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CUSTOMERS PER ENTITY

Life Policyholders

	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	445,813	446,713	452,561	446,475	440,747	429,817	423,707	413,346	407,402
Invest									
Invest - DRO*	131,244	129,606	127,831	124,135	120,253	115,670	111,258	105,722	101,168
Invest - Other	195,231	192,615	189,210	185,025	179,975	172,929	164,878	153,804	147,960
Group (lives)	596,323	601,816	551,219	544,443	539,552	512,715	506,141	502,258	466,172
Group schemes	2,825	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

	6 months to December 2020	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	1,068	2,126	1,165	2,215	1,157	2,042	1,038	1,970	1,001
Group	94	160	75	97	55	146	79	205	52
Invest - Recurring	573	1,164	686	1,221	661	1,205	632	1,219	658
Invest - Single APE**	744	1,508	671	1,382	726	1,248	588	1,277	620
Total Life APE**	2,478	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

	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
DHMS - Keycare	230,960	232,714	243,046	240,140	251,951	247,357	254,165	248,430	256,591
DHMS - Non-Keycare	1,099,553	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	321,767	319,974	317,408	316,410	315,875	310,773	311,879	299,353	275,293
Total	1,652,280	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	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
DHMS - Keycare	400,108	403,392	420,869	415,436	436,543	428,103	440,722	430,363	443,485
DHMS - Non-Keycare	2,358,232	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	704,749	698,534	689,688	686,114	677,530	667,116	663,807	635,178	581,821
Total	3,463,089	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

	December 2020	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	2,122,453	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

	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	108,955	105,915	104,997	101,702	96,277	90,375	85,942	84,070	82,171
SME	211,949	212,305	209,509	201,960	190,835	181,795	174,376	168,844	165,813
Corporate	80,514	81,124	78,050	70,583	61,970	59,954	56,762	53,472	56,773
Trust and Cost Plus	2,639	-	-	-	-	-	-	-	-
Total	404,057	399,344	392,556	374,245	349,082	332,124	317,080	306,486	304,757

VitalityHealth Lives

	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	195,996	188,976	186,559	179,811	168,609	156,488	148,309	145,379	142,044
SME	357,768	356,907	353,763	342,431	327,594	314,773	304,280	297,186	292,506
Corporate	135,218	135,440	131,991	120,157	107,570	105,083	100,242	94,662	101,104
Trust and Cost Plus	3,956	-	-	-	-	-	-	-	-
Total	692,938	681,323	672,313	642,399	603,773	576,344	552,831	537,227	535,654

VitalityLife Policies

	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Policies	491,941	470,923	458,317	434,072	408,728	385,818	357,704	337,900	322,364

VitalityLife Lives

	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Lives	647,802	621,215	605,996	575,731	542,720	506,823	467,750	438,862	415,169

Discovery Insure Policies

	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Policies	191,936	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

December 2020

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Acquisition Costs and Initial strain	(194)	(1,199)	(651)	(846)
Value of In Force	511	1,667	744	1,033
Cost of Capital	(9)	(39)	(30)	(42)
	308	429	63	145

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	506	1,504	546	976
Cost of Capital	(10)	(39)	(28)	(61)
	496	1,465	518	915

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

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 BUILD-UP PER ENTITY

for the half year ended 31 December 2020

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Other	Total
Value of in-force business at 30 June 2020	21,902	22,508	9,582	4,369	-	58,361
Expected return (in-force business)	1,545	1,346	172	82	-	3,145
Release of profits (in-force business)	(1,271)	(16)	(733)	(579)	-	(2,599)
Value of new business	502	1,628	714	991	-	3,835
Expected return (new business)	8	20	9	7	-	44
Release of profits (new business)	(15)	(240)	(178)	(119)	-	(552)
Experience variances	593	1,146	107	214	-	2,060
Methodology changes	(1,048)	(1,877)	(78)	(74)	-	(3,077)
Other	-	16	(602)	(303)	-	(889)
Value of in-force business at 31 December 2020	22,216	24,531	8,993	4,588	-	60,328
Shareholders' funds per Balance Sheet	3,516	29,031	7,373	4,506	710	45,136
Adjustment to shareholders' funds	-	(19,785)	(3,444)	(6,443)	(3,324)	(32,996)
Embedded value at 31 December 2020	25,732	33,777	12,922	2,651	(2,614)	72,468

EV RECONCILIATION TO INCOME STATEMENT

for the six months ended 31 December 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	945	3,403	(120)	(2,338)	-	-
- Health and Vitality	308	496	(9)	(179)	-	-
- Life	429	1,427	(39)	(959)	-	-
- VitalityHealth	63	566	(30)	(473)	-	-
- VitalityLife	145	914	(42)	(727)	-	-
Profit from existing business						
* Expected return	3,189	423	167	2,599	-	-
- Health and Vitality	1,553	281	1	1,271	-	-
<i>Expected transfer from VIF to net worth</i>	-	(1,271)	-	1,271	-	-
<i>Unwinding of the risk discount rate</i>	1,553	1,552	1	-	-	-
- Life	1,366	1,203	147	16	-	-
<i>Expected transfer from VIF to net worth</i>	-	(16)	-	16	-	-
<i>Unwinding of the risk discount rate</i>	1,366	1,219	147	-	-	-
- VitalityHealth	181	(583)	31	733	-	-
<i>Expected transfer from VIF to net worth</i>	-	(733)	-	733	-	-
<i>Unwinding of the risk discount rate</i>	181	150	31	-	-	-
- VitalityLife	89	(478)	(12)	579	-	-
<i>Expected transfer from VIF to net worth</i>	-	(579)	-	579	-	-
<i>Unwinding of the risk discount rate</i>	89	101	(12)	-	-	-
* Change in methodology and assumptions	(1,931)	(3,114)	37	1,146	-	-
- Health and Vitality	(1,048)	(1,072)	24	-	-	-
- Life	(651)	(1,933)	56	1,226	-	-
- VitalityHealth	(78)	(78)	-	-	-	-
- VitalityLife	(154)	(31)	(43)	(80)	-	-
* Experience variances	2,238	2,161	(101)	178	-	-
- Health and Vitality	797	597	(4)	204	-	-
- Life	1,025	1,147	(1)	(121)	-	-
- VitalityHealth	328	126	(19)	221	-	-
- VitalityLife	88	291	(77)	(126)	-	-
Increase in goodwill and intangibles	(156)	-	-	-	(156)	-
Other initiatives	(444)	18	-	(462)	-	-
Non-recurring expenses	(12)	-	-	(12)	-	-
Acquisition costs	(9)	(2)	-	(7)	-	-
Finance costs	(958)	-	-	(958)	-	-
Other	-	-	-	-	-	-
Foreign Exchange Rate Movements	(1,851)	(1,184)	279	265	255	(1,466)
Intangibles	225	-	-	-	225	-
DAC	30	-	-	-	30	-
Puttable NCI Liability	-	-	-	-	-	-
Other	(2,106)	(1,184)	279	265	-	(1,466)
Return on shareholders' funds	463	-	-	456	-	7
Unrealised gain on investments and realised gain on investments transferred to income statement	337	-	-	330	-	7
Health and Vitality investment income	30	-	-	30	-	-
Life investment income	58	-	-	58	-	-
VitalityHealth investment income	38	-	-	38	-	-
VitalityLife investment income	-	-	-	-	-	-
Amortisation of Intangibles	(7)	-	-	(183)	176	-
Amortisation of intangibles from business combinations	(7)	-	-	(28)	21	-
Amortisation of systems intangibles	-	-	-	(155)	155	-
VitalityHealth and VitalityLife DAC and unemployment reserve	-	-	-	(2)	2	-
Reversal of 1 Discovery Place IAS 17 financial lease accounting	-	-	-	(124)	124	-
Life assets under insurance contracts	-	-	-	1,221	(1,221)	-
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts	-	-	-	107	(107)	-
VitalityHealth FinRe	-	-	-	(73)	73	-
Equity settled share based payment provision adjustment	-	-	-	62	(62)	-
Embedded value earnings	1,467	1,705	262	1,875	(916)	(1,459)
Adjustment to Shareholders' Funds:						
Change in:						
DAC	33					
Intangibles & Goodwill	244					
Life negative reserve	(1,221)					
VitalityLife negative reserve	(107)					
VitalityLife FinRe liability	73					
1 DP IAS 17 financial lease accounting	124					

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



R million	December 2020	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:	1,184	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:	(31,927)	(29,994)	(32,984)	(31,295)	(31,295)	(31,713)	(29,448)	(27,650)	(25,629)
Unit reserves	-	-	-	-	-	-	-	-	-
VitalityLife net long term reserve	(7,898)	(8,180)	(9,473)	(9,351)	(9,351)	(9,124)	(8,238)	(8,530)	(8,420)
Total Assets under insurance contracts:	(38,641)	(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	(5,704)	(5,494)	(5,175)	(4,829)	(4,829)	(4,059)	(3,709)	(3,428)	(3,170)
DAC and DRL in respect of Invest business	(619)	(601)	(568)	(544)	(544)	(503)	(480)	(464)	(438)
	(6,323)	(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:	(31,927)	(29,994)	(32,984)	(31,295)	(31,295)	(31,713)	(29,448)	(27,650)	(25,629)
Negative reserve in respect of Invest business	(5,704)	(5,494)	(5,175)	(4,829)	(4,829)	(4,059)	(3,709)	(3,428)	(3,170)
DAC and DRL in respect of Invest business	(619)	(601)	(568)	(544)	(544)	(503)	(480)	(464)	(438)
Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings	8,238	7,973	8,679	8,218	8,218	7,154	6,768	6,349	5,953
Liabilities off set against Negative reserve before zeroisation	10,227	9,552	7,693	7,686	7,686	7,642	7,015	6,839	6,026
	(19,785)	(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	(6,427)	(6,320)	(6,231)	(5,812)	(5,812)	(4,834)	(3,891)	(3,620)	(3,176)
VitalityHealth FinRe Asset	(3,005)	(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)	(439)	(467)	(365)	(382)	(382)	(331)	(254)	(252)	(233)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	(16)	(21)	(19)	(19)	(19)	(27)	(26)	(27)	(32)
Goodwill	(2,487)	(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	(867)	(945)	(964)	(800)	(800)	(874)	(839)	(979)	(965)
Net preference share capital	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)
Reversal of 1 Discovery Place IAS 17 financial lease accounting	871	747	625	406	406	208	75	-	-
Equity settled share based payment provision adjustment	(62)	-	-	-	-	-	-	-	-
Adjustment to Shareholders' funds from published basis	(32,996)	(32,080)	(34,977)	(32,690)	(32,690)	(32,261)	(29,196)	(27,558)	(25,815)

RECON OF ASSETS UNDER INSURANCE CONTRACTS

R million	HY December 2020	FY June 2020	HY December 2019	FY June 2019	HY December 2018 **	FY June 2018	HY December 2017	FY June 2017
Balance at the beginning of the year	36,999	39,408	39,408	36,201	36,201	32,538	32,538	30,589
Movement for the year:								
Expected Movement in Policyholder Liabilities	(1,352)	(3,275)	(1,286)	(2,945)	(1,440)	(3,280)	(1,650)	(2,917)
Unwinding of Discount Rate	1,384	2,792	1,040	2,003	1,012	2,425	1,187	2,091
New Business Written	1,989	3,862	2,430	4,747	2,347	3,984	1,986	3,843
Experience Variances	871	(436)	(179)	(812)	(481)	(546)	(466)	(588)
Economic	181	(129)	(103)	(133)	21	(255)	(36)	91
Operational	690	(307)	(75)	(679)	(502)	(291)	(430)	(678)
Modeling and method changes	(74)	(111)	1	1,420	(58)	(155)	(155)	14
Benefit changes	-	-	-	2,066	-	(31)	(44)	-
Changes in assumptions	(903)	(8,174)	(958)	(2,639)	(432)	(6)	403	137
Economic	(547)	(5,478)	(751)	(679)	(483)	2,750	68	(138)
Operational	(356)	(2,696)	(207)	(1,960)	51	(2,756)	335	275
Changes in margins *	254	1,366	528	(529)	784	704	88	717
Exchange rate difference	(527)	1,566	268	(96)	87	568	(184)	(1,347)
Balance at the end of the year	38,641	36,999	41,252	39,415	38,020	36,201	33,703	32,538

* 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.

** 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	HY December 2020		
	Discovery Life	VitalityLife	Total
Balance at the beginning of the year	28,819	8,180	36,999
Movement for the year:			
Expected Movement in Policyholder Liabilities	(358)	(994)	(1,352)
Unwinding of Discount Rate	1,292	92	1,384
New Business Written	1,168	821	1,989
Experience Variances	701	170	871
Economic	181	-	181
Operational	520	170	690
Modeling and method changes	38	(112)	(74)
Benefit changes	-	-	-
Changes in assumptions	(1,171)	268	(903)
Economic	(910)	363	(547)
Operational	(261)	(95)	(356)
Changes in margins	254	-	254
Exchange rate difference	-	(527)	(527)
Balance at the end of the year	30,743	7,898	38,641

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
December 2020	107,189

VIF, APE AND VNB SPLIT BETWEEN LIFE AND INVEST

R million	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017
VIF**								
Life	17,256	16,041	20,192	19,124	18,242	19,810	19,484	18,065
Invest	7,275	6,467	7,391	6,976	6,502	7,348	7,032	6,258
APE***								
Life	445	835	477	939	506	933	488	985
Invest	960	2,051	979	1,959	1,041	1,840	894	1,856
VNB**								
Life	291	421	409	923	480	911	496	885
Invest	138	165	117	237	147	391	183	346

*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 ACLs.

RECONCILIATION TO THE REQUIRED CAPITAL

for the six months ended 31 December 2020

R million	Life and Invest	Health and Vitality	VitalityLife	VitalityHealth	Total
Opening - 30 June 2020	18,544	935	7,490	2,963	29,932
- Methodology changes	1,634	-	-	-	1,634
- Expected release on in-force at start of period	(473)	(42)	(198)	(134)	(847)
- Impact of new business written	735	24	754	169	1,682
- Other changes	-	43	136	71	250
- Exchange rate movements	-	-	(508)	(192)	(700)
Change in Required Capital	1,896	25	184	(86)	2,019
Closing - 31 December 2020	20,440	960	7,674	2,877	31,951

Group Shareholder Free Cash Movement

R millions	HY2021	FY2020	FY2019	FY2018	FY2017
Cash Generated from In-Force Before Financing and Tax	5,826	15,370	15,019	10,612	7,623
Tax Paid	(997)	(1,289)	(1,157)	(1,228)	(745)
Finance Cost Paid	(460)	(1,142)	(1,219)	(759)	(437)
Dividends Paid	(35)	(1,498)	(1,480)	(1,367)	(1,235)
New Business	(3,910)	(8,006)	(8,096)	(7,822)	(7,071)
New Initiatives	(921)	(2,565)	(3,972)	(1,996)	(1,471)
Share Issue (Net of Share Issue Costs)	2	-	1,834	-	-
Transactions with Reinsurers	74	(90)	298	1,107	420
Transactions with Borrowers (Excl. Finance Costs)	793	3,014	471	1,976	3,148
Movement in Shareholder Free Cash	372	3,794	1,698	522	231

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

R millions	HY2021	FY2020	FY2019	FY2018	FY2017
Profit for the period	1,875	176	6,614	5,735	4,495
Reverse non-cash profit items:					
Share of net profits/(losses) from equity accounted investments	(155)	(253)	(170)	(115)	(26)
Gains from dilution of equity accounted investments	-	(3)	(844)	-	-
Depreciation and amortisation	920	1,753	1,434	940	699
Impairment of intangible assets	11	227	32	200	-
Deferred acquisition costs (Excl. Invest DAC and exchange rate movements)	(16)	(3)	(72)	(61)	(2)
Movement in contract assets	74	119	-	-	-
Deferred Revenue (Excl. exchange rate movements)	(65)	313	108	32	-
Amortisation of intangibles from business combinations	35	76	99	123	171
Non cash impact of Vitality Health Financial Reinsurance	(127)	(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	112	(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)	(1,316)	(151)	(3,747)	(4,339)	(3,116)
Add back deferred tax on Increase in Negative Reserve	(265)	245	(1,063)	(805)	(935)
Exchange rate movements on Vitality Life Negative Reserves	(426)	1,071	(67)	286	(653)
Other adjustments to arrive at EV ANW	244	114	(146)	113	47
Incurred to Cash basis:					
- Rent Paid	(164)	(313)	(286)	(128)	-
- Finance Costs Paid	(606)	(1,406)	(1,003)	(759)	(437)
- Finance Costs Accrued	828	1,569	1,375	959	478
- Taxation paid	(997)	(1,289)	(1,157)	(1,228)	(745)
- Taxation Accrued	728	624	1,305	1,720	1,943
Investing Activities:					
Purchase of property and equipment	(136)	(289)	(510)	(470)	(239)
Proceeds from disposal of property and equipment	2	2	95	7	5
Purchase of intangible assets	(771)	(1,725)	(1,999)	(1,940)	(1,353)
Proceeds from disposal of intangible assets	-	-	22	-	7
Increase in investment in associate	(149)	(53)	(224)	(20)	(530)
Card and Bank Buy-out Payment	2	-	(1,853)	-	-
Cash proceeds from CMT transaction	-	-	402	-	-
Acquisition of business net of cash required	(25)	-	(734)	-	-
Financing Activities:					
Increase in borrowings	918	10,339	2,147	2,654	3,514
Elimination of borrowings not allocated to shareholder cash	-	(1,000)	-	-	-
Repayment of borrowings	(126)	(6,326)	(1,676)	(678)	(366)
Share Issue (Net of Share Issue Costs)	2	-	1,834	-	-
Dividends paid to ordinary shareholders	-	(1,417)	(1,400)	(1,284)	(1,152)
Dividends paid to preference shareholders	(35)	(81)	(81)	(83)	(83)
Movement in Shareholder Free Cash	372	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.

Segmental information

for the six months ended 31 December 2020

R million	SA Health	SA Life	SA Invest	SA Insure ^{2,3}	SA Vitality	SA Bank ²	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments ⁵	IFRS total
Income statement												
Insurance premium revenue	155	6 709	7 230	1 979	-	-	5 076	3 250	2 594	26 993	(454)	26 539
Reinsurance premiums	(1)	(1 617)	-	(31)	-	-	(907)	(1 683)	(33)	(4 272)	454	(3 818)
Net insurance premium revenue	154	5 092	7 230	1 948	-	-	4 169	1 567	2 561	22 721	-	22 721
Fee income from administration businesses	3 707	-	1 120	7	-	2	16	-	849	5 701	(6)	5,695
Net banking fee and commission income	-	-	-	-	-	215	-	-	4	219	-	219
Banking fee and commission income	-	-	-	-	-	296	-	-	-	296	-	296
Banking fee and commission expense	-	-	-	-	-	(81)	-	-	4	(77)	-	(77)
Vitality income	-	-	-	-	1 132	15	150	118	328	1 743	-	1,743
Other income	434	1	-	-	-	41	14	-	9	499	-	499
Receipts arising from reinsurance contracts	-	500	-	-	-	-	-	-	-	500	-	500
Investment income earned on assets backing policyholder liabilities	-	6	-	64	-	-	1	1	1	73	(73)	-
Net bank interest and similar income	-	-	-	-	-	121	-	-	-	121	16	137
Bank interest and similar income	-	-	-	-	-	302	-	-	-	302	-	302
Bank interest and similar expense	-	-	-	-	-	(181)	-	-	-	(181)	16	(165)
Finance charge on negative reserve funding	-	-	-	-	-	-	-	86	-	86	(86)	-
Inter-segment funding ¹	-	(373)	373	-	-	-	-	-	-	-	-	-
Net fair value gains on financial assets at fair value through profit or loss	5	389	4 167	6	-	83	38	(105)	540	5 123	390	5,513
Net income	4 300	5 615	12 890	2 025	1 132	477	4 388	1 667	4 292	36 786	241	37 027
Claims and policyholders' benefits	(62)	(5 123)	(5 938)	(1,072)	-	-	(2 420)	(899)	(316)	(15 830)	226	(15,604)
Insurance claims recovered from reinsurers	-	1 504	-	(1)	-	-	611	539	30	2 683	(226)	2,457
Net claims and policyholders' benefits	(62)	(3,619)	(5,938)	(1,073)	-	-	(1,809)	(360)	(286)	(13 147)	86	(13,147)
Acquisition costs	(19)	(798)	(493)	(285)	(29)	-	(427)	(983)	65	(2 969)	-	(2 883)
Expected credit losses	-	-	-	-	-	(228)	-	-	-	(228)	-	(228)
Marketing and administration expenses	-	-	-	-	-	-	-	-	-	-	-	-
- depreciation and amortisation	(58)	(4)	(5)	(34)	(7)	(130)	(212)	(29)	(337)	(816)	(105)	(921)
- derecognition of intangible assets and property and equipment	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
- other expenses	(2 491)	(988)	(487)	(463)	(1 050)	(730)	(1 608)	(765)	(1 203)	(9 785)	(115)	(9 900)
Recovery of expenses from reinsurers	-	-	-	-	-	-	404	913	-	1 317	-	1 317
Transfer to/from assets/liabilities under insurance contracts	-	-	-	-	-	-	-	-	-	-	-	-
- change in assets arising from insurance contracts	-	2 627	-	-	-	-	-	231	39	2 897	(39)	2 858
- change in assets arising from reinsurance contracts	-	35	-	-	-	-	47	5	-	87	-	87
- change in liabilities arising from insurance contracts	-	(1 111)	(5 227)	(56)	-	-	(1 169)	(9)	(2,680)	(8 252)	86	(8,166)
- change in liabilities arising from reinsurance contracts	-	(834)	-	-	-	-	-	(343)	-	(1 177)	39	(1 138)
Fair value adjustment to liabilities under investment contracts	-	(1)	(269)	-	-	-	-	-	(88)	(358)	(849)	(1,207)
Share of net profits from equity-accounted investments	-	-	-	(4)	-	-	(1)	-	160	155	-	155
Normalised profit/(loss) from operations	1 670	1 922	471	107	46	(611)	613	327	(38)	4 507	(656)	3,851
Investment income earned on shareholder investments and cash ⁴	21	4	17	-	21	-	-	6	336	405	(255)	150
Economic assumptions adjustments net of discretionary margins and interest rate derivative	-	(493)	-	-	-	-	-	1	-	(492)	317	(175)
Economic assumption adjustments net of discretionary margins	-	(493)	-	-	-	-	-	318	-	(175)	-	(175)
Fair value gains on VitalityLife interest rate derivatives	-	-	-	-	-	-	-	(317)	-	(317)	317	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	79	(3)	-	-	-	-	(47)	(211)	(182)	182	-
Restructuring costs	-	-	-	-	-	-	-	(25)	-	(25)	25	-
Expenses related to Prudential Book transfer	-	-	-	-	-	-	-	(96)	-	(96)	96	-
Amortisation of intangibles from business combinations	-	-	-	-	-	-	-	-	(35)	(35)	-	(35)
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-	-	-	-	-	-	(124)	(124)	124	-
Finance costs ⁴	(132)	-	-	-	-	-	(4)	(162)	(679)	(977)	151	(826)
Foreign exchange losses	(14)	-	(28)	-	-	-	-	-	(320)	(362)	-	(362)
Profit before tax	1 545	1 512	457	107	67	(611)	609	4	(1 071)	2 619	(16)	2 603
Income tax expense	(436)	(455)	(126)	(31)	(20)	147	(120)	11	286	(744)	16	(728)
Profit for the period	1 109	1 057	331	76	47	(464)	489	15	(785)	1 875	-	1,875

¹ The inter-segment funding of R373 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 In line with the change in reportable segments reported at 30 June 2020, 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 SA Insure - Personal lines.

⁴ These lines include intercompany investment income and finance costs respectively.

⁵ 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 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.

Reconciliation of operating profit to normalised operating profit for the six months ended 31 December 2020

	Group	Group	
	Six months	Six months	
	ended	ended	
	December	December	
	2020	2019	%
R million	Unaudited	Unaudited	change
Operating profit per income statement	3,636	3,564	2%
Add back investment income	(150)	(215)	
Add back amortisation of intangibles from business combinations	35	36	
Add share of profits from equity accounted investments	155	125	
Add back economic assumption adjustments net of discretionary margins	175	-	
Normalised profit from operations per segmental (IFRS total)	3,851	3,510	10%
VitalityLife reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4	16	6	167%
Normalised profit adjustments	640	276	132%
Unrealised gains on Part VII hedges	207	11	
Unrealised gains on shareholder investments (IFRS 9)	(72)	(94)	
Investment income earned on assets backing policyholder liabilities	73	114	
Difference between market related rental and depreciation	(59)	(44)	
Initial expenses related to Prudential Book transfer	96	18	
VitalityLife interest rate derivatives (swap and swaption)	364	241	
Transaction costs related to VitalityLife interest rate derivatives	-	24	
VitalityLife restructuring costs	25	-	
Other	6	6	
Normalised profit from operations	4,507	3,792	19%