	2025 R million	2024 R million	Variance
<b>Conventional</b>	<b>5 312</b>	4 604	15%
Net insurance result	5 255	3 264	61%
Investment return on capital	57	1 340	(96%)
<b>Net income ART</b>	<b>944</b>	781	21%
<b>Other</b>	<b>(457)</b>	(244)	(87%)
Associated companies	147	88	67%
Amortisation and other	(604)	(332)	(82%)
<b>Income before tax and non-controlling interests</b>	<b>5 799</b>	5 141	13%
Tax and non-controlling interests	(1 740)	(1 462)	(19%)
<b>Net income</b>	<b>4 059</b>	3 679	10%

## Conventional insurance

	2025 R million	% of NEP	2024 R million	% of NEP
<b>Gross written premium</b>	<b>43 960</b>		41 308	
Net earned premium	36 920	100%	32 192	100%
Claims incurred	20 657	56.0%	19 657	61.1%
Acquisition cost	12 103	32.7%	10 094	31.3%
Commission	5 073	13.7%	4 270	13.2%
Management expenses	7 030	19.0%	5 824	18.1%
<b>Underwriting result</b>	<b>4 160</b>	<b>11.3%</b>	2 441	7.6%
Investment return on insurance funds	1 095	3.0%	823	2.6%
<b>Net insurance result</b>	<b>5 255</b>	<b>14.3%</b>	3 264	10.2%
<b>Combined ratio</b>		<b>88.7%</b>		92.4%

Net income increased by 10%, the combination of a 61% increase in the net insurance result from conventional business and a 21% rise in ART's contribution, partly offset mainly by foreign currency losses of R1 billion and an increase in amortisation and other expenses, which include large one-off project expenses of R325 million.

# Directors' report

## Underwriting result

An underwriting margin of 11.3% was achieved in 2025, compared to 7.6% in 2024. Both the personal lines and the commercial lines delivered solid underwriting margins, with all businesses exceeding the 2024 performance.

As part of the optimisation of the group's reinsurance programme, the retention limit for catastrophe events was increased from R505 million to R1 billion with effect from the 2024 financial year. The premium savings achieved are expected to be well in excess of the additional catastrophe exposure over time. The prudence within the group's reserves has been bolstered over the course of 2024 and 2025 to take cognisance of the increased exposure to catastrophe losses resulting from the higher net retention as well as the increase in the frequency and severity of weather-related events over the past few years. Overall reserve prudence was strengthened by R900 million in 2025. Reserve sufficiency increased from the 84th to the 91st percentile as a result.

The underwriting actions implemented over the past two years have significantly improved the risk profile and rating strength of the group's in-force book. This created positive earnings momentum in 2025, which was further aided by a benign attritional loss experience and lower weather-related losses, which declined by some R600 million compared to 2024. Other large losses were broadly in line with the prior year. The favourable claims environment in 2025 is not sustainable in the context of the increase in the frequency and severity of extreme weather events over the past few years. Other large losses, in particular fire, are also volatile in nature. Some normalisation has already been experienced in the first two months of 2026, with flooding in the northern part of South Africa and wild fires in the Western Cape, generating losses of R300 million to date.

Broker and Client Solutions benefited from the favourable claims environment and delivered robust underwriting performances. Miway achieved an underwriting margin of 8.3%, which was lower than the first-half performance due to higher attritional losses in the second half of the year as the rain and hail season started in Gauteng. This is in line with past trends. Its margin in 2025 was also impacted by continued investment in strategic growth initiatives, particularly in business insurance. Miway achieved solid double-digit margins excluding these investments. Specialist Solutions maintained its track record of superior underwriting results, exceeding the comparable period performance by a sizeable margin despite exposure to hail claims in the Agri business.

All insurance classes recorded strong underwriting results, with the turnaround in Property being particularly pleasing.

## Expense management

The net acquisition cost ratio increased from 31.3% in 2024 to 32.7% in 2025, with the net commission ratio at 13.7%, compared to 13.2% in 2024. The net commission ratio is influenced by the mix of business written between specialist, commercial, personal lines and reinsurance.

Management expenses remained well-controlled as part of the group's efficiency drive. Management expenses were impacted over the past two years by corporate activity, growth in variable sales-related expenses, investment in strategic initiatives, in particular at Miway, and higher variable remuneration following the group's strong financial performance. The management expense ratio increased from 16.5% in 2023 to 19% in 2025 as a result. The increase is attributable to the following:

- Corporate activity: MTN and MultiChoice (through the NMS Insurance investment) – 1%. The profit share arrangements are recognised as management expenses, resulting in a relatively higher management expense ratio for these businesses.
- Investment in Miway strategic initiatives and variable sales-related expenses – 2.1%. Miway's strategic initiatives are yielding the desired results as reflected in its strong GWP performance. The good GWP growth experienced in the intermediated and direct businesses contributed to a higher than inflationary increase in sales-related expenses such as binder fees and lead fees.
- Variable remuneration – 0.7%. The strong financial performance of the group since 2023 resulted in an outperformance of incentive hurdles, contributing to an increase in variable remuneration costs.
- Efficiency gains realised through stringent expense management and optimisation of processes reduced the management expense ratio by 1.3%.

## Investment return on insurance funds

The investment return on insurance funds of 3.0% (2.6% in 2024) on net earned premiums is the combined result of solid returns on local and global fixed-income investments, as well as outperformance of portfolio benchmarks.

## Investment return on capital

Investment return on capital was negatively impacted by R1 billion of foreign currency losses recognised in respect of foreign exposure (including R420 million in respect of the investment in Shriram General Insurance) following the strengthening of the rand exchange rate in 2025 (2024: net gain of R98 million). The investment in Pacific & Orient in Malaysia incurred fair value losses of R132 million, decreasing the carrying value to Rnil. Excluding these items, net investment return was broadly in line with 2024.

The group held surplus foreign assets during the year in anticipation of the launch of Santam Syndicate 1918, which generates additional foreign capital requirements. Capital of R2.2 billion was transferred to the syndicate at year-end. The syndicate is classified as a foreign operation in terms of IFRS, with future foreign currency translation differences on the capital to be recognised directly in equity. Foreign currency losses in respect of the surplus foreign capital held and the investment in Shriram General Insurance were the biggest contributors to the total foreign currency loss in 2025.

# Directors' report

## Amortisation and other

Amortisation and other expenses increased from R332 million in 2024 to R604 million in 2025. The majority of the prior year expenses related to the derecognition of intangible assets in respect of administration platforms that are being migrated to cloud-based solutions, amortisation of intangible assets recognised in corporate transactions and other strategic project costs. The 2025 expenses include one-off costs of R325 million in respect of the establishment of Santam Syndicate 1918 as well as costs and impairment charges related to the closure of Santam digital platforms. The group's digital strategy was reviewed during the course of 2025, shifting to collaboration in the Sanlam group's digital distribution strategy instead of building and running standalone digital businesses. The 2025 costs also include participation in the building of the Sanlam group rewards offering which will be rolled out across the Santam group over the course of 2026.

## Alternative risk transfer business (ART)

The ART businesses achieved a sterling performance, growing their profit contribution by 21%, from R781 million in 2024 to R944 million in 2025. Earnings were supported by good growth across all main income lines (fee income, investment margin and underwriting margins).

## India general insurance business

Santam's 14% effective economic share of the GWP of Shriram General Insurance (SGI) in India increased by 27%. Net insurance result increased by 28%. SGI's underwriting performance benefited from book growth and a favourable claims ratio. The investment return on insurance funds increased by 34%.

## Capital management

We announced in November 2024 that Santam has entered into agreements with Sanlam Life Insurance Ltd to acquire its 60% interest in the AI ordinary shares in NMS Insurance Services (SA) Ltd for an initial cash consideration of R925 million. The transaction became effective on 2 May 2025 and is aligned with the group's partnership strategy to reach new client segments in pursuit of scale and enhanced financial inclusion.

As part of the group's investment strategy into underwriting managers, a 51% stake was acquired in Avatar Holdings Ltd (Avatar), based in the UK, during July 2025. Avatar is a new start-up with a unique technology platform that can underwrite and price mid-sized corporate risks much more efficiently than traditional methods. The mid-sized corporate market in the United States presents a significant growth opportunity for Avatar given its superior underwriting capability. The group will initially not deploy any underwriting capacity to Avatar. Avatar can become a source of future new business for Santam Syndicate 1918. The investment in Avatar amounted to GBP3 million and was funded from the group's available cash resources.

The group redeemed subordinated debt of R1 billion that reached the call option date at the end of November 2025. Additional subordinated debt of R2 billion was issued in October 2025, with R1 billion being a replacement of the redeemed notes and R1 billion issued in support of the launch of Santam Syndicate 1918. The syndicate contributes to an increase in the group's overall capital requirement, which is funded through a combination of available surplus capital and the issuance of the additional subordinated debt of R1 billion. This will enable the group to operate well within its economic and regulatory target ranges.

The group and all of its principal subsidiaries remained well-capitalised at 31 December 2025. Based on the internal model, the group economic capital requirement amounted to R11.3 billion (2024: R9.5 billion) compared to the actual capital of R19.1 billion (2024: R15.8 billion). This equates to an economic capital coverage ratio of 169% (2024: 166%), above the upper end of the capital target range of 145% to 165%. The final dividend declaration will bring the economic capital solvency ratio back to within the target range, albeit at the top end of the range.

Santam Ltd, the primary operating entity, had an economic capital coverage ratio of 160% as of 31 December 2025 (2024: 159%) and a regulatory capital coverage ratio of 190% (2024: 173%), both of which were well above the risk appetite levels.

No significant changes were made to the strategic asset allocation of the key investment portfolios, except for the disposal of listed equities to fund the MultiChoice transaction and to position the portfolio appropriately in anticipation of the launch of Santam Syndicate 1918.

## Dividend

The group's ordinary dividend policy aims to achieve stable dividend growth in line with longer-term sustainable business growth while maintaining the group's solvency ratio within the target range.

Given the group's sound solvency position at 31 December 2025, the board approved a final dividend of 1 090 cents per ordinary share, representing an increase of 10.7% on the final dividend of 985 cents declared in respect of the 2024 financial year. Total dividends declared in respect of the 2025 financial year amount to 1 680 cents, a 10.5% increase on the 1 520 cents declared in respect of 2024.

# Directors' report

## Ordinary shares issued

The shares in issue remained at 115 131 417 (2024: 115 131 417) shares of no par value (including 5 895 197 (2024: 5 987 166) treasury shares). In terms of the deferred share plan (DSP) implemented in 2007 and the performance deferred share plan (PDSP), 346 905 (2024: 475 000) shares were granted to employees on a deferred delivery basis during the year, 85 440 (2024: 188 198) shares lapsed as a result of resignations and 361 340 (2024: 327 173) treasury shares were delivered to participants in terms of the DSP and PDSP. Full details are set out in note 17 to the annual financial statements.

Subsidiaries in the group hold a total of 5 670 823 (2024: 5 761 321) Santam shares. The shares are held as 'Treasury shares'. Furthermore, since the unwinding of the Central Plaza structure in 2015, the Emthunzini BBBEE staff trust is under the control of Santam Ltd, resulting in 224 374 (2024: 225 845) additional shares being recognised as treasury shares as at 31 December 2025 (refer notes 16 and 17 for further details).

## Capital structure

### Debt securities

On 6 October 2025, Santam issued additional five-year and seven-year unsecured subordinated callable floating rate notes of R1.53 billion and R470 million respectively. The effective interest rate for the floating rate notes is equivalent to the JIBAR plus a spread of 120 and 129 basis points respectively for the five-year and seven-year notes. The five-year and seven-year notes have a maturity date of 6 October 2030 and 6 October 2032, respectively. Santam also redeemed subordinated floating rate notes issued in November 2020 of R1 billion (with an effective interest rate of 9.02%), which became callable on 30 November 2025. The issued subordinated notes commensurately increased to R4 billion.

For details on debt securities, refer to note 6.1 to the annual financial statements.

### Share capital

For details on ordinary shares issued, refer to note 16 to the annual financial statements.

## Ordinary dividends

	COMPANY	
	2025 R million	2024 R million
The following dividends were paid and are proposed		
Interim dividend of 590 cents per share (2024: 535 cents)	679	616
Final dividend of 1 090 cents per share (2024: 985 cents)	1 255	1 134
	<b>1 934</b>	<b>1 750</b>

## Subsidiaries

Details of the company's direct and indirect interests in subsidiaries are set out in note 10.1 to the annual financial statements. The following changes in shareholding took place during the year:

- In March 2025, the group acquired a 70% shareholding in Kern Insurance Solutions Consult (Pty) Ltd for R19.6 million in cash, in addition to contingent payments estimated at R4.9 million.
- On 1 April 2025, the group implemented a corporate restructure whereby all assets and liabilities held by Swanvest 120 (Pty) Ltd, an investment holding company in the group, were declared via dividend in specie to Santam Ltd.
- In July 2025, the group acquired a 51% shareholding in Avatar Holdings Ltd, based in the UK, for GBP3 million in cash.
- In December 2025, Santam Ltd received in-principle approval to set up Santam Syndicate 1918 and write business within the Lloyd's of London market. A legal entity structure has been set up, which includes a holding company, Santam UK Holdings (Pty) Ltd, incorporated in South Africa. Santam UK Holdings (Pty) Ltd in turn holds a newly incorporated company, Santam Corporate Member Ltd, a company registered in the UK, into which Santam Syndicate 1918 will be reported.

## Associated companies and joint ventures

Details of the holding company's interest in associated companies and joint ventures are set out in note 12.1 to the annual financial statements. The following changes in shareholding took place during the year:

- On 1 April 2025, Swanvest 120 (Pty) Ltd transferred its investments in associates to Santam Ltd at carrying value via a dividend in specie.

# Directors' report

## Related parties

Related-party relationships exist between the company, subsidiaries, associated companies and joint ventures, other Sanlam Group entities, company directors and key management. All material intergroup transactions between group subsidiaries have been eliminated from the group's financial statements.

For related-party transactions and key management personnel information, refer to notes 10.2 (transactions with subsidiaries in the Santam group), 12.2 (transactions with associated companies and joint ventures in the Santam group), 20.3.1 and 20.3.2 (transactions with key management, directors and prescribed officers) and 27 (transactions with Sanlam Group entities) to the annual financial statements.

Details of directors' remuneration and their interest in the company's shares appear in notes 16.1 (interest in the shares of the company), 17.1 (Santam deferred share plan), 20.3.1 (remuneration received from the company) and 27 (remuneration received from other companies in the group) to the annual financial statements.

## Holding company

Sanlam Life Insurance Ltd, the company's holding company, holds 62.3% (2024: 62.3%) of the total issued ordinary share capital, net of treasury shares. The ultimate holding company is Sanlam Ltd.

## Segment information

Refer to note 2 to the annual financial statements for the segmental report.

## Changes in directors and board committees

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

Mr RJ Wainwright: Appointed as an independent non-executive director to the board (and as a member of the audit committee and the risk committee) with effect from 20 May 2025.

Mr RA Stuchbery: Appointed as an independent non-executive director to the board with effect from 1 September 2025, and as a member of the risk committee with effect from 1 December 2025.

The composition of the board committees is now as follows:

Committee memberships	Risk committee	Audit committee	Human resources and remuneration committee	Nominations committee	Social, ethics and sustainability committee	Investment committee
<b>Independent non-executive directors</b>						
CD da Silva	✓		✓		✓	
MP Fandesio	✓	✓		✓		✓
DEH Loxton	✓	✓				✓
NT Moholi (chairperson)			✓	✓		
JJ Ngulube					✓	
PE Speckmann	✓	✓				
RA Stuchbery	✓					
LA Swartz			✓		✓	
RJ Wainwright	✓	✓				
<b>Non-executive directors</b>						
PB Hanratty			✓	✓		
MM Mahlangeni	✓					
AM Mukhuba	✓					✓
<b>Executive directors</b>						
TC Madzinga (group chief executive officer)	✓				✓	✓
ML Olivier (group chief financial officer)	✓					✓

# **Directors' report**

## Company secretary

R Eksteen served as the group company secretary during 2025.

## Registered office for company secretary

PO Box 3881, Tyger Valley 7536  
Santam Ltd, 1 Sportica Crescent, Bellville 7530

## Auditors

KPMG Inc will continue in office in accordance with section 90(1) of the Companies Act, 71 of 2008, as amended (the Companies Act), until the next AGM where they will be considered for reappointment.

## Special resolutions passed

The following special resolutions were passed by Santam Ltd at the AGM on 30 May 2025:

- Approval of non-executive directors' remuneration.
- General authority to the directors, in accordance with the JSE Listings Requirements and Companies Act, to repurchase the company's shares.
- General authority to grant financial assistance to any related party established for the benefit of employees of the group in connection with the purchase of securities.
- General authority to provide direct or indirect financial assistance to related companies or persons (or inter-related companies or corporations). Such financial assistance provided during the year exceeded the threshold of 0.1% of the Santam group's net asset value.
- Approval to amend the trust deed of the Santam Ltd Share Incentive Trust to reduce the scheme allocation limit of the deferred share plan, performance deferred share plan and restricted share plan established in accordance with the memorandum of incorporation of the company and the JSE Listings Requirements to 5 750 000 ordinary shares.

# Statements of financial position

	Notes	GROUP		COMPANY	
		31 Dec 2025 R million	31 Dec 2024 R million	31 Dec 2025 R million	31 Dec 2024 R million
<b>ASSETS</b>					
Intangible assets	13	985	996	79	100
Property and equipment	15	861	801	546	559
Investment in subsidiaries	10	–	–	4 447	1 429
Investment in associates and joint ventures	12	733	610	236	20
Strategic investments in unlisted shares	5.1	3 179	2 483	3 179	2 483
Deferred income tax	22	311	257	86	–
Financial assets at fair value through profit or loss	5.1	61 904	51 773	19 658	17 624
Insurance contract assets	4.1	334	516	262	360
Reinsurance contract assets	4.1	5 412	6 780	4 795	6 206
Loans and receivables	5.6	2 584	2 793	1 502	1 511
Current income tax		6	45	–	–
Cash and cash equivalents	5.7	6 083	6 385	2 051	2 356
<b>Total assets</b>		<b>82 392</b>	<b>73 439</b>	<b>36 841</b>	<b>32 648</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to the company's equity holders</b>					
Share capital	16	103	103	103	103
Treasury shares	16	(866)	(902)	–	–
Other reserves	18	(29)	13	–	–
Distributable reserves		15 839	13 522	13 564	10 689
		15 047	12 736	13 667	10 792
<b>Non-controlling interest</b>	11	1 532	1 339	–	–
<b>Total equity</b>		<b>16 579</b>	<b>14 075</b>	<b>13 667</b>	<b>10 792</b>
<b>LIABILITIES</b>					
Deferred income tax	22	541	259	–	10
Lease liabilities	7	834	786	564	578
Financial liabilities					
Debt securities	6.1	4 088	3 063	4 088	3 063
Repo liabilities	6.3	1 025	852	–	–
Investment contracts	6.4	7 277	6 638	–	–
Collateral guarantee contracts	6.5	127	120	127	120
Insurance contract liabilities	4.1	42 665	38 219	16 276	16 008
Reinsurance contract liabilities	4.1	5 216	5 499	–	–
Provisions for other liabilities	19	124	186	104	57
Loans and payables	6.6	3 440	3 437	1 877	1 785
Current income tax		476	305	138	235
<b>Total liabilities</b>		<b>65 813</b>	<b>59 364</b>	<b>23 174</b>	<b>21 856</b>
<b>Total shareholders' equity and liabilities</b>		<b>82 392</b>	<b>73 439</b>	<b>36 841</b>	<b>32 648</b>

# Statements of comprehensive income

	Notes	GROUP		COMPANY	
		31 Dec 2025 R million	31 Dec 2024 R million	31 Dec 2025 R million	31 Dec 2024 R million
Insurance revenue	4.8	56 127	52 317	37 953	35 469
Insurance service expense	4.9, 20.2	(41 691)	(39 980)	(29 563)	(28 802)
Net expense from reinsurance contracts held	4.10	(7 388)	(7 825)	(3 907)	(3 700)
<b>Insurance service result</b>		<b>7 048</b>	<b>4 512</b>	<b>4 483</b>	<b>2 967</b>
Finance expense from insurance contracts issued	4.11	(2 708)	(2 647)	(278)	(855)
Finance (expense)/income from reinsurance contracts held	4.12	(402)	(235)	116	337
<b>Net insurance service result</b>		<b>3 938</b>	<b>1 630</b>	<b>4 321</b>	<b>2 449</b>
Interest income on amortised cost instruments	5.9	800	664	120	75
Interest income on fair value through profit or loss instruments	5.9	3 729	3 471	1 494	1 257
Other investment (losses)/income	5.9	(955)	226	837	1 266
Net fair value gains on financial assets and liabilities at fair value through profit or loss	5.10	1 949	1 536	291	768
Other revenue	20.1	353	364	118	114
Investment management services fees	20.2	(144)	(119)	(88)	(58)
<b>Net investment income and other revenue</b>		<b>5 732</b>	<b>6 142</b>	<b>2 772</b>	<b>3 422</b>
Other operating expenses	20.2	(1 139)	(843)	(727)	(333)
Investment return allocated to structured products		(553)	(618)	–	–
Amortisation and impairment of intangible assets	20.2	(69)	(217)	(17)	(165)
<b>Total other operating expenses</b>		<b>(1 761)</b>	<b>(1 678)</b>	<b>(744)</b>	<b>(498)</b>
<b>Result of operating activities</b>		<b>7 909</b>	<b>6 094</b>	<b>6 349</b>	<b>5 373</b>
Other finance costs	6.7	(513)	(538)	(369)	(390)
Impairment of investment in subsidiaries	10	–	–	(178)	(388)
Net income from associates and joint ventures	12	147	88	–	–
Income tax recovered from structured products		287	308	–	–
<b>Profit before tax</b>		<b>7 830</b>	<b>5 952</b>	<b>5 802</b>	<b>4 595</b>
<b>Total tax expense</b>		<b>(2 760)</b>	<b>(1 596)</b>	<b>(1 075)</b>	<b>(897)</b>
Tax expense allocated to shareholders	21	(1 485)	(1 240)	(1 075)	(897)
Tax expense allocated to cell owners and structured products	21	(1 275)	(356)	–	–
<b>Profit for the year</b>		<b>5 070</b>	<b>4 356</b>	<b>4 727</b>	<b>3 698</b>
<b>Other comprehensive income, net of tax</b>					
Items that may subsequently be reclassified to income					
– Movement in foreign currency translation reserve		(42)	–	–	–
<b>Total comprehensive income for the year</b>		<b>5 028</b>	<b>4 356</b>	<b>4 727</b>	<b>3 698</b>
<b>Profit attributable to:</b>					
– equity holders of the company		4 059	3 679	4 727	3 698
– non-controlling interest		1 011	677	–	–
		<b>5 070</b>	<b>4 356</b>	<b>4 727</b>	<b>3 698</b>
<b>Total comprehensive income attributable to:</b>					
– equity holders of the company		4 017	3 679	4 727	3 698
– non-controlling interest		1 011	677	–	–
		<b>5 028</b>	<b>4 356</b>	<b>4 727</b>	<b>3 698</b>
<b>Earnings attributable to equity shareholders</b>					
<b>Earnings per share (cents)</b>					
Basic earnings per share	23	3 717	3 356		
Diluted earnings per share	23	3 678	3 322		

# Statements 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 share-holders R million	Non-controlling interest R million	Total R million
<b>GROUP</b>							
<b>Balance as at 1 January 2024</b>	103	(845)	10	11 424	10 692	714	11 406
Profit for the year	–	–	–	3 679	3 679	677	4 356
<b>Total comprehensive income for the year ended 31 December 2024</b>	–	–	–	3 679	3 679	677	4 356
Issue of treasury shares in terms of share incentive schemes	–	104	–	(104)	–	–	–
Purchase of treasury shares	–	(161)	–	–	(161)	–	(161)
Share-based payment costs	–	–	–	99	99	–	99
Movement in foreign currency translation reserve	–	–	3	–	3	–	3
Equity interest in cell captive settled	–	–	–	–	–	(291)	(291)
Issue of equity interest in cell captive	–	–	–	–	–	327	327
Dividends paid	–	–	–	(1 576)	(1 576)	(88)	(1 664)
<b>Balance as at 31 December 2024</b>	<b>103</b>	<b>(902)</b>	<b>13</b>	<b>13 522</b>	<b>12 736</b>	<b>1 339</b>	<b>14 075</b>
Profit for the year	–	–	–	4 059	4 059	1 011	5 070
Other comprehensive income							
Movement in foreign currency translation reserve	–	–	(42)	–	(42)	–	(42)
<b>Total comprehensive income for the year ended 31 December 2025</b>	–	–	(42)	4 059	4 017	1 011	5 028
Issue of treasury shares in terms of share incentive schemes	–	181	–	(181)	–	–	–
Purchase of treasury shares	–	(145)	–	–	(145)	–	(145)
Share-based payment costs	–	–	–	118	118	–	118
Equity interest in cell captive settled	–	–	–	–	–	(4)	(4)
Issue of equity interest in cell captive	–	–	–	–	–	18	18
Dividends paid	–	–	–	(1 679)	(1 679)	(832)	(2 511)
<b>Balance as at 31 December 2025</b>	<b>103</b>	<b>(866)</b>	<b>(29)</b>	<b>15 839</b>	<b>15 047</b>	<b>1 532</b>	<b>16 579</b>

# Statements of changes in equity

	Attributable to equity holders of the company		
	Share capital R million	Distributable reserves R million	Total share-holders R million
<b>COMPANY</b>			
<b>Balance as at 1 January 2024</b>	103	8 640	8 743
Profit for the year	–	3 698	3 698
<b>Total comprehensive income for the year ended 31 December 2024</b>	–	3 698	3 698
Share-based payment costs	–	121	121
Loss on delivery of shares in terms of share incentive schemes	–	(112)	(112)
Dividends paid	–	(1 658)	(1 658)
<b>Balance as at 31 December 2024</b>	<b>103</b>	<b>10 689</b>	<b>10 792</b>
Profit for the year	–	4 727	4 727
<b>Total comprehensive income for the year ended 31 December 2025</b>	–	4 727	4 727
Share-based payment costs	–	126	126
Loss on delivery of shares in terms of share incentive schemes	–	(165)	(165)
Dividends paid	–	(1 813)	(1 813)
<b>Balance as at 31 December 2025</b>	<b>103</b>	<b>13 564</b>	<b>13 667</b>

# Statements of cash flows

	Notes	GROUP		COMPANY	
		31 Dec 2025 R million	31 Dec 2024 R million	31 Dec 2025 R million	31 Dec 2024 R million
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	9 632	8 470	6 213	4 426
Dividends received		166	257	624	326
Interest received		3 764	3 356	1 600	1 275
Interest paid		(471)	(515)	(357)	(373)
Income tax paid	26	(2 322)	(2 036)	(1 261)	(1 023)
Net movement from acquisition and sale of financial assets		(8 321)	(5 852)	(2 995)	(1 847)
<b>Net cash from operating activities</b>		<b>2 448</b>	<b>3 680</b>	<b>3 824</b>	<b>2 784</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	14	(20)	–	(2 349)	–
Acquisition of associates and joint ventures		–	(20)	–	(20)
Acquisition of strategic investments in unlisted shares	14	(747)	–	(747)	–
Acquisition of business, net of cash acquired	14	(51)	(38)	–	(38)
Proceeds from sale of equipment		–	38	–	34
Purchases of equipment	15	(82)	(86)	(59)	(37)
Purchases of intangible assets	13	(13)	(33)	–	–
<b>Net cash used in investing activities</b>		<b>(913)</b>	<b>(139)</b>	<b>(3 155)</b>	<b>(61)</b>
<b>Cash flows from financing activities</b>					
Purchase of treasury shares	16	(145)	(161)	–	–
Proceeds from issue of unsecured subordinated callable notes	6.1	2 000	–	2 000	–
Redemption of unsecured subordinated callable notes	6.1	(1 000)	–	(1 000)	–
Dividends paid to company's shareholders		(1 679)	(1 576)	(1 813)	(1 658)
Dividends paid to non-controlling interest		(832)	(88)	–	–
Equity interest in cell captive settled		(4)	(291)	–	–
Issue of equity interest in cell captive		18	327	–	–
Payment of principal element of lease liabilities	7	(152)	(171)	(118)	(109)
<b>Net cash used in financing activities</b>		<b>(1 794)</b>	<b>(1 960)</b>	<b>(931)</b>	<b>(1 767)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(259)</b>	<b>1 581</b>	<b>(262)</b>	<b>956</b>
Cash and cash equivalents at beginning of year		6 385	4 819	2 356	1 415
Exchange losses on cash and cash equivalents		(43)	(15)	(43)	(15)
<b>Cash and cash equivalents at end of year</b>	5.7	<b>6 083</b>	<b>6 385</b>	<b>2 051</b>	<b>2 356</b>

# Notes to the annual financial statements

## 1. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements consisting of Santam Ltd (company) together with its subsidiaries (group) are included in the specific notes to which they relate. These policies have been consistently applied to all years presented, unless otherwise indicated.

### 1.1 Statement of compliance

The Santam consolidated and separate financial statements for the year ended 31 December 2025 are prepared in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (FRG), the Financial Pronouncements, as issued by the Financial Reporting Standards Council (FRP), the JSE Financial Reporting Requirements and the requirements of the Companies Act of South Africa, No 71 of 2008 (Companies Act).

### 1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and the application of the equity method of accounting for investments in associates and joint ventures.

The consolidated and separate annual 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 increased geopolitical tensions and the impact on the economy, market volatility as well as an increase in climate-related claims 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 approval of the consolidated annual financial statements.

All amounts in the consolidated financial statements are presented in South African rand, rounded to the nearest million, unless otherwise stated.

#### Standards effective in 2025

The following new IFRSs and/or IFRICs were effective for the first time from 1 January 2025:

- Amendments to IAS 21 *The effects of changes in foreign exchange rates (on lack of exchangeability)*

The adoption of these amendments to IFRS Accounting Standards did not have a material impact.

#### Standards not yet effective in 2025

- IFRS 18 *Presentation and disclosure in financial statements*
- IFRS 19 *Subsidiaries without public accountability: Disclosures*
- Amendments to IFRS 7 and IFRS 9 related to the *Classification and measurement of financial instruments* as well as *clarifying derecognition of financial asset or financial liability when settled through electronic payment systems*
- Amendments to IFRS 7 and IFRS 9 related to *Contracts referencing nature-dependent electricity systems*
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Amendments to IAS 21 *The effects of changes in foreign exchange rates (on hyperinflationary currency)*

The group did not early adopt any of the IFRS Accounting Standards and amendments that are not yet effective. The group has started the process of assessing the potential impact of adopting the new standards and amendments. Refer to note 31 for more detail.

# Notes to the annual financial statements

## 1. Summary of material accounting policies (continued)

### 1.3 Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company's accounting policies. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are highlighted below with more detail provided in the specific notes to which they relate:

Insurance contracts – note 4.1:

- Unit of account
- Premium allocation approach eligibility
- Liability for incurred claims
- Discount rates
- Risk adjustment for non-financial risk

Financial instruments – note 5.3:

- Fair value of financial instruments that are not listed or quoted

## 2. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, 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 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 Broker Solutions, Santam Client Solutions, Santam Partner Solutions, Santam Specialist Solutions, Miway and Santam Re;
- Alternative risk transfer (ART) insurance business written on the insurance licences of the Centriq Insurance group (Centriq) and the Santam Structured Insurance group (SSI); and
- Santam's share of the insurance results of the Sanlam general insurance businesses in India and Malaysia.

Conventional insurance is further analysed between personal and commercial business. 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 the measure of profitability.

For the strategic investments in unlisted shares, growth is measured based on the insurance revenue generated by the underlying businesses. This information is considered to be a reallocation of fair value movements recognised and it is also included as reconciling items in order to reconcile to the consolidated statement of comprehensive income. Overall profitability is measured based on net investment income and fair value movements. The Sanlam general insurance businesses in India and Malaysia is included in the Santam's share of Sanlam general insurance businesses operating segment and the NMSIS investment is included in the Conventional operating segment.

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.

# **Notes** to the annual financial statements

## 2. Segment information (continued)

### **Other activities**

Other activities include the results of businesses that do not assume insurance risk for their own account. They are primarily involved in providing insurance advice, platform services and/or administrative services. This segment also includes the amortisation and impairment of intangible assets and income from associates and joint ventures.

### **All activities**

Given the nature of the operations, there is usually no single external client that contributes 10% or more of the group's revenues. However, during the year R7.3 billion (12.9%) was received from a single client and is included within the reconciling items, in ART cells.

Santam Ltd is domiciled in South Africa. Geographical analysis of the insurance revenue 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 and the strategic investments in unlisted shares.

### **Reconciling items**

#### **ART cells**

- Represents the results, per line, contributing to the ART profit/(loss) attributable to cell owners.

#### **Other reallocations and reconciling items**

Other reallocations and reconciling items represent the difference between management reporting and IFRS Accounting Standards. This includes the following, but is not limited to:

- The reallocation of the Santam's share of Sanlam general insurance businesses operating segment defined above, as well as the NMSIS A1 ordinary share investment's insurance results (within the Conventional insurance service expenses for management reporting purposes) to their IFRS Accounting Standards classification of investments carried at fair value through profit or loss.
- The reallocation of finance cost on leases and amortisation of computer software and certain key business relationships included in operating result for management reporting purposes. Also, the reallocation of other income and expenses to IFRS Accounting Standards classification.
- The reallocation of reinsurance commission (including inwards reinsurance commission) to insurance revenue for IFRS Accounting Standards classification.
- The reallocation of foreign exchange income/(losses) on technical reserves from investment results to net insurance service result for IFRS Accounting Standards classification.
- The reallocation of investment return on insurance funds and capital to IFRS Accounting Standards classification.
- The elimination of intersegment revenues.

# Notes to the annual financial statements

## 2. Segment information (continued)

### 2.1 Segment report

	OPERATING SEGMENTS					RECONCILING ITEMS			
	Conventional R million	Alternative risk transfer R million	Other R million	Santam's share of Sanlam general insurance businesses <sup>1</sup> R million	Total operating segments R million	ART cells <sup>3</sup> R million	Other reallocations and reconciling items <sup>5</sup> R million	Total reconciling items R million	Statement of compre- hensive income R million
<b>For the year ended 31 December 2025</b>									
Insurance revenue – external <sup>4</sup>	44 116	2 158	57	1 190	47 521	12 599	(3 993)	8 606	56 127
Insurance service expense	(35 175)	(1 101)	(71)	(1 100)	(37 447)	(8 112)	3 868	(4 244)	(41 691)
Gross claims	(21 238)	(597)	(39)	(695)	(22 569)	(6 187)	894	(5 293)	(27 862)
Gross commission	(6 907)	(243)	–	(243)	(7 393)	(1 126)	2 282	1 156	(6 237)
Admin expenses <sup>2</sup>	(7 030)	(261)	(32)	(162)	(7 485)	(799)	692	(107)	(7 592)
Net (expense)/income from reinsurance contracts held	(4 085)	(855)	17	(106)	(5 029)	(2 592)	233	(2 359)	(7 388)
Reinsurance premiums	(7 196)	(1 095)	(43)	(106)	(8 440)	(10 607)	3 712	(6 895)	(15 335)
Reinsurance claims	1 277	314	34	–	1 625	6 473	(84)	6 389	8 014
Reinsurance commission	1 834	(74)	26	–	1 786	1 542	(3 395)	(1 853)	(67)
<b>Insurance service result</b>	<b>4 856</b>	<b>202</b>	<b>3</b>	<b>(16)</b>	<b>5 045</b>	<b>1 895</b>	<b>108</b>	<b>2 003</b>	<b>7 048</b>
Finance (expense)/income from insurance contracts issued	(987)	–	–	–	(987)	(2 428)	707	(1 721)	(2 708)
Finance income/(expense) from reinsurance contracts held	291	–	–	–	291	(513)	(180)	(693)	(402)
<b>Net insurance service result</b>	<b>4 160</b>	<b>202</b>	<b>3</b>	<b>(16)</b>	<b>4 349</b>	<b>(1 046)</b>	<b>635</b>	<b>(411)</b>	<b>3 938</b>
Investment return on insurance funds	1 095	522	–	246	1 863	81	(1 944)	(1 863)	–
Interest income on amortised cost instruments	–	–	–	–	–	258	542	800	800
Interest income on fair value through profit or loss instruments	–	–	–	–	–	1 832	1 897	3 729	3 729
Other investment income/(losses)	–	–	–	–	–	57	(1 012)	(955)	(955)
Net fair value gains on financial assets and liabilities at fair value through profit or loss	–	–	–	–	–	1 449	500	1 949	1 949
Other revenue	–	527	–	–	527	(527)	353	(174)	353
Investment management services fees	–	–	–	–	–	(15)	(129)	(144)	(144)
<b>Net investment income and other revenue</b>	<b>1 095</b>	<b>1 049</b>	<b>–</b>	<b>246</b>	<b>2 390</b>	<b>3 135</b>	<b>207</b>	<b>3 342</b>	<b>5 732</b>
Other operating expenses	–	(391)	(508)	–	(899)	322	(562)	(240)	(1 139)
Investment return allocated to structured products	–	–	–	–	–	(553)	–	(553)	(553)
Amortisation and impairment of intangible assets	–	–	(99)	–	(99)	–	30	30	(69)
<b>Total other operating expenses</b>	<b>–</b>	<b>(391)</b>	<b>(607)</b>	<b>–</b>	<b>(998)</b>	<b>(231)</b>	<b>(532)</b>	<b>(763)</b>	<b>(1 761)</b>
<b>Result of operating activities</b>	<b>5 255</b>	<b>860</b>	<b>(604)</b>	<b>230</b>	<b>5 741</b>	<b>1 858</b>	<b>310</b>	<b>2 168</b>	<b>7 909</b>
Investment return on capital	57	84	–	–	141	–	(141)	(141)	–
Other finance costs	–	–	–	–	–	(67)	(446)	(513)	(513)
Net income from associates and joint ventures	–	–	147	–	147	–	–	–	147
Reallocation of operating result	–	–	–	(230)	(230)	–	230	230	–
Income tax recovered from structured products	–	–	–	–	–	287	–	287	287
<b>Profit before tax</b>	<b>5 312</b>	<b>944</b>	<b>(457)</b>	<b>–</b>	<b>5 799</b>	<b>2 078</b>	<b>(47)</b>	<b>2 031</b>	<b>7 830</b>
Tax expense allocated to shareholders	(1 429)	(266)	163	–	(1 532)	–	47	47	(1 485)
Tax expense allocated to cell owners and structured products	–	–	–	–	–	(1 275)	–	(1 275)	(1 275)
<b>Profit after tax</b>	<b>3 883</b>	<b>678</b>	<b>(294)</b>	<b>–</b>	<b>4 267</b>	<b>803</b>	<b>–</b>	<b>803</b>	<b>5 070</b>
Attributable to:									
Equity holders of the company	3 738	615	(294)	–	4 059	–	–	–	4 059
Non-controlling interest	145	63	–	–	208	803	–	803	1 011
<b>Earnings analysis</b>									
Net underwriting result	4 160	202	3	–	4 365	–	–	–	–
Investment return on insurance funds	1 095	522	–	–	1 617	–	–	–	–
<b>Net insurance result</b>	<b>5 255</b>	<b>724</b>	<b>3</b>	<b>–</b>	<b>5 982</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Other income and expenses	–	136	(460)	–	(324)	–	–	–	–
<b>Operating earnings</b>	<b>5 255</b>	<b>860</b>	<b>(457)</b>	<b>–</b>	<b>5 658</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Investment return on capital	57	84	–	–	141	–	–	–	–
<b>Profit before tax</b>	<b>5 312</b>	<b>944</b>	<b>(457)</b>	<b>–</b>	<b>5 799</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

<sup>1</sup> Operating segment results represent Santam's share of Sanlam general insurance businesses' commission and claims included on a net basis within insurance service expense.

<sup>2</sup> Includes depreciation of R235 million for Conventional, R7 million for ART and Rnil for Other. Includes employee benefit expense of R5 577 million for Conventional, R301 million for ART and Rnil for Other.

<sup>3</sup> Inclusion of ART profit/(loss) attributable to cell owners.

<sup>4</sup> The conventional operating segment includes R103 million insurance revenue received from the ART operating segment.

<sup>5</sup> Other reallocations and reconciling items represent the difference between management reporting and IFRS Accounting Standards. Refer to the description above the segment report table.

# Notes to the annual financial statements

## 2. Segment information (continued)

### 2.1 Segment report (continued)

	OPERATING SEGMENTS					RECONCILING ITEMS			Statement of comprehensive income R million
	Conventional R million	Alternative risk transfer R million	Other R million	Santam's share of Sanlam general insurance businesses' R million	Total operating segments R million	ART cells <sup>3</sup> R million	Other reallocations and reconciling items <sup>5</sup> R million	Total reconciling items R million	
<b>For the year ended 31 December 2024</b>									
Insurance revenue – external <sup>1</sup>	39 730	2 101	55	1 160	43 046	11 673	(2 402)	9 271	52 317
Insurance service expense	(32 725)	(1 042)	(155)	(937)	(34 859)	(7 541)	2 420	(5 121)	(39 980)
Gross claims	(20 883)	(584)	(41)	(561)	(22 069)	(5 829)	561	(5 268)	(27 337)
Gross commission	(6 018)	(223)	–	(222)	(6 463)	(1 031)	1 447	416	(6 047)
Admin expenses <sup>2</sup>	(5 824)	(235)	(114)	(154)	(6 327)	(681)	412	(269)	(6 596)
Net (expense)/income from reinsurance contracts held	(3 855)	(862)	103	(233)	(4 847)	(3 211)	233	(2 978)	(7 825)
Reinsurance premiums	(7 538)	(1 221)	(54)	(233)	(9 046)	(10 072)	3 571	(6 501)	(15 547)
Reinsurance claims	1 935	355	41	–	2 331	5 391	–	5 391	7 722
Reinsurance commission	1 748	4	116	–	1 868	1 470	(3 338)	(1 868)	–
<b>Insurance service result</b>	<b>3 150</b>	<b>197</b>	<b>3</b>	<b>(10)</b>	<b>3 340</b>	<b>921</b>	<b>251</b>	<b>1 172</b>	<b>4 512</b>
Finance (expenses)/income from insurance contracts issued	(1 074)	–	–	–	(1 074)	(1 800)	227	(1 573)	(2 647)
Finance income/(expense) from reinsurance contracts held	365	–	–	–	365	(557)	(43)	(600)	(235)
<b>Net insurance service result</b>	<b>2 441</b>	<b>197</b>	<b>3</b>	<b>(10)</b>	<b>2 631</b>	<b>(1 436)</b>	<b>435</b>	<b>(1 001)</b>	<b>1 630</b>
Investment return on insurance funds	823	399	–	199	1 421	79	(1 500)	(1 421)	–
Interest income on amortised cost instruments	–	–	–	–	–	282	382	664	664
Interest income on fair value through profit or loss instruments	–	–	–	–	–	2 172	1 299	3 471	3 471
Other investment income	–	–	–	–	–	62	164	226	226
Net fair value gains on financial assets and liabilities at fair value through profit or loss	–	–	–	–	–	287	1 249	1 536	1 536
Other revenue	–	487	–	–	487	(487)	364	(123)	364
Investment management services fees	–	–	–	–	–	–	(119)	(119)	(119)
<b>Net investment income and other revenue</b>	<b>823</b>	<b>886</b>	<b>–</b>	<b>199</b>	<b>1 908</b>	<b>2 395</b>	<b>1 839</b>	<b>4 234</b>	<b>6 142</b>
Other operating expenses	–	(389)	(103)	–	(492)	190	(541)	(351)	(843)
Investment return allocated to structured products	–	–	–	–	–	(618)	–	(618)	(618)
Amortisation and impairment of intangible assets	–	–	(232)	–	(232)	–	15	15	(217)
<b>Total other operating expenses</b>	<b>–</b>	<b>(389)</b>	<b>(335)</b>	<b>–</b>	<b>(724)</b>	<b>(428)</b>	<b>(526)</b>	<b>(954)</b>	<b>(1 678)</b>
<b>Result of operating activities</b>	<b>3 264</b>	<b>694</b>	<b>(332)</b>	<b>189</b>	<b>3 815</b>	<b>531</b>	<b>1 748</b>	<b>2 279</b>	<b>6 094</b>
Investment return on capital	1 340	87	–	–	1 427	41	(1 468)	(1 427)	–
Other finance costs	–	–	–	–	–	(69)	(469)	(538)	(538)
Net income from associates and joint ventures	–	–	88	–	88	–	–	–	88
Reallocation of operating result	–	–	–	(189)	(189)	–	189	189	–
Income tax recovered from structured products	–	–	–	–	–	308	–	308	308
<b>Profit before tax</b>	<b>4 604</b>	<b>781</b>	<b>(244)</b>	<b>–</b>	<b>5 141</b>	<b>811</b>	<b>–</b>	<b>811</b>	<b>5 952</b>
Tax expense allocated to shareholders	(962)	(188)	(90)	–	(1 240)	–	–	–	(1 240)
Tax expense allocated to cell owners and structured products	–	–	–	–	–	(356)	–	(356)	(356)
<b>Profit after tax</b>	<b>3 642</b>	<b>593</b>	<b>(334)</b>	<b>–</b>	<b>3 901</b>	<b>455</b>	<b>–</b>	<b>455</b>	<b>4 356</b>
Attributable to:									
Equity holders of the company	3 536	477	(334)	–	3 679	–	–	–	3 679
Non-controlling interest	106	116	–	–	222	455	–	455	677
<b>Earnings analysis</b>									
Net underwriting result	2 441	197	3	–	2 641	–	–	–	–
Investment return on insurance funds	823	399	–	–	1 222	–	–	–	–
<b>Net insurance result</b>	<b>3 264</b>	<b>596</b>	<b>3</b>	<b>–</b>	<b>3 863</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Other income and expenses	–	98	(247)	–	(149)	–	–	–	–
<b>Operating earnings</b>	<b>3 264</b>	<b>694</b>	<b>(244)</b>	<b>–</b>	<b>3 714</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Investment return on capital	1 340	87	–	–	1 427	–	–	–	–
<b>Profit before tax</b>	<b>4 604</b>	<b>781</b>	<b>(244)</b>	<b>–</b>	<b>5 141</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

<sup>1</sup> Operating segment results represent Santam's share of Sanlam general insurance businesses' commission and claims included on a net basis within insurance service expense.

<sup>2</sup> Includes depreciation of R258 million for Conventional, R7 million for ART and Rnil for Other. Includes employee benefit expense of R4 682 million for Conventional, R247 million for ART and Rnil for Other.

<sup>3</sup> Inclusion of ART profit/(loss) attributable to cell owners.

<sup>4</sup> The conventional operating segment includes R71 million insurance revenue received from the ART operating segment.

<sup>5</sup> Other reallocations and reconciling items represent the difference between management reporting and IFRS Accounting Standards. Refer to the description above the segment report table.

# Notes to the annual financial statements

## 2. Segment information (continued)

### 2.1 Segment report (continued)

Additional information on Conventional insurance activities	2025 R million	2024 R million
<b>Insurance revenue</b>	44 116	39 730
Gross written premium	43 960	41 308
Unearned premium and experience adjustments	156	(1 578)
<b>Net earned premium</b>	36 920	32 192
Gross insurance revenue	44 116	39 730
Reinsurance cost	(7 196)	(7 538)
<b>Net claims incurred</b>	20 657	19 657
Gross claims cost	22 225	21 957
Gross claims incurred	21 238	20 883
Unwinding of discount rate	987	1 074
Reinsurance claims	(1 568)	(2 300)
Reinsurance claims recovered	(1 277)	(1 935)
Unwinding of discount rate	(291)	(365)
<b>Net commission</b>	5 073	4 270
Gross commission incurred	6 907	6 018
Reinsurance commission received	(1 834)	(1 748)
<b>Management expenses<sup>1,2</sup></b>	7 030	5 824
<b>Net underwriting result</b>	4 160	2 441
Investment return on insurance funds	1 095	823
<b>Net insurance result</b>	5 255	3 264
Investment return on capital	57	1 340
<b>Profit before tax</b>	5 312	4 604

<sup>1</sup> Amortisation of computer software and certain key business relationships is included in management expenses.

<sup>2</sup> 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.

	GROSS WRITTEN PREMIUM	
	2025 R million	2024 R million
Property	19 970	15 435
Motor	16 817	16 786
Engineering	2 055	2 526
Liability	1 842	2 804
Crop	1 351	1 345
Transportation	1 194	1 673
Accident and health	720	653
Other	11	86
<b>Total</b>	<b>43 960</b>	<b>41 308</b>

# Notes to the annual financial statements

## 2. Segment information (continued)

### 2.1 Segment report (continued)

	2025			2024		
	Gross written premium R million	Net earned premium R million	Underwriting result R million	Gross written premium R million	Net earned premium R million	Underwriting result R million
<b>Comprising:</b>						
Commercial insurance	26 406	20 558	2 285	24 435	17 544	1 518
Personal insurance	17 554	16 362	1 875	16 873	14 648	923
<b>Total</b>	<b>43 960</b>	<b>36 920</b>	<b>4 160</b>	<b>41 308</b>	<b>32 192</b>	<b>2 441</b>

### 2.2 Geographical analysis

	INSURANCE REVENUE		NON-CURRENT ASSETS	
	2025 R million	2024 R million	2025 R million	2024 R million
South Africa	37 931	36 076	3 477	2 400
Rest of Africa <sup>1</sup>	2 767	2 614	56	7
Other international	6 823	4 356	2 225	2 483
	<b>47 521</b>	<b>43 046</b>	<b>5 758</b>	<b>4 890</b>
Reconciling items:				
ART insurance revenue <sup>2</sup>	12 599	11 673		
Other reallocations and reconciling items <sup>3</sup>	(3 993)	(2 402)		
<b>Group total</b>	<b>56 127</b>	<b>52 317</b>	<b>5 758</b>	<b>4 890</b>

<sup>1</sup> Includes insurance revenue relating to Santam Namibia Ltd of R1 447 million (2024: R1 235 million).

<sup>2</sup> Inclusion of ART insurance revenue attributable to cell owners.

<sup>3</sup> Other reallocations and reconciling items represent the difference between management reporting and IFRS Accounting Standards. Refer to the description above the segment report tables.

## 3. Risk and capital management

### 3.1 Objective and framework

As an insurance group, Santam Ltd and its subsidiaries are exposed to various insurance and financial risks. These risks cause uncertainty and therefore the challenge for management is to determine what level of uncertainty is acceptable for each business unit as it strives to enhance stakeholder value.

Santam has adopted an enterprise risk management (ERM) approach and framework that enables management to effectively deal with uncertainty and thus enhance the capacity to build value by efficiently and effectively deploying resources in pursuit of the group's objectives. The ERM process adopted is considered appropriate to the nature, scale and complexity of the group and company's business and risks. The Santam approach is aligned with the principles of the King Report on Corporate Governance™ for South Africa, 2016 (King IV), ISO 31000, the Solvency Assessment and Management (SAM) requirements in South Africa as well as the requirements of our majority shareholder, Sanlam.

Santam's ERM framework and process is designed to assist the board in ensuring that management continually monitors risk and reports back to the risk committee on the status of these risks. ISO 31000 was adopted to ensure that a structured and practical approach to risk management is implemented throughout the business. Santam's ERM process is well defined and businesses are responsible and accountable for integrating ERM in the operations. ERM adds value by being aligned to the business strategy and objectives.

# **Notes** to the annual financial statements

## 3. Risk and capital management (continued)

### 3.2 Risk assessment process

A key component of the ERM framework is the risk assessment process. Santam's risk assessment process consists of risk identification, risk analysis, risk evaluation and risk treatment/management of those risks that are relevant to the company and group's strategic objectives. Risks are identified from a top down (strategic) and bottom up (operational) perspective to create and maintain an integrated view of material risk exposures. The top down approach is undertaken at an executive and senior management level and considers strategic risks affecting Santam in the medium to long term. In parallel, the bottom up approach is undertaken by enterprise risk management (ERM) at a business unit or specialist unit level to assess all categories of risks from their perspectives with specific focus on operational, underwriting, reinsurance and financial risks.

The risk identification process is used to build an aggregated view of all significant risks faced by the organisation. This is translated into the Santam risk universe. The risk universe is a summary of the most common risk themes across all categories of risk within the company and group and assists management in understanding and effectively managing the relevant risks.

Risk analysis provides an input to risk evaluation and informs decisions on how the risks need to be treated. Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences may occur.

Santam analyses quantifiable risks by using an internally developed economic capital model. The model covers the following risk categories:

- insurance risk (consisting of underwriting and reinsurance risk)
- credit risk
- market risk
- operational risk

A number of risks faced by Santam are not modelled in the internal model, namely: strategic, liquidity, conduct, reputational, political, regulatory, compliance, sovereign downgrade, legal, outsourcing and cyber risks. These risks are analysed individually by management and appropriate measures are implemented to monitor and mitigate these risks.

Once the relevant risks are better understood, the risk appetite framework governs how the risks should be managed within the group. Santam has formulated a risk appetite policy which aims to quantify the amount of capital the company and group is willing to put at risk in the pursuit of value creation. It is within this risk appetite framework that Santam has selected its asset allocation and reinsurance programme which are among the most important determinants of risk and hence capital requirements within the organisation. The internal model allows for the measurement of Santam's expected performance relative to the risk appetite assessment criteria agreed to by Santam's board. The risk appetite process also includes the assessment of non-financial measures in determining the overall capital requirements. These assessments are presented to the risk committee as well as the board on a quarterly basis for consideration.

# Notes to the annual financial statements

## 3. Risk and capital management (continued)

### 3.2 Risk assessment process (continued)

The group issues contracts that transfer insurance risk or financial risk or both (refer to note 4 for the general terms of insurance contracts). Insurance risk (i.e. underwriting and reinsurance risk) and investment risk (i.e. market and credit risk) impacts the balances and transactions reported in a financial period. The information that follows provides more detail on how Santam and its subsidiaries manage insurance and investment risk from a financial reporting perspective. The table below is a summary of all the financial balances that are affected by insurance and/or investment risk. It also considers balances that are directly or indirectly exposed to foreign currency risk.

	Notes	GROUP TOTAL		GROUP FOREIGN	
		2025 R million	2024 R million	2025 R million	2024 R million
<b>Financial and insurance assets</b>					
<b>Equity securities</b>					
Listed equities and similar securities	5.1, 5.3	2 378	2 450	303	385
Unlisted equities and similar securities	5.1, 5.3	3 202	2 507	2 243	2 501
<b>Interest-bearing investments</b>					
Government interest-bearing investments	5.1, 5.3	8 218	6 692	881	1 610
Corporate interest-bearing investments	5.1, 5.3	25 710	24 609	1 695	2 616
Mortgages and loans	5.1, 5.3	50	38	8	8
<b>Structured transactions</b>					
Structured notes	5.1, 5.3	131	438	7	192
Derivatives	5.1, 5.3	1	2	–	2
<b>Investment funds</b>	5.1, 5.2, 5.3	<b>22 054</b>	<b>14 797</b>	<b>488</b>	<b>351</b>
<b>Deposits and similar securities</b>	5.1, 5.3	<b>3 339</b>	<b>2 723</b>	<b>2 761</b>	<b>682</b>
<b>Total investment assets</b>		<b>65 083</b>	<b>54 256</b>	<b>8 386</b>	<b>8 347</b>
Insurance contract assets	4.1, 4.2	334	516	–	–
Reinsurance contract assets	4.1, 4.4	5 412	6 780	1 798	2 070
Loans and receivables	5.6, 5.8	2 584	2 793	10	5
Cash and cash equivalents	5.7, 5.8	6 083	6 385	711	1 135
<b>Total financial and insurance assets</b>		<b>79 496</b>	<b>70 730</b>	<b>10 905</b>	<b>11 557</b>
<b>Financial and insurance liabilities</b>					
Lease liabilities	7	834	786	–	–
Debt securities	6.1	4 088	3 063	–	–
Repo liabilities	6.3	1 025	852	–	–
Investment contracts	6.4	7 277	6 638	–	–
Collateral guarantee contracts	6.5	127	120	–	–
Insurance contract liabilities	4.1, 4.2	42 665	38 219	4 416	4 815
Reinsurance contract liabilities	4.1, 4.6	5 216	5 499	–	–
Loans and payables	6.6	3 440	3 437	10	–
<b>Total financial and insurance liabilities</b>		<b>64 672</b>	<b>58 614</b>	<b>4 426</b>	<b>4 815</b>

# Notes to the annual financial statements

## 3. Risk and capital management (continued)

### 3.2 Risk assessment process (continued)

	Notes	COMPANY TOTAL		COMPANY FOREIGN	
		2025 R million	2024 R million	2025 R million	2024 R million
<b>Financial and insurance assets</b>					
<b>Equity securities</b>					
Listed equities and similar securities	5.1, 5.3	76	772	–	–
Unlisted equities and similar securities	5.1, 5.3	3 202	2 507	2 243	2 501
<b>Interest-bearing investments</b>					
Government interest-bearing investments	5.1, 5.3	3 338	3 781	563	1 271
Corporate interest-bearing investments	5.1, 5.3	10 546	9 966	1 669	2 566
Mortgages and loans	5.1, 5.3	42	29	–	–
<b>Structured transactions</b>					
Structured notes	5.1, 5.3	22	246	7	192
Derivatives	5.1, 5.3	1	2	–	2
Investment funds	5.1, 5.2, 5.3	5 135	1 691	167	293
Deposits and similar securities	5.1, 5.3	475	1 113	688	560
<b>Total investment assets</b>		<b>22 837</b>	<b>20 107</b>	<b>5 337</b>	<b>7 385</b>
Insurance contract assets	4.1, 4.2	262	360	–	–
Reinsurance contract assets	4.1, 4.4	4 795	6 206	1 678	1 920
Loans and receivables	5.6, 5.8	1 502	1 511	–	–
Cash and cash equivalents	5.7, 5.8	2 051	2 356	179	583
<b>Total financial and insurance assets</b>		<b>31 447</b>	<b>30 540</b>	<b>7 194</b>	<b>9 888</b>
<b>Financial and insurance liabilities</b>					
Lease liabilities	7	564	578	–	–
Debt securities	6.1	4 088	3 063	–	–
Collateral guarantee contracts	6.5	127	120	–	–
Insurance contract liabilities	4.1, 4.2	16 276	16 008	3 917	4 341
Loans and payables	6.6	1 877	1 785	–	–
<b>Total financial and insurance liabilities</b>		<b>22 932</b>	<b>21 554</b>	<b>3 917</b>	<b>4 341</b>

#### 3.2.1 Insurance risk

Insurance risk refers to the risk of loss as a result of underwriting insurance contracts. More specifically, Santam group defines insurance risk to include:

- Underwriting risk
- Reinsurance risk

Santam's group risk management function has developed a group-wide governance and risk management framework in terms of the board-approved underwriting and reinsurance policies, and as required by the regulator's prudential standards.

This framework is implemented at business unit level through underwriting practice policies that set out the specific requirements and parameters within which insurance risks are managed. Through the group risk management's ongoing monitoring and review processes, business units are held accountable to the framework.

A key benefit of the framework from a risk management perspective is that it facilitates enhanced oversight and collaboration between business units and significantly improves the understanding and management of risk concentrations that arise from time to time and that extend over several business unit portfolios in most instances.

# Notes to the annual financial statements

## 3. Risk and capital management (continued)

### 3.2 Risk assessment process (continued)

#### 3.2.1 Insurance risk (continued)

##### 3.2.1.1 Underwriting risk

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that premium provisions (liabilities for remaining cover) turn out to be insufficient to compensate for expected future claims, that the claims provisions (liability for incurred claims) raised for both reported and unreported claims are inadequate, as well as the risk resulting from the volatility of expense payments.

The group manages underwriting risk through its underwriting strategy and proactive claims handling. The underwriting strategy aims to ensure that the portfolio of insurance contracts issued is well diversified and reasonably priced. Claims costs are actively managed to ensure that the impact of factors such as the volatility of the rand is adequately addressed.

In order to determine the underwriting risk faced by Santam and its subsidiaries, a stochastic simulation of Santam's claims is performed at a line of business level. Assumptions for each line of business are determined based on more than 21 years' worth of historic data. The results of this analysis are then used to identify where underwriting action is required. These actions can include, but is not limited to, changes to the pricing of insurance policies or adjustments to the reinsurance programme.

Refer to note 4.14 for detail on these risks and the way the group manages them.

##### 3.2.1.2 Reinsurance risk

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the group and company's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. The group and company obtain third-party reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or the company's capital.

Refer to note 4.15 for detail on these risks and the way the group manages them.

#### 3.2.2 Credit risk

Credit risk reflects the financial impact of the default of one or more of Santam's counterparties.

Santam is exposed to financial risks caused by a loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Key areas where Santam is exposed to credit default risk are:

- Failure of an asset counterparty to meet their financial obligations (note 5.8)
- Reinsurer default on presentation of a large claim (note 4.17)
- Reinsurers default on their share of Santam's insurance liabilities (note 4.17)

Santam determines the credit quality for each of its counterparties by reference to ratings from independent rating agencies such as Standard & Poor's (S&P) and Moody's. For the IFRS 9 expected credit losses, Santam measures the probability of default on the basis of assessments made by the rating agencies over a one-year time horizon and the resulting loss given default. The underlying default probabilities are based on the credit migration models developed by S&P and Moody's which incorporate up to ninety years' worth of credit default information. For default risk Santam uses a model which is largely based on Basel III regulations.

The credit risk analysis is used by management to determine the level of risk capital that should be held for the following types of exposures:

- Risk-based assets such as bonds and bank deposits
- Outstanding premiums due from intermediaries and reinsurance receivables due from reinsurers
- Reinsurance asset for incurred claims
- Exposure to potential reinsurance recoveries based on the losses generated by the internal model

Refer to notes 4.17 and 5.8 as indicated above for detail on credit risk.

# Notes to the annual financial statements

## 3. Risk and capital management (continued)

### 3.2 Risk assessment process (continued)

#### 3.2.3 Market risk

Market risk arises from the level or volatility of the market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as interest rates, equity prices and exchange rates. The following financial and insurance assets, disclosed based on similar characteristics, are affected by market risk:

- Equity and similar securities
- Interest-bearing investments
- Structured transactions
- Investment funds
- Deposits and similar securities
- Insurance contract assets
- Reinsurance contract assets
- Loans and receivables
- Cash and cash equivalents

The group makes use of a number of sensitivity or stress-test based risk management tools to understand the impact of the above risks on earnings and capital in both normal and stressed conditions. These stress tests combine deterministic shocks, analysis of historical scenarios and stochastic modelling using the internal economic capital model to inform the group's and company's decision-making and planning process and also for identification and management of risks within the business units.

Each of the major components of market risk faced by Santam is described in more detail below.

##### 3.2.3.1 Price risk

The group and company are subject to price risk due to the impact that volatility in the market has on the value of its equity portfolios resulting in either a positive or negative effect on the net asset value of the group and company.

Santam has a well-defined investment strategy, including return objectives, asset allocation, portfolio construction and asset manager selection. The strategy has been translated into various specialist mandates which in turn have been outsourced mostly to Sanlam Investment Management (SIM). The total level of equity investments, both listed and unlisted, is closely monitored by the investment committee, audit committee and the board. The internal economic capital model is used to model the asset mix and absolute level of equity exposure on at least a quarterly basis and to compare the results to Santam's risk appetite. The analysis is presented to the risk committee for consideration in terms of required actions.

Refer to note 5.4 for detail on price risk.

##### 3.2.3.2 Interest rate risk

Interest rate risk arises from the net effect on assets and liabilities due to a change in the level of interest rates. The market value of bonds and other fixed interest financial instruments are dependent on the level of interest rates. This includes movements in fixed income prices reflecting changes in expectations of credit losses, changes in investor risk aversion, or price changes caused by market liquidity. The income received from floating rate interest-bearing financial instruments is also affected by changes in interest rates.

The impact of a change in the interest rate on the asset mix as well as the economic capital requirements is determined using the internal economic capital model. The result of this analysis is presented to the risk committee on at least a quarterly basis for consideration and approval of required actions.

Refer to notes 5.5 and 6.2 for detail on interest rate risk.

##### 3.2.3.3 Currency risk

Foreign currency risk is the risk that Santam will be negatively impacted by changes in the level or volatility of currency exchange rates relative to the South African rand.

In accordance with Santam's international diversification strategy, Santam is entering into various transactions where there is an underlying foreign currency risk such as the investments in the Sanlam target shares. Santam is also expanding its reinsurance offerings to other countries in Africa, as well as Southeast Asia and India. Furthermore, Santam has established an international investment portfolio to ensure adequate asset-liability matching in terms of the claims process and capital requirements.

Santam has a well-defined foreign currency management policy which is used to ensure adequate overall asset-liability matching. Santam enters into foreign currency hedges only when approved by the investment committee.

Refer to note 8 for detail on foreign currency risk.

# Notes to the annual financial statements

## 3. Risk and capital management (continued)

### 3.2 Risk assessment process (continued)

#### 3.2.4 Liquidity risk

Liquidity risk is the risk that Santam will encounter difficulty in raising funds to meet the commitments associated with its financial obligations as a result of assets not being available in a form that can immediately be converted into cash.

Santam manages liquidity requirements by matching the underlying risk profile of the assets invested to the corresponding liabilities. For example, the net insurance liabilities are covered by investments with limited capital risk (i.e. cash and short duration interest-bearing investments) while the subordinated debt security obligations are covered by longer duration interest-bearing investments and interest rate swaps to ensure that the interest rate risk is almost perfectly aligned.

Shareholder funds are invested in a combination of financial instruments (i.e. interest-bearing instruments, preference shares, listed and unlisted shares).

Refer to note 9 for more detail on liquidity risk.

#### 3.2.5 Operational risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events and inadequate or failed internal processes and systems. Operational risks are inherent in the group's and company's operations and are typical of any large enterprise. Major sources of operational risk can include operational process reliability, information security, outsourcing of operations, dependence on key suppliers, implementation of strategic and operational change, integration of acquisitions, fraud, human error such as not placing the necessary facultative reinsurance, client service quality, inadequacy of business continuity arrangements, recruitment, training and retention of employees, and social and environmental impact.

The group and company manage operational risk by a comprehensive system of internal controls. From a risk governance perspective, the three lines of defence approach is used to identify the various levels of controls, oversight and assurance, including consideration of role-player independence. Risk management processes for oversight include using a range of techniques and tools to identify, monitor and mitigate its operational risk in accordance with the group's risk appetite. These tools include risk and control self-assessments and questionnaires, key risk indicators (e.g. fraud and service indicators), scenario analyses and loss reporting. In addition, the group and company have developed a number of contingency plans including incident management and business continuity plans. Quantitative analysis of operational risk exposures material to the group and company are used to inform decisions on controls and the overall amount of capital held for potential risk exposures. A compulsory annual internal control declaration is completed by senior and executive management and results reported to the risk and audit committees. The outcome of the declaration is reviewed to ensure material control breakdowns have been noted and appropriately addressed. The declaration process supports the board in their assessment of the system of internal controls.

## 3.3 Solvency and capital management

Capital adequacy risk is the risk that the group and company are holding insufficient funds to cover material negative variations in actual future experience.

The group and company must maintain a capital balance that will be at least sufficient to meet obligations in the event of substantial deviations, such as a 1-in-200-year event, from the main risk assumptions affecting the group's and company's business.

The overall capital management objectives of the group and company are:

- to comply with the requirements set by the regulators of the insurance markets where the group and company operates;
- to protect policyholders against adverse results that may affect the solvency of the group and company and therefore its ability to meet its financial obligations;
- to retain sufficient capital to fund the strategic objectives of the group and company; and
- to provide an adequate return for shareholders and benefits for other various stakeholders.

The capital appetite, a material component to the capital management process, is described in more detail below.

# Notes to the annual financial statements

## 3. Risk and capital management (continued)

### 3.3 Solvency and capital management (continued)

#### 3.3.1 Capital appetite

The group's and company's objective is to maintain sufficient capital (including foreign capital), which comprises shareholders' equity and subordinated debt capital, to meet its strategic business plan and objectives. This represents sufficient surpluses for both regulatory and economic capital. To assist in managing its capital position, the group and company has set an internal coverage ratio band for its economic capital requirement of 145% – 165%, while at all times achieving specific threshold levels for its regulatory capital requirement. The group remains committed to efficient capital management.

The internal economic capital model is the preferred measure of capital sufficiency used to support, inform and improve decision-making across the group. It is used to determine the group's optimal capital structure, its investment strategy, its reinsurance programme and to determine the pricing and target returns for each portfolio. The economic capital analysis compares available capital with the economic capital assessment.

When determining capital requirements, Santam uses a risk measure of value-at-risk at the 99.5th percentile confidence level over a one-year time period. This means that the threshold economic and regulatory coverage ratios use a 1-in-200 year worst case event as their base.

### 3.4 Regulatory and compliance risk management

Regulatory and compliance risks are risks that may negatively affect the group and company due to changes in regulations or non-compliance with regulations or internal policies that are already in place, resulting in regulatory sanctions and significantly impacting Santam's reputation.

The Financial Sector Regulation Act, 2017 commenced on 1 April 2018 and established two regulatory authorities, the Financial Sector Conduct Authority (the FSCA), to regulate and supervise financial services providers and improve market conduct to ensure fair outcomes to financial clients, and the Prudential Authority (the PA) who is focussed on the financial soundness of the financial system and insurers.

National Treasury published the second draft Conduct of Financial Institutions (COFI) Bill for public comment in September 2020. One of the purposes of the COFI Bill is to build a consistent, strong and effective market conduct legislative framework for all institutions rendering financial services. The industry awaits the third version of the Bill which is to be presented to Parliament. The Santam board of directors and management are actively monitoring the changes. The South African market conduct regulator aligned its market conduct legislation with the principles of fair treatment of clients.

The group and its subsidiaries engage actively with their various regulatory authorities and policymakers. This is done through appropriate participation in industry forums.

In South Africa, Mauritius and Namibia where the group issues insurance contracts, the local insurance regulator specifies the minimum amount and the type of capital that must be held by each of the subsidiaries, in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year.

The group has complied with the local solvency regulations for regulated entities.

### 3.5 Conduct risk

Conduct risk is the risk that an entity's behaviour may result in unfair treatment of its clients. These risks can manifest through insurance product design, sales process, various distributional channels adopted by the entity, conflicts of interest between distribution channels that may arise in the distribution of insurance products, remuneration strategies, handling of claims and/or complaints management.

Santam constituted a conduct of business committee which is a sub-committee of the Santam group executive committee, consisting of representatives from various areas of the business within the Santam group such as Commercial and Personal lines business, Specialist business, Claims, Client Care and Product Development, to monitor the conduct risks and manner in which treating customers fairly outcomes are evidenced within Santam and across the Santam group. This committee meets on a quarterly basis. Quarterly reports are also submitted to the Santam social, ethics and sustainability (SES) committee, the risk committee and a summary to the board containing relevant information, progress and risk profile pertaining to market conduct outcomes. The Conduct Framework was formalised and presented to the SES committee. Santam, by complying with the South African market conduct legislation, implicitly adopts the principles of fair treatment as a fundamental cornerstone of its business.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts

	Notes	GROUP		COMPANY	
		2025 R million	2024 R million	2025 R million	2024 R million
Insurance contract assets		(334)	(516)	(262)	(360)
Reinsurance contract assets		(5 412)	(6 780)	(4 795)	(6 206)
Insurance contract liabilities		42 665	38 219	16 276	16 008
Reinsurance contract liabilities		5 216	5 499	-	-
<b>Net insurance contract liabilities</b>	4.1	<b>42 135</b>	<b>36 422</b>	<b>11 219</b>	<b>9 442</b>

### Risk management

Refer to note 4.14 to 4.19 for detail on risks relating to insurance liabilities and reinsurance assets, and the management thereof.

## 4.1 Insurance and reinsurance contracts analysis

	Notes	2025			2024		
		Assets R million	Liabilities R million	Net R million	Assets R million	Liabilities R million	Net R million
<b>GROUP</b>							
<b>Insurance contracts issued</b>							
<b>General insurance</b>							
Premium allocation approach	4.2.1	(300)	37 820	37 520	(467)	34 351	33 884
General measurement model	4.2.2, 4.3	-	591	591	-	641	641
		<b>(300)</b>	<b>38 411</b>	<b>38 111</b>	<b>(467)</b>	<b>34 992</b>	<b>34 525</b>
<b>Life insurance</b>							
Premium allocation approach	4.2.1	(31)	356	325	(45)	339	294
General measurement model	4.2.2, 4.3	(3)	3 898	3 895	(4)	2 888	2 884
		<b>(34)</b>	<b>4 254</b>	<b>4 220</b>	<b>(49)</b>	<b>3 227</b>	<b>3 178</b>
<b>Insurance contract (assets)/liabilities</b>							
Expected to be settled after 12 months		(2)	8 196	8 194	(6)	6 994	6 988
Expected to be settled within 12 months		(332)	34 469	34 137	(510)	31 225	30 715
<b>Reinsurance contracts held</b>							
<b>General insurance</b>							
Premium allocation approach	4.4.1	(5 356)	82	(5 274)	(6 759)	86	(6 673)
		<b>(5 356)</b>	<b>82</b>	<b>(5 274)</b>	<b>(6 759)</b>	<b>86</b>	<b>(6 673)</b>
<b>Life insurance</b>							
Premium allocation approach	4.4.1	(56)	-	(56)	(21)	-	(21)
General measurement model	4.4.2, 4.5	-	18	18	-	22	22
		<b>(56)</b>	<b>18</b>	<b>(38)</b>	<b>(21)</b>	<b>22</b>	<b>1</b>
<b>Third party cell insurance contracts</b>							
<b>General insurance</b>							
Premium allocation approach	4.6.1	-	1 588	1 588	-	1 521	1 521
General measurement model	4.6.2, 4.7	-	1 979	1 979	-	1 448	1 448
		<b>-</b>	<b>3 567</b>	<b>3 567</b>	<b>-</b>	<b>2 969</b>	<b>2 969</b>
<b>Life insurance</b>							
Premium allocation approach	4.6.1	-	443	443	-	487	487
General measurement model	4.6.2, 4.7	-	1 106	1 106	-	1 935	1 935
		<b>-</b>	<b>1 549</b>	<b>1 549</b>	<b>-</b>	<b>2 422</b>	<b>2 422</b>
<b>Reinsurance contract (assets)/liabilities</b>							
Expected to be recovered after 12 months		(1 188)	212	(976)	(1 286)	12	(1 274)
Expected to be recovered within 12 months		(4 224)	5 004	780	(5 494)	5 487	(7)

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

Notes	2025			2024			
	Assets R million	Liabilities R million	Net R million	Assets R million	Liabilities R million	Net R million	
<b>COMPANY</b>							
<b>Insurance contracts issued</b>							
<b>General insurance</b>							
Premium allocation approach	4.2.1	(262)	16 276	16 014	(360)	16 008	15 648
<b>Insurance contract (assets)/liabilities</b>		<b>(262)</b>	<b>16 276</b>	<b>16 014</b>	<b>(360)</b>	<b>16 008</b>	<b>15 648</b>
Expected to be settled after 12 months		–	4 828	4 828	–	4 225	4 225
Expected to be settled within 12 months		(262)	11 448	11 186	(360)	11 783	11 423
<b>Reinsurance contracts held</b>							
<b>General insurance</b>							
Premium allocation approach	4.4.1	(4 795)	–	(4 795)	(6 206)	–	(6 206)
<b>Reinsurance contract (assets)/liabilities</b>		<b>(4 795)</b>	<b>–</b>	<b>(4 795)</b>	<b>(6 206)</b>	<b>–</b>	<b>(6 206)</b>
Expected to be recovered after 12 months		(1 136)	–	(1 136)	(1 267)	–	(1 267)
Expected to be recovered within 12 months		(3 659)	–	(3 659)	(4 939)	–	(4 939)

### Accounting policy – Insurance contracts

#### a) Classification

The group applies IFRS 17 *Insurance Contracts* to insurance contracts it issues and reinsurance contracts held.

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.

#### *Insurance and reinsurance contracts*

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. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the group on a present value basis.

In the normal course of business, the group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

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.

The group applies the PAA to simplify the measurement of the majority of its insurance contracts and reinsurance contracts. When recognising insurance revenue, the PAA is broadly similar to the group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the group discounts cash flows and includes an explicit risk adjustment for non-financial risk.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### a) Classification (continued)

###### *Separation and combination of insurance contracts*

Contracts entered into with the same or related counterparty and that are designed to achieve an overall commercial effect are considered a single contract for the purpose of assessing whether significant insurance risk was transferred to the group.

Some reinsurance contracts issued contain various commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive, either in the form of a commission, or as claims, or another contractual payment irrespective of the insured event happening. Reinsurance commissions that are not contingent on claims of the underlying contracts held reduce reinsurance premiums and are accounted for as part of reinsurance expenses. Reinsurance commissions that are contingent on claims of the underlying contract issued reduce incurred claims recovery.

###### *Cell captive arrangements*

The group offers first party and third-party cell captive facilities to clients.

First party cell captive arrangements are arrangements where the risks that are being insured relate to the cell shareholder's own operations or operations within the cell shareholder's group of companies. The cell shareholder and the policyholder are considered the same person. Where more than one contract is entered into with a single counterparty, it shall be considered a single contract, and the shareholder and insurance agreement are considered together for risk transfer purposes. As these first party cell captive arrangements are a single contract there is no significant risk transfer and such cell captive facilities are accounted for as investment contracts.

Third party cell captives allow clients to purchase non-convertible preference shares in the registered insurance company which undertakes the professional insurance management of the cell, including: underwriting, reinsurance, claims management, actuarial and statistical analysis, investment, and accounting services. The shareholders' agreement, however, determines that the cell shareholders remain responsible for the solvency of the cell captive arrangements. In substance, the insurance company therefore reinsures this business to the cell shareholder. The cell shareholder's interest represents the cell shareholder's funds, in respect of the insurance business conducted in the cell structures, held by the insurer, and is included under third party cell insurance contract liabilities. The liabilities due to cell shareholders have been assessed to be highly inter-related with the in-substance reinsurance component of the reinsurance contracts and is treated similarly to non-distinct investment components which are not accounted for separately. Investment components settled after the contract period are included in the asset or liability for remaining coverage and transferred to the liability for incurred claims on settlement.

The group also offers insurance contracts that provide both insurance cover and the payment of a specified amount (performance bonus or premium refund paid at agreed upon interval, after deducting related expenses). These specified amounts meet the definition of an investment component as they will be paid to policyholders in all circumstances, regardless of whether an insured event occurs. The criteria encompass risk management strategies, risk performance conditions or policy claim experience. These contracts are deemed to be insurance contracts under IFRS 17 as the group has concluded that there is a transfer of significant risk.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### a) Classification (continued)

###### Aggregation

IFRS 17 requires a company to determine the level of aggregation at which to apply the standard. The standard requires that when insurance contracts are measured, they are placed into a portfolio of contracts with other contracts that are managed together and that have similar risk profiles. Each business within the group manages insurance contracts issued within product lines, therefore the IFRS 17 portfolios are allocated at a business unit, class of insurance level.

Portfolios are further divided into groups of insurance contracts, based on whether:

- contracts are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- groups of remaining contracts.

An insurance contract is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts measured under the PAA, the group may assume that these contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following facts and circumstances have been identified:

- relevant pricing decisions;
- initial stages of a new business acquired where the underlying contracts are onerous; or
- any other strategic decisions the board considers appropriate.

Management will review all contracts that have been identified and disclosed as onerous to consider the appropriate action required to ensure the future profitability of the identified contracts. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

Each profitability grouping does not include contracts issued more than one year apart. These profitability groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered. For each portfolio of contracts, the group determines the appropriate level at which reasonable and supportable information is available to determine the profitability grouping of contracts.

###### Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished, i.e. expired, discharged, or cancelled.

The group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, consistent with the criteria set out in the standard, or if the contract is transferred to a third party. Where terms are modified, a new contract on the modified terms is recognised. If a contract is transferred to a third party, then the group adjusts the contractual service margin of the group of insurance contracts from which the contract has been derecognised based on the difference between the change in the carrying amount of the group of insurance contracts resulting from the contract being derecognised and the premium charged by the third party. If a contract modification does not result in derecognition, then the group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

For a contract measured under the PAA, the liability for remaining coverage of the group of insurance contracts is adjusted to reflect the amount refunded to the policyholder (or the premium that would have been received for a new contract in the case of a contract modification or the amount paid to a third party in the case of a transfer) other than for settlement of incurred claims.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### b) Measurement

The group measures insurance contracts by performing year-to-date estimates of the carrying amount of the insurance liabilities.

##### Recognition

Groups of insurance contracts issued are initially recognised from the earliest of either the beginning of the coverage period, or the date when the first payment from the policyholder is due or actually received, if there is no due date. Onerous contracts are recognised when the contract is accepted, if this is earlier than when the first premium is due, and the coverage starts. Insurance contracts acquired in a business combination, or a portfolio transfer, are accounted for as if they were entered into at the date of acquisition or transfer.

The group recognises a group of reinsurance contracts held at the beginning of the coverage period, except where:

- the group of reinsurance contracts relate to an onerous group of underlying insurance contracts, the recognition date is when the group recognises the onerous group of underlying insurance contracts; or
- the group of reinsurance contracts held provides proportionate coverage, the recognition date is not earlier than the date that any underlying insurance contract is initially recognised.

##### 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:

- 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
- both of the following criteria are satisfied:
  - » the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - » the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment 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 or surrender and expense risk, are not included.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive services from the reinsurer.

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 reassess 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 contract. That is, losses must occur within the treaty's cover period.

##### Initial measurement

On initial recognition, the group measures the liability for remaining coverage as the total of:

- the fulfilment cash flows related to service to be provided under the contract in future periods; and
- the contractual service margin (CSM).

For the liability for incurred claims refer to critical accounting estimates below.

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### b) Measurement (continued)

###### *Fulfilment cash flows*

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort.

Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts issued or held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

###### *Reinsurance contracts*

Fulfilment cash flows of reinsurance contracts include the effect of any risk of non-performance by the issuer of the reinsurance contract where material, including the effects of collateral and losses from disputes. The fulfilment cash flows are calculated using all cash flows within the reinsurance contract boundary, including future new business contracts where relevant. The group applies judgement in determining the value of future new business. Future new business is based on historical experience, with no significant judgement being required.

###### *Contractual service margin*

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the group expects to recognise as it provides insurance contract services.

If a group of insurance contracts is not onerous at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognised assets or liabilities for insurance acquisition or other cash flows paid before the recognition date. This results in no income or expenses arising on initial recognition.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

If a group of insurance contracts is onerous at initial recognition, the group immediately recognises this net outflow in profit or loss. Following this, a loss component is created to represent these losses recognised in profit or loss, which determines the amounts that are subsequently presented in profit or loss as an increase or reversal of losses on onerous groups of insurance contracts.

For reinsurance arrangements a loss recovery component is established when underlying onerous insurance contracts are recognised, which will offset the insurance losses for the portion of the contracts being reinsured. The loss recovery component is not established before the underlying onerous contracts are recognised.

###### *Discount rates*

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

###### *Subsequent measurement*

The carrying amount of a group of insurance contracts issued at each reporting date is the sum of:

- the liability for remaining coverage, comprising:
  - » the fulfilment cash flows related to service to be provided under the contract in future periods; and
  - » the remaining CSM of the group at that date.
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims and expenses not paid, including claims that have been incurred but not reported. The liability for incurred claims also includes the payment of any investment components or other amounts that are not related to the provision of insurance contract services and that are not included in the liability for remaining coverage.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### b) Measurement (continued)

###### *Fulfilment cash flows*

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

###### *Contractual service margin*

For groups of insurance contracts measured under the GMM, the CSM at the start of the period is explicitly accreted with interest based on the discount rates applied to the fulfilment cash flows at initial recognition.

The impact of changes in estimates of the fulfilment cash flows on the measurement of the CSM depends on whether the changes are related to current (or past), or future service:

- changes that relate to current or past service are recognised in profit or loss; and
- changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which give rise to a loss on a group of insurance contracts, as well as any changes which adjust the loss recovery component on a group of reinsurance contracts.

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) adjust the CSM if they relate to future service, or such amounts are recognised in insurance revenue in the reporting period if they relate to current or past service. The group applies judgement to determine whether these experience adjustments relate to current or past service, or future service. The experience adjustments arising from incurred claims and administration expenses relate to past service and are recognised in profit or loss.

The group of insurance contracts (including the CSM) that has cash flows in more than one currency, is denominated in a single currency, such as the currency of the predominant cash flows.

An amount of the CSM at the end of the period is recognised in insurance revenue in profit or loss in each reporting period based on the insurance contract services provided under the group of contracts, defined based on the coverage units provided in the current period and expected to be provided in the future.

###### *Coverage units*

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. Coverage units are not applicable to contracts measured under the PAA.

###### *Loss component*

The loss component represents the expected losses to be incurred on a group of insurance contracts, i.e., groups of insurance contracts where the cash outflows are expected to exceed the cash inflows included in the fulfilment cash flows at initial recognition.

Subsequent to initial recognition, the loss component of a group of insurance contracts is adjusted for changes in estimates of the fulfilment cash flows that relate to future service (consistent with the equivalent treatment for groups of insurance contracts with a CSM), with such increases or reversals of losses recognised in profit or loss.

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and directly attributable expenses and expected release of the risk adjustment in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts. These changes in the fulfilment cash flows allocated to the loss component are excluded from insurance revenue and insurance service expenses. This ensures that the recognition of insurance revenue depicts the consideration to which the group expects to be entitled in exchange for the insurance contract services provided.

For reinsurance arrangements the loss recovery component is adjusted for changes in estimates that relate to future service and adjust the loss component of the onerous groups of underlying insurance contracts.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### b) Measurement (continued)

###### *Contracts measured under the premium allocation approach*

The PAA will be applied to all contracts with a coverage period of one year or less. The PAA is also applied for the measurement of groups of insurance contracts where the group reasonably expects that the measurement under the PAA model would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the GMM.

###### *Initial measurement*

On initial recognition, the group measures the liability for remaining coverage under the PAA as the amount of premiums received if any, less any insurance acquisition cash flows at that date (if not recognised as an expense in profit or loss). The premiums received exclude value added tax and any other foreign indirect taxes. Amounts relating to transaction-based taxes paid in advance on premiums receivable is recognised under loans and receivables as pre-paid transaction-based taxes. Premiums receivable from intermediaries are recognised as part of the liability for remaining coverage.

###### *Subsequent measurement*

On subsequent measurement, the group measures the liability for remaining coverage under the PAA as the carrying amount at the beginning of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- plus any adjustment to a finance component (refer below);
- minus the amount recognised as insurance revenue for services provided in that period;
- minus any investment component paid or transferred to the liability for incurred claims.

The time value of money and the effect of financial risk are not allowed for when calculating the liability for remaining coverage except for when the time between receiving premiums and providing coverage is more than a year. The group does not have products where the time between the receipt of premiums and the provision of coverage is more than a year and therefore the group does not discount the liability for remaining coverage.

The group will allow for the time value of money and the effect of financial risk on cash flows related to the liability for incurred claims. Refer to section on discount rates for detail as to the discount rate applied.

A risk adjustment is determined for the liabilities for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows.

Insurance acquisition costs are defined as those costs related to the selling, underwriting and starting a group of insurance contracts. The group's policy is to defer acquisition costs. Acquisition costs are amortised on a straight-line basis over the coverage period of the group of contracts.

If there are facts and circumstances that indicate that a group of contracts is onerous, a loss will be recognised in profit or loss equal to the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The loss recognised for an onerous group of contracts will be rebalanced at each reporting date, with any change in the loss component recognised as an increase or reversal of losses in profit or loss. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Where the group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the group establishes a loss recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The group calculates the loss recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held. The group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss recovery component adjusts the carrying amount of the asset for remaining coverage.

###### *Foreign currency translation*

The group of insurance contracts (including the CSM) that has cash flows in more than one currency, is denominated in a single currency, such as the currency of the predominant cash flows.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### c) Critical accounting estimates and judgements

###### i) 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.

###### ii) PAA eligibility

The group will apply the PAA to measure a group of insurance contracts issued or reinsurance contracts 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 for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the GMM requirements.

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.
- Calculate the projected liability for remaining coverage under the PAA and under the GMM (including the CSM) at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, i.e., half-yearly or annually).
- At each point in time (in the projection) calculate the difference between the liability for remaining coverage 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.

A relative materiality threshold will be defined for each group 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.

###### iii) Liability for incurred claims

The best estimate provision (probability weighted cash flows) for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported (OCR) or not (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 rate at which the claims provision runs off into the future.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### c) Critical accounting estimates and judgements (continued)

##### iii) Liability for incurred claims (continued)

These future claims payments are then discounted back to the reporting date using a term-dependent discount rate. Refer to section on discount rates for detail as to the discount rate applied.

The historic claims incurred includes an amount for directly attributable claims-related expenses (i.e. allocated loss adjustment expenses (ALE)) which are implicitly projected into the future with the claim payments (and hence form part of the LIC). In addition, a provision for overheads which are determined to be directly attributable to fulfilment of the insurance contract (i.e. unallocated attributable expenses (ULAE)) is added to the best-estimate liability to allow for the cost of administering the ultimate run-off of the claims provision.

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

The stochastic chain ladder methodology assists in developing a greater understanding of the trends inherent in the data being projected to estimate the ultimate cost of claims. This process is performed separately for each insurance class.

##### Stochastic chain ladder methodology

The basic technique involves analysing historical claims development factors, net of reinsurance, and selecting estimated development factors based on this historical pattern. The selected development factors are applied to cumulative internal claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

It is the nature of this technique that a weighted average of claims inflation within the past data will be projected into the future. A stochastic process is applied to the choice of development factors for each accident year in accordance with standard statistical practices. Numerous simulations are performed to obtain a distribution of the ultimate claims cost.

The claims provisions are subject to close scrutiny both within the group's business units and at a company level. In addition, for major insurance classes where the risks and uncertainties inherent in the provisions are greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. The results of these reviews are considered when establishing the appropriate levels of provisions for the outstanding claims and unexpired periods of risk.

The liability for incurred claims is to be held to be at least sufficient at the 75th percentile of the ultimate loss distribution. The table below provides the position at each reporting date:

Percentile	GROUP		COMPANY	
	2025	2024	2025	2024
Gross liability for incurred claims	~75th – ~89th	~75th – ~87th	~89th	~87th
Net of reinsurance liability for incurred claims	~75th – ~91st	~75th – ~84th	~91st	~84th

The liability for incurred claims is considered to be the most sensitive to changes in the expected loss ratio; therefore, a sensitivity analysis is performed.

R million	GROUP		COMPANY	
	2025	2024	2025	2024
<i>Impact on profit or loss before tax</i>				
1% upward adjustment	409	316	329	299
1% downward adjustment	(409)	(316)	(329)	(299)
<i>Impact on equity</i>				
1% upward adjustment	298	231	240	218
1% downward adjustment	(298)	(231)	(240)	(218)

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.1 Insurance and reinsurance contracts analysis (continued)

#### Accounting policy – Insurance contracts (continued)

##### c) Critical accounting estimates and judgements (continued)

##### iii) Liability for incurred claims (continued)

As this method uses historical claims development information, it assumes that the historical claims development pattern will occur again in future. There are reasons why this may not be the case. Such reasons include:

- Change in processes that affect the development/recording of claims paid and incurred;
- Economic, legal, political, and social trends;
- Change in mix of business; or
- Random fluctuations, including the impact of large losses

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim.

The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates, particularly for the group's long tail lines of business. The group seeks to provide appropriate levels of claims provisions taking the known facts and experience into account. It should be emphasised that the estimation techniques for the determination of insurance liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate.

##### iv) 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 general insurance business, the group will apply the 10-year government bond risk-free curve 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; and
- 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 rates. The discount curve used for cash flows will be based on the most current rates reflecting that variability. Refer to note 4.19 for a sensitivity analysis on the discount rates.

##### v) 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 equally likely chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The group will aim to use a confidence level approach (value at risk) under IFRS 17. The group's calibrated risk adjustment (using value at risk) is such that the technical reserves held are between the 75th and 95th percentile of the net ultimate loss distribution.

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 accepting insurance risk within the group are required to target the confidence interval as defined at the group level.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.2 Movement in carrying amounts of insurance liabilities and assets

#### 4.2.1 Insurance contracts – premium allocation approach

	2025				2024			
	Liability for remaining coverage	Liability for incurred claims			Liability for remaining coverage	Liability for incurred claims		
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
<b>General insurance GROUP</b>								
<b>Net insurance contract liabilities opening balance</b>	15 700	17 073	1 111	33 884	12 119	17 907	1 613	31 639
Opening insurance contract assets	(706)	214	25	(467)	(659)	220	31	(408)
Opening insurance contract liabilities	16 406	16 859	1 086	34 351	12 778	17 687	1 582	32 047
<b>Insurance revenue</b>	(47 651)	–	–	(47 651)	(43 832)	–	–	(43 832)
<b>Insurance service expense</b>	6 668	28 738	1 191	36 597	6 307	29 064	(578)	34 793
Incurred claims and other insurance service expenses	–	28 994	697	29 691	–	26 573	706	27 279
Amortisation of insurance acquisition costs	6 668	–	–	6 668	6 307	–	–	6 307
Changes to liabilities for incurred claims that relate to past service	–	(256)	494	238	–	2 491	(1 284)	1 207
<b>Insurance service result</b>	(40 983)	28 738	1 191	(11 054)	(37 525)	29 064	(578)	(9 039)
Finance expense from insurance contracts issued	1 429	585	15	2 029	1 195	882	76	2 153
<b>Net movements recognised in the statement of comprehensive income</b>	(39 554)	29 323	1 206	(9 025)	(36 330)	29 946	(502)	(6 886)
<b>Investment component</b>	(856)	856	–	–	(1 101)	1 101	–	–
<b>Contracts acquired through business combination</b>	108	16	–	124	(50)	21	–	(29)
<b>Net insurance contract cash flows</b>	40 563	(28 026)	–	12 537	41 062	(31 902)	–	9 160
Premiums received	49 410	–	–	49 410	48 200	–	–	48 200
Claims and other insurance service expenses paid	–	(28 026)	–	(28 026)	–	(31 902)	–	(31 902)
Insurance acquisition costs paid	(8 847)	–	–	(8 847)	(7 138)	–	–	(7 138)
<b>Net insurance contract liabilities closing balance</b>	15 961	19 242	2 317	37 520	15 700	17 073	1 111	33 884
Closing insurance contract assets	(757)	413	44	(300)	(706)	214	25	(467)
Closing insurance contract liabilities	16 718	18 829	2 273	37 820	16 406	16 859	1 086	34 351

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

#### 4.2.1 Insurance contracts – premium allocation approach (continued)

	2025				2024			
	Liability for remaining coverage	Liability for incurred claims		Total	Liability for remaining coverage	Liability for incurred claims		Total
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	R million	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	R million
<b>General insurance</b>								
<b>COMPANY</b>								
<b>Net insurance contract liabilities opening balance</b>	(1 394)	15 979	1 063	15 648	(1 785)	16 455	1 582	16 252
Opening insurance contract assets	(559)	181	18	(360)	(533)	175	18	(340)
Opening insurance contract liabilities	(835)	15 798	1 045	16 008	(1 252)	16 280	1 564	16 592
<b>Insurance revenue</b>	(37 953)	–	–	(37 953)	(35 469)	–	–	(35 469)
<b>Insurance service expense</b>	5 367	23 070	1 126	29 563	5 277	24 119	(594)	28 802
Incurred claims and other insurance service expenses	–	23 789	574	24 363	–	22 012	667	22 679
Amortisation of insurance acquisition costs	5 367	–	–	5 367	5 277	–	–	5 277
Changes to liabilities for incurred claims that relate to past service	–	(719)	552	(167)	–	2 107	(1 261)	846
<b>Insurance service result</b>	(32 586)	23 070	1 126	(8 390)	(30 192)	24 119	(594)	(6 667)
Finance (income)/expense from insurance contracts issued	(95)	363	11	279	(85)	865	75	855
<b>Net movements recognised in the statement of comprehensive income</b>	(32 681)	23 433	1 137	(8 111)	(30 277)	24 984	(519)	(5 812)
<b>Contracts acquired through business combination</b>	–	–	–	–	(50)	21	–	(29)
<b>Net insurance contract cash flows</b>	29 731	(21 254)	–	8 477	30 718	(25 481)	–	5 237
Premiums received	35 047	–	–	35 047	36 407	–	–	36 407
Claims and other insurance service expenses paid	–	(21 254)	–	(21 254)	–	(25 481)	–	(25 481)
Insurance acquisition costs paid	(5 316)	–	–	(5 316)	(5 689)	–	–	(5 689)
<b>Net insurance contract liabilities closing balance</b>	(4 344)	18 158	2 200	16 014	(1 394)	15 979	1 063	15 648
Closing insurance contract assets	(679)	379	38	(262)	(559)	181	18	(360)
Closing insurance contract liabilities	(3 665)	17 779	2 162	16 276	(835)	15 798	1 045	16 008

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

#### 4.2.1 Insurance contracts – premium allocation approach (continued)

	2025				2024			
	Liability for remaining coverage	Liability for incurred claims		Total	Liability for remaining coverage	Liability for incurred claims		Total
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	R million	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	R million
<b>2025</b>								
<b>Life insurance GROUP</b>								
<b>Net insurance contract liabilities opening balance</b>	(97)	377	14	294	(84)	347	12	275
Opening insurance contract assets	(107)	60	2	(45)	(89)	69	2	(18)
Opening insurance contract liabilities	10	317	12	339	5	278	10	293
<b>Insurance revenue</b>	(747)	–	–	(747)	(758)	–	–	(758)
<b>Insurance service expense</b>	128	493	–	621	133	457	3	593
Incurred claims and other insurance service expenses	–	660	7	667	–	609	2	611
Amortisation of insurance acquisition costs	128	–	–	128	133	–	–	133
Changes to liabilities for incurred claims that relate to past service	–	(167)	(7)	(174)	–	(152)	1	(151)
<b>Insurance service result</b>	(619)	493	–	(126)	(625)	457	3	(165)
Finance expense/(income) from insurance contracts issued	–	15	–	15	–	17	(1)	16
<b>Net movements recognised in the statement of comprehensive income</b>	(619)	508	–	(111)	(625)	474	2	(149)
<b>Net insurance contract cash flows</b>	606	(464)	–	142	612	(444)	–	168
Premiums received	738	–	–	738	745	–	–	745
Claims and other insurance service expenses paid	–	(464)	–	(464)	–	(444)	–	(444)
Insurance acquisition costs paid	(132)	–	–	(132)	(133)	–	–	(133)
<b>Net insurance contract liabilities closing balance</b>	(110)	421	14	325	(97)	377	14	294
Closing insurance contract assets	(114)	80	3	(31)	(107)	60	2	(45)
Closing insurance contract liabilities	4	341	11	356	10	317	12	339

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.2 Movement in carrying amounts of insurance liabilities and assets (continued)

#### 4.2.2 Insurance contracts – general measurement model

	2025			2024		
	Liability for remaining coverage R million	Liability for incurred claims R million	Total R million	Liability for remaining coverage R million	Liability for incurred claims R million	Total R million
<b>General insurance GROUP</b>						
<b>Insurance contract liabilities opening balance</b>	641	–	641	675	–	675
<b>Insurance revenue</b>	(114)	–	(114)	(112)	–	(112)
<b>Insurance service expense</b>	–	127	127	–	128	128
Incurred claims and other insurance service expenses	–	127	127	–	128	128
<b>Insurance service result</b>	(114)	127	13	(112)	128	16
Finance expense from insurance contracts issued	86	–	86	79	–	79
<b>Net movements recognised in the statement of comprehensive income</b>	(28)	127	99	(33)	128	95
<b>Net insurance contract cash flows</b>	(22)	(127)	(149)	(1)	(128)	(129)
Claims and other insurance service expenses paid	–	(127)	(127)	–	(128)	(128)
Insurance acquisition costs paid	(22)	–	(22)	(1)	–	(1)
<b>Insurance contract liabilities closing balance</b>	591	–	591	641	–	641
<b>Life insurance GROUP</b>						
<b>Net insurance contract liabilities opening balance</b>	2 674	210	2 884	1 464	171	1 635
Opening insurance contract assets	(6)	2	(4)	–	–	–
Opening insurance contract liabilities	2 680	208	2 888	1 464	171	1 635
<b>Insurance revenue</b>	(7 615)	–	(7 615)	(7 615)	–	(7 615)
<b>Insurance service expense</b>	160	4 186	4 346	182	4 284	4 466
Incurred claims and other insurance service expenses	–	4 351	4 351	–	4 449	4 449
Amortisation of insurance acquisition costs	160	–	160	182	–	182
Changes to liabilities for incurred claims that relate to past service	–	(165)	(165)	–	(165)	(165)
<b>Insurance service result</b>	(7 455)	4 186	(3 269)	(7 433)	4 284	(3 149)
Finance expense from insurance contracts issued	556	22	578	382	16	398
<b>Net movements recognised in the statement of comprehensive income</b>	(6 899)	4 208	(2 691)	(7 051)	4 300	(2 751)
<b>Net insurance contract cash flows</b>	7 835	(4 133)	3 702	8 261	(4 261)	4 000
Premiums received	8 015	–	8 015	8 418	–	8 418
Claims and other insurance service expenses paid	–	(4 133)	(4 133)	–	(4 261)	(4 261)
Insurance acquisition costs paid	(180)	–	(180)	(157)	–	(157)
<b>Net insurance contract liabilities closing balance</b>	3 610	285	3 895	2 674	210	2 884
Closing insurance contract assets	(9)	6	(3)	(6)	2	(4)
Closing insurance contract liabilities	3 619	279	3 898	2 680	208	2 888

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.3 Analysis of movements in carrying amounts of insurance liabilities and assets

#### 4.3.1 Insurance contracts – general measurement model

	2025				2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
<b>General insurance GROUP</b>								
<b>Insurance contract liabilities opening balance</b>	605	1	35	641	633	1	41	675
<b>Changes that relate to current service</b>	18	–	(5)	13	23	–	(7)	16
Contractual service margin recognised for services provided	–	–	(5)	(5)	–	–	(7)	(7)
Experience adjustments <sup>1</sup>	18	–	–	18	23	–	–	23
<b>Insurance service result</b>	18	–	(5)	13	23	–	(7)	16
Finance expense from insurance contracts issued	81	–	5	86	78	–	1	79
<b>Net movements recognised in the statement of comprehensive income</b>	99	–	–	99	101	–	(6)	95
<b>Net insurance contract cash flows</b>	(149)	–	–	(149)	(129)	–	–	(129)
Claims and other insurance service expenses paid	(127)	–	–	(127)	(128)	–	–	(128)
Insurance acquisition costs paid	(22)	–	–	(22)	(1)	–	–	(1)
<b>Insurance contract liabilities closing balance</b>	555	1	35	591	605	1	35	641

<sup>1</sup> Of the R18 million experience adjustment (2024: R23 million), R109 million relates to the liability for remaining coverage (2024: R105 million), decreased by R127 million that relates to the liability for incurred claims (2024: R128 million).

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.3 Analysis of movements in carrying amounts of insurance liabilities and assets (continued)

#### 4.3.1 Insurance contracts – general measurement model (continued)

	2025				2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
<b>Life insurance GROUP</b>								
<b>Net insurance contract liabilities opening balance</b>	(7 406)	1 223	9 067	2 884	(7 186)	1 502	7 319	1 635
Opening insurance contract assets	(25)	4	17	(4)	–	–	–	–
Opening insurance contract liabilities	(7 381)	1 219	9 050	2 888	(7 186)	1 502	7 319	1 635
<b>Changes that relate to current service</b>	(581)	(275)	(2 248)	(3 104)	(116)	(577)	(2 291)	(2 984)
Contractual service margin recognised for services provided	–	–	(2 248)	(2 248)	–	–	(2 291)	(2 291)
Change in risk adjustment for expired risk	–	(275)	–	(275)	–	(577)	–	(577)
Experience adjustments <sup>1</sup>	(581)	–	–	(581)	(116)	–	–	(116)
<b>Changes that relate to future service</b>	(128)	(212)	340	–	(3 486)	205	3 281	–
Contracts recognised in the period	(46)	5	41	–	(2 857)	429	2 428	–
Changes in estimates that adjust the contractual service margin	(82)	(217)	299	–	(629)	(224)	853	–
<b>Changes that relate to past service</b>	(168)	3	–	(165)	(165)	–	–	(165)
Changes to liabilities for incurred claims <sup>2</sup>	(168)	3	–	(165)	(165)	–	–	(165)
<b>Insurance service result</b>	(877)	(484)	(1 908)	(3 269)	(3 767)	(372)	990	(3 149)
Finance (income)/expense from insurance contracts issued	(351)	67	862	578	(453)	93	758	398
<b>Net movements recognised in the statement of comprehensive income</b>	(1 228)	(417)	(1 046)	(2 691)	(4 220)	(279)	1 748	(2 751)
<b>Net insurance contract cash flows</b>	3 702	–	–	3 702	4 000	–	–	4 000
Premiums received	8 015	–	–	8 015	8 418	–	–	8 418
Claims and other insurance service expenses paid	(4 133)	–	–	(4 133)	(4 261)	–	–	(4 261)
Insurance acquisition costs paid	(180)	–	–	(180)	(157)	–	–	(157)
<b>Net insurance contract liabilities closing balance</b>	(4 932)	806	8 021	3 895	(7 406)	1 223	9 067	2 884
Closing insurance contract assets	(29)	7	19	(3)	(25)	4	17	(4)
Closing insurance contract liabilities	(4 903)	799	8 002	3 898	(7 381)	1 219	9 050	2 888

<sup>1</sup> Of the R581 million experience adjustment (2024: R116 million), R4 932 million relates to the liability for remaining coverage (2024: R4 564 million), decreased by R4 351 million that relates to the liability for incurred claims (2024: R4 448 million).

<sup>2</sup> The movement in the risk adjustment for the year is below R1 million in 2024.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.4 Movements in carrying amounts of reinsurance assets and liabilities

#### 4.4.1 Reinsurance contracts – premium allocation approach

	2025				2024			
	Asset for remaining coverage	Asset for incurred claims		Total R million	Asset for remaining coverage	Asset for incurred claims		Total R million
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million		Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	
<b>General insurance GROUP</b>								
<b>Net reinsurance contract assets opening balance</b>	(408)	(5 652)	(613)	(6 673)	(422)	(8 106)	(714)	(9 242)
Opening reinsurance contract assets	(467)	(5 678)	(614)	(6 759)	(530)	(8 117)	(714)	(9 361)
Opening reinsurance contract liabilities	59	26	1	86	108	11	–	119
<b>Reinsurance expense</b>	5 672	–	–	5 672	6 515	–	–	6 515
<b>Reinsurance income</b>	–	(1 477)	185	(1 292)	–	(2 157)	137	(2 020)
Claims recovered and other reinsurance service income received	–	(823)	(310)	(1 133)	–	(1 856)	(8)	(1 864)
Adjustments to incurred claims that relate to past service	–	(654)	495	(159)	–	(301)	145	(156)
<b>Net expense/(income) from reinsurance contracts held</b>	5 672	(1 477)	185	4 380	6 515	(2 157)	137	4 495
Finance expense/(income) from reinsurance contracts held	35	(185)	(6)	(156)	(25)	(87)	(36)	(148)
<b>Net movements recognised in the statement of comprehensive income</b>	5 707	(1 662)	179	4 224	6 490	(2 244)	101	4 347
<b>Net reinsurance contract cash flows</b>	(5 255)	2 430	–	(2 825)	(6 476)	4 698	–	(1 778)
Premiums paid (net of ceding commissions)	(5 255)	–	–	(5 255)	(6 476)	–	–	(6 476)
Claims recovered and other reinsurance service income received	–	2 430	–	2 430	–	4 698	–	4 698
<b>Net reinsurance contract assets closing balance</b>	44	(4 884)	(434)	(5 274)	(408)	(5 652)	(613)	(6 673)
Closing reinsurance contract assets	(15)	(4 906)	(435)	(5 356)	(467)	(5 678)	(614)	(6 759)
Closing reinsurance contract liabilities	59	22	1	82	59	26	1	86

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

#### 4.4.1 Reinsurance contracts – premium allocation approach (continued)

	2025				2024			
	Asset for remaining coverage	Asset for incurred claims		Total	Asset for remaining coverage	Asset for incurred claims		Total
	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	R million	Present value of expected future cash flows R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	R million
<b>General insurance</b>								
<b>COMPANY</b>								
<b>Reinsurance contract assets opening balance</b>	(508)	(5 063)	(635)	(6 206)	(612)	(7 042)	(747)	(8 401)
<b>Reinsurance expense</b>	5 086	–	–	5 086	5 551	–	–	5 551
<b>Reinsurance income</b>	–	(1 402)	223	(1 179)	–	(1 998)	147	(1 851)
Claims recovered and other reinsurance service income received	–	(970)	(219)	(1 189)	–	(1 787)	14	(1 773)
Adjustments to incurred claims that relate to past service	–	(432)	442	10	–	(211)	133	(78)
<b>Net expense/(income) from reinsurance contracts held</b>	5 086	(1 402)	223	3 907	5 551	(1 998)	147	3 700
Finance expense/(income) from reinsurance contracts held	36	(146)	(6)	(116)	(26)	(276)	(35)	(337)
<b>Net movements recognised in the statement of comprehensive income</b>	5 122	(1 548)	217	3 791	5 525	(2 274)	112	3 363
<b>Net reinsurance contract cash flows</b>	(4 681)	2 301	–	(2 380)	(5 421)	4 253	–	(1 168)
Premiums paid (net of ceding commissions)	(4 681)	–	–	(4 681)	(5 421)	–	–	(5 421)
Claims recovered and other reinsurance service income received	–	2 301	–	2 301	–	4 253	–	4 253
<b>Reinsurance contract assets closing balance</b>	(67)	(4 310)	(418)	(4 795)	(508)	(5 063)	(635)	(6 206)

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

#### 4.4.1 Reinsurance contracts – premium allocation approach (continued)

	2025				2024			
	Asset for remaining coverage Present value of expected future cash flows R million	Asset for incurred claims Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million	Asset for remaining coverage Present value of expected future cash flows R million	Asset for incurred claims Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
<b>Life insurance GROUP</b>								
<b>Net reinsurance contract assets opening balance</b>	28	(47)	(2)	(21)	20	(41)	(1)	(22)
Opening reinsurance contract assets	28	(47)	(2)	(21)	15	(39)	(1)	(25)
Opening reinsurance contract liabilities	–	–	–	–	5	(2)	–	3
<b>Reinsurance expense</b>	205	–	–	205	(9)	–	–	(9)
<b>Reinsurance income</b>	–	(38)	–	(38)	–	(46)	(1)	(47)
Claims recovered and other reinsurance service income received	–	(53)	–	(53)	–	(14)	(1)	(15)
Adjustments to incurred claims that relate to past service <sup>1</sup>	–	15	–	15	–	(32)	–	(32)
<b>Net movements recognised in the statement of comprehensive income</b>	205	(38)	–	167	(9)	(46)	(1)	(56)
<b>Net reinsurance contract cash flows</b>	(237)	35	–	(202)	17	40	–	57
Premiums paid (net of ceding commissions)	(237)	–	–	(237)	17	–	–	17
Claims recovered and other reinsurance service income received	–	35	–	35	–	40	–	40
<b>Reinsurance contract assets closing balance</b>	(4)	(50)	(2)	(56)	28	(47)	(2)	(21)

<sup>1</sup> The movement in the risk adjustment for the year is below R1 million.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.4 Movements in carrying amounts of reinsurance assets and liabilities (continued)

#### 4.4.2 Reinsurance contracts – general measurement model

	Liability for remaining coverage R million	2025 Liability for incurred claims R million	Total R million	Liability for remaining coverage R million	2024 Liability for incurred claims R million	Total R million
<b>Life insurance GROUP</b>						
<b>Net reinsurance contract liabilities/(assets) opening balance</b>	24	(2)	22	(561)	(137)	(698)
Opening reinsurance contract assets	–	–	–	(566)	(135)	(701)
Opening reinsurance contract liabilities	24	(2)	22	5	(2)	3
<b>Reinsurance expense</b>	9	–	9	6 921	–	6 921
<b>Reinsurance income</b>	–	(13)	(13)	–	(3 301)	(3 301)
Claims recovered and other reinsurance service income received	–	(41)	(41)	–	(3 168)	(3 168)
Adjustments to incurred claims that relate to past service	–	28	28	–	(133)	(133)
<b>Net expenses/(income) from reinsurance contracts held</b>	9	(13)	(4)	6 921	(3 301)	3 620
Finance expense/(income) from reinsurance contracts held	3	(2)	1	(124)	(10)	(134)
<b>Net movements recognised in the statement of comprehensive income</b>	12	(15)	(3)	6 797	(3 311)	3 486
<b>Net reinsurance contract cash flows</b>	(13)	12	(1)	(6 212)	3 446	(2 766)
Premiums paid (net of ceding commissions)	(13)	–	(13)	(6 212)	–	(6 212)
Claims recovered and other reinsurance service income received	–	12	12	–	3 446	3 446
<b>Reinsurance contract liabilities closing balance</b>	23	(5)	18	24	(2)	22

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.5 Analysis of movements in carrying amounts of reinsurance assets and liabilities

#### 4.5.1 Reinsurance contracts – general measurement model

	2025				2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
<b>Life insurance GROUP</b>								
<b>Net reinsurance contract liabilities/(assets) opening balance</b>	27	(2)	(3)	22	1 922	(446)	(2 174)	(698)
Opening reinsurance contract assets	–	–	–	–	1 892	(444)	(2 149)	(701)
Opening reinsurance contract liabilities	27	(2)	(3)	22	30	(2)	(25)	3
<b>Changes that relate to current service</b>	(25)	(7)	–	(32)	167	165	3 421	3 753
Contractual service margin recognised in profit or loss for the services received	–	–	–	–	–	–	3 421	3 421
Change in risk adjustment for expired risk	–	(7)	–	(7)	–	165	–	165
Experience adjustments <sup>1</sup>	(25)	–	–	(25)	167	–	–	167
<b>Changes that relate to future service</b>	–	(1)	1	–	723	288	(1 011)	–
Contracts initially recognised in the period	–	(1)	1	–	2 140	(46)	(2 094)	–
Changes in estimates	–	–	–	–	(1 417)	334	1 083	–
<b>Changes that relate to past service</b>	28	–	–	28	(133)	–	–	(133)
Changes to liabilities incurred	28	–	–	28	(133)	–	–	(133)
<b>Net expense/(income) from reinsurance contracts held</b>	3	(8)	1	(4)	757	453	2 410	3 620
Finance (income)/expense from reinsurance contracts held	(1)	2	–	1	114	(9)	(239)	(134)
<b>Net movements recognised in the statement of comprehensive income</b>	2	(6)	1	(3)	871	444	2 171	3 486
<b>Net reinsurance contract cash flows</b>	(1)	–	–	(1)	(2 766)	–	–	(2 766)
Premiums paid (net of ceding commissions)	(13)	–	–	(13)	(6 212)	–	–	(6 212)
Claims recovered and other reinsurance service income received	12	–	–	12	3 446	–	–	3 446
<b>Reinsurance contract liabilities closing balance</b>	28	(8)	(2)	18	27	(2)	(3)	22

<sup>1</sup> Of the R25 million experience adjustment (2024: R167 million), R25 million relates to the reinsurance asset for remaining coverage (2024: R3 340 million), decreased by Rnil that relates to the reinsurance asset for incurred claims (2024: R3 173 million).

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.6 Movement in carrying amounts of third party cell insurance contracts

#### 4.6.1 Third party cell insurance contracts – premium allocation approach

	2025				2024			
	Liability for incurred claims				Liability for incurred claims			
	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
<b>General insurance</b>								
<b>GROUP</b>								
<b>Third party cell insurance contract liabilities opening balance</b>	1 521	–	–	1 521	1 290	–	–	1 290
<b>Reinsurance expense</b>	1 882	–	–	1 882	1 454	–	–	1 454
<b>Reinsurance income</b>	–	(1 425)	–	(1 425)	–	(1 394)	–	(1 394)
Other directly attributable expenses recovered	–	(15)	–	(15)	–	(357)	–	(357)
Claims recovered – current service	–	(1 410)	–	(1 410)	–	(1 037)	–	(1 037)
<b>Net expense/(income) from reinsurance contracts held</b>	1 882	(1 425)	–	457	1 454	(1 394)	–	60
Investment return allocated to third party cells	181	–	–	181	214	–	–	214
Finance (income)/expense from reinsurance contracts held	–	(7)	–	(7)	–	33	–	33
<b>Net movements recognised in the statement of comprehensive income</b>	2 063	(1 432)	–	631	1 668	(1 361)	–	307
<b>Investment component</b>	(1 432)	1 432	–	–	(1 361)	1 361	–	–
<b>Net third party cell insurance contract cash flows</b>	(564)	–	–	(564)	(76)	–	–	(76)
Capital contribution	70	–	–	70	116	–	–	116
Redemption of capital contribution	(1)	–	–	(1)	(7)	–	–	(7)
Dividends paid	(633)	–	–	(633)	(185)	–	–	(185)
<b>Third party cell insurance contract liabilities closing balance</b>	1 588	–	–	1 588	1 521	–	–	1 521

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

#### 4.6.1 Third party cell insurance contracts – premium allocation approach (continued)

	2025				2024			
	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million	Liability for remaining coverage R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Total R million
<b>Life insurance GROUP</b>								
<b>Third party cell insurance contract liabilities opening balance</b>	487	–	–	487	483	–	–	483
<b>Reinsurance expense</b>	204	–	–	204	259	–	–	259
<b>Reinsurance income</b>	–	(128)	–	(128)	–	(145)	–	(145)
Other directly attributable expenses recovered	–	(37)	–	(37)	–	(95)	–	(95)
Claims recovered – current service	–	(91)	–	(91)	–	(50)	–	(50)
<b>Net expense/(income) from reinsurance contracts held</b>	204	(128)	–	76	259	(145)	–	114
Investment return allocated to third party cells	45	–	–	45	47	–	–	47
Finance income from reinsurance contracts held	–	(14)	–	(14)	–	(18)	–	(18)
<b>Net movements recognised in the statement of comprehensive income</b>	249	(142)	–	107	306	(163)	–	143
<b>Investment component</b>	(142)	142	–	–	(163)	163	–	–
<b>Net third party cell insurance contracts cash flows</b>	(151)	–	–	(151)	(139)	–	–	(139)
Capital contribution	1	–	–	1	–	–	–	–
Redemption of capital contribution	(3)	–	–	(3)	(5)	–	–	(5)
Dividends paid	(149)	–	–	(149)	(134)	–	–	(134)
<b>Third party cell insurance contract liabilities closing balance</b>	443	–	–	443	487	–	–	487

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.6 Movement in carrying amounts of third party cell insurance contracts (continued)

#### 4.6.2 Third party cell insurance contracts – general measurement model

	2025			2024		
	Liability for remaining coverage R million	Liability for incurred claims R million	Total R million	Liability for remaining coverage R million	Liability for incurred claims R million	Total R million
<b>General insurance</b>						
<b>GROUP</b>						
<b>Third party cell insurance contract liabilities opening balance</b>	1 448	–	1 448	1 480	–	1 480
<b>Reinsurance expense</b>	131	–	131	113	–	113
<b>Reinsurance income</b>	(10)	(126)	(136)	(8)	(126)	(134)
Other directly attributable expenses recovered	(10)	–	(10)	(8)	–	(8)
Claims recovered – current service	–	(126)	(126)	–	(126)	(126)
<b>Net expense/(income) from reinsurance contracts held</b>	121	(126)	(5)	105	(126)	(21)
Investment return allocated to third party cells	621	–	621	211	–	211
Finance income from reinsurance contracts held	(85)	–	(85)	(80)	–	(80)
<b>Net movements recognised in the statement of comprehensive income</b>	657	(126)	531	236	(126)	110
<b>Investment component</b>	(126)	126	–	(126)	126	–
<b>Net third party cell insurance contract cash flows</b>	–	–	–	(142)	–	(142)
Dividends paid	–	–	–	(142)	–	(142)
<b>Third party cell insurance contract liabilities closing balance</b>	1 979	–	1 979	1 448	–	1 448
<b>Life insurance</b>						
<b>GROUP</b>						
<b>Third party cell insurance contract liabilities opening balance</b>	1 935	–	1 935	2 411	–	2 411
<b>Reinsurance expense</b>	7 156	–	7 156	295	–	295
<b>Reinsurance income</b>	–	(4 839)	(4 839)	–	(721)	(721)
Other directly attributable expenses recovered	–	(755)	(755)	–	144	144
Claims recovered – current service	–	(4 084)	(4 084)	–	(1 163)	(1 163)
Adjustment to incurred claims that relate to past service	–	–	–	–	298	298
<b>Net expense/(income) from reinsurance contracts held</b>	7 156	(4 839)	2 317	295	(721)	(426)
Investment return allocated to third party cells	396	–	396	371	–	371
Finance income from reinsurance contracts held	(559)	(20)	(579)	(257)	(4)	(261)
<b>Net movements recognised in the statement of comprehensive income</b>	6 993	(4 859)	2 134	409	(725)	(316)
<b>Investment component</b>	(4 859)	4 859	–	(725)	725	–
<b>Net third party cell insurance contract cash flows</b>	(2 963)	–	(2 963)	(160)	–	(160)
Dividends paid	(2 963)	–	(2 963)	(160)	–	(160)
<b>Third party cell insurance contract liabilities closing balance</b>	1 106	–	1 106	1 935	–	1 935

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.7 Analysis of movements in carrying amounts of third party cell insurance contracts

#### 4.7.1 Third party cell insurance contracts – general measurement model

	2025				2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
<b>General insurance GROUP</b>								
<b>Third party cell insurance contract liabilities opening balance</b>	1 483	(1)	(34)	1 448	1 522	(1)	(41)	1 480
<b>Changes that relate to current service</b>	(10)	–	5	(5)	(21)	–	8	(13)
Contractual service margin recognised in profit or loss for the services received	–	–	5	5	–	–	8	8
Experience adjustments <sup>1</sup>	(10)	–	–	(10)	(21)	–	–	(21)
<b>Changes that relate to past service</b>	–	–	–	–	(8)	–	–	(8)
Changes to liabilities for incurred claims <sup>2</sup>	–	–	–	–	(8)	–	–	(8)
<b>Net (income)/expense from reinsurance contracts held</b>	(10)	–	5	(5)	(29)	–	8	(21)
Finance expense/(income) from reinsurance contracts held	541	–	(5)	536	132	–	(1)	131
<b>Net movements recognised in the statement of comprehensive income</b>	531	–	–	531	103	–	7	110
<b>Net third party cell insurance contract cash flows</b>	–	–	–	–	(142)	–	–	(142)
Dividends paid	–	–	–	–	(142)	–	–	(142)
<b>Third party cell insurance contract liabilities closing balance</b>	2 014	(1)	(34)	1 979	1 483	(1)	(34)	1 448

<sup>1</sup> Of the R10 million experience adjustment (2024: R21 million), R116 million relates to the reinsurance asset for remaining coverage (2024: R105 million), decreased by R126 million that relates to the reinsurance asset for incurred claims (2024: R126 million).

<sup>2</sup> The movement in the risk adjustment for the year is below R1 million.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.7 Analysis of movements in carrying amounts of third party cell insurance contracts (continued)

#### 4.7.1 Third party cell insurance contracts – general measurement model (continued)

	2025				2024			
	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million	Present value of expected future cash flows R million	Risk adjustment for non-financial risk R million	Contractual service margin R million	Total R million
<b>Life insurance GROUP</b>								
<b>Third party cell insurance contract liabilities opening balance</b>	12 219	(1 221)	(9 063)	1 935	8 610	(1 054)	(5 145)	2 411
<b>Changes that relate to current service</b>	(214)	282	2 249	2 317	(6)	411	(1 129)	(724)
Contractual service margin recognised in profit or loss for the services received	–	–	2 249	2 249	–	–	(1 129)	(1 129)
Change in risk adjustment for expired risk	–	282	–	282	–	411	–	411
Experience adjustments <sup>1</sup>	(214)	–	–	(214)	(6)	–	–	(6)
<b>Changes that relate to future service</b>	124	217	(341)	–	2 764	(493)	(2 271)	–
Contracts initially recognised in the period	37	3	(40)	–	718	(383)	(335)	–
Changes in estimates	87	214	(301)	–	2 046	(110)	(1 936)	–
<b>Changes that relate to past service</b>	–	–	–	–	298	–	–	298
Changes to liabilities for incurred claims <sup>2</sup>	–	–	–	–	298	–	–	298
<b>Net (income)/expense from reinsurance contracts held</b>	(90)	499	1 908	2 317	3 056	(82)	(3 400)	(426)
Finance expense/(income) from reinsurance contracts held	744	(65)	(862)	(183)	713	(85)	(518)	110
<b>Net movements recognised in the statement of comprehensive income</b>	654	434	1 046	2 134	3 769	(167)	(3 918)	(316)
<b>Net third party cell insurance contract cash flows</b>	(2 963)	–	–	(2 963)	(160)	–	–	(160)
Dividends paid	(2 963)	–	–	(2 963)	(160)	–	–	(160)
<b>Third party cell insurance contract liabilities closing balance</b>	9 910	(787)	(8 017)	1 106	12 219	(1 221)	(9 063)	1 935

<sup>1</sup> Of the R214 million experience adjustment (2024: R6 million), R4 625 million relates to the reinsurance asset for remaining coverage (2024: R1 013 million), decreased by R4 839 million that relates to the reinsurance asset for incurred claims (2024: R1 019 million).

<sup>2</sup> The movement in the risk adjustment for the year is below R1 million.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.8 Insurance revenue

	2025			2024		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
<b>GROUP</b>						
Contracts measured under the GMM						
Amounts relating to changes in liabilities for remaining coverage:						
CSM recognised for service provided	114	7 455	7 569	112	7 455	7 567
Change in risk adjustment for non-financial risk for risk expired	5	2 249	2 254	7	2 291	2 298
Expected incurred claims and other insurance service expenses	–	275	275	–	577	577
Recovery of insurance acquisition cash flows	109	4 931	5 040	105	4 587	4 692
Insurance revenue from contracts not measured under the PAA	–	160	160	–	160	160
Contracts measured under the PAA	114	7 615	7 729	112	7 615	7 727
<b>Total insurance revenue</b>	<b>47 651</b>	<b>747</b>	<b>48 398</b>	<b>43 832</b>	<b>758</b>	<b>44 590</b>
<b>Total insurance revenue</b>	<b>47 765</b>	<b>8 362</b>	<b>56 127</b>	<b>43 944</b>	<b>8 373</b>	<b>52 317</b>
<b>COMPANY<sup>1</sup></b>						
Contracts measured under the PAA	37 953	–	37 953	35 469	–	35 469
<b>Total insurance revenue</b>	<b>37 953</b>	<b>–</b>	<b>37 953</b>	<b>35 469</b>	<b>–</b>	<b>35 469</b>
<b>Impact of GMM contracts initially recognised in the year</b>						
<b>GROUP</b>						
Claims and other insurance service expenses payable	–	109	109	–	4 689	4 689
Insurance acquisition costs	–	19	19	–	178	178
Estimates of present value of cash outflows	–	128	128	–	4 867	4 867
Estimates of present value of cash inflows	–	(174)	(174)	–	(7 724)	(7 724)
Risk adjustment for non-financial risk	–	5	5	–	429	429
Contractual service margin	–	41	41	–	2 428	2 428
Movement from contracts recognised in the year	–	–	–	–	–	–

<sup>1</sup> The company does not account for any insurance contracts under the GMM.

# **Notes** to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.8 Insurance revenue (continued)

#### Accounting policy – Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period by the group, excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the group, adjusted for the discounting effect (where applicable) and excluding any investment components. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, the total consideration for a group of contracts includes the following amounts:

- the expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component, repayments of investment components and policyholder rights to withdraw an amount, amounts of transaction-based taxes collected in a fiduciary capacity, insurance acquisition expenses, and amounts related to the risk adjustment for non-financial risk);
- the amount of the CSM recognised in profit or loss;
- the release of the risk adjustment for risk expired (excluding changes included in insurance finance income, changes that relate to future coverage, and amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- premium experience adjustments arising from premiums received in the period that relate to past and current service (including experience adjustments arising from related cash flows such as insurance acquisition cash flows); and
- the amortisation of insurance acquisition cash flows.

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses, for example the Crop business.

#### Accounting policy – Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows are amortised in insurance revenue and insurance service expenses in each reporting period in a systematic way based on the passage of time where the GMM is applied. For contracts measured under the PAA insurance acquisition costs are amortised in line with the recognition of insurance revenue.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.9 Insurance service expense

	2025			2024		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
<b>GROUP</b>						
Incurring claims and other insurance service expenses	23 327	4 422	27 749	23 021	4 534	27 555
Amortisation of insurance acquisition costs	6 668	288	6 956	6 307	315	6 622
Directly attributable expenses	6 729	257	6 986	5 593	210	5 803
	<b>36 724</b>	<b>4 967</b>	<b>41 691</b>	<b>34 921</b>	<b>5 059</b>	<b>39 980</b>
<b>COMPANY</b>						
Incurring claims and other insurance service expenses	20 043	–	20 043	20 029	–	20 029
Amortisation of insurance acquisition costs	5 367	–	5 367	5 277	–	5 277
Directly attributable expenses	4 153	–	4 153	3 496	–	3 496
	<b>29 563</b>	<b>–</b>	<b>29 563</b>	<b>28 802</b>	<b>–</b>	<b>28 802</b>

#### Accounting policy – Insurance service expense

The following amounts are recognised in insurance service expenses:

- claims and administration expenses incurred (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- experience adjustments relating to claims and administration expenses incurred;
- the initial loss on onerous groups of contracts recognised during the period;
- the increases and reversals of losses on onerous contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows.

Expenses cashflows included in the boundary of a contract, comprises of expenses that are directly attributable to fulfilling the obligations under the insurance contract and includes an allocation of fixed and variable overheads.

The group applied a broad view in assessing overheads to determine expenses that are directly attributable to fulfilment of the insurance contract and non-attributable expense. Consequently, non-attributable expenses were those defined as non-essential business expenditure, certain employee benefit costs not related to maintenance of existing products or the sale of new products and system development costs which were incurred in research and product development stage.

Attributable overhead expenses are allocated to revenue-generating business units on an economic basis, with gross written premium being the key driver to the allocation.

Non-attributable expenses are excluded from the valuation of insurance contract liabilities and reinsurance contract assets and are expensed in profit or loss when incurred.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.10 Net (expense)/income from reinsurance contracts held

	2025			2024		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
<b>GROUP</b>						
<b>Reinsurance expense</b>						
Reinsurance expense – contracts measured under the GMM <sup>1</sup>						
Amounts relating to changes in assets for remaining coverage						
Expected incurred claims and other expenses recovery	(126)	(4 641)	(4 767)	(105)	(4 348)	(4 453)
Change in the risk adjustment for non-financial risk for the risk expired	–	(275)	(275)	–	(577)	(577)
CSM recognised for the services received	(5)	(2 249)	(2 254)	(8)	(2 291)	(2 299)
Contracts not measured under the PAA	(131)	(7 165)	(7 296)	(113)	(7 216)	(7 329)
Reinsurance expense – contracts measured under the PAA	(7 554)	(409)	(7 963)	(7 969)	(250)	(8 219)
Other directly attributable expenses recovered	25	792	817	223	1	224
Incurred claims recovered	2 828	4 226	7 054	3 191	4 308	7 499
<b>Net expense from reinsurance contracts held</b>	<b>(4 832)</b>	<b>(2 556)</b>	<b>(7 388)</b>	<b>(4 668)</b>	<b>(3 157)</b>	<b>(7 825)</b>
<b>COMPANY<sup>2</sup></b>						
Reinsurance expense – contracts measured under the PAA	(5 086)	–	(5 086)	(5 551)	–	(5 551)
Incurred claims recovered	1 179	–	1 179	1 851	–	1 851
<b>Net expense from reinsurance contracts held</b>	<b>(3 907)</b>	<b>–</b>	<b>(3 907)</b>	<b>(3 700)</b>	<b>–</b>	<b>(3 700)</b>
<b>Impact of GMM reinsurance contracts recognised in the year</b>						
<b>GROUP</b>						
Estimates of present value of future cash inflows	–	96	96	–	261	261
Estimates of present value of future cash outflows	–	(59)	(59)	–	(2 401)	(2 401)
Risk adjustment for non-financial risk	–	2	2	–	46	46
Contractual service margin	–	(39)	(39)	–	2 094	2 094
Movement from contracts recognised in the year	–	–	–	–	–	–

<sup>1</sup> All GMM reinsurance contracts were measured on the fully retrospective approach at transition.

<sup>2</sup> The company does not account for any reinsurance contracts under the GMM.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.10 Net (expense)/income from reinsurance contracts held (continued)

#### Accounting policy – Income or expense from reinsurance contracts held

The group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount.

Income or expense from reinsurance contracts held comprise:

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable expenses;
- changes that relate to past service;
- effect of changes in the risk of reinsurers' non-performance; and
- amounts relating to accounting for onerous groups of underlying insurance contracts issued.

The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued, for e.g., the loss recovery component recognised during the reporting period rather than an initial loss recognised.

### 4.11 Finance expense from insurance contracts issued

	2025			2024		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
<b>GROUP</b>						
Interest accreted	(2 693)	348	(2 345)	(2 350)	464	(1 886)
Effect of changes in interest rates and other financial assumptions	(121)	(79)	(200)	(109)	(120)	(229)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(4)	(862)	(866)	(1)	(758)	(759)
Net foreign exchange gains	703	–	703	227	–	227
	<b>(2 115)</b>	<b>(593)</b>	<b>(2 708)</b>	<b>(2 233)</b>	<b>(414)</b>	<b>(2 647)</b>
<b>COMPANY</b>						
Interest accreted	(860)	–	(860)	(1 053)	–	(1 053)
Effect of changes in interest rates and other financial assumptions	(121)	–	(121)	(29)	–	(29)
Net foreign exchange gains	703	–	703	227	–	227
	<b>(278)</b>	<b>–</b>	<b>(278)</b>	<b>(855)</b>	<b>–</b>	<b>(855)</b>

The majority of general insurance in the table above is measured applying the premium allocation approach, while the majority of the life insurance business is measured applying the general measurement model.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.12 Finance (expense)/income from reinsurance contracts held

	2025			2024		
	General R million	Life R million	Total R million	General R million	Life R million	Total R million
<b>GROUP</b>						
Interest accreted	386	512	898	244	293	537
Effect of changes in interest rates and other financial assumptions	39	79	118	(13)	120	107
Net foreign exchange losses	(180)	–	(180)	(43)	–	(43)
Investment return allocated to third party cells	(798)	(440)	(1 238)	(418)	(418)	(836)
	<b>(553)</b>	<b>151</b>	<b>(402)</b>	<b>(230)</b>	<b>(5)</b>	<b>(235)</b>
<b>COMPANY</b>						
Interest accreted	258	–	258	370	–	370
Effect of changes in interest rates and other financial assumptions	38	–	38	10	–	10
Net foreign exchange losses	(180)	–	(180)	(43)	–	(43)
	<b>116</b>	<b>–</b>	<b>116</b>	<b>337</b>	<b>–</b>	<b>337</b>

#### Accounting policy – Finance income and expense from insurance contracts issued and reinsurance contracts held

The group recognises all insurance finance income or expenses for the reporting period in profit or loss.

Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses.

The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.13 Claims development tables

The presentation of the claims development tables for the Santam group and company, is based on the actual date of the event that caused the claim (accident year basis). The claims development tables represent the development of actual claims paid for continuing operations.

The group does not present claims development tables for life business as the uncertainty about the timing and amount of payments are resolved within one year.

GROUP	Total R million	Accident year									
		2025 R million	2024 R million	2023 R million	2022 R million	2021 R million	2020 R million	2019 R million	2018 R million	2017 R million	
<b>General insurance claims - gross</b>											
<b>Reporting year</b>											
Estimates of claims (gross of reinsurance and undiscounted)											
– At end of accident year		17 925	18 057	18 762	21 236	18 596	14 165	14 055	12 231	13 623	
– one year later			22 601	23 382	27 269	25 209	19 097	18 006	15 898	18 250	
– two years later				24 149	28 988	26 903	20 600	18 514	17 702	18 856	
– three years later					29 379	27 401	21 283	18 756	17 908	19 032	
– four years later						27 614	21 636	19 479	18 011	19 182	
– five years later							21 848	19 547	18 924	19 282	
– six years later								19 087	18 697	19 553	
– seven years later									17 472	19 548	
– eight years later										18 289	
Cumulative payments to date		(12 694)	(21 062)	(23 179)	(28 625)	(26 804)	(21 245)	(18 593)	(17 339)	(16 540)	
Gross cumulative claim liabilities - 2017 to 2025	<b>12 283</b>	5 231	1 539	970	754	810	603	494	133	1 749	
IBNR - best estimate	<b>6 503</b>										
Effect of discounting	<b>(1 064)</b>										
Creditors and debtors included in liabilities for incurred claims <sup>2</sup>	<b>2 205</b>										
Risk adjustment for non-financial risk <sup>1</sup>	<b>1 632</b>										
Gross liabilities for incurred claims	<b>21 559</b>										
<b>General insurance claims - net</b>											
<b>Reporting year</b>											
Estimates of claims (net of reinsurance and undiscounted)											
– At end of accident year		15 628	15 731	15 569	13 604	12 847	11 293	11 746	10 955	10 852	
– one year later			19 248	19 240	18 407	15 815	14 740	14 614	13 529	13 415	
– two years later				19 818	18 903	17 111	15 368	14 940	13 871	13 592	
– three years later					19 234	17 152	16 085	15 072	14 023	13 654	
– four years later						17 406	16 111	15 296	14 069	13 757	
– five years later							16 310	15 256	13 748	13 818	
– six years later								14 932	13 416	13 801	
– seven years later									13 231	13 718	
– eight years later										13 515	
Cumulative payments to date		(11 052)	(18 380)	(19 337)	(18 978)	(17 011)	(16 033)	(14 579)	(13 062)	(12 439)	
Net cumulative claim liabilities - 2017 to 2025	<b>8 451</b>	4 576	868	481	256	395	277	353	169	1 076	
IBNR - best estimate	<b>5 536</b>										
Effect of discounting	<b>(715)</b>										
Creditors and debtors included in liabilities for incurred claims <sup>2</sup>	<b>1 456</b>										
Risk adjustment for non-financial risk <sup>1</sup>	<b>1 513</b>										
Net liabilities for incurred claims	<b>16 241</b>										

<sup>1</sup> Includes attributable expenses and risk adjustment.

<sup>2</sup> Includes unrealised forex, insurance-related receivables, commission and claim payables.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.13 Claims development tables (continued)

COMPANY	Total R million	Accident year									
		2025 R million	2024 R million	2023 R million	2022 R million	2021 R million	2020 R million	2019 R million	2018 R million	2017 R million	
<b>General insurance claims – gross</b>											
<b>Reporting year</b>											
Estimates of claims (gross of reinsurance and undiscounted)											
– At end of accident year		13 882	14 340	14 429	16 544	14 357	11 138	11 680	10 804	12 114	
– one year later			17 939	18 856	22 914	20 381	15 577	15 083	13 902	15 785	
– two years later				19 381	24 279	22 474	16 966	15 514	15 693	16 344	
– three years later					24 675	22 977	17 374	15 695	15 886	16 490	
– four years later						23 189	17 740	15 818	15 978	16 641	
– five years later							17 948	15 894	16 005	16 742	
– six years later								15 894	16 005	16 742	
– seven years later									16 005	16 742	
– eight years later										16 742	
Cumulative payments to date		(8 890)	(16 589)	(18 522)	(23 966)	(22 415)	(17 383)	(15 439)	(15 896)	(15 090)	
Gross cumulative claim liabilities – 2017 to 2025	<b>11 465</b>	4 992	1 350	859	709	774	565	455	109	1 652	
IBNR – best estimate	<b>6 202</b>										
Effect of discounting	<b>(1 001)</b>										
Creditors and debtors included in liabilities for incurred claims <sup>2</sup>	<b>2 253</b>										
Risk adjustment for non-financial risk <sup>1</sup>	<b>1 439</b>										
Gross liabilities for incurred claims	<b>20 358</b>										
<b>General insurance claims – net</b>											
<b>Reporting year</b>											
Estimates of claims (net of reinsurance and undiscounted)											
– At end of accident year		12 836	13 228	13 106	12 908	12 017	10 375	10 429	9 716	9 935	
– one year later			16 324	16 686	16 441	14 723	13 571	12 928	11 924	12 276	
– two years later				17 075	16 866	15 065	14 163	13 220	12 244	12 517	
– three years later					17 029	15 174	14 273	13 347	12 378	12 584	
– four years later						15 258	14 408	13 438	12 432	12 697	
– five years later							14 489	13 495	12 452	12 769	
– six years later								13 495	12 452	12 769	
– seven years later									12 452	12 769	
– eight years later										12 769	
Cumulative payments to date		(8 671)	(15 513)	(16 616)	(16 773)	(14 865)	(14 212)	(13 142)	(12 297)	(11 741)	
Net cumulative claim liabilities – 2017 to 2025	<b>7 897</b>	4 165	811	459	256	393	277	353	155	1 028	
IBNR – best estimate	<b>5 363</b>										
Effect of discounting	<b>(684)</b>										
Creditors and debtors included in liabilities for incurred claims <sup>2</sup>	<b>1 680</b>										
Risk adjustment for non-financial risk <sup>1</sup>	<b>1 374</b>										
Net liabilities for incurred claims	<b>15 630</b>										

<sup>1</sup> Includes attributable expenses and risk adjustment.

<sup>2</sup> Includes unrealised forex, insurance-related receivables, commission and claim payables.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.14 Insurance risk

As mentioned in note 3.2, Santam manages insurance risk in two main components which are discussed in more detail below:

- Underwriting risk
- Reinsurance risk (refer to note 4.15)

#### Underwriting risk

In general, the group issues personal, commercial, niche and cell/policyholder insurance policies, as well as reinsurance contracts in respect of most of the classes of business listed below:

*Accident and health* – Provides cover for death, disability and certain health events. This excludes the benefits to the provider of health services and is linked directly to the expenditure in respect of health services.

*Alternative risk transfer (ART)* – The use of techniques, other than traditional insurance, that include at least an element of insurance risk, to provide entities with risk coverage or protection. This includes cover for mining rehabilitation, life business and third party cell insurance.

*Aviation* – Covers property (both movable and immovable) risks associated with aircraft (i.e. in respect of their use, ownership, storage, loss or damage), as well as liability and transport risks associated with this class of business.

*Bonds and Guarantees* – A contract whereby the insurer assumes an obligation to discharge the debts or other obligations of another person in the event of the failure of that person to do so. This business is in run-off.

*Crop* – Provides indemnity for crops while still on the field against hail, drought and excessive rainfall. Cover ceases as soon as harvesting has taken place.

*Engineering* – Provides cover for risks relating to:

- the possession, use or ownership of machinery or equipment, other than a motor vehicle, in the carrying on of a business;
- the erection of buildings or other structures or the undertaking of other works; and
- the installation of machinery or equipment.

*Liability* – Provides cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

*Marine* – Covers property (both movable and immovable) risks associated with watercraft (i.e. in respect of their use, ownership, storage, loss or damage), as well as liability and transport risks (both on land and on water bodies) associated with this class of business.

*Motor* – Covers risks relating to the possession, use or ownership of a motor vehicle. This cover can include risks relating to vehicle accident, theft or damage to third-party property or legal liability arising from the possession, use or ownership of the insured vehicle.

*Property* – Covers risks relating to the use, ownership, loss of or damage to movable or immovable property other than a risk covered more specifically under another insurance contract. Policies including an extension for contingency business interruption cover, for both physical and non-physical damage, are included in the property class.

*Transportation* – Covers risks relating to the possession, use or ownership of a vessel, aircraft or other craft or for the conveyance of persons or goods by air, space, land or water. It also covers risks relating to the storage, treatment or handling of goods that are conveyed.

*Travel* – Covers risks associated with local and international travel, for both business and leisure purposes.

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that either premium or claims provisions turn out to be insufficient to pay insurance claims, as well as the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the underwriting risk.

In order to quantify the underwriting risk faced by Santam, a stochastic simulation of Santam's claims is performed at a line of business level within Santam's internal economic capital model. Assumptions for each line of business are determined based on more than 22 years' worth of historical data. The expected claims liabilities are modelled for specific lines of business, which are then split into the appropriate sub-classes. For each sub-class of business, three types of losses are modelled, namely attritional losses, individual large losses and catastrophe losses. Each of the sub-classes is modelled based on its own assumptions whose methodology and calibration are thoroughly documented in the internal model documentation.

The attritional losses are modelled as a percentage of the premium. The large losses are modelled by fitting separate distributions to the claims frequency and the claim severity.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.14 Insurance risk (continued)

#### Underwriting risk (continued)

Santam also models various catastrophes and the losses from each catastrophe are allocated to multiple classes of business. The following catastrophes are modelled:

- Earthquake
- Storm (small)
- Storm (large)
- Hail (excluding crop damage)
- Marine (cargo)
- Aviation (hull/liability)
- Conflagration (property)
- Conflagration (liability)
- Utility failure
- Latent liability
- Economic downturn

The net claims ratio for the group's conventional insurance business, which is important in monitoring insurance risk, has developed as follows over the past seven years:

Loss history (%)	2025	2024	2023	2022	2021 <sup>3</sup>	2020 <sup>3</sup>	2019 <sup>3</sup>
Net claims paid and provided <sup>1,2</sup>	56.0	61.1	66.2	65.0	62.0	68.2	62.1

<sup>1</sup> Expressed as a percentage of net earned premiums per segmental report in note 2.

<sup>2</sup> The net claims ratio for conventional insurance is disclosed, as it is the key ratio for this business segment. The key drivers for the performance of the ART business segment are income from clients and investment results. Refer note 2.2 for more detail regarding the performance of the ART business segment.

<sup>3</sup> Ratio's quoted for 2021 and earlier were not restated in terms of IFRS 17.

Pricing for the group's products is generally based upon historical claim frequencies and claim severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. While claims remain the group's principal cost, the group also makes allowance in the pricing procedures for acquisition costs, attributable and non-attributable expenses, investment income, the cost of reinsurance and for a profit loading that adequately covers the cost of the capital.

Underwriting limits (per risk and, where relevant, per event) are set for business units, underwriting managers and intermediaries to ensure that the group's risk appetite is appropriately delegated. Underwriting performance is monitored continuously and the pricing policy is revised accordingly. Risk factors considered as part of the review are unique to each class of business (listed above) and constantly evolve as the risk environment changes. The group has the right to reprice and change the conditions for accepting risks on renewal and/or, in most cases, 30 days.

Expenses are monitored by each business unit based on an approved budget and business plan.

The underwriting strategy aims to ensure that the risks underwritten are well diversified in terms of type and amount of risk, size, economic sector and geography. The Santam group has a sufficiently diversified portfolio based on insurance classes as demonstrated in the segmental report. The group is currently focusing on obtaining international geographical diversification through the business written by Santam Re (which underwrites inward reinsurance contracts only) and the Santam Specialist business. The current geographical allocation of insurance revenue is provided in the segmental report.

Underwriting risk is further mitigated by ensuring that reserve and reinsurance risk (discussed in note 4.15) is adequately managed.

Reserve risk relates to the risk that the claim provisions held for both reported and unreported claims, as well as their associated expenses, may prove insufficient.

Santam currently calculates its technical reserves on two different methodologies, namely the 'percentile approach' and the 'cost-of-capital approach'. The 'percentile approach' is used to evaluate the adequacy of risk adjustment for financial reporting purposes, while the 'cost-of-capital approach' is used as one of the inputs for regulatory reporting purposes.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.14 Insurance risk (continued)

#### Underwriting risk (continued)

##### Percentile approach

Under this methodology, reserves are held to be at least sufficient at the 75th percentile of the ultimate loss distribution.

The first step in the process is to calculate a probability-weighted best-estimate reserve. Being a best-estimate, there is an equally likely chance that the actual amount needed to pay future claims will be higher or lower than this calculated value.

The next step is to determine a risk adjustment. The risk adjustment is calculated such that there is at least a 75% to 95% probability that the reserves will be sufficient to cover future claims. The resulting amount of the calculated risk adjustment corresponds to the confidence level of 75% – 91% at 31 December 2025 (2024: 75% – 84%). For more detail on the reserving techniques used in this approach, refer to critical accounting estimates and judgements in note 4.1.

##### Cost-of-capital approach

The cost-of-capital approach to reserving is aimed at determining a market value for the liabilities on the statement of financial position. This is accomplished by calculating the cost of transferring the liabilities, including their associated expenses, to an independent third party.

The cost of transferring the liabilities off the statement of financial position involves calculating a best-estimate of the expected future cost of claims, including all related run-off expenses, as well as a margin for the cost of capital that the independent third party would need to hold to back the future claims payments.

Refer to section 3.3 for more detail on the capital management process.

Santam is not significantly exposed to seasonality due to the broad range of insurance contracts that the group writes. Motor and property contains an element of seasonality e.g. hail storms in the summer, however, there may not be a direct correlation between that seasonality and the group's financial results. There is an element of seasonality attached to crop, however, the group's exposure is limited.

### 4.15 Reinsurance risk

Santam has an extensive reinsurance programme that has developed over many years to suit the risk management needs of the business units in the group.

The internal model is used to evaluate the type and quantum of reinsurance to purchase within Santam's risk appetite framework. The reinsurance programme is placed into both the local and international reinsurance markets. Reinsurance arrangements in place include proportional, per risk and catastrophe excess of loss and stop loss treaties.

The core components of the reinsurance programme comprised:

- Excess of loss treaties cover property, liability, engineering, aviation and marine, and provides protection to limit losses in the range of R5 million to R100 million per risk, inclusive of Santam Re's participations. Santam's property per risk appetite is R100 million.
- Santam buys catastrophe cover exceeding the 1 in 250-year earthquake catastrophe loss using an external validated earthquake loss prediction model. This model typically results in cover of up to 1% of the total exposure of the significant geographical areas, amounting to protection of R12 billion per event, with an attachment point of R1.0 billion.

For the 2025/26 season, our crop portfolio is protected through a 60% quota share and a non-proportional reinsurance arrangement. The cover is set at levels offering protection from extreme aggregate loss events. The 2024/25 season was protected with a 60% quota share.

Santam has arrangements to support growth in territories outside South Africa in situations where an A-rating by AM Best and/or S&P is a requirement. In 2019, Santam entered into an agreement with New Reinsurance Company Ltd Switzerland (New Re), which is a wholly owned Munich Re company. In terms of the agreement, selected Santam business units are able to write inwards international reinsurance business on New Re's AA- credit rating licence. The 5-year agreement between Santam and New Re became effective 1 January 2020 and terminated in December 2024. In December 2024, Santam was assigned a financial strength rating of A- (Excellent) by AM Best. This will support the group's sustainable growth in territories outside South Africa going forward.

The board approves the reinsurance renewal process on an annual basis. The major portion of the reinsurance programme is placed with external reinsurers that have an international credit rating of no less than A- (2024: A-) from S&P or AM Best, unless specific approval is obtained from the board.

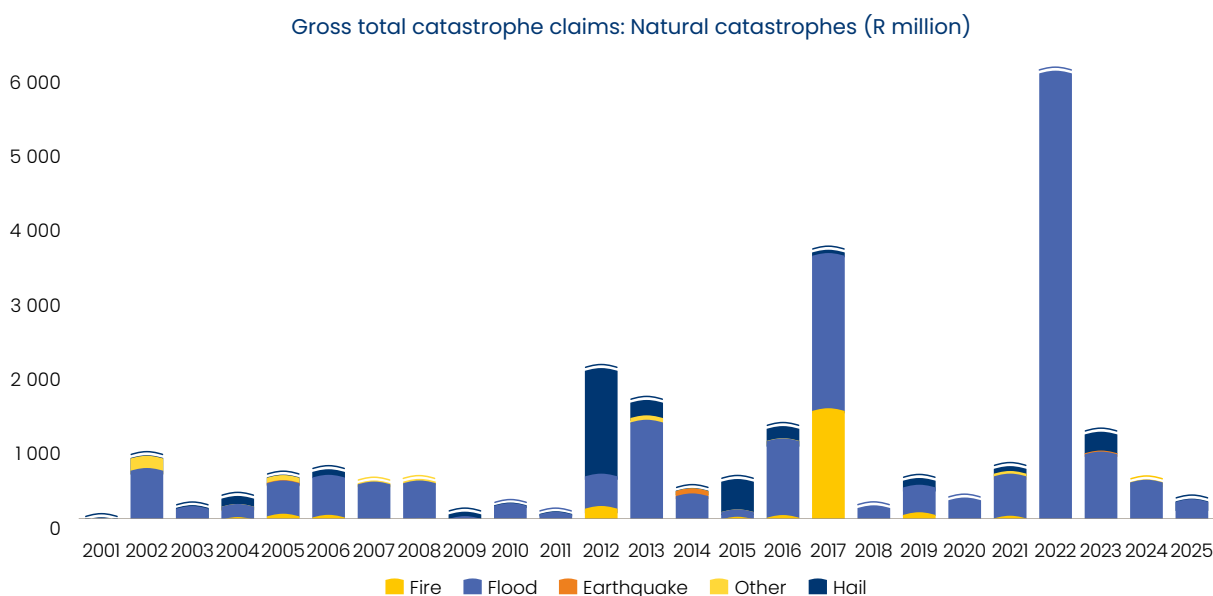
# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.16 Concentration risk

Santam has a diversified book of business spread across South Africa with a 22% market share. The portfolio is more weighted to the Western Cape, Gauteng and KwaZulu-Natal, with the insurance concentration within the motor and property classes of business.

Catastrophe events tend to highlight concentration risk within the business. The chart below provides an overview of historic catastrophe losses (amounts have been inflation adjusted to mid-2025) showing that hail and storm are the most prevalent catastrophe events:



The following table illustrates the interaction in concentration within geographical areas and insurance classes:

Primary catastrophe	Main insurance class impacted <sup>1</sup>	Main geographical location impacted	Gross insurance exposure (GWP)		Net insurance exposure (NWP)	
			2025 R million	2024 R million	2025 R million	2024 R million
Hail	Motor	Gauteng	7 398	6 888	7 209	6 766
Storm (large)	Property	Western Cape, KwaZulu-Natal	4 503	4 212	3 791	3 474
Fire	Property	Western Cape, North West	6 048	5 649	5 462	5 048

<sup>1</sup> No other insurance classes are exposed to significant concentration risk.

Climate change has increased the frequency and intensity of extreme weather-related events in South Africa in recent years, increasing the risk of hail damage in the motor book and storm losses in the property book. Similarly, wildfires also pose a particular risk to the property class due to a combination of climate change and vegetation.

Santam has geocoded the largest portion of its portfolio to identify high-risk flooding and wildfire areas to better manage the risk. The geocoding initiative also informs efforts to enhance fire services capacity in affected municipalities.

At the underwriting stage, geocoding is used to manage potential concentration risk. Geocoding entails overlaying geocoded addresses with scientific data sets to determine exposure to specific perils at a given location. It is a method of avoiding high risk rather than mitigating it. Risks that are subsequently accepted are then mitigated through reinsurance.

Santam has catastrophe cover (applicable when multiple insureds are affected at the same time) of up to 1% of the total exposure of significant geographical areas, amounting to protection of R12 billion per event, with an attachment point of R1.0 billion. Santam also has property excess of loss cover that provides protection to limit losses in the range of R5 million to R100 million per risk of a single sum insured.

Therefore, the potential impact of concentration risk within the group's insurance groups is limited, with the potential net impact on the results not being material.

Of the total life insurance contract liabilities, 78% (2024: 71%) relates to funeral cover, spread across South Africa. Individual policy values are low, with a maximum sum insured per life on a funeral policy of R100 000. The group is, therefore, not exposed to concentration risk in its life business.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.17 Insurance-related credit risk

Key insurance-related areas where Santam is exposed to credit default risk are:

- Reinsurer default on presentation of a large claim
- Reinsurers default on their share of Santam's insurance liabilities
- Default on amounts due from insurance contract intermediaries and premium collection agencies

For default risk Santam uses a model which is largely based on the Basel III regulation.

Credit risk capital is held for the following type of exposure:

- Outstanding premiums due from intermediaries and reinsurance due from reinsurers
- Reinsurance claims provisions
- Exposure to potential reinsurance recoveries based on the losses generated by the internal model

Santam uses a large panel of high quality reinsurance companies. The credit risk of reinsurers included in the reinsurance programme is considered annually by reviewing their financial strength as part of the renewal process. The group's largest reinsurance counterparty is Munich Re. The credit risk exposure is further monitored throughout the year to ensure that changes in credit risk positions are adequately addressed. Regarding receivables from contract holders/intermediaries included in insurance contract liabilities, receivables from individuals and commercial entities don't generally have published credit ratings. Santam has credit control teams that monitor receivables and ensures appropriate governance is applied.

Insurance contract assets arise as a result of amounts due by intermediaries. In terms of the Insurance Act, amounts due from intermediaries are required to be paid to Santam 15 days after the month in which it was collected. Due to the nature and extent of the intermediary network, credit ratings are not generally available for the individuals and entities comprising the broker intermediary network. Santam applies strict credit controls and governance over its broker intermediary network to limit any related credit risk exposure.

The following table provides information regarding the aggregated credit risk exposure for reinsurance contract assets:

	AA+	AA	AA-	A+	A	A-	BBB+	BBB-	BB	Not rated	Carrying value
31 December 2025	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million
<b>GROUP</b>											
Reinsurance contract assets	142	16	1 793	2 255	349	556	14	67	185	35	5 412
	142	16	1 793	2 255	349	556	14	67	185	35	5 412
<b>COMPANY</b>											
Reinsurance contract assets	142	16	1 757	1 768	344	509	14	69	174	2	4 795
	142	16	1 757	1 768	344	509	14	69	174	2	4 795

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.17 Insurance-related credit risk (continued)

31 December 2024	AA+ R million	AA R million	AA- R million	A+ R million	A R million	A- R million	BBB+ R million	BBB- R million	BB R million	Not rated R million	Carrying value R million
<b>GROUP</b>											
Reinsurance contract assets	266	421	2 177	2 560	482	480	21	83	285	5	6 780
	266	421	2 177	2 560	482	480	21	83	285	5	6 780
<b>COMPANY</b>											
Reinsurance contract assets	266	357	2 122	2 086	455	527	21	83	285	4	6 206
<b>Total</b>	266	357	2 122	2 086	455	527	21	83	285	4	6 206

Reinsurer credit risk exposure where external ratings are not available, are subject to internal review by the risk committee. These reviews are performed regularly throughout the year to ensure changes in credit risk of reinsurance counterparties are addressed timeously.

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.18 Contractual service margin

The following table sets out when the group expects to recognise the remaining CSM in profit or loss, after the reporting date:

31 December 2025	Total R million	Year 1 R million	Year 2 R million	Year 3 R million	Year 4 R million	Year 5 R million	Year 6 R million	Year 7 R million	Year 8 R million	Year 9 R million	Year 10 R million	11 to 20 years R million	>20 years R million
<b>GROUP</b>													
<b>INSURANCE CONTRACTS ISSUED</b>													
<b>General insurance</b>													
<b>Opening balance</b>	35	35	29	23	16	7	-	-	-	-	-	-	-
Accretion of interest on liabilities under the GMM	13	3	4	3	2	1	-	-	-	-	-	-	-
Recognised in statement of comprehensive income	(48)	(9)	(10)	(10)	(11)	(8)	-	-	-	-	-	-	-
<b>Closing balance</b>	-	29	23	16	7	-	-	-	-	-	-	-	-
<b>Life insurance</b>													
<b>Opening balance</b>	8 020	8 020	6 359	5 068	4 042	3 221	2 564	2 038	1 618	1 283	1 018	805	90
Accretion of interest on liabilities under the GMM	2 182	481	382	304	242	193	154	122	97	77	61	64	5
Recognised in statement of comprehensive income	(10 202)	(2 142)	(1 673)	(1 330)	(1 063)	(850)	(680)	(542)	(432)	(342)	(274)	(779)	(95)
<b>Closing balance</b>	-	6 359	5 068	4 042	3 221	2 564	2 038	1 618	1 283	1 018	805	90	-
<b>REINSURANCE CONTRACTS HELD</b>													
<b>Life insurance</b>													
<b>Opening balance</b>	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	-	-	-	-
Accretion of interest on liabilities under the GMM	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognised in statement of comprehensive income	2	-	1	-	-	-	-	-	1	-	-	-	-
<b>Closing balance</b>	-	(2)	(1)	(1)	(1)	(1)	(1)	(1)	-	-	-	-	-
<b>THIRD PARTY CELL INSURANCE CONTRACTS</b>													
<b>General insurance</b>													
<b>Opening balance</b>	(34)	(34)	(28)	(22)	(15)	(6)	-	-	-	-	-	-	-
Accretion of interest on liabilities under the GMM	(14)	(3)	(4)	(3)	(2)	(2)	-	-	-	-	-	-	-
Recognised in statement of comprehensive income	48	9	10	10	11	8	-	-	-	-	-	-	-
<b>Closing balance</b>	-	(28)	(22)	(15)	(6)	-	-	-	-	-	-	-	-
<b>Life insurance</b>													
<b>Opening balance</b>	(8 019)	(8 019)	(6 359)	(5 067)	(4 041)	(3 220)	(2 564)	(2 038)	(1 618)	(1 283)	(1 018)	(806)	(91)
Accretion of interest on liabilities under the GMM	(2 183)	(481)	(381)	(304)	(242)	(194)	(154)	(122)	(97)	(77)	(62)	(64)	(5)
Recognised in statement of comprehensive income	10 202	2 141	1 673	1 330	1 063	850	680	542	432	342	274	779	96
<b>Closing balance</b>	-	(6 359)	(5 067)	(4 041)	(3 220)	(2 564)	(2 038)	(1 618)	(1 283)	(1 018)	(806)	(91)	-

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.18 Contractual service margin (continued)

31 December 2024	Total R million	Year 1 R million	Year 2 R million	Year 3 R million	Year 4 R million	Year 5 R million	Year 6 R million	Year 7 R million	Year 8 R million	Year 9 R million	Year 10 R million	11 to 20 years R million	>20 years R million
<b>GROUP</b>													
<b>INSURANCE CONTRACTS ISSUED</b>													
<b>General insurance</b>													
<b>Opening balance</b>	35	35	31	26	21	14	5	-	-	-	-	-	-
Accretion of interest on liabilities under the GMM	17	4	3	4	3	2	1	-	-	-	-	-	-
Recognised in statement of comprehensive income	(52)	(8)	(8)	(9)	(10)	(11)	(6)	-	-	-	-	-	-
<b>Closing balance</b>	-	31	26	21	14	5	-	-	-	-	-	-	-
<b>Life insurance</b>													
<b>Opening balance</b>	9 067	9 067	7 165	5 746	4 627	3 730	3 006	2 420	1 945	1 562	1 253	1 006	121
Accretion of interest on liabilities under the GMM	2 499	544	430	345	278	224	180	145	117	94	75	60	7
Recognised in statement of comprehensive income	(11 566)	(2 446)	(1 849)	(1 464)	(1 175)	(948)	(766)	(620)	(500)	(403)	(322)	(945)	(128)
<b>Closing balance</b>	-	7 165	5 746	4 627	3 730	3 006	2 420	1 945	1 562	1 253	1 006	121	-
<b>REINSURANCE CONTRACTS HELD</b>													
<b>Life insurance</b>													
<b>Opening balance</b>	(3)	(3)	(1)	-	-	-	-	-	-	-	-	-	-
Accretion of interest on liabilities under the GMM	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognised in statement of comprehensive income	3	2	1	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	(1)	-	-	-	-	-	-	-	-	-	-	-
<b>THIRD PARTY CELL INSURANCE CONTRACTS</b>													
<b>General insurance</b>													
<b>Opening balance</b>	(35)	(35)	(31)	(26)	(21)	(14)	(5)	-	-	-	-	-	-
Accretion of interest on liabilities under the GMM	(17)	(4)	(3)	(4)	(3)	(2)	(1)	-	-	-	-	-	-
Recognised in statement of comprehensive income	52	8	8	9	10	11	6	-	-	-	-	-	-
<b>Closing balance</b>	-	(31)	(26)	(21)	(14)	(5)	-	-	-	-	-	-	-
<b>Life insurance</b>													
<b>Opening balance</b>	(9 063)	(9 063)	(7 165)	(5 746)	(4 628)	(3 731)	(3 007)	(2 421)	(1 947)	(1 564)	(1 255)	(1 008)	(124)
Accretion of interest on liabilities under the GMM	(2 499)	(544)	(430)	(345)	(278)	(224)	(180)	(145)	(117)	(94)	(75)	(60)	(7)
Recognised in statement of comprehensive income	11 562	2 442	1 849	1 463	1 175	948	766	619	500	403	322	944	131
<b>Closing balance</b>	-	(7 165)	(5 746)	(4 628)	(3 731)	(3 007)	(2 421)	(1 947)	(1 564)	(1 255)	(1 008)	(124)	-

# Notes to the annual financial statements

## 4. Insurance and reinsurance contracts (continued)

### 4.19 Insurance-related interest rate risk

The following table presents an analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17, as well as the net impact on profit or loss and equity.

The nature of third party cell insurance contracts does not expose the group to interest rate risk, and is thus not included in the table below.

For the group's other financial assets and liabilities' interest rate sensitivities, refer to note 5.5 and 6.2.

	Net insurance contract balance R million	1% increase in interest rate impact on:			1% decrease in interest rate impact on:		
		Net insurance contract balance R million	Profit or loss before tax R million	Profit or loss/ Equity R million	Net insurance contract balance R million	Profit or loss before tax R million	Profit or loss/ Equity R million
<b>2025</b>							
<b>GROUP</b>							
Insurance contracts issued							
General insurance	38 111	(212)	212	155	229	(229)	(167)
Life insurance	4 220	(5)	5	4	5	(5)	(4)
Reinsurance contracts held							
General insurance	(5 274)	48	(48)	(35)	(60)	60	44
Life insurance	(38)	–	–	–	–	–	–
<b>COMPANY</b>							
Insurance contracts issued							
General insurance	16 014	(192)	192	140	210	(210)	(153)
Reinsurance contracts held							
General insurance	(4 795)	42	(42)	(31)	(49)	49	36
<b>2024</b>							
<b>GROUP</b>							
Insurance contracts issued							
General insurance	34 525	(136)	136	99	205	(205)	(150)
Life insurance	3 178	(4)	4	3	–	–	–
Reinsurance contracts held							
General insurance	(6 673)	41	(41)	(31)	(65)	65	47
Life insurance	1	1	1	–	–	–	–
<b>COMPANY</b>							
Insurance contracts issued							
General insurance	15 648	(118)	118	86	187	(187)	(136)
Reinsurance contracts held							
General insurance	(6 206)	37	(37)	(27)	(54)	54	40

# Notes to the annual financial statements

## 5. Financial assets

	Notes	GROUP		COMPANY	
		2025 R million	2024 R million	2025 R million	2024 R million
<b>Financial assets mandatorily measured at fair value through profit or loss</b>					
Strategic investments in unlisted shares	5.1.; 5.1.2	3 179	2 483	3 179	2 483
Financial assets at fair value through profit or loss	5.1	61 904	51 773	19 658	17 624
<b>Financial assets measured at amortised cost</b>					
Loans and receivables	5.6	2 584	2 793	1 502	1 511
Cash and cash equivalents	5.7	6 083	6 385	2 051	2 356
<b>Financial assets</b>		<b>73 750</b>	<b>63 434</b>	<b>26 390</b>	<b>23 974</b>
<b>Risk management</b>					
Refer to the following notes for detail on risks relating to financial assets and the management thereof:					
Fair value of financial assets – note 5.3					
Price risk – note 5.4					
Interest rate risk – note 5.5					
Credit risk – note 5.8					
Currency risk – note 8					
Liquidity risk – note 9					
<b>5.1 Financial assets at fair value through profit or loss</b>					
The group's financial assets at fair value through profit or loss are summarised below by investment type.					
<b>Equity securities</b>					
Listed equities and similar securities		2 378	2 450	76	772
Unlisted equities and similar securities		3 202	2 507	3 202	2 507
<b>Interest-bearing investments</b>					
Government interest-bearing investments		8 218	6 692	3 338	3 781
Corporate interest-bearing investments		25 710	24 609	10 546	9 966
Mortgages and loans		50	38	42	29
<b>Structured transactions</b>					
Structured notes		131	438	22	246
Derivatives <sup>1</sup>		1	2	1	2
<b>Investment funds</b>	5.2	<b>22 054</b>	<b>14 797</b>	<b>5 135</b>	<b>1 691</b>
<b>Deposits and similar securities</b>		<b>3 339</b>	<b>2 723</b>	<b>475</b>	<b>1 113</b>
<b>Financial assets at fair value through profit or loss</b>		<b>65 083</b>	<b>54 256</b>	<b>22 837</b>	<b>20 107</b>
Financial assets at fair value through profit or loss (excluding strategic investments in unlisted shares)					
Expected to be realised after 12 months		45 989	33 853	12 996	11 758
Expected to be realised within 12 months		15 915	17 920	6 662	5 866
Strategic investments in unlisted shares					
Expected to be realised after 12 months		3 179	2 483	3 179	2 483
Expected to be realised within 12 months		–	–	–	–
		<b>65 083</b>	<b>54 256</b>	<b>22 837</b>	<b>20 107</b>

<sup>1</sup> At 31 December 2025, the group and company had exchange-traded futures with an exposure value of R284 million (2024: R271 million). The exchange-traded futures relate to interest rate derivatives used to manage interest rate risk in Santam's fixed income portfolios.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.1 Financial assets at fair value through profit or loss (continued)

#### Accounting policy – Financial assets at fair value through profit or loss

##### a) Classification

The group classifies the following financial assets at fair value through profit or loss:

- equity instruments that are held for trading
- equity instruments for which the group has not elected to recognise fair value gains and losses through other comprehensive income (OCI), and
- debt instruments that do not qualify for measurement at either amortised cost or fair value through OCI. A key input in the assessment of the classification of debt instruments held was the business model applied to manage the financial assets. Financial assets that are held to sell and those that are managed and whose performance is evaluated on a fair value basis will be measured at fair value through profit or loss as they are neither held to collect contractual cash flows nor held to collect contractual cash flows and sell.

Information about these financial assets is provided internally on a fair value basis to the group's key management decision makers. The group's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are classified upon initial recognition at fair value through profit or loss.

##### b) Recognition and measurement

Purchases and sales of investments are recognised on trade date – the date on which the group commits to purchase or sell the asset.

The carrying amount of the assets best represents its maximum exposure to credit risk.

#### 5.1.1 Sanlam target shares

Sanlam subscribes from time to time to separate classes of target shares issued by a subsidiary of Sanlam Ltd in terms of a Participation Transaction, with each separate class linked to a participatory interest in the target companies listed below. The fair value of these instruments at year-end was R2 225 million (2024: R2 483 million). The shares were classified as unlisted equity securities.

	Incorporated in	Type of business	Santam effective holding 2025 %	Santam effective holding 2024 %
Pacific & Orient Insurance Co. Berhad (P&O)	Malaysia	P&O is a niche general insurer based in Kuala Lumpur, Malaysia.	15.4	15.4
Shriram General Insurance Company Ltd (SGI) <sup>1</sup>	India	SGI is the general insurance business of the Shriram group, a financial conglomerate based in India.	14.1	14.1

<sup>1</sup> This is currently the most material investment due to its relative size to the entire Sanlam target share investment portfolio.

#### 5.1.2 NMSIS A1 ordinary shares

The investment in NMSIS A1 ordinary shares which provides a participatory interest in the general insurance business of the company, was purchased in May 2025 at a value of R925 million (refer to note 14). The fair value of this instrument at year-end was R954 million. The shares were classified as unlisted equity securities.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.2 Investment funds

Investment funds are investments in structured entities that has been designed so that voting or similar rights are not the dominant factor in deciding who controls it. The group considers collective investment schemes and other unit-linked investments to be structured entities. The following note provides information on significant unconsolidated structured entities in which the group holds an interest. Collective investment schemes are categorised into equity, property or money market instruments based on a minimum of 55% per category of the underlying asset composition of the fund by value. In the event no one category meeting this threshold, it is classified as a mixed class. Money market collective investment schemes are categorised as such.

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Property	114	126	–	–
Money market	11 831	9 447	470	320
Equity	775	746	–	229
Mixed	9 334	4 478	4 665	1 142
<b>Total investment funds (unconsolidated structured entities)</b>	<b>22 054</b>	<b>14 797</b>	<b>5 135</b>	<b>1 691</b>

### 5.3 Financial instruments measured at fair value on a recurring basis

The table below analyses financial instruments, carried at fair value through profit or loss, by valuation method. There were no significant changes in the valuation methods applied since 31 December 2024. 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 are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market.
  - » Unlisted equities and similar securities are 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 JSE interest rate market or issue price of external valuations based on market input.<sup>1</sup>
    - 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 are valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input.
    - Derivatives are 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.
  - » 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.<sup>1</sup>
- 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.

<sup>1</sup> These investments are classified as level 2 as the markets that they trade on are not considered to be active.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.3 Financial instruments measured at fair value on a recurring basis

(continued)

2025	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
<b>GROUP</b>				
<b>Financial assets</b>				
<b>Equities and similar securities</b>				
Listed equities and similar securities	2 378	–	–	2 378
Unlisted equities and similar securities	–	–	3 202	3 202
<b>Interest-bearing investments</b>				
Government interest-bearing investments	–	8 218	–	8 218
Corporate interest-bearing investments	–	25 697	13	25 710
Mortgages and loans	–	50	–	50
<b>Structured transactions</b>				
Structured notes	–	131	–	131
Derivatives	–	1	–	1
<b>Investment funds</b>	–	21 920	134	22 054
<b>Deposits and similar securities</b>	–	3 339	–	3 339
<b>Financial assets at fair value through profit or loss</b>	<b>2 378</b>	<b>59 356</b>	<b>3 349</b>	<b>65 083</b>

2025	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
<b>COMPANY</b>				
<b>Financial assets</b>				
<b>Equities and similar securities</b>				
Listed equities and similar securities	76	–	–	76
Unlisted equities and similar securities	–	–	3 202	3 202
<b>Interest-bearing investments</b>				
Government interest-bearing investments	–	3 338	–	3 338
Corporate interest-bearing investments	–	10 546	–	10 546
Mortgages and loans	–	42	–	42
<b>Structured transactions</b>				
Structured notes	–	22	–	22
Derivatives	–	1	–	1
<b>Investment funds</b>	–	5 001	134	5 135
<b>Deposits and similar securities</b>	–	475	–	475
<b>Financial assets at fair value through profit or loss</b>	<b>76</b>	<b>19 425</b>	<b>3 336</b>	<b>22 837</b>

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.3 Financial instruments measured at fair value on a recurring basis

(continued)

2024	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
<b>GROUP</b>				
<b>Financial assets</b>				
<b>Equities and similar securities</b>				
Listed equities and similar securities	2 450	–	–	2 450
Unlisted equities and similar securities	–	–	2 507	2 507
<b>Interest-bearing investments</b>				
Government interest-bearing investments	–	6 692	–	6 692
Corporate interest-bearing investments	–	24 566	43	24 609
Mortgages and loans	–	38	–	38
<b>Structured transactions</b>				
Structured notes	–	438	–	438
Derivatives	–	–	2	2
<b>Investment funds</b>	–	14 683	114	14 797
<b>Deposits and similar securities</b>	–	2 723	–	2 723
<b>Financial assets at fair value through profit or loss</b>	<b>2 450</b>	<b>49 140</b>	<b>2 666</b>	<b>54 256</b>

2024	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
<b>COMPANY</b>				
<b>Financial assets</b>				
<b>Equities and similar securities</b>				
Listed equities and similar securities	772	–	–	772
Unlisted equities and similar securities	–	–	2 507	2 507
<b>Interest-bearing investments</b>				
Government interest-bearing investments	–	3 781	–	3 781
Corporate interest-bearing investments	–	9 966	–	9 966
Mortgages and loans	–	29	–	29
<b>Structured transactions</b>				
Structured notes	–	246	–	246
Derivatives	–	–	2	2
<b>Investment funds</b>	–	1 577	114	1 691
<b>Deposits and similar securities</b>	–	1 113	–	1 113
<b>Financial assets at fair value through profit or loss</b>	<b>772</b>	<b>16 712</b>	<b>2 623</b>	<b>20 107</b>

#### Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the closing price. These instruments are included in level 1 and comprise mainly equity instruments classified as trading securities that are listed on the JSE or Namibian Stock Exchange.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.3 Financial instruments measured at fair value on a recurring basis

(continued)

#### Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument is observable, the instrument is included in level 2. Level 2 instruments comprise the following:

- Interest-bearing investments
- Structured transactions
- Investment funds
- Deposits and similar securities

The value is determined by using market observable input, e.g. JIBAR, prime rate, foreign exchange rates, listed bond rates of similar instruments, without significant adjustments.

#### Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value level 3 financial instruments include:

- **Unlisted equity instruments**

Fair value (excluding strategic investments in unlisted 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 0.7 and 1.0 (2024: 0.7 and 1.0). The value of unlisted equity instruments (excluding strategic investments in unlisted shares) is not material.

The fair value of the strategic investments in unlisted 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. There are two significant investments as at 31 December 2025. Firstly, the investment in the SGI target shares which provides a participatory interest in SGI in India to the value of R2 225 million (2024: R2 351 million). Secondly, the investment in NMSIS AI ordinary shares which provides a participatory interest in the general insurance business of the company, which was purchased in May 2025 at a value of R925 million (refer to note 14) and is carried at a fair value of R954 million as at 31 December 2025. No other individual strategic investment in unlisted shares is material.

The fair value of the SGI target shares and NMSIS AI ordinary shares are determined using a DCF model. Given the short-term 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 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.

<b>Significant unobservable input used in this DCF model</b>	<b>2025</b>	2024
Discount rate	14.4% – 15.9%	14.6%
Rand/Indian rupee exchange rate <sup>1</sup>	0.185	0.220
Average net insurance margin over a 10 year period	17.1% – 35.2%	17.5%

<b>Impact on profit or loss before tax of a 10% change in:</b>	<b>2025</b>		2024	
	Increase R million	Decrease R million	Increase R million	Decrease R million
Discount rate	(530)	799	(466)	734
Rand/Indian rupee exchange rate <sup>1</sup>	222	(222)	235	(235)
Average net insurance margin over a 10 year period	275	(275)	190	(190)

<sup>1</sup> The rand/Indian rupee exchange rate only impacts the SGI target shares.

- **Investment funds**

The fair value of investments funds classified as level 3 approximates the group's share of the net asset value of the funds. The value is determined based on valuation techniques where the input is determined by management and is not readily available in the market or where market observable inputs are significantly adjusted.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.3 Financial instruments measured at fair value on a recurring basis

(continued)

#### Accounting policy – Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the group has access to at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of quoted investments are based on current stock exchange prices at the close of business on the statement of financial position date. If the market for a financial asset is not active or if it is unquoted, the group establishes fair value by using valuation techniques. These include discounted cash flow analysis, recent arm's length transactions, premium/discount to net asset value and price-earnings techniques. The group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The fair values of unit-linked investment contracts are measured with reference to their respective underlying assets. Debt securities are measured at fair value based on the market rate of an equivalent non-convertible bond. Unit trusts are measured at fair value based on the quoted repurchase prices.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the closing price. These instruments are included in level 1 and comprise mainly equity instruments classified as trading securities that are listed on the JSE or Namibian Stock Exchange.

#### Critical accounting estimates and judgements – Fair value of financial instruments that are not listed or quoted

The fair value of financial assets and liabilities that are not listed or quoted in an active market are determined using valuation techniques. The assumptions used in these valuation techniques are described as part of the fair value hierarchy analysis included in this note.

The following table presents the changes in level 3 instruments for the year ended 31 December 2025:

	Equity securities R million	Interest-bearing investments R million	Derivative assets R million	Investment funds R million	Total R million
<b>2025</b>					
<b>GROUP</b>					
Opening balance	2 507	43	2	114	2 666
Additions	746	–	–	20	766
Settlement	–	(30)	(2)	–	(32)
Losses recognised in profit or loss	(51)	–	–	–	(51)
Closing balance	3 202	13	–	134	3 349
<b>2025</b>					
<b>COMPANY</b>					
Opening balance	2 507	–	2	114	2 623
Additions	746	–	–	20	766
Settlement	–	–	(2)	–	(2)
Losses recognised in profit or loss	(51)	–	–	–	(51)
Closing balance	3 202	–	–	134	3 336

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.3 Financial instruments measured at fair value on a recurring basis

(continued)

The following table presents the changes in level 3 instruments for the year ended 31 December 2024:

	Equity securities R million	Interest-bearing investments R million	Derivative (liabilities)/ assets R million	Investment funds R million	Total R million
<b>2024</b>					
<b>GROUP</b>					
Opening balance	2 171	46	(7)	-	2 210
Transfers	(117)	-	-	117	-
Settlement	-	-	7	-	7
Gains/(losses) recognised in profit or loss	453	(3)	2	(3)	449
Closing balance	2 507	43	2	114	2 666
<b>2024</b>					
<b>COMPANY</b>					
Opening balance	2 171	-	(7)	-	2 164
Transfers	(117)	-	-	117	-
Settlement	-	-	7	-	7
Gains/(losses) recognised in profit or loss	453	-	2	(3)	452
Closing balance	2 507	-	2	114	2 623

The unquoted equity instruments recognised as level 3 instruments consist mainly of the participation target shares issued by Sanlam and the investment in NMSIS A1 ordinary shares.

Of the R51 million loss (2024: R453 million gain) recognised on equity securities, a R258 million loss (2024: R453 million gain) relates to the Sanlam target shares, of which R420 million (2024: R7 million) relates to foreign exchange losses, and R162 million (2024: R460 million) to an increase in fair value in local currency terms. Included in the R162 million gain is a fair value loss of R132 million on the investment in P&O, reducing the carrying value to Rnil. The investment in NMSIS contributed a R207 million gain to the net fair value losses on unlisted equities.

The key drivers of the fair value movements of the unquoted equity instruments were:

- In 2025, the increase in the value of SGI of R294 million (2024: R471 million) (excluding the impact of exchange rate movements) was attributable to higher new business volumes. SGI also reported a better claims experience than prior years and expects the claims ratio to gradually improve over the short term.
- In 2025, the increase in the value of NMSIS of R207 million was attributable to inflation-linked premium growth and a better claims experience.

### 5.4 Price risk

The group is subject to price risk due to daily changes in the market values of its equity portfolios. The group is not directly exposed to commodity price risk, but does have indirect commodity price exposure via various equity share holdings. Any change in valuation of these companies due to change in commodity prices will reflect in the change in share price of these companies.

The group takes a long-term view when agreeing investment mandates with the relevant portfolio managers and looks to build value over a sustained period of time rather than utilising high levels of purchases and sales in order to generate short-term gains from its equity holdings.

Equity price risk arises from the negative effect that a fall in the market value of equities can have on Santam's net asset value. The group's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modelling methods. The group sets appropriate risk limits to ensure that no significant concentrations in individual companies arise.

#### Sensitivity analysis on listed equities and similar securities

At 31 December 2025, the group's listed equities and similar securities, as well as equity investment funds, were recorded at their fair value of R3 267 million (2024: R3 322 million). A 10% decline or increase in each individual unit price would have the net effect of decreasing or increasing profit before taxation by R327 million (2024: R332 million).

The company's listed equities and similar securities, as well as equity investment funds, were recorded at their fair value of R76 million (2024: R1 001 million). A 10% decline or increase in each individual unit price would have the net effect of decreasing or increasing profit before taxation by R7 million (2024: R100 million).

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.5 Interest rate risk – financial assets

Exposure to interest rate risk is monitored through several methods that include scenario testing and stress testing using measures such as duration. The bond returns are modelled based on the historic performance of the individual bonds held in the portfolio, and adjusted to reflect the current interest rates and inflation environment.

#### Sensitivity analysis on interest-bearing instruments

Interest-bearing instruments with a fixed rate give rise to fair value interest rate risk, while interest-bearing instruments with a floating rate give rise to cash flow interest rate risk.

The following table provides an indication of the impact of a 1% change in interest rates on the profit before tax as well as the total comprehensive income of the group and the company:

	2025		2024	
	1% increase R million	1% decrease R million	1% increase R million	1% decrease R million
<b>GROUP</b>				
<b>Financial assets – fixed rate</b>				
<b>Interest-bearing investments</b>				
Government interest-bearing investments	(159)	172	(81)	86
Corporate interest-bearing investments	(35)	37	(42)	45
<b>Structured transactions</b>				
Derivatives	(10)	11	(9)	10
<b>Deposits and similar securities</b>				
<b>Total</b>	<b>(219)</b>	<b>235</b>	<b>(150)</b>	<b>159</b>
<b>Financial assets – variable rate</b>				
<b>Interest-bearing investments</b>				
Government interest-bearing investments	28	(28)	44	(44)
Corporate interest-bearing investments	242	(242)	123	(123)
Mortgages and loans	1	(1)	–	–
<b>Structured transactions</b>				
Structured notes	1	(1)	3	(3)
<b>Deposits and similar securities</b>				
<b>Total</b>	<b>351</b>	<b>(351)</b>	<b>235</b>	<b>(235)</b>

	2025		2024	
	1% increase R million	1% decrease R million	1% increase R million	1% decrease R million
<b>COMPANY</b>				
<b>Financial assets – fixed rate</b>				
<b>Interest-bearing investments</b>				
Government interest-bearing investments	(92)	100	(21)	21
Corporate interest-bearing investments	(30)	32	(36)	39
<b>Structured transactions</b>				
Derivatives	(10)	11	(9)	10
<b>Deposits and similar securities</b>				
<b>Total</b>	<b>(135)</b>	<b>146</b>	<b>(71)</b>	<b>75</b>
<b>Financial assets – variable rate</b>				
<b>Interest-bearing investments</b>				
Government interest-bearing investments	4	(4)	28	(28)
Corporate interest-bearing investments	96	(96)	87	(87)
Mortgages and loans	1	(1)	–	–
<b>Structured transactions</b>				
Structured notes	–	–	2	(2)
<b>Cash and cash equivalents</b>				
<b>Total</b>	<b>119</b>	<b>(119)</b>	<b>139</b>	<b>(139)</b>

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.5 Interest rate risk – financial assets (continued)

#### Derivative risk

The group uses derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest rates, foreign exchange rates and equity prices. The group does not use derivatives to leverage its exposure to markets and does not hold or issue derivative financial instruments for speculative purposes. The policy on use of derivatives is approved by the investment committee and the board. Only interest rate derivatives were held at 31 December 2025 and 31 December 2024. Refer to note 5.1 for more detail on the interest rate derivatives held by the group.

Over-the-counter derivative contracts and exchange-traded futures are entered into only with approved counterparties, in accordance with group policies, effectively reducing the risk of credit loss. The group applies strict requirements to the administration and valuation process it uses, and has a control framework that is consistent with market and industry practice for the activity that it has undertaken.

### 5.6 Loans and receivables

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Premium financing receivables	1 063	953	–	–
Pre-paid indirect taxes	496	657	482	641
Other loans and receivables	1 113	1 291	354	405
Less provision for impairment	(88)	(108)	(87)	(87)
Loans to subsidiaries (refer note 10.1)	–	–	753	552
<b>Total</b>	<b>2 584</b>	<b>2 793</b>	<b>1 502</b>	<b>1 511</b>
Expected to be realised within 12 months	2 424	2 793	749	959
Expected to be realised after 12 months	160	–	753	552
Reconciliation of provision for impairment of other loans and receivables				
At the beginning of the year	108	105	87	87
Charge to the statement of comprehensive income:				
– movement in provisions	(20)	3	–	–
<b>Total at the end of the year</b>	<b>88</b>	<b>108</b>	<b>87</b>	<b>87</b>

The estimated fair values of loans and receivables are the discounted amounts of the estimated future cash flows expected to be received.

The carrying value of loans and receivables approximates fair value. Provisions for impairment are based on the recoverability of individual loans and receivables. Gross carrying amounts are written off if interest and/or principal repayments are past due and there is no reasonable expectation of recovery.

#### Accounting policy – Loans and receivables

##### Classification

The group classifies its loans and receivables as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

##### Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest method, less allowance for expected credit losses.

Where indirect taxes has been prepaid on premiums receivable, it is recognised as pre-paid indirect taxes included under loans and receivables.

##### Impairment

The group applies the general approach to providing for expected credit losses prescribed by IFRS 9. To measure the expected credit losses, loans and receivables have been grouped based on shared credit risk characteristics and the days past due to create three categories namely performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before year-end. The loss rates are adjusted to reflect current and forward looking information on macro-economic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days or more past due are considered to be “not performing” and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.6 Loans and receivables (continued)

#### Expected credit loss summary

		GROUP					
2025		ECL rate	ECL method	Gross <sup>2</sup> R million	Provision opening balance R million	(Released)/ raised in the period R million	Provision closing balance R million
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	1.68%	12 month	2 384	48	(8)	40
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	2.55%	Lifetime	157	5	(1)	4
Not performing	Interest and/or principal repayments are 30 days past due	33.59%	Lifetime	131	55	(11)	44
Total				2 672	108	(20)	88

		COMPANY					
2025		ECL rate	ECL method	Gross <sup>2</sup> R million	Provision opening balance R million	Raised/ (released) in the period R million	Provision closing balance R million
Performing <sup>1</sup>	Customers have a low risk of default and a strong capacity to meet contractual cash flows	4.00%	12 month	1 376	48	7	55
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	2.61%	Lifetime	153	5	(1)	4
Not performing	Interest and/or principal repayments are 30 days past due	46.67%	Lifetime	60	34	(6)	28
Total				1 589	87	-	87

<sup>1</sup> Included in performing loans are amounts due from other group companies. Given that the companies that funding has been provided to have no history of default, it remains unlikely that the company will experience credit losses in respect of these loans. Where insufficient net asset value was noted, an expected credit loss of R55 million was raised.

<sup>2</sup> Refer to note 5.8 for the credit ratings relating to Loans and receivables. All rated balances are included in the performing category.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.6 Loans and receivables (continued)

#### Expected credit loss summary (continued)

		GROUP					
		ECL rate	ECL method	Gross <sup>2</sup> R million	Provision opening balance R million	(Released)/ raised in the period R million	Provision closing balance R million
<b>2024</b>							
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	1.82%	12 month	2 640	51	(3)	48
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	3.07%	Lifetime	163	9	(4)	5
Not performing	Interest and/or principal repayments are 30 days past due	56.12%	Lifetime	98	45	10	55
Total				2 901	105	3	108

		COMPANY					
		ECL rate	ECL method	Gross <sup>2</sup> R million	Provision opening balance R million	(Released)/ raised in the period R million	Provision closing balance R million
<b>2024</b>							
Performing <sup>1</sup>	Customers have a low risk of default and a strong capacity to meet contractual cash flows	3.50%	12 month	1 373	51	(3)	48
Under-performing	Loans for which there is a significant increase in credit risk; a significant increase in credit risk is presumed if interest and/or principal repayments are past due	3.07%	Lifetime	163	9	(4)	5
Not performing	Interest and/or principal repayments are 30 days past due	54.84%	Lifetime	62	27	7	34
Total				1 598	87	-	87

<sup>1</sup> Included in performing loans are amounts due from other group companies. Given that the companies that funding has been provided to have no history of default and have sufficient net asset values, it is unlikely that the company will experience credit losses in respect of these loans and as such no amounts have been provided for.

<sup>2</sup> Refer to note 5.8 for the credit ratings relating to Loans and receivables. All rated balances are included in the performing category.

These loans and receivables are mostly unrated. Refer to note 5.8 for credit ratings.

The forward looking information considered was deemed to have an immaterial impact on the expected credit loss for 2025 and 2024.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.7 Cash and cash equivalents

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Cash at bank and in hand	6 083	6 385	2 051	2 356
	6 083	6 385	2 051	2 356

The carrying value of cash and cash equivalents approximates fair value. The full value is expected to be realised within 12 months.

Refer to note 5.8 where it is noted that cash and cash equivalents are invested with reputable banking institutions with no less than a BB- (2024: BB-) credit rating. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, due to the credit ratings being favourable for these institutions, the potential impairment loss on cash and cash equivalents was assessed to be immaterial.

#### Accounting policy – Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks. Cash and cash equivalents are initially recognised at fair value and subsequently carried at amortised cost.

### 5.8 Credit risk

Santam continuously monitors its exposure to its counterparties for financial statement as well as regulatory reporting purposes. It has therefore established a number of criteria in its risk appetite statement to monitor concentration risk and provide feedback to management and the risk committee on at least a quarterly basis.

The credit quality of Santam's counterparties is determined using rating agencies' assessments of the probability of default over a one-year time horizon. The underlying default probabilities are based on the credit migration models developed by S&P, Moody's, Fitch and GCR, which incorporate up to 90 years' worth of credit default information. The probability of default assigned are based on the highest credit rating assigned by the various rating agencies.

Credit risk capital is held for exposure to risk-based assets such as bonds and bank deposits.

For concentration risk Santam uses the SAM methodology. The calculation is performed in four steps:

- Determine the exposure by counterparty
- Calculate the excess exposure above a specified threshold level
- Apply a charge to this excess exposure
- Aggregate the individual charges to obtain an overall capital requirement for concentration risk

Santam seeks to avoid concentration of credit risk to groups of counterparties, business sectors, product types and geographical segments. The group's financial instruments, except for Santam's exposure to the four large South African commercial banks, do not represent a concentration of credit risk. In terms of Santam's internal risk appetite framework no more than 15% of total portfolio assets are generally invested in any one of the five major South African commercial banks. Accounts receivable are spread over a number of major companies and intermediary parties, clients and geographic areas. The group assesses concentration risk for debt securities, money market instruments and cash collectively. The group does not have concentrations in these instruments to any one company exceeding 15% of total debt securities, money market instruments or cash.

The following table provides information regarding the aggregated credit risk exposure for financial assets without taking into account collateral. The credit ratings provided in this table were determined as follows: SIM provided reports generated from their credit system on a quarterly basis, detailing all counterparty, duration and credit risk. These reports include international, national and internal ratings. SIM also provides a conversion table that is then applied to standardise the ratings to international long-term rates. For assets held by subsidiaries and not managed by SIM, a process is agreed with the subsidiaries to align the credit rating analysis with group requirements.

As reflected in the table below, the majority of financial asset investments have remained BB following the BB South African government issuer rating by major credit rating agencies. Most issuers in South Africa will have their credit ratings capped at the sovereign credit rating, and therefore the rating BB represents the best available ratings within the South African investable universe. This still falls within Santam's documented risk appetite and does not pose a significant risk for the group. It has had no significant impact on expected credit losses provided for.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.8 Credit risk (continued)

2025	Credit rating														Carrying value R million
	AAA R million	AA+ R million	AA R million	AA- R million	A+ R million	A R million	A- R million	BBB R million	BB R million	BB- R million	B+ R million	B R million	Below B- R million	Not rated R million	
<b>GROUP</b>															
<b>Financial assets:</b>															
Government interest-bearing investments	315	-	-	-	-	-	-	-	7 679	224	-	-	-	-	8 218
Corporate interest-bearing investments	102	38	29	211	281	141	389	310	21 431	1 234	1 224	32	160	128	25 710
Mortgages and loans	-	-	-	-	-	-	-	-	20	10	16	4	-	-	50
<b>Interest-bearing investments</b>	<b>417</b>	<b>38</b>	<b>29</b>	<b>211</b>	<b>281</b>	<b>141</b>	<b>389</b>	<b>310</b>	<b>29 130</b>	<b>1 468</b>	<b>1 240</b>	<b>36</b>	<b>160</b>	<b>128</b>	<b>33 978</b>
Structured notes	7	-	-	-	-	-	-	-	121	-	3	-	-	-	131
Derivatives	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1
<b>Structured transactions</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>
<b>Investment funds<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20 034</b>	<b>21 165</b>
<b>Deposits and similar securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 023</b>	<b>-</b>	<b>-</b>	<b>237</b>	<b>1 079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 339</b>
<b>Loans and receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 269</b>	<b>2 584</b>
<b>Cash and cash equivalents</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>242</b>	<b>-</b>	<b>-</b>	<b>270</b>	<b>5 252</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 083</b>
<b>Total financial assets exposed to credit risk</b>	<b>451</b>	<b>38</b>	<b>29</b>	<b>293</b>	<b>2 546</b>	<b>141</b>	<b>389</b>	<b>817</b>	<b>37 029</b>	<b>1 678</b>	<b>1 243</b>	<b>36</b>	<b>160</b>	<b>22 431</b>	<b>67 281</b>

<sup>1</sup> Investment funds are generally unrated, but operate in a highly regulated environment.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.8 Credit risk (continued)

2025	Credit rating														Carrying value R million
	AAA R million	AA+ R million	AA R million	AA- R million	A+ R million	A R million	A- R million	BBB R million	BB R million	BB- R million	B+ R million	B R million	Below B- R million	Not rated R million	
<b>COMPANY</b>															
<b>Financial assets:</b>															
Government interest-bearing investments	315	-	-	-	-	-	-	-	2 989	34	-	-	-	-	3 338
Corporate interest-bearing investments	102	38	29	211	281	141	389	310	8 099	230	692	6	18	-	10 546
Mortgages and loans	-	-	-	-	-	-	-	-	20	10	8	4	-	-	42
<b>Interest-bearing investments</b>	<b>417</b>	<b>38</b>	<b>29</b>	<b>211</b>	<b>281</b>	<b>141</b>	<b>389</b>	<b>310</b>	<b>11 108</b>	<b>274</b>	<b>700</b>	<b>10</b>	<b>18</b>	<b>-</b>	<b>13 926</b>
Structured notes	7	-	-	-	-	-	-	-	15	-	-	-	-	-	22
Derivatives	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1
<b>Structured transactions</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>
<b>Investment funds<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 135</b>	<b>5 135</b>
<b>Deposits and similar securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>475</b>
<b>Loans and receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 502</b>	<b>1 502</b>
<b>Cash and cash equivalents</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>1 851</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 051</b>
<b>Total financial assets exposed to credit risk</b>	<b>451</b>	<b>38</b>	<b>29</b>	<b>263</b>	<b>286</b>	<b>141</b>	<b>389</b>	<b>658</b>	<b>13 213</b>	<b>279</b>	<b>700</b>	<b>10</b>	<b>18</b>	<b>6 637</b>	<b>23 112</b>

<sup>1</sup> Investment funds are generally unrated, but operate in a highly regulated environment.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.8 Credit risk (continued)

	Credit rating														Carrying value R million	
	AAA R million	AA+ R million	AA R million	AA- R million	A+ R million	A R million	A- R million	BBB R million	BB R million	BB- R million	B+ R million	B R million	Below B- R million	Not rated R million		
<b>2024</b>																
<b>GROUP</b>																
<b>Financial assets:</b>																
Government interest-bearing investments	323	-	-	-	-	-	-	-	6 162	145	42	19	-	1	6 692	
Corporate interest-bearing investments	168	68	91	171	450	317	639	40	20 739	979	756	59	17	115	24 609	
Mortgages and loans	-	-	-	-	-	-	-	-	-	14	17	6	1	-	38	
<b>Interest-bearing investments</b>	<b>491</b>	<b>68</b>	<b>91</b>	<b>171</b>	<b>450</b>	<b>317</b>	<b>639</b>	<b>40</b>	<b>26 901</b>	<b>1 138</b>	<b>815</b>	<b>84</b>	<b>18</b>	<b>116</b>	<b>31 339</b>	
Structured notes	-	-	-	-	-	-	-	-	437	-	-	1	-	-	438	
Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	
<b>Structured transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>440</b>	
<b>Investment funds<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 940</b>	<b>13 925</b>	
<b>Deposits and similar securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 723</b>	
<b>Loans and receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>320</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>2 443</b>	<b>2 793</b>	
<b>Cash and cash equivalents</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 843</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 385</b>	
<b>Total financial assets exposed to credit risk</b>	<b>491</b>	<b>77</b>	<b>91</b>	<b>604</b>	<b>450</b>	<b>317</b>	<b>639</b>	<b>40</b>	<b>36 918</b>	<b>1 558</b>	<b>816</b>	<b>85</b>	<b>18</b>	<b>15 501</b>	<b>57 605</b>	

<sup>1</sup> Investment funds are generally unrated, but operate in a highly regulated environment.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.8 Credit risk (continued)

2024	Credit rating														Carrying value R million
	AAA R million	AA+ R million	AA R million	AA- R million	A+ R million	A R million	A- R million	BBB R million	BB R million	BB- R million	B+ R million	B R million	Below B- R million	Not rated R million	
<b>COMPANY</b>															
<b>Financial assets:</b>															
Government interest-bearing investments	323	-	-	-	-	-	-	-	3 404	21	16	17	-	-	3 781
Corporate interest-bearing investments	168	68	91	171	450	317	639	40	7 475	161	324	45	17	-	9 966
Mortgages and loans	-	-	-	-	-	-	-	-	-	12	10	6	1	-	29
<b>Interest-bearing investments</b>	<b>491</b>	<b>68</b>	<b>91</b>	<b>171</b>	<b>450</b>	<b>317</b>	<b>639</b>	<b>40</b>	<b>10 879</b>	<b>194</b>	<b>350</b>	<b>68</b>	<b>18</b>	<b>-</b>	<b>13 776</b>
Structured notes	-	-	-	-	-	-	-	-	246	-	-	-	-	-	246
Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2
<b>Structured transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>248</b>
<b>Investment funds<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 462</b>	<b>1 462</b>
<b>Deposits and similar securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 113</b>
<b>Loans and receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 511</b>	<b>1 511</b>
<b>Cash and cash equivalents</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 356</b>
<b>Total financial assets exposed to credit risk</b>	<b>491</b>	<b>77</b>	<b>91</b>	<b>604</b>	<b>450</b>	<b>317</b>	<b>639</b>	<b>40</b>	<b>14 152</b>	<b>194</b>	<b>350</b>	<b>68</b>	<b>18</b>	<b>2 975</b>	<b>20 466</b>

<sup>1</sup> Investment funds are generally unrated, but operate in a highly regulated environment.

# Notes to the annual financial statements

## 5. Financial assets (continued)

### 5.9 Investment income

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Interest income derived from	4 529	4 135	1 614	1 332
Financial assets measured at amortised cost	800	664	120	75
Financial assets mandatorily measured at fair value through profit or loss	3 729	3 471	1 494	1 257
Other investment (losses)/income	(955)	226	837	1 266
Dividend income <sup>1</sup>	263	279	1 971	1 333
Foreign exchange differences	(1 218)	(53)	(1 134)	(67)
	3 574	4 361	2 451	2 598

<sup>1</sup> Dividend income for the company includes dividends received from subsidiaries and Sanlam target shares.

### 5.10 Net fair value gains/(losses) on financial assets and liabilities at fair value through profit or loss

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
<b>Net fair value gains on financial assets mandatorily at fair value through profit or loss</b>	2 354	1 730	286	781
Net realised fair value gains on financial assets excluding derivative instruments	475	510	373	359
Net unrealised fair value gains/(losses) on financial assets excluding derivative instruments	1 875	1 218	(91)	420
Net realised/fair value gains on derivative instruments	4	2	4	2
<b>Net fair value (losses)/gains on financial liabilities designated as at fair value through profit or loss</b>	(405)	(194)	5	(13)
Net fair value gains/(losses) on debt securities	5	(13)	5	(13)
Net fair value losses on investment contracts	(410)	(181)	-	-
	1 949	1 536	291	768

#### Accounting policy – Investment income and net fair value gains/(losses) on financial assets mandatorily at fair value through profit or loss

Gains and losses arising from changes in the fair value of the 'financial assets mandatorily at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Dividend income and interest accrued from financial assets mandatorily at fair value through profit or loss is recognised in the statement of comprehensive income as part of investment income when the group's right to receive payments is established. Realised gains on instruments mandatorily at fair value through profit or loss are calculated as the difference between proceeds received and cost. Realised gains are recognised as part of the net loss/gain on financial assets mandatorily at fair value through profit or loss and liabilities designated at fair value through profit or loss. Interest is accrued on financial assets mandatorily at fair value through profit or loss on the effective yield basis.

# Notes to the annual financial statements

## 6. Financial liabilities

	Notes	GROUP		COMPANY	
		2025 R million	2024 R million	2025 R million	2024 R million
The group's financial liabilities are summarised below.					
Financial liabilities designated at fair value through profit or loss					
Debt securities	6.1	4 088	3 063	4 088	3 063
Investment contracts	6.4	7 277	6 638	–	–
Financial liabilities at amortised cost					
Repo liabilities	6.3	1 025	852	–	–
Collateral guarantee contracts	6.5	127	120	127	120
Loans and payables	6.6	3 440	3 437	1 877	1 785
<b>Financial liabilities</b>		<b>15 957</b>	<b>14 110</b>	<b>6 092</b>	<b>4 968</b>
<b>Risk management</b>					
Refer to the following notes for detail on risks relating to financial liabilities and the management thereof:					
Interest rate risk – note 6.2					
Currency risk – note 8					
Liquidity risk – note 9					
<b>6.1 Debt securities</b>					
At the beginning of the year					
		3 021	3 008	3 021	3 008
<i>Cash movements</i>					
New debt securities issued		2 000	–	2 000	–
Debt securities redeemed		(1 000)	–	(1 000)	–
<i>Non-cash movements</i>					
Net fair value (gain)/loss on debt securities		(5)	13	(5)	13
		4 016	3 021	4 016	3 021
Accrued interest		72	42	72	42
		4 088	3 063	4 088	3 063
Expected to be settled after 12 months		4 016	2 013	4 016	2 013
Expected to be settled within 12 months		72	1 050	72	1 050
Estimated redemption value on maturity date		4 000	3 000	4 000	3 000

### Issued unsecured subordinated callable debt securities:

Instrument	Effective interest rate	Issue date	Optional redemption date	Final maturity date	Issue amount	
					2025 R million	2024 R million
SNT05	Variable, three-month JIBAR plus 198 basis points	November 2020	30 November 2025	30 November 2030 <sup>1</sup>	–	1 000
SNT06	Variable, three-month JIBAR plus 159 basis points	May 2022	16 May 2027	16 May 2032	1 000	1 000
SNT07	Variable, three-month JIBAR plus 150 basis points	April 2023	–	6 April 2028	1 000	1 000
SNT08	Variable, JIBAR plus 120 basis points	Oct 2025	–	6 October 2030	1 530	–
SNT09	Variable, JIBAR plus 129 basis points	Oct 2025	–	6 October 2032	470	–

<sup>1</sup> Redeemed on optional redemption date of 30 November 2025.

# Notes to the annual financial statements

## 6. Financial liabilities (continued)

### 6.1 Debt securities (continued)

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 floating rate notes is calculated using the price provided by the JSE and adding accrued interest.

The South African Revenue Bank (SARB) has indicated its intention to move away from the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa, namely the South African Overnight Index Average (ZARONIA). The transition from JIBAR to ZARONIA in South Africa is scheduled for 1 January 2027. It is not expected to have a material impact on the company or group.

AM Best issued an international credit rating of A- to Santam in December 2024, which was reaffirmed in December 2025. This is in addition to the national credit rating of zaAAA issued by Standard and Poor's in March 2023 and reaffirmed in December 2025. 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.

#### Accounting policy – Debt securities

Debt securities issued by the group comprise subordinated debt instruments fair valued against similar quoted debt instruments. Debt securities are designated as at fair value through profit or loss as these instruments are managed at fair value in terms of the related business model.

Fair value movements are recognised in the statement of comprehensive income. Interest accruals are recognised as finance costs in the statement of comprehensive income. Financial liabilities are derecognised when all obligations have been met.

### 6.2 Interest rate risk – financial liabilities

Interest rate risk arises from the net effect on assets and liabilities of a change in the level of interest rates.

The assets backing the subordinated debt are managed within a mandate to ensure that adequate cover is provided for the related liabilities i.e. the market value of the subordinated debt and the market value of the assets backing the debt react the same way to changes in interest rates.

#### Sensitivity analysis on interest-bearing instruments

For the interest rate sensitivity of insurance-related liabilities refer to note 4.19. Interest-bearing instruments with a fixed rate give rise to fair value interest rate risk, while interest-bearing instruments with a floating rate give rise to cash flow interest rate risk.

The following table provides an indication of the impact of a 1% change in interest rates on the profit before tax of the group and the company:

	2025		2024	
	1% increase R million	1% decrease R million	1% increase R million	1% decrease R million
<b>GROUP</b>				
<b>Financial liabilities – variable rate</b>				
Debt securities – quoted	(40)	40	(30)	30
Repo liabilities	(10)	10	(9)	9
<b>Total change in finance cost and net fair value movement before tax</b>	<b>(50)</b>	<b>50</b>	<b>(39)</b>	<b>39</b>
<b>COMPANY</b>				
<b>Financial liabilities – variable rate</b>				
Debt securities – quoted	(40)	40	(30)	30
<b>Total change in finance cost and net fair value movement before tax</b>	<b>(40)</b>	<b>40</b>	<b>(30)</b>	<b>30</b>

# Notes to the annual financial statements

## 6. Financial liabilities (continued)

### 6.3 Repo liabilities

	GROUP	
	2025 R million	2024 R million
At the beginning of the year	852	690
<i>Cash movements</i>		
New repurchase agreements entered into	2 010	975
Repurchase agreements settled	(1 852)	(819)
	1 010	846
Accrued interest	15	6
	1 025	852
Expected to be settled after 12 months	590	500
Expected to be settled within 12 months	435	352

Repo liabilities relates to sale and repurchase agreements within Santam Structured Insurance Ltd's portfolio. The liabilities are secured by debt securities with a value of R1 224 million (2024: R1 124 million). The group continues to receive income derived from the underlying assets over the term of the agreements. The group cannot realise profit or losses on disposing of the underlying assets for the duration of the agreements, as the group does not have custody of the assets during this time.

#### Accounting policy – Repo liabilities

Repo repurchase liabilities consist of sale and repurchase of assets agreements. These agreements contain financial liabilities consisting of financial instruments sold with an agreement to repurchase these instruments at a fixed price at a later date. These financial liabilities are classified as financial liabilities at amortised cost.

Where financial instruments are sold subject to a commitment to repurchase them, the financial instrument is not derecognised and remains in the statement of financial position and is valued according to the group's accounting policy relevant to that category of financial instrument. The proceeds received are recorded as a liability (repo liability) carried at amortised cost.

The difference between the sale and repurchase price is treated as finance cost and is accrued over the life of the agreement using the effective interest rate method.

### 6.4 Investment contracts

	GROUP	
	2025 R million	2024 R million
At the beginning of the year	6 638	6 286
<i>Cash movements</i>		
Contributions received	601	804
Benefits paid	(419)	(815)
<i>Non-cash movements</i>		
Net fair value losses	410	181
Other investment return	388	594
Investment management fees	(341)	(412)
	7 277	6 638
Expected to be settled after 12 months	9	100
Expected to be settled within 12 months	7 268	6 538

The net fair value losses on investment contracts are equal to the net fair value losses on the linked financial assets at fair value through profit or loss. The movement in the net fair value of the linked assets and liabilities is included in net fair value gains on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income. The movement in the fair value of the investment contracts mainly represents the market movement. The maturity values of these financial liabilities are determined by the fair values of the linked assets. They are classified as level 2 per the fair value hierarchy.

# Notes to the annual financial statements

## 6. Financial liabilities (continued)

### 6.4 Investment contracts (continued)

#### Accounting policy – Investment contracts

The group recognises the following investment contracts:

##### a) First-party cells

First-party cell captive arrangements are arrangements, accounted for under IFRS 9, where the risks that are being insured relate to the cell shareholder's own operations or operations within the cell shareholder's group of companies. The cell shareholder and the policyholder are considered the same person. Where more than one contract is entered into with a single counterparty, it shall be considered a single contract, and the shareholder and insurance agreement are considered together for risk transfer purposes. As these contracts are considered a single contract there is no significant risk transfer and as such cell captive facilities are accounted for as investment contracts.

##### b) Policies with no significant risk transfer

A risk is a significant risk if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding those that lack commercial substance and is assessed on a contract-by-contract basis except in circumstances where there is a relatively homogeneous book of small contracts which are known to transfer risk. Should an insurance contract not result in significant risk transfer, the contract will be accounted for as an investment contract.

Investment contract liabilities are recognised when the group becomes party to the contractual provisions of the instrument. It is initially recognised at fair value. The fair value is determined using the fair value of the underlying financial assets linked to the financial liability. Based on the principle of eliminating an accounting mismatch in the financial statements, investment contracts are designated to be measured at fair value through profit or loss.

### 6.5 Collateral guarantee contracts

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
At the beginning of the year	120	113	120	113
<i>Cash movements</i>				
New contracts entered into	17	–	17	–
Contracts ended	(11)	–	(11)	–
<i>Non-cash movements</i>				
Interest	7	7	7	7
Unrealised foreign currency gains	(6)	–	(6)	–
	<b>127</b>	<b>120</b>	<b>127</b>	<b>120</b>

Liabilities arising out of collateral guarantee contracts are payable on demand should a claim be made against the policy, and is therefore treated as current. All collateral guarantee contracts are expected to be settled within 12 months.

Santam issues guarantees on behalf of its corporate clients covering various risks, such as mining rehabilitation. The guarantees are issued on the back of full collateral guarantees in the form of monies deposited with Santam. These assets are included in financial assets, debt securities, at fair value through profit or loss and cash, and amounted to R127 million (2024: R120 million) as at 31 December 2025. These assets are managed in a separate investment portfolio and are sold when required to settle obligations arising from the collateral guarantee contracts. As there is no transfer of significant insurance risk, the transaction is not recorded as an insurance transaction in terms of IFRS 17, but as a financial instrument in terms of IFRS 9.

The carrying value of collateral guarantee contracts approximates fair value.

#### Accounting policy – Collateral guarantee contracts

Collateral guarantee contracts are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest method. Interest accruals are recognised as finance costs in the statement of comprehensive income.

# Notes to the annual financial statements

## 6. Financial liabilities (continued)

### 6.6 Loans and payables

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Amounts due to subsidiaries (refer to note 10.1)	–	–	302	208
Accrued expenses	486	350	327	192
Employee benefits and accruals	1 383	1 240	972	871
Loans	210	201	–	–
Other payables	1 361	1 646	276	514
<b>Total</b>	<b>3 440</b>	<b>3 437</b>	<b>1 877</b>	<b>1 785</b>

The carrying value of loans and payables approximates fair value. All loans and payables are expected to be settled within 12 months.

#### Accounting policy – Loans and payables

Loans and payables, including accruals, are recognised when the group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the group. Loans and payables are carried at amortised cost.

### 6.7 Finance costs

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Interest expense				
– collateral guarantee contracts	7	7	7	7
– lease liabilities	76	78	50	53
– subordinated callable debt securities	306	300	306	300
– repo liabilities	67	69	–	–
– other	57	84	6	30
	<b>513</b>	<b>538</b>	<b>369</b>	<b>390</b>

#### Accounting policy – Finance costs

Finance costs are recognised using the effective-interest method.

# Notes to the annual financial statements

## 7. Lease liabilities

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
At the beginning of the year	786	824	578	569
<i>Cash movements</i>				
Payment of principal element of lease liabilities	(152)	(171)	(118)	(109)
Payment of interest	(76)	(78)	(50)	(53)
<i>Non-cash movements</i>				
New leases entered into and lease extensions during the year	236	141	111	126
Termination of lease agreements	(36)	(8)	(7)	(8)
Interest	76	78	50	53
At the end of the year	834	786	564	578

The following table summarises the contractual maturity dates for lease liabilities. The maturity analysis is presented on an undiscounted contractual cash flow basis.

	2025			Total R million
	Within 1 year R million	1 – 5 years R million	More than 5 years R million	
<b>GROUP</b>	226	662	224	1 112
<b>COMPANY</b>	163	484	47	694

	2024			Total R million
	Within 1 year R million	1 – 5 years R million	More than 5 years R million	
<b>GROUP</b>	226	564	152	942
<b>COMPANY</b>	181	487	56	724

# Notes to the annual financial statements

## 7. Lease liabilities (continued)

### Accounting policy – Leases

Agreements where the counterparty retains control of the underlying asset are classified as leases. The group leases various offices, motor vehicles and office equipment.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest, the incremental borrowing rate, on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Offices consist mainly of head office buildings and branches. Rental contracts are typically made for fixed periods of three to eight years but may have extension options that exist. Head office buildings are typically leased for longer periods than branches and are the main contributor to the carrying value of the right-of-use asset. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Periods covered by an option to extend the lease are included if the group is reasonably certain to exercise that option taking into account, among others, the remaining term of the original lease, refurbishments, changing technology and cost-saving initiatives. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Vehicles consist of a fleet of vehicles that the group leases for use by various field agents including assessors. The terms of these leases are typically between three and five years. Lease extensions are not considered in the valuation of these leases, as the group does not expect to extend leases on motor vehicles as they are generally replaced with a new lease.

The incremental borrowing rate for Santam Ltd uses the Santam bonds' borrowing rate as starting point, while all subsidiaries use a rate at which borrowings can be obtained by them commercially. The rate is then adjusted based on factors relating to the specific lease and underlying asset, including but not limited to, the term of the borrowing, the property yield (for property) and the ability to provide security for the purchase of the specific asset.

The group does not account for short-term leases, with a term shorter than 12 months as lease liabilities or right-of-use assets. These are accounted for as operating leases.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments, but excluding payments for service components), less any lease incentives receivable
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

After initial recognition, lease liabilities are remeasured where there is a change in the future lease payments or if there is a change in the group's assessment of whether it will exercise an extension or termination option. When the lease is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or recognised in the statement of comprehensive income if the carrying amount of the right-of-use assets has been reduced to zero.

# Notes to the annual financial statements

## 8. Currency risk

The group and company has two sources of currency risk:

- Operational currency risk – underwriting liabilities and investments in currencies other than the currency of the primary environment in which the business units operate (non-functional currencies)
- Structured currency risk – investing in Sanlam target shares (group and company)

These risks affect both the value of Santam's assets as well as the cost of claims, particularly for imported motor parts, directly and indirectly. The fair value of the investments in the Sanlam target shares are impacted by changes in the foreign exchange rates of the underlying operations. Santam is also pursuing international diversification in underwriting operations through the business written by Santam Re and Specialist Solutions.

In order to mitigate the foreign currency mismatch risk, Santam monitors the level of foreign currency assets relative to foreign currency liabilities and foreign currency capital requirements.

The tables presented on pages 106 and 107 provide a summary of the foreign exposures (including structured currency risk) relating to assets and liabilities included in the statement of financial position at the reporting date. The foreign currency exposure for reinsurance assets disclosed in the table only includes reinsurance contracts denominated in foreign currencies.

Structured currency risk relating to the investments in Sanlam target shares expose the group and company to predominantly the Indian rupee. The group and company has structured currency exposure of R2 225 million (2024: R2 483 million) relating to its investment in Sanlam target shares. Refer to note 5.3 for additional disclosure on the group's sensitivity in its exposure to structured currency risk arising from the investment in Sanlam target shares.

There were no hedged items or hedging instruments in the current or prior year.

Any exposure to Namibian dollar is not included in the tables as there is currently no impact on profit or loss and/or the net asset value of the group.

### Assets and liabilities denominated in foreign currencies included in the statement of financial position

	United States dollar R million	Other foreign currencies R million	Total exposure R million
<b>2025</b>			
<b>GROUP</b>			
Interest-bearing investments	1 983	249	2 232
Deposits and similar securities and cash and cash equivalents	3 090	60	3 150
Structured notes	6	1	7
Investment funds	121	46	167
Reinsurance contract assets	1 536	142	1 678
Insurance contract liabilities <sup>1</sup>	(1 841)	(2 076)	(3 917)
<b>Total foreign currency exposure relating to insurance business (excluding alternative risk)</b>	<b>4 895</b>	<b>(1 578)</b>	<b>3 317</b>
Deposits and similar securities – relating to alternative risk business	307	10	317
Loans and payables – relating to alternative risk business	(9)	(1)	(10)
Insurance contract liabilities – relating to alternative risk business	(84)	(1)	(85)
Quoted equity securities	167	–	167
<b>Foreign currency exposure</b>	<b>5 276</b>	<b>(1 570)</b>	<b>3 706</b>

<sup>1</sup> The most material other foreign currency relates to the euro.

# Notes to the annual financial statements

## 8. Currency risk (continued)

### Assets and liabilities denominated in foreign currencies included in the statement of financial position (continued)

	United States dollar R million	Other foreign currencies R million	Total exposure R million
<b>2025</b>			
<b>COMPANY</b>			
Interest-bearing investments	1 983	249	2 232
Deposits and similar securities and cash and cash equivalents	840	27	867
Structured notes	6	1	7
Investment funds	121	46	167
Reinsurance contract assets	1 536	142	1 678
Insurance contract liabilities <sup>1</sup>	(1 841)	(2 076)	(3 917)
<b>Total foreign currency exposure relating to insurance business</b>	<b>2 645</b>	<b>(1 611)</b>	<b>1 034</b>
<b>Exchange rates:</b>			
Closing rate	16.57		
Average rate	17.85		

<sup>1</sup> The most material other foreign currency relates to the euro.

	United States dollar R million	Other foreign currencies R million	Total exposure R million
<b>2024</b>			
<b>GROUP</b>			
Interest-bearing investments	3 827	10	3 837
Deposits and similar securities and cash and cash equivalents	1 018	124	1 142
Structured notes	141	51	192
Investment funds	217	75	292
Reinsurance contract assets	1 827	93	1 920
Insurance contract liabilities	(2 173)	(2 168)	(4 341)
Derivatives	–	2	2
<b>Total foreign currency exposure relating to insurance business (excluding alternative risk)</b>	<b>4 857</b>	<b>(1 813)</b>	<b>3 044</b>
Deposits and similar securities – relating to alternative risk business	389	6	395
Loans and payables – relating to alternative risk business	(7)	–	(7)
Insurance contract liabilities – relating to alternative risk business	54	49	103
Quoted equity securities	206	56	262
<b>Foreign currency exposure</b>	<b>5 499</b>	<b>(1 702)</b>	<b>3 797</b>

	United States dollar R million	Other foreign currencies R million	Total exposure R million
<b>2024</b>			
<b>COMPANY</b>			
Interest-bearing investments	3 827	10	3 837
Deposits and similar securities and cash and cash equivalents	1 018	124	1 142
Structured notes	141	51	192
Investment funds	218	75	293
Reinsurance contract assets	1 827	93	1 920
Insurance contract liabilities	(2 166)	(2 175)	(4 341)
Derivatives	–	2	2
<b>Total foreign currency exposure relating to insurance business</b>	<b>4 865</b>	<b>(1 820)</b>	<b>3 045</b>
<b>Exchange rates:</b>			
Closing rate	18.87		
Average rate	18.32		

# Notes to the annual financial statements

## 8. Currency risk (continued)

### Accounting policy – Foreign currency translation

#### a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African rand, which is the group's presentation currency.

#### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the closing exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

#### c) Group companies

The results and financial position of all group entities (none of which uses a currency linked to a hyperinflationary economy) that use a functional currency other than the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- (ii) Income and expenses for each statement of comprehensive income presented are translated at average exchange rates during each period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- (iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as the foreign entity's assets or liabilities and are translated at the closing rate.

A 10% change in the rand exchange rate against all currencies would have the following impact on income before taxation:

	10% strengthening in rand R million	10% weakening in rand R million
<b>2025</b>		
<b>GROUP</b>		
Impact on profit or loss	(370.64)	370.64
<b>COMPANY</b>		
Impact on profit or loss	(103.35)	103.35
<b>2024</b>		
<b>GROUP</b>		
Impact on profit or loss	(379.79)	379.79
<b>COMPANY</b>		
Impact on profit or loss	(304.51)	304.51

# **Notes** to the annual financial statements

## 8. Currency risk (continued)

The foreign exchange profits or losses arising from the translation of international business unit statements of financial position from their functional currencies into rand are recognised in the foreign currency translation reserve. These movements in exchange rates therefore have no impact on profit. On disposal of the foreign companies, the reserve is realised and released to profit or loss.

Exchange rate profits or losses relating to the Sanlam target shares are included in the fair value movements of the instruments.

## 9. Liquidity risk

Santam manages its liquidity requirements by matching the duration of the assets invested to the corresponding liabilities. The net insurance contract liabilities are covered by cash and liquid interest-bearing instruments while the company's subordinated debt obligation is covered by matching cash and interest-bearing instruments.

The cash mandates include market risk limitations (average duration and maximum duration per instrument) to ensure adequate availability of liquid funds to meet Santam's payment obligations.

Santam's shareholders funds are invested in a combination of interest-bearing instruments, preference shares, listed equities and unlisted investments. The listed equity portfolio is a well-diversified portfolio with highly liquid shares.

The following table summarises the contractual repricing or maturity dates (whichever is earlier) for financial assets and liabilities that are subject to fixed and variable interest rates. Insurance contract and financial assets are presented using discounted values. Insurance contract liabilities are also presented using discounted values and are analysed by remaining estimated duration until settlement. Financial liabilities are presented on an undiscounted contractual cash flow basis, except for investment contracts, which are presented using discounted values. The open ended instruments are available to use within one year.

# Notes to the annual financial statements

## 9. Liquidity risk (continued)

2025	Within 1 year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	4 – 5 years R million	5 – 10 years R million	10 – 20 years R million	Due after 20 years R million	Open ended R million	Carrying value R million
<b>GROUP</b>										
<b>Financial and insurance assets</b>										
<b>Equity securities</b>										
Listed equities and similar securities	–	–	–	–	–	–	–	–	2 378	2 378
Unlisted equities and similar securities	–	–	–	–	–	–	–	–	3 202	3 202
<b>Interest-bearing investments</b>										
Government interest-bearing investments	3 563	393	207	89	1 775	1 288	781	122	–	8 218
Corporate interest-bearing investments	8 201	8 120	3 213	1 600	2 341	2 196	38	1	–	25 710
Mortgages and loans	12	6	20	2	10	–	–	–	–	50
<b>Structured transactions</b>										
Structured notes	77	22	5	6	21	–	–	–	–	131
Derivatives	1	–	–	–	–	–	–	–	–	1
<b>Investment funds</b>	–	–	–	–	–	–	–	–	22 054	22 054
<b>Deposits and similar securities</b>	2 812	29	498	–	–	–	–	–	–	3 339
<b>Total investment assets</b>	14 666	8 570	3 943	1 697	4 147	3 484	819	123	27 634	65 083
Insurance contract assets	332	–	–	–	–	–	2	–	–	334
Reinsurance contract assets	4 224	584	223	137	86	147	11	–	–	5 412
Loans and receivables	2 424	15	10	20	115	–	–	–	–	2 584
<b>Total</b>	6 980	599	233	157	201	147	13	–	–	8 330
<b>Cash and cash equivalents</b>	6 083	–	–	–	–	–	–	–	–	6 083
<b>Total financial and insurance assets</b>	27 729	9 169	4 176	1 854	4 348	3 631	832	123	27 634	79 496

	Within 1 year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	4 – 5 years R million	5 – 10 years R million	10 – 20 years R million	Due after 20 years R million	Total R million
<b>Financial and insurance liabilities</b>									
Debt securities	325	1 284	1 201	159	1 689	546	–	–	5 204
Repo liabilities	435	354	195	41	–	–	–	–	1 025
Investment contracts	7 268	9	–	–	–	–	–	–	7 277
Collateral guarantee contracts	127	–	–	–	–	–	–	–	127
Insurance contract liabilities	34 469	3 177	1 474	1 004	695	1 434	371	41	42 665
Reinsurance contract liabilities	5 004	158	40	2	2	6	3	1	5 216
Loans and payables	3 331	109	–	–	–	–	–	–	3 440
<b>Total financial and insurance liabilities</b>	50 959	5 091	2 910	1 206	2 386	1 986	374	42	64 954

# Notes to the annual financial statements

## 9. Liquidity risk (continued)

2025	Within 1 year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	4 – 5 years R million	5 – 10 years R million	10 – 20 years R million	Due after 20 years R million	Open ended R million	Carrying value R million
<b>COMPANY</b>										
<b>Financial and insurance assets</b>										
<b>Equity securities</b>										
Listed equities and similar securities	–	–	–	–	–	–	–	–	76	76
Unlisted equities and similar securities	–	–	–	–	–	–	–	–	3 202	3 202
<b>Interest-bearing investments</b>										
Government interest-bearing investments	1 345	88	194	68	253	766	528	96	–	3 338
Corporate interest-bearing investments	2 789	1 378	1 344	1 247	1 852	1 904	31	1	–	10 546
Mortgages and loans	4	6	20	2	10	–	–	–	–	42
<b>Structured transactions</b>										
Structured notes	3	11	5	3	–	–	–	–	–	22
Derivatives	1	–	–	–	–	–	–	–	–	1
<b>Investment funds</b>										
	–	–	–	–	–	–	–	–	5 135	5 135
<b>Deposits and similar securities</b>										
	462	12	1	–	–	–	–	–	–	475
<b>Total investment assets</b>										
	4 604	1 495	1 564	1 320	2 115	2 670	559	97	8 413	22 837
Insurance contract assets	262	–	–	–	–	–	–	–	–	262
Reinsurance contract assets	3 659	558	213	131	82	141	11	–	–	4 795
Loans and receivables	1 502	–	–	–	–	–	–	–	–	1 502
<b>Total</b>	<b>5 423</b>	<b>558</b>	<b>213</b>	<b>131</b>	<b>82</b>	<b>141</b>	<b>11</b>	<b>–</b>	<b>–</b>	<b>6 559</b>
<b>Cash and cash equivalents</b>										
	2 051	–	–	–	–	–	–	–	–	2 051
<b>Total financial and insurance assets</b>										
	<b>12 078</b>	<b>2 053</b>	<b>1 777</b>	<b>1 451</b>	<b>2 197</b>	<b>2 811</b>	<b>570</b>	<b>97</b>	<b>8 413</b>	<b>31 447</b>

	Within 1 year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	4 – 5 years R million	5 – 10 years R million	10 – 20 years R million	Due after 20 years R million	Total R million
<b>Financial and insurance liabilities</b>									
Debt securities	325	1 284	1 201	159	1 689	546	–	–	5 204
Collateral guarantee contracts	127	–	–	–	–	–	–	–	127
Insurance contract liabilities	11 448	2 370	907	558	350	598	45	–	16 276
Loans and payables	1 877	–	–	–	–	–	–	–	1 877
<b>Total financial and insurance liabilities</b>									
	<b>13 777</b>	<b>3 654</b>	<b>2 108</b>	<b>717</b>	<b>2 039</b>	<b>1 144</b>	<b>45</b>	<b>–</b>	<b>23 484</b>

# Notes to the annual financial statements

## 9. Liquidity risk (continued)

2024	Within 1 year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	4 – 5 years R million	5 – 10 years R million	10 – 20 years R million	Due after 20 years R million	Open ended R million	Carrying value R million
<b>GROUP</b>										
<b>Financial and insurance assets</b>										
<b>Equity securities</b>										
Listed equities and similar securities	–	–	–	–	–	–	–	–	2 450	2 450
Unlisted equities and similar securities	–	–	–	–	–	–	–	–	2 507	2 507
<b>Interest-bearing investments</b>										
Government interest-bearing investments	3 276	692	356	321	76	917	960	94	–	6 692
Corporate interest-bearing investments	7 019	5 408	7 853	1 466	1 706	995	29	133	–	24 609
Mortgages and loans	7	21	6	1	3	–	–	–	–	38
<b>Structured transactions</b>										
Structured notes	50	151	165	46	10	16	–	–	–	438
Derivatives	2	–	–	–	–	–	–	–	–	2
<b>Investment funds</b>										
	–	–	–	–	–	–	–	–	14 797	14 797
<b>Deposits and similar securities</b>										
	2 356	278	18	71	–	–	–	–	–	2 723
<b>Total investment assets</b>										
	12 710	6 550	8 398	1 905	1 795	1 928	989	227	19 754	54 256
Insurance contract assets	510	1	1	1	–	2	1	–	–	516
Reinsurance contract assets	5 494	631	270	137	97	147	4	–	–	6 780
Loans and receivables	2 636	47	56	24	30	–	–	–	–	2 793
<b>Total</b>	8 640	679	327	162	127	149	5	–	–	10 089
<b>Cash and cash equivalents</b>										
	6 385	–	–	–	–	–	–	–	–	6 385
<b>Total financial and insurance assets</b>										
	27 735	7 229	8 725	2 067	1 922	2 077	994	227	19 754	70 730
<b>Financial and insurance liabilities</b>										
Debt securities		1 283	186	1 139	1 046	–	–	–	–	3 654
Repo liabilities		352	203	142	155	–	–	–	–	852
Investment contracts		6 538	100	–	–	–	–	–	–	6 638
Collateral guarantee contracts		120	–	–	–	–	–	–	–	120
Insurance contract liabilities		31 225	2 684	1 357	828	612	1 174	300	39	38 219
Reinsurance contract liabilities		5 487	2	2	1	1	4	2	–	5 499
Loans and payables		3 437	–	–	–	–	–	–	–	3 437
<b>Total financial and insurance liabilities</b>		48 442	3 175	2 640	2 030	613	1 178	302	39	58 419

# Notes to the annual financial statements

## 9. Liquidity risk (continued)

2024	Within 1 year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	4 – 5 years R million	5 – 10 years R million	10 – 20 years R million	Due after 20 years R million	Open ended R million	Carrying value R million
<b>COMPANY</b>										
<b>Financial and insurance assets</b>										
<b>Equity securities</b>										
Listed equities and similar securities	–	–	–	–	–	–	–	–	772	772
Unlisted equities and similar securities	–	–	–	–	–	–	–	–	2 507	2 507
<b>Interest-bearing investments</b>										
Government interest-bearing investments	1 531	291	270	308	60	600	627	94	–	3 781
Corporate interest-bearing investments	3 112	1 770	1 520	1 268	1 349	828	17	102	–	9 966
Mortgages and loans	6	13	6	1	3	–	–	–	–	29
<b>Structured transactions</b>										
Structured notes	4	31	159	46	6	–	–	–	–	246
Derivatives	2	–	–	–	–	–	–	–	–	2
<b>Investment funds</b>										
	–	–	–	–	–	–	–	–	1 691	1 691
<b>Deposits and similar securities</b>										
	1 102	–	11	–	–	–	–	–	–	1 113
<b>Total investment assets</b>										
	5 757	2 105	1 966	1 623	1 418	1 428	644	196	4 970	20 107
Insurance contract assets	360	–	–	–	–	–	–	–	–	360
Reinsurance contract assets	4 939	622	265	135	96	145	4	–	–	6 206
Loans and receivables	1 511	–	–	–	–	–	–	–	–	1 511
<b>Total</b>	<b>6 810</b>	<b>622</b>	<b>265</b>	<b>135</b>	<b>96</b>	<b>145</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>8 077</b>
<b>Cash and cash equivalents</b>										
	2 356	–	–	–	–	–	–	–	–	2 356
<b>Total financial and insurance assets</b>										
	14 923	2 727	2 231	1 758	1 514	1 573	648	196	4 970	30 540
<b>Financial and insurance liabilities</b>										
Debt securities		1 283	186	1 139	1 046	–	–	–	–	3 654
Collateral guarantee contracts		120	–	–	–	–	–	–	–	120
Insurance contract liabilities		11 783	2 072	885	452	319	483	14	–	16 008
Loans and payables		1 785	–	–	–	–	–	–	–	1 785
<b>Total financial and insurance liabilities</b>		<b>14 971</b>	<b>2 258</b>	<b>2 024</b>	<b>1 498</b>	<b>319</b>	<b>483</b>	<b>14</b>	<b>–</b>	<b>21 567</b>

# Notes to the annual financial statements

## 10. Investment in subsidiaries

	COMPANY	
	2025 R million	2024 R million
At the beginning of the year	1 429	1 401
Acquisition of subsidiaries	3 196	416
Disposal of subsidiaries	–	–
Impairment	(178)	(388)
<b>Unlisted shares at cost price less impairment</b>	<b>4 447</b>	<b>1 429</b>
Expected to be realised after 12 months	4 447	1 429
Expected to be realised within 12 months	–	–

In March 2025, the group acquired a 70% shareholding in Kern Insurance Solutions Consult (Pty) Ltd for R19.6 million in cash, in addition to contingent payments estimated at R4.9 million.

On 1 April 2025, the group implemented a corporate restructure whereby all assets and liabilities held by Swanvest 120 (Pty) Ltd, an investment holding company in the group, was declared via dividend in specie to Santam Ltd. After the dividend declaration, the investments in Admiral Professional Underwriting Agency (Pty) Ltd, Plus Ecosystem Ventures (Pty) Ltd, Santam Corporate Property (Pty) Ltd and Santam Emerging Business (Pty) Ltd were impaired by R178 million in total, to the remaining net asset values (excluding receivables and payables with Santam Ltd) of the entities. Refer to note 14.

In July 2025, the group acquired a 51% shareholding in Avatar Holdings Ltd, based in the UK, for GBP3 million in cash. This transaction was funded through a subscription in shares in Santam Specialist Business Ltd by Santam Ltd.

In December 2025, Santam Ltd received in-principle approval to set up Santam Syndicate 1918 and write business within the Lloyd's of London market. A legal entity structure has been set up, which includes a holding company, Santam UK Holdings (Pty) Ltd, incorporated in South Africa. Santam UK Holdings (Pty) Ltd in turn holds a newly incorporated company, Santam Corporate Member Ltd, a company registered in the UK, into which Santam Syndicate 1918 will be reported. In December 2025 a long-term loan with no set repayment terms was extended to Santam UK Holdings (Pty) Ltd. Santam UK Holdings (Pty) Ltd, through its subsidiary, Santam Corporate Member Ltd, utilised the amount for the ceding capital requirement from Lloyd's to fund Santam Syndicate 1918. Refer to note 14 for more detail.

In March 2024, Mirabilis Holdings (Pty) Ltd declared an in specie distribution of R416 million, effectively transferring its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Santam Ltd. After the distribution, the investment in Mirabilis Holdings (Pty) Ltd was impaired by R388 million, to the remaining net asset value of the entity.

Refer to note 14 for more detail on acquisitions and disposals.

Management performed an impairment review on all investments in subsidiaries. No further impairments were required in the current or prior year, except as explained above.

# Notes to the annual financial statements

## 10. Investment in subsidiaries (continued)

### Accounting policy – Consolidation

#### a) Subsidiaries and business combinations

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

The company accounts for its investments in subsidiaries at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

#### b) Changes in ownership interests without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

#### c) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

# Notes to the annual financial statements

## 10. Investment in subsidiaries (continued)

### 10.1 Analysis of investments in subsidiaries

#### Investment in subsidiaries – unlisted companies

	Nature of business	Country of incorporation	Issued capital R	Proportion held by the company	2025			2024			
					Book value R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million	Proportion held by the company	Book value R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million
<b>Direct</b>											
Admiral Professional Underwriting Agency (Pty) Ltd <sup>1</sup>	Underwriting	RSA	2 270 403	100.0%	–	24	–	0.0%	–	–	–
Africa Group Financial Services (Pty) Ltd <sup>1,4</sup>	Holding company	RSA	100	100.0%	–	–	–	0.0%	–	–	–
Brolink (Pty) Ltd <sup>1</sup>	Administration company	RSA	146 325 847	100.0%	174	–	7	0.0%	–	–	–
Centriq Insurance Holdings Ltd	Holding company	RSA	102 330 000	100.0%	150	–	–	100.0%	150	–	–
Echelon Private Client Solutions (Pty) Ltd <sup>1</sup>	Underwriting	RSA	1 000	100.0%	–	5	–	0.0%	–	–	–
Guardian National Insurance Company Ltd	Investment	RSA	178 603 840	100.0%	626	140	–	100.0%	626	19	–
Indwe Broker Holdings Group (Pty) Ltd <sup>1</sup>	Broker	RSA	28 552 225	100.0%	146	–	–	0.0%	–	–	–
JaSure Financial Services (Pty) Ltd <sup>1</sup>	Underwriting	RSA	1	100.0%	–	–	2	0.0%	–	–	–
Just I-Insure Consultants (Pty) Ltd <sup>1,4</sup>	Underwriting	RSA	120	100.0%	–	–	–	0.0%	–	–	–
Kern Insurance Solutions Consult (Pty) Ltd <sup>2</sup>	Broker	RSA	100	70.0%	25	–	–	0.0%	–	–	–
Mirabilis Engineering Underwriting Managers (Pty) Ltd	Underwriting	RSA	84 000 850	100.0%	416	40	–	100.0%	416	–	–
Mirabilis Holdings (Pty) Ltd	Holding company	RSA	312 800 950	100.0%	28	28	–	100.0%	28	28	–
Miway Group Holdings (Pty) Ltd <sup>1</sup>	Holding company	RSA	1 101 111	100.0%	59	–	–	0.0%	–	–	–
Plus Ecosystem Ventures (Pty) Ltd <sup>1</sup>	IT services	RSA	–	100.0%	–	–	304	0.0%	–	–	–
Santam Corporate Property (Pty) Ltd (previously Emerald Risk Transfer (Pty) Ltd) <sup>1</sup>	Underwriting	RSA	2 000 174	100.0%	11	–	–	0.0%	–	–	–
Santam Emerging Business (Pty) Ltd (previously Vulindlela Underwriting Managers (Pty) Ltd) <sup>1</sup>	Underwriting	RSA	448 000	100.0%	2	–	–	0.0%	–	–	–
Santam Namibia Holdings (Pty) Ltd	Holding company	RSA	445 000 001	100.0%	168	–	–	100.0%	168	–	–
Santam SI Investments (Pty) Ltd <sup>1</sup>	Holding company	RSA	78 551 582	100.0%	193	–	–	0.0%	–	–	–
Santam UK Holdings (Pty) Ltd <sup>3</sup>	Holding company	RSA	71 800 200	100.0%	2 328	–	–	0.0%	–	–	–
Sentinel Insurance Corporation Ltd <sup>4</sup>	Investments	RSA	1 000 000	100.0%	–	–	–	100.0%	1	1	–
Sentravaal Brokers (Pty) Ltd	Underwriting	RSA	100	100.0%	–	–	–	100.0%	40	–	–
Snyman en Van der Vyver Finansiële Dienste (Pty) Ltd <sup>1</sup>	Broker	RSA	58 389 804	100.0%	90	–	–	0.0%	–	–	–
Stalker Hutchison Admiral (Pty) Ltd <sup>1</sup>	Underwriting	RSA	7 914 393	100.0%	–	64	–	0.0%	–	–	–
Swanvest 120 (Pty) Ltd	Holding company	RSA	100	100.0%	–	–	–	100.0%	–	85	–
Vantage Insurance Acceptances (Pty) Ltd <sup>1</sup>	Underwriting	RSA	100	100.0%	31	1	–	0.0%	–	–	–
					4 447	302	313		1 429	133	–

<sup>1</sup> On 1 April 2025, the group implemented a corporate restructure whereby all assets and liabilities held by Swanvest 120 (Pty) Ltd, an investment holding company in the group, were declared via dividend in specie to Santam Ltd. After the dividend declaration, the investments in Admiral Professional Underwriting Agency (Pty) Ltd, Plus Ecosystem Ventures (Pty) Ltd, Santam Corporate Property (Pty) Ltd and Santam Emerging Business (Pty) Ltd were impaired by R178 million in total, to the remaining net asset values (excluding receivables and payables with Santam Ltd) of the entities.

<sup>2</sup> In March 2025, the group acquired a 70% shareholding in Kern Insurance Solutions Consult (Pty) Ltd for R19.6 million in cash, in addition to contingent payments estimated at R4.9 million.

<sup>3</sup> In December 2025, Santam Ltd received in-principle approval to set up Santam Syndicate 1918 and write business within the Lloyd's of London market. A legal entity structure has been set up, which includes a holding company, Santam UK Holdings (Pty) Ltd, incorporated in South Africa. Santam UK Holdings (Pty) Ltd in turn holds a newly incorporated company, Santam Corporate Member Ltd, a company registered in the United Kingdom, into which Santam Syndicate 1918 will be reported.

<sup>4</sup> These entities are currently in the process of being liquidated.

# Notes to the annual financial statements

## 10. Investment in subsidiaries (continued)

### 10.1 Analysis of investments in subsidiaries (continued)

#### Investment in subsidiaries – unlisted companies (continued)

	Nature of business	Country of incorporation	Issued capital R	Proportion held by the company	2025			Proportion held by the company	2024		
					Book value R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million		Book value R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million
<b>Indirect</b>											
Admiral Professional Underwriting Agency (Pty) Ltd <sup>1</sup>	Underwriting	RSA	2 270 403	0.0%	–	–	–	100.0%	12	–	–
Africa Group Financial Services (Pty) Ltd <sup>1,4</sup>	Holding company	RSA	100	0.0%	–	–	–	100.0%	–	–	–
Avatar Holdings Ltd <sup>3</sup>	Holding company	UK	73 094 891	51.0%	73	–	–	0.0%	–	–	–
Avatar MGA Ltd <sup>3</sup>	Underwriting	UK	24	100.0%	–	–	–	0.0%	–	–	–
Beyonda Group (Pty) Ltd	Insurance	RSA	200	87.5%	14	–	–	87.5%	14	–	–
Brolink (Pty) Ltd <sup>1</sup>	Administration company	RSA	146 325 847	0.0%	–	–	–	100.0%	174	–	2
Credit Fund (Pty) Ltd	Lending specialist	RSA	1 000	75.0%	–	–	–	75.0%	–	–	–
Centriq Insurance Company Ltd	Insurance	RSA	55 000 084	100.0%	102	–	–	100.0%	102	–	–
Centriq Life Insurance Company Ltd	Insurance	RSA	15 000 000	100.0%	16	–	–	100.0%	16	–	–
Cenviro Solutions (Pty) Ltd	Underwriting	RSA	100	51.0%	–	–	–	51.0%	–	–	–
Credit Innovation (Pty) Ltd	Insurance	RSA	6 428 571	100.0%	–	–	–	100.0%	–	–	–
Echelon Private Client Solutions (Pty) Ltd <sup>1</sup>	Underwriting	RSA	1 000	0.0%	–	–	–	100.0%	–	5	–
Ground Up Risk Partners (Pty) Ltd	IT services	RSA	100	100.0%	–	–	–	100.0%	–	–	–
Indwe Broker Holdings Group (Pty) Ltd <sup>1</sup>	Broker	RSA	28 552 225	0.0%	–	–	–	100.0%	146	–	–
Indwe Financial Services (Pty) Ltd	Broker	RSA	100	100.0%	2	–	–	100.0%	2	–	–
Indwe Risk Services (Pty) Ltd	Broker	RSA	19 599 166	100.0%	113	–	–	100.0%	113	–	–
JaSure Financial Services (Pty) Ltd <sup>1</sup>	Underwriting	RSA	1	0.0%	–	–	–	100.0%	–	–	2
Just I-Insure Consultants (Pty) Ltd <sup>1,4</sup>	Underwriting	RSA	120	0.0%	–	–	–	100.0%	–	–	–
MiAdmin (Pty) Ltd	Administration company	RSA	–	100.0%	–	–	–	100.0%	–	–	–
Miway Group Holdings (Pty) Ltd <sup>1</sup>	Holding company	RSA	1 101 111	0.0%	–	–	–	100.0%	59	–	–
Miway Insurance Ltd	Insurance	RSA	2 434 600	100.0%	2	–	–	100.0%	2	–	–
Plus Ecosystem Ventures (Pty) Ltd <sup>1</sup>	IT services	RSA	–	0.0%	–	–	–	100.0%	1	–	228
Premium Finance Partners (Pty) Ltd	Lending specialist	RSA	1 000	75.0%	–	–	351	75.0%	–	–	320
Santam Corporate Member Ltd <sup>2</sup>	Holding company	UK	135	100.0%	–	–	–	0.0%	–	–	–
Santam Corporate Property (Pty) Ltd (previously Emerald Risk Transfer (Pty) Ltd) <sup>1</sup>	Underwriting	RSA	2 000 174	0.0%	–	–	–	100.0%	94	–	–

<sup>1</sup> On 1 April 2025, the group implemented a corporate restructure whereby all assets and liabilities held by Swanvest 120 (Pty) Ltd, an investment holding company in the group, were declared via dividend in specie to Santam Ltd. After the dividend declaration, the investments in Admiral Professional Underwriting Agency (Pty) Ltd, Plus Ecosystem Ventures (Pty) Ltd, Santam Corporate Property (Pty) Ltd and Santam Emerging Business (Pty) Ltd were impaired by R178 million in total, to the remaining net asset values (excluding receivables and payables with Santam Ltd) of the entities.

<sup>2</sup> In December 2025, Santam Ltd received in-principle approval to set up Santam Syndicate 1918 and write business within the Lloyd's of London market. A legal entity structure has been set up, which includes a holding company, Santam UK Holdings (Pty) Ltd, incorporated in South Africa. Santam UK Holdings (Pty) Ltd in turn holds a newly incorporated company, Santam Corporate Member Ltd, a company registered in the United Kingdom, into which Santam Syndicate 1918 will be reported.

<sup>3</sup> In July 2025, the group acquired a 51% shareholding in Avatar Holdings Ltd, based in the UK, for GBP3 million in cash.

<sup>4</sup> These entities are currently in the process of being liquidated.

# Notes to the annual financial statements

## 10. Investment in subsidiaries (continued)

### 10.1 Analysis of investments in subsidiaries (continued)

#### Investment in subsidiaries – unlisted companies (continued)

	Nature of business	Country of incorporation	Issued capital R	Proportion held by the company	2025			Proportion held by the company	2024		
					Book value R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million		Book value R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million
Santam Emerging Business (Pty) Ltd (previously Vulindlela Underwriting Managers (Pty) Ltd) <sup>1</sup>	Underwriting	RSA	448 000	0.0%	–	–	–	100.0%	46	–	–
Santam Namibia Ltd	Insurance	Namibia	8 307 147	60.0%	5	–	8	60.0%	5	6	–
Santam SI Investments Mauritius Ltd	Holding company	Mauritius	12	100.0%	–	–	–	100.0%	–	–	–
Santam SI Investments (Pty) Ltd <sup>1</sup>	Holding company	RSA	78 551 582	0.0%	–	–	–	100.0%	193	–	–
Santam Specialist Business Ltd	Administration company	UK	71 800 219	100.0%	72	–	81	100.0%	–	–	–
Santam Structured Insurance Ltd	Insurance	RSA	215 476 226	100.0%	215	–	–	100.0%	215	–	–
Santam Structured Insurance Ltd PCC	Insurance	Mauritius	208 929 206	100.0%	98	–	–	100.0%	98	–	–
Santam Structured Life Ltd (Life)	Insurance	RSA	40 000 000	100.0%	40	–	–	100.0%	40	–	–
Santam Structured Reinsurance Ltd PCC	Insurance	Mauritius	797 707 193	100.0%	798	–	–	100.0%	798	–	–
Snyman en Van der Vyver Finansiële Dienste (Pty) Ltd <sup>1</sup>	Broker	RSA	58 389 804	0.0%	–	–	–	100.0%	90	–	–
Specialised Credit Solutions (Pty) Ltd	Broker	RSA	85	100.0%	–	–	–	100.0%	–	–	–
Stalker Hutchison Admiral (Pty) Ltd <sup>1</sup>	Underwriting	RSA	7 914 393	0.0%	–	–	–	100.0%	–	64	–
Vantage Insurance Acceptances (Pty) Ltd <sup>1</sup>	Underwriting	RSA	100	0.0%	–	–	–	100.0%	31	–	–
XS Sure (Pty) Ltd	Insurance	RSA	100	100.0%	36	–	–	100.0%	36	–	–
					<b>1 586</b>	<b>–</b>	<b>440</b>		<b>2 287</b>	<b>75</b>	<b>552</b>
<b>TOTAL INVESTMENTS IN SUBSIDIARIES</b>					<b>6 033</b>	<b>302</b>	<b>753</b>		<b>3 716</b>	<b>208</b>	<b>552</b>

<sup>1</sup> On 1 April 2025, the group implemented a corporate restructure whereby all assets and liabilities held by Swanvest 120 (Pty) Ltd, an investment holding company in the group, were declared via dividend in specie to Santam Ltd. After the dividend declaration, the investments in Admiral Professional Underwriting Agency (Pty) Ltd, Plus Ecosystem Ventures (Pty) Ltd, Santam Corporate Property (Pty) Ltd and Santam Emerging Business (Pty) Ltd were impaired by R178 million in total, to the remaining net asset values (excluding receivables and payables with Santam Ltd) of the entities.

# Notes to the annual financial statements

## 10. Investment in subsidiaries (continued)

### 10.2 Transactions with entities in the group

During the year the company and its subsidiaries, in the ordinary course of business, entered into various transactions with other group companies.

The company has several intercompany balances owed by and to subsidiaries in the group as at the end of the year. Operational loans to foreign subsidiaries, and subsidiaries with outside shareholders are interest-bearing and are repayable on demand. Loans to wholly-owned local subsidiaries are interest-free and are repayable on demand. These inter-Santam group balances have been eliminated on consolidation (for detail on balances, refer to note 10.1). Expected credit losses on amounts owing to the company are R55 million. These amounts have been included in the assessment in note 5.6.

The following is a summary of transactions and balances with subsidiaries:

	COMPANY	
	2025 R million	2024 R million
<b>a) Insurance contracts and other services</b>		
• Centriq group		
Insurance premiums	105	68
Insurance claims paid	(53)	(61)
Insurance expenses paid	(133)	–
• Miway group		
Insurance premiums	3 569	3 089
Insurance claims paid	(1 720)	(1 631)
• Santam Namibia Ltd		
Insurance premiums	137	113
Insurance claims paid	(50)	(19)
• Subsidiaries		
Administration services rendered	58	73
Administration services received	(280)	(282)
Brokerage commission	(1 720)	(1 537)
<b>b) Year-end balances with related parties</b>		
Emthunzini Black Economic Empowerment staff trust	–	4

For amounts owing to and from subsidiaries, refer to table in note 10.1.

## 11. Non-controlling interest in subsidiaries

The following table summarises the information relating to the group's subsidiaries that have material non-controlling interests (NCIs), before any intragroup eliminations.

		GROUP	
	Principle place of business	2025 R million	2024 R million
Santam Namibia Ltd	Namibia	665	570
Santam Structured Reinsurance Ltd PCC	Mauritius	862	756
Other	RSA	5	13
<b>Total</b>		<b>1 532</b>	<b>1 339</b>

# Notes to the annual financial statements

## 11. Non-controlling interest in subsidiaries (continued)

	SANTAM NAMIBIA LTD	
	2025 R million	2024 R million
Ownership and voting rights	40.0%	40.0%
Target share interest	37.4%	37.4%
Current assets	307	346
Non-current assets	877	635
Current liabilities	555	481
Non-current liabilities	13	7
<b>Net assets</b>	<b>616</b>	<b>493</b>
<b>Carrying amount of NCI</b>	<b>665</b>	<b>570</b>
Target shares	418	372
Ordinary shareholders	247	198
Revenue	1 447	1 235
Profit after tax	203	166
Total comprehensive income	203	166
<b>Profit allocated to NCI</b>	<b>158</b>	<b>128</b>
Cash flows from operating activities	155	213
Cash flows from investing activities	(76)	(14)
Cash flows from financing activities, before dividends to NCI	(31)	(22)
Cash flows from financing activities, cash dividends to NCI	(63)	(54)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15)</b>	<b>123</b>

	SANTAM STRUCTURED REINSURANCE LTD PCC	
	2025 R million	2024 R million
Ownership and voting rights	Cell equity	Cell equity
Current assets	4 618	3 901
Non-current assets	5	2
Current liabilities	1 120	1 121
Non-current liabilities	602	512
<b>Net assets</b>	<b>2 901</b>	<b>2 270</b>
<b>Carrying amount of NCI</b>	<b>862</b>	<b>756</b>
Revenue	1 933	1 508
Profit after tax	1 397	683
Total comprehensive income	1 397	683
<b>Profit allocated to NCI</b>	<b>819</b>	<b>512</b>
Cash flows from operating activities	773	317
Cash flows from investing activities	(617)	(118)
Cash flows from financing activities, before dividends to NCI	733	326
Cash flows from financing activities, cash dividends to NCI	(727)	(291)
<b>Net increase in cash and cash equivalents</b>	<b>162</b>	<b>234</b>

# Notes to the annual financial statements

## 11. Non-controlling interest in subsidiaries (continued)

Santam set up a wholly-owned subsidiary, Santam Namibia Holdings (Pty) Ltd (Namibian HoldCo), in December 2013. Namibian HoldCo purchased the 60% of the issued ordinary shares of Santam Namibia Ltd (Santam Namibia) that was held by Santam Ltd. Sanlam subscribed for target shares to the value of R277 million in Santam Namibia HoldCo linked to a 37.4% participatory interest in Santam Namibia. The target shares issued to Sanlam are also disclosed as part of non-controlling interest. Santam Ltd's effective participation in Santam Namibia is therefore 22.6%. However, Santam Ltd retains control over Santam Namibia by way of a service level agreement and representation on board committees, the duration of which is under the control of Santam Ltd.

### Accounting policy – Non-controlling interest

The group recognises any NCI in an acquiree on an acquisition-by-acquisition basis, either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

### Accounting policy – Cell equity

The group offers cell captive facilities to clients where the group has sole discretion on the payment of dividends and redemption of the cell share capital. As the group has an unconditional right to avoid payment of remaining capital and accrued profits in the cell, the cell owners interest is classified as equity as non-controlling interest. Unlike other third-party cell captives, the insurance company does not reinsure business to the cell shareholder, and the cell shareholder participates in the operating results of the cell as an attribution of profit.

## 12. Investment in associates and joint ventures

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
At the beginning of the year	610	542	20	–
Acquisitions	–	20	216	20
Share of results after tax – continuing operations	147	88	–	–
Share of results before tax	192	116	–	–
Share of tax	(45)	(28)	–	–
Dividends received from associates and joint ventures	(24)	(40)	–	–
<b>At the end of the year</b>	<b>733</b>	<b>610</b>	<b>236</b>	<b>20</b>
Dividend income received from associates			24	–
<b>Total income from associates</b>			<b>24</b>	<b>–</b>

On 1 April 2025, Swanvest 120 (Pty) Ltd transferred its investments in associates to Santam Ltd at carrying value via a dividend in specie. Refer to note 14.

In December 2024, Santam Ltd bought a 25% stake in Succession Financial Planning Advisory Services (Pty) Ltd for R20 million in cash.

Management performed an impairment review on all investments in associates and joint ventures. No impairments were required in the current or prior year.

# Notes to the annual financial statements

## 12. Investment in associates and joint ventures (continued)

### Accounting policy – Equity-accounted investments

The group's interest in equity-accounted investments comprises interests in associates and joint ventures. Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are entities over which the group has joint control with other investors. Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates and joint ventures includes goodwill identified on acquisition (see note 13).

If the ownership interest in an equity-accounted investee is reduced, but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of its equity-accounted investees' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The group's share of other post-acquisition movements in equity reserves (other than those related to dividends) is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an equity-accounted investee equals or exceeds its interest in the equity-accounted investee, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the equity-accounted investee.

On consolidation exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

The group determines at each reporting date whether there is any objective evidence that the investment in associates and joint ventures is impaired. If this is the case, the group calculates the amount of the impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and recognises the amount adjacent to share of profit or loss of associates and joint ventures in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associates and joint ventures are recognised in the group's financial statements only to the extent of unrelated investors' interests in the associates and joint ventures. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates and joint ventures are recognised in the statement of comprehensive income.

Equity accounting is discontinued when the group no longer has significant influence or joint control over the investment.

The company accounts for its investment in associates and joint ventures at cost less provision for impairment.

# Notes to the annual financial statements

## 12. Investment in associates and joint ventures (continued)

The aggregate assets, liabilities, revenues and profits/(losses) of the principal associates and joint ventures, all of which are unlisted, were as follows:

	Western National Insurance Ltd (associate) <sup>1</sup> R million	Other (associate) R million	Total R million	Western National Insurance Ltd (associate) <sup>1</sup> R million	Other (associate) <sup>2</sup> R million	Total R million
<b>2025</b>						
Revenue	2 632	473	3 105	2 179	42	2 221
Depreciation and amortisation	-	(2)	(2)	-	(1)	(1)
Interest income	175	6	181	151	1	152
Interest expense	-	(3)	(3)	-	(3)	(3)
Income tax expense	(112)	-	(112)	(70)	-	(70)
Profit/(loss) from continuing operations	316	(18)	298	97	(9)	88
Total comprehensive income/(loss)	316	(18)	298	97	(9)	88
Current assets	587	87	674	402	55	457
Non-current assets	1 512	23	1 535	1 356	28	1 384
Current liabilities	(485)	(45)	(530)	(398)	(38)	(436)
Non-current liabilities	-	(62)	(62)	(6)	(57)	(63)
Net asset value (after NCI)	1 614	3	1 617	1 354	(12)	1 342
<b>Carrying value<sup>3</sup></b>	<b>716</b>	<b>17</b>	<b>733</b>	<b>590</b>	<b>20</b>	<b>610</b>

<sup>1</sup> Western National Insurance has a financial year-end of 28 February. The information included in the summary is based on the management accounts for the 12 months ended 31 August 2025 (2024: 12 months ended 31 August 2024).

<sup>2</sup> In December 2024, Santam Ltd bought a 25% stake in Succession Financial Planning Advisory Services (Pty) Ltd for R20 million in cash.

<sup>3</sup> No intangible assets are recognised in the carrying value of investments in associates and joint ventures in 2025 or 2024.

# Notes to the annual financial statements

## 12. Investment in associates and joint ventures (continued)

### 12.1 Analysis of investments in associates and joint ventures

#### Investment in associates and joint ventures

##### Unlisted companies

	Nature of business	Country of incorporation	Issued capital R	Proportion held by the company 2025	Carrying value including equity-accounted earnings R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million	Proportion held by the company 2024	Carrying value including equity-accounted earnings R million	Owing by Santam Ltd R million	Owing to Santam Ltd R million
<b>Direct</b>											
South African Nuclear Pool Administrators (Pty) Ltd	Insurance	RSA	120	33.3%	–	–	–	33.3%	–	–	–
Succession Financial Planning Advisory Services (Pty) Ltd	Broker	RSA	4 991 505	25.0%	17	–	–	25.0%	20	–	–
Ctrl Investment Holdings (Pty) Ltd <sup>1</sup>	IT company	RSA	15 172 451	19.9%	–	–	34	0.0%	–	–	–
Western National Insurance Ltd <sup>1</sup>	Insurance	RSA	165 000 000	40.0%	716	24	–	0.0%	–	–	–
					<b>733</b>	<b>24</b>	<b>34</b>		<b>20</b>	<b>–</b>	<b>–</b>
<b>Indirect</b>											
Ctrl Investment Holdings (Pty) Ltd <sup>1</sup>	IT company	RSA	15 172 451	0.0%	–	–	–	19.9%	–	–	31
Western National Insurance Ltd <sup>1</sup>	Insurance	RSA	165 000 000	0.0%	–	–	–	40.0%	590	12	–
					<b>–</b>	<b>–</b>	<b>–</b>		<b>590</b>	<b>12</b>	<b>31</b>
<b>Total investment in associates and joint ventures</b>					<b>733</b>	<b>24</b>	<b>34</b>		<b>610</b>	<b>12</b>	<b>31</b>

<sup>1</sup> On 1 April 2025, Swanvest 120 (Pty) Ltd transferred its investments in associates to Santam Ltd at carrying value via a dividend in specie. Refer to note 14.

# Notes to the annual financial statements

## 12. Investment in associates and joint ventures (continued)

### 12.2 Transactions with entities in the group

During the year the company, in the ordinary course of business, entered into various transactions with associates and joint ventures.

The following is a summary of transactions and balances with associates and joint ventures:

	COMPANY	
	2025 R million	2024 R million
<b>a) Insurance contracts and other services</b>		
Inward reinsurance premiums	107	188
Inward reinsurance claims	(71)	(92)
Inward reinsurance commissions	(45)	(47)
Outward reinsurance premiums	(251)	(287)
Outward reinsurance claims	138	185
Outward reinsurance commissions	29	33
<b>b) Year-end balances with related parties</b>		
Western National Insurance Ltd	(24)	(12)
Ctrl Investment Holdings (Pty) Ltd	34	31

For loans with associates, refer to table in note 12.1.

# Notes to the annual financial statements

## 13. Intangible assets

	Goodwill R million	Computer software R million	Brands, trademarks and trade names R million	Key business relationships R million	Total R million
<b>GROUP</b>					
<b>At 1 January 2024</b>					
Cost	886	889	37	209	2 021
Accumulated impairment/amortisation	(104)	(555)	(21)	(115)	(795)
<b>Net book amount</b>	<b>782</b>	<b>334</b>	<b>16</b>	<b>94</b>	<b>1 226</b>
<b>Movement for the year ended 31 December 2024</b>					
Acquisitions	–	25	–	8	33
Amortisation	–	(55)	(12)	(29)	(96)
Business combinations	–	–	–	9	9
Impairment	–	(176)	–	–	(176)
Reclassification <sup>1</sup>	5	(19)	–	14	–
<b>At 31 December 2024</b>					
Cost	891	895	37	240	2 063
Accumulated impairment/amortisation	(104)	(786)	(33)	(144)	(1 067)
<b>Net book amount</b>	<b>787</b>	<b>109</b>	<b>4</b>	<b>96</b>	<b>996</b>
<b>Movement for the year ended 31 December 2025</b>					
Acquisitions	–	12	–	1	13
Amortisation	–	(13)	(4)	(49)	(66)
Business combinations	13	–	3	64	80
Impairment	(5)	(23)	–	(10)	(38)
<b>At 31 December 2025</b>					
Cost	904	907	40	305	2 156
Accumulated impairment/amortisation	(109)	(822)	(37)	(203)	(1 171)
<b>Net book amount</b>	<b>795</b>	<b>85</b>	<b>3</b>	<b>102</b>	<b>985</b>

<sup>1</sup> The reclassification relates to the finalisation of the purchase price allocation for Kandua during 2024. Refer to note 14.

# Notes to the annual financial statements

## 13. Intangible assets (continued)

	Goodwill R million	Computer software R million	Brands, trademarks and trade names R million	Key business relationships R million	Total R million
<b>COMPANY</b>					
<b>At 1 January 2024</b>					
Cost	76	479	1	30	586
Accumulated impairment/amortisation	–	(254)	(1)	(30)	(285)
<b>Net book amount</b>	<b>76</b>	<b>225</b>	<b>–</b>	<b>–</b>	<b>301</b>
<b>Movement for the year ended 31 December 2024</b>					
Amortisation	–	(45)	–	(3)	(48)
Business combinations	–	–	–	9	9
Impairment	–	(162)	–	–	(162)
<b>At 31 December 2024</b>					
Cost	76	479	1	39	595
Accumulated impairment/amortisation	–	(461)	(1)	(33)	(495)
<b>Net book amount</b>	<b>76</b>	<b>18</b>	<b>–</b>	<b>6</b>	<b>100</b>
<b>Movement for the year ended 31 December 2025</b>					
Amortisation	–	(4)	–	(3)	(7)
Impairment	–	(14)	–	–	(14)
<b>At 31 December 2025</b>					
Cost	76	479	–	39	594
Accumulated impairment/amortisation	–	(479)	–	(36)	(515)
<b>Net book amount</b>	<b>76</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>79</b>

### Computer software

Additional software acquired by the group during the year consists of external software of R2 million (2024: R2 million) and internally developed software of R10 million (2024: R23 million).

During 2025, as part of the group's ongoing refinement of its digital strategy, the use of certain software applications was discontinued. This resulted in R14 million impairment for the company and R23 million impairment for the group (included in the Other reportable segment). The impairment of computer software recognised during 2024 relates to the development of on premise solution software. It was decided to migrate to cloud solutions. The full capitalised amount of R176 million for the group and R162 million for the company was impaired (included in the Conventional insurance reportable segment).

### Key business relationships

Key business relationships consist of client lists acquired and key intermediary or other relationships acquired as part of business combinations and capitalised. During 2025, as part of the group's ongoing refinement of its digital strategy, the use of certain client lists were discontinued and an impairment of R10 million was recognised in the group (included in the Other reportable segment). Additions through business combinations for 2025 relate to the purchase of Kern Insurance Solutions Consult (Pty) Ltd. Refer to note 14.

The valuation of key intermediary or other relationships is based on discounted cash flow models. Discount rates between 10% and 27% (2024: 21% and 27%) are used as significant input.

# Notes to the annual financial statements

## 13. Intangible assets (continued)

### Accounting policy – Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures; it represents the excess of the consideration transferred over the group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the acquisition date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in the carrying amount of investments in associates and joint ventures.

### Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

### Impairment tests of goodwill

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

	GROUP	
	2025 R million	2024 R million
Crop	19	19
Alternative risk	16	16
Brokerage	189	176
Policy administration	49	49
Engineering	28	28
Miway group	338	338
Liability	80	80
Accident and health	76	76
Partnerships	-	5
	<b>795</b>	<b>787</b>

All CGUs were tested for impairment. When testing for impairment, the recoverable amount of a CGU, based on the fair value less cost of disposal, is determined using discounted cash flow projections. The input into the fair value measurement is classified as level 3 in terms of the fair value hierarchy. The cash flow projections are based on budgets approved by management. The impairment tests are applied using the following internal processes:

- Comparing original budgets to updated forecasts and aligning projected cash flows when deemed necessary.
- Current changes in operations are assessed to determine whether it will have an impact on the valuation.
- The discount rates applied in the cash flow projections are reassessed.

# Notes to the annual financial statements

## 13. Intangible assets (continued)

The nature of goodwill mainly relates to employee skill and industry knowledge. In 2025, goodwill of R13 million was raised in the Brokerage CGU on the acquisition of Kern Insurance Solutions Consult (Pty) Ltd. In 2024, goodwill of R5 million was raised in the Partnerships CGU on the completion of the purchase price allocation of Kandua, which was purchased in 2023. Refer to note 14 for details on goodwill. During 2025, as part of the group's ongoing refinement of its digital strategy, the use of certain software applications was discontinued. This resulted in the impairment of R5 million goodwill relating to the impacted business unit (included in the Other reportable segment).

In accordance with the accounting policy stated above, the group tests annually whether goodwill has suffered any impairment. The recoverable amounts of the most significant CGU have been determined by estimating the future cash flows expected to arise from the CGU and a suitable discount rate to calculate the present value. Management is projecting cash flows over a 10-year period to ensure stable and predictable cashflows are projected into perpetuity. A terminal growth rate of 5% is applied.

Discount rates between 15.2% and 20.2% (2024: 16.4% and 24.0%) were applied in the recoverable amount valuation. As discount rates are considered a significant input in the valuation of these entities, a sensitivity analysis was performed on the valuation outcome of the most significant CGU. If discount rates increase by 10% the valuations would decrease on average by 12.3% (2024: 13.2%). Should the discount rates decrease by 10% the valuations would increase on average by 16.3% (2024: 17.4%). These sensitivities and other relevant factors were considered in the overall impairment testing and it was concluded that no further impairment would be required.

### Accounting policy – Other intangible assets

#### Computer software

Computer software is recognised at cost less amortisation and impairment charges. Computer software packages acquired are initially recognised at fair value. Cost associated with maintaining computer software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, which do not exceed 10 years.

#### Brands, trademarks and trade names

Separately acquired brands, trademarks and trade names are shown at historical cost. Brands, trademarks and trade names acquired in a business combination are recognised at fair value at the acquisition date. Brands, trademarks and trade names have a definite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of brands, trademarks and trade names over their estimated useful lives of three to five years.

#### Key business relationships

Key business relationships acquired in a business combination are recognised at fair value at the acquisition date. The key business relationships have a definite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the estimated useful life of three to six years of the key business relationship.

# Notes to the annual financial statements

## 14. Material corporate transactions

For the year ended 31 December 2025

### Acquisitions

#### Santam Syndicate 1918

In December 2025, Santam Ltd received in-principle approval to set up Santam Syndicate 1918 and write business within the Lloyd's of London market. A legal entity structure has been set up, which includes a holding company, Santam UK Holdings (Pty) Ltd, incorporated in South Africa. Santam UK Holdings (Pty) Ltd in turn holds a newly incorporated company, Santam Corporate Member Ltd, a company registered in the United Kingdom, into which Santam Syndicate 1918 will be reported. In December 2025, the ceding capital requirement from Lloyd's was funded by Santam Ltd to the amount of R2.2 billion. This amount is included in investment in subsidiaries at year-end, as a long-term loan with no set repayment terms to a subsidiary, Santam UK Holdings (Pty) Ltd. The capital was invested in Funds at Lloyd's of USD118 million included in deposits and similar securities, and a working capital loan to the Santam Syndicate 1918 of USD13 million included in cash and cash equivalents.

#### Avatar Holdings Ltd

In June 2025, Santam Specialist Business Ltd subscribed to a 51% shareholding in Avatar Holdings Ltd, who in turns hold 100% of Avatar MGA Ltd (both companies registered in the United Kingdom) for R72 million in cash. This transaction was funded through a subscription in shares in Santam Specialist Business Ltd by Santam Ltd.

#### NMS Insurance Services (SA) Ltd

In May 2025, Santam Ltd acquired 60% of the A1 ordinary shares in NMS Insurance Services (SA) Ltd for R925 million in cash. On this date, Santam Ltd became entitled to future dividends relating to pre-acquisition profits. These dividends, to the amount of R178 million, were declared in July 2025 and was set off against the purchase price of the investment. The investment has been classified as unlisted equities and similar securities in terms of IFRS 9, a level 3 instrument, and is carried at fair value of R954 million at 31 December 2025.

#### Swanvest 120 (Pty) Ltd restructure

On 1 April 2025, the group implemented a corporate restructure whereby all assets and liabilities held by Swanvest 120 (Pty) Ltd, an investment holding company in the group, was declared via dividend in specie to Santam Ltd, with the ultimate goal to deregister Swanvest 120 (Pty) Ltd. The in specie dividend of R1 003 million included all assets and liabilities below, transferred at cost less accumulated impairment, excluding the loan from Santam Ltd. In December 2025 a final liquidation dividend was declared to the value of R322 million, after which Swanvest 120 (Pty) Ltd became dormant.

	R million
<b>Details of the dividend in specie are as follows:</b>	
Investment in subsidiaries	847
Investment in associates and joint ventures	216
Loans and receivables	13
Provisions for other liabilities	(69)
Loans and payables	(4)
<b>Total dividend in specie</b>	<b>1 003</b>

#### Kern Insurance Solutions Consult (Pty) Ltd

In March 2025, Santam Ltd acquired a 70% shareholding in Kern Insurance Solutions Consult (Pty) Ltd for R19.6 million in cash, in addition to contingent payments estimated at R4.9 million. Goodwill relates to synergies expected to be received.

	R million
<b>Details of the assets and liabilities acquired are as follows:</b>	
Intangible assets – Key business relationships	13
Intangible assets – Brand	3
Deferred tax liabilities	(4)
<b>Net asset value acquired</b>	<b>12</b>
Goodwill	13
Future contingent consideration payable	(5)
<b>Purchase consideration paid</b>	<b>20</b>

# Notes to the annual financial statements

## 14. Material corporate transactions (continued)

For the year ended 31 December 2025 (continued)

### Acquisitions (continued)

#### Western National Insurance Company Ltd (Namibia) insurance book

In March 2025, Santam Namibia Ltd acquired the short-term insurance book of Western National Insurance Company Ltd (Namibia) for R51 million in cash.

	R million
<b>Details of the assets and liabilities acquired are as follows:</b>	
Intangible assets – Key business relationships	51
Cash and cash equivalents	124
Insurance contract liabilities – unearned premium provision	(108)
Insurance contract liabilities – liability for incurred claims	(16)
<b>Net asset value acquired/purchase consideration paid</b>	<b>51</b>

For the year ended 31 December 2024

### Acquisitions

#### MTN South Africa device insurance book

In January 2024, Santam Ltd acquired the device insurance book of MTN South Africa for R59 million in cash.

	R million
<b>Details of the assets and liabilities acquired are as follows:</b>	
Intangible assets – Key business relationships	9
Cash and cash equivalents	21
Insurance contract liabilities – deferred acquisition cost	50
Insurance contract liabilities – liability for incurred claims	(21)
<b>Net asset value acquired/purchase consideration paid</b>	<b>59</b>

#### Mirabilis Holdings (Pty) Ltd restructure

In March 2024, the Santam group further restructured its holding in Mirabilis Holdings (Pty) Ltd and Mirabilis Engineering Underwriting Managers (Pty) Ltd. Mirabilis Holdings (Pty) Ltd declared an in specie distribution of R416 million, transferring its investment in Mirabilis Engineering Underwriting Managers (Pty) Ltd to Santam Ltd. After the distribution, the investment in Mirabilis Holdings (Pty) Ltd was impaired by R388 million in Santam Ltd, to the remaining net asset value of the entity.

## 15. Property and equipment

Property and equipment consists of owned and leased assets that do not meet the definition of investment property.

	Notes	GROUP		COMPANY	
		2025 R million	2024 R million	2025 R million	2024 R million
Property and equipment owned		183	188	120	123
Property and equipment leased (right-of-use asset)	15.1	678	613	426	436
<b>Total</b>		<b>861</b>	<b>801</b>	<b>546</b>	<b>559</b>

# Notes to the annual financial statements

## 15. Property and equipment (continued)

### 15.1 Types of property and equipment

	Owner-occupied properties R million	Computer equipment R million	Furniture, equipment and other assets R million	Total R million
<b>GROUP</b>				
<b>At 1 January 2024</b>				
Cost or valuation	1 371	431	393	2 195
Accumulated depreciation	(710)	(380)	(228)	(1 318)
<b>Net book amount</b>	<b>661</b>	<b>51</b>	<b>165</b>	<b>877</b>
<b>Movement for the year ended 31 December 2024</b>				
Additions	114	62	51	227
Owned assets	–	62	24	86
Leased assets	114	–	27	141
Disposals	(2)	–	(36)	(38)
Owned assets	–	–	(36)	(36)
Leased assets	(2)	–	–	(2)
Depreciation charge	(155)	(69)	(41)	(265)
Owned assets	–	(69)	(26)	(95)
Leased assets	(155)	–	(15)	(170)
<b>At 31 December 2024</b>				
Cost or valuation	1 374	405	383	2 162
Accumulated depreciation	(756)	(361)	(244)	(1 361)
<b>Net book amount</b>	<b>618</b>	<b>44</b>	<b>139</b>	<b>801</b>
<b>Movement for the year ended 31 December 2025</b>				
Additions	219	66	39	324
Owned assets	–	66	16	82
Leased assets	219	–	23	242
Disposals	(9)	(6)	(7)	(22)
Owned assets	–	(6)	(1)	(7)
Leased assets	(9)	–	(6)	(15)
Depreciation charge	(146)	(55)	(41)	(242)
Owned assets	–	(55)	(25)	(80)
Leased assets	(146)	–	(16)	(162)
<b>At 31 December 2025</b>				
Cost or valuation	1 412	303	328	2 043
Accumulated depreciation	(730)	(254)	(198)	(1 182)
<b>Net book amount</b>	<b>682</b>	<b>49</b>	<b>130</b>	<b>861</b>

# Notes to the annual financial statements

## 15. Property and equipment (continued)

### 15.1 Types of property and equipment (continued)

	Owner-occupied properties R million	Computer equipment R million	Furniture, equipment and other assets R million	Total R million
<b>COMPANY</b>				
<b>At 1 January 2024</b>				
Cost or valuation	903	303	266	1 472
Accumulated depreciation	(484)	(238)	(140)	(862)
<b>Net book amount</b>	<b>419</b>	<b>65</b>	<b>126</b>	<b>610</b>
<b>Movement for the year ended 31 December 2024</b>				
Additions	101	37	25	163
Owned assets	–	37	–	37
Leased assets	101	–	25	126
Disposals	–	–	(32)	(32)
Owned assets	–	–	(32)	(32)
Leased assets	–	–	–	–
Depreciation charge	(106)	(48)	(28)	(182)
Owned assets	–	(48)	(15)	(63)
Leased assets	(106)	–	(13)	(119)
<b>At 31 December 2024</b>				
Cost or valuation	781	268	251	1 300
Accumulated depreciation	(367)	(214)	(160)	(741)
<b>Net book amount</b>	<b>414</b>	<b>54</b>	<b>91</b>	<b>559</b>
<b>Movement for the year ended 31 December 2025</b>				
Additions	107	48	15	170
Owned assets	–	48	11	59
Leased assets	107	–	4	111
Disposals	–	–	(4)	(4)
Owned assets	–	–	–	–
Leased assets	–	–	(4)	(4)
Depreciation charge	(107)	(44)	(28)	(179)
Owned assets	–	(44)	(18)	(62)
Leased assets	(107)	–	(10)	(117)
<b>At 31 December 2025</b>				
Cost or valuation	876	267	248	1 391
Accumulated depreciation	(462)	(209)	(174)	(845)
<b>Net book amount</b>	<b>414</b>	<b>58</b>	<b>74</b>	<b>546</b>

Depreciation expense has been included in insurance service expense in the statement of comprehensive income (refer to note 20.2).

# Notes to the annual financial statements

## 15. Property and equipment (continued)

### 15.1 Types of property and equipment (continued)

#### Accounting policy – Property and equipment

##### a) Property

All owner-occupied buildings are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the building. Land is not depreciated. Buildings are depreciated on a straight-line basis to allocate the cost over the estimated useful life (50 years) of the building. The residual values and useful lives of buildings are reviewed at each statement of financial position date and adjusted accordingly.

##### b) Equipment

Equipment is stated at cost less accumulated depreciation and impairment charges. Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the statement of comprehensive income over the estimated useful life of each significant part of an item of equipment, using the straight-line basis.

Estimated useful lives are as follows:

Computer equipment	3 years
Furniture and equipment	3 – 6 years
Motor vehicles	Up to 5 years

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss before tax.

Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits from the existing asset will flow to the group.

#### Accounting policy – Leases

Agreements where the counterparty retains control of the underlying asset are classified as leases. The group leases various offices, motor vehicles and office equipment.

Leases other than short-term leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest, the incremental borrowing rate, on the remaining balance of the liability for each period. The right-of-use asset is subsequently depreciated using the straight-line method over the earlier of the useful life of the underlying asset or the period of the lease term. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Short-term leases with a term shorter than 12 months are accounted for as operating leases.

Offices consist mainly of head office buildings and branches. Rental contracts are typically made for fixed periods of three to eight years but may have extension options that exist. Head office buildings are typically leased for longer periods than branches and are the main contributor to the carrying value of the right-of-use asset. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Periods covered by an option to extend the lease are included if the group is reasonably certain to exercise that option taking into account, among others, the remaining term of the original lease, refurbishments, changing technology and cost-saving initiatives. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Vehicles consist of a fleet of vehicles that the group leases for use by various field agents including assessors. The terms of these leases are typically between three and five years. Lease extensions are not considered in the valuation of these leases, as the group does not expect to extend leases on motor vehicles as they are generally replaced with a new lease.

Assets and liabilities arising from a lease are initially measured on a discounted value basis. Right-of-use assets comprise of:

- the amount of the initial measurement of the lease liability, as described in note 7;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the lessee.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment.

# Notes to the annual financial statements

## 16. Share capital

	GROUP AND COMPANY ORDINARY SHARES		GROUP TREASURY SHARES	
	Number of shares (thousands)	Stated capital R million	Number of shares (thousands)	Stated capital R million
<b>At 1 January 2024<sup>1</sup></b>	115 131	103	5 996	845
Purchase of treasury shares	–	–	482	161
Reissue of treasury shares	–	–	(491)	(104)
<b>At 31 December 2024</b>	115 131	103	5 987	902
Purchase of treasury shares	–	–	440	145
Reissue of treasury shares	–	–	(532)	(181)
<b>At 31 December 2025</b>	<b>115 131</b>	<b>103</b>	<b>5 895</b>	<b>866</b>

<sup>1</sup> The opening number of treasury shares was adjusted to correct an internal inconsistency.

The total authorised number of ordinary shares is 150 million shares of no par value and 12 million non-redeemable, non-participating, non-cumulative no par value preference shares. All issued shares are fully paid. Subject to the restrictions imposed by the Companies Act, the authorised and unissued shares are under the control of the directors until the forthcoming annual general meeting.

In 2007, Guardian National Insurance Company Ltd (GNI), acquired 6 972 940 Santam shares through a voluntary share buy-back offer on 20 April 2007 at R102 per share. During 2025, GNI acquired an additional 343 803 (2024: 364 966) shares to utilise as part of the deferred share plan (DSP) and performance deferred share plan (PDSP), while 440 277 (2024: 457 618) shares were reissued in terms of the DSP. Other subsidiaries acquired an additional 96 044 (2024: 117 257) shares, while 91 539 (2024: 33 112) were reissued in terms of DSP and PDSP. The net amount of these transactions has been deducted from shareholders' equity. The shares are held as Treasury shares.

Since the unwinding of the Central Plaza structure in 2015, the Emthunzini BBBEE staff trust is under the control of Santam Ltd. During 2025, the staff trust distributed 1 471 (2024: 2 852) shares.

### Accounting policy – Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders net of any directly attributable incremental transaction costs and the related income tax effects.

Where such shares are subsequently reissued for no consideration to employees under long-term incentive schemes, the cost of these shares when acquired as treasury shares is transferred from treasury shares to distributable reserves.

# Notes to the annual financial statements

## 16. Share capital (continued)

### 16.1 Directors' and prescribed officers' interest in the shares of the company

At 31 December 2025, the directors of the company held direct interests, including family interests, in 189 610 of the company's issued ordinary shares (2024: 138 216). Details of shares held per individual director are listed below. A total of 121 485 (2024: 126 831) deferred shares are allocated to directors in terms of the company's employee share schemes. No material changes occurred between the reporting date and the date of approval of the financial statements.

All shares, as disclosed below, were held as direct beneficial shares. Other than disclosed below, no other directors held shares. No directors held direct non-beneficial shares, indirect beneficial shares or indirect non-beneficial shares.

	NUMBER OF SHARES	
	2025	2024
<b>Executive directors and prescribed officers</b>		
TC Madzinga	110 911	69 612
ML Olivier	72 399	62 304
<b>Non-executive directors</b>		
MP Fandesco	1 196	1 196
JJ Ngulube	5 104	5 104
	<b>189 610</b>	<b>138 216</b>

## 17. Share incentive schemes

### (i) Deferred share plan (DSP) and performance deferred share plan (PDSP)

#### Deferred share plan (DSP)

Awards granted under the DSP are conditional rights to acquire shares for no consideration subject to vesting conditions being satisfied. The vesting conditions are that the individual remains employed by the group throughout the vesting period and maintains agreed individual performance hurdles.

All share awards are subject to the following measurement of performance conditions:

- 40% of the award to be measured after three years since the date of grant, and to the extent that the performance hurdle is not achieved the entitlement to the DSP shares will lapse.
- 30% of the award to be measured after four years since the date of grant, and to the extent that the performance hurdle is not achieved, the entitlement to the DSP shares will lapse.
- 30% of the award to be measured after five years since the date of grant, and to the extent that the performance hurdle is not achieved the entitlement to the DSP shares will lapse.

The award granted under the DSP is not subject to the satisfaction of the group performance conditions but does require meeting individually contracted performance hurdles. Typically, the award granted under the DSP has a face value of up to 70% (2024: 70%) of total guaranteed package (TGP). To the extent that this percentage falls, whether through vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of participation under the DSP.

# Notes to the annual financial statements

## 17. Share incentive schemes (continued)

### (i) Deferred share plan (DSP) and performance deferred share plan (PDSP) (continued)

#### Executive committee DSP performance conditions

The short-term Individual financial and strategic performance conditions are aligned to the long-term strategic focus areas of the group. Individual key performance indicators (KPIs) scores, which include both strategic and financial indicators, measured over a rolling five-year period will be used as basis to assess performance achievement by an executive committee member. From 2022 no further DSP allocations were made to executive committee members. Only PDSP awards were made after this date.

#### Performance deferred share plan (PDSP)

Up to 2021, to the extent that the face value of awards granted under the DSP does not satisfy the specified multiple of TGP to be granted as long-term incentive (LTI) awards, the individual will be granted an award under the PDSP. From 2022 only PDSP allocations were made to executive committee members and senior managers. Awards granted under the PDSP are conditional rights to acquire Santam shares for no consideration, subject to various vesting conditions being satisfied.

In addition to the individual remaining employed by the group throughout the measurement period and maintaining agreed individual performance hurdles, the vesting of Santam PDSP awards before 2020 is also subject to the condition that the Santam group's return on capital (ROC) exceeds its cost of capital for the relevant measurement period, as finally determined by the directors.

PDSP awards from 2020 onwards will be subject to a return on capital (ROC) hurdle with a sliding scale applied between 16% (threshold) and 24% (stretched).

The use of relevant performance conditions is considered appropriate as these are the key drivers of the Santam group's strategy. The use of these measures creates a direct link between the LTI reward, group strategy and shareholders' interests.

This arrangement is aimed at encouraging performance that will result in targets being met earlier within the agreed performance measurement period. To the extent that the value of performance awards falls below the specified multiple of TGP, whether through vesting or due to a promotion or salary increase, an additional award may be granted on an annual basis to maintain the level of performance awards and encourage ongoing long-term performance.

Allocations were made as follows during the year:

	NUMBER OF PARTICIPANTS		NUMBER OF SHARES	
	2025	2024	2025	2024
Allocations in respect of:				
Santam DSP	403	362	191 394	248 610
Santam PDSP	69	63	155 511	226 390
			<b>346 905</b>	<b>475 000</b>

The fair value of the grants on grant date, calculated in terms of IFRS 2, amounted to R108 million (2024: R98 million) and is expensed in the statement of comprehensive income over the vesting period of five years. The fair value is based on the Santam share price on grant date, adjusted for dividends not accruing to participants during the vesting period and the probability that the service and performance conditions will be met in part.

# Notes to the annual financial statements

## 17. Share incentive schemes (continued)

### (i) Deferred share plan (DSP) and performance deferred share plan (PDSP) (continued)

2024	Date awarded	Latest irreversible date	Grant price	Number of shares
The following shares were awarded and the delivery thereof deferred to a predetermined future date.	1 June 2020	31 May 2025	R241.07	79 672
	23 March 2022	31 May 2025	R259.45	1 503
	4 September 2023	31 May 2025	R252.62	4 526
	1 June 2021	31 May 2026	R242.98	170 382
	23 March 2022	31 May 2026	R259.45	3 802
	4 September 2023	31 May 2026	R252.62	11 106
	1 June 2022	31 May 2027	R292.32	422 719
	4 September 2023	31 May 2027	R252.62	13 521
	1 June 2023	31 May 2028	R260.50	506 184
	4 September 2023	31 May 2028	R252.62	15 382
	1 June 2024	31 May 2029	R246.96	456 444
				<u>1 685 241</u>
	Movements during the period		Average price	Number of shares
	As at 1 January 2024		R246.09	1 725 612
	Shares awarded in 2024		R246.96	475 000
	Awarded options lapsed due to resignations		R246.07	(157 155)
	Awarded options lapsed due to transfers		R246.07	(31 043)
	Shares issued		R261.90	(327 173)
	<b>As at 31 December 2024</b>		R246.88	<u>1 685 241</u>
2025	Date awarded	Latest irreversible date	Grant price	Number of shares
The following shares were awarded and the delivery thereof deferred to a predetermined future date.	1 June 2021	31 May 2026	R242.98	<b>79 487</b>
	23 March 2022	31 May 2026	R259.45	<b>1 738</b>
	4 September 2023	31 May 2026	R252.62	<b>5 127</b>
	1 June 2022	31 May 2027	R292.32	<b>226 861</b>
	4 September 2023	31 May 2027	R252.62	<b>7 645</b>
	1 June 2023	31 May 2028	R260.50	<b>482 355</b>
	4 September 2023	31 May 2028	R252.62	<b>14 573</b>
	1 June 2024	31 May 2029	R246.96	<b>423 783</b>
	1 June 2025	31 May 2030	R371.24	<b>343 797</b>
				<u>1 585 366</u>
	Movements during the period		Average price	Number of shares
	As at 1 January 2025		R246.88	<b>1 685 241</b>
	Shares awarded in 2025		R371.24	<b>346 905</b>
	Awarded options lapsed due to resignations		R250.88	<b>(76 271)</b>
	Awarded options lapsed due to transfers		R250.88	<b>(9 169)</b>
	Shares issued		R252.74	<b>(361 340)</b>
	<b>As at 31 December 2025</b>		R272.48	<u>1 585 366</u>

# Notes to the annual financial statements

## 17. Share incentive schemes (continued)

### (i) Deferred share plan (DSP) and performance deferred share plan (PDSP) (continued)

#### Accounting policy – Deferred share plans

In terms of the DSP and PDSP, Santam undertakes to deliver a fixed number of shares to selected employees on predetermined dates in the future, in accordance with the terms and conditions of the plans detailed above.

The fair value of equity instruments granted is measured on grant date using an appropriate valuation model, which takes into account the market price on grant date, the fact that employees will not be entitled to dividends until the shares vest, as well as an assumption on the actual percentage of shares that will be delivered. The fair value on grant date is recognised in the statement of comprehensive income on a straight-line basis over the vesting period of the equity instruments, adjusted to reflect actual levels of vesting, with a corresponding increase in equity.

### 17.1 Santam shares granted under the deferred share plan and performance deferred share plan to executive directors and prescribed officers

The DSP has been implemented during 2007, in terms of which shares are granted to employees on a deferred delivery basis over a five-year period. In addition to the DSP, a PDSP is also in place. Refer to note 17 for details on these plans.

#### DSP and PDSP – directors' and prescribed officers' participation

2025	Date awarded	As at 31 December 2024	Number of shares awarded during year	Number of shares vested during year	Gain per share on vesting	As at 31 December 2025
<b>Santam shares</b>						
TC Madzinga	01/06/22	44 255	–	(18 824)	R420.00	25 431
	01/06/23	2 806	–	–	–	2 806
	04/09/23	46 123	–	–	–	46 123
	04/09/23	2 925	–	–	–	2 925
	01/06/24	584	–	–	–	584
	01/06/25	–	15 882	–	–	15 882
			96 693	15 882	(18 824)	
ML Olivier	01/06/20	4 662	–	(4 662)	R420.00	–
	04/09/23	295	–	(295)	R420.00	–
	01/06/21	2 218	–	(1 109)	R420.00	1 109
	04/09/23	140	–	(70)	R420.00	70
	23/03/22	11 997	–	(4 799)	R420.00	7 198
	04/09/23	761	–	(304)	R420.00	457
	01/06/24	10 065	–	–	–	10 065
	01/06/25	–	8 835	–	–	8 835
		30 138	8 835	(11 239)		27 734
<b>Total</b>		126 831	24 717	(30 063)		121 485

# Notes to the annual financial statements

## 17. Share incentive schemes (continued)

### 17.1 Santam shares granted under the deferred share plan and performance deferred share plan to executive directors and prescribed officers (continued)

#### DSP and PDSP – directors' and prescribed officers' participation (continued)

2024	Date awarded	As at 31 December 2023	Number of shares awarded during year	Number of shares vested during year	Gain per share on vesting	As at 31 December 2024
<b>Santam shares</b>						
TC Madzinga	01/06/22	44 255	–	–	–	44 255
	01/06/23	2 806	–	–	–	2 806
	04/09/23	46 123	–	–	–	46 123
	04/09/23	2 925	–	–	–	2 925
	01/06/24	–	584	–	–	584
		96 109	584	–		96 693
ML Olivier	01/06/19	1 692	–	(1 692)	R298.67	–
	04/09/23	107	–	(107)	R298.67	–
	01/06/20	9 324	–	(4 662)	R298.67	4 662
	04/09/23	591	–	(296)	R298.67	295
	01/06/21	3 696	–	(1 478)	R298.67	2 218
	04/09/23	234	–	(94)	R298.67	140
	23/03/22	11 997	–	–	–	11 997
	04/09/23	761	–	–	–	761
	01/06/24	–	10 065	–	–	10 065
		28 402	10 065	(8 329)		30 138
<b>Total</b>		124 511	10 649	(8 329)	–	126 831

## 18. Other reserves

	GROUP		
	Translation reserve R million	Capital contribution reserve R million	Total R million
<b>Balance as at 1 January 2024</b>	1	9	10
Movement in foreign currency translation reserve	3	–	3
<b>Balance as at 31 December 2024</b>	<b>4</b>	<b>9</b>	<b>13</b>
Movement in foreign currency translation reserve	(42)	–	(42)
<b>Balance as at 31 December 2025</b>	<b>(38)</b>	<b>9</b>	<b>(29)</b>

Exchange differences, resulting from the translation of the financial statements of foreign operations with a presentation currency different to that of the group, are taken to the translation reserve on consolidation to form part of equity. On disposal of such a foreign operation, the translation differences are recognised in the statement of comprehensive income as part of the profit or loss on disposal.

The capital contribution reserve reflects the reserves of the Emthunzini BBBEE staff trust that came under control of Santam Ltd as a result of the unwinding of the Central Plaza structure in 2015.

# Notes to the annual financial statements

## 19. Provisions for other liabilities

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
At the beginning of the year	186	141	57	60
Charged to statement of comprehensive income:				
– additional provisions	32	57	79	3
– reversal of provisions	(60)	(6)	(4)	(6)
Used during the year	(34)	(6)	(28)	–
<b>At the end of the year</b>	<b>124</b>	<b>186</b>	<b>104</b>	<b>57</b>

The balance consists mainly of the provision for key SSI management's 10% economic participation interest in SSI and deferred purchase consideration commitments.

### Accounting policy – Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

## 20. Other revenue and expenses by nature

### 20.1 Other revenue

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Fee income from policy administration	144	242	–	–
Commission	209	122	118	114
	<b>353</b>	<b>364</b>	<b>118</b>	<b>114</b>

### Accounting policy – Other revenue

Fee income is earned by intermediaries within the group for administration services performed on behalf of insurance companies, in terms of binder agreements. The group also earns administration fees for administration of cell captives on behalf of cell owners. These arrangements contain no significant financing components, revenue is earned at a point in time. The group does not recognise any assets in relation to costs required to fulfil its performance obligations in respect of these arrangements.

Commission is earned by the group in its capacity as an intermediary, and is accounted for in the same manner as fee income.

# Notes to the annual financial statements

## 20. Other revenue and expenses by nature (continued)

### 20.2 Expenses by nature

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Auditor's remuneration	51	51	23	20
– Current year	51	50	23	20
– Prior year	-	1	-	-
Claims and benefits	27 708	27 348	20 043	20 029
Depreciation	242	265	179	182
Amortisation of intangible assets	66	96	7	48
Impairment of intangible assets	38	176	14	162
Employee benefit expense (refer to note 20.3)	5 877	5 006	3 898	3 532
Operating lease rentals – low value leases <sup>2</sup>	20	20	6	9
Service level agreement related to computer equipment	321	294	306	294
Research and development costs	183	135	132	135
Fees and commissions (acquisition cost)	6 956	6 622	5 367	5 277
Investment-related activities	144	119	88	58
Other expenses <sup>1</sup>	1 437	1 027	332	(388)
<b>Total expenses</b>	<b>43 043</b>	<b>41 159</b>	<b>30 395</b>	<b>29 358</b>
<b>Represented by</b>				
Insurance service expense	41 691	39 980	29 563	28 802
Other operating expenses	1 139	843	727	333
Investment management services fees	144	119	88	58
Amortisation and impairment of intangible assets <sup>3</sup>	69	217	17	165
<b>Total expenses</b>	<b>43 043</b>	<b>41 159</b>	<b>30 395</b>	<b>29 358</b>

<sup>1</sup> Includes allocation of claims handling costs to claims costs.

<sup>2</sup> Refer to notes 7 and 15 for the accounting policy on leases.

<sup>3</sup> Amortisation and impairment relating to software and certain key business relationships amounting to R35 million (2024: R55 million) for the group and R4 million (2024: R45 million) for the company is allocated to attributable expenses within Insurance service expense.

#### Accounting policy – Low value leases

Leases relating to low value assets, which consist of office furniture and equipment, are expensed on a straight-line basis.

### 20.3 Employee benefit expense

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Wages, salaries and bonus	4 883	4 097	3 181	2 864
Social security costs	247	253	199	202
Long-term incentive scheme costs	245	187	145	120
Pension costs – defined contribution plans	502	469	373	346
	<b>5 877</b>	<b>5 006</b>	<b>3 898</b>	<b>3 532</b>

# Notes to the annual financial statements

## 20. Other revenue and expenses by nature (continued)

### 20.3 Employee benefit expense (continued)

#### Accounting policy – Employee benefits

##### a) Pension obligations

The group only has defined contribution pension plans. A defined contribution plan is a pension plan under which the group pays a fixed contribution into a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans the group pays contributions to publicly and privately administered pension insurance plans on a mandatory basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### b) Long-term incentive and retention bonus plan

Certain employees were paid retention bonuses in terms of the long-term incentive and retention bonus plan. These beneficiaries – including executive directors, executive management, senior and middle management – are subject to retention periods. Should the beneficiary be in breach of the retention period, a certain amount is subject to repayment. The costs associated with the long-term incentive and retention bonus plan are recognised in the statement of comprehensive income over the retention period.

##### c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date. The group recognises termination benefits when the benefits result from either an entity's decision to terminate the employment or an employee's decision to accept an entity's offer of benefits in exchange for termination of employment.

##### d) Performance bonus plans

The group recognises a liability and an expense for bonuses based on a model that takes into consideration the achievement of certain financial conditions, including profitability and growth metrics, and achievement of strategic initiatives. The group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

##### e) Leave pay

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the statement of financial position date.

#### 20.3.1 Transactions with key management

Remuneration is paid to key management (executive committee members) of the group.

Key management also have general insurance contracts with the company in their private capacity. Premiums on these contracts are not material.

	COMPANY	
	2025 R million	2024 R million
<b>Key management compensation paid</b>		
Salaries and other short-term employee benefits paid	91	82
Sign-on and retention payments paid	2	3
Share-based payments and long-term deferred bonus schemes	21	21

# Notes to the annual financial statements

## 20. Other revenue and expenses by nature (continued)

### 20.3 Employee benefit expense (continued)

#### 20.3.2 Transactions with directors and prescribed officers

Remuneration is paid to directors and prescribed officers in the form of fees to non-executive directors and remuneration to executive directors of the company. All directors of Santam Ltd have notified that they did not have a material interest in any contract of significance with the company or any of its subsidiaries, which could have given rise to a conflict of interest during the year.

Certain directors have general insurance contracts with the company in their private capacity. These contracts are not material.

#### Directors' and prescribed officers' emoluments

The group human resources committee considers the remuneration of all executive directors as well as the fees paid to all non-executive directors. Fees payable to directors are recommended by the board to the annual general meeting for approval. This note reflects the total of executive and non-executive directors' earnings, other benefits and costs incurred by the company, in accordance with the requirement of the Companies Act and Listings Requirements of the JSE Ltd.

	Performance bonus <sup>1</sup>			Other benefits and costs <sup>2,3</sup>	Total
	Salary R000	Cash R000	Deferred <sup>4</sup> R000	R000	R000
<b>Executive directors and prescribed officers 2025</b>					
<i>Paid by the company</i>					
TC Madzinga	8 500	5 700	10 000	374	24 574
ML Olivier	4 391	4 605	1 974	370	11 340
	<b>12 891</b>	<b>10 305</b>	<b>11 974</b>	<b>744</b>	<b>35 914</b>
<b>2024</b>					
<i>Paid by the company</i>					
TC Madzinga	8 000	5 000	10 000	374	23 374
ML Olivier	4 062	3 726	1 597	362	9 747
	<b>12 062</b>	<b>8 726</b>	<b>11 597</b>	<b>736</b>	<b>33 121</b>

<sup>1</sup> Bonus in respect of 2025 payable in 2026 (2024: bonus in respect of 2024 paid in 2025).

<sup>2</sup> Includes retirement funding benefits. During 2025, R350 000 (2024: R350 000) was paid in respect of TC Madzinga and R350 000 (2024: 350 000) was paid in respect of ML Olivier.

<sup>3</sup> Adjusted to exclude company costs.

<sup>4</sup> Deferred into restricted Santam shares (deferred bonus shares).

# Notes to the annual financial statements

## 20. Other revenue and expenses by nature (continued)

### 20.3 Employee benefit expense (continued)

#### 20.3.2 Transactions with directors and prescribed officers (continued)

##### Directors' and prescribed officers' emoluments (continued)

	DIRECTORS' FEES	
	2025 R000	2024 R000
<b>Non-executive directors</b>		
<i>Paid by the company</i>		
M Chauke <sup>2,3</sup>	–	998
CD da Silva	1 106	972
MP Fandeso <sup>2</sup>	2 591	2 319
PB Hanratty <sup>1</sup>	677	721
DEH Loxton <sup>2</sup>	1 625	1 448
MM Mahlangeni <sup>1</sup>	741	669
NT Moholi	1 851	1 632
AM Mukhuba <sup>1</sup>	860	790
JJ Ngulube	702	601
PE Speckmann <sup>2</sup>	1 767	1 696
RA Stuchbery <sup>5</sup>	321	–
LA Swartz	1 294	858
RJ Wainwright <sup>4</sup>	817	–
	<b>14 352</b>	<b>12 704</b>
<b>Total directors' remuneration</b>	<b>50 266</b>	<b>45 825</b>

<sup>1</sup> Fees were paid to the holding company, Sanlam Life Insurance Ltd.

<sup>2</sup> Fees include amounts paid by subsidiaries of the group.

<sup>3</sup> Resigned in October 2024.

<sup>4</sup> Appointed in May 2025.

<sup>5</sup> Appointed in September 2025.

# Notes to the annual financial statements

## 21. Income tax expense

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
<b>South African normal taxation</b>				
Current year	2 417	1 491	1 150	913
– charge for the year	2 401	1 488	1 147	912
– other taxes	16	3	3	1
Prior year underprovision	6	960	14	521
Foreign taxation – current year	113	81	–	–
<b>Income taxation for the year</b>	<b>2 536</b>	<b>2 532</b>	<b>1 164</b>	<b>1 434</b>
<b>Deferred taxation</b>				
Current year	232	–	(89)	(10)
Prior year overprovision	(8)	(936)	–	(527)
<b>Deferred taxation for the year</b>	<b>224</b>	<b>(936)</b>	<b>(89)</b>	<b>(537)</b>
<b>Total taxation as per the statement of comprehensive income</b>	<b>2 760</b>	<b>1 596</b>	<b>1 075</b>	<b>897</b>
Income tax allocated to cell owners and structured products	(1 275)	(356)	–	–
<b>Total tax expense attributable to shareholders</b>	<b>1 485</b>	<b>1 240</b>	<b>1 075</b>	<b>897</b>
Profit before taxation per statement of comprehensive income	7 830	5 952	5 802	4 595
Adjustment for income tax allocated to cell owners and structured products	(1 275)	(356)	–	–
<b>Total profit before tax attributable to shareholders</b>	<b>6 555</b>	<b>5 596</b>	<b>5 802</b>	<b>4 595</b>

	GROUP		COMPANY	
	2025	2024	2025	2024
<b>Reconciliation of taxation rate (%)</b>				
Normal South African taxation rate	27.0	27.0	27.0	27.0
Adjusted for				
– Disallowable expenses	–	0.3	–	0.2
– Foreign tax differential	(2.9)	(2.0)	–	–
– Exempt income <sup>1</sup>	(0.7)	(0.9)	(9.0)	(7.7)
– Investment results <sup>2</sup>	0.2	(1.8)	0.4	0.1
– Income from associates and joint ventures	(0.6)	(0.4)	(0.1)	–
– Previous year's (over)/underprovision	–	(0.2)	0.2	(0.1)
– Other permanent differences	(0.5)	0.1	–	–
– Other taxes	0.2	0.1	–	–
Net reduction	(4.3)	(4.8)	(8.5)	(7.5)
<b>Effective rate attributable to shareholders (%)</b>	<b>22.7</b>	<b>22.2</b>	<b>18.5</b>	<b>19.5</b>

<sup>1</sup> Exempt income consists mainly of dividends received.

<sup>2</sup> Investment results consists mainly of gains/losses taxed at capital gains tax rate.

### Accounting policy – Income tax

The tax expense for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

#### a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

#### b) Withholding tax on dividends

Withholding taxes are measured at the amount expected to be paid to the relevant tax authorities in the country from which dividend income originates. The tax rates and tax laws used to compute the amount are those that are enacted when the dividend was declared.

# Notes to the annual financial statements

## 22. Deferred tax

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
The amounts are as follows:				
Deferred tax assets	311	257	86	–
Deferred tax liabilities	(541)	(259)	–	(10)
<b>Total net deferred income tax liability</b>	<b>(230)</b>	<b>(2)</b>	<b>86</b>	<b>(10)</b>
<i>Deferred tax is made up as follows:</i>				
Lease liabilities	225	212	152	156
Unrealised appreciation of investments	(836)	(649)	(353)	(439)
Provisions and accruals	355	473	278	270
IFRS 17 transition <sup>1</sup>	29	(47)	–	(2)
Right-of-use assets	(186)	(168)	(116)	(119)
Tax losses carried forward	95	114	–	–
Share-based payment reserve	91	60	91	60
Other differences	(3)	3	34	64
	<b>(230)</b>	<b>(2)</b>	<b>86</b>	<b>(10)</b>
<i>Movement of deferred tax</i>				
Balance as at 1 January	(2)	(941)	(10)	(571)
Charge to the statement of comprehensive income	(224)	936	89	537
Lease liabilities	13	(10)	(4)	–
Unrealised appreciation of investments	(187)	(232)	86	(94)
Provisions and accruals	(118)	146	8	62
IFRS 17 transition <sup>1</sup>	76	969	2	570
Right-of-use assets	(18)	6	3	(3)
Tax losses carried forward	(19)	58	–	(41)
Share-based payment reserve	31	1	31	1
Other differences	(2)	(2)	(37)	42
Business combinations	(4)	–	–	–
Tax credited directly to equity	–	3	7	24
<b>Balance as at 31 December</b>	<b>(230)</b>	<b>(2)</b>	<b>86</b>	<b>(10)</b>

<sup>1</sup> The 2023 Taxation Laws Amendment Act was promulgated during December 2023, which contained changes to section 28 of the Income Tax Act ("the Act") to cater for the implementation of IFRS17. The changes made to section 28 of the Act did not address all unintended consequences as the interpretation of the IFRS 17 disclosure requirements continued to evolve during the year. This resulted in an increase in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interests of respectively R947 million and R77 million in respect of the 2023 financial year.

The insurance sector engaged with National Treasury in this regard to effect changes to the Act. The 2024 Taxation Laws Amendment Act was promulgated during December 2024, which contained further changes to section 28 of the Act. These changes adequately addressed the IFRS 17 timing differences identified by the insurance sector with retrospective effect from 1 January 2023.

The amended legislation results in a decrease in the deferred tax liability recognised in respect of the shareholders' fund and policyholders/cell owners' interests respectively of R945 million and R88 million, in respect of the 2024 financial year. The impact in respect of policyholders/cell owners' interests are for the account of clients and do not affect after tax profit attributable to equity holders of the group.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The group has unrecognised tax losses of R6.3 million (2024: R6.9 million).

# Notes to the annual financial statements

## 22. Deferred tax (continued)

### Accounting policy – Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle the balances on a net basis.

## 23. Earnings per share

### 23.1 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	GROUP	
	2025 R million	2024 R million
<b>Basic earnings per share</b>		
Profit attributable to the company's equity holders (R million)	4 059	3 679
Weighted average number of ordinary shares in issue (millions)	109.20	109.61
Earnings per share (cents)	3 717	3 356

### 23.2 Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. In the diluted earnings per share calculation for the shares granted to employees under the deferred share plan, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding shares. This calculation serves to determine the unpurchased shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit.

	GROUP	
	2025 R million	2024 R million
<b>Diluted earnings per share</b>		
Profit attributable to the company's equity holders (R million)	4 059	3 679
Weighted average number of ordinary shares in issue (millions)	109.20	109.61
Adjusted for share incentive schemes (millions)	1.17	1.13
Weighted average number of ordinary shares for diluted earnings per share (millions)	110.37	110.74
Diluted basic earnings per share (cents)	3 678	3 322

# Notes to the annual financial statements

## 23. Earnings per share (continued)

### 23.3 Headline earnings per share

For the calculation of headline earnings per share, the profit attributable to equity holders of the company is adjusted with items excluded from headline earnings per share as listed below, divided by the normal weighted average number of ordinary shares in issue.

	GROUP	
	2025 R million	2024 R million
<b>Headline earnings per share</b>		
Profit attributable to the company's equity holders	4 059	3 679
Adjusted for:		
Impairment of intangible assets	38	176
Tax on impairment of intangible assets	(10)	(44)
Headline earnings	4 087	3 811
Weighted average number of ordinary shares in issue (millions)	109.20	109.61
Headline earnings per share (cents)	3 743	3 477

### 23.4 Diluted headline earnings per share

Headline earnings (R million)	4 087	3 811
Weighted average number of ordinary shares for diluted earnings per share (millions)	110.37	110.74
Diluted headline earnings per share (cents)	3 703	3 441

## 24. Dividends per share

	GROUP	
	2025 R million	2024 R million
<b>Ordinary dividend per share</b>		
Interim of 590 cents per share (2024: 535 cps)	679	616
Final of 1 090 cents per share (2024: 985 cps) <sup>1</sup>	1 255	1 134
	1 934	1 750

<sup>1</sup> 2025: Approved (2024: Paid)

#### Accounting policy – Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the board of directors approves the dividend.

# Notes to the annual financial statements

## 25. Cash generated from operations

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
<b>Profit before tax</b>	7 830	5 952	5 802	4 595
Adjustments for:				
Non-cash items	288	4 302	487	877
– share-based payment costs	98	99	106	99
– amortisation of intangible assets	66	96	7	48
– depreciation	242	265	179	182
– impairment of goodwill and other intangible assets	38	176	14	162
– impairment of subsidiaries	–	–	178	388
– income from associates and joint ventures	(147)	(88)	–	–
– asset management fees relating to unit trust investments	3	4	–	–
– movement in expected credit losses	(20)	–	–	–
– profit on sale of property, plant and equipment	(8)	(2)	(3)	(2)
– movement in structured products and collateral guarantees	16	3 752	6	–
Repo liabilities cash movement	158	156	–	–
Investment income, realised and fair value gains	(5 523)	(5 745)	(2 742)	(3 366)
Foreign currency losses/(gains) included in insurance and reinsurance finance income and expense	(523)	219	(523)	(184)
Finance costs	513	538	369	390
Income tax recovered from structured products	(287)	(308)	–	–
<b>Changes in working capital (excluding the effect of acquisitions and disposals of subsidiaries)</b>	7 184	3 455	2 828	2 222
Insurance contract assets	278	(74)	98	(20)
Reinsurance contract assets	471	5 593	1 231	2 156
Loans and receivables	807	435	326	700
Insurance contract liabilities	5 341	3 665	1 108	(460)
Reinsurance contract liabilities	595	(6 188)	–	–
Provisions for other liabilities	(105)	63	(22)	(3)
Loans and payables	(203)	(39)	87	(151)
<b>Investment income/(expense) received/(paid) in cash</b>	(8)	(99)	(8)	(108)
Foreign exchange differences	5	(104)	5	(109)
Movement in accrual for investment income	(13)	5	(13)	1
<b>Cash generated from operations</b>	<b>9 632</b>	<b>8 470</b>	<b>6 213</b>	<b>4 426</b>

### Accounting policy – Cash flow relating to investment portfolios

Cash flows relating to investment portfolios are classified as operating activities on the statement of cash flows, other than the acquisition of and proceeds from sales relating to strategic investments are classified as investing activities.

## 26. Income tax paid

	GROUP		COMPANY	
	2025 R million	2024 R million	2025 R million	2024 R million
Amounts charged to profit or loss	(2 760)	(1 596)	(1 075)	(897)
Income tax credited directly to equity	–	3	7	24
Movement in deferred taxation	228	(939)	(96)	(561)
Movement in taxation liability	210	496	(97)	411
	<b>(2 322)</b>	<b>(2 036)</b>	<b>(1 261)</b>	<b>(1 023)</b>

# Notes to the annual financial statements

## 27. Related-party transactions – Sanlam Group

### Major shareholders

Sanlam Ltd (incorporated in South Africa) is the ultimate holding company with a 62.3% (2024: 62.3%) effective interest shareholding in Santam Ltd excluding Santam Ltd treasury shares held within the group, and a 59.1% (2024: 59.1%) shareholding including treasury shares held. The balance of the shareholders (37.7% (2024: 37.7%)) do not have significant influence and thus no other shareholder is treated as a related party. The shares are widely held by public, non-public, individual and corporate shareholders.

### Transactions with the Sanlam Group

The group transacts with the Sanlam Group on various levels, predominantly insurance-related cover, provided to Sanlam Group companies. Sanlam Investment Management Ltd acts as the largest investment fund manager for the group with its fees negotiated on a regular basis. Santam also subscribed to target shares in a Sanlam subsidiary as described in note 5.1. In May 2025, Santam Ltd acquired 60% of the AI ordinary shares in NMS Insurance Services (SA) Ltd from Sanlam Life Insurance Ltd (a wholly-owned subsidiary of Sanlam Ltd) for R925 million in cash. Dividends relating to pre-acquisition profits, to the amount of R178 million, were declared in July 2025 and were set off against the purchase price of the investment on receipt.

The following is a summary of transactions and balances with Sanlam-related parties:

	2025 R million	2024 R million
<b>a) Insurance contracts and other services</b>		
– Sanlam Ltd and related parties (for insurance premiums)	19	17
– Sanlam Ltd and related parties (for investment management services)	(70)	(71)
– Sanlam Ltd and related parties (for IT infrastructure costs)	(420)	(361)
– Sanlam Ltd and related parties (for administration services received)	(19)	(30)
– Sanlam Ltd and related parties (for administration services provided)	7	–
– Sanlam Ltd and related parties (for reinsurance services)	79	68
– Sanlam Ltd and related parties (for distribution services received)	(42)	(39)
– Sanlam Ltd and related parties (for distribution services provided)	7	–
– Sanlam Ltd (for insurance services)	(166)	(10)
– SanlamAllianz Reinsurance Ltd (for inward reinsurance contracts)	572	710
– SanlamAllianz Reinsurance Ltd (for inward reinsurance claims)	(111)	(398)
– SanlamAllianz Reinsurance Ltd (for inward reinsurance commissions)	(107)	(124)
– SanlamAllianz Reinsurance Ltd (for outward reinsurance contracts)	20	(3)
– SanlamAllianz Reinsurance Ltd (for outward reinsurance claims)	(17)	(26)
– SanlamAllianz Reinsurance Ltd (for outward reinsurance commissions)	(3)	1
<b>b) Investment income and net realised/unrealised gains received from</b>		
– Sanlam Ltd and related parties	(5)	644
<b>c) Dividends paid</b>		
– to Sanlam Group	(1 068)	(976)
<b>d) Year-end balances with related parties</b>		
Sanlam Group		
– target shares acquired (refer to note 5.1)	2 225	2 483
– target shares issued (refer to note 11)	(418)	(372)
Investments		
– Sanlam Capital Markets	345	295
– Sanlam Investment Management Enhanced Yield Fund	380	247
– Sanlam Investment Management SA Active Income Fund	32	20
– Sanlam Property Fund	70	56
– Sanlam Ltd – shares	2	21
Sanlam Ltd and related parties		
– reinsurance payable	(207)	(94)
– trade payable	(375)	(375)
– trade receivable	8	–
SanlamAllianz Reinsurance Ltd		
– loans and receivables	60	243

# Notes to the annual financial statements

## 27. Related-party transactions – Sanlam Group (continued)

### Transactions with the Sanlam Group (continued)

Remuneration received by Santam directors from other Sanlam Group companies for services provided to these companies (disclosed in accordance with section 30(5)(b) of the Companies Act).

Emoluments for the year ended 31 December	Performance bonus <sup>1</sup>					Total <sup>2</sup> R000
	Salary R000	Cash R000	Deferred R000	Other benefits R000	Fees R000	
<b>2025</b>						
PB Hanratty	8 065	–	–	–	–	8 065
MM Mahlangeni	6 398	5 264	2 256	350	–	14 268
AM Mukhuba	6 498	6 860	2 940	350	–	16 648
PE Speckmann	–	–	–	–	3 083	3 083
	<b>20 961</b>	<b>12 124</b>	<b>5 196</b>	<b>700</b>	<b>3 083</b>	<b>42 064</b>
<b>2024</b>						
M Chauke	752	–	–	165	1 441	2 358
PB Hanratty	6 130	–	–	–	–	6 130
MM Mahlangeni	6 033	4 900	2 100	350	–	13 383
AM Mukhuba	6 130	5 250	2 250	350	–	13 980
PE Speckmann	–	–	–	–	2 381	2 381
	<b>19 045</b>	<b>10 150</b>	<b>4 350</b>	<b>865</b>	<b>3 822</b>	<b>38 232</b>

<sup>1</sup> Performance bonus in respect of 2024 paid in 2025 (2024: 2023 paid in 2024).

<sup>2</sup> Total TGP includes amounts recharged by Sanlam Ltd to Santam Ltd for services provided.

Deferred share plan Sanlam shares	Balance 31 December 2024	Awarded in 2025	Shares vested	Balance 31 December 2025
MM Mahlangeni	31 947	–	(31 947)	–
AM Mukhuba	32 037	–	(32 037)	–
<b>Total</b>	<b>63 984</b>	<b>–</b>	<b>(63 984)</b>	<b>–</b>

	Balance 31 December 2023	Awarded in 2024	Shares vested	Balance 31 December 2024
MM Mahlangeni	63 894	–	(31 947)	31 947
AM Mukhuba	64 074	–	(32 037)	32 037
<b>Total</b>	<b>127 968</b>	<b>–</b>	<b>(63 984)</b>	<b>63 984</b>

Performance deferred share plan	Balance 31 December 2024	Awarded in 2025	Shares vested	Balance 31 December 2025
MM Mahlangeni	184 171	51 143	(30 396)	204 918
AM Mukhuba	257 166	67 573	(50 455)	274 284
<b>Total</b>	<b>441 337</b>	<b>118 716</b>	<b>(80 851)</b>	<b>479 202</b>

	Balance 31 December 2023	Awarded in 2024	Shares vested	Balance 31 December 2024
MM Mahlangeni	147 391	63 232	(26 452)	184 171
AM Mukhuba	218 287	82 972	(44 093)	257 166
<b>Total</b>	<b>365 678</b>	<b>146 204</b>	<b>(70 545)</b>	<b>441 337</b>

# Notes to the annual financial statements

## 27. Related-party transactions – Sanlam Group (continued)

### Transactions with the Sanlam Group (continued)

Restricted share plan	Balance	Awarded	Shares	Shares	Balance
	31 December				in 2025
	2024				2025
PB Hanratty	4 731 943	–	–	(40 923)	4 691 020
MM Mahlangeni	121 301	26 616	(58 860)	–	89 057
AM Mukhuba	104 339	34 686	(38 061)	–	100 964
<b>Total</b>	<b>4 957 583</b>	<b>61 302</b>	<b>(96 921)</b>	<b>(40 923)</b>	<b>4 881 041</b>

Restricted share plan	Balance	Awarded	Shares	Shares	Balance
	31 December				in 2024
	2023				2024
PB Hanratty	4 757 021	–	–	(25 078)	4 731 943
MM Mahlangeni	119 466	28 716	(26 881)	–	121 301
AM Mukhuba	79 409	30 767	(5 837)	–	104 339
<b>Total</b>	<b>4 955 896</b>	<b>59 483</b>	<b>(32 718)</b>	<b>(25 078)</b>	<b>4 957 583</b>

## 28. Contingencies and uncertainties

### Contracts with third parties

The group enters into outsourcing contracts and distribution arrangements with third parties in the normal course of its business and is reliant upon those third parties being willing and able to perform their obligations in accordance with the terms and conditions of the contracts.

### Funds at Lloyd's

As at 31 December 2025 R1 991 million in deposits and similar securities are held in trust at Lloyd's to secure underwriting commitments. These funds can only be used to meet claim liabilities should Santam Syndicate 1918 fail to meet it itself.

### Litigation, disputes and investigations

The group, in common with the insurance industry in general, is subject to litigation, mediation and arbitration, and regulatory, governmental and other sectoral inquiries and investigations in the normal course of its business. The outcome of these can be uncertain, but based on current information, the directors do not believe that any current mediation, arbitration, regulatory, governmental or sectoral inquiries and investigations and pending or threatened litigation or dispute will have a material adverse effect on the group's financial position.

## 29. Commitments

The group does not have any other obligations not disclosed in other parts of these financial statements.

## 30. 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.

# Notes to the annual financial statements

## 31. New standards, amendments and interpretations

### a) Standards, amendments and interpretations effective in 2025

The following amendments to published standards are mandatory for the group's accounting periods beginning on or after 1 January 2025:

Standard	Effective date	Executive summary
Amendments to IAS 21 <i>The effects of changes in foreign exchange rates</i> on lack of exchangeability	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

No material impact on the annual financial statements was identified.

### b) Interpretation and amendments to published standards that are not yet effective and have not been early adopted by the group

Number	Effective date	Executive summary
IFRS 18 <i>Presentation and disclosure in financial statements</i>	Annual periods beginning on or after 1 January 2027 (Published April 2024)	IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of cash flows.
IFRS 19 <i>Subsidiaries without public accountability: disclosures</i>	Annual periods beginning on or after 1 January 2027 (Published May 2024)	IFRS 19 Subsidiaries without public accountability: disclosures works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19.  IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers.
Amendments to IFRS 7 and IFRS 9 related to the Classification and measurement of financial instruments as well as clarifying derecognition of financial asset or financial liability when settled through electronic payment systems	Annual periods beginning on or after 1 January 2026 (Published May 2024)	The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG-linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

# Notes to the annual financial statements

## 31. New standards, amendments and interpretations (continued)

### b) Interpretation and amendments to published standards that are not yet effective and have not been early adopted by the group

(continued)

Number	Effective date	Executive summary
Annual Improvements to IFRS Accounting Standards - Volume 11	Annual periods beginning on or after 1 January 2026 (Published July 2024)	<ul style="list-style-type: none"> <li>IFRS 1, 'First-time Adoption of International Financial Reporting Standards' has been amended to remove inconsistent wording relating to hedge accounting;</li> <li>IFRS 7, 'Financial Instruments: Disclosures' has been amended to remove references to paragraphs that have been removed from the standard when IFRS 13, 'Fair Value Measurement' was issued as well as to address inconsistencies between the two standards;</li> <li>IFRS 7, 'Financial Instruments: Disclosures' has been amended to clarify credit risk disclosures requirements;</li> <li>IFRS 9, 'Financial Instruments' has been amended to clarify the definition of Transaction price and the requirements to account for an extinguishment of a lessee's lease liability;</li> <li>IFRS 19, 'Consolidated Financial Statements' has been amended to clarify the determination of a 'de facto agent';</li> <li>IAS 7, 'Statement of Cash Flows' has been amended to address the use of the term 'cost method', which is no longer defined in IFRS Accounting Standards.</li> </ul>
Amendments to IFRS 7 and IFRS 9 related to Contracts referencing nature-dependent electricity systems	Annual periods beginning on or after 1 January 2026 (Published December 2024)	The amendments clarify the application of the 'own-use' requirements, permits hedge accounting if contracts are used as hedging instruments and introduces new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.
Amendments to IAS 21 <i>The effects of changes in foreign exchange rates</i> on hyperinflationary presentation currency	Annual periods beginning on or after 1 January 2027 (Published November 2025)	The amendments provides guidance for companies that present its financial statements in a hyperinflationary but has a non-hyperinflationary functional currency or have a hyperinflationary functional currency and a foreign operation with a non-hyperinflationary functional currency.

The group has started the process of assessing the potential impact of adopting the new standards and amendments.

# Notes to the annual financial statements

## 32. Analysis of policyholder/shareholder financial position and results

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

### 32.1 Analysis of policyholder/shareholder statement of financial position

2025	Group R million	Shareholder R million	Policyholder/ cellholder R million
<b>ASSETS</b>			
Intangible assets	985	985	–
Property and equipment	861	861	–
Investment in associates and joint ventures	733	733	–
Strategic investments in unlisted shares	3 179	3 179	–
Deferred income tax	311	260	51
Financial assets at fair value through profit or loss	61 904	25 138	36 766
Insurance contract assets	334	262	72
Reinsurance contract assets	5 412	4 827	585
Loans and receivables	2 584	1 945	639
Current income tax	6	6	–
Cash and cash equivalents	6 083	3 903	2 180
<b>Total assets</b>	<b>82 392</b>	<b>42 099</b>	<b>40 293</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the company's equity holders</b>			
Share capital	103	103	–
Treasury shares	(866)	(866)	–
Other reserves	(29)	(29)	–
Distributable reserves	15 839	15 839	–
	15 047	15 047	–
<b>Non-controlling interest</b>	<b>1 532</b>	<b>670</b>	<b>862</b>
<b>Total equity</b>	<b>16 579</b>	<b>15 717</b>	<b>862</b>
<b>LIABILITIES</b>			
Deferred income tax	541	458	83
Lease liabilities	834	834	–
Financial liabilities			
Debt securities	4 088	4 088	–
Repo liabilities	1 025	–	1 025
Investment contracts	7 277	188	7 089
Collateral guarantee contracts	127	–	127
Insurance contract liabilities	42 665	17 197	25 468
Reinsurance contract liabilities	5 216	94	5 122
Provisions for other liabilities	124	124	–
Loans and payables	3 440	2 923	517
Current income tax	476	476	–
<b>Total liabilities</b>	<b>65 813</b>	<b>26 382</b>	<b>39 431</b>
<b>Total shareholders' equity and liabilities</b>	<b>82 392</b>	<b>42 099</b>	<b>40 293</b>

# Notes to the annual financial statements

## 32. Analysis of policyholder/shareholder financial position and results (continued)

### 32.1 Analysis of policyholder/shareholder statement of financial position (continued)

2024	Group R million	Shareholder R million	Policyholder/ cellholder R million
<b>ASSETS</b>			
Intangible assets	996	996	–
Property and equipment	801	801	–
Investment in associates and joint ventures	610	610	–
Strategic investments in unlisted shares	2 483	2 483	–
Deferred income tax	257	116	141
Financial assets at fair value through profit or loss	51 773	20 083	31 690
Insurance contract assets	516	363	153
Reinsurance contract assets	6 780	6 218	562
Loans and receivables	2 793	2 096	697
Current income tax	45	7	38
Cash and cash equivalents	6 385	4 113	2 272
<b>Total assets</b>	<b>73 439</b>	<b>37 886</b>	<b>35 553</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the company's equity holders</b>			
Share capital	103	103	–
Treasury shares	(902)	(902)	–
Other reserves	13	13	–
Distributable reserves	13 522	13 522	–
	12 736	12 736	–
<b>Non-controlling interest</b>	<b>1 339</b>	<b>583</b>	<b>756</b>
<b>Total equity</b>	<b>14 075</b>	<b>13 319</b>	<b>756</b>
<b>LIABILITIES</b>			
Deferred income tax	259	229	30
Lease liabilities	786	786	–
Financial liabilities			
Debt securities	3 063	3 063	–
Repo liabilities	852	–	852
Investment contracts	6 638	149	6 489
Collateral guarantee contracts	120	–	120
Insurance contract liabilities	38 219	16 594	21 625
Reinsurance contract liabilities	5 499	75	5 424
Provisions for other liabilities	186	186	–
Loans and payables	3 437	3 200	237
Current income tax	305	285	20
<b>Total liabilities</b>	<b>59 364</b>	<b>24 567</b>	<b>34 797</b>
<b>Total shareholders' equity and liabilities</b>	<b>73 439</b>	<b>37 886</b>	<b>35 553</b>

# Notes to the annual financial statements

## 32. Analysis of policyholder/shareholder financial position and results (continued)

### 32.2 Analysis of policyholder/shareholder statement of comprehensive income

2025	Group R million	Shareholder R million	Policyholder/ cellholder R million
Insurance revenue	56 127	42 163	13 964
Insurance service expense	(41 691)	(33 066)	(8 625)
Net expense from reinsurance contracts held	(7 388)	(3 852)	(3 536)
<b>Insurance service result</b>	<b>7 048</b>	<b>5 245</b>	<b>1 803</b>
Finance expense from insurance contracts issued	(2 708)	(301)	(2 407)
Finance (expense)/income from reinsurance contracts held	(402)	131	(533)
<b>Net insurance service result</b>	<b>3 938</b>	<b>5 075</b>	<b>(1 137)</b>
Interest income on amortised cost instruments	800	542	258
Interest income on fair value through profit or loss instruments	3 729	1 897	1 832
Other investment (losses)/income	(955)	(1 012)	57
Net fair value gains on financial assets and liabilities at fair value through profit or loss	1 949	500	1 449
Other revenue	353	353	–
Investment management services fees	(144)	(129)	(15)
<b>Net investment income and other revenue</b>	<b>5 732</b>	<b>2 151</b>	<b>3 581</b>
Other operating expenses	(1 139)	(1 122)	(17)
Investment return allocated to structured products	(553)	–	(553)
Amortisation and impairment of intangible assets	(69)	(69)	–
<b>Total other operating expenses</b>	<b>(1 761)</b>	<b>(1 191)</b>	<b>(570)</b>
<b>Result of operating activities</b>	<b>7 909</b>	<b>6 035</b>	<b>1 874</b>
Other finance costs	(513)	(446)	(67)
Net income from associates and joint ventures	147	147	–
Income tax recovered from structured products	287	–	287
<b>Profit before tax</b>	<b>7 830</b>	<b>5 736</b>	<b>2 094</b>
<b>Total tax expense</b>	<b>(2 760)</b>	<b>(1 485)</b>	<b>(1 275)</b>
Tax expense allocated to shareholders	(1 485)	(1 485)	–
Tax expense allocated to cell owners and structured products	(1 275)	–	(1 275)
<b>Profit for the year</b>	<b>5 070</b>	<b>4 251</b>	<b>819</b>
<b>Profit attributable to:</b>			
– equity holders of the company	4 059	4 059	–
– non-controlling interest	1 011	192	819
	<b>5 070</b>	<b>4 251</b>	<b>819</b>

# Notes to the annual financial statements

## 32. Analysis of policyholder/shareholder financial position and results (continued)

### 32.2 Analysis of policyholder/shareholder statement of comprehensive income (continued)

2024	Group R million	Shareholder R million	Policyholder/ cellholder R million
Insurance revenue	52 317	39 235	13 082
Insurance service expense	(39 980)	(31 753)	(8 227)
Net expense from reinsurance contracts held	(7 825)	(3 785)	(4 040)
<b>Insurance service result</b>	4 512	3 697	815
Finance expense from insurance contracts issued	(2 647)	(846)	(1 801)
Finance (expense)/income from reinsurance contracts held	(235)	300	(535)
<b>Net insurance service result</b>	1 630	3 151	(1 521)
Interest income on amortised cost instruments	664	382	282
Interest income on fair value through profit or loss instruments	3 471	1 299	2 172
Other investment income	226	164	62
Net fair value gains on financial assets and liabilities at fair value through profit or loss	1 536	1 180	356
Other revenue	364	364	–
Investment management services fees	(119)	(109)	(10)
<b>Net investment income and other revenue</b>	6 142	3 280	2 862
Other operating expenses	(843)	(749)	(94)
Investment return allocated to structured products	(618)	–	(618)
Amortisation and impairment of intangible assets	(217)	(217)	–
<b>Total other operating expenses</b>	(1 678)	(966)	(712)
<b>Result of operating activities</b>	6 094	5 465	629
Other finance costs	(538)	(469)	(69)
Net income from associates and joint ventures	88	88	–
Income tax recovered from structured products	308	–	308
<b>Profit before tax</b>	5 952	5 084	868
<b>Total tax expense</b>	(1 596)	(1 240)	(356)
Tax expense allocated to shareholders	(1 240)	(1 240)	–
Tax expense allocated to cell owners and structured products	(356)	–	(356)
<b>Profit for the year</b>	4 356	3 844	512
<b>Profit attributable to:</b>			
– equity holders of the company	3 679	3 679	–
– non-controlling interest	677	165	512
	4 356	3 844	512

# Analysis of shareholders

Analysis of shareholders	Number of shareholders	% of total shareholders	Number of shares	% Interest
1 – 100 shares	2 101	35.18	86 319	0.07
101 – 1 000 shares	2 471	41.37	932 084	0.81
1 001 – 50 000 shares	1 288	21.56	8 837 624	7.68
50 001 – 100 000 shares	54	0.90	3 762 340	3.27
100 001 – 10 000 000 shares	58	0.97	33 660 518	29.24
More than 10 000 000 shares	1	0.02	67 852 532	58.93
<b>Total</b>	<b>5 973</b>	<b>100.00</b>	<b>115 131 417</b>	<b>100.00</b>
<b>Type of shareholder</b>				
Individuals	4 285	71.74	2 881 339	2.50
Companies	471	7.89	84 140 777	73.08
Growth funds/unit trusts	282	4.72	14 168 526	12.31
Nominee companies or trusts	647	10.83	1 574 358	1.37
Pension and retirement funds	288	4.82	12 366 417	10.74
<b>Total</b>	<b>5 973</b>	<b>100.00</b>	<b>115 131 417</b>	<b>100.00</b>

Shareholder spread	Shareholders in South Africa		Shareholders other than in South Africa		Total shareholders	
	Nominal number	% Contribution	Nominal number	% Contribution	Nominal number	% Interest
Public shareholders	5 744	22.34	215	100.00	5 959	28.63
Directors	4	0.17	–	–	4	0.16
Guardian National Insurance Ltd <sup>1</sup>	1	5.07	–	–	1	4.66
Santam Structured Insurance Ltd <sup>1</sup>	1	0.06	–	–	1	0.06
Trustees of employees' share scheme <sup>1</sup>	3	1.27	–	–	3	1.17
Holdings of 5% or more	5	71.09	–	–	5	65.32
Sanlam Life Insurance Ltd	4	64.17	–	–	4	58.96
Government Employees Pension Fund	1	6.92	–	–	1	6.36
<b>Total</b>	<b>5 758</b>	<b>100.00</b>	<b>215</b>	<b>100.00</b>	<b>5 973</b>	<b>100.00</b>

<sup>1</sup> Owners of treasury shares.

The analysis includes the shares held as treasury shares.

# Analysis of bondholders

<b>Analysis of debt security holders</b>	Number of debt security holders	% of total debt security holders	Number of units	% Interest
1 – 50 000 units	–	–	–	–
50 001 – 100 000 units	2	0.59	200 000	0.01
100 001 – 1 000 000 units	86	25.21	53 376 585	1.33
1 000 001 – 10 000 000 units	183	53.67	827 577 898	20.69
More than 10 000 000 units	70	20.53	3 118 845 517	77.97
<b>Total</b>	<b>341</b>	<b>100.00</b>	<b>4 000 000 000</b>	<b>100.00</b>
<b>Type of debt security holder</b>				
Banks	2	0.59	60 304 000	1.51
Endowment funds	22	6.45	48 558 110	1.21
Insurance companies	30	8.80	235 450 000	5.89
Medical aid schemes	11	3.23	120 292 619	3.01
Mutual funds	199	58.35	2 911 125 753	72.77
Pension funds	62	18.18	434 333 518	10.86
Private companies	14	4.11	188 260 000	4.71
Public companies	1	0.29	1 676 000	0.04
<b>Total</b>	<b>341</b>	<b>100.00</b>	<b>4 000 000 000</b>	<b>100.00</b>

<b>Debt security holder spread</b>	Debt security holders in South Africa	
	Nominal number	% Interest
Ninety One Cautious Managed Fund	366 400 000	9.16
Stanlib Income Fund	273 962 898	6.85
Fairtree BCI Income Plus Fund	247 000 000	6.18
Ninety One High Income Fund	204 100 000	5.10
Others	2 908 537 102	72.71
<b>Total</b>	<b>4 000 000 000</b>	<b>100.00</b>

# Administration

## Non-executive directors

CD da Silva, MP Fandesio, PB Hanratty, DEH Loxton, MM Mahlangeni, NT Moholi (chairperson), AM Mukhuba, JJ Ngulube, PE Speckmann, RA Stuchbery, LA Swartz, RJ Wainwright

## Executive directors

TC Madzinga (*group chief executive officer*), ML Olivier (*group chief financial officer*)

## Sponsor

Equity and Debt sponsor: Investec Bank Ltd

## NSX sponsor

Simonis Storm Securities (Pty) Ltd

## Transfer secretaries

Computershare Investor Services (Pty) Ltd  
15 Biermann Avenue, Rosebank 2196  
Private Bag X9000, Saxonwold 2132  
Tel: 011 370 5000  
Fax: 011 688 5216  
www.computershare.com

## Group company secretary

R Eksteen

## Santam head office and registered address

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**Registration number** 1918/001680/06

**ISIN** ZAE000093779

**JSE share code:** SNT (primary listing)

**NSX share code:** SNM (secondary listing)

**A2X share code:** SNT (secondary listing)

**Debt company code:** BISAN

**LEI:** 37890092DC55C7D94B35

A copy of the set of annual consolidated financial statements with the signatures of the directors is available at the company's registered office and through a secure electronic manner at the election of the person requesting inspection.

Santam is an authorised financial services provider (licence number 3416).



## **Contact**

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