

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 2022	December 2021	June 2021	December 2020	June 2020	Dec 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	449,020	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*	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	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)**	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	2,793	2,844	2,827	2,797	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

	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	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	181	64	193	94	160	75	97	55	146	79	205	52
Invest - Recurring	1,428	737	1,167	573	1,164	686	1,221	661	1,205	632	1,219	658
Invest - Single APE**	1,493	782	1,570	744	1,508	671	1,382	726	1,248	588	1,277	620
<b>Total Life APE**</b>	<b>5,464</b>	<b>2,786</b>	<b>5,001</b>	<b>2,478</b>	<b>4,958</b>	<b>2,597</b>	<b>4,915</b>	<b>2,599</b>	<b>4,642</b>	<b>2,337</b>	<b>4,671</b>	<b>2,331</b>

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

Health Members

	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	232,055	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	1,135,853	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	318,246	316,973	321,613	321,767	319,974	317,408	316,410	315,875	310,773	311,879	299,353	275,293
<b>Total</b>	<b>1,686,154</b>	<b>1,669,985</b>	<b>1,663,109</b>	<b>1,652,280</b>	<b>1,663,767</b>	<b>1,669,128</b>	<b>1,666,951</b>	<b>1,666,729</b>	<b>1,651,875</b>	<b>1,635,536</b>	<b>1,610,747</b>	<b>1,573,050</b>

Health Lives

	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	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	2,406,528	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	704,472	699,342	707,293	704,749	698,534	689,688	686,114	677,530	667,116	663,807	635,178	581,821
<b>Total</b>	<b>3,508,595</b>	<b>3,484,135</b>	<b>3,474,919</b>	<b>3,463,089</b>	<b>3,483,661</b>	<b>3,497,794</b>	<b>3,495,886</b>	<b>3,496,669</b>	<b>3,470,195</b>	<b>3,442,014</b>	<b>3,393,192</b>	<b>3,317,507</b>

Vitality SA

	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	2,348,834	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

	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	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	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	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	8,698	3,944	2,731	2,639	-	-	-	-	-	-	-	-
<b>Total</b>	<b>495,887</b>	<b>449,372</b>	<b>425,030</b>	<b>404,057</b>	<b>399,344</b>	<b>392,556</b>	<b>374,245</b>	<b>349,082</b>	<b>332,124</b>	<b>317,080</b>	<b>306,486</b>	<b>304,757</b>

VitalityHealth Lives

	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	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	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	158,890	148,654	135,218	135,440	135,440	131,991	120,157	107,570	105,083	100,242	94,662	101,104
Trust and Cost Plus	8,698	6,509	4,066	3,956	-	-	-	-	-	-	-	-
<b>Total</b>	<b>824,382</b>	<b>763,836</b>	<b>727,040</b>	<b>692,938</b>	<b>681,323</b>	<b>672,313</b>	<b>642,399</b>	<b>603,773</b>	<b>576,344</b>	<b>552,831</b>	<b>537,227</b>	<b>535,654</b>

VitalityLife Policies

	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	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

	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	722,163	686,393	664,807	647,802	621,215	605,996	575,731	542,720	506,823	467,750	438,862	415,169

Discovery Insure Policies

	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	213,453	212,570	202,335	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

### 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

### December 2021

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(205)	(1,300)	(677)	(739)	(2,921)
Value of In Force	596	1,765	783	839	3,983
Cost of Capital	(13)	(40)	(32)	(41)	(126)
	378	425	74	59	936

#### 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	592	1,619	636	881	3,728
Cost of Capital	(13)	(40)	(33)	(50)	(136)
	579	1,579	603	831	3,592

### 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

### December 2020

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(194)	(1,199)	(651)	(846)	(2,890)
Value of In Force	511	1,667	744	1,033	3,955
Cost of Capital	(9)	(39)	(30)	(42)	(120)
	308	429	63	145	945

#### 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	506	1,504	546	976	3,532
Cost of Capital	(10)	(39)	(28)	(61)	(138)
	496	1,465	518	915	3,394

### 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)
	883	586	206	247	1,922

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>

#### December 2019

##### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(197)	(1,364)	(576)	(807)	(2,944)
Value of In Force	588	1,934	697	1,095	4,314
Cost of Capital	(14)	(44)	(26)	(90)	(174)
	<b>377</b>	<b>526</b>	<b>95</b>	<b>198</b>	<b>1,196</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	586	1,831	548	1,093	4,058
Cost of Capital	(13)	(44)	(13)	(112)	(182)
	<b>573</b>	<b>1,787</b>	<b>535</b>	<b>981</b>	<b>3,876</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>

#### December 2018

##### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(183)	(1,356)	(605)	(797)	(2,941)
Value of In Force	611	2,024	724	1,027	4,386
Cost of Capital	(14)	(41)	(26)	(64)	(145)
	<b>414</b>	<b>627</b>	<b>93</b>	<b>166</b>	<b>1,300</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	611	1,890	536	1,031	4,068
Cost of Capital	(14)	(41)	(14)	(105)	(174)
	<b>597</b>	<b>1,849</b>	<b>522</b>	<b>926</b>	<b>3,894</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>

## December 2017

### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(176)	(1,225)	(492)	(607)	(2,500)
Value of In Force	578	1,941	504	854	3,877
Cost of Capital	(14)	(37)	(23)	(28)	(102)
	<b>388</b>	<b>679</b>	<b>(11)</b>	<b>219</b>	<b>1,275</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	579	1,864	375	850	3,668
Cost of Capital	(14)	(37)	(14)	(24)	(89)
	<b>565</b>	<b>1,827</b>	<b>361</b>	<b>826</b>	<b>3,579</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>

## December 2016

### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(170)	(1,220)	(423)	(760)	(2,573)
Value of In Force	503	1,909	450	1,003	3,865
Cost of Capital	(15)	(37)	(17)	(67)	(136)
	<b>318</b>	<b>652</b>	<b>10</b>	<b>176</b>	<b>1,156</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	504	1,783	326	955	3,568
Cost of Capital	(14)	(37)	(14)	(135)	(200)
	<b>490</b>	<b>1,746</b>	<b>312</b>	<b>820</b>	<b>3,368</b>

## EV BUILD-UP PER ENTITY

for the year ended 30 June 2022

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Other	Total
Value of in-force business at 30 June 2021	22,081	26,594	7,768	5,967	-	62,410
Expected return (in-force business)	2,863	3,023	347	241	-	6,474
Release of profits (in-force business)	(2,637)	110	(957)	(833)	-	(4,317)
Value of new business	1,353	3,295	1,819	1,489	-	7,956
Expected return (new business)	59	159	76	31	-	325
Release of profits (new business)	(85)	(571)	(491)	(91)	-	(1,238)
Experience variances	596	1,008	562	756	-	2,922
Methodology changes	(181)	(3,078)	873	160	-	(2,226)
Other	-	24	78	59	-	161
<b>Value of in-force business at 30 June 2022</b>	<b>24,049</b>	<b>30,564</b>	<b>10,075</b>	<b>7,779</b>	<b>-</b>	<b>72,467</b>
Shareholders' funds per Balance Sheet	3,691	32,662	7,664	4,943	4,595	53,555
Adjustment to shareholders' funds	-	(24,793)	(3,471)	(8,619)	(2,881)	(39,764)
<b>Embedded value at 30 June 2022</b>	<b>27,740</b>	<b>38,433</b>	<b>14,268</b>	<b>4,103</b>	<b>1,714</b>	<b>86,258</b>

## EV RECONCILIATION TO INCOME STATEMENT

for the year ended 30 June 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>2,061</b>	7,027	(309)	(4,657)	-	-
- Health and Vitality	928	1,298	(30)	(340)	-	-
- Life	705	2,814	(90)	(2,019)	-	-
- VitalityHealth	317	1,409	(81)	(1,011)	-	-
- VitalityLife	111	1,506	(108)	(1,287)	-	-
Profit from existing business						
<b>* Expected return</b>	<b>6,799</b>	2,334	148	4,317	-	-
- Health and Vitality	2,922	278	7	2,637	-	-
<i>Expected transfer from VIF to net worth</i>	-	(2,637)	-	2,637	-	-
<i>Unwinding of the risk discount rate</i>	2,922	2,915	7	-	-	-
- Life	3,182	3,206	86	(110)	-	-
<i>Expected transfer from VIF to net worth</i>	-	110	-	(110)	-	-
<i>Unwinding of the risk discount rate</i>	3,182	3,096	86	-	-	-
- VitalityHealth	423	(591)	57	957	-	-
<i>Expected transfer from VIF to net worth</i>	-	(957)	-	957	-	-
<i>Unwinding of the risk discount rate</i>	423	366	57	-	-	-
- VitalityLife	272	(559)	(2)	833	-	-
<i>Expected transfer from VIF to net worth</i>	-	(833)	-	833	-	-
<i>Unwinding of the risk discount rate</i>	272	274	(2)	-	-	-
<b>* Change in methodology and assumptions</b>	<b>867</b>	(3,706)	1,480	3,093	-	-
- Health and Vitality	(181)	(163)	(18)	-	-	-
- Life	(1,085)	(2,762)	(316)	1,993	-	-
- VitalityHealth	873	939	(66)	-	-	-
- VitalityLife	1,260	(1,720)	1,880	1,100	-	-
<b>* Experience variances</b>	<b>3,124</b>	3,024	(102)	202	-	-
- Health and Vitality	1,021	612	(16)	425	-	-
- Life	489	1,015	(7)	(519)	-	-
- VitalityHealth	1,379	588	(26)	817	-	-
- VitalityLife	235	809	(53)	(521)	-	-
Increase in goodwill and intangibles	(418)	-	-	-	(418)	-
Other initiatives	(836)	24	-	(860)	-	-
Non-recurring expenses	(130)	-	-	(130)	-	-
Acquisition costs	(41)	-	-	(41)	-	-
Finance costs	(2,318)	-	-	(2,318)	-	-
Other	(16)	-	-	-	(16)	-
<b>Foreign Exchange Rate Movements</b>	<b>1,171</b>	199	(62)	36	(53)	1,051
Intangibles	(44)	-	-	-	(44)	-
DAC	(9)	-	-	-	(9)	-
Puttable NCI Liability	-	-	-	-	-	-
Other	1,224	199	(62)	36	-	1,051
<b>Return on shareholders' funds</b>	<b>813</b>	-	-	796	-	17
Unrealised gain on investments and realised gain on investments transferred to income statement	681	-	-	664	-	17
Health and Vitality investment income	47	-	-	47	-	-
Life investment income	128	-	-	128	-	-
VitalityHealth investment income	(43)	-	-	(43)	-	-
VitalityLife investment income	-	-	-	-	-	-
<b>Amortisation of Intangibles</b>	<b>(52)</b>	-	-	(470)	418	-
Amortisation of intangibles from business combinations	(52)	-	-	(106)	54	-
Amortisation of systems intangibles	-	-	-	(364)	364	-
VitalityHealth and VitalityLife DAC and unemployment reserve	-	-	-	40	(40)	-
Reversal of 1 Discovery Place IAS 17 financial lease accounting	-	-	-	(195)	195	-
Life assets under insurance contracts	-	-	-	4,118	(4,118)	-
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts	-	-	-	905	(905)	-
VitalityHealth FinRe	-	-	-	668	(668)	-
Equity settled share based payment provision adjustment	-	-	-	(25)	25	-
<b>Embedded value earnings</b>	<b>11,024</b>	8,902	1,155	5,479	(5,580)	1,068

Adjustment to Shareholders' Funds:

### Change in:

DAC	(42)
Intangibles & Goodwill	(67)
Life negative reserve	(4,118)
VitalityLife negative reserve	(905)
VitalityLife FinRe liability	(668)
1 DP IAS 17 financial lease accounting	195
Equity settled share based payment provision adjustment	25

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



R million	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>1. Assets under insurance contracts</b>												
Discovery Life positive liabilities not netted off with negative liabilities:	1,353	1,314	1,263	1,185	1,174	1,205	1,234	1,163	4,636	3,983	3,642	3,231
Discovery Life long term reserves in respect of policies with net negative liabilities:	(37,535)	(36,722)	(32,947)	(31,927)	(29,994)	(32,984)	(31,295)	(29,786)	(31,713)	(29,448)	(27,650)	(25,629)
Unit reserves	-	-	-	-	-	-	-	-	-	-	-	-
VitalityLife net long term reserve	(9,855)	(9,520)	(8,557)	(7,898)	(8,180)	(9,473)	(9,347)	(9,398)	(9,124)	(8,238)	(8,530)	(8,420)
<b>Total Assets under insurance contracts:</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>(30,818)</b>
<b>2. Negative liabilities not included under assets under insurance contracts</b>												
Negative reserve in respect of Invest business	(6,520)	(6,144)	(5,989)	(5,704)	(5,494)	(5,175)	(4,829)	(4,404)	(4,059)	(3,709)	(3,428)	(3,170)
DAC and DRL in respect of Invest business	(708)	(672)	(650)	(619)	(601)	(568)	(544)	(519)	(503)	(480)	(464)	(438)
	<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>(3,608)</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:	(37,535)	(36,722)	(32,947)	(31,927)	(29,994)	(32,984)	(31,295)	(29,786)	(31,713)	(29,448)	(27,650)	(25,629)
Negative reserve in respect of Invest business	(6,520)	(6,144)	(5,989)	(5,704)	(5,494)	(5,175)	(4,829)	(4,404)	(4,059)	(3,709)	(3,428)	(3,170)
DAC and DRL in respect of Invest business	(708)	(672)	(650)	(619)	(601)	(568)	(544)	(519)	(503)	(480)	(464)	(438)
Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings	8,576	8,771	8,086	8,238	7,973	8,679	8,218	7,686	7,155	6,768	6,349	5,953
Liabilities off set against Negative reserve before zeroisation*	11,394	11,734	10,825	10,228	9,552	7,692	7,686	7,610	7,642	7,015	6,839	6,026
	<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>	<b>(17,258)</b>
*Includes Group Life URR which is projected in the Value in Force												
<b>4. Other adjustments to published Shareholders' funds</b>												
Vitality Life Limited net assets under insurance contracts**	(8,608)	(8,944)	(7,703)	(6,427)	(6,320)	(6,231)	(5,812)	(5,812)	(4,834)	(3,891)	(3,620)	(3,176)
VitalityHealth FinRe Asset	(3,021)	(2,855)	(2,353)	(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)	(450)	(415)	(407)	(439)	(467)	(365)	(382)	(382)	(331)	(254)	(252)	(233)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	(11)	(12)	(12)	(16)	(21)	(19)	(19)	(19)	(27)	(26)	(27)	(32)
Goodwill	(2,475)	(2,661)	(2,442)	(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	(864)	(869)	(830)	(867)	(945)	(964)	(800)	(800)	(874)	(839)	(979)	(965)
Net preference share capital	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)
Reversal of 1 Discovery Place IAS 17 financial lease accounting	1,170	1,079	975	871	747	625	406	406	208	75	-	-
Equity settled share based payment provision adjustment	67	111	42	(62)	-	-	-	-	-	-	-	-
<b>Adjustment to Shareholders' funds from published basis</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>	<b>(25,815)</b>

\*\*For periods prior to 30 June 2022, the "Vitality Life Limited net assets under insurance contracts" includes Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts. The treatment of this item changed from 30 June 2022 because the Discovery funding was settled as part of agreement the delay to 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	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	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	(1,362)	(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	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	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	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
Operational	1,178	59	1,317	690	(307)	(75)	(679)	(502)	(291)	(430)	(678)	(542)
Modeling and method changes	(179)	(167)	(346)	(74)	(111)	1	1,420	(58)	(155)	(155)	14	175
Benefit changes	-	-	-	-	-	-	2,066	-	(31)	(44)	-	-
Changes in assumptions	(984)	475	(1,358)	(903)	(8,174)	(958)	(2,639)	(432)	(6)	403	137	262
Economic	647	523	789	(547)	(5,478)	(751)	(679)	(483)	2,750	68	(138)	(36)
Operational	(1,631)	(48)	(2,148)	(356)	(2,696)	(207)	(1,960)	51	(2,756)	335	275	298
Changes in margins *	377	183	106	254	1,366	528	(529)	784	704	88	717	99
Exchange rate difference	101	776	(702)	(527)	1,566	268	(96)	87	568	(184)	(1,347)	(1,408)
<b>Balance at the end of the year*</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	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	(10,408)	(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 year**</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>

\*\* This balance excludes assets under insurance contracts held in VitalityInvest

## BREAKDOWN BETWEEN DISCOVERY LIFE AND VITALITYLIFE

R million	FY June 2022		
	Discovery Life	VitalityLife	Total
Balance at the beginning of the year	31,685	8,557	40,242
Movement for the year:			
Expected Movement in Policyholder Liabilities	312	(1,674)	(1,362)
Unwinding of Discount Rate	2,970	138	3,108
New Business Written	1,899	1,472	3,371
Experience Variances	698	665	1,363
Economic	185	-	185
Operational	513	665	1,178
Modeling and method changes	(145)	(34)	(179)
Benefit changes	-	-	-
Changes in assumptions	(1,614)	630	(984)
Economic	(650)	1,297	647
Operational	(964)	(667)	(1,631)
Changes in margins	377	-	377
Exchange rate difference	-	101	101
<b>Balance at the end of the year</b>	<b>36,182</b>	<b>9,855</b>	<b>46,037</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
<b>June 2022</b>	<b>121,737</b>

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

R million	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>22,059</b>	20,467	18,324	17,256	16,041	20,191	19,124	18,242	19,810	19,484	18,065	17,313
Invest	<b>8,505</b>	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>837</b>	407	868	445	835	477	939	506	933	488	985	462
Invest	<b>2,158</b>	1,130	2,079	960	2,051	979	1,959	1,041	1,840	894	1,856	974
<b>VNB**</b>												
Life	<b>364</b>	227	411	291	421	408	923	480	911	496	885	434
Invest	<b>341</b>	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 full year ended 30 June 2022

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
<b>Opening - 30 June 2021</b>	<b>973</b>	<b>22,059</b>	<b>2,847</b>	<b>6,820</b>	<b>32,699</b>
- Methodology and Basis Changes	-	243	-	892	1,135
- Expected release on in-force at start of period	(62)	(109)	(274)	(335)	(780)
- Impact of new business written	69	1,087	419	1,147	2,722
- Other changes	20	2,123	137	1,147	3,427
- Exchange rate movements	-	-	35	80	115
<b>Change in Required Capital</b>	<b>27</b>	<b>3,344</b>	<b>317</b>	<b>2,931</b>	<b>6,619</b>
<b>Closing - 30 June 2022</b>	<b>1,000</b>	<b>25,403</b>	<b>3,164</b>	<b>9,751</b>	<b>39,318</b>

## Group Shareholder Free Cash Movement

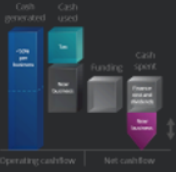
R millions	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Cash Generated from In-Force Before Financing and Tax	11,353	9,976	15,370	15,019	10,612	7,623
Tax Paid	(1,181)	(1,717)	(1,289)	(1,289)	(1,228)	(745)
Finance Cost Paid	(1,046)	(866)	(1,142)	(1,219)	(759)	(437)
Dividends Paid	(56)	(63)	(1,498)	(1,480)	(1,367)	(1,235)
New Business	(8,152)	(7,856)	(8,006)	(8,096)	(7,822)	(7,071)
New Initiatives	(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	360	206	(90)	298	1,107	420
Transactions with Borrowers (Excl. Finance Costs)	954	823	3,014	471	1,976	3,148
<b>Movement in Shareholder Free Cash</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	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
<b>Profit for the period</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	(597)	(374)	(253)	(170)	(115)	(26)
Gains from dilution of equity accounted investments	(33)	(554)	(3)	(844)	-	-
Depreciation and amortisation	1,901	1,851	1,753	1,434	940	699
Impairment of intangible assets	21	78	227	32	200	-
Deferred acquisition costs (Excl. Invest DAC and exchange rate movements)	(49)	2	(3)	(72)	(61)	(2)
Movement in contract assets	134	142	119	-	-	-
Deferred Revenue (Excl. exchange rate movements)	130	22	313	108	32	-
Amortisation of intangibles from business combinations	59	66	76	99	123	171
Non-cash impact of Vitality Health Financial Reinsurance	(644)	505	(292)	(444)	(352)	(383)
Non-cash fair value gains on financial assets	(76)	471	-	-	-	(858)
UK Life IFRS reporting adjustments - Tax Accrued	-	-	-	64	(27)	(103)
Non-cash forex gains / losses	12	204	-	-	-	-
Other non-cash adjustments to profit	(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)	(5,023)	(3,494)	(151)	(3,747)	(4,339)	(3,116)
Exchange rate movements on Vitality Life Negative Reserves	94	(599)	1,071	(67)	286	(653)
Other adjustments to arrive at EV ANW	112	(274)	359	(1,209)	(692)	(888)
<b>Incurred to Cash basis:</b>						
- Rent Paid	(381)	(348)	(313)	(286)	(128)	-
- Finance Costs Paid	(1,411)	(1,197)	(1,406)	(1,003)	(759)	(437)
- Finance Costs Accrued	1,657	1,648	1,569	1,375	959	478
- Taxation paid	(1,181)	(1,717)	(1,289)	(1,157)	(1,228)	(745)
- Taxation Accrued	1,072	426	624	1,305	1,720	1,943
<b>Investing Activities:</b>						
Purchase of property and equipment	(275)	(277)	(289)	(510)	(470)	(239)
Proceeds from disposal of property and equipment	22	21	2	95	7	5
Purchase of intangible assets	(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	(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	3,261	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	(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	(56)	(63)	(81)	(81)	(83)	(83)
<b>Movement in Shareholder Free Cash</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.



# Positive cashflow generation before PAH capital injection



**R13.3bn**

Cash generated from in-force

**(R13.0bn)**

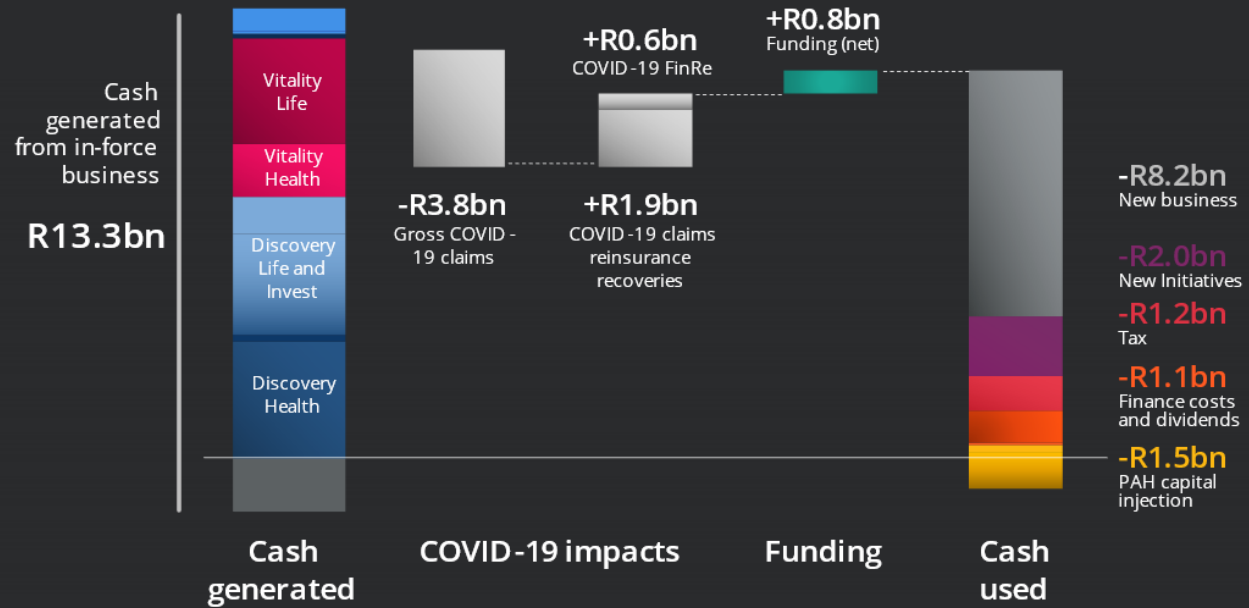
Cash used net of funding

**(R1.5bn)**

PAH capital injection

**(R1.2bn)**

Net cash flow



## Segmental information

for the year ended 30 June 2022

R million	SA Health	SA Life	SA Invest	SA Insure <sup>2</sup>	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments <sup>3</sup>	IFRS total
<b>Income statement</b>												
Insurance premium revenue	189	15,041	14,499	4,657	-	-	11,299	6,750	7,035	59,470	(688)	58,782
Reinsurance premiums	-	(3,523)	-	(103)	-	-	(1,556)	(3,600)	(168)	(8,950)	688	(8,262)
Net insurance premium revenue	189	11,518	14,499	4,554	-	-	9,743	3,150	6,867	50,520	-	50,520
Fee income from administration businesses	7,910	-	2,834	15	-	-	30	-	1,975	12,764	(12)	12,752
Vitality income	-	-	-	-	2,338	-	392	227	-	538	3,495	3,495
Net banking fee and commission income	-	-	-	-	-	633	-	-	12	645	-	645
Banking fee and commission income <sup>4</sup>	-	-	-	-	-	853	-	-	-	853	-	853
Banking fee and commission expense	-	-	-	-	-	(220)	-	-	12	(208)	-	(208)
Net bank interest and similar income	-	-	-	-	-	318	-	-	-	318	-	318
Bank interest and similar income using the effective interest rate	-	-	-	-	-	811	-	-	-	811	-	811
Bank interest and similar expense using the effective interest rate	-	-	-	-	-	(493)	-	-	-	(493)	-	(493)
Investment income earned on assets backing policyholder liabilities	-	3	-	118	-	-	9	27	7	164	(164)	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	10	485	913	1	1	-	(52)	(1,390)	(1,195)	(1,227)	(598)	(1,825)
Other income	1,241	12	-	-	-	-	32	-	56	1,341	-	1,341
Finance charge on negative reserve funding	-	-	-	-	-	-	-	1,368	-	1,368	(1,368)	-
Inter-segment funding <sup>1</sup>	-	(628)	628	-	-	-	-	-	-	-	-	-
Net income	9,350	11,390	18,874	4,688	2,339	951	10,154	3,382	8,260	69,388	(2,142)	67,246
Net claims and policyholders' benefits	(49)	(9,222)	(12,260)	(3,029)	-	-	(4,331)	(877)	(1,132)	(30,900)	-	(30,900)
Claims and policyholders' benefits	(49)	(14,013)	(12,260)	(3,151)	-	-	(5,652)	(2,231)	(1,346)	(38,702)	495	(38,207)
Insurance claims recovered from reinsurers	-	4,791	-	122	-	-	1,321	1,265	214	7,713	(495)	7,218
Recapture of reinsurance	-	-	-	-	-	-	-	89	-	89	-	89
Acquisition costs	(27)	(1,605)	(1,144)	(702)	(111)	-	(963)	(1,884)	294	(6,142)	1,368	(4,774)
Expected credit losses	-	-	-	-	-	(67)	-	-	-	(67)	-	(67)
Marketing and administration expenses												
- depreciation and amortisation	(106)	(7)	(11)	(60)	(12)	(277)	(458)	(63)	(739)	(1,733)	(169)	(1,902)
- derecognition of intangible assets and property and equipment	-	-	-	(18)	-	-	(1)	(14)	(17)	(50)	-	(50)
- impairment of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
- other expenses	(5,568)	(2,147)	(1,156)	(988)	(2,207)	(1,597)	(4,091)	(2,047)	(3,032)	(22,833)	(424)	(23,257)
Recovery of expenses from reinsurers	-	-	-	-	-	-	1,041	1,818	-	2,859	-	2,859
Transfer from assets/liabilities under insurance contracts												
- change in assets arising from insurance contracts	-	5,299	-	-	-	-	-	3,606	(101)	8,804	(3,018)	5,786
- change in assets arising from reinsurance contracts	-	11	-	1	-	-	40	11	1	64	(1)	63
- change in liabilities arising from insurance contracts	-	662	(3,247)	(41)	-	-	(65)	(17)	(4,488)	(7,196)	261	(6,935)
- change in liabilities arising from reinsurance contracts	-	(351)	-	-	-	-	-	(3,244)	-	(3,595)	3,018	(577)
Fair value adjustment to liabilities under investment contracts	-	(2)	148	-	-	-	-	-	42	188	(228)	(40)
Share of net profits from equity-accounted investments	-	-	-	(13)	-	-	2	-	474	463	(41)	422
Reversal of impairment of equity accounted investment	-	-	-	-	-	-	-	-	134	134	-	134
<b>Normalised profit/(loss) from operations</b>	<b>3,600</b>	<b>4,028</b>	<b>1,204</b>	<b>(162)</b>	<b>9</b>	<b>(990)</b>	<b>1,328</b>	<b>671</b>	<b>(304)</b>	<b>9,384</b>	<b>(1,376)</b>	<b>8,008</b>
Economic assumptions adjustments net of discretionary margins and interest r	-	(651)	-	-	-	-	-	567	-	(84)	253	169
Economic assumptions adjustments net of discretionary margins	-	(651)	-	-	-	-	-	820	-	169	-	169
Fair value losses on VitalityLife interest rate derivative	-	-	-	-	-	-	-	(253)	-	(253)	253	-
Investment income earned on shareholder investments and cash	37	11	38	-	28	-	-	8	18	140	156	296
Intercompany investment income	-	-	-	-	-	-	-	5	913	918	(918)	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	51	27	-	-	-	-	(454)	(1)	(377)	377	-
Restructuring costs	-	-	-	-	-	-	-	*	-	-	*	-
Gains from dilution of equity accounted investments	-	-	-	19	-	-	-	-	14	33	-	33
Initial expenses related to Prudential Book transfer	-	-	-	-	-	-	-	(182)	-	(182)	-	-
Covid-19 vaccination programme	-	-	-	-	-	-	-	-	(157)	(157)	-	-
Amortisation of intangibles from business combinations	-	-	-	(41)	-	-	-	-	(59)	(100)	41	(59)
Market rentals related to Head Office building adjusted for finance costs and	-	-	-	-	-	-	-	-	(158)	(158)	-	-
Finance costs <sup>5</sup>	(1)	25	-	-	-	-	(6)	(104)	(1,290)	(1,376)	(282)	(1,658)
Intercompany finance costs	(297)	-	-	-	-	-	(4)	(230)	(396)	(927)	927	-
Foreign exchange gains	4	25	37	-	-	-	-	89	-	155	-	155
<b>Profit before tax</b>	<b>3,343</b>	<b>3,489</b>	<b>1,306</b>	<b>(184)</b>	<b>37</b>	<b>(990)</b>	<b>1,318</b>	<b>281</b>	<b>(1,331)</b>	<b>7,269</b>	<b>(325)</b>	<b>6,944</b>
Income tax expense	(951)	(718)	(438)	43	(30)	218	(285)	224	147	(1,790)	325	(1,465)
<b>Profit for the year</b>	<b>2,392</b>	<b>2,771</b>	<b>868</b>	<b>(141)</b>	<b>7</b>	<b>(772)</b>	<b>1,033</b>	<b>505</b>	<b>(1,184)</b>	<b>5,479</b>	<b>-</b>	<b>5,479</b>

\* Amount is less than R 500 000

<sup>1</sup> The inter-segment funding of R628 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>2</sup> This segment relates to SA Insure - Personal lines.

<sup>3</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 IFRS 10 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.

<sup>4</sup> The banking fee and commission income consists of R389 million of revenue which passes over time while the interchange revenue of R464 million is recognised at a point in time.

<sup>5</sup> Finance costs in Discovery Life includes a reversal of interest payable to the South African Revenue Services provided for in the prior year.

## Reconciliation of operating profit to normalised operating profit for the year ended 30 June 2022

R million	Group year ended June 2022	Group year ended June 2021	% change
	Audited	Audited	
<b>Operating profit per income statement</b>	<b>7,858</b>	5,304	48%
Add back investment income	( 296)	( 280)	
Add back amortisation of intangibles from business combinations	59	66	
Add share of profits from equity accounted investments	422	523	
Add back economic assumption adjustments net of discretionary margins	( 169)	( 790)	
Add back reversal of impairment/(impairment) of equity-accounted investments	134	( 149)	
<b>Normalised profit from operations per segmental (IFRS total)</b>	<b>8,008</b>	4,674	71%
VitalityLife reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4	483	( 125)	>200%
Normalised profit adjustments	893	1 945	-54%
Unrealised losses on Part VII hedges	1	304	
Unrealised (gains)/losses on shareholder investments (IFRS 9)	( 79)	55	
Investment income earned on assets backing policyholder liabilities	164	139	
Deferred tax on IPF	( 158)	137	
Difference between market related rental and depreciation	( 136)	( 138)	
Expenses related to Prudential Book transfer	182	187	
VitalityLife interest rate derivatives (swap and swaption)	707	1 170	
Transaction costs related to VitalityLife interest rate derivatives	-	4	
Covid-19 vaccination programme	157	33	
CMT amortisation	41	-	
VitalityLife restructuring costs	-	42	
Other	14	12	
<b>Normalised profit from operations</b>	<b>9,384</b>	6,494	45%



## DISCOVERY BANK - EXPECTED CREDIT LOSSES

Discovery Bank finalised the migration of the DiscoveryCard customers from the FNB platform to Discovery platform during the last financial year ended 30 June 2021.

As a result, the expected credit loss charge for the year-ending 30 June 2022 is not comparable to the year-ended 30 June 2021. To enable the users of these results to perform a comparison of results, a like-for-like comparison of the related net expected credit loss has been reconstructed.

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### Income Statement

Other Income:

- included in other income is the profit share from the DiscoveryCard business. The profit share includes gains associated with the release of provisions after migration of DiscoveryCard customers to the Discovery Bank platform.

**Net fair value gains on financial instruments at fair value through profit or loss:**

- included are the gains associated with credit derivatives recognised as part of acquisition of DiscoveryCard business.

Expected Credit Losses

### Net expected credit losses recognised during the period

### Change in gross loans and advances during the period

### Credit Loss Ratio

Group year ended June 2022	Group year ended June 2021
-	(25.0)
-	(83.0)
67.0	271.0
<b>67.0</b>	<b>163.0</b>
520.6	1,795.9
1.56%	4.60%