

This pack has been prepared to aid discussion and provide further supplementary information only and has not been subject to an external review or audit

CUSTOMERS PER ENTITY

Life Policyholders

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|----------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| Individual | 446,713 | 452,561 | 446,475 | 440,747 | 429,817 | 423,707 | 413,346 | 407,402 |
| Invest | | | | | | | | |
| Invest - DRO* | 129,606 | 127,831 | 124,135 | 120,253 | 115,670 | 111,258 | 105,722 | 101,168 |
| Invest - Other | 192,615 | 189,210 | 185,025 | 179,975 | 172,929 | 164,878 | 153,804 | 147,960 |
| Group (lives) | 601,816 | 551,219 | 544,443 | 539,552 | 512,715 | 506,141 | 502,258 | 466,172 |
| Group schemes | 2,797 | 2,740 | 2,771 | 2,635 | 2,585 | 2,552 | 2,503 | 2,453 |

*Discovery Retirement Optimiser (DRO) product has been moved from the Individual category to Invest - DRO from December 2015 onwards

This count is the full number of DRO policies (underlying Endowments and Retirement Annuities counted individually), including Paid-up policies.

Prior period comparatives have been restated to be consistent with this approach, since paid-up policies were not previously included in the counts disclosed before June 2017.

** Note that the December 2019 figure has been restated to correct for an error which resulted in an understatement of member count at the time.

Life NB APE

| | 12 months to June 2020 | 6 months to December 2019 | 12 months to June 2019 | 6 months to December 2018 | 12 months to June 2018 | 6 months to December 2017 | Year ended June 2017 | 6 months to December 2016 |
|-------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|----------------------|---------------------------|
| Individual | 2,126 | 1,165 | 2,215 | 1,157 | 2,042 | 1,038 | 1,970 | 1,001 |
| Group | 160 | 75 | 97 | 55 | 146 | 79 | 205 | 52 |
| Invest - Recurring | 1,164 | 686 | 1,221 | 661 | 1,205 | 632 | 1,219 | 658 |
| Invest - Single APE** | 1,508 | 671 | 1,382 | 726 | 1,248 | 588 | 1,277 | 620 |
| Total Life APE** | 4,958 | 2,597 | 4,915 | 2,599 | 4,641 | 2,337 | 4,671 | 2,331 |

** APE shown at 10% of Single premium

Health Members

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| DHMS - Keycare | 232,714 | 243,046 | 240,140 | 251,951 | 247,357 | 254,165 | 248,430 | 256,591 |
| DHMS - Non-Keycare | 1,111,079 | 1,108,674 | 1,110,401 | 1,098,903 | 1,093,745 | 1,069,492 | 1,062,964 | 1,041,166 |
| In-House Schemes | 319,974 | 317,408 | 316,410 | 315,875 | 310,773 | 311,879 | 299,353 | 275,293 |
| Total | 1,663,767 | 1,669,128 | 1,666,951 | 1,666,729 | 1,651,875 | 1,635,536 | 1,610,747 | 1,573,050 |

Health Lives

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| DHMS - Keycare | 403,392 | 420,869 | 415,436 | 436,543 | 428,103 | 440,722 | 430,363 | 443,485 |
| DHMS - Non-Keycare | 2,381,735 | 2,387,237 | 2,394,336 | 2,382,596 | 2,374,976 | 2,337,485 | 2,327,651 | 2,292,201 |
| In-House Schemes | 698,534 | 689,688 | 686,114 | 677,530 | 667,116 | 663,807 | 635,178 | 581,821 |
| Total | 3,483,661 | 3,497,794 | 3,495,886 | 3,496,669 | 3,470,195 | 3,442,014 | 3,393,192 | 3,317,507 |

Vitality SA

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|--------------------------------------------------------------------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| Total Vitality Health, Vitality Drive and Vitality Money programme lives | 2,065,868 | 2,060,011 | 1,987,237 | 2,001,919 | 2,001,710 | 2,010,302 | 1,991,948 | 2,001,773 |

VitalityHealth Members

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Individual | 105,915 | 104,997 | 101,702 | 96,277 | 90,375 | 85,942 | 84,070 | 82,171 |
| SME | 212,305 | 209,509 | 201,960 | 190,835 | 181,795 | 174,376 | 168,844 | 165,813 |
| Corporate | 81,124 | 78,050 | 70,583 | 61,970 | 59,954 | 56,762 | 53,472 | 56,773 |
| Trust and Cost Plus | - | - | - | - | - | - | - | - |
| Total | 399,344 | 392,556 | 374,245 | 349,082 | 332,124 | 317,080 | 306,486 | 304,757 |

VitalityHealth Lives

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Individual | 188,976 | 186,559 | 179,811 | 168,609 | 156,488 | 148,309 | 145,379 | 142,044 |
| SME | 356,907 | 353,763 | 342,431 | 327,594 | 314,773 | 304,280 | 297,186 | 292,506 |
| Corporate | 135,440 | 131,991 | 120,157 | 107,570 | 105,083 | 100,242 | 94,662 | 101,104 |
| Trust and Cost Plus | - | - | - | - | - | - | - | - |
| Total | 681,323 | 672,313 | 642,399 | 603,773 | 576,344 | 552,831 | 537,227 | 535,654 |

VitalityLife Policies

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|----------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| Policies | 470,923 | 458,317 | 434,072 | 408,728 | 385,818 | 357,704 | 337,900 | 322,364 |

VitalityLife Lives

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|-------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| Lives | 621,215 | 605,996 | 575,731 | 542,720 | 506,823 | 467,750 | 438,862 | 415,169 |

Discovery Insure Policies

| | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|----------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| Policies | 178,517 | 169,920 | 159,171 | 152,947 | 144,072 | 137,412 | 121,785 | 111,605 |

VALUE OF NEW BUSINESS AT POINT OF SALE VS VALUATION DATE

June 2020

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (385) | (2,616) | (1,171) | (1,678) |
| Value of In Force | 1,295 | 3,284 | 1,433 | 2,031 |
| Cost of Capital | (27) | (82) | (56) | (106) |
| | 883 | 586 | 206 | 247 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 1,275 | 3,019 | 1,191 | 2,206 |
| Cost of Capital | (27) | (82) | (27) | (181) |
| | 1,248 | 2,937 | 1,164 | 2,025 |

December 2019

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (197) | (1,364) | (576) | (807) |
| Value of In Force | 588 | 1,934 | 697 | 1,095 |
| Cost of Capital | (14) | (44) | (26) | (90) |
| | 377 | 526 | 95 | 198 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 586 | 1,831 | 548 | 1,093 |
| Cost of Capital | (13) | (44) | (13) | (112) |
| | 573 | 1,787 | 535 | 981 |

June 2019

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (379) | (2,675) | (1,180) | (1,671) |
| Value of In Force | 1,211 | 3,917 | 1,510 | 2,191 |
| Cost of Capital | (27) | (82) | (59) | (134) |
| | 805 | 1,160 | 271 | 386 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 1,206 | 3,578 | 1,161 | 2,151 |
| Cost of Capital | (27) | (82) | (27) | (267) |
| | 1,179 | 3,496 | 1,134 | 1,884 |

December 2018

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (183) | (1,356) | (605) | (797) |
| Value of In Force | 611 | 2,024 | 724 | 1,027 |
| Cost of Capital | (14) | (41) | (26) | (64) |
| | 414 | 627 | 93 | 166 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 611 | 1,890 | 536 | 1,031 |
| Cost of Capital | (14) | (41) | (14) | (105) |
| | 597 | 1,849 | 522 | 926 |

June 2018

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (364) | (2,388) | (1,030) | (1,387) |
| Value of In Force | 1,349 | 3,764 | 1,293 | 1,794 |
| Cost of Capital | (29) | (74) | (44) | (58) |
| | 956 | 1,302 | 219 | 349 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 1,364 | 3,536 | 1,017 | 1,876 |
| Cost of Capital | (29) | (74) | (29) | (109) |
| | 1,335 | 3,462 | 988 | 1,767 |

December 2017

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (176) | (1,225) | (492) | (607) |
| Value of In Force | 578 | 1,941 | 504 | 854 |
| Cost of Capital | (14) | (37) | (23) | (28) |
| | 388 | 679 | (11) | 219 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 579 | 1,864 | 375 | 850 |
| Cost of Capital | (14) | (37) | (14) | (24) |
| | 565 | 1,827 | 361 | 826 |

June 2017

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (349) | (2,394) | (873) | (1,438) |
| Value of In Force | 1,169 | 3,698 | 1,030 | 1,870 |
| Cost of Capital | (31) | (73) | (46) | (126) |
| | 789 | 1,231 | 111 | 306 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 1,176 | 3,437 | 824 | 1,842 |
| Cost of Capital | (30) | (73) | (30) | (185) |
| | 1,146 | 3,364 | 794 | 1,657 |

December 2016

VNB at Point of Sale

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|--------------------------------------|---------------------|-----------------|----------------|--------------|
| Acquisition Costs and Initial strain | (170) | (1,220) | (423) | (760) |
| Value of In Force | 503 | 1,909 | 450 | 1,003 |
| Cost of Capital | (15) | (37) | (17) | (67) |
| | 318 | 652 | 10 | 176 |

New business contribution to value of in force at valuation date

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife |
|-------------------|---------------------|-----------------|----------------|--------------|
| Value of In Force | 504 | 1,783 | 326 | 955 |
| Cost of Capital | (14) | (37) | (14) | (135) |
| | 490 | 1,746 | 312 | 820 |

EV RECONCILIATION TO INCOME STATEMENT

for the twelve months ended 30 June 2020

| R million | Embedded Value Earnings | Value of In-Force | Cost of required Capital | Impact on Income Statement | Adjustment to Shareholders Funds | Statement of Changes in Equity |
|---------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|--------------------------|----------------------------|----------------------------------|--------------------------------|
| Total profit from new business | 1,922 | 6,807 | (271) | (4,614) | - | - |
| - Health and Vitality | 883 | 1,216 | (27) | (306) | - | - |
| - Life | 586 | 2,734 | (82) | (2,066) | - | - |
| - VitalityHealth | 206 | 1,056 | (56) | (794) | - | - |
| - VitalityLife | 247 | 1,801 | (106) | (1,448) | - | - |
| Profit from existing business | | | | | | |
| * Expected return | 6,388 | 191 | 72 | 6,125 | - | - |
| - Health and Vitality | 2,551 | 103 | 9 | 2,439 | - | - |
| <i>Expected transfer from VIF to net worth</i> | - | (2,439) | - | 2,439 | - | - |
| <i>Unwinding of the risk discount rate</i> | 2,551 | 2,542 | 9 | - | - | - |
| - Life | 3,072 | 1,686 | 10 | 1,376 | - | - |
| <i>Expected transfer from VIF to net worth</i> | - | (1,376) | - | 1,376 | - | - |
| <i>Unwinding of the risk discount rate</i> | 3,072 | 3,062 | 10 | - | - | - |
| - VitalityHealth | 392 | (870) | 52 | 1,210 | - | - |
| <i>Expected transfer from VIF to net worth</i> | - | (1,210) | - | 1,210 | - | - |
| <i>Unwinding of the risk discount rate</i> | 392 | 340 | 52 | - | - | - |
| - VitalityLife | 373 | (728) | 1 | 1,100 | - | - |
| <i>Expected transfer from VIF to net worth</i> | - | (1,100) | - | 1,100 | - | - |
| <i>Unwinding of the risk discount rate</i> | 373 | 372 | 1 | - | - | - |
| * Change in methodology and assumptions | (8,759) | (9,512) | (2,118) | 2,871 | - | - |
| - Health and Vitality | (894) | (918) | - | 24 | - | - |
| - Life | (4,194) | (7,412) | 5 | 3,213 | - | - |
| - VitalityHealth | 86 | 102 | (16) | - | - | - |
| - VitalityLife | (3,757) | (1,284) | (2,107) | (366) | - | - |
| * Experience variances | 133 | (10) | (107) | 250 | - | - |
| - Health and Vitality | 719 | 454 | (6) | 271 | - | - |
| - Life | (796) | (573) | - | (223) | - | - |
| - VitalityHealth | 565 | 383 | (22) | 204 | - | - |
| - VitalityLife | (355) | (274) | (79) | (2) | - | - |
| Increase in goodwill and intangibles | (313) | - | - | - | (313) | - |
| Other initiatives | (49) | 44 | - | (93) | - | - |
| Non-recurring expenses | (181) | - | - | (181) | - | - |
| Acquisition costs | (12) | (5) | - | (7) | - | - |
| Finance costs | (1,368) | - | - | (1,368) | - | - |
| Other | 19 | 1 | - | - | 18 | - |
| Foreign Exchange Rate Movements | 3,344 | 2,927 | (482) | (1,531) | (660) | 3,090 |
| Intangibles | (582) | - | - | - | (582) | - |
| DAC | (78) | - | - | - | (78) | - |
| Puttable NCI Liability | - | - | - | - | - | - |
| Other | 4,004 | 2,927 | (482) | (1,531) | - | 3,090 |
| Return on shareholders' funds | 308 | - | - | 305 | - | 3 |
| Unrealised gain on investments and realised gain on investments transferred to income statement | 3 | - | - | - | - | 3 |
| Health and Vitality investment income | 67 | - | - | 67 | - | - |
| Life investment income | 199 | - | - | 199 | - | - |
| VitalityHealth investment income | 39 | - | - | 39 | - | - |
| VitalityLife investment income | - | - | - | - | - | - |
| Amortisation of Intangibles | (16) | - | - | (321) | 305 | - |
| Amortisation of intangibles from business combinations | (16) | - | - | (60) | 44 | - |
| Amortisation of systems intangibles | - | - | - | (261) | 261 | - |
| VitalityHealth and VitalityLife DAC and unemployment reserve | - | - | - | 10 | (10) | - |
| Reversal of 1 Discovery Place IAS 17 financial lease accounting | - | - | - | (341) | 341 | - |
| Life assets under insurance contracts | - | - | - | (2,200) | 2,200 | - |
| Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts | - | - | - | 508 | (508) | - |
| VitalityHealth FinRe | - | - | - | 763 | (763) | - |
| Equity settled share based payment provision adjustment | - | - | - | - | - | - |
| Embedded value earnings | 1,416 | 443 | (2,906) | 176 | 610 | 3,093 |
| Adjustment to Shareholders' Funds: | | | | | | |
| Change in: | | | | | | |
| DAC | (87) | | | | | |
| Intangibles & Goodwill | (573) | | | | | |
| Life negative reserve | 2,200 | | | | | |
| VitalityLife negative reserve | (508) | | | | | |
| VitalityLife FinRe liability | (763) | | | | | |
| 1 DP IAS 17 financial lease accounting | 341 | | | | | |

EV BUILD-UP PER ENTITY

for the twelve months ended 30 June 2020

| R million | Health and Vitality | Life and Invest | VitalityHealth | VitalityLife | Other | Total |
|---------------------------------------------------|------------------------|-----------------|----------------|--------------|----------------|---------------|
| Value of in-force business at 30 June 2019 | 21,071 | 26,100 | 7,462 | 6,191 | - | 60,824 |
| Expected return (in-force business) | 2,506 | 2,981 | 357 | 343 | - | 6,187 |
| Release of profits (in-force business) | (2,439) | (1,376) | (1,210) | (1,100) | - | (6,125) |
| Value of new business | 1,268 | 3,202 | 1,377 | 1,925 | - | 7,772 |
| Expected return (new business) | 45 | 91 | 35 | 30 | - | 201 |
| Release of profits (new business) | (79) | (550) | (377) | (230) | - | (1,236) |
| Experience variances | 448 | (573) | 361 | (353) | - | (117) |
| Methodology changes | (918) | (7,407) | 86 | (3,391) | - | (11,630) |
| Other | - | 40 | 1,491 | 954 | - | 2,485 |
| Value of in-force business at 30 June 2020 | 21,902 | 22,508 | 9,582 | 4,369 | - | 58,361 |
| Shareholders' funds per Balance Sheet | 2,867 | 27,813 | 7,289 | 6,354 | 230 | 44,553 |
| Adjustment to shareholders' funds | - | (18,564) | (3,545) | (6,341) | (3,630) | (32,080) |
| Embedded value at 30 June 2020 | 24,769 | 31,757 | 13,326 | 4,382 | (3,400) | 70,834 |

COMPONENTS OF ASSETS UNDER INSURANCE CONTRACTS AND ADJUSTMENT TO SHAREHOLDERS' FUNDS ON PUBLISHED BASIS



| R million | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016 |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Assets under insurance contracts | | | | | | | | |
| Discovery Life positive liabilities not netted off with negative liabilities: | 1,175 | 1,205 | 1,234 | 1,234 | 4,636 | 3,983 | 3,642 | 3,231 |
| Discovery Life long term reserves in respect of policies with net negative liabilities: | (29,994) | (32,984) | (31,295) | (31,295) | (31,713) | (29,448) | (27,650) | (25,629) |
| Unit reserves | - | - | - | - | - | - | - | - |
| VitalityLife net long term reserve | (8,180) | (9,473) | (9,351) | (9,351) | (9,124) | (8,238) | (8,530) | (8,420) |
| Total Assets under insurance contracts: | (36,999) | (41,253) | (39,412) | (39,412) | (36,201) | (33,703) | (32,538) | (30,818) |
| 2. Negative liabilities not included under assets under insurance contracts | | | | | | | | |
| Negative reserve in respect of Invest business | (5,494) | (5,175) | (4,829) | (4,829) | (4,059) | (3,709) | (3,428) | (3,170) |
| DAC and DRL in respect of Invest business | (601) | (568) | (544) | (544) | (503) | (480) | (464) | (438) |
| | (6,095) | (5,743) | (5,373) | (5,373) | (4,562) | (4,189) | (3,892) | (3,608) |
| 3. Components to be zeroised based on the Method of Distributable Cashflows: | | | | | | | | |
| Discovery Life long term reserves in respect of policies with net negative liabilities: | (29,994) | (32,984) | (31,295) | (31,295) | (31,713) | (29,448) | (27,650) | (25,629) |
| Negative reserve in respect of Invest business | (5,494) | (5,175) | (4,829) | (4,829) | (4,059) | (3,709) | (3,428) | (3,170) |
| DAC and DRL in respect of Invest business | (601) | (568) | (544) | (544) | (503) | (480) | (464) | (438) |
| | - | - | - | - | - | - | - | - |
| Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings | 7,973 | 8,679 | 8,218 | 8,218 | 7,154 | 6,768 | 6,349 | 5,953 |
| Liabilities off set against Negative reserve before zeroisation | 9,552 | 7,693 | 7,686 | 7,686 | 7,642 | 7,015 | 6,839 | 6,026 |
| | (18,564) | (22,355) | (20,764) | (20,764) | (21,479) | (19,854) | (18,354) | (17,258) |
| 4. Other adjustments to published Shareholders' funds | | | | | | | | |
| Vitality Life Limited and Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts | (6,320) | (6,231) | (5,812) | (5,812) | (4,834) | (3,891) | (3,620) | (3,176) |
| VitalityHealth FinRe Asset | (3,078) | (2,600) | (2,315) | (2,315) | (1,898) | (1,568) | (1,440) | (1,279) |
| VitalityHealth and VitalityHealth Insurance Limited deferred acquisition costs (net of deferred tax) | (467) | (365) | (382) | (382) | (331) | (254) | (252) | (233) |
| VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax) | (21) | (19) | (19) | (19) | (27) | (26) | (27) | (32) |
| Goodwill | (2,653) | (2,289) | (2,225) | (2,225) | (2,247) | (2,060) | (2,107) | (2,093) |
| Intangible assets (net of deferred tax) relating to the acquisition of Standard Life Healthcare and the Prudential joint venture | (945) | (964) | (800) | (801) | (874) | (839) | (979) | (965) |
| Net preference share capital | (779) | (779) | (779) | (779) | (779) | (779) | (779) | (779) |
| Reversal of 1 Discovery Place IAS 17 financial lease accounting | 747 | 625 | 406 | 406 | 208 | 75 | - | - |
| Equity settled share based payment provision adjustment | - | - | - | - | - | - | - | - |
| Adjustment to Shareholders' funds from published basis | (32,080) | (34,977) | (32,690) | (32,691) | (32,261) | (29,196) | (27,558) | (25,815) |

RECON OF ASSETS UNDER INSURANCE CONTRACTS

| R million | FY June 2020 | HY December 2019 | FY June 2019 | HY December 2018 ** | FY June 2018 | HY December 2017 |
|-----------------------------------------------|---------------|------------------|---------------|---------------------|---------------|------------------|
| Balance at the beginning of the year | 39,408 | 39,408 | 39,409 | 36,201 | 32,538 | 32,538 |
| Movement for the year: | | | | | | |
| Expected Movement in Policyholder Liabilities | (3,275) | (1,286) | (1,286) | (1,440) | (3,280) | (1,650) |
| Unwinding of Discount Rate | 2,792 | 1,040 | 1,040 | 1,012 | 2,425 | 1,187 |
| New Business Written | 3,862 | 2,430 | 2,430 | 2,347 | 3,984 | 1,986 |
| Experience Variances | (436) | (179) | (179) | (481) | (546) | (466) |
| Economic | (129) | (103) | (103) | 21 | (255) | (36) |
| Operational | (307) | (75) | (75) | (502) | (291) | (430) |
| Modeling and method changes | (111) | 1 | 1 | (58) | (155) | (155) |
| Benefit changes | - | - | - | - | (31) | (44) |
| Changes in assumptions | (8,174) | (958) | (958) | (432) | (6) | 403 |
| Economic | (5,478) | (751) | (751) | (483) | 2,750 | 68 |
| Operational | (2,696) | (207) | (207) | 51 | (2,756) | 335 |
| Changes in margins * | 1,366 | 528 | 528 | 784 | 704 | 88 |
| Exchange rate difference | 1,566 | 268 | 268 | 87 | 568 | (184) |
| Balance at the end of the year | 36,999 | 41,252 | 41,253 | 38,020 | 36,201 | 33,703 |

* In line with accounting policy, the best estimate and margins are reset at every valuation date to reflect the underlying profitability of the overall portfolio.

| | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Assets under insurance contracts | 48,042 | 51,508 | 46,284 | 46,284 | 43,624 | 39,686 |
| Recovery from reinsurers | (11,043) | (10,255) | (8,263) | (8,263) | (7,423) | (5,984) |
| | 36,999 | 41,252 | 38,020 | 38,020 | 36,201 | 33,703 |

** Note that this comparative has been restated relative to the disclosure made at December 2018 to update allocations between operational experience variances, economic assumption changes and changes in margins

BREAKDOWN BETWEEN DISCOVERY LIFE AND VITALITYLIFE

| R million | FY June 2020 | | |
|-----------------------------------------------|----------------|--------------|---------------|
| | Discovery Life | VitalityLife | Total |
| Balance at the beginning of the year | 30,061 | 9,347 | 39,408 |
| Movement for the year: | | | |
| Expected Movement in Policyholder Liabilities | (1,448) | (1,827) | (3,275) |
| Unwinding of Discount Rate | 2,565 | 227 | 2,792 |
| New Business Written | 2,217 | 1,645 | 3,862 |
| Experience Variances | (146) | (290) | (436) |
| Economic | (129) | - | (129) |
| Operational | (17) | (290) | (307) |
| Modeling and method changes | (35) | (77) | (111) |
| Benefit changes | - | - | - |
| Changes in assumptions | (5,761) | (2,413) | (8,174) |
| Economic | (3,438) | (2,040) | (5,478) |
| Operational | (2,323) | (373) | (2,696) |
| Changes in margins | 1,366 | - | 1,366 |
| Exchange rate difference | - | 1,566 | 1,566 |
| | - | - | - |
| Balance at the end of the year | 28,819 | 8,180 | 36,999 |

BREAKDOWN OF INVEST ASSETS UNDER ADMINISTRATION

| R million | Total |
|------------------|---------------|
| December 2012 | 26,615 |
| June 2013 | 30,153 |
| December 2013 | 36,026 |
| June 2014 | 41,822 |
| December 2014 | 45,619 |
| June 2015 | 50,473 |
| December 2015 | 56,195 |
| June 2016 | 60,953 |
| December 2016 | 63,985 |
| June 2017 | 69,547 |
| December 2017 | 77,844 |
| June 2018 | 81,789 |
| December 2018 | 83,060 |
| June 2019 | 91,597 |
| December 2019 | 96,641 |
| June 2020 | 99,033 |

VIF, APE AND VNB SPLIT BETWEEN LIFE AND INVEST

| R million | June 2020 | December 2019 | June 2019 | December 2018 | June 2018 | December 2017 | June 2017 | December 2016* |
|---------------|---------------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|
| VIF** | | | | | | | | |
| Life | 16,041 | 20,192 | 19,124 | 18,242 | 19,810 | 19,484 | 18,065 | 17,313 |
| Invest | 6,467 | 7,391 | 6,976 | 6,502 | 7,348 | 7,032 | 6,258 | 5,794 |
| APE*** | | | | | | | | |
| Life | 835 | 477 | 939 | 506 | 933 | 488 | 985 | 462 |
| Invest | 2,051 | 979 | 1,959 | 1,041 | 1,840 | 894 | 1,856 | 974 |
| VNB** | | | | | | | | |
| Life | 421 | 409 | 923 | 480 | 911 | 496 | 885 | 434 |
| Invest | 165 | 117 | 237 | 147 | 391 | 183 | 346 | 218 |

*Discovery Retirement Optimiser (DRO) product moved from Life to Invest in line with disclosures for December 2016 and later periods.

** These VIF and VNB numbers are after allowing for the Cost of required Capital

***APE is the Annual Premium Income (or Annual Premium Equivalent in the case of Single Premium Investment business) in relation to New Business only, and excludes any addition to Existing Business premiums arising from servicing increases and ACIs.

RECONCILIATION TO THE REQUIRED CAPITAL

for the 12 months ended 30 June 2020

| R millions | Life and Invest | Health and Vitality | VitalityLife | VitalityHealth | Total |
|---------------------------------------------------|-----------------|------------------------|--------------|----------------|----------------|
| Opening - 30 June 2019 | 21,724 | 909 | 6,004 | 2,350 | 30,987 |
| - Methodology changes | (5,670) | - | (64) | - | (5,734) |
| - Expected release on in-force at start of period | 757 | (3) | (322) | (239) | 193 |
| - Impact of new business written | 1,935 | 62 | (4,773) | 307 | (2,469) |
| - Other changes | (202) | (33) | 5,469 | 80 | 5,314 |
| - Exchange rate movements | - | - | 1,176 | 465 | 1,641 |
| Change in Required Capital | (3,180) | 26 | 1,486 | 613 | (1,055) |
| Closing - 30 June 2020 | 18,544 | 935 | 7,490 | 2,963 | 29,932 |

SEGMENTAL INFORMATION

for the year ended 30 June 2020

| R million | SA Health | SA Life | SA Invest | SA Insure ^{c,d} | SA Vitality | SA Bank ^c | UK Health | UK Life | All other segments | Segment total | IFRS reporting adjustments ⁴ | IFRS total |
|--------------------------------------------------------------------------------------------|--------------|--------------|------------|--------------------------|-------------|----------------------|------------|----------------|--------------------|---------------|-----------------------------------------|--------------|
| Income statement | | | | | | | | | | | | |
| Insurance premium revenue | 252 | 12,984 | 15,602 | 3,544 | - | - | 9,100 | 5,705 | 3,330 | 50,517 | (742) | 49,775 |
| Reinsurance premiums | (1) | (2,564) | - | (66) | - | - | (1,589) | (2,789) | (41) | (7,050) | 742 | (6,308) |
| Net insurance premium revenue | 251 | 10,420 | 15,602 | 3,478 | - | - | 7,511 | 2,916 | 3,289 | 43,467 | - | 43,467 |
| Fee income from administration businesses | 7,238 | - | 2,246 | 12 | - | 137 | 30 | - | 1,687 | 11,350 | (13) | 11,337 |
| Net banking fee and commission income | - | - | - | - | - | 150 | - | - | - | 150 | - | 150 |
| Banking fee and commission income | - | - | - | - | - | 182 | - | - | - | 182 | - | 182 |
| Banking fee and commission expense | - | - | - | - | - | (32) | - | - | - | (32) | - | (32) |
| Vitality income | - | - | - | - | 2,401 | 121 | 452 | 212 | 689 | 3,875 | - | 3,875 |
| Other income | 883 | 39 | - | - | - | 120 | 69 | - | 18 | 1,129 | (29) | 1,100 |
| Investment income earned on assets backing policyholder liabilities | - | 13 | - | 119 | - | 1 | 9 | 37 | 1 | 180 | (180) | - |
| Net bank interest and similar income | - | - | - | - | - | 63 | - | - | - | 63 | 8 | 71 |
| Bank interest and similar income using the effective interest rate | - | - | - | - | - | 162 | - | - | - | 162 | - | 162 |
| Bank interest and similar expense using the effective interest rate | - | - | - | - | - | (99) | - | - | - | (99) | 8 | (91) |
| Finance charge on negative reserve funding | - | - | - | - | - | - | - | (838) | - | (838) | 838 | - |
| Inter-segment funding ¹ | - | (762) | 762 | - | - | - | - | - | - | - | - | - |
| Net fair value gains on financial assets at fair value through profit or loss | (20) | 867 | 834 | 32 | (2) | 92 | 29 | 768 | 59 | 2,659 | 1,434 | 4,093 |
| Net income | 8,352 | 10,577 | 19,444 | 3,641 | 2,399 | 684 | 8,100 | 3,095 | 5,743 | 62,035 | 2,058 | 64,093 |
| Net claims and policyholders' benefits | (100) | (6,079) | (10,542) | (1,915) | - | - | (3,623) | (798) | (189) | (23,246) | - | (23,246) |
| Claims and policyholders' benefits | (100) | (7,926) | (10,542) | (1,939) | - | - | (4,796) | (1,964) | (229) | (27,496) | 640 | (26,856) |
| Insurance claims recovered from reinsurers | - | 1,847 | - | 24 | - | - | 1,173 | 1,166 | 40 | 4,250 | (640) | 3,610 |
| Acquisition costs | (30) | (1,566) | (1,080) | (479) | (66) | - | (797) | (1,814) | 123 | (5,709) | (838) | (6,547) |
| Credit impairment charges | - | - | - | - | - | (181) | - | - | - | (181) | - | (181) |
| Marketing and administration expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| - depreciation and amortisation | (176) | (7) | (9) | (84) | (15) | (236) | (359) | (46) | (612) | (1,544) | (210) | (1,754) |
| - derecognition of intangible assets and property and equipment | (29) | - | - | (74) | (9) | - | - | - | (84) | (196) | - | (196) |
| - impairment of intangible assets | - | - | - | - | - | - | - | - | (63) | (63) | - | (63) |
| - other expenses | (4,844) | (1,976) | (984) | (824) | (2,302) | (1,438) | (3,297) | (2,063) | (2,625) | (20,353) | 260 | (20,093) |
| Recovery of expenses from reinsurers | - | - | - | - | - | - | 826 | 2,050 | - | 2,876 | - | 2,876 |
| Transfer from assets/liabilities under insurance contracts | - | - | - | - | - | - | - | - | - | - | - | - |
| - change in assets arising from insurance contracts | - | 1,557 | - | - | - | - | - | (2,788) | 29 | (1,202) | 3,240 | 2,038 |
| - change in assets arising from reinsurance contracts | - | 27 | - | 7 | - | - | 8 | 11 | - | 53 | - | 53 |
| - change in liabilities arising from insurance contracts | - | (238) | (5,809) | (39) | - | - | (28) | (18) | (3,110) | (9,242) | (176) | (9,418) |
| - change in liabilities arising from reinsurance contracts | - | 678 | - | - | - | - | - | 2,099 | - | 2,777 | (3,239) | (462) |
| Fair value adjustment to liabilities under investment contracts | - | (2) | (190) | - | - | - | - | - | 4 | (188) | 37 | (151) |
| Share of net profits from equity-accounted investments | 17 | - | - | 13 | - | - | - | - | 222 | 252 | - | 252 |
| Normalised profit/(loss) from operations | 3,190 | 2,971 | 830 | 246 | 7 | (1,171) | 830 | (272) | (562) | 6,069 | 1,132 | 7,201 |
| Investment income earned on shareholder investments and cash | 65 | 21 | 45 | 10 | 27 | - | 1 | 12 | 746 | 927 | (548) | 379 |
| Economic assumptions adjustments net of discretionary margins and interest rate derivative | - | (3,635) | - | - | - | - | - | (1,195) | - | (4,830) | (878) | (5,708) |
| Economic assumptions adjustments net of discretionary margins | - | (3,635) | - | - | - | - | - | (2,073) | - | (5,708) | - | (5,708) |
| Fair value gains on VitalityLife interest rate derivative | - | - | - | - | - | - | - | 878 | - | 878 | (878) | - |
| Net fair value gains/(losses) on financial assets at fair value through profit or loss | - | 128 | 4 | - | - | - | - | (120) | 263 | 275 | (275) | - |
| Restructuring costs | - | - | - | - | - | - | - | (100) | - | (100) | 100 | - |
| Gains from dilution of equity accounted investments | - | - | - | 3 | - | - | - | - | (9) | 3 | - | 3 |
| Impairment of goodwill | - | - | - | - | - | - | - | - | (9) | (9) | - | (9) |
| Initial expenses related to Prudential Book transfer | - | - | - | - | - | - | - | (71) | - | (71) | 71 | - |
| Transaction costs related to VitalityLife interest rate derivatives | - | - | - | - | - | - | - | (45) | - | (45) | 45 | - |
| Amortisation of intangibles from business combinations | - | - | - | - | - | - | - | - | (76) | (76) | - | (76) |
| Market rentals related to Head Office building adjusted for finance costs and depreciation | - | - | - | - | - | - | - | - | (259) | (259) | 259 | - |
| Finance costs | (286) | - | - | - | - | - | (7) | (257) | (1,389) | (1,939) | 371 | (1,568) |
| Foreign exchange gains | 15 | - | 36 | - | - | - | - | - | 527 | 578 | - | 578 |
| Profit before tax | 2,984 | (515) | 915 | 259 | 34 | (1,171) | 824 | (2,048) | (759) | 523 | 277 | 800 |
| Income tax expense | (826) | 147 | (256) | (64) | (10) | 270 | (129) | 239 | 282 | (347) | (277) | (624) |
| Profit for the year | 2,158 | (368) | 659 | 195 | 24 | (901) | 695 | (1,809) | (477) | 176 | - | 176 |

¹ The inter-segment funding of R762 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.

² During the current financial year segmental information has been changed to align with the change in reportable segments, i.e. Discovery Insure (South Africa) and Discovery Bank (South Africa) are now shown as separate segments. The comparative information has been restated accordingly.

³ This segment relates to Discovery Insure – Personal lines only.

⁴ The segment information is presented on the same basis as reported to the Chief Executive Officers of the reportable segments. The segment total is then adjusted for accounting reclassifications and entries required to produce IFRS compliant results. These adjustments include the following:

- The VitalityLife results, for business originally written on the Prudential Assurance Company license, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4.
- The Discovery Unit Trusts (DUT) are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.
- The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.

Group Shareholder Free Cash Movement

| R millions | FY2020 | FY2019 | FY2018 | FY2017 |
|---------------------------------------------------|--------------|--------------|------------|------------|
| Cash Generated from In-Force Before Financing | 15,370 | 15,019 | 10,612 | 7,623 |
| Tax Paid | (1,289) | (1,157) | (1,228) | (745) |
| Finance Cost Paid | (1,142) | (1,219) | (759) | (437) |
| Dividends Paid | (1,498) | (1,480) | (1,367) | (1,235) |
| New Business | (8,006) | (8,096) | (7,822) | (7,071) |
| New Initiatives | (2,565) | (3,972) | (1,996) | (1,471) |
| Share Issue (Net of Share Issue Costs) | - | 1,834 | - | - |
| Transactions with Reinsurers | (90) | 298 | 1,107 | 420 |
| Transactions with Borrowers (Excl. Finance Costs) | 3,014 | 471 | 1,976 | 3,148 |
| Movement in Shareholder Free Cash | 3,794 | 1,698 | 522 | 231 |

Group Shareholder Free Cash Movement - Reconciliation to Profit for the Period

| R millions | FY2020 | FY2019 | FY2018 | FY2017 |
|---------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Profit for the period | 176 | 6,614 | 5,735 | 4,495 |
| Reverse non-cash profit items: | | | | |
| Share of net profits/(losses) from equity accounted investments | (253) | (170) | (115) | (26) |
| Gains from dilution of equity accounted investments | (3) | (844) | - | - |
| Depreciation and amortisation | 1,753 | 1,434 | 940 | 699 |
| Impairment of intangible assets | 227 | 32 | 200 | - |
| Deferred acquisition costs (Excl. Invest DAC and exchange rate movements) | (3) | (72) | (61) | (2) |
| Movement in contract assets | 119 | - | - | - |
| Deferred Revenue (Excl. exchange rate movements) | 313 | 108 | 32 | - |
| Amortisation of intangibles from business combinations | 76 | 99 | 123 | 171 |
| Non cash impact of Vitality Health Financial Reinsurance | (292) | (444) | (352) | (383) |
| Vitality Health Financial Reinsurance Recapture | - | - | - | (858) |
| UK Life IFRS reporting adjustments - Tax Accrued | - | 64 | (27) | (103) |
| Other non-cash adjustments to profit | (76) | 159 | 42 | (145) |
| Adjustments from IFRS to EV ANW: | | | | |
| Tangible Asset Release on Transition to SAM | - | 3,484 | - | - |
| Gain from Asset-Liability optimisation | 1,843 | - | - | - |
| Increase in Negative Reserves and Invest DAC (Net of tax) | (151) | (3,747) | (4,339) | (3,116) |
| Add back deferred tax on Increase in Negative Reserve | 245 | (1,063) | (805) | (935) |
| Exchange rate movements on Vitality Life Negative Reserves | 1,071 | (67) | 286 | (653) |
| Other adjustments to arrive at EV ANW | 114 | (146) | 113 | 47 |
| Incurred to Cash basis: | | | | |
| - Rent Paid | (313) | (286) | (128) | - |
| - Finance Costs Paid | (1,406) | (1,003) | (759) | (437) |
| - Finance Costs Accrued | 1,569 | 1,375 | 959 | 478 |
| - Taxation paid | (1,289) | (1,157) | (1,228) | (745) |
| - Taxation Accrued | 624 | 1,305 | 1,720 | 1,943 |
| Investing Activities: | | | | |
| Purchase of property and equipment | (289) | (510) | (470) | (239) |
| Proceeds from disposal of property and equipment | 2 | 95 | 7 | 5 |
| Purchase of intangible assets | (1,725) | (1,999) | (1,940) | (1,353) |
| Proceeds from disposal of intangible assets | - | 22 | - | 7 |
| Increase in investment in associate | (53) | (224) | (20) | (530) |
| Card and Bank Buy-out Payment | - | (1,853) | - | - |
| Cash proceeds from CMT transaction | - | 402 | - | - |
| Acquisition of business net of cash required | - | (734) | - | - |
| Financing Activities: | | | | |
| Increase in borrowings | 10,339 | 2,147 | 2,654 | 3,514 |
| Elimination of borrowings not allocated to shareholder cash | (1,000) | - | - | - |
| Repayment of borrowings | (6,326) | (1,676) | (678) | (366) |
| Share Issue (Net of Share Issue Costs) | - | 1,834 | - | - |
| Dividends paid to ordinary shareholders | (1,417) | (1,400) | (1,284) | (1,152) |
| Dividends paid to preference shareholders | (81) | (81) | (83) | (83) |
| Movement in Shareholder Free Cash | 3,794 | 1,698 | 522 | 231 |

Notes

(1) "Movement in Shareholder Free Cash" is an estimate of shareholder free cashflow. Life and Invest and VitalityLife are included based on the change in the Adjusted Net Worth in the Embedded Value. Changes in working capital are not allowed for in the estimate.