

FITCH RATES SANTAM'S SUBORDINATED NOTES 'AA-(ZAF)'

Fitch Ratings-London/Johannesburg-15 May 2007: Fitch Ratings has today assigned Santam Limited's ("Santam") ZAR600m issue of unsecured subordinated notes a National rating of 'AA-(AA minus)(zaf)'. The rating is based on Fitch's standard notching methodology from Santam's Insurer Financial Strength ("IFS") 'AA+(zaf)' rating. The notes are assigned 50% equity credit, in line with Fitch's treatment of hybrid debt instruments. The issue was successfully placed with institutional investors in South Africa.

The notes have a term to maturity of 15 years (15 September 2022), callable at Santam's option after 10 years (15 September 2017). The notes have been issued on a fixed-rate basis, and if the notes are not called, the coupons will switch to a floating rate. Coupons are deferrable only if requested by the Financial Services Board, the South African insurance regulator. Deferred coupons are cumulative.

Introducing subordinated debt onto the balance sheet can have the advantage of increasing policyholder security, although if it is used to replace shareholders' equity capital, this may also have the opposite effect. The structure of hybrid instruments can vary, resulting in differing levels of policyholder support and credit quality. Fitch's approach is to allocate varying equity credit to instruments based on their characteristics. For more information on Fitch's treatment of hybrid securities, refer to 'Equity Credit for Hybrids & Other Capital' dated 27 September 2006 on www.fitchratings.com.

Santam is the largest general insurer in South Africa, in terms of gross written premiums, and its IFS rating reflects the agency's view that Santam occupies a core position within the Sanlam group.

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Note to Editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(zaf)' for National ratings in South Africa. Specific letter grades are not therefore internationally comparable.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.