

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

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	Dec 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	449,130	449,020	449,378	448,313	445,813	446,713	452,561	446,475	440,747	429,817	423,707	413,346	407,402
Invest	-	-	-	-	-	-	-	-	-	-	-	-	-
Invest - DRO*	135,819	134,721	133,741	132,817	131,244	129,606	127,831	124,135	120,253	115,670	111,258	105,722	101,168
Invest - Other	216,479	212,161	206,778	201,210	195,231	192,615	189,210	185,025	179,975	172,929	164,878	153,804	147,960
Group (lives)**	680,754	584,081	562,769	576,450	562,440	578,035	551,219	544,443	539,552	512,715	506,141	502,258	466,172
Group schemes	2,666	2,793	2,844	2,827	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 numbers have been restated since December 2019 to correct for an error in the member count.

Life NB APE

	6 months to December 2022	12 months to June 2022	6 months to December 2021	12 months to June 2021	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	1,355	2,362	1,204	2,072	1,068	2,126	1,165	2,215	1,157	2,042	1,038	1,970	1,001
Group	130	181	64	193	94	160	75	97	55	146	79	205	52
Invest - Recurring	796	1,428	737	1,167	573	1,164	686	1,221	661	1,205	632	1,219	658
Invest - Single APE**	708	1,493	782	1,570	744	1,508	671	1,382	726	1,248	588	1,277	620
Total Life APE**	2,990	5,464	2,786	5,001	2,478	4,958	2,597	4,915	2,599	4,642	2,337	4,671	2,331

\*\* APE shown at 10% of Single premium

Health Members

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
DHMS - Keycare	232,988	232,055	234,421	235,841	230,960	232,714	243,046	240,140	251,951	247,357	254,165	248,430	256,591
DHMS - Non-Keycare	1,142,556	1,135,853	1,118,591	1,111,545	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	321,838	318,246	321,613	321,767	319,974	319,974	317,408	316,410	315,875	310,773	311,879	299,353	275,293
Total	1,697,382	1,686,154	1,669,985	1,668,999	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

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
DHMS - Keycare	398,397	397,595	401,307	404,984	400,108	403,392	420,869	415,436	436,543	428,103	440,722	430,363	443,485
DHMS - Non-Keycare	2,412,595	2,406,528	2,383,486	2,375,082	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	710,427	704,472	699,342	707,293	704,749	698,534	689,688	686,114	677,530	667,116	663,807	635,178	581,821
Total	3,521,419	3,508,595	3,484,135	3,487,359	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 2022	June 2022	December 2021	June 2021	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	2,474,325	2,348,834	2,242,401	2,163,411	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 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	129,568	124,395	117,007	113,189	108,955	105,915	104,997	101,702	96,277	90,375	85,942	84,070	82,171
SME	285,865	263,216	238,540	222,961	211,949	212,305	209,509	201,960	190,835	181,795	174,376	168,844	165,813
Corporate	102,823	99,578	89,881	86,149	80,514	81,124	78,050	70,583	61,970	59,954	56,762	53,472	56,773
Trust and Cost Plus	14,511	8,698	3,944	2,731	2,639	-	-	-	-	-	-	-	-
Total	532,767	495,887	449,372	425,030	404,057	399,344	392,556	374,245	349,082	332,124	317,080	306,486	304,757

VitalityHealth Lives

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	238,629	227,684	212,896	204,890	195,996	188,976	186,559	179,811	168,609	156,488	148,309	145,379	142,044
SME	460,442	429,110	395,777	374,179	357,768	356,907	353,763	342,431	327,594	314,773	304,280	297,186	292,506
Corporate	163,120	158,890	148,654	143,905	135,218	135,440	131,991	120,157	107,570	105,083	100,242	94,662	101,104
Trust and Cost Plus	22,673	15,903	6,509	4,066	3,956	-	-	-	-	-	-	-	-
Total	884,864	831,587	763,836	727,040	692,938	681,323	672,313	642,399	603,773	576,344	552,831	537,227	535,654

VitalityLife Policies

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Policies	581,374	553,577	525,199	509,259	491,941	470,923	458,317	434,072	408,728	385,818	357,704	337,900	322,364

VitalityLife Lives

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Lives*	758,491	722,163	686,393	664,807	647,802	621,215	605,996	575,731	542,720	506,823	467,750	438,862	415,169

\*refers to all entities deemed to be in-force and valued as part of the actuarial reserves

Discovery Insure Policies

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Policies	214,315	213,453	212,570	202,335	191,936	178,517	169,920	159,171	152,947	144,072	137,412	121,785	111,605

Discovery Bank

	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Primary Clients	581,457	470,220	385,177	331,088	287,183	206,810	61,731	1,476	-	-	-	-	-
Total Accounts	1,312,970	1,023,790	793,215	648,546	521,081	357,416	141,660	3,740	-	-	-	-	-

## VALUE OF NEW BUSINESS AT POINT OF SALE VS VALUATION DATE

### December 2022

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(231)	(1,377)	(815)	(815)	(3,238)
Value of In Force	762	1,754	895	919	4,330
Cost of Capital	(20)	(48)	(38)	(46)	(152)
	511	329	42	58	940

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	760	1,514	703	922	3,899
Cost of Capital	(19)	(48)	(37)	(55)	(159)
	741	1,466	666	867	3,740

### June 2022

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(425)	(2,590)	(1,502)	(1,378)	(5,895)
Value of In Force	1,383	3,385	1,900	1,597	8,265
Cost of Capital	(30)	(90)	(81)	(108)	(309)
	928	705	317	111	2,061

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,368	2,934	1,482	1,577	7,361
Cost of Capital	(30)	(90)	(81)	(121)	(322)
	1,338	2,844	1,401	1,456	7,039

### June 2021

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(383)	(2,472)	(1,355)	(1,547)	(5,757)
Value of In Force	1,172	3,297	1,498	1,943	7,910
Cost of Capital	(24)	(82)	(61)	(95)	(262)
	765	743	82	301	1,891

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,155	2,890	1,073	1,850	6,968
Cost of Capital	(23)	(83)	(56)	(109)	(271)
	1,132	2,807	1,017	1,741	6,697

**June 2020**
**VNB at Point of Sale**

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(385)	(2,616)	(1,171)	(1,678)	(5,850)
Value of In Force	1,295	3,284	1,433	2,031	8,043
Cost of Capital	(27)	(82)	(56)	(106)	(271)
	<b>883</b>	<b>586</b>	<b>206</b>	<b>247</b>	<b>1,922</b>

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,275	3,019	1,191	2,206	7,691
Cost of Capital	(27)	(82)	(27)	(181)	(317)
	<b>1,248</b>	<b>2,937</b>	<b>1,164</b>	<b>2,025</b>	<b>7,374</b>

**June 2019**
**VNB at Point of Sale**

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(379)	(2,675)	(1,180)	(1,671)	(5,905)
Value of In Force	1,211	3,917	1,510	2,191	8,829
Cost of Capital	(27)	(82)	(59)	(134)	(302)
	<b>805</b>	<b>1,160</b>	<b>271</b>	<b>386</b>	<b>2,622</b>

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,206	3,578	1,161	2,151	8,096
Cost of Capital	(27)	(82)	(27)	(267)	(403)
	<b>1,179</b>	<b>3,496</b>	<b>1,134</b>	<b>1,884</b>	<b>7,693</b>

## June 2018

### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(364)	(2,388)	(1,030)	(1,387)	(5,169)
Value of In Force	1,349	3,764	1,293	1,794	8,200
Cost of Capital	(29)	(74)	(44)	(58)	(205)
	<b>956</b>	<b>1,302</b>	<b>219</b>	<b>349</b>	<b>2,826</b>

### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,364	3,536	1,017	1,876	7,793
Cost of Capital	(29)	(74)	(29)	(109)	(241)
	<b>1,335</b>	<b>3,462</b>	<b>988</b>	<b>1,767</b>	<b>7,552</b>

## June 2017

### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(349)	(2,394)	(873)	(1,438)	(5,054)
Value of In Force	1,169	3,698	1,030	1,870	7,767
Cost of Capital	(31)	(73)	(46)	(126)	(276)
	<b>789</b>	<b>1,231</b>	<b>111</b>	<b>306</b>	<b>2,437</b>

### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,176	3,437	824	1,842	7,279
Cost of Capital	(30)	(73)	(30)	(185)	(318)
	<b>1,146</b>	<b>3,364</b>	<b>794</b>	<b>1,657</b>	<b>6,961</b>

## EV BUILD-UP PER ENTITY

for the half year ended 31 December 2022

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Other	Total
Value of in-force business at 30 June 2022	24,049	30,564	10,075	7,779	-	72,467
Expected return (in-force business)	1,695	1,737	253	198	-	3,883
Release of profits (in-force business)	(1,383)	(1,046)	(733)	(501)	-	(3,663)
Value of new business	742	1,706	857	873	-	4,688
Expected return (new business)	17	32	23	10	-	82
Release of profits (new business)	(21)	(228)	(219)	2	-	(976)
Experience variances	133	728	281	402	-	1,544
Methodology changes	681	(848)	(746)	(364)	-	(1,277)
Other	-	9	226	177	-	412
<b>Value of in-force business at 31 December 2022</b>	<b>25,913</b>	<b>32,654</b>	<b>10,017</b>	<b>8,576</b>	<b>-</b>	<b>77,160</b>
Shareholders' funds per Balance Sheet	4,712	34,040	8,253	7,388	2,791	57,184
Adjustment to shareholders' funds	-	(25,721)	(3,848)	(9,425)	(2,891)	(41,885)
<b>Embedded value at 31 December 2022</b>	<b>30,625</b>	<b>40,973</b>	<b>14,422</b>	<b>6,539</b>	<b>(100)</b>	<b>92,459</b>

**EV RECONCILIATION TO INCOME STATEMENT**

for the half year ended 31 December 2022

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
<b>Total profit from new business</b>	<b>940</b>	<b>3,864</b>	<b>(152)</b>	<b>(2,772)</b>	-	-
- Health and Vitality	511	741	(20)	(210)	-	-
- Life	329	1,526	(48)	(1,149)	-	-
- VitalityHealth	42	676	(38)	(596)	-	-
- VitalityLife	58	921	(46)	(817)	-	-
<b>Profit from existing business</b>						
<b>* Expected return</b>	<b>3,965</b>	<b>312</b>	<b>(10)</b>	<b>3,663</b>	-	-
- Health and Vitality	1,712	328	1	1,383	-	-
<i>Expected transfer from VIF to net worth</i>	-	(1,383)	-	1,383	-	-
<i>Unwinding of the risk discount rate</i>	1,712	1,711	1	-	-	-
- Life	1,769	704	19	1,046	-	-
<i>Expected transfer from VIF to net worth</i>	-	(1,046)	-	1,046	-	-
<i>Unwinding of the risk discount rate</i>	1,769	1,750	19	-	-	-
- VitalityHealth	276	(443)	(14)	733	-	-
<i>Expected transfer from VIF to net worth</i>	-	(733)	-	733	-	-
<i>Unwinding of the risk discount rate</i>	276	290	(14)	-	-	-
- VitalityLife	208	(277)	(16)	501	-	-
<i>Expected transfer from VIF to net worth</i>	-	(501)	-	501	-	-
<i>Unwinding of the risk discount rate</i>	208	224	(16)	-	-	-
<b>* Change in methodology and assumptions</b>	<b>(237)</b>	<b>(1,587)</b>	<b>310</b>	<b>1,040</b>	-	-
- Health and Vitality	681	676	5	-	-	-
- Life	(41)	(914)	66	807	-	-
- VitalityHealth	(746)	(787)	41	-	-	-
- VitalityLife	(131)	(562)	198	233	-	-
<b>* Experience variances</b>	<b>2,073</b>	<b>1,565</b>	<b>(21)</b>	<b>529</b>	-	-
- Health and Vitality	384	134	(1)	251	-	-
- Life	657	765	(37)	(71)	-	-
- VitalityHealth	668	245	36	387	-	-
- VitalityLife	364	421	(19)	(38)	-	-
Increase in goodwill and intangibles	(151)	-	-	-	(151)	-
Other initiatives	(220)	11	-	(231)	-	-
Non-recurring expenses	(106)	-	-	(106)	-	-
Acquisition costs	(20)	(2)	-	(18)	-	-
Finance costs	(1,324)	-	-	(1,324)	-	-
Other	(5)	-	1	-	(6)	-
<b>Foreign Exchange Rate Movements</b>	<b>599</b>	<b>438</b>	<b>(36)</b>	<b>(234)</b>	<b>(86)</b>	<b>517</b>
Intangibles	(75)	-	-	-	(75)	-
DAC	(11)	-	-	-	(11)	-
Puttable NCI Liability	-	-	-	-	-	-
Other	685	438	(36)	(234)	-	517
<b>Return on shareholders' funds</b>	<b>536</b>	-	-	<b>547</b>	-	<b>(11)</b>
Unrealised gain on investments and realised gain on investments transferred to income statement	381	-	-	392	-	(11)
Health and Vitality investment income	38	-	-	38	-	-
Life investment income	99	-	-	99	-	-
VitalityHealth investment income	18	-	-	18	-	-
VitalityLife investment income	-	-	-	-	-	-
<b>Amortisation of Intangibles</b>	<b>(29)</b>	-	-	<b>(202)</b>	<b>173</b>	-
Amortisation of intangibles from business combinations	(29)	-	-	(44)	15	-
Amortisation of systems intangibles	-	-	-	(158)	158	-
VitalityHealth and VitalityLife DAC and unemployment reserve	-	-	-	4	(4)	-
Reversal of 1 Discovery Place IFRS 16 financial lease accounting	-	-	-	(90)	90	-
Life assets under insurance contracts	-	-	-	928	(928)	-
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts	-	-	-	807	(807)	-
VitalityHealth FinRe	-	-	-	361	(361)	-
Equity settled share based payment mark-to-market adjustment	-	-	-	41	(41)	-
<b>Embedded value earnings</b>	<b>6,021</b>	<b>4,601</b>	<b>92</b>	<b>2,943</b>	<b>(2,121)</b>	<b>506</b>
Adjustment to Shareholders' Funds:						
<b>Change in:</b>						
DAC	(15)					
Intangibles & Goodwill	(59)					
Life negative reserve	(928)					
VitalityLife negative reserve	(807)					
VitalityLife FinRe liability	(361)					
1 DP IFRS 16 financial lease accounting	90					
Equity settled share based payment mark-to-market adjustment	(41)					

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



	R million	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017
<b>1. Assets under insurance contracts</b>													
Discovery Life positive liabilities not netted off with negative liabilities:		1,424	1,353	1,314	1,263	1,185	1,174	1,205	1,234	1,163	4,636	3,983	3,642
Discovery Life long term reserves in respect of policies with net negative liabilities:		(39,190)	(37,535)	(36,722)	(32,947)	(31,927)	(29,994)	(32,984)	(31,295)	(29,786)	(31,713)	(29,448)	(27,650)
Unit reserves		-	-	-	-	-	-	-	-	-	-	-	-
VitalityLife net long term reserve		(11,869)	(9,855)	(9,520)	(8,557)	(7,898)	(8,180)	(9,473)	(9,347)	(9,398)	(9,124)	(8,238)	(8,530)
<b>Total Assets under insurance contracts:</b>		<b>(49,635)</b>	<b>(46,037)</b>	<b>(44,928)</b>	<b>(40,241)</b>	<b>(38,641)</b>	<b>(36,999)</b>	<b>(41,252)</b>	<b>(39,409)</b>	<b>(38,020)</b>	<b>(36,201)</b>	<b>(33,703)</b>	<b>(32,538)</b>
<b>2. Negative liabilities not included under assets under insurance contracts</b>													
Negative reserve in respect of Invest business		(6,743)	(6,520)	(6,144)	(5,989)	(5,704)	(5,494)	(5,175)	(4,829)	(4,404)	(4,059)	(3,709)	(3,428)
DAC and DRL in respect of Invest business		(709)	(708)	(672)	(650)	(619)	(601)	(568)	(544)	(519)	(503)	(480)	(464)
		<b>(7,452)</b>	<b>(7,228)</b>	<b>(6,816)</b>	<b>(6,639)</b>	<b>(6,323)</b>	<b>(6,095)</b>	<b>(5,743)</b>	<b>(5,373)</b>	<b>(4,923)</b>	<b>(4,562)</b>	<b>(4,189)</b>	<b>(3,892)</b>
<b>3. Components to be zeroised based on the Method of Distributable Cashflows:</b>													
Discovery Life long term reserves in respect of policies with net negative liabilities:		(39,190)	(37,535)	(36,722)	(32,947)	(31,927)	(29,994)	(32,984)	(31,295)	(29,786)	(31,713)	(29,448)	(27,650)
Negative reserve in respect of Invest business		(6,743)	(6,520)	(6,144)	(5,989)	(5,704)	(5,494)	(5,175)	(4,829)	(4,404)	(4,059)	(3,709)	(3,428)
DAC and DRL in respect of Invest business		(709)	(708)	(672)	(650)	(619)	(601)	(568)	(544)	(519)	(503)	(480)	(464)
Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings		8,994	8,576	8,771	8,086	8,238	7,973	8,679	8,218	7,686	7,155	6,768	6,349
Liabilities off set against Negative reserve before zeroisation*		11,927	11,394	11,734	10,825	10,228	9,552	7,692	7,686	7,610	7,642	7,015	6,839
		<b>(25,721)</b>	<b>(24,793)</b>	<b>(23,033)</b>	<b>(20,675)</b>	<b>(19,785)</b>	<b>(18,564)</b>	<b>(22,356)</b>	<b>(20,765)</b>	<b>(19,412)</b>	<b>(21,478)</b>	<b>(19,854)</b>	<b>(18,354)</b>
<i>*Includes Group Life URR which is projected in the Value in Force</i>													
<b>4. Other adjustments to published Shareholders' funds</b>													
Vitality Life Limited net assets under insurance contracts**		(9,415)	(8,608)	(8,944)	(7,703)	(6,427)	(6,320)	(6,231)	(5,812)	(5,812)	(4,834)	(3,891)	(3,620)
VitalityHealth FinRe Asset		(3,382)	(3,021)	(2,855)	(2,353)	(3,005)	(3,078)	(2,600)	(2,315)	(2,315)	(1,898)	(1,568)	(1,440)
VitalityHealth and VitalityHealth Insurance Limited deferred acquisition costs (net of deferred tax)		(466)	(450)	(415)	(407)	(439)	(467)	(365)	(382)	(382)	(331)	(254)	(252)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)		(10)	(11)	(12)	(12)	(16)	(21)	(19)	(19)	(19)	(27)	(26)	(27)
Goodwill		(2,531)	(2,475)	(2,661)	(2,442)	(2,487)	(2,653)	(2,289)	(2,225)	(2,225)	(2,247)	(2,060)	(2,107)
Intangible assets (net of deferred tax) relating to the acquisition of Standard Life Healthcare and the Prudential joint venture		(867)	(864)	(869)	(830)	(867)	(945)	(964)	(800)	(800)	(874)	(839)	(979)
Net preference share capital		(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)
Reversal of 1 Discovery Place IFRS 16 financial lease accounting		1,260	1,170	1,079	975	871	747	625	406	406	208	75	-
Equity settled share based payment mark-to-market adjustment		26	67	111	42	(62)	-	-	-	-	-	-	-
<b>Adjustment to Shareholders' funds from published basis</b>		<b>(41,885)</b>	<b>(39,764)</b>	<b>(38,378)</b>	<b>(34,184)</b>	<b>(32,996)</b>	<b>(32,080)</b>	<b>(34,977)</b>	<b>(32,690)</b>	<b>(31,338)</b>	<b>(32,261)</b>	<b>(29,196)</b>	<b>(27,558)</b>

\*\*For periods prior to June 2022, the "Vitality Life Limited net assets under insurance contracts" included an adjustment for the Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts. From 30 June 2022, the Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts are no longer eliminated in the embedded value because the Discovery funding was settled as part of the agreement to delay the Part VII transfer in the period, aligning the financial operation of all VitalityLife business on the Prudential licence.



**RECON OF ASSETS UNDER INSURANCE CONTRACTS**

R million	HY December 2022	FY June 2022	HY December 2021	FY June 2021	HY December 2020	FY June 2020	HY December 2019	FY June 2019	HY December 2018	FY June 2018	HY December 2017	FY June 2017	HY December 2016
Balance at the beginning of the year	46,037	40,242	40,242	36,972	36,999	39,408	39,408	36,201	36,201	32,538	32,538	30,589	30,589
Movement for the year:	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected Movement in Policyholder Liabilities	(1,431)	(1,362)	(85)	(2,180)	(1,352)	(3,275)	(1,286)	(2,945)	(1,440)	(3,280)	(1,650)	(2,917)	(1,580)
Unwinding of Discount Rate	1,980	3,108	1,531	2,711	1,384	2,792	1,040	2,003	1,012	2,425	1,187	2,091	1,044
New Business Written	1,842	3,371	1,845	3,606	1,989	3,862	2,430	4,747	2,347	3,984	1,986	3,843	2,145
Experience Variances	648	1,363	128	1,433	871	(436)	(179)	(812)	(481)	(546)	(466)	(588)	(508)
Economic	-	185	69	115	181	(129)	(103)	(133)	21	(255)	(36)	91	33
Inflation-linked indexation	534	-	-	-	-	-	-	-	-	-	-	-	-
Operational	114	1,178	59	1,317	690	(307)	(75)	(679)	(502)	(291)	(430)	(678)	(542)
Modeling and method changes	(81)	(179)	(167)	(346)	(74)	(111)	1	1,420	(58)	(155)	(155)	14	175
Benefit changes	-	-	-	-	-	-	-	2,066	-	(31)	(44)	-	-
Changes in assumptions	(363)	(984)	475	(1,358)	(903)	(8,174)	(958)	(2,639)	(432)	(6)	403	137	262
Economic	(184)	647	523	789	(547)	(5,478)	(751)	(679)	(483)	2,750	68	(138)	(36)
Operational	(179)	(1,631)	(48)	(2,148)	(356)	(2,696)	(207)	(1,960)	51	(2,756)	335	275	298
Changes in margins *	203	377	183	106	254	1,366	528	(529)	784	704	88	717	99
Exchange rate difference	800	101	776	(702)	(527)	1,566	268	(96)	87	568	(184)	(1,347)	(1,408)
<b>Balance at the end of the half year</b>	<b>49,635</b>	<b>46,037</b>	<b>44,928</b>	<b>40,242</b>	<b>38,641</b>	<b>36,999</b>	<b>41,252</b>	<b>39,415</b>	<b>38,020</b>	<b>36,201</b>	<b>33,703</b>	<b>32,538</b>	<b>30,818</b>

\* 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	60,523	56,445	56,434	50,385	49,688	48,042	51,508	48,788	46,284	43,624	39,686	37,690	34,897
Recovery from reinsurers	(10,888)	(10,408)	(11,506)	(10,143)	(11,047)	(11,043)	(10,255)	(9,373)	(8,263)	(7,423)	(5,984)	(5,152)	(4,079)
<b>Balance at the end of the half year</b>	<b>49,635</b>	<b>46,037</b>	<b>44,928</b>	<b>40,242</b>	<b>38,641</b>	<b>36,999</b>	<b>41,252</b>	<b>39,415</b>	<b>38,020</b>	<b>36,201</b>	<b>33,703</b>	<b>32,538</b>	<b>30,818</b>

**BREAKDOWN BETWEEN DISCOVERY LIFE AND VITALITYLIFE**

R million	HY December 2022		
	Discovery Life	VitalityLife	Total
Balance at the beginning of the year	36,182	9,855	46,037
Movement for the year:	-	-	-
Expected Movement in Policyholder Liabilities	(536)	(895)	(1,431)
Unwinding of Discount Rate	1,852	128	1,980
New Business Written	969	873	1,842
Experience Variances	190	458	648
Economic	-	-	-
Inflation-linked indexation	193	341	534
Operational	(3)	117	114
Modeling and method changes	47	(128)	(81)
Benefit changes	-	-	-
Changes in assumptions	(1,141)	778	(363)
Economic	(962)	778	(184)
Operational	(179)	-	(179)
Changes in margins	203	-	203
Exchange rate difference	-	800	800
<b>Balance at the end of the half year</b>	<b>37,766</b>	<b>11,869</b>	<b>49,635</b>

## BREAKDOWN OF INVEST ASSETS UNDER ADMINISTRATION

R million	Total
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	96,706
June 2020	99,050
December 2020	107,189
June 2021	116,575
December 2021	127,632
June 2022	121,737
<b>December 2022</b>	<b>130,830</b>

**VIF, APE AND VNB SPLIT BETWEEN LIFE AND INVEST**

R million	December 2022	June 2022	December 2021	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
<b>VIF**</b>													
Life	<b>23,133</b>	22,059	20,467	18,324	17,256	16,041	20,191	19,124	18,242	19,810	19,484	18,065	17,313
Invest	<b>9,521</b>	8,505	9,524	8,270	7,276	6,467	7,391	6,976	6,502	7,348	7,032	6,258	5,794
<b>APE***</b>													
Life	<b>463</b>	837	407	868	445	835	477	939	506	933	488	985	462
Invest	<b>1,033</b>	2,158	1,130	2,079	960	2,051	979	1,959	1,041	1,840	894	1,856	974
<b>VNB**</b>													
Life	<b>169</b>	364	227	411	291	421	408	923	480	911	496	885	434
Invest	<b>160</b>	341	198	332	138	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 half year ended 31 December 2022

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
<b>Opening - 30 June 2022*</b>	<b>1,000</b>	<b>25,403</b>	<b>3,164</b>	<b>9,091</b>	<b>38,658</b>
- Methodology and Basis Changes	-	(1,003)	-	(1,056)	(1,003)
- Expected release on in-force at start of period	(68)	(217)	(92)	(265)	(642)
- Impact of new business written	49	501	211	649	1,410
- Other changes	86	1,188	(114)	495	580
- Exchange rate movements	-	-	66	184	269
<b>Change in Required Capital</b>	<b>67</b>	<b>469</b>	<b>71</b>	<b>7</b>	<b>614</b>
<b>Closing - 31 December 2022</b>	<b>1,067</b>	<b>25,872</b>	<b>3,235</b>	<b>9,098</b>	<b>39,272</b>

\*Note that for the prior period ended 30 June 2022, the total required capital for VitalityLife was incorrectly reported as R9 751 million resulting in a Total Required Capital of R39 318 million

## Group Shareholder Free Cash Movement

R millions	HY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Cash Generated from In-Force Before Financing and Tax	7,515	11,353	9,976	15,370	15,019	10,612	7,623
Tax Paid	(1,042)	(1,181)	(1,717)	(1,289)	(1,157)	(1,228)	(745)
Finance Cost Paid	(786)	(1,046)	(866)	(1,142)	(1,219)	(759)	(437)
Dividends Paid	(31)	(56)	(63)	(1,498)	(1,480)	(1,367)	(1,235)
New Business	(4,502)	(8,152)	(7,856)	(8,006)	(8,096)	(7,822)	(7,071)
New Initiatives	(800)	(1,970)	(1,762)	(2,565)	(3,973)	(1,996)	(1,471)
Investment in Ping An Health	-	(1,487)	-	-	-	-	-
Share Issue (Net of Share Issue Costs)	-	-	-	-	1,834	-	-
Transactions with Reinsurers	198	360	206	(90)	298	1,107	420
Transactions with Borrowers (Excl. Finance Costs)	(463)	954	823	3,014	471	1,976	3,148
<b>Movement in Shareholder Free Cash</b>	<b>89</b>	<b>(1,225)</b>	<b>(1,259)</b>	<b>3,794</b>	<b>1,698</b>	<b>522</b>	<b>231</b>

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

R millions	HY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
<b>Profit for the period</b>	<b>2,943</b>	<b>5,479</b>	<b>3,220</b>	<b>176</b>	<b>6,614</b>	<b>5,735</b>	<b>4,495</b>
<b>Reverse non-cash profit items:</b>							
Share of net profits/(losses) from equity accounted investments	(76)	(597)	(374)	(253)	(170)	(115)	(26)
Gains from dilution of equity accounted investments	-	(33)	(554)	(3)	(844)	-	-
Depreciation and amortisation	957	1,901	1,851	1,753	1,434	940	699
Impairment of intangible assets	4	21	78	227	32	200	-
Deferred acquisition costs (Excl. Invest DAC and exchange rate movements)	(14)	(49)	2	(3)	(72)	(61)	(2)
Movement in contract assets	31	134	142	119	-	-	-
Deferred Revenue (Excl. exchange rate movements)	-	130	22	313	108	32	-
Amortisation of intangibles from business combinations	27	59	66	76	99	123	171
Non cash impact of Vitality Health Financial Reinsurance	(292)	(644)	505	(292)	(444)	(352)	(383)
Non-cash fair value gains on financial assets	(43)	(76)	471	-	-	-	(858)
UK Life IFRS reporting adjustments - Tax Accrued	-	-	-	-	64	(27)	(103)
Non-cash forex gains / losses	(1)	12	204	-	-	-	-
Other non-cash adjustments to profit	(44)	(87)	11	(76)	159	42	(145)
<b>Adjustments from IFRS to EV ANW:</b>							
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)	(1,735)	(5,023)	(3,494)	(151)	(3,747)	(4,339)	(3,116)
Exchange rate movements on Vitality Life Negative Reserves	195	94	(599)	1,071	(67)	286	(653)
Other adjustments to arrive at EV ANW	104	112	(274)	359	(1,209)	(692)	(888)
<b>Incurred to Cash basis:</b>							
- Rent Paid	(158)	(381)	(348)	(313)	(286)	(128)	-
- Finance Costs Paid	(932)	(1,411)	(1,197)	(1,406)	(1,003)	(759)	(437)
- Finance Costs Accrued	930	1,657	1,648	1,569	1,375	959	478
- Taxation paid	(1,042)	(1,181)	(1,717)	(1,289)	(1,157)	(1,228)	(745)
- Taxation Accrued	741	1,072	426	624	1,305	1,720	1,943
<b>Investing Activities:</b>							
Purchase of property and equipment	(210)	(275)	(277)	(289)	(510)	(470)	(239)
Proceeds from disposal of property and equipment	2	22	21	2	95	7	5
Purchase of intangible assets	(751)	(1,567)	(1,588)	(1,725)	(1,999)	(1,940)	(1,353)
Proceeds from disposal of intangible assets	-	2	-	-	22	-	7
Increase in investment in associate	(53)	(6)	(240)	(53)	(224)	(20)	(530)
Investment in Ping An Health	-	(1,487)	-	-	-	-	-
Card and Bank Buy-out Payment	-	-	-	-	(1,853)	-	-
Cash proceeds from CMT transaction	-	-	-	-	402	-	-
Acquisition of business net of cash required	-	(1)	(25)	-	(734)	-	-
<b>Financing Activities:</b>							
Increase in borrowings	3,855	3,261	1,841	10,339	2,147	2,654	3,514
Elimination of borrowings not allocated to shareholder cash	-	-	1,000	(1,000)	-	-	-
Repayment of borrowings	(4,318)	(2,307)	(2,017)	(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	(31)	(56)	(63)	(81)	(81)	(83)	(83)
<b>Movement in Shareholder Free Cash</b>	<b>89</b>	<b>(1,225)</b>	<b>(1,259)</b>	<b>3,794</b>	<b>1,698</b>	<b>522</b>	<b>231</b>

### 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.

Reconciliation of operating profit to normalised operating profit  
for the 6 months ended 31 December 2022

	Group Six months ended December 2022	Group Six months ended December 2021	% change
R million			
<b>Operating profit per income statement</b>	<b>5,098</b>	5,216	-2%
Add back investment income	( 299)	( 145)	
Add back amortisation of intangibles from business combinations	27	30	
Add share of profits from equity accounted investments	53	207	
Add back economic assumption adjustments net of discretionary margins	88	( 522)	
<b>Normalised profit from operations per segmental (IFRS total)</b>	<b>4,967</b>	4,786	4%
VitalityLife reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4	1 181	( 12)	-9942%
Normalised profit adjustments	( 218)	98	-322%
Unrealised (gains)/losses on shareholder investments (IFRS 9)	( 42)	( 211)	
Investment income earned on assets backing policyholder liabilities	174	67	
Difference between market related rental and depreciation	( 72)	( 64)	
Expenses related to Prudential Book transfer	92	92	
VitalityLife interest rate derivatives (swap and swaption)	( 393)	70	
Covid-19 vaccination programme	-	137	
Other	23	7	
<b>Normalised profit from operations</b>	<b>5,930</b>	4,872	22%

**Segmental information**  
for the 6 months ended 31 December 2022

R million	SA HEALTH	SA LIFE	SA INVEST	SA INSURE <sup>1</sup>	SA VITALITY	SA BANK	UK HEALTH	UK LIFE	ALL OTHER SEGMENTS	SEGMENT TOTAL	IFRS reporting adjustments <sup>4</sup>	IFRS TOTAL
<b>Income statement</b>												
Insurance premium revenue	112	8 158	7 414	2 536	-	-	6 425	3 630	1 271	29 546	(413)	29 133
Reinsurance premiums	(3)	(1 850)	-	(206)	-	-	(919)	(1 971)	(1 077)	(5 054)	413	(4 641)
Net insurance premium revenue	111	6 308	7 414	2 330	-	-	5 506	1 659	1 164	24 492	-	24 492
Fee income from administration businesses	4 121	-	1 454	9	-	-	18	-	1 454	7 056	-	7 056
Vitality income	-	-	-	-	1 293	-	185	113	352	1 943	-	1 943
Net banking fee and commission income	-	-	-	-	-	438	-	-	11	449	-	449
Banking fee and commission income <sup>1</sup>	-	-	-	-	-	583	-	-	-	583	-	583
Banking fee and commission expense	-	-	-	-	-	(145)	-	-	-	(134)	-	(134)
Net bank interest and similar income	-	-	-	-	-	268	-	-	11	268	-	268
Bank interest and similar income using the effective interest rate	-	-	-	-	-	591	-	-	-	591	-	591
Bank interest and similar expense using the effective interest rate	-	-	-	-	-	(323)	-	-	-	(323)	-	(323)
Investment income earned on assets backing policyholder liabilities	-	-	-	68	-	-	26	71	6	174	(174)	-
Finance charge on negative reserve funding	-	3	-	-	-	-	-	932	-	932	(932)	-
Inter-segment funding <sup>2</sup>	-	(255)	255	-	-	-	-	-	-	-	-	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	(12)	322	5 271	(6)	(1)	-	(9)	(964)	858	5 439	1 920	7 359
Other income	673	2	-	-	1	-	13	-	53	742	-	742
Net income	4 893	6 380	14 394	2 401	1 293	706	5 739	1 791	3 898	41 955	814	42 309
Net claims and policyholders' benefits	(32)	(4,013)	(6,250)	(1,390)	-	-	(2,445)	(459)	(1,917)	(16,506)	-	(16,506)
Claims and policyholders' benefits	(33)	(5,672)	(6,250)	(1,573)	-	-	(3,230)	(1,201)	(2,035)	(19,994)	277	(19,717)
Insurance claims recovered from reinsurers	1	1,659	-	183	-	-	785	742	118	3,488	(277)	3,211
Acquisition costs	(16)	(899)	(642)	(377)	(54)	-	(529)	(995)	151	(3,361)	-	(3,361)
Marketing and administration expenses												
- depreciation and amortisation	(68)	(3)	(5)	(32)	(4)	(157)	(192)	(28)	(384)	(873)	(84)	(957)
- derecognition of intangible assets and property and equipment	-	-	-	(4)	-	-	(60)	(18)	(5)	(87)	-	(87)
- other expenses	(2,953)	(1 149)	(587)	(518)	(1 214)	(904)	(2,219)	(1 278)	(1 822)	(12,644)	(6)	(12 650)
Expected credit losses	-	-	-	-	-	(43)	-	-	-	(43)	-	(43)
Recovery of expenses from reinsurers	-	-	-	-	-	-	530	1,094	-	1 624	-	1 624
Net transfer to/from assets and liabilities under insurance contracts												
- change in assets arising from insurance contracts	-	2,361	-	-	-	-	-	1 303	-	3 664	(567)	3 097
- change in assets arising from reinsurance contracts	-	53	-	-	-	-	(11)	7	10	59	65	124
- change in liabilities arising from insurance contracts	1	(302)	(5 972)	(60)	-	-	54	(13)	648	(5 644)	(191)	(5,835)
- change in liabilities arising from reinsurance contracts	-	93	-	-	-	-	-	(868)	-	(775)	567	(208)
Fair value adjustment to liabilities under investment contracts	-	(3)	(346)	-	-	-	-	-	(705)	(1 054)	(1,539)	(2,593)
Share of net profits from equity-accounted investments	-	-	-	(16)	-	-	-	-	91	75	(22)	53
<b>Normalised profit/(loss) from operations</b>	<b>1 825</b>	<b>2 518</b>	<b>592</b>	<b>4</b>	<b>21</b>	<b>(398)</b>	<b>867</b>	<b>536</b>	<b>(35)</b>	<b>5 930</b>	<b>(963)</b>	<b>4,967</b>
Economic assumptions adjustments net of discretionary margins and interest rate derivative	-	(862)	-	-	-	-	-	(38)	-	(900)	812	(88)
Economic assumption adjustments net of discretionary margins	-	(862)	-	-	-	-	-	774	-	(88)	-	(88)
Fair value losses on VitalityLife interest rate derivative	-	-	-	-	-	-	-	(812)	-	(812)	812	-
Investment income earned on shareholder investments and cash	33	7	32	20	20	-	3	7	29	131	168	299
Intercompany investment income	-	-	-	-	-	-	-	-	531	531	(531)	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	37	7	-	-	-	(1)	(86)	(1)	(44)	44	-
Expenses related to Prudential Book transfer	-	-	-	-	-	-	-	(92)	-	(92)	-	-
Amortisation of intangibles from business combinations	-	-	-	(22)	-	-	-	-	(27)	(49)	22	(27)
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-	-	-	-	-	(73)	(73)	73	-	-
Finance costs	-	-	-	-	(3)	-	(5)	(82)	(695)	(785)	(146)	(931)
Intercompany finance costs	(172)	-	-	-	-	-	-	(129)	(237)	(538)	538	-
Foreign exchange gains	1	4	6	-	-	-	-	-	19	30	-	30
<b>Profit/(loss) before tax</b>	<b>1 687</b>	<b>1 704</b>	<b>637</b>	<b>(18)</b>	<b>38</b>	<b>(398)</b>	<b>864</b>	<b>116</b>	<b>(489)</b>	<b>4 141</b>	<b>109</b>	<b>4 250</b>
Income tax expense	(455)	(459)	(219)	2	(13)	110	(185)	55	(36)	(1 198)	(109)	(1,307)
<b>Profit/(loss) for the period</b>	<b>1 232</b>	<b>1 245</b>	<b>418</b>	<b>(16)</b>	<b>27</b>	<b>(288)</b>	<b>679</b>	<b>171</b>	<b>(525)</b>	<b>2 943</b>	<b>-</b>	<b>2,943</b>

- The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.

<sup>1</sup> The banking fee and commission income consists of R249 million revenue which passes over time and interchange revenue of R334 million which is recognised at a point in time.

<sup>2</sup> The inter-segment funding of R255 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.

<sup>3</sup> This segment relates to SA Insure - Personal lines.

<sup>4</sup> 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.
- Unit trusts which the Group controls in terms of IFRS10 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.
- The effects of reclassifying items to align to IFRS results.