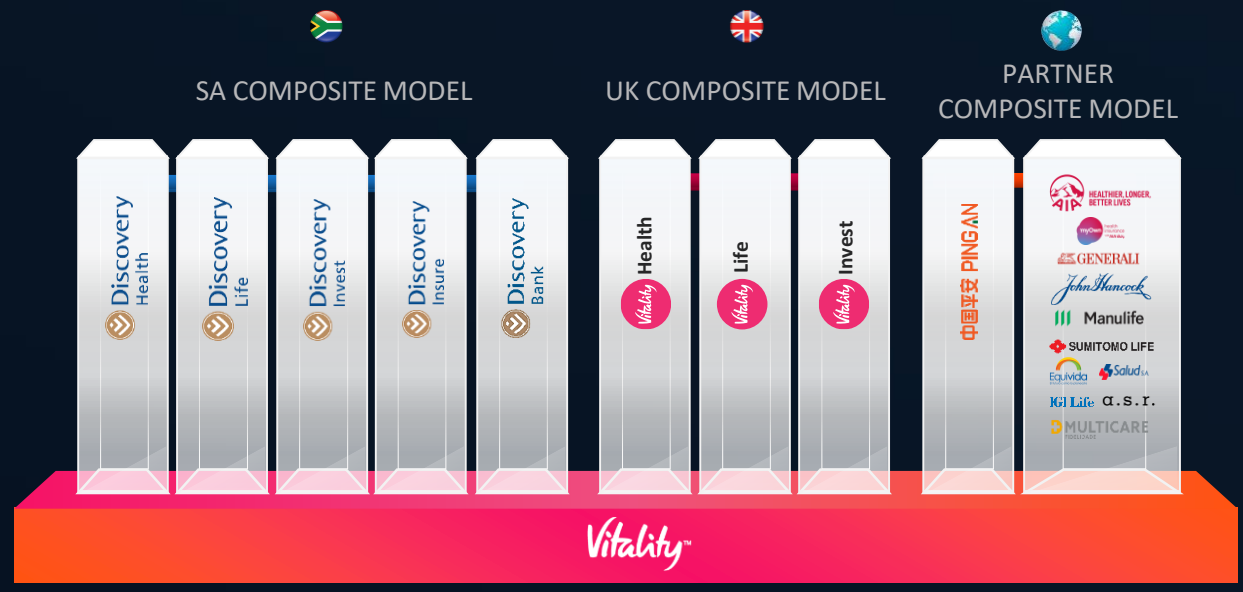


# UNAUDITED INTERIM RESULTS AND TRADING STATEMENT

for the six months ended 31 December 2020





Normalised operating profit  
**+19%**  
to R4 507m

Core new business API  
**+3%**  
to R9 916m

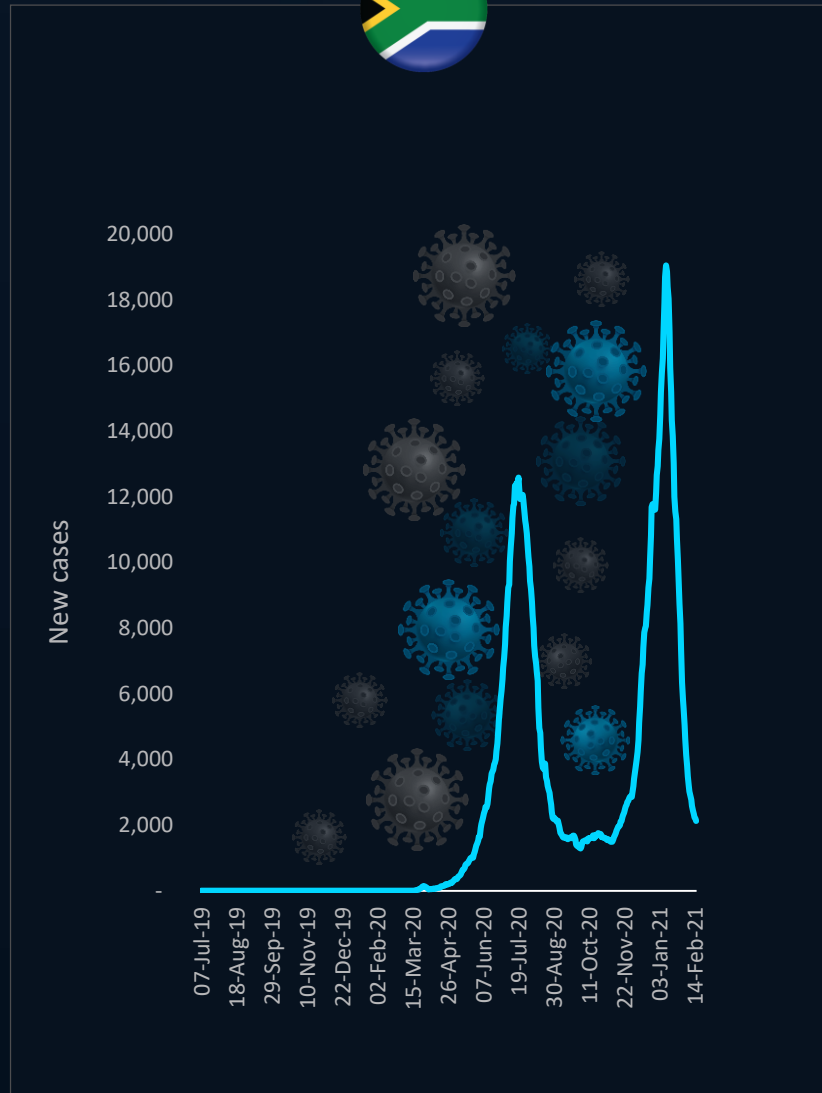
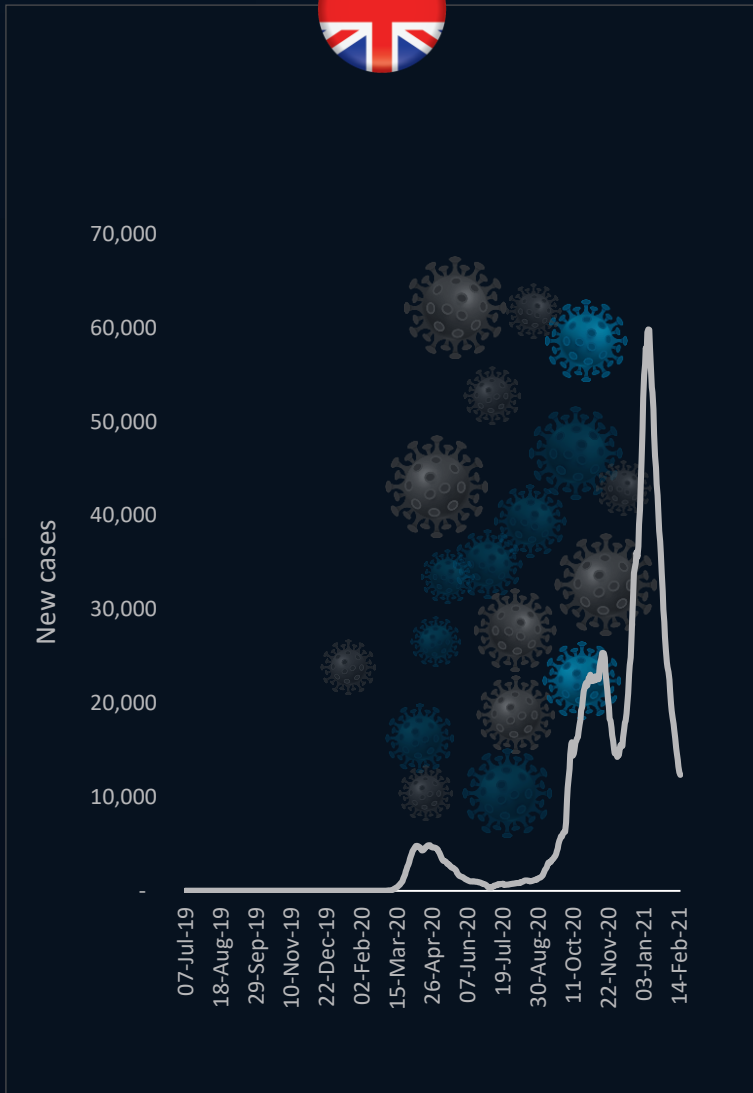
COVID-19 provisions  
**R3.4bn**  
unchanged

Headline earnings  
**-10%**  
to R1 842m

Normalised headline earnings  
**-1%**  
to R2 284m

+8% including DH take-on of new closed schemes and gross revenue for Vitality Group

- 1 Robust operating performance with prudent COVID-19 provision
- 2 Operating model performing well and driving growth, with strength in capital and liquidity
- 3 A pivot to growth following trends emerging through COVID-19
- 4 The businesses well positioned in the four strategic strands



## Discovery data to date

**5 711** Deaths across DH, DL and VL

**1.1m** Tests conducted

**188k** Confirmed positive cases

**36k** Members admitted

**12** Staff deaths

**R4.3bn** Claims paid\*

# Our strategic response to the pandemic



**DISCOVERY talks**

**Wellbeing at Home**

**Vitality at Home**

**Oximeter benefit**

**GP initiated virtual consults**

**COVID-19 information hub**

**COVID-19 Business Support**

**R765m COVID-19 concessions till Dec 20**

**COVID Alert SA app**

**SA vaccine programme support**

**Connected Care**

Keep every staff member safe  
 Maintain connectivity  
 Live out our values

Ensure business continuity  
 Ensure products are fit-for-purpose  
 Keep people healthy and active

Support the healthcare system  
 Strengthen the healthcare system  
 Play an outsized role



Ensure operating profit strong with appropriate and conservative reserve for COVID-19  
 Minimise the impact on liquidity and solvency  
 Protect the capital plan

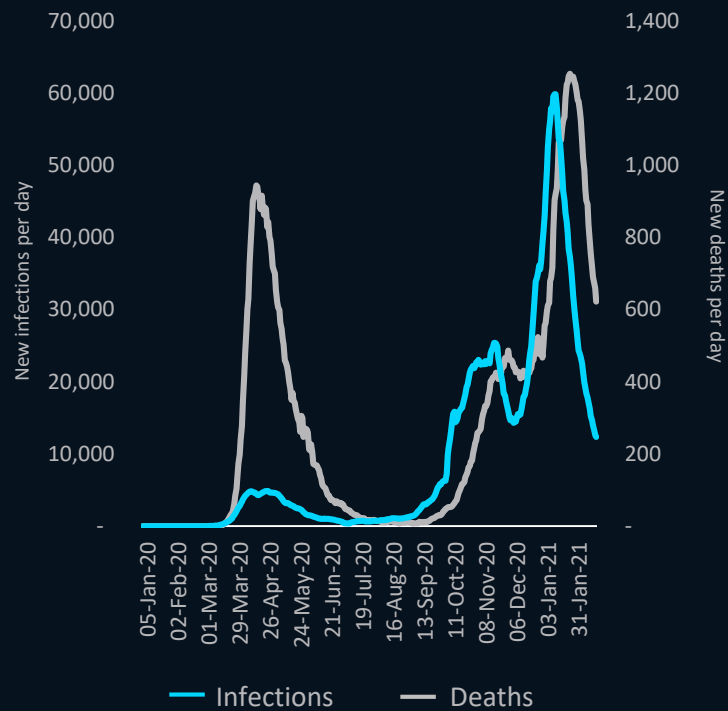


# UK's second wave was a lot more severe on a national level than for VitalityLife, but tapering off



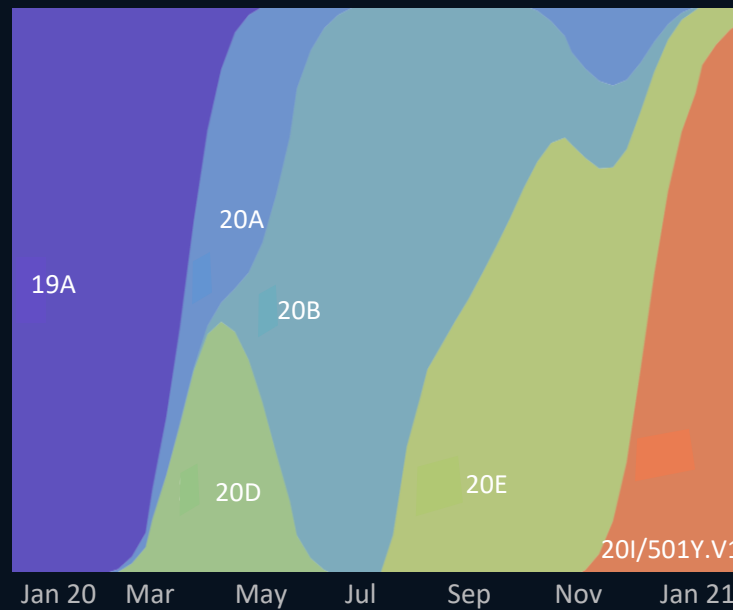
## Second wave tapering off

COVID-19 infections and deaths



## COVID-19 variant more severe

UK distribution of strains



National wave 2 vs wave 1:

**70%** More patients in hospital

**87%** More deaths

## VitalityLife had higher mortality in the first wave, in FY20

VL COVID-19 related deaths

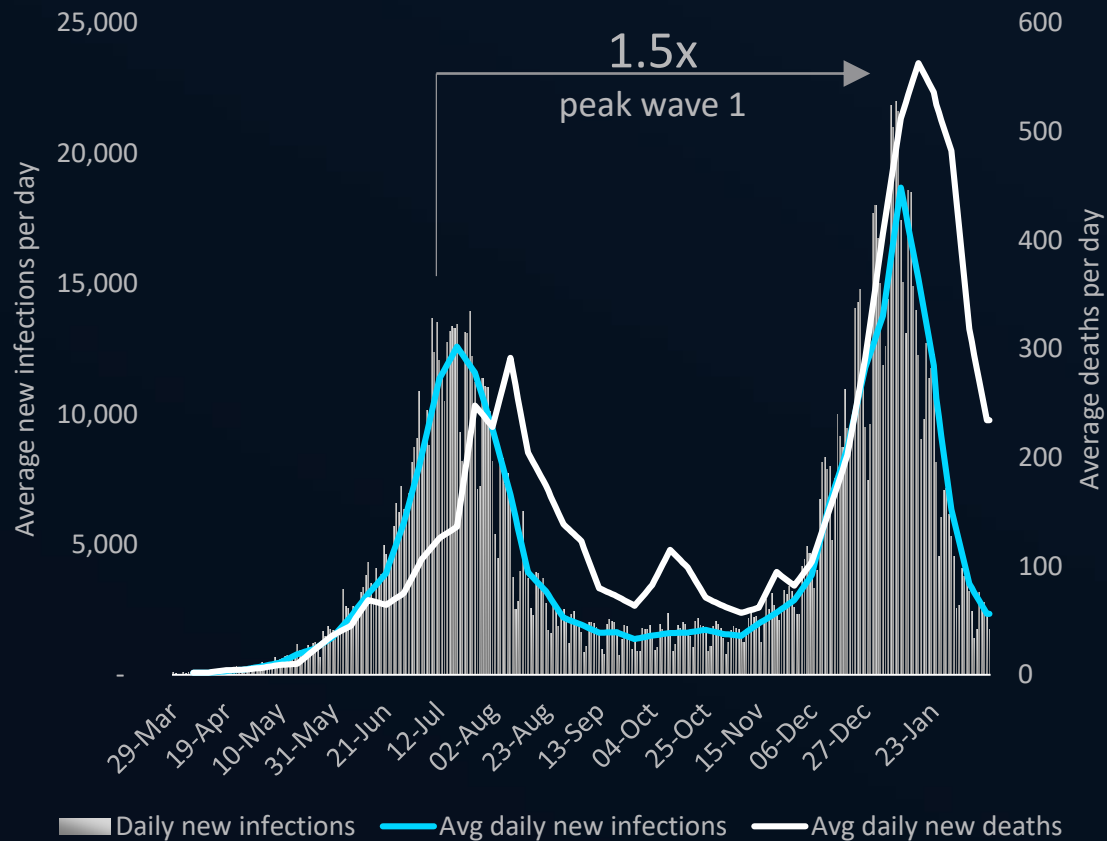




# SA's second wave also more severe but rapidly decreasing

## SA's second wave more serious than first, and started in holiday season

South Africa daily new infection trends



## Comparison between waves using Discovery data

Higher socio-economic classes hit harder  
 Deaths DL and DH **+24%**

Higher exposure  
 Discovery Life claims paid\* (Rm) **+123%**

Higher morbidity  
 Admission rates **+8%**

Fewer out-of-hospital claims  
 Acute medication utilisation **-18%**

Shorter average length of stay  
 OH admissions discharged with oxygen **-37%**

\*Individual and Group Risk gross claims

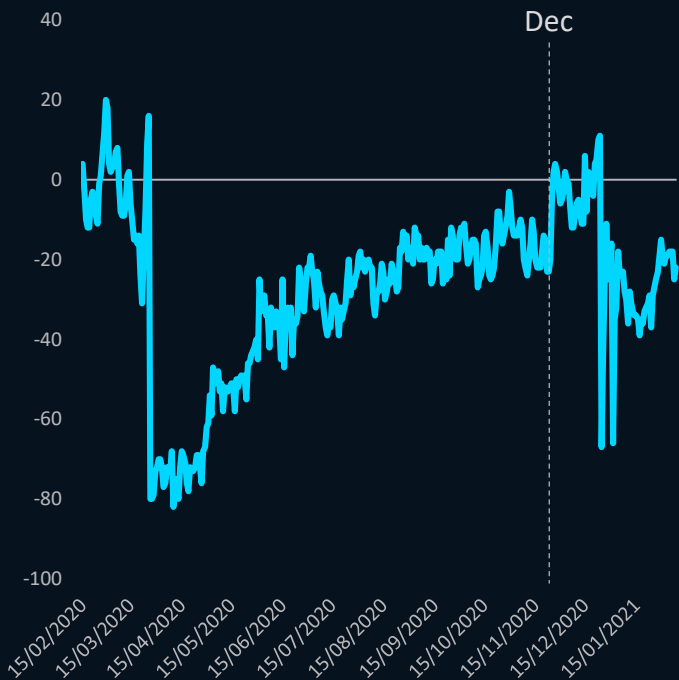


# Behaviour and a new variant contributed to a second wave



## Mobility increased early December as SA entered holiday season

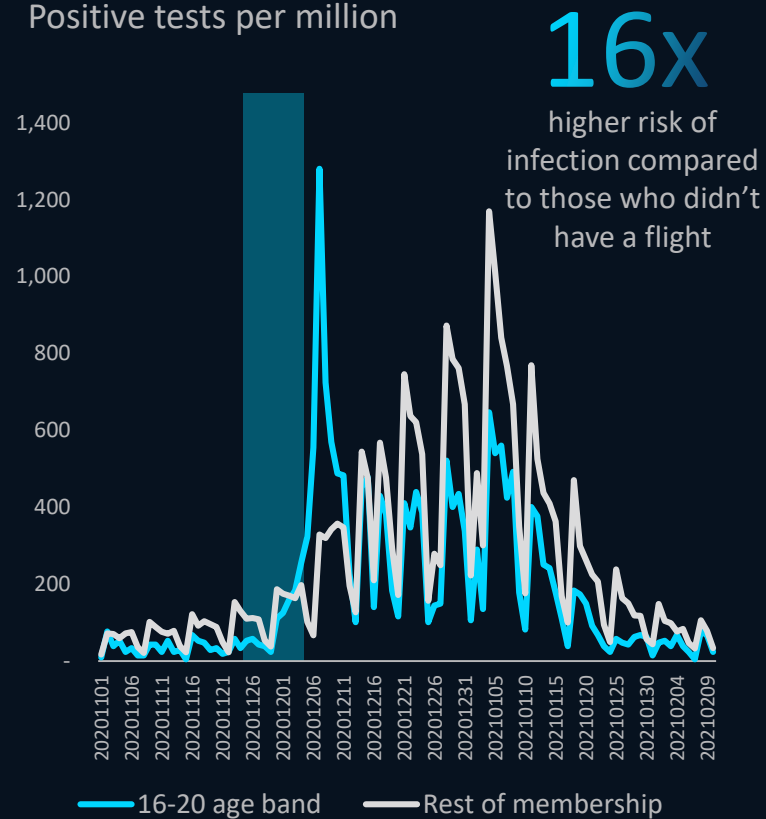
Google mobility trends report



<https://www.google.com/covid19/mobility/>

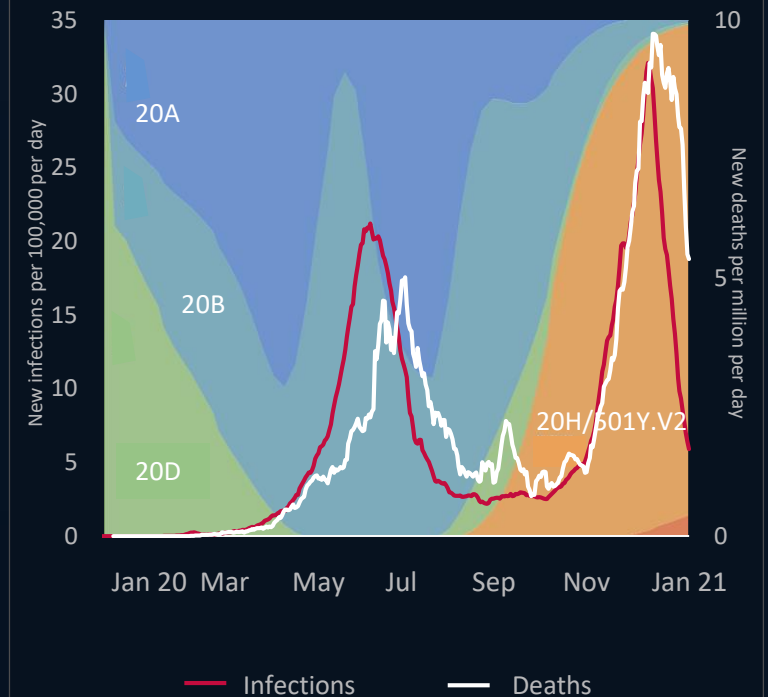
## Spike in young infections post-matric celebratory events and spread to other members

Positive tests per million



## COVID-19 variant 40-50% more transmissible

South Africa distribution of strains, superimposed infection and death rates



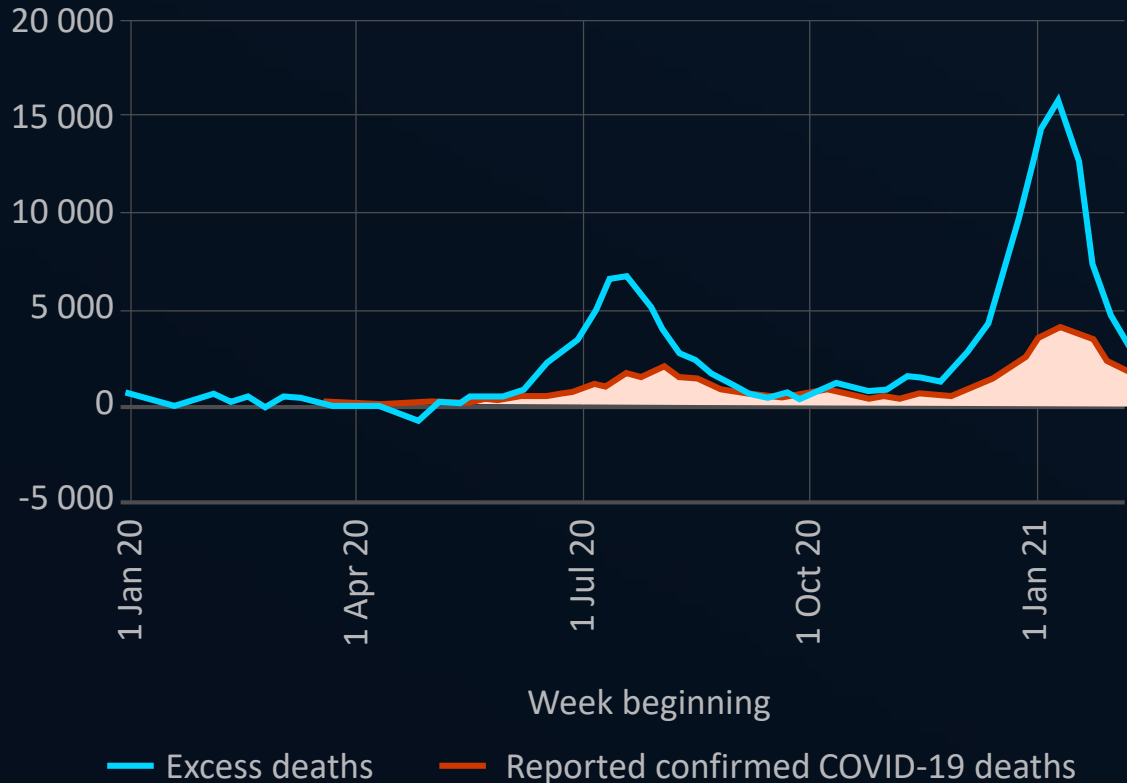


# Understanding immunity



## Expect majority of excess deaths to be due to COVID-19

RSA (natural) excess deaths and reported confirmed COVID-19 deaths



## Expect 51-57% population infected

✓ ✓

$$\text{Deaths} = [ \text{Population infected} ] \times [ \text{Infection Fatality Rate} ]$$

$$\therefore \text{Population infected} = [ \text{Deaths} / \text{Infection Fatality Rate} ]$$

|     | IFR   |       |       |
|-----|-------|-------|-------|
|     | 0.28% | 0.33% | 0.39% |
| 85% | 70%   | 59%   | 51%   |
| 90% | 74%   | 62%   | 54%   |
| 95% | 78%   | 66%   | 57%   |

Excess deaths directly attributable to COVID-19



Consistent with SANBS study on the prevalence of COVID antibodies – c52% donors tested positive





# Understanding reinfection rates

## Concerns about reinfection rates

$$\text{Reinfections} = [ \text{Confirmed positives in wave 1} ] \times [ \text{Reinfection rate for those who have recovered} ] \times [ \text{Probability of testing positive in the second wave} ]$$

“

The blood samples from **half the people we tested showed that all neutralising activity was lost**. This suggests that they may no longer be protected from reinfection

National Health Laboratory Service

”

“

Neutralising antibodies are about a **third less** by 6 months after hospitalisation

Professor Clive Gray

”

“

In the placebo group of the trial for Novavax's vaccine, **people with prior coronavirus infections appeared just as likely to get sick as people without them**, meaning they weren't fully protected against the B.1.351 variant that has swiftly become dominant in South Africa

Washington Post

”

## Discovery Health data suggests very low reinfection risk, even with second variant

|  |               |
|--|---------------|
| Confirmed positives in wave 1, recovered more than 90 days prior to wave 2 | <b>89 166</b> |
| Vulnerable to reinfection in wave 2 (assume one third)                     | <b>29 722</b> |
| Risk of positive test in wave 2 in DSY Health 2.7%                         | <b>802</b>    |
|  | <b>&gt;</b>   |
| Actual reinfections  | <b>674</b>    |

Discovery Health data suggest **28% are vulnerable to reinfection**

# Factors that influence COVID-19 waves



$$\text{COVID Wave} = \underbrace{(1-\text{Immunity})}_{\text{Herd immunity}} \times \underbrace{P(\text{contact})}_{\text{Behaviour}} \times \underbrace{\text{Risk index}}_{\text{Resilience index}}$$

Herd immunity

Reinfection rates

Vaccines

Behaviour

COVID-19 variants

Community prevalence

Resilience index

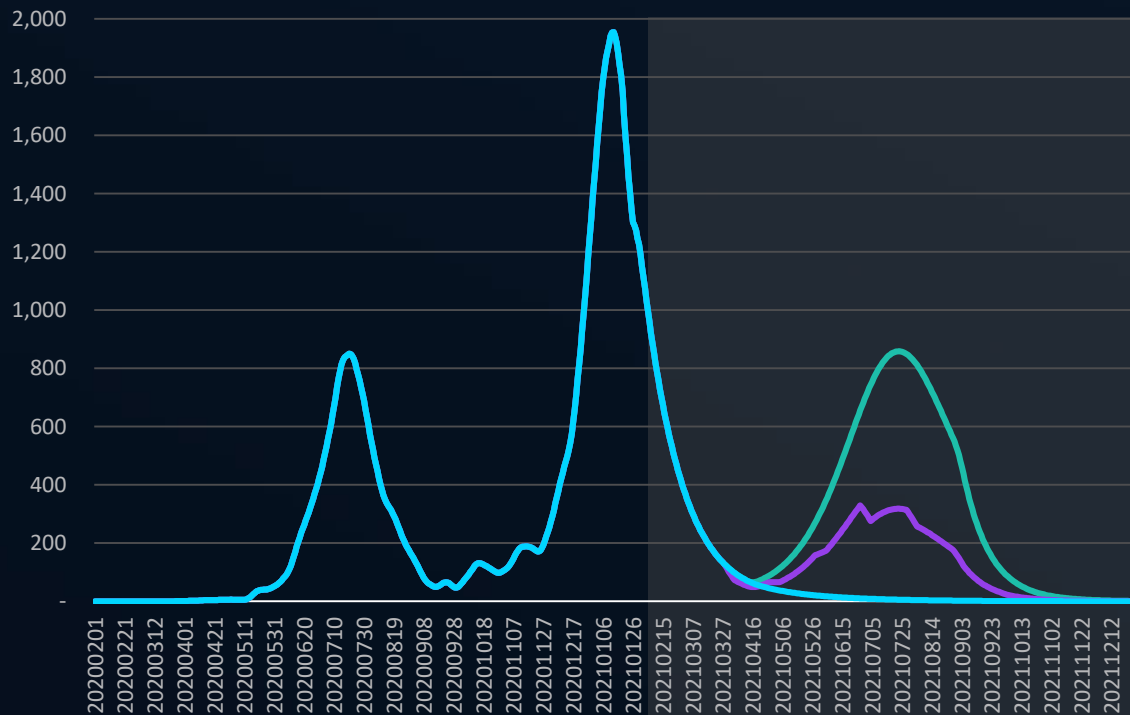




# The likelihood of a third wave

## Incremental deaths under the medium scenario

Scenarios assume IFR = 0.39% and 1/3 reinfection



|   | Projected deaths vs second wave deaths |             | Total expected deaths |
|---|--|-------------|-----------------------|
|   | Feb-Jun                                | Jul-Dec     |                       |
| Second wave run-off   | <b>0.2x</b>                            | <b>0x</b>   | <b>16.6k</b>          |
| Super spreader at Easter, with reinfections                           | <b>0.4x</b>                            | <b>0.6x</b> | <b>92.5k</b>          |
| Super spreader at Easter, with reinfections, but with vaccine rollout | <b>0.3x</b>                            | <b>0.2x</b> | <b>44.4k</b>          |

Critical to avoid gatherings during Easter holidays  
 Critical to vaccinate high-risk groups by winter



# 1

Robust operating  
performance with prudent  
COVID-19 provision





Operating profit  
R4.5bn  
**+19%**

New business  
R10.9bn  
**+8%**

Rm

| Region            | Business                           | Operating Profit (Rm) | Operating Profit Change (%) | New Business (Rm)  | New Business Change (%) | Notes  |
|-------------------|------------------------------------|-----------------------|-----------------------------|--------------------|-------------------------|--|
| SA Composite      | Discovery Health                   | 1 670                 | +6%                         | 3 167 <sup>1</sup> | -5%                     | Continued operational excellence with significant support to members and society   |
|                   | Discovery Life                     | 1 922                 | +3%                         | 1 162              | -6%                     | Excellent operating performance and positive variances delivering growth on an optimised capital base                          |
|                   | Discovery Invest                   | 471                   | -3%                         | 1 316              | -3%                     | High-quality earnings driven by positive flows and market growth albeit in difficult market conditions                         |
|                   | Discovery Insure                   | 107                   | +43%                        | 617                | +12%                    | Strong new business and retention dynamics driving growth with consistently expanding margins and proven efficacy of the model |
|                   | <b>SA Composite<sup>2</sup></b>    | <b>4 170</b>          | <b>+5%</b>                  | <b>6 262</b>       | <b>-4%</b>              |  |
| UK Composite      | Vitality Health insurance          | 613                   | +24%                        | 638                | +4%                     | Excellent performance driven by continued retention and proven relevance of the model  |
|                   | Vitality Life insurance            | 327                   | +206%                       | 561                | -13%                    | Robust recovery with positive lapse experience and resilience to interest rate volatility                                      |
|                   | <b>UK Composite<sup>2</sup></b>    | <b>940</b>            | <b>+56%</b>                 | <b>1 199</b>       | <b>-5%</b>              |  |
| Partner Composite | Vitality GROUP                     | 238                   | +116%                       | 625                | +21%                    | Global relevance gaining significant traction with excellent operating performance and considerable effect on our partners     |
|                   | 平安健康保险<br>PING AN HEALTH INSURANCE | 112                   | +65%                        | 1 805              | +31%                    | Continuation of remarkable revenue, new business and profit growth   |
|                   | <b>New businesses</b>              | <b>(999)</b>          | <b>+0%</b>                  | <b>1 005</b>       | <b>+169%</b>            | Prudent Bank rollout pivoting towards growth, with other segments gaining further traction                                     |



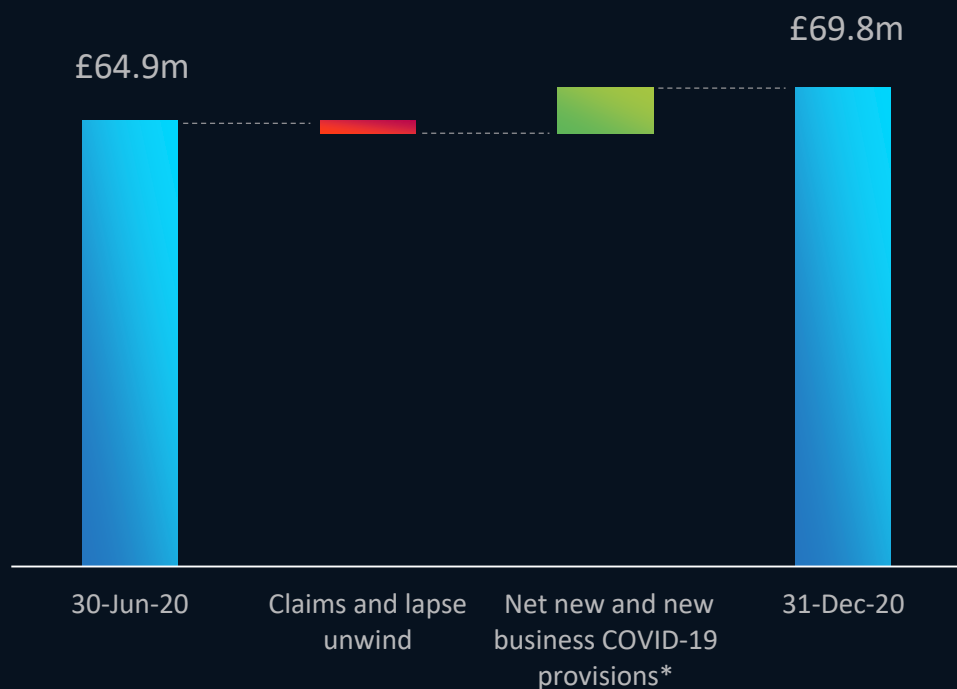
Excludes SA Vitality  
1 Including new closed schemes  
2 Excluding New initiatives

# COVID-19 provisions back to R3.4bn in December 2020



**Vitality Life insurance**

**Vitality Health insurance**

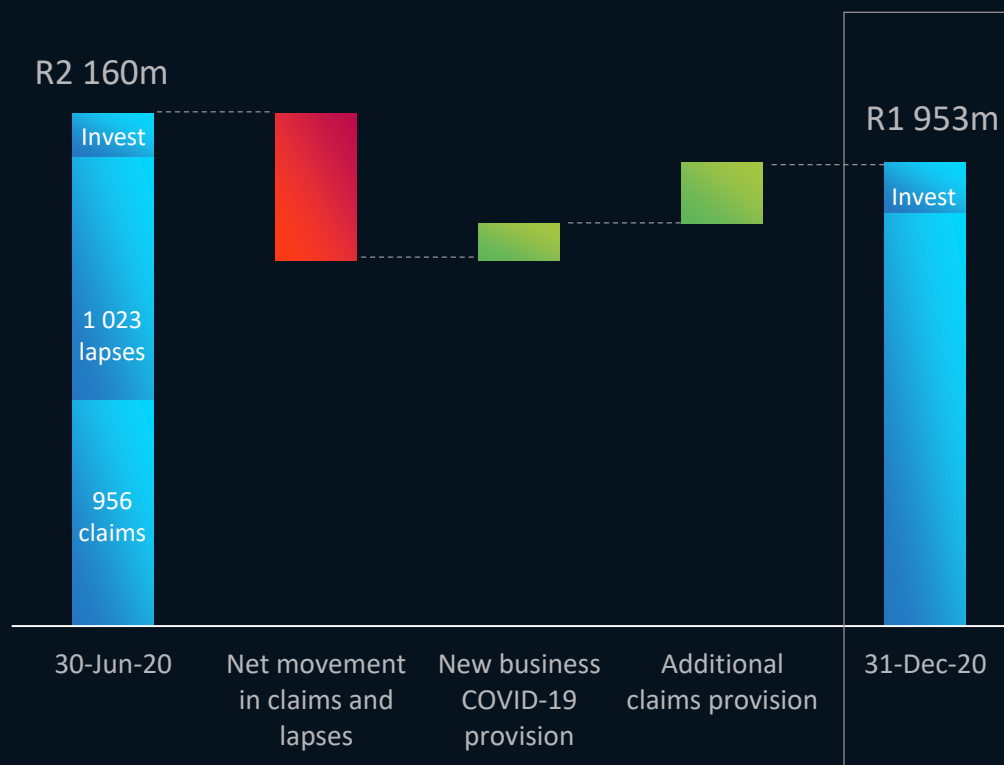


\*GBP11.7m released from COVID provision used to strengthen long-term lapse assumptions and net movements in UPR



**Discovery Life**

**Discovery Invest**



DL claims reserve at the end of January can **cover a 3<sup>rd</sup> wave**  
 ~ equal to the 1<sup>st</sup> wave, plus the lapse provision

# Currency and interest rates volatile over the period



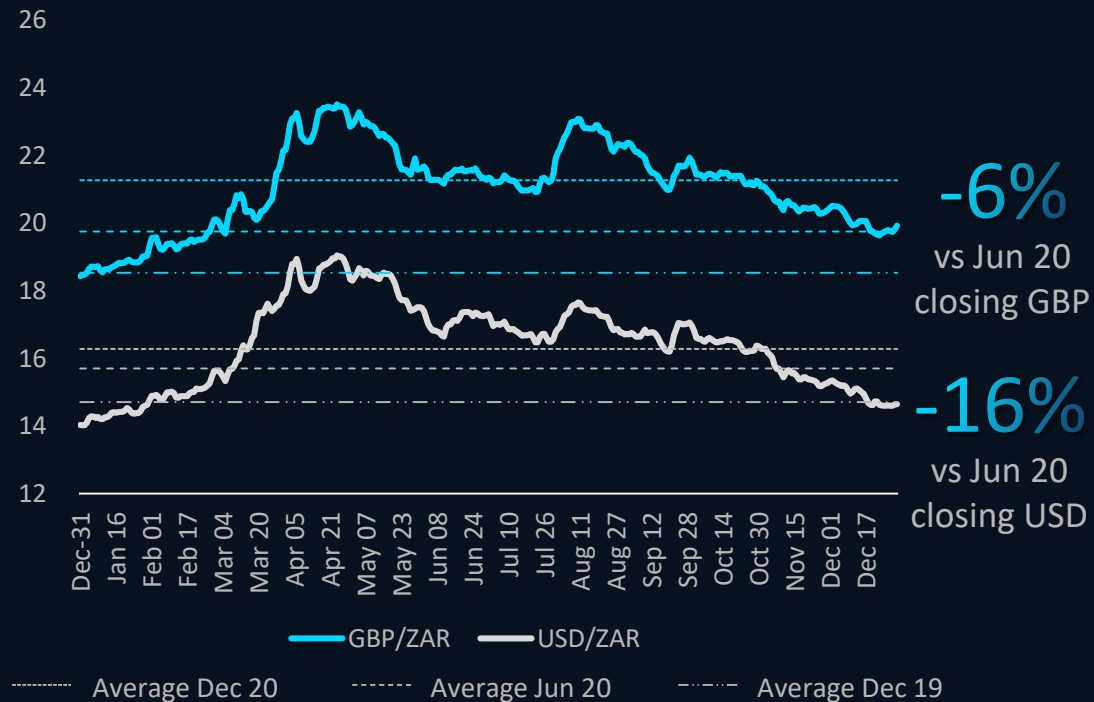
## Rapid strengthening of the rand

**+11%**

in USD average  
vs Dec 19

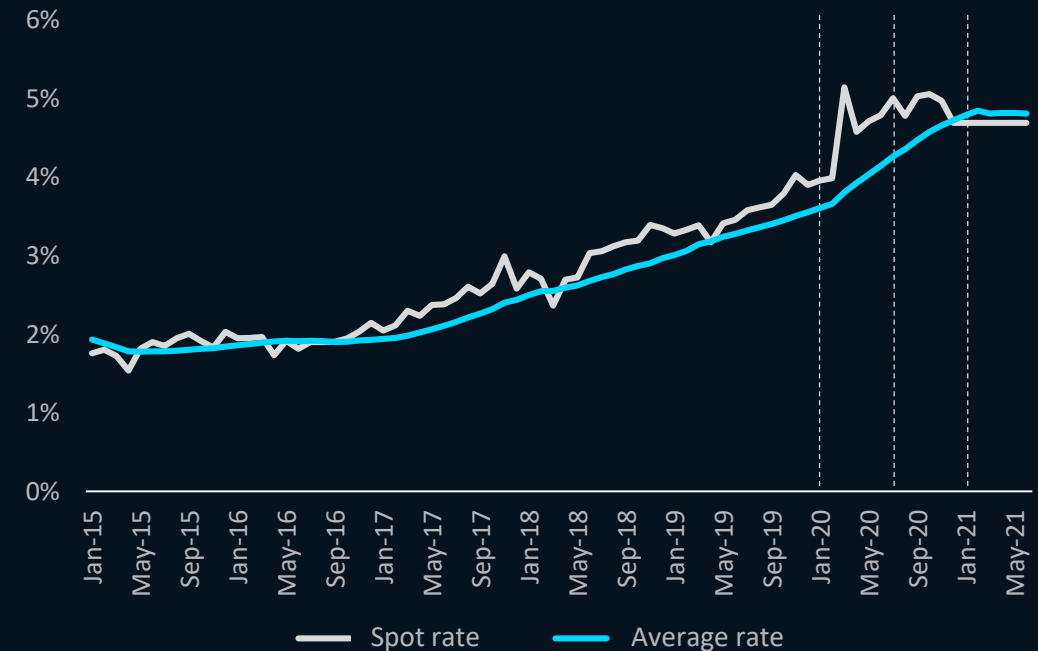
**+15%**

in GBP average  
vs Dec 19



## Sustained elevated long-term interest rates in SA

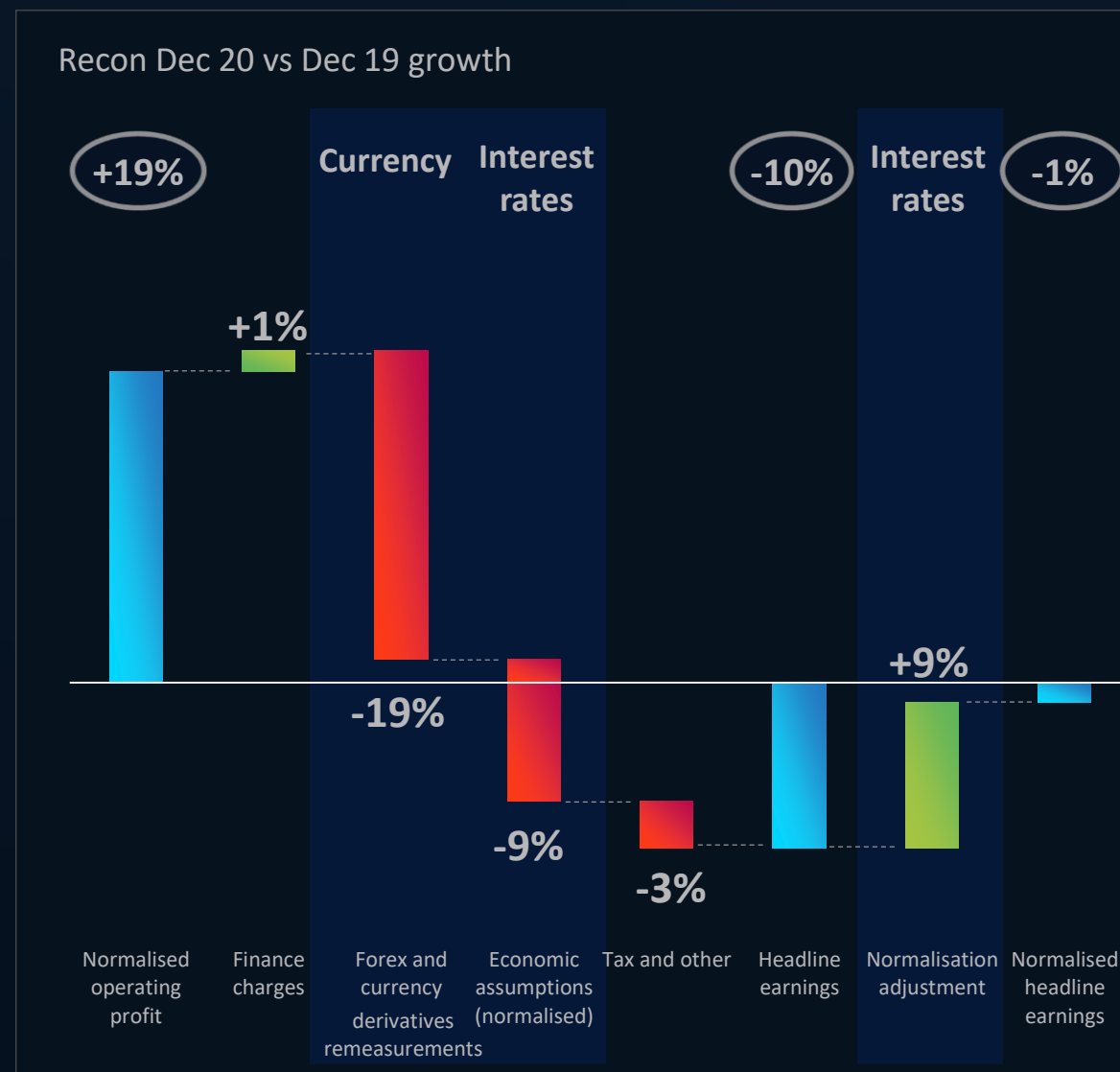
### Spot vs Average real rates: 20-year point



# Reported profit for period affected by currency and interest rates



| Rm  | 6 months ended Dec 2020 | 6 months ended Dec 2019 | %    |
|---|-------------------------|-------------------------|------|
| Normalised profit from operations before economic assumptions adjustments | 4,507                   | 3,792                   | 19%  |
| Economic assumptions adjustment DL*                                       | (493)                   | -                       |      |
| Economic assumptions adjustment VL*                                       | 1                       | (230)                   |      |
| Normalised profit from operations after economic assumptions adjustments  | 4,015                   | 3,562                   | 13%  |
| Finance charges excl. 1DP finance lease                                   | -649                    | -581                    |      |
| Forex and remeasurement of currency derivatives                           | -569                    | 33                      |      |
| Deferral fees related to Prudential Book transfer                         | -96                     | 0                       |      |
| Investment income and fair value remeasurements                           | 149                     | 196                     |      |
| Other   | -231                    | -235                    |      |
| Profit before tax   | 2,619                   | 2,975                   | -12% |
| Tax   | (744)                   | (897)                   |      |
| Profit attributable to preference shareholders                            | (34)                    | (41)                    |      |
| Profit attributable to equity holders                                     | 1,841                   | 2,037                   | -10% |
| Other   | 1                       | 10                      |      |
| Headline earnings   | 1,842                   | 2,047                   | -10% |
| Economic assumptions adjustment (DL and VL)*                              | 354                     | 186                     |      |
| Remeasurement of currency derivatives                                     | 149                     | 8                       |      |
| Other   | -61                     | 71                      |      |
| Normalised headline earnings  | 2,284                   | 2,312                   | -1%  |



\*Net of discretionary margins and net of gains/(losses) on derivatives to offset such changes in economic assumptions

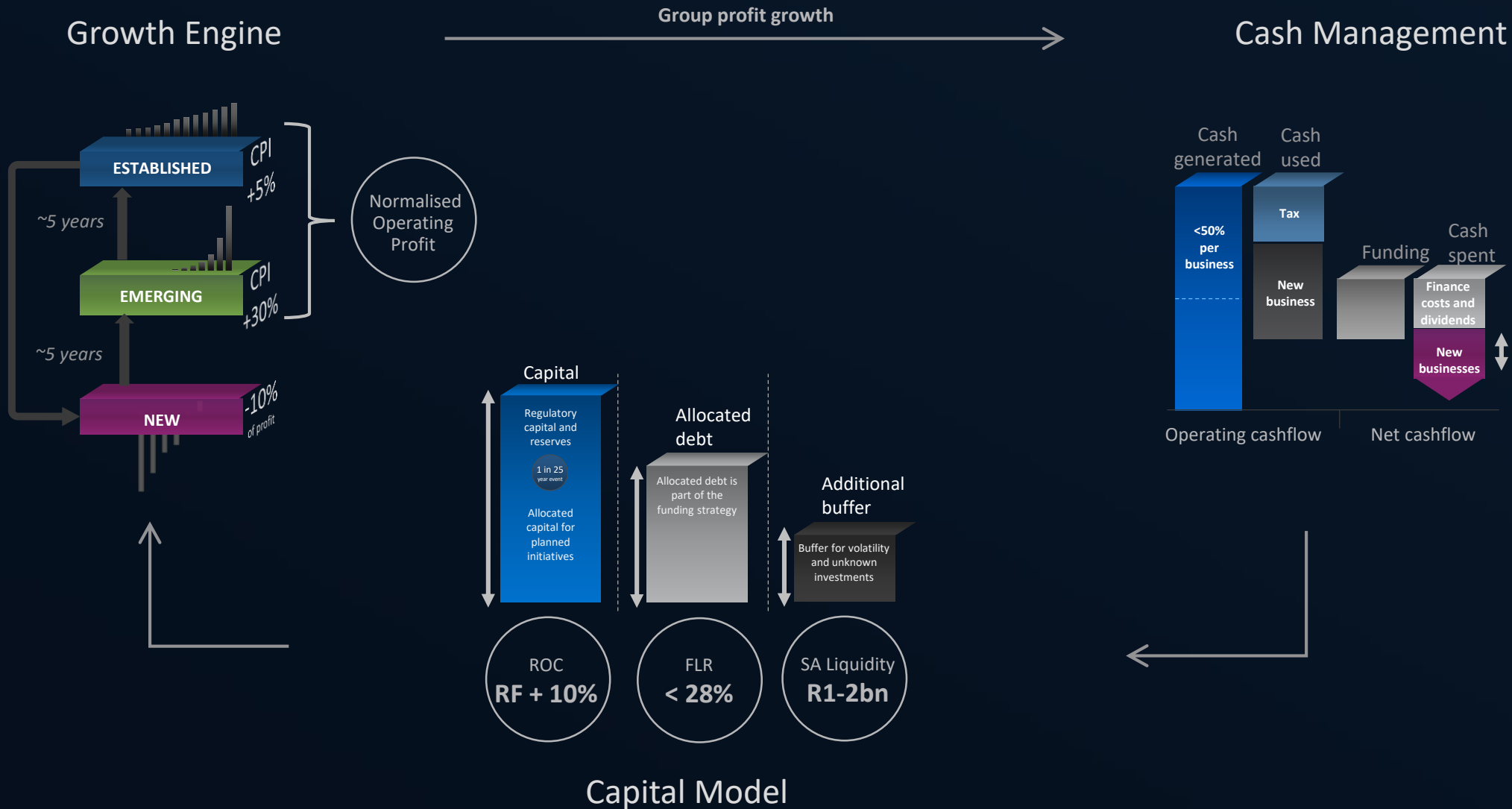




# 2

Operating model performing well  
and driving growth, with strength in  
capital and liquidity

# Group operating model

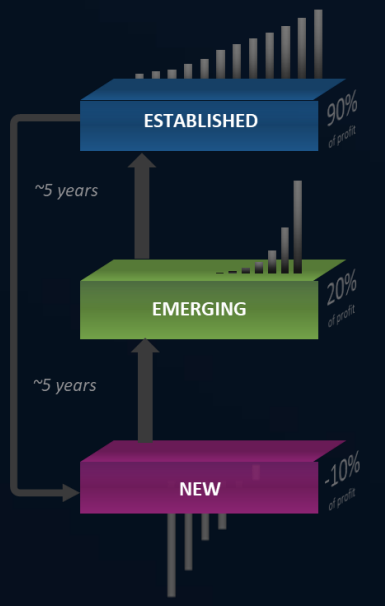




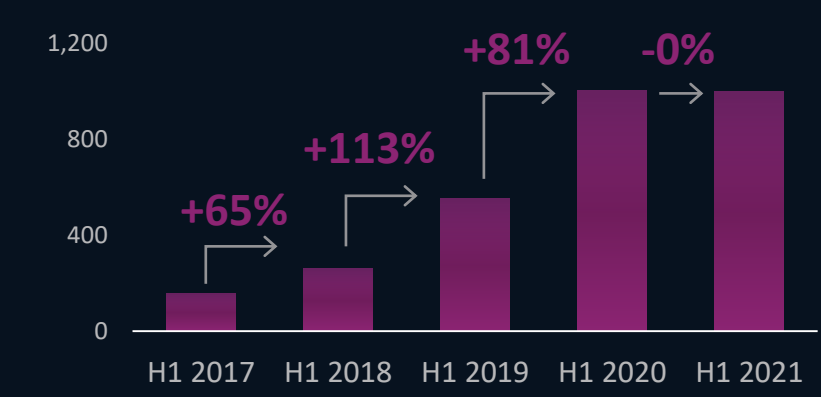
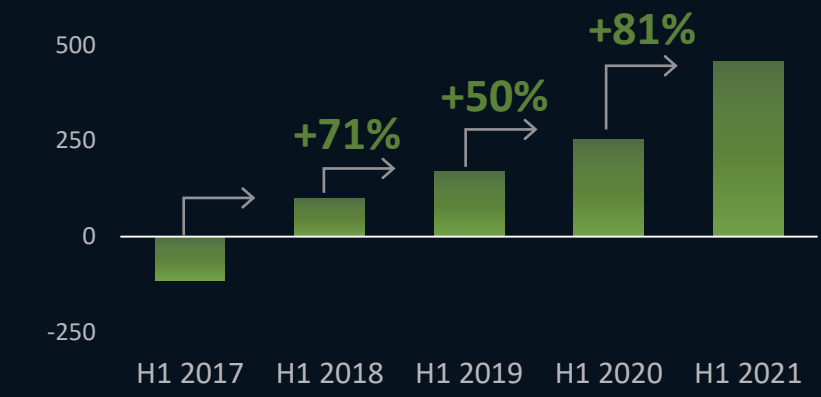
Operating profit  
R4.5bn  
**+19%**

Rm

|                        |                                    |              |             |
|------------------------|------------------------------------|--------------|-------------|
| ESTABLISHED BUSINESSES | Discovery Health                   | 1 670        | +6%         |
|                        | Discovery Life                     | 1 922        | +3%         |
|                        | Discovery Invest                   | 471          | -3%         |
|                        | Vitality Health insurance          | 613          | +24%        |
|                        | Vitality Life insurance            | 327          | +206%       |
| <b>Established</b>     |                                    | <b>5 003</b> | <b>+10%</b> |
| EMERGING BUSINESS      | Discovery Insure                   | 107          | +43%        |
|                        | Vitality GROUP                     | 238          | +116%       |
|                        | 平安健康保险<br>PING AN HEALTH INSURANCE | 112          | +65%        |
|                        | <b>Emerging</b>                    | <b>457</b>   | <b>+81%</b> |
| <b>NEW</b>             | <b>(999)</b>                       | <b>+0%</b>   |             |



### Strong growth from Emerging and slowing investment in New



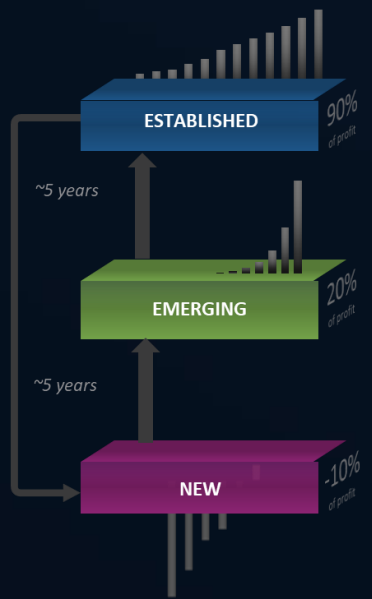
Established excludes SA Vitality, including SA Vitality Established is R5 049m



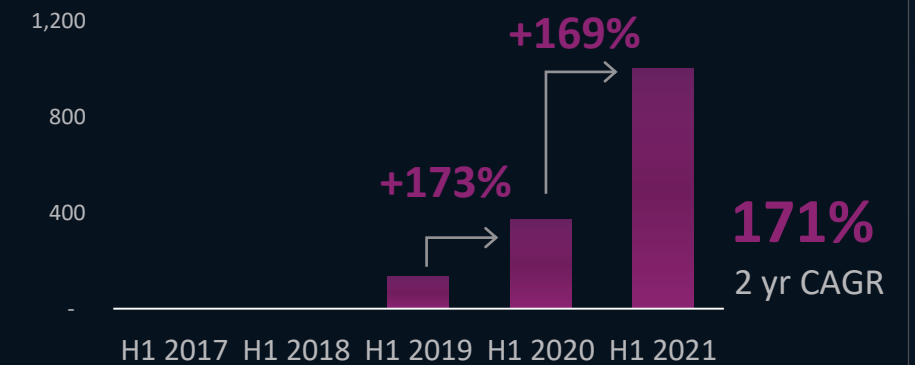
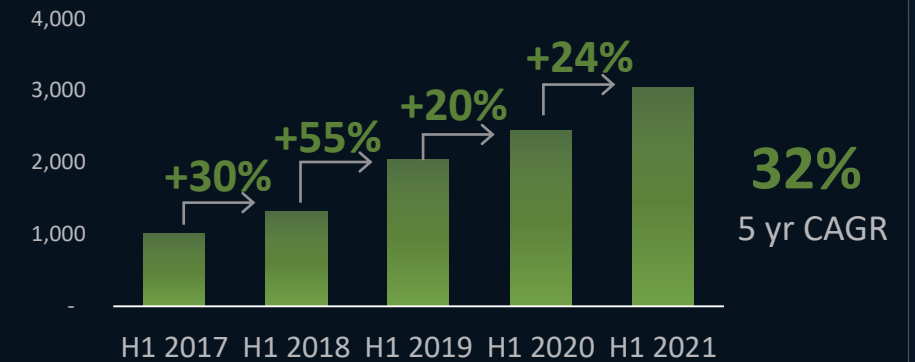
New business  
R10.9bn  
**+8%**

Rm

|                        |                                    |                    |             |
|------------------------|------------------------------------|--------------------|-------------|
| ESTABLISHED BUSINESSES | Discovery Health                   | 3 167 <sup>1</sup> | -5%         |
|                        | Discovery Life                     | 1 162              | -6%         |
|                        | Discovery Invest                   | 1 316              | -3%         |
|                        | Vitality Health insurance          | 638                | +4%         |
|                        | Vitality Life insurance            | 561                | -13%        |
|                        | <b>Established</b>                 | <b>6 844</b>       | <b>-5%</b>  |
| EMERGING BUSINESS      | Discovery Insure                   | 617                | +12%        |
|                        | Vitality GROUP                     | 625                | +21%        |
|                        | 平安健康保险<br>PING AN HEALTH INSURANCE | 1 805              | +31%        |
|                        | <b>Emerging</b>                    | <b>3 047</b>       | <b>+24%</b> |
| <b>NEW</b>             | <b>1 005</b>                       | <b>+169%</b>       |             |



### Emerging and New contributed to strong total new business API

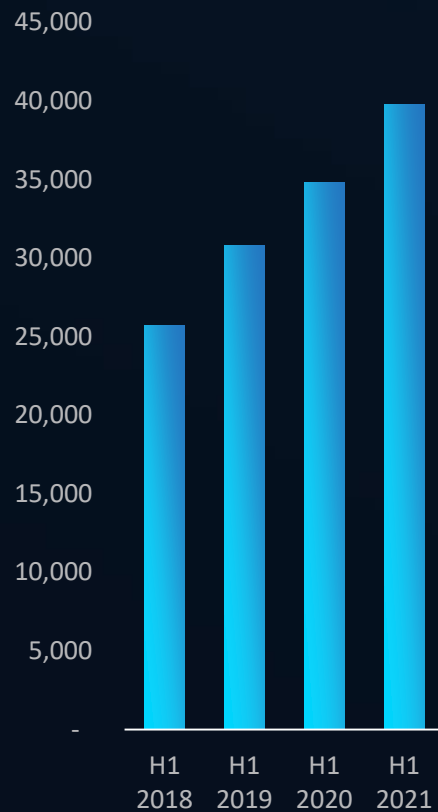




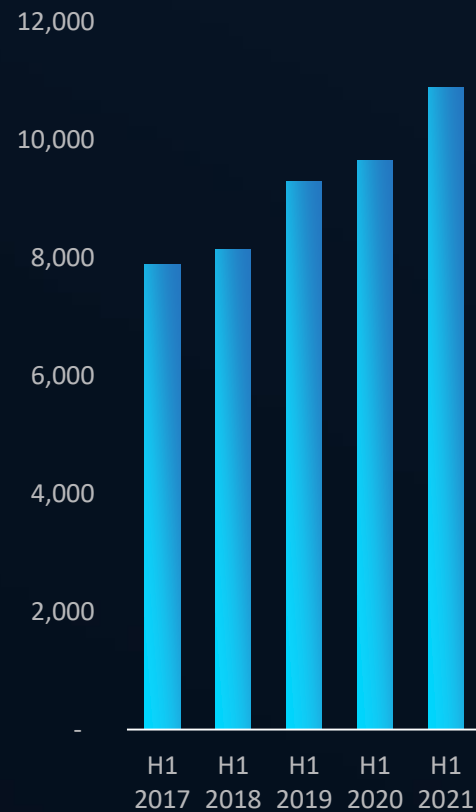
# Despite small earnings contribution from Emerging and New, they contribute significantly to revenue and membership growth



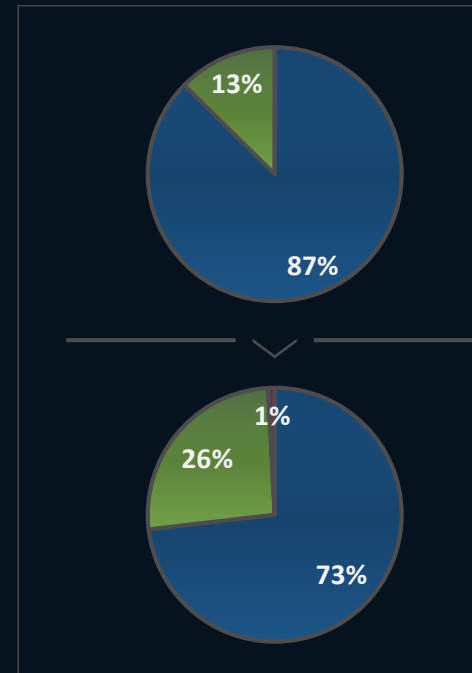
“Revenue”



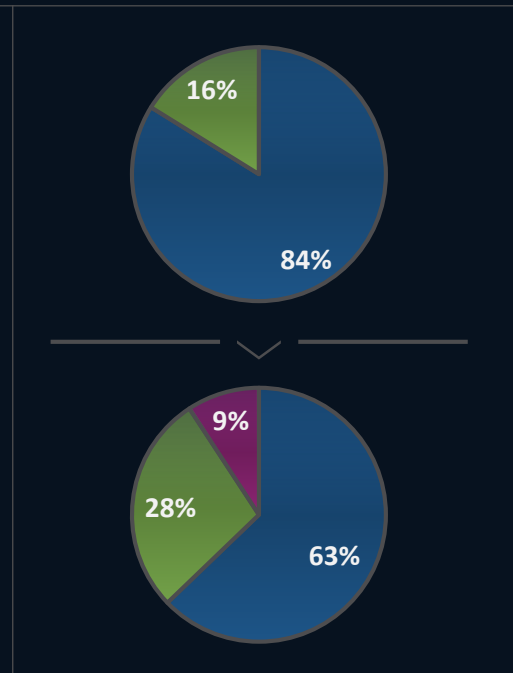
Total new business API



“Revenue” share



Total new business API share



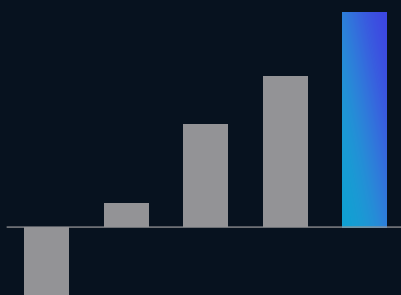
# Emerging businesses are scaling and creating value



**Discovery**  
Insure

**+43%**

Operating profit



H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

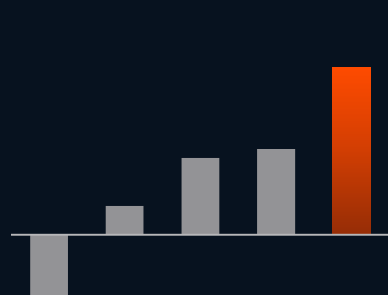
**11.6%**

ROE

**Vitality**  
GROUP

**+116%**

Operating profit



H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

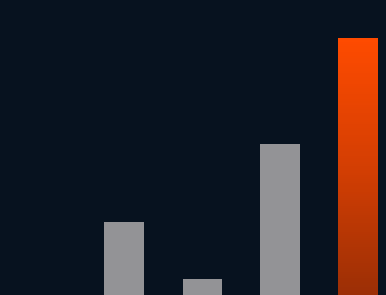
**20.7%**

ROE

**平安健康保险**  
PING AN HEALTH INSURANCE

**+65%**

Operating profit



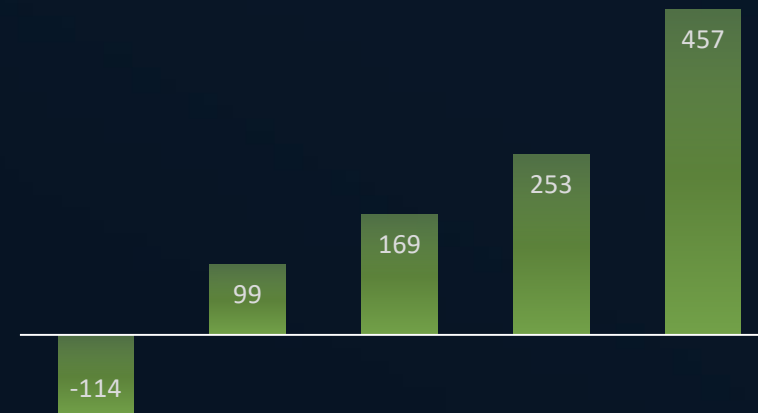
H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

**9.8%**

ROE

## Strong growth from Emerging

Operating profit  
Rm



H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

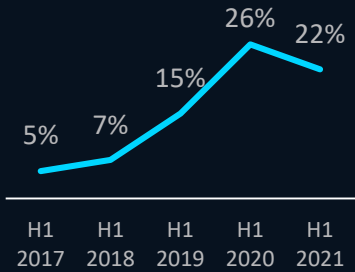
**13.5%**

ROE

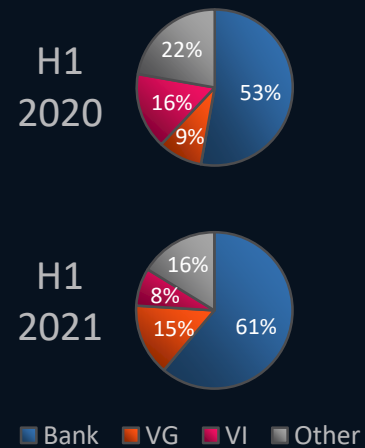
# New businesses continue to see considerable traction



## % in New decreasing

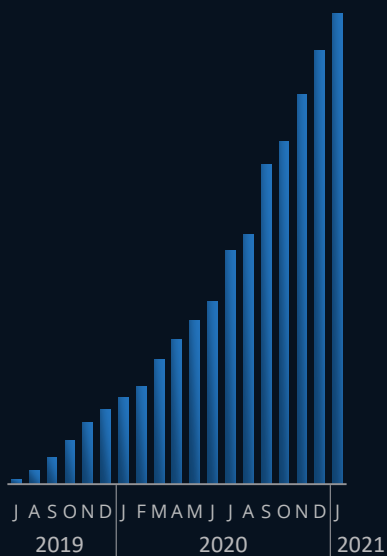


## Majority in Bank



Bank

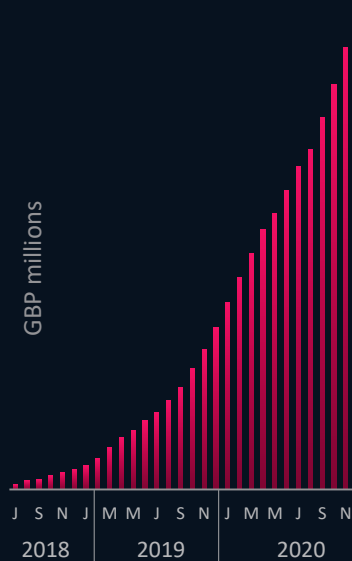
**R6.1bn**  
Retail deposits



VitalityInvest

New business  
**+95%** to £151.2m  
**+123% ZAR**

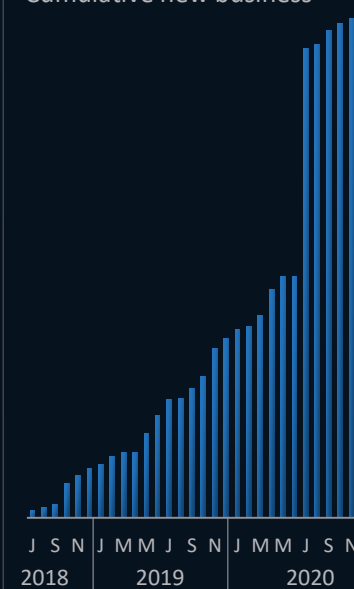
Cumulative new business



Umbrella Funds

New business APE  
**+247%** to R592m

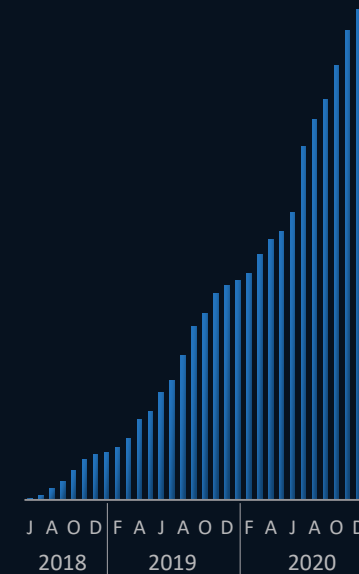
Cumulative new business



DBI

New business  
**+77%** to R124m

Cumulative new business



Vitality1

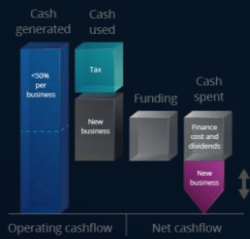
**8**

New market launches over next 18 months

- SPAIN
- ITALY
- POLAND
- CZECH REPUBLIC
- ISRAEL
- MEXICO
- VIETNAM
- BRAZIL



# Cash management supports the growth methodology



## R5.8bn

Cash generated from in-force

## (R5.4bn)

Cash used net of funding

## R0.4bn

Net cash flow

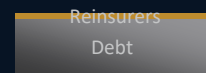
Net cash generated from in-force business  
**R5.8bn**

Cash generated

Funding

Cash used

## R0.9bn



Tax and finance costs

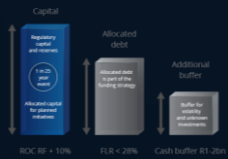
## R1.5bn

New business  
**R3.9bn**

New businesses  
**R0.9bn**

Net cash flow<sup>1</sup>  
**R0.4bn**





# Group is well capitalised and highly liquid

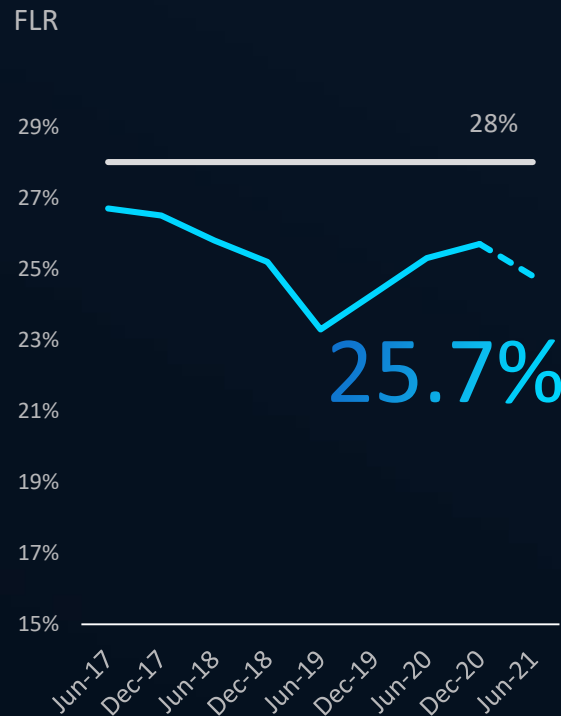
## Strongly capitalised

## FLR is within target

## Highly liquid across the Group<sup>2</sup>

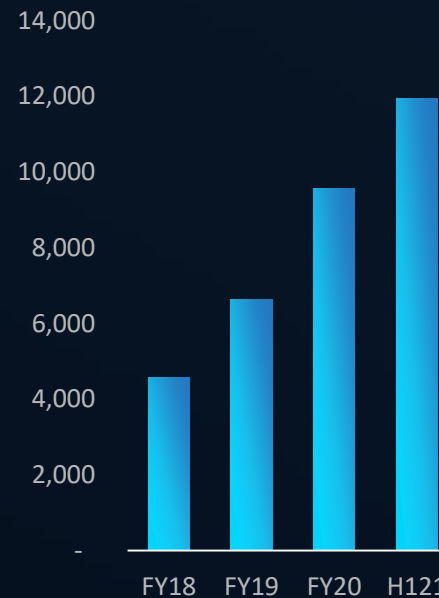
## Sufficient liquidity at the centre

| Rm                          | Dec 19 Cover | Dec 20 Cover |
|-----------------------------|--------------|--------------|
| Discovery Life              | 1.7x         | 1.8x         |
| Discovery Insure            | 1.7x         | 1.8x         |
| Vitality HEALTH INSURANCE   | 1.4x         | 2.0x         |
| Vitality LIFE INSURANCE     | 1.7x         | 2.0x         |
| Discovery Bank <sup>1</sup> | 2.2x         | 1.3x         |
| DHMS solvency (unaudited)   |              | 36.8%        |

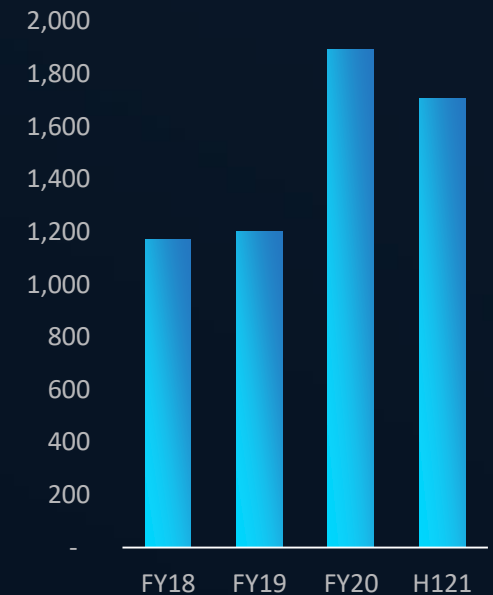


Liquid excess assets above regulatory capital requirements

R millions



SA Liquidity<sup>3</sup>, R millions



<sup>1</sup> Capital Adequacy Ratio

<sup>2</sup> Considers SA Liquidity and liquid excess assets for Discovery Life, Discovery Insure, VitalityHealth, VitalityLife and Discovery Bank

<sup>3</sup> SA cash + undrawn committed facilities

# Group Embedded Value

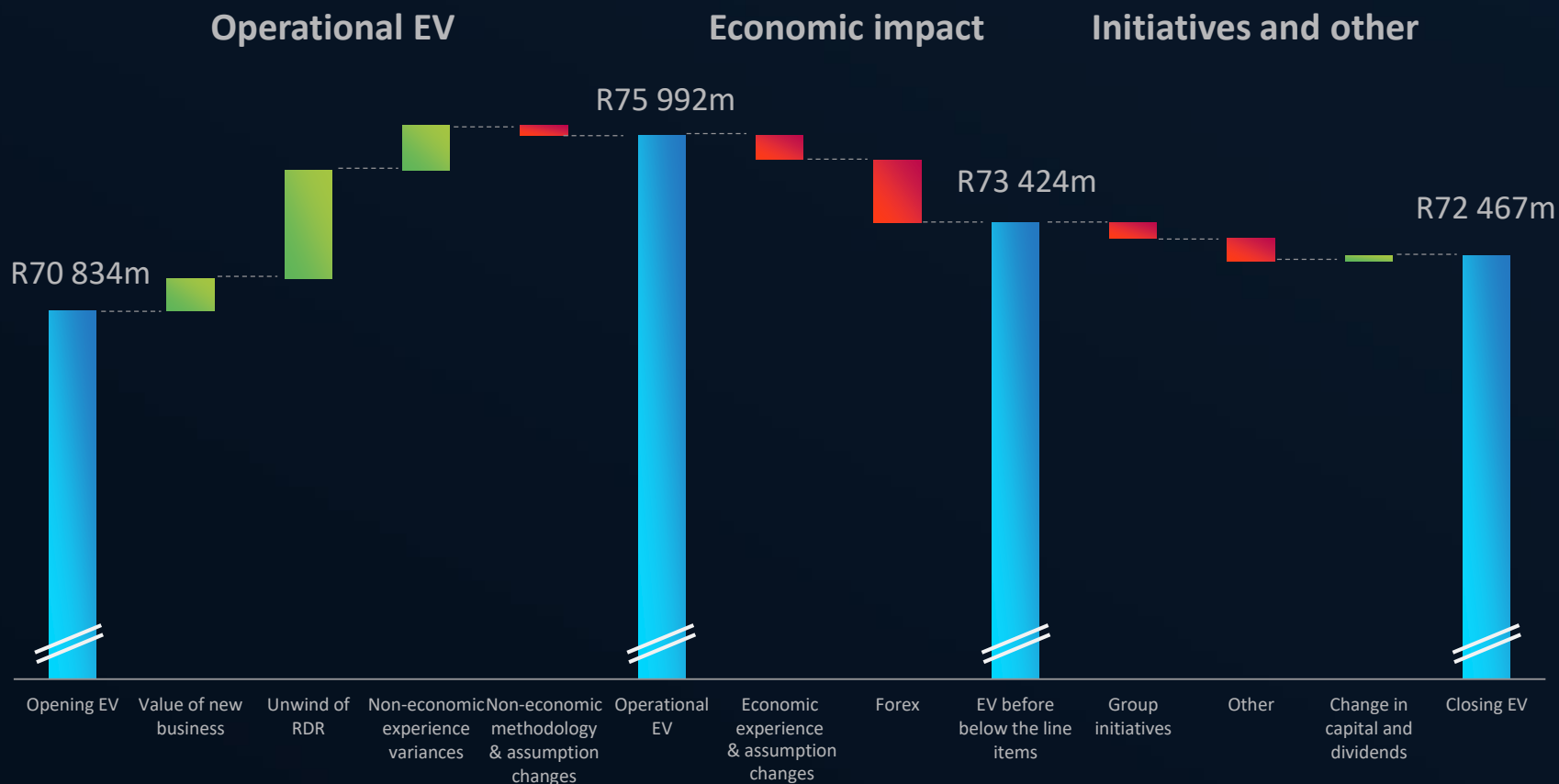


**4.2%** Annualised ROEV, 11.7% excluding forex and economic changes

## Positive non-economic experience variances

|                         | Health     | Life and Invest | VH         | VL        | Total        |
|-------------------------|------------|-----------------|------------|-----------|--------------|
| Lapses*                 | -36        | 375             | 67         | 193       | 599          |
| Renewal expenses        | 102        | 13              | 80         | 25        | 220          |
| Mortality and morbidity | -          | 62              | 92         | 12        | 166          |
| Other                   | 261        | 113             | 89         | -142      | 321          |
| <b>Total</b>            | <b>327</b> | <b>563</b>      | <b>328</b> | <b>88</b> | <b>1 306</b> |

\*Lapses, surrenders and policy alts

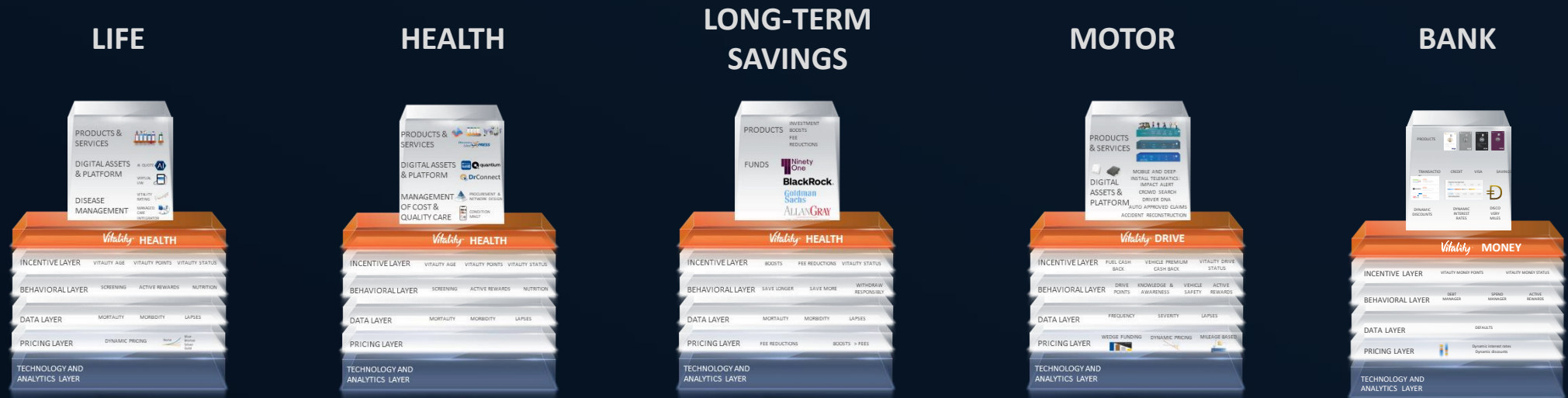




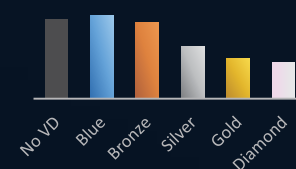
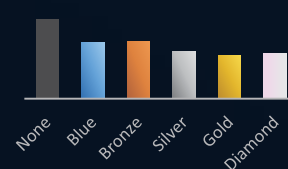
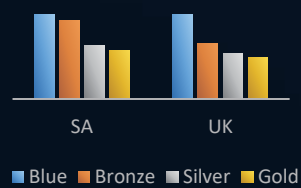
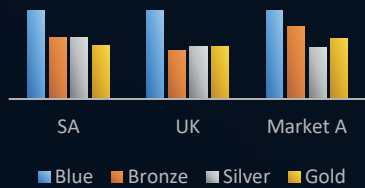
# 3

A pivot to growth following  
trends emerging through  
COVID-19

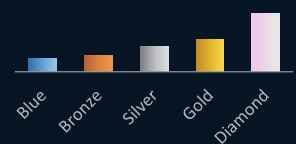
# Shared-Value dynamics manifest across all industries



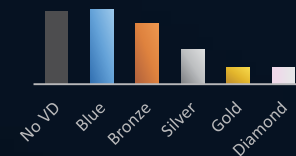
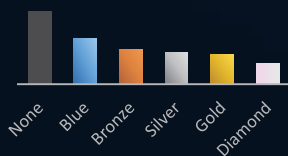
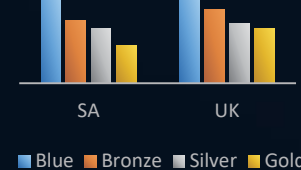
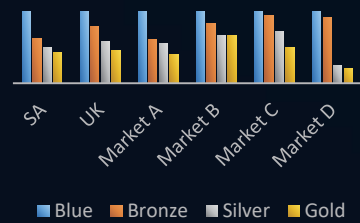
## Claims



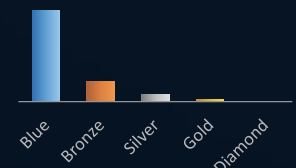
## Spend



## Lapses



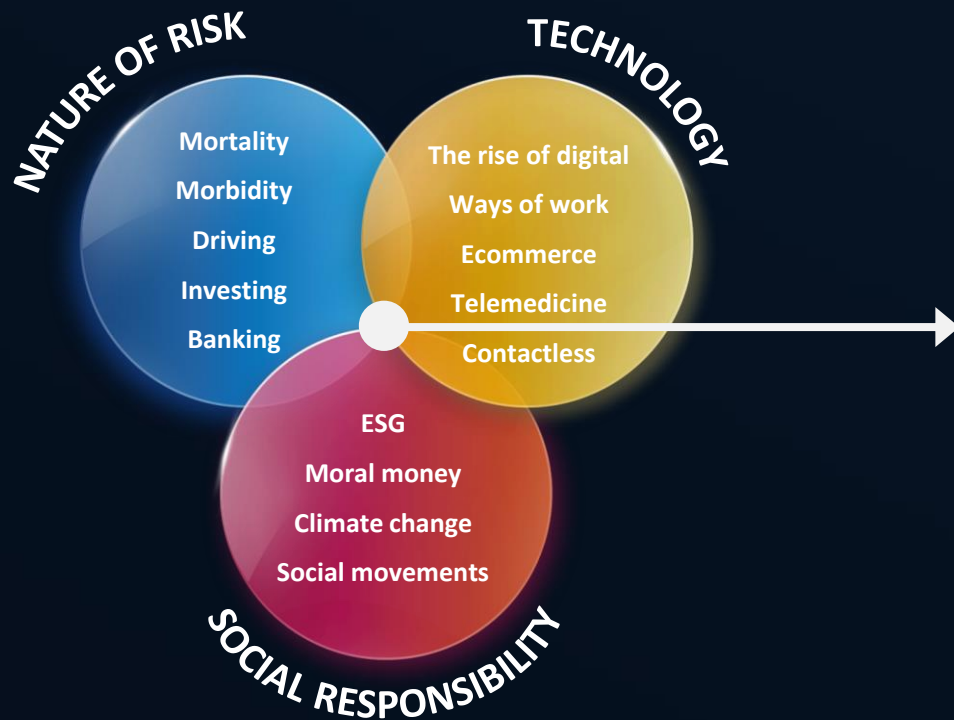
## Arrears







# The three trends have been accelerated by COVID-19



- 1** Focus on wellness and resilience
  - Health first
  - Empowered customers
- 2** Importance of healthcare
  - Healthcare ecosystems
  - Preventative services
- 3** Growth of digital platforms
  - Distribution models
  - Servicing models
- 4** Purpose and ESG
  - Green agenda



# 1 Importance of physical activity on health and risk

## Changing measurements to more sophisticated health measures

Extending beyond activity to Cardio Respiratory Fitness (CRF)

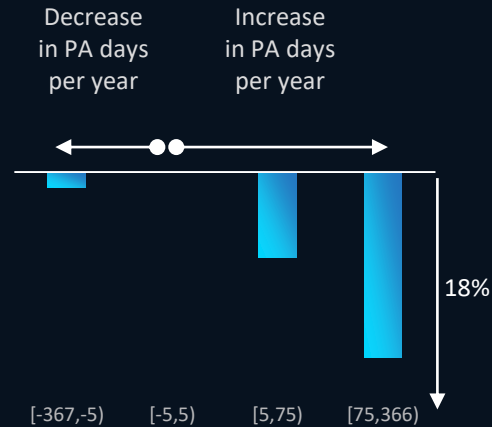
Mortality relativities by CRF levels



## Causal impact of changing physical activity levels

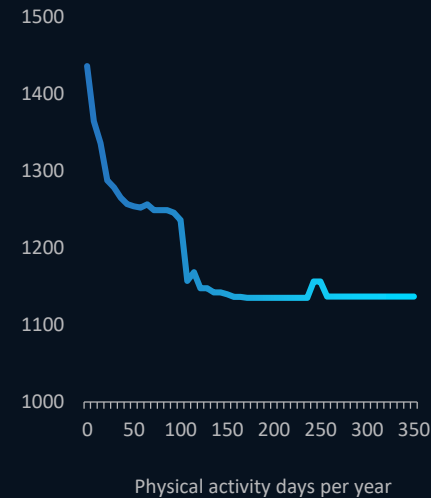
Bayes Network model

18% lower risk of being a high-cost claimer



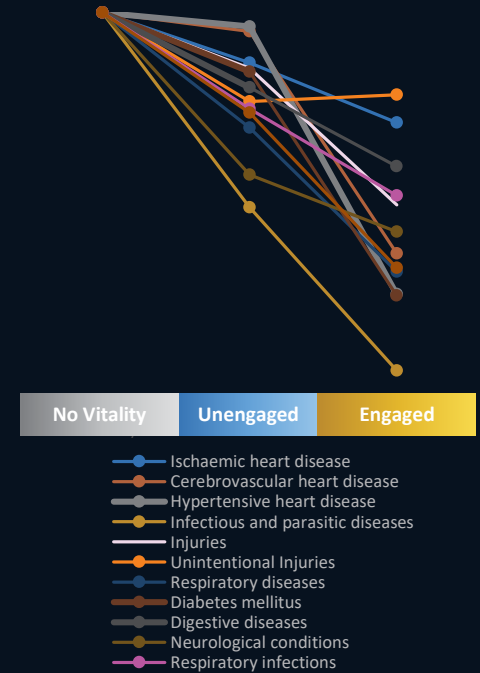
## Impact on hospitalisation

Adjusted and standardised healthcare claims by days of qualifying physical activity



## Impact on mortality

Mortality by disease type by physical activity



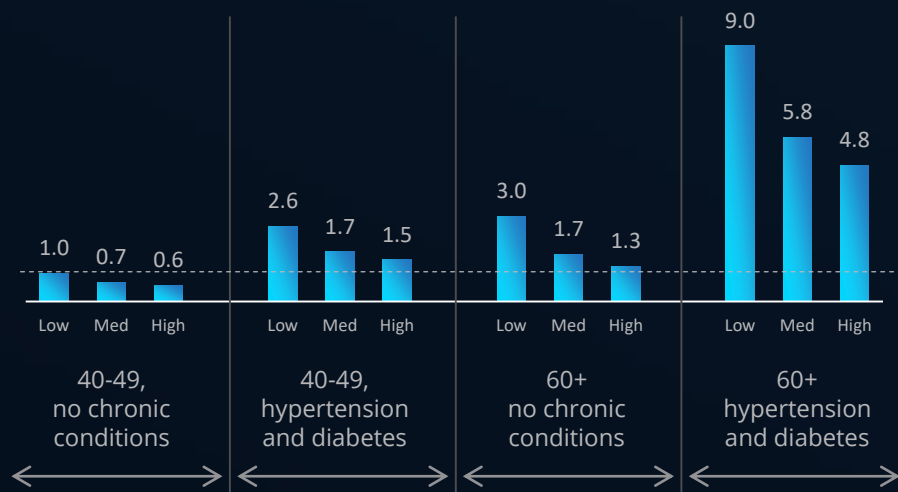


# Understanding resilience



## Impact of health and lifestyle on COVID-19 related risk

COVID-19 mortality risk by level of physical activity engagement



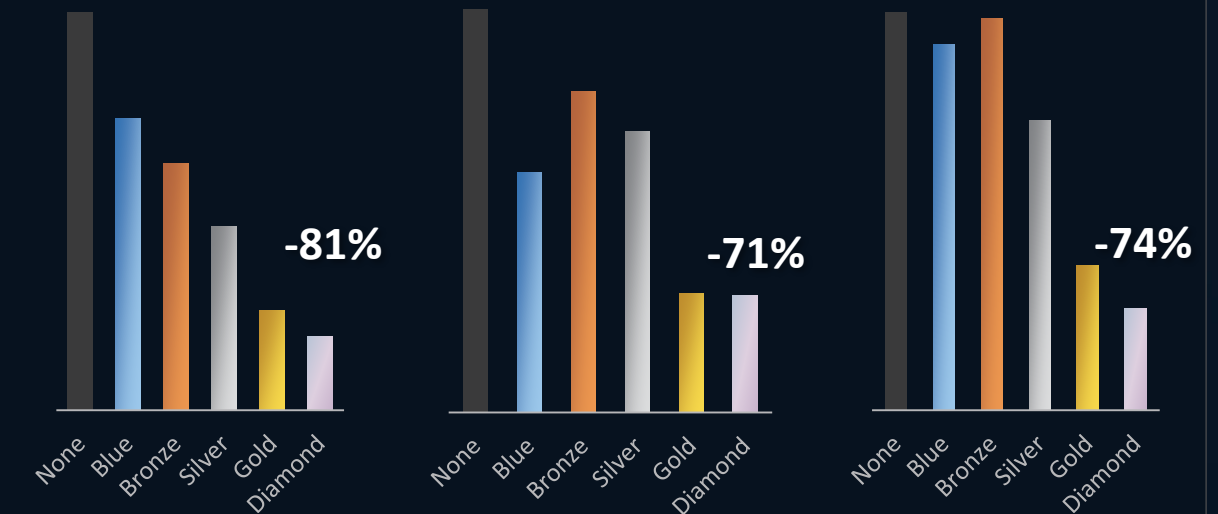
- 1 Engagement in Vitality can offset the elevated COVID-19 risk associated with aging
- 2 Engagement in Vitality can offset the elevated COVID-19 risk associated with lifestyle chronic conditions

## COVID-19 mortality by Vitality status

Life COVID-19 mortality rate by Vitality status

Only clients with at least one comorbidity

Only clients over age 60



Vitality engagement reduces mortality risk regardless of age or comorbidities

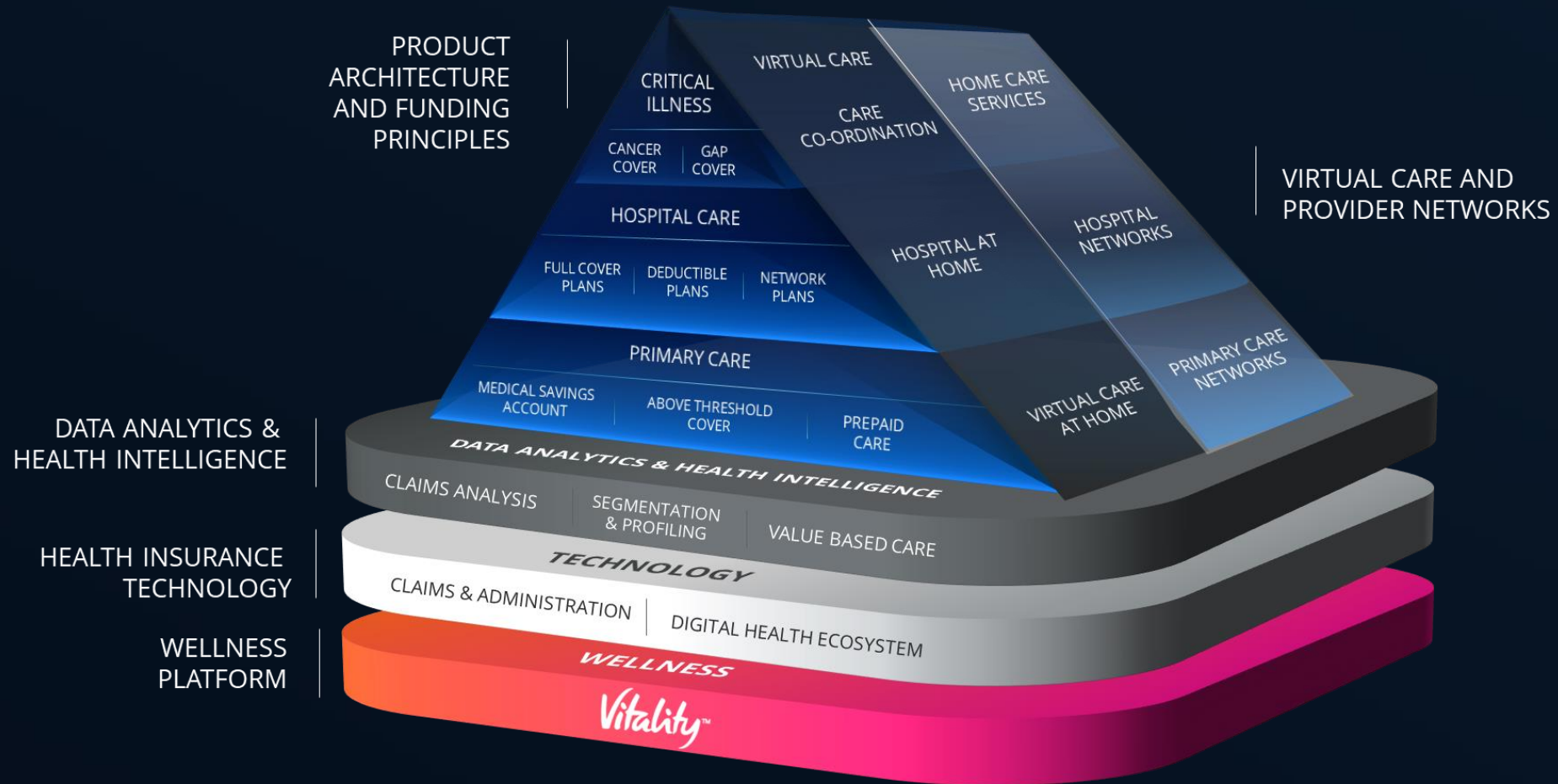


# 1 Building and curating a wellbeing ecosystem

Collaborative model assisting customers to manage their health by combining data, incentives, personalisation and providers

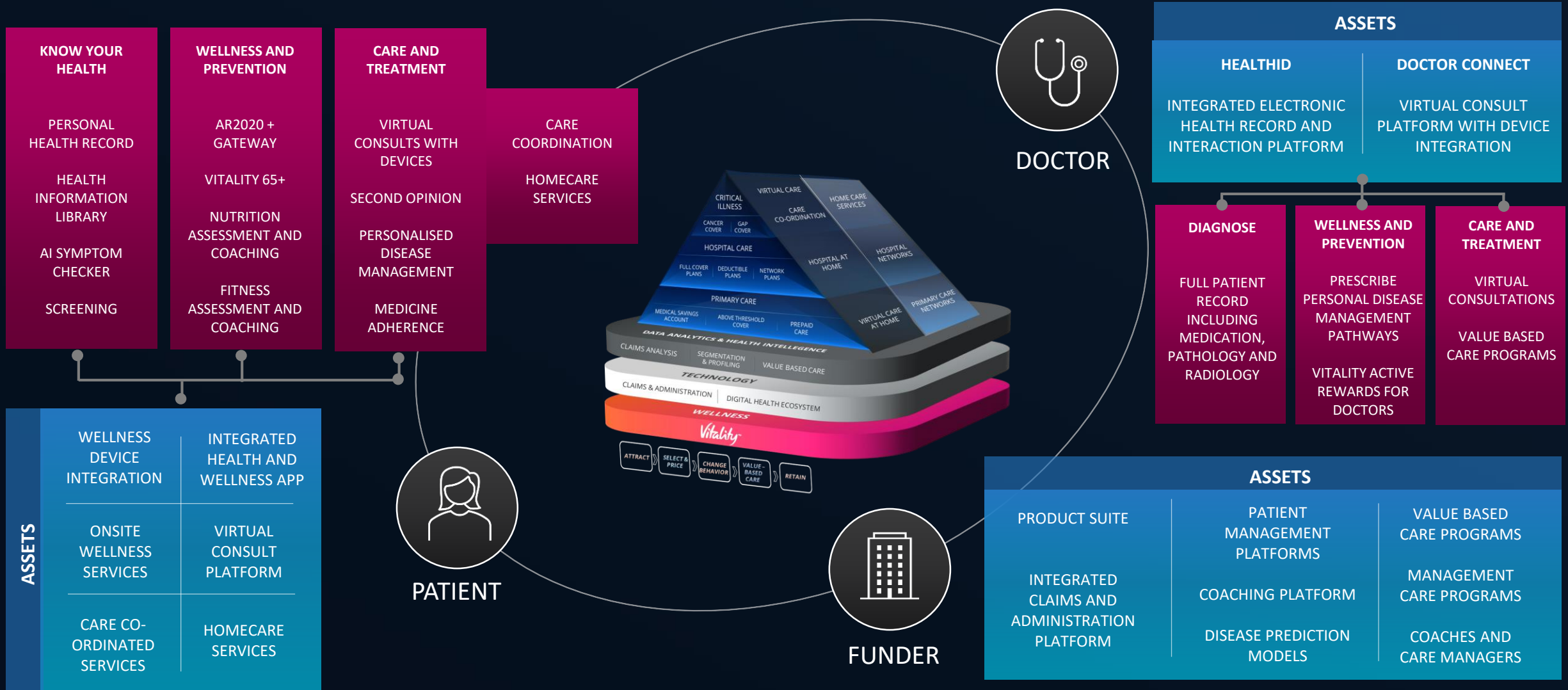


# 2 Discovery Health's platform





# 2 Comprehensive Digital Health Ecosystem – all in production, fully integrated into products and the administration/claims platform



# 3 Growth of digital platforms



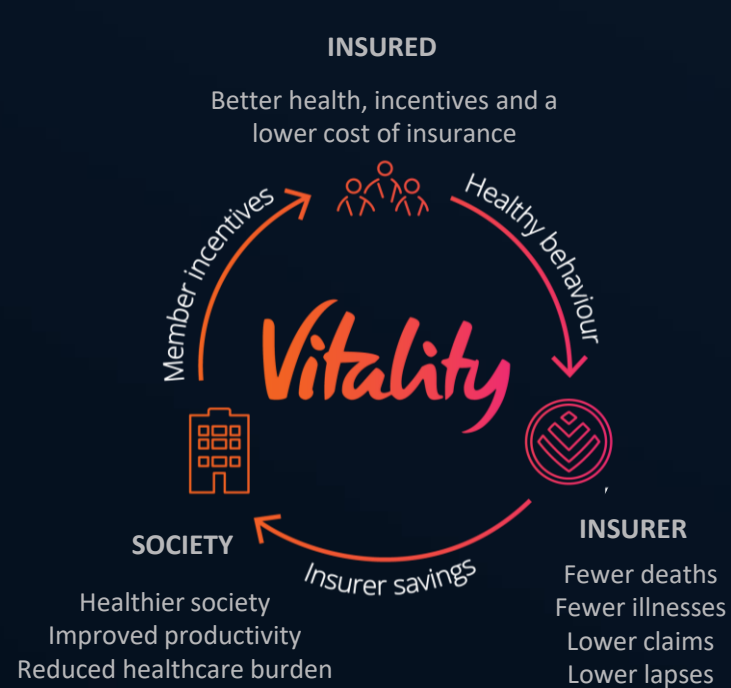
- Smart search
- Virtual card
- Health Banking
- Single credit facility
- Instant credit approval
- Discovery Pay
- Account management
- Instant account opening
- Upgrade in seconds



# 4 Addressing social issues through the Shared-Value model

CORE PURPOSE

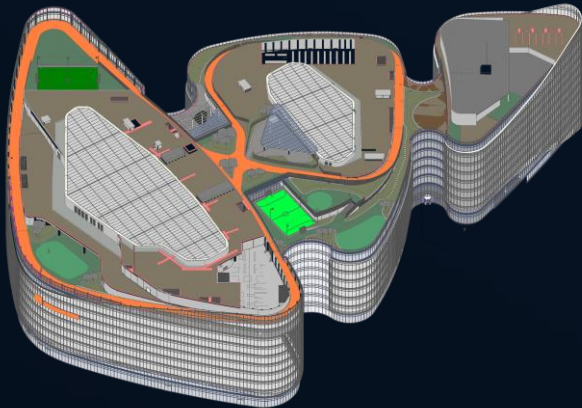
Make people healthier



# 4 Discovery's climate strategy and impact



## Discovery's emission profile



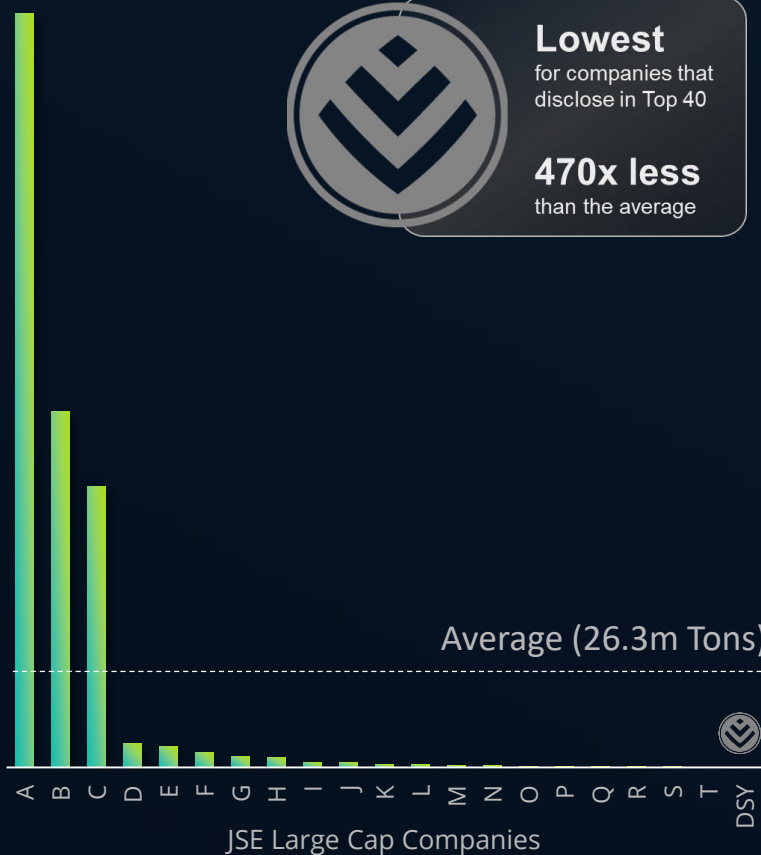
**55 548**

Tons CO<sup>2</sup>e per year (2019)

Audited by



## Comparison to JSE Large Cap



SHORT TO MEDIUM TERM

# Carbon neutral by 2025

Achieve carbon neutrality in our SA, UK, and US operations by 2025 (Scope 1 and 2 emissions)

# 4 Shared-Valued model conceptually applicable for green behaviour change

## Four

controllable behaviours

Electricity Nutrition



Driving

Flying



## >85%

of personal household emissions



KNOW

IMPROVE

GET REWARDED

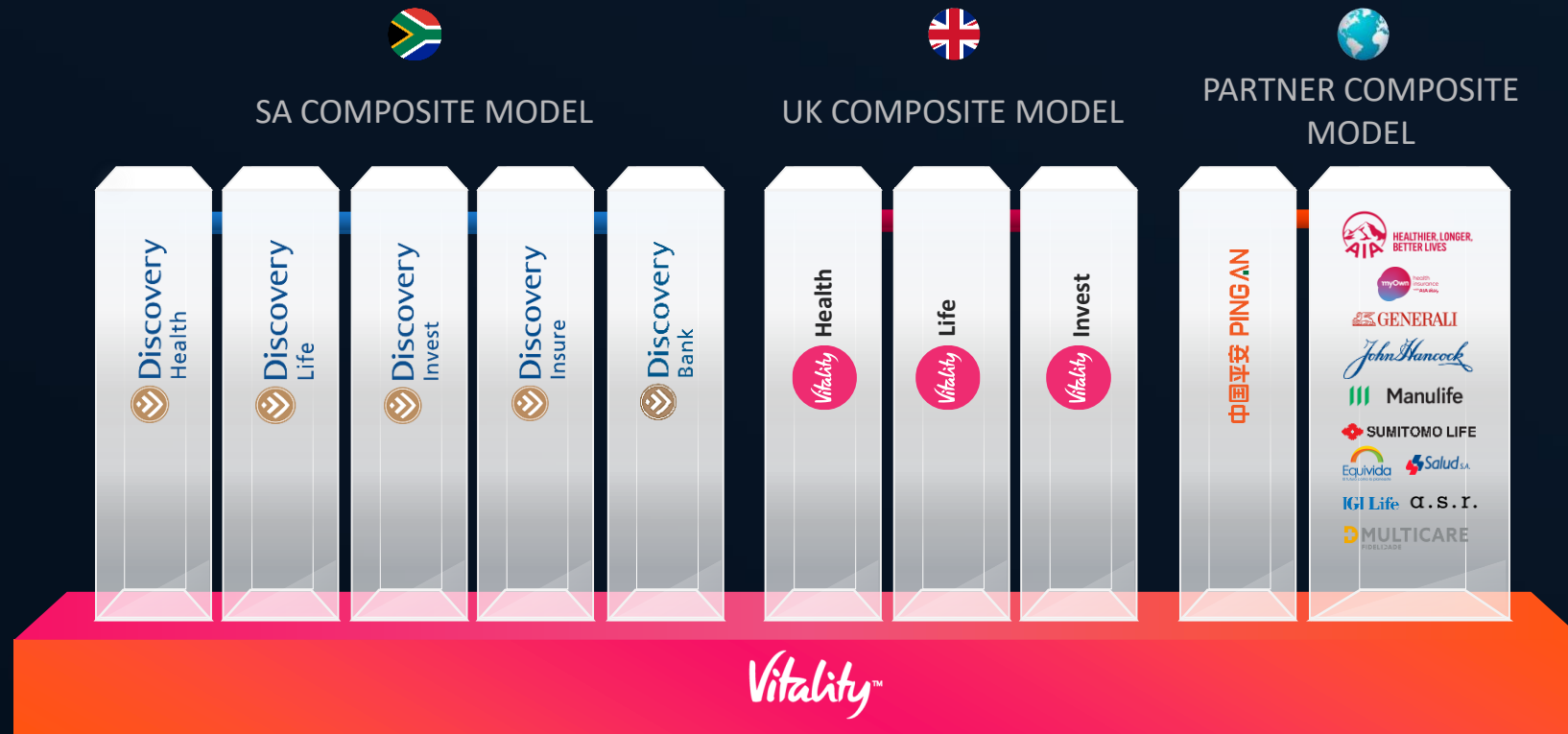








# 4

The businesses well  
positioned in the four  
strategic strands

# The businesses in the four strategic strands



- 1  Perfect **composite model**, #1 in every industry, and laboratory for shared value in financial services. A successful entry into banking
- 2  The best insurer in the UK, making use of a **composite Shared-Value Model**
- 3  Ping An Health delivers on its plan to become the **leading health insurer in China** with over 50m clients
- 4  Vitality is the world's largest and most sophisticated **behavioural platform** linked to financial services, with disciplined execution



### SA COMPOSITE MODEL

Discovery Health  
Discovery Life  
Discovery Invest  
Discovery Insure  
Discovery Bank



### UK COMPOSITE MODEL

Vitality Health  
Vitality Life  
Vitality Invest



### PARTNER COMPOSITE MODEL

中国平安 PINGAN

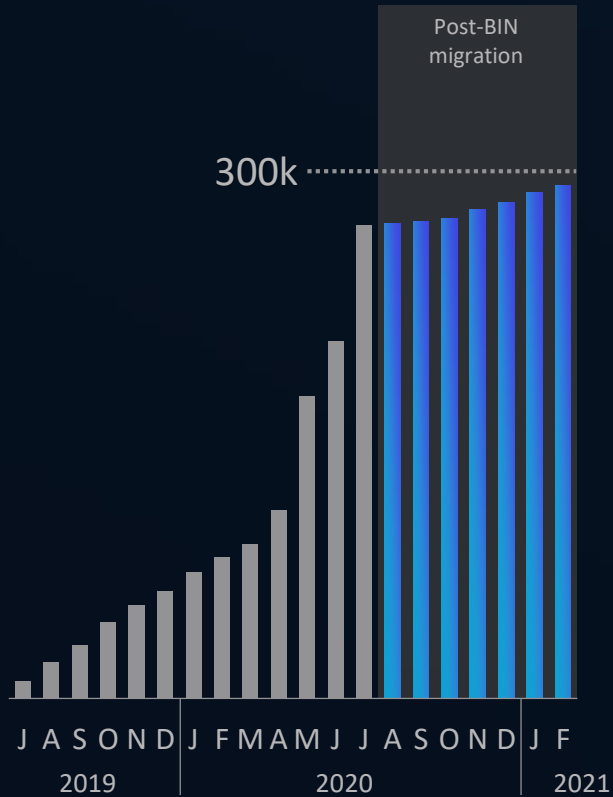
- AIA: HEALTHIER. LONGER. BETTER LIVES.
- myOver
- GENERALI
- John Hancock
- Manulife
- SUMITOMO LIFE
- Equivida
- Salud SA
- IGI Life A.S.I.
- MULTICARE



Vitality™

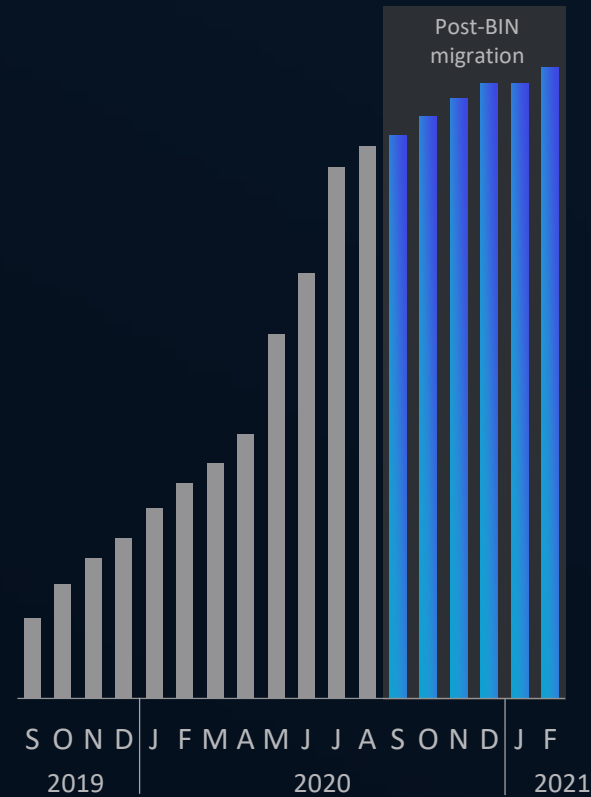
### Clients

298k



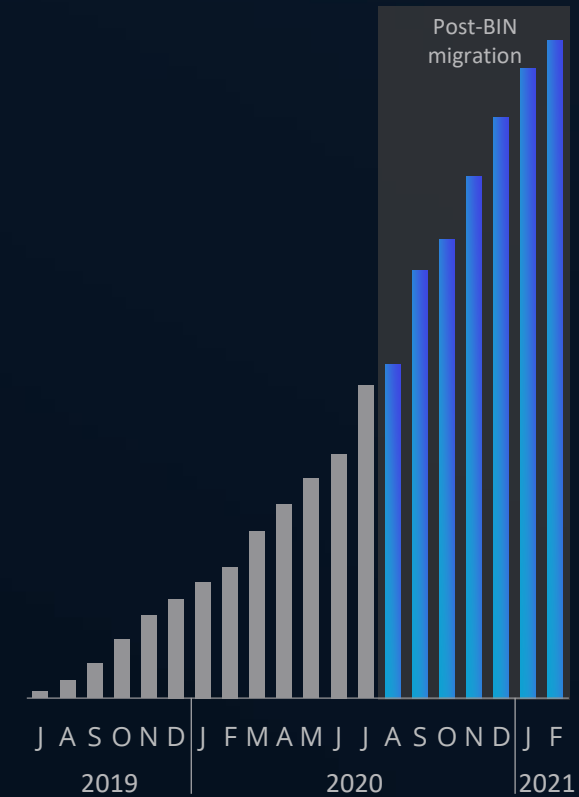
### Accounts

556k



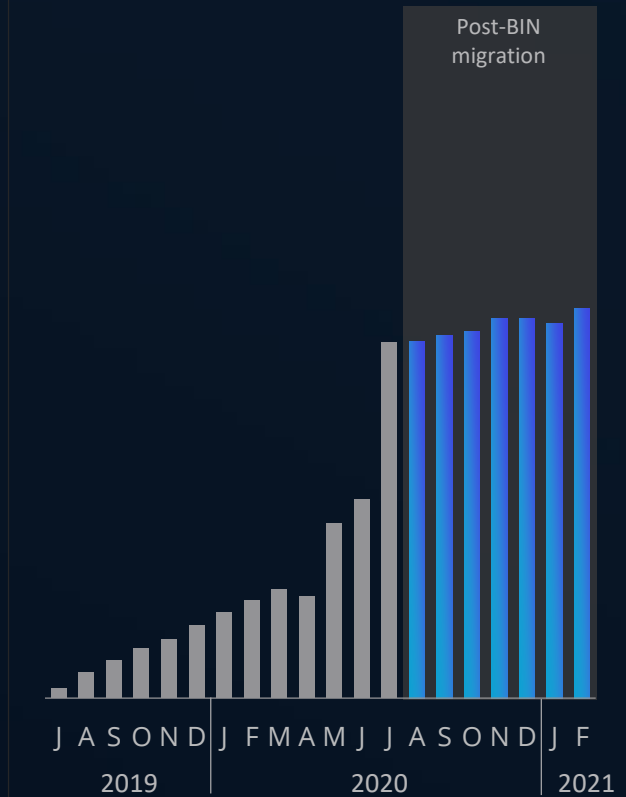
### Retail deposits

R6.3bn



### Advances

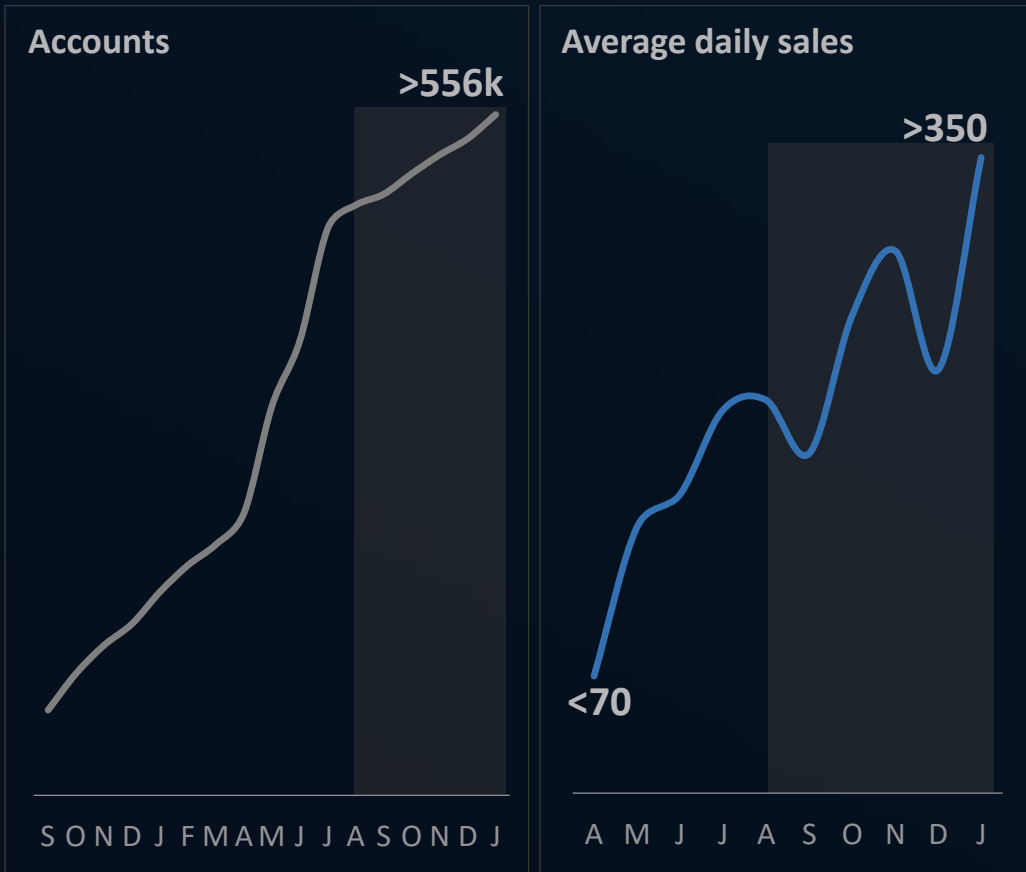
R3.9bn



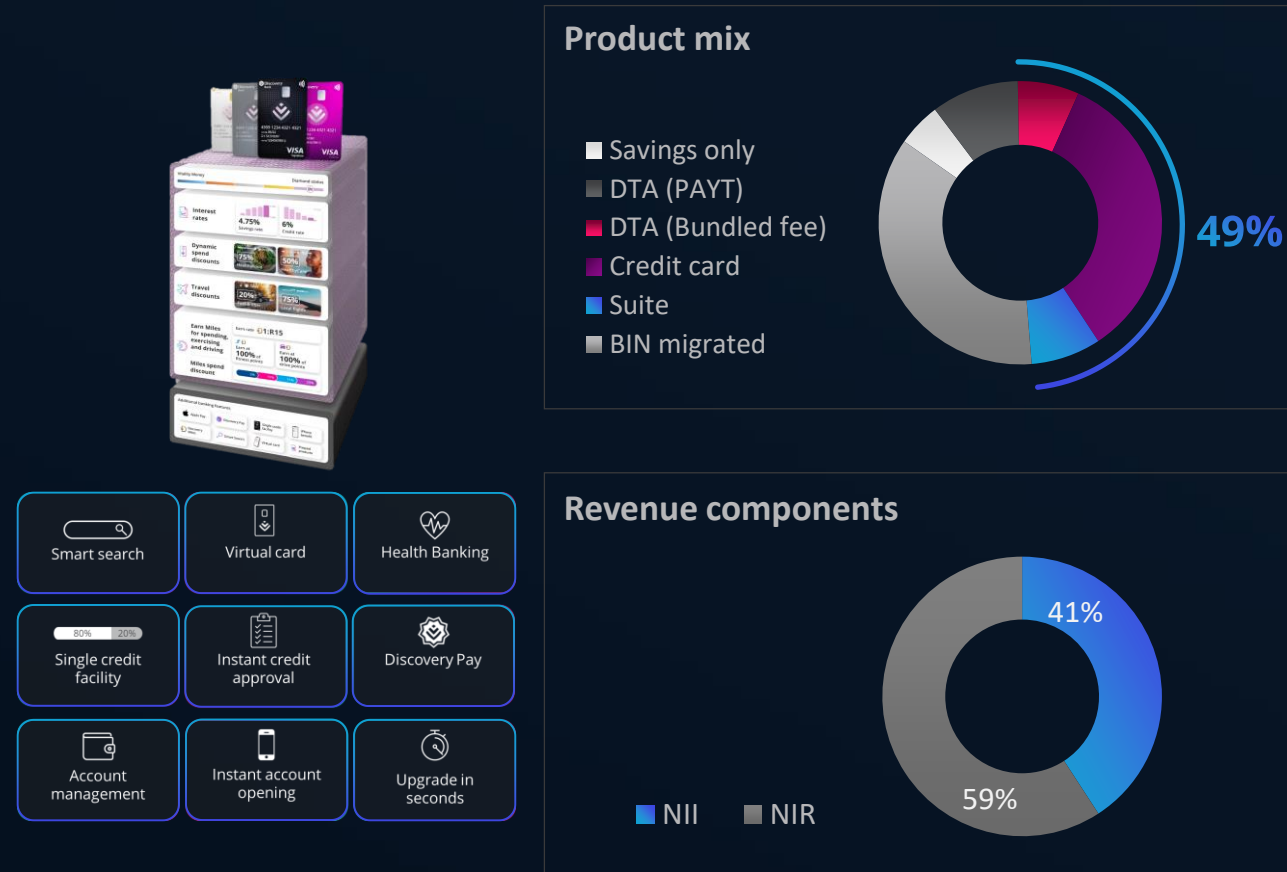
# New clients and accounts continue to grow steadily with efforts focused on new-to-Bank clients following the migration



## New accounts and average daily new-to-Bank sales



## Full suite and differentiated proposition results in diversified income streams

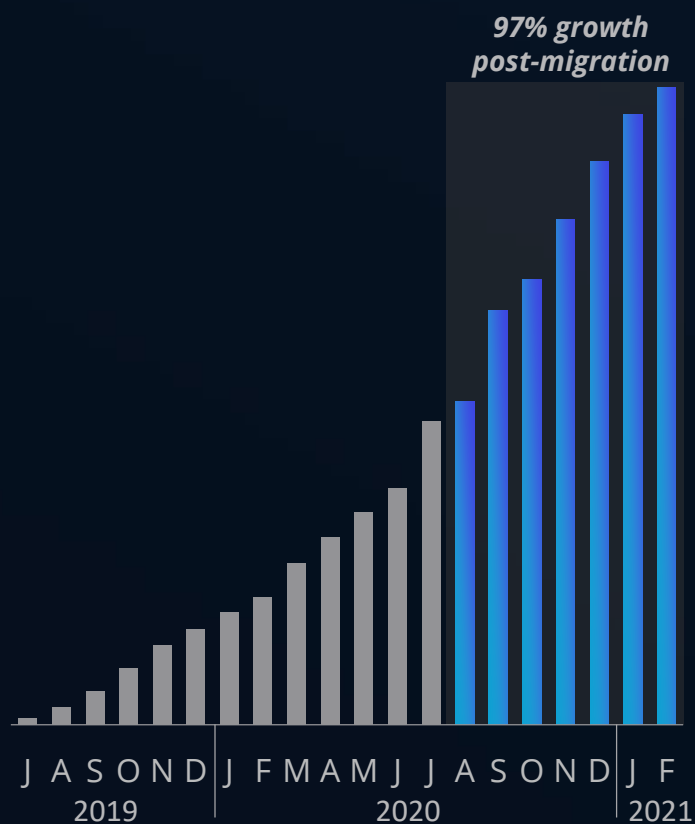


# Deposits have grown strongly, in line with the strategy to build a retail deposits-led bank



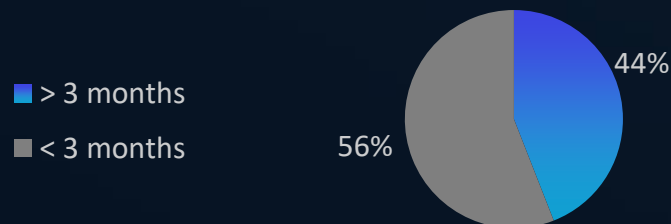
## Retail deposits

R6.3bn ↑



## Deposits are sticky and diverse

### Retail deposits tenure



### Concentration risk



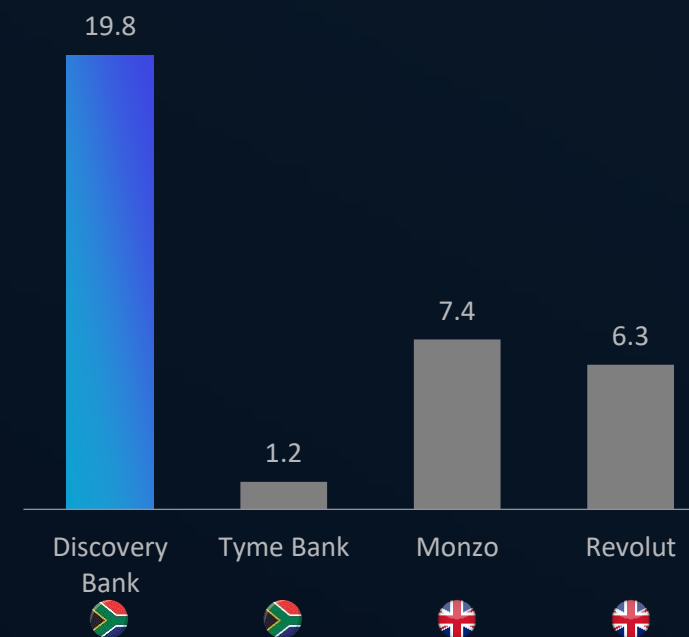
### By Vitality Money status



## International comparison

*Discovery Bank deposit growth is best in class after 14 months of operation*

Deposits per customer (R '000)



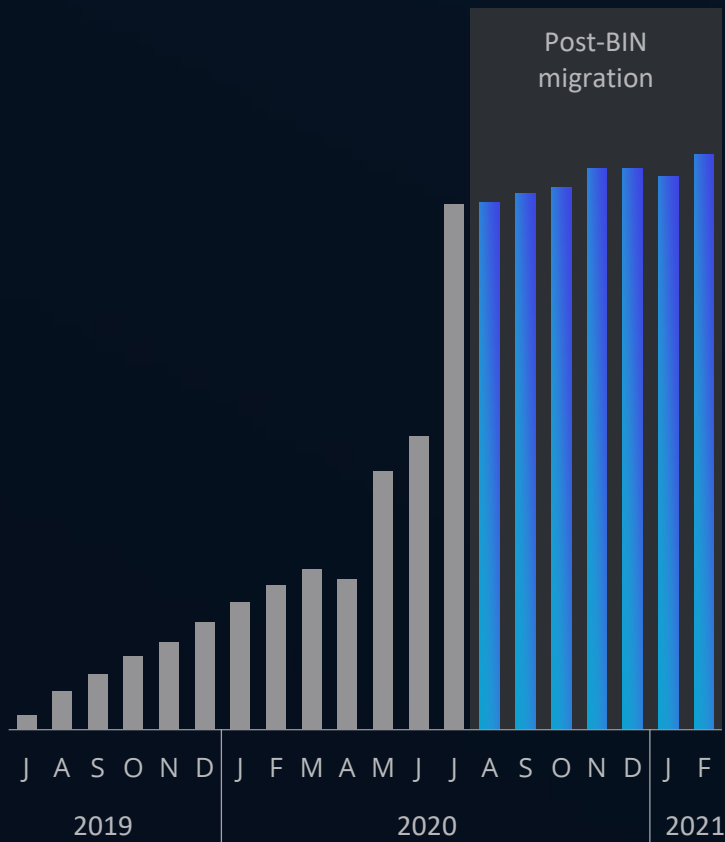


# Advances remained flat reflecting the decrease in consumer spending and prudent lending approach

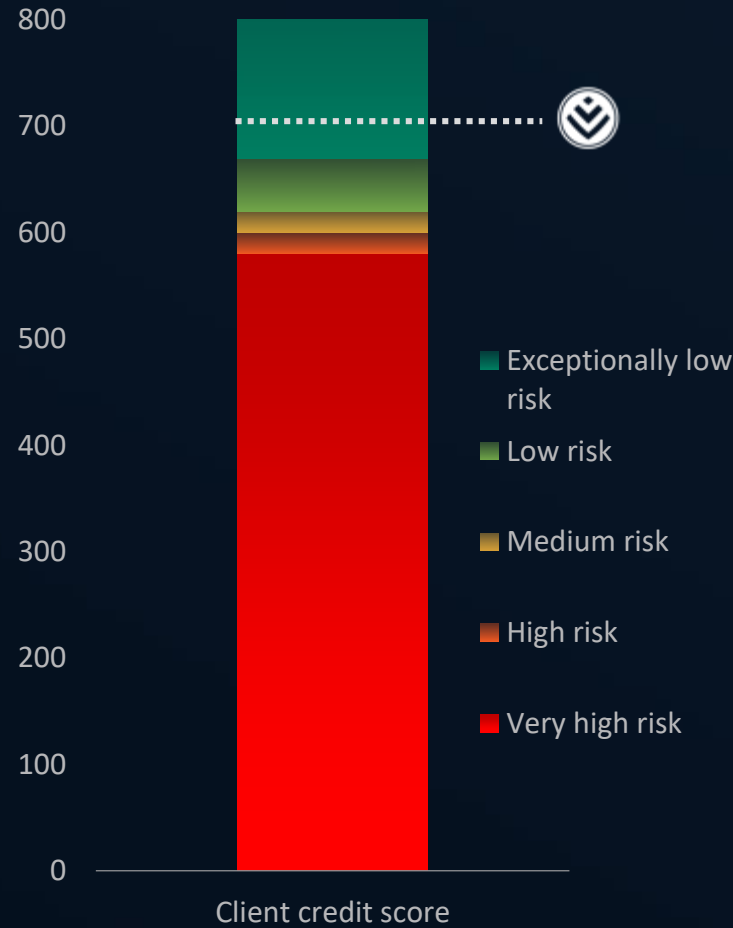


## Advances

R3.9bn



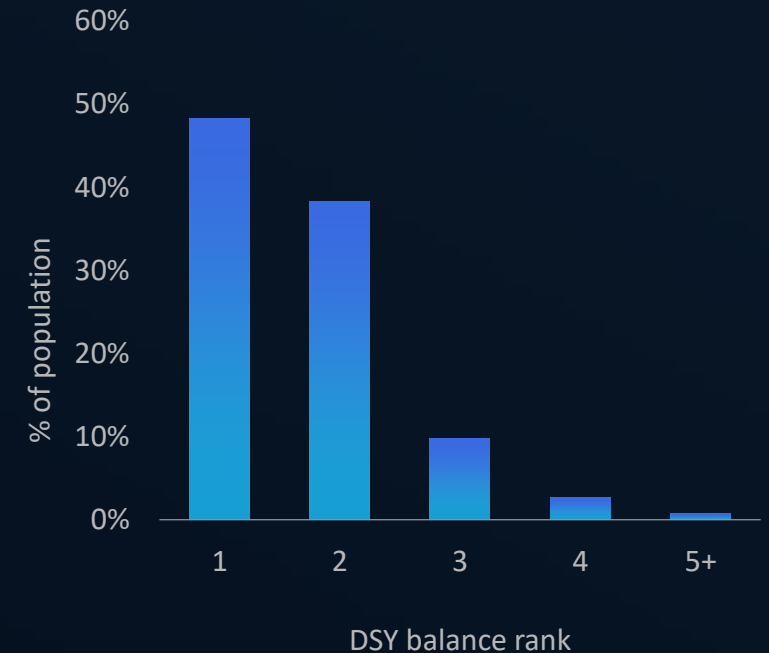
## Credit quality



## Market share

48% of clients have their largest credit card balances with Discovery Bank

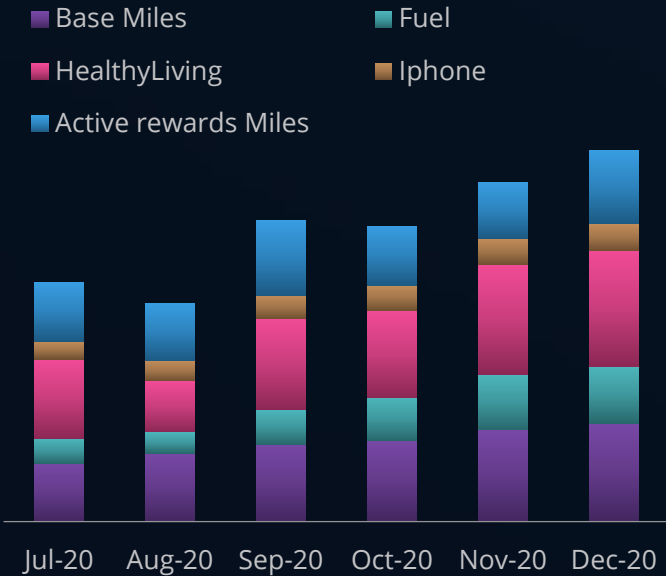
### Discovery Bank balance rank



# Increasing client engagement and Shared-Value fundamentals emerging as expected



## Increasing engagement



## VM status agnostic to income levels, correlations aligned to pricing basis

|              |              | Blue                  | Bronze | Silver | Gold | Diamond |
|--------------|--------------|-----------------------|--------|--------|------|---------|
|              |              | Vitality Money status |        |        |      |         |
| Account type | Savings only | 31%                   | 45%    | 16%    | 5%   | 4%      |
|              | Gold         | 43%                   | 33%    | 15%    | 5%   | 3%      |
|              | Platinum     | 27%                   | 36%    | 22%    | 9%   | 6%      |
|              | Black        | 20%                   | 34%    | 25%    | 13%  | 9%      |
|              | Purple       | 10%                   | 25%    | 24%    | 14%  | 27%     |

## Shared-Value fundamentals



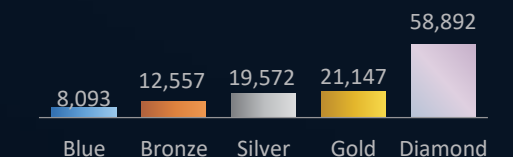
Percentage of consumers in arrears by Vitality Money status



Deposits by Vitality Money status



Spend by Vitality Money status  
Three months average



# Value drivers are trending in the right direction and the Bank is well-positioned for growth



## Value drivers

## Strategic focus areas



1

**Accelerating growth**



Large and highly productive tied adviser base  
Open to >5,000 advisers (tied and IFAs)



Expanding distribution channels and leads sources  
Thought leadership and brand awareness

2

**Leveraging the composite model**



Pre-scoring Vitality members for credit  
Targeting of engaged Vitality clients  
Real-time upselling

3

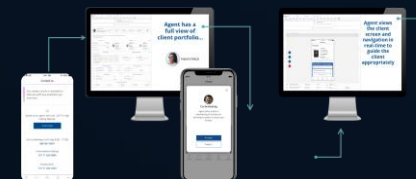
**Differentiated, market-leading products**



Numerous features and propositions in the pipeline

4

**Unparalleled service and operational excellence**

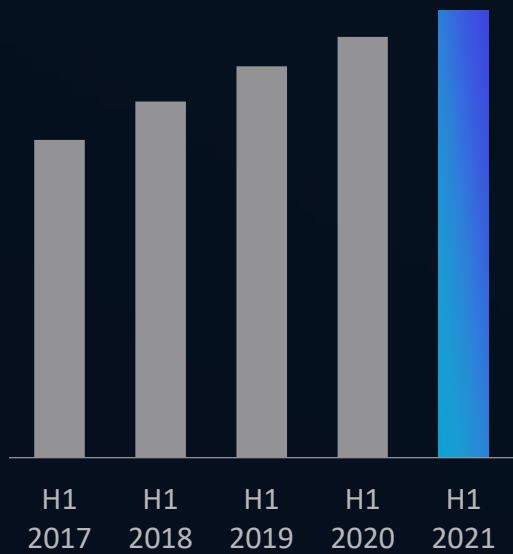


Zoom co-browsing  
Enhanced onboarding  
Streamlined credit application process  
Accelerated issue resolution

### Operating profit

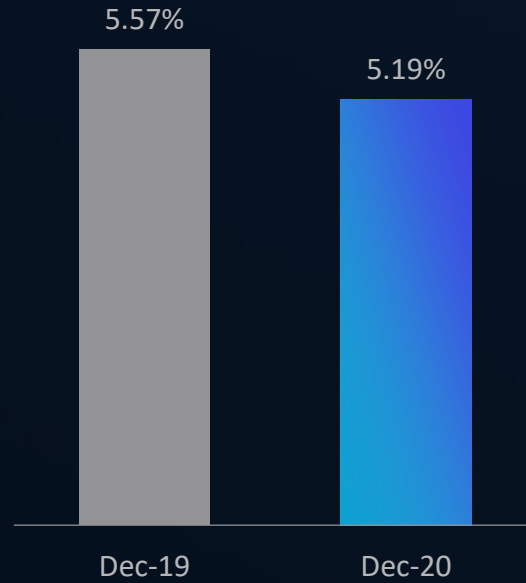
Rm

**+6%**  
to R1 670m



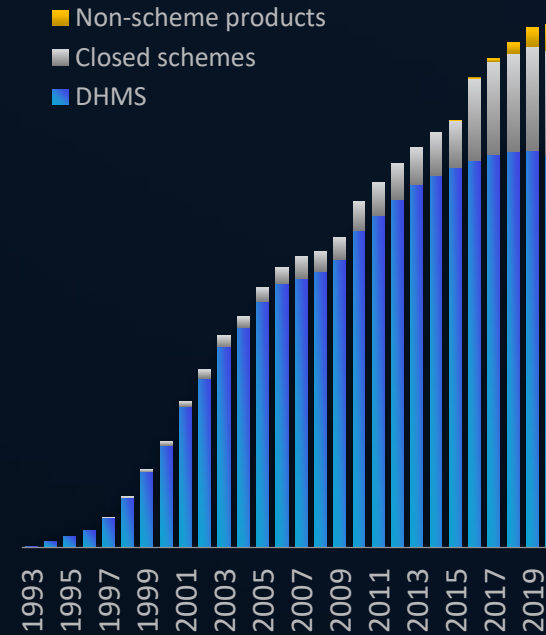
### Lapses

**7%**  
improvement



### Membership

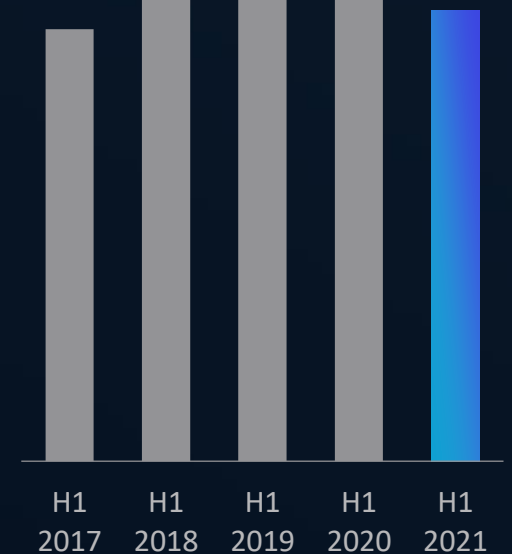
**>3.64m**  
lives under administration



### New business\*

Rm

**-5%**  
to R3 167m



\*New business excl. new closed schemes: -17% to R2 788m

# Medical scheme growth impacted by the contraction in employment

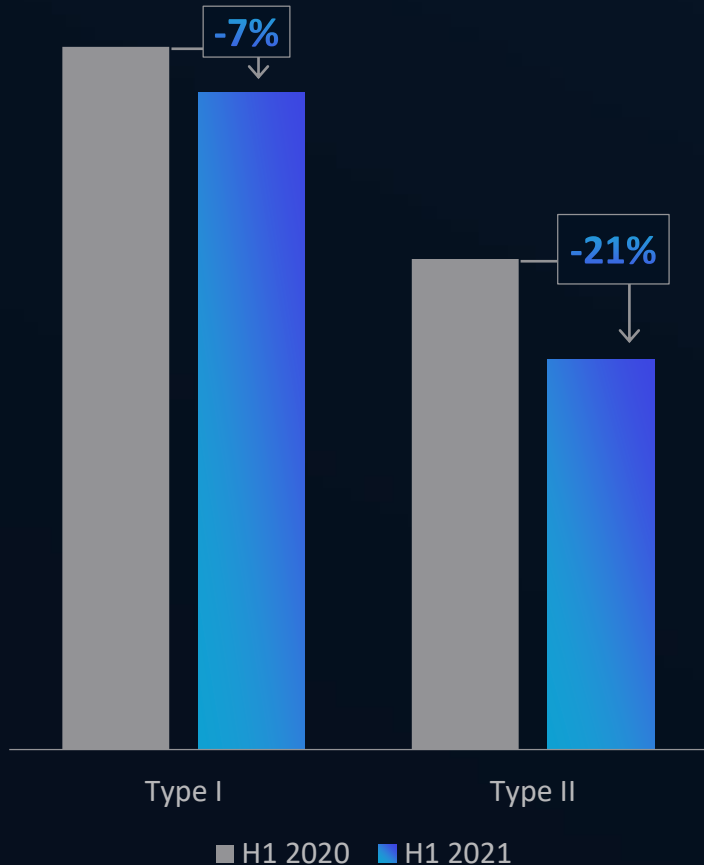


## DHMS growth

DHMS new business API by business type

Type I: new employer groups

Type II: new employees on existing groups



Net gain of **13k** lives in Jan-21

## Closed scheme growth

**19**  
closed schemes

**>704k**  
lives

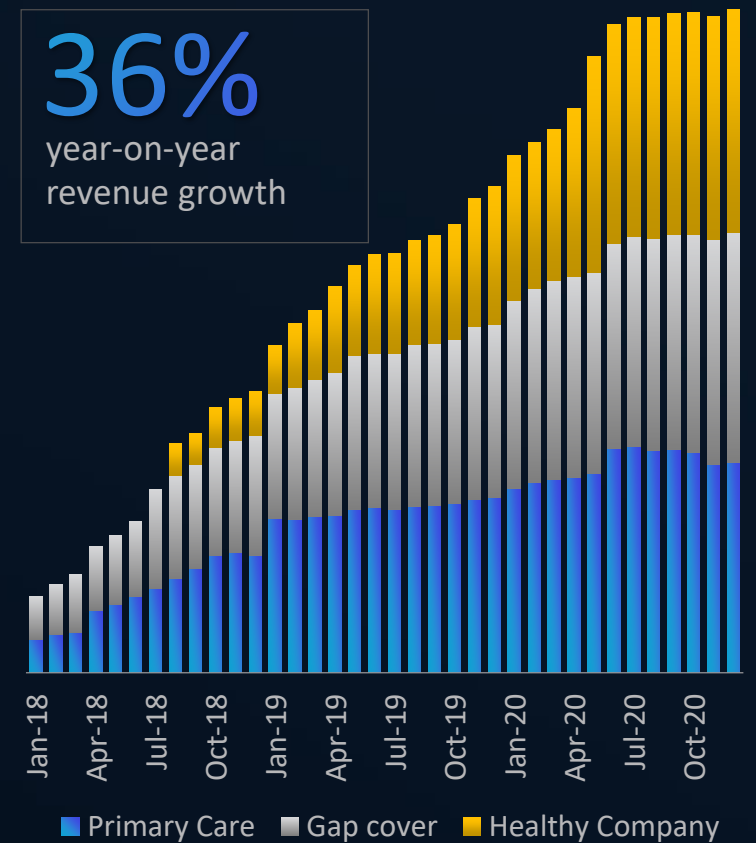
LIBERTY MEDICAL SCHEME  LIBERTY  
c.12.9k lives



## Retail product growth

**186k**  
lives

**36%**  
year-on-year  
revenue growth



## Membership and growth

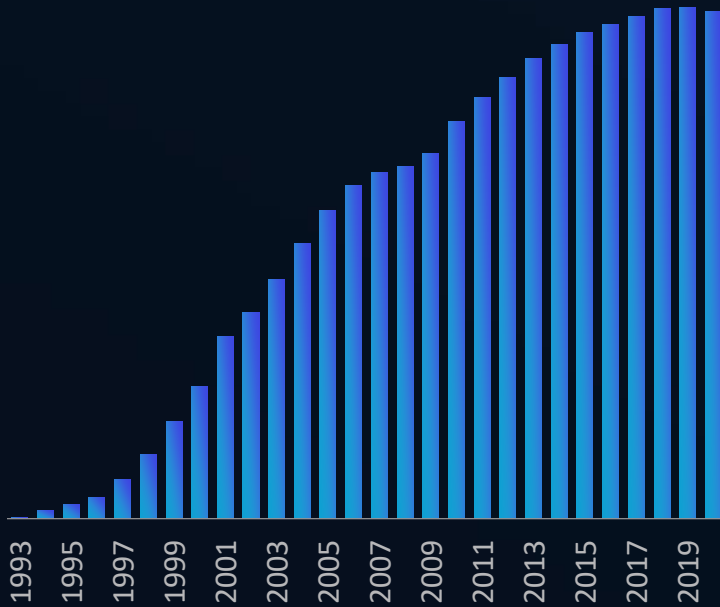
>2.7m

lives

57.05%

market share<sup>1</sup> as at Sep 2020

Increased by  
↑ 0.25%



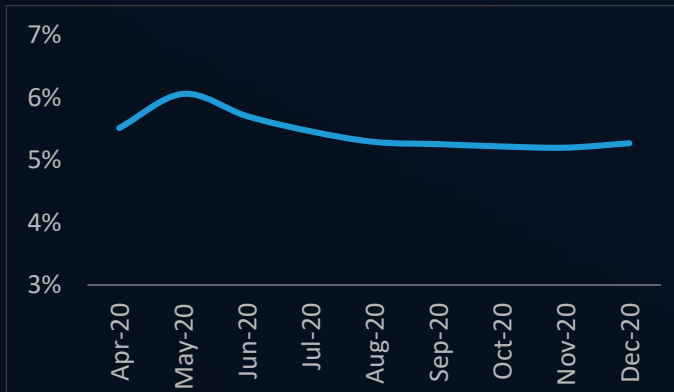
## Lapses and stability

### Plan movements stability

2020 plan movements



### Debit order rejections



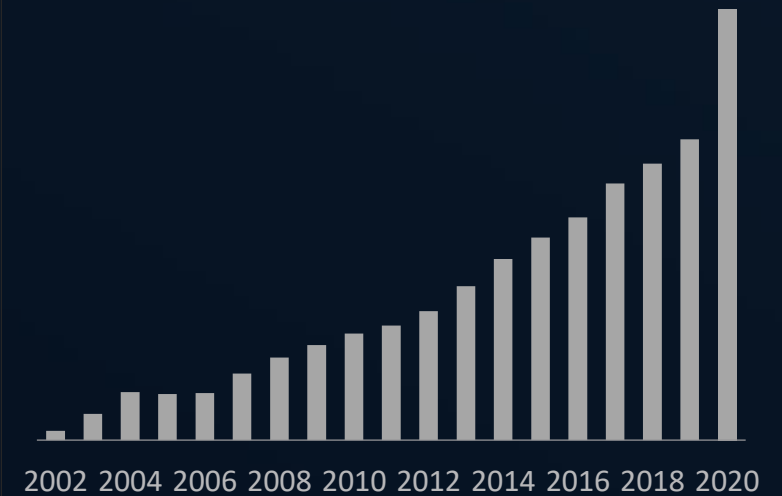
## Security and surplus

AAA

credit rating

36.8%

unaudited solvency



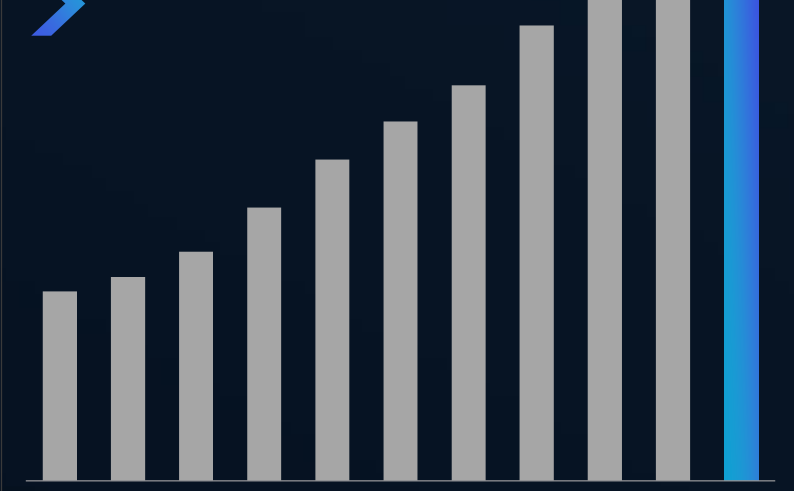
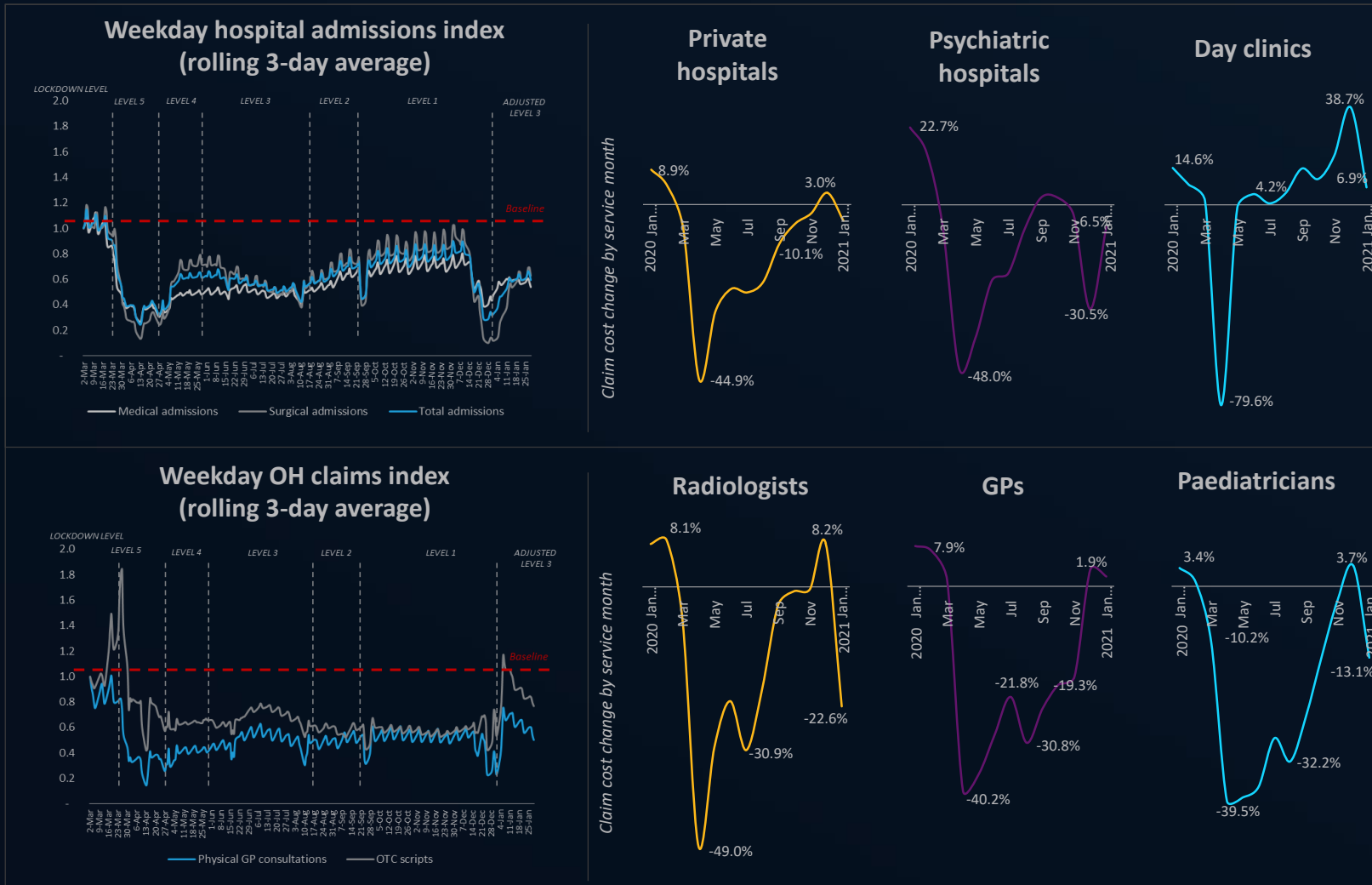
<sup>1</sup> Council of Medical Schemes



# Solvency build-up driven by the decline in non-COVID-19 healthcare utilisation



## Impact on utilisation



Surplus build-up emerging due to COVID-19

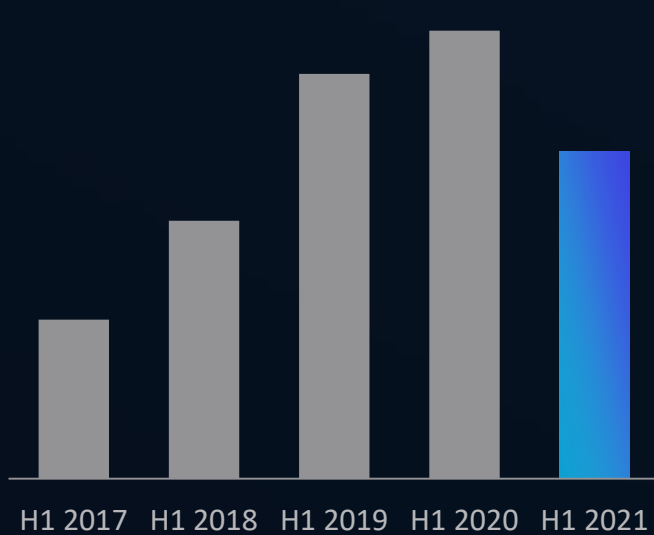
R27.5bn

R19.2bn

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020  
DHMS solvency results projected with IBNR, unaudited

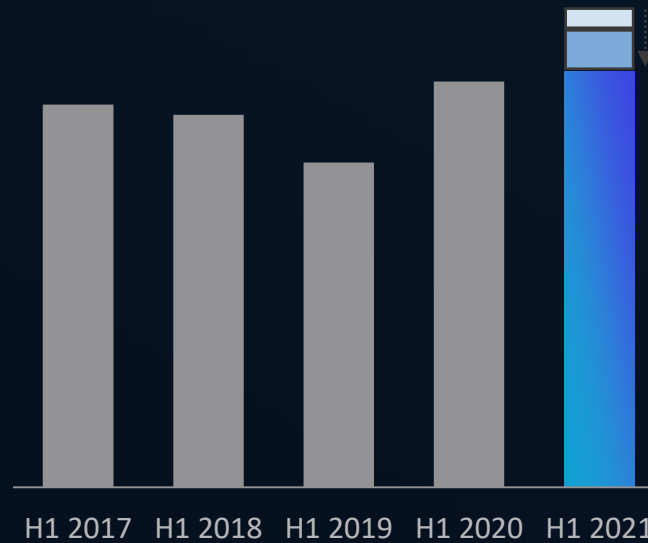
### New business

**-6%**  
to R1 162m



### Normalised operating profit

**+3%**  
to R1 922m

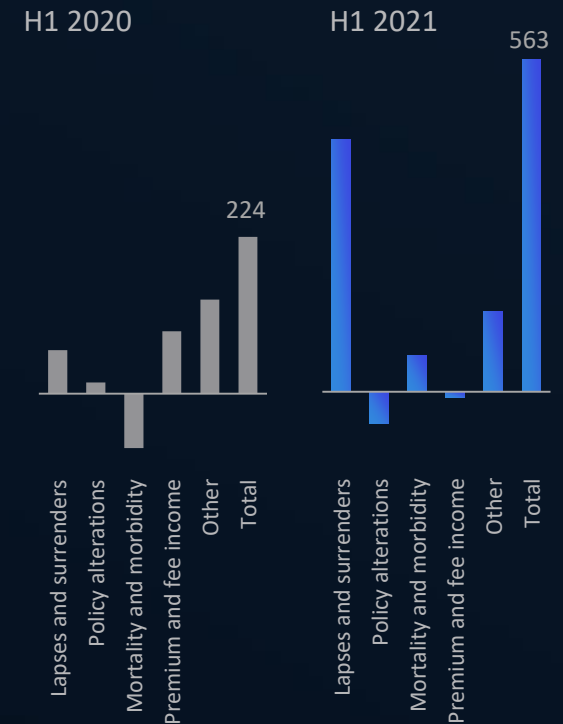


■ Impact of c.R1.8bn capital release at June 20  
 ■ Impact of c.R166m in Group Life claims not covered by COVID-19 provision

### Exceptionally strong operating variances

**R563m**

Positive non-economic variances

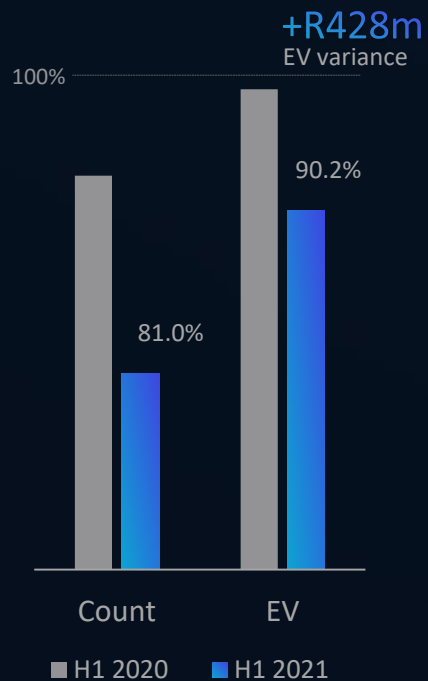


# Positive operational experience variances, driven by exceptionally strong persistency

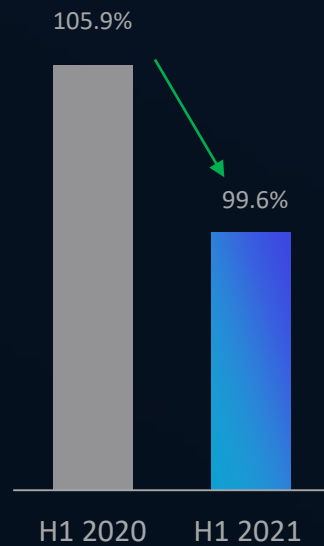


## Strong lapse experience and improvement in non COVID-19 claims experience

Lapse experience AvE



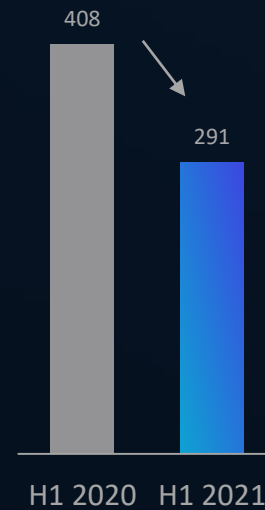
Claims experience AvE (excl identified COVID-19 claims)



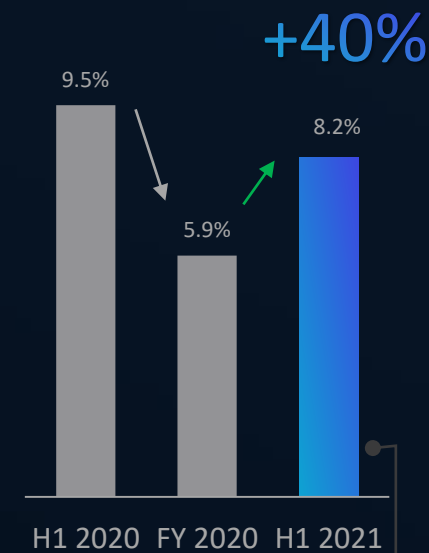
## Resilient value of new business and increase in embedded value

Margin improved vs. June 20

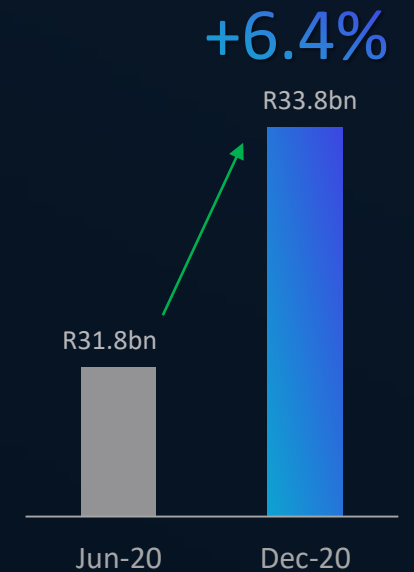
VNB (Rm) Life:



Annualised VNB margin (%) Life:



Embedded value: Life and Invest



Driven by:

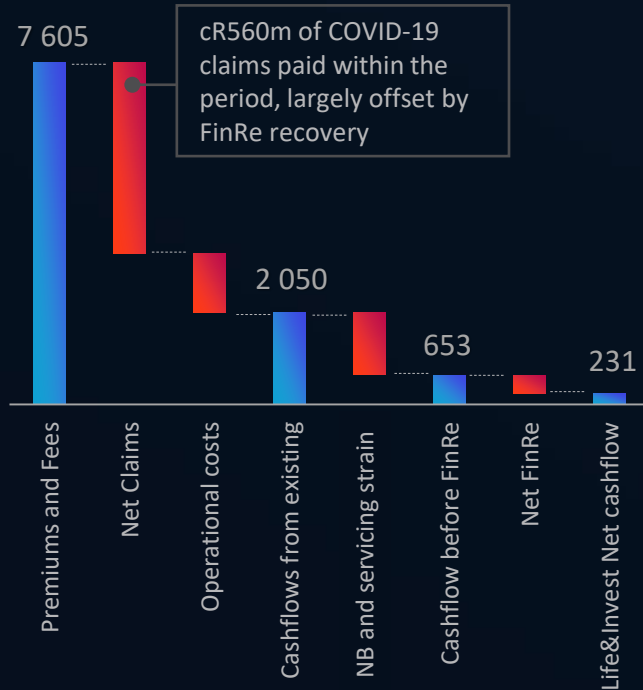
- Tight expense controls
- Improved business mix
- Economic assumption changes

# Robust position evident in strong cashflow, capital coverage and liquidity

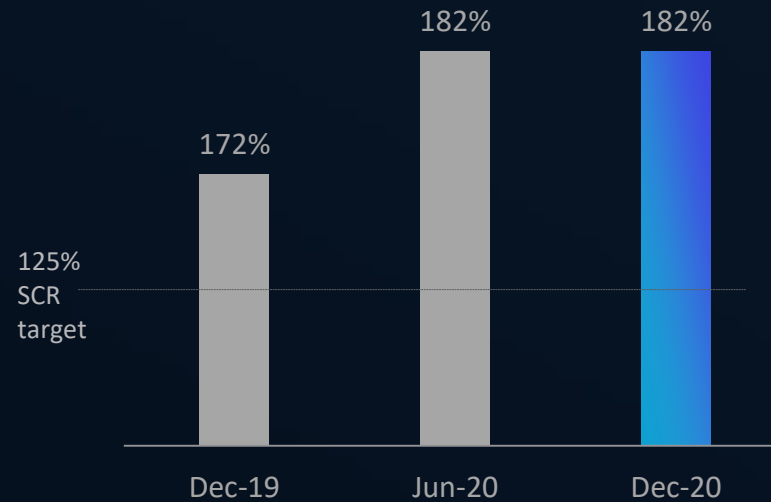


## Strong cash emergence over the period

Life and Invest  
R millions



## Maintained strong capital position



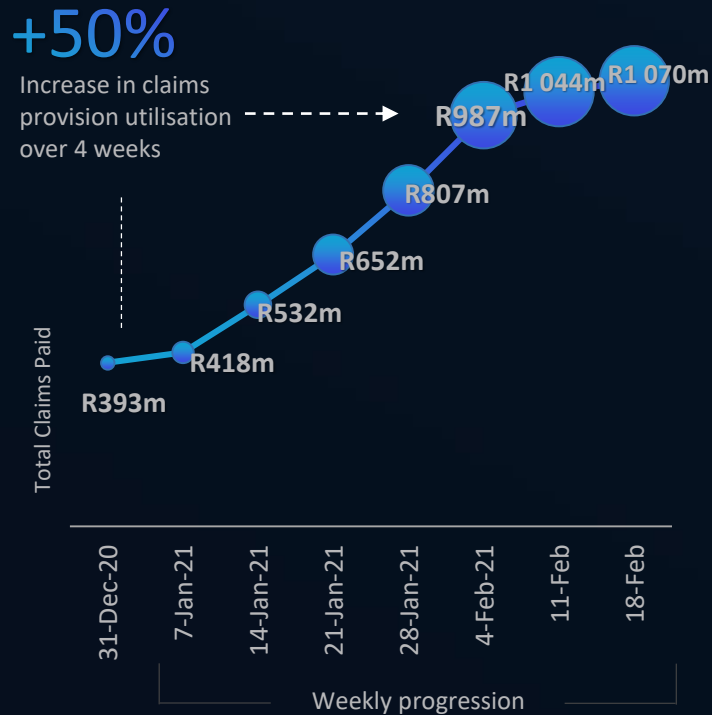
## High levels of liquidity coverage



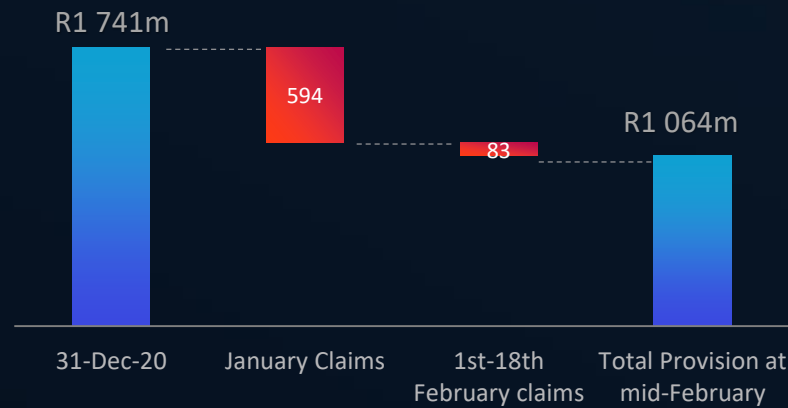
# COVID-19 claims experience peaked in January 2021, and has run down materially as at mid-February



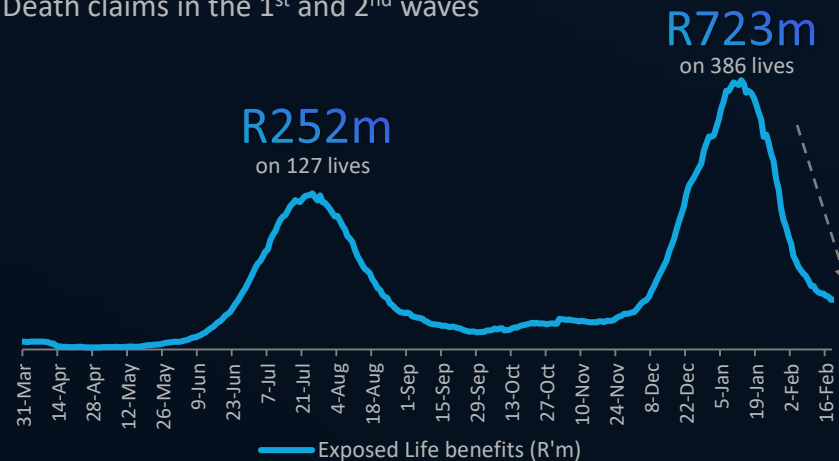
Significant provision utilisation during the January peak, has abated during February



Total provisions in excess R1bn remain even after allowing for Jan and Feb claims

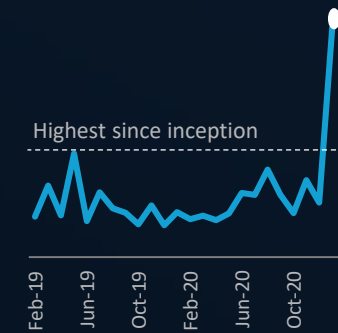


Death claims in the 1<sup>st</sup> and 2<sup>nd</sup> waves



Amplified relevance of shared-value life insurance through the pandemic

Death claims (actual vs expected)



Clients have recognised the value of keeping their cover in place

Lapse rate



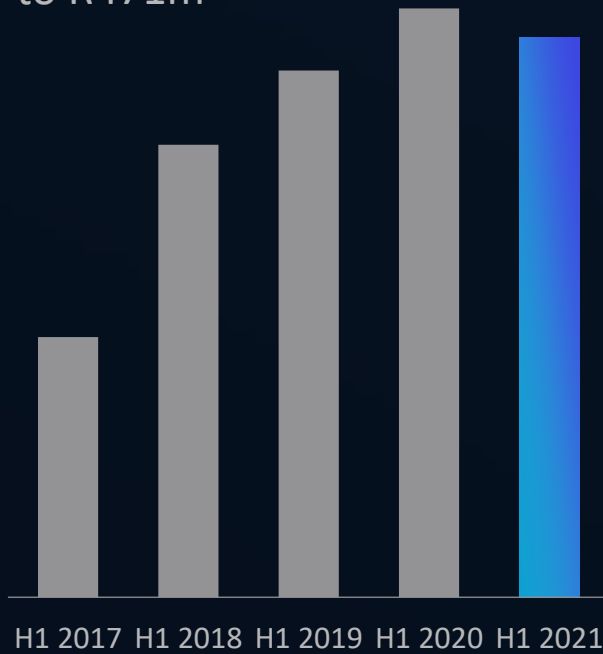
Counter to higher claims through this period has been significantly lower lapse experience

### Normalised operating profit

Rm

**-3%**

to R471m

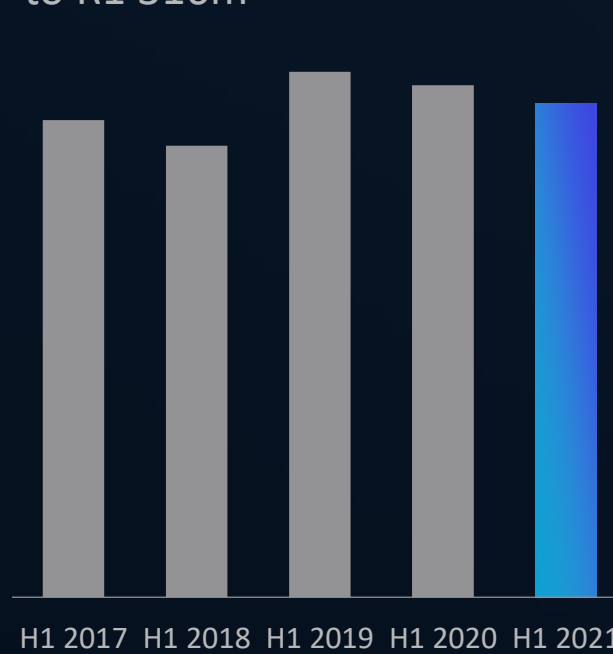


### New business

Rm

**-3%**

to R1 316m

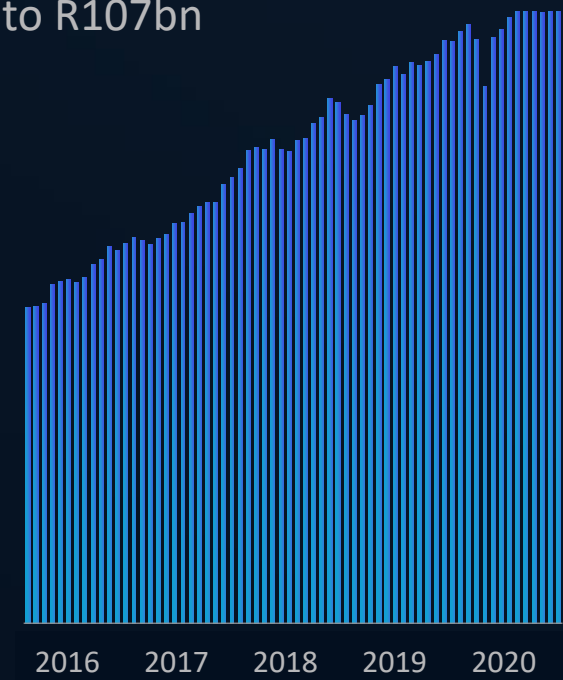


### Assets under administration

Rbn

**+11%**

to R107bn

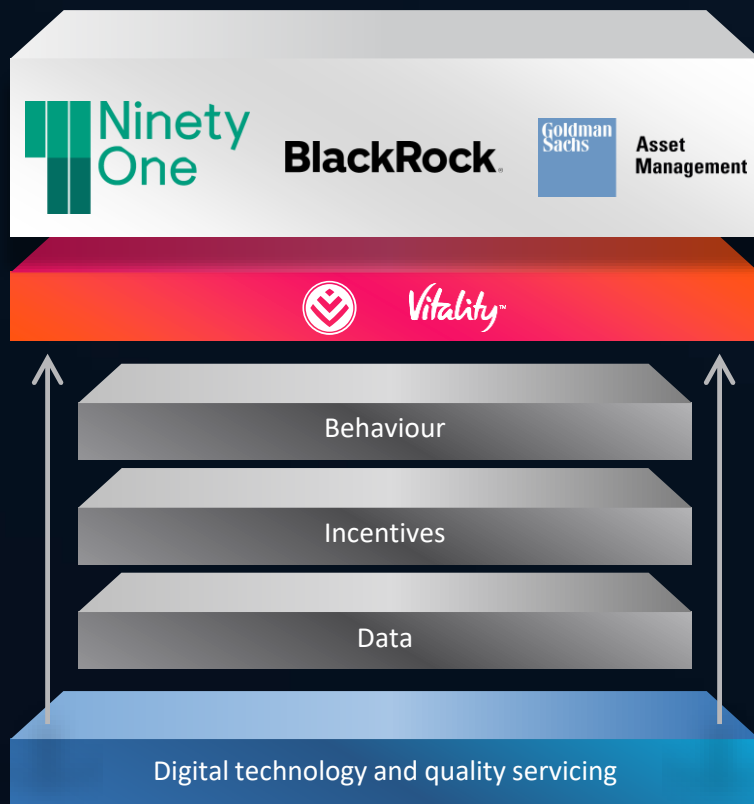




# Efficacy of Shared-Value model works locally and is moving abroad



## Discovery Invest platform



## Shared-Value model produces exemplary outcomes

### Actuarial dynamics

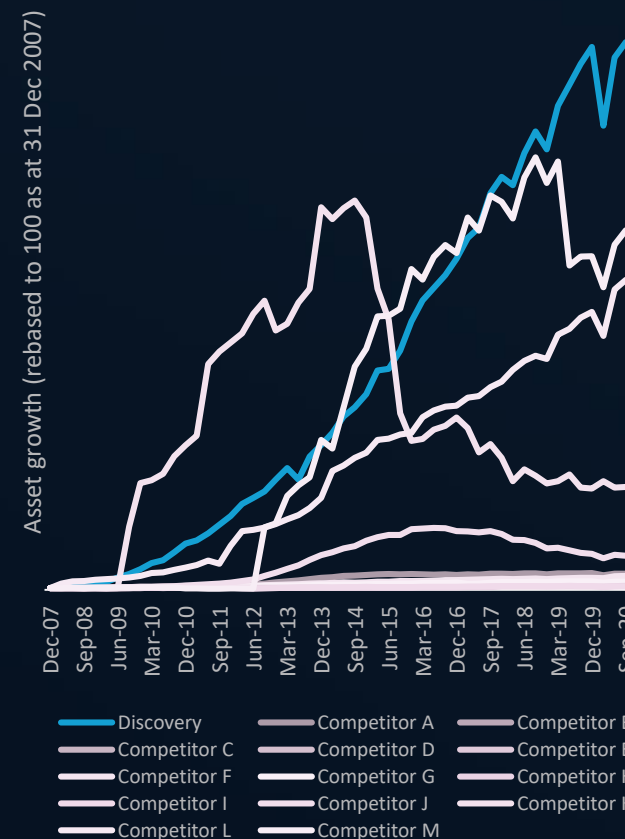
- 12%** lower drawdowns
- 78%** invested in preferred funds
- 28%** lower lapse rates
- 2x** more ad-hoc contributions

### Vote of confidence during COVID

- Withdrawals**  
**82%** Actual v expected
- Paid-ups**  
**76%** Actual v expected

## Proposition has created the fastest growing retail investment provider

### AUM Growth since December 2007

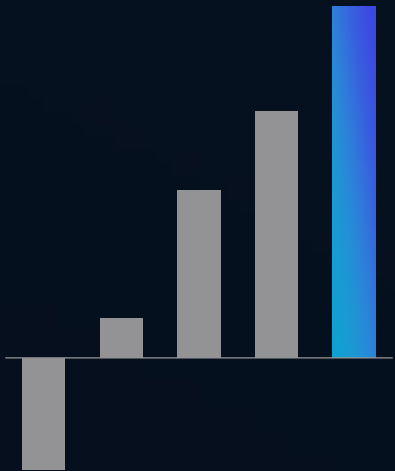




**Normalised operating profit**

**+43%**

to R107m  
(excl. Commercial)

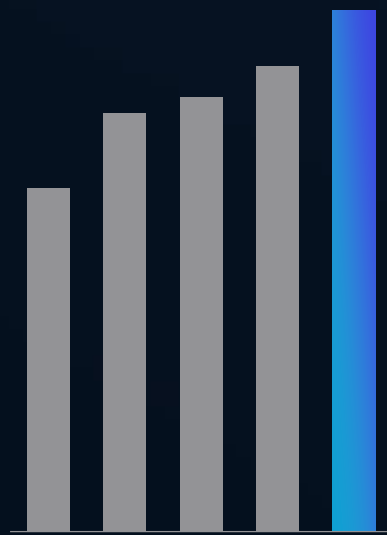


H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

**New business**

**+12%**

to R617m\*

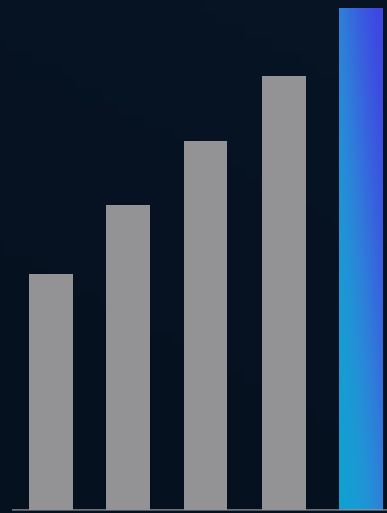


H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

**Gross written premium**

**+16%**

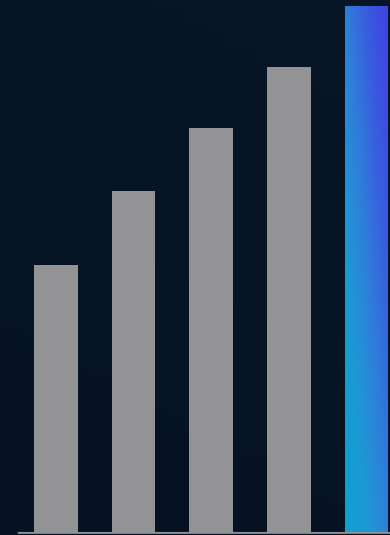
to R2 121m\*



H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

**Market share in GWP**

**7%**

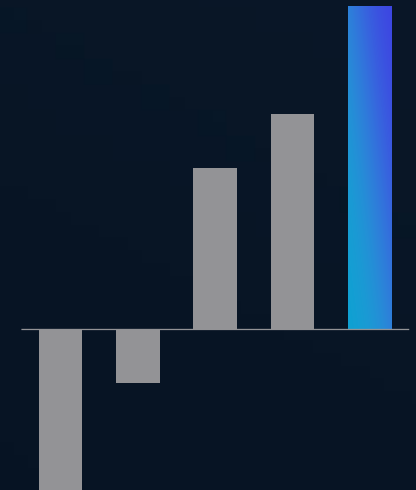


H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

**Operating margin**

**+50%**

to 6%\*



H1 2017 H1 2018 H1 2019 H1 2020 H1 2021

\*Personal Lines only

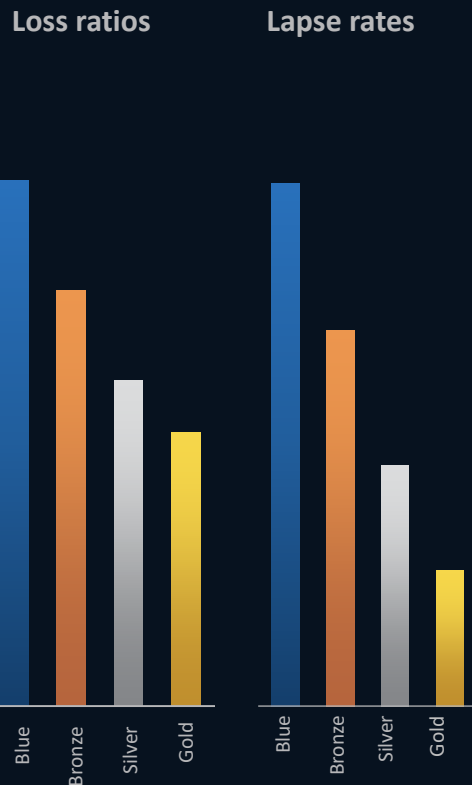
\*Personal Lines only. Assumes 6% in GWP market growth since 2018

# Increased margin a direct result of the economics of the model

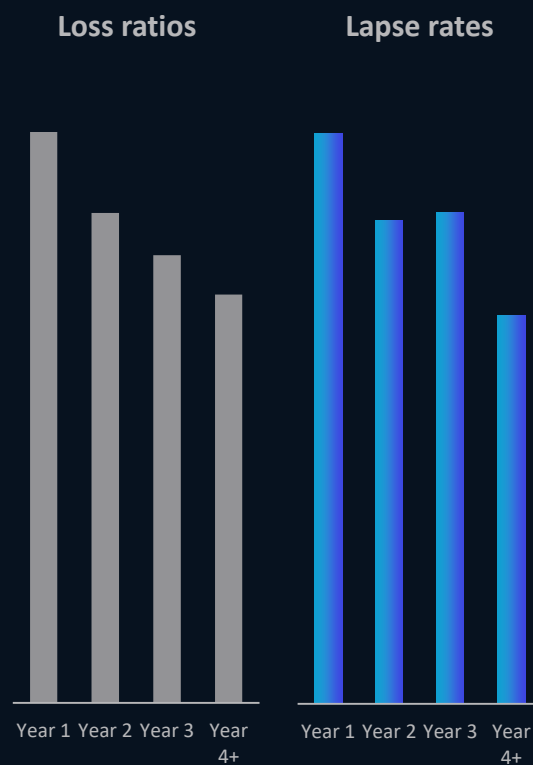


## Shared-Value model drives the economics

### By Vitality status

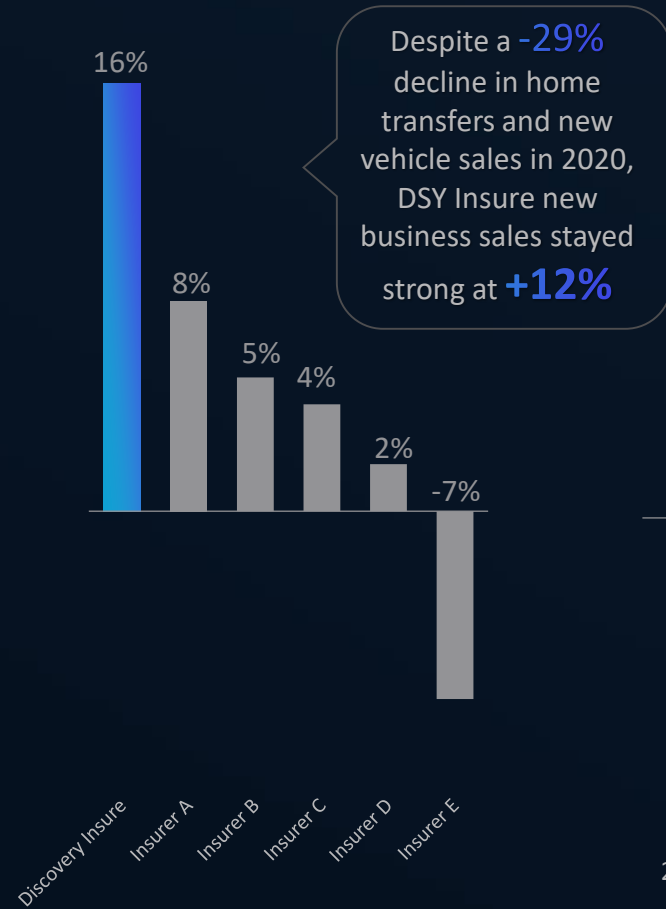


### By duration inforce



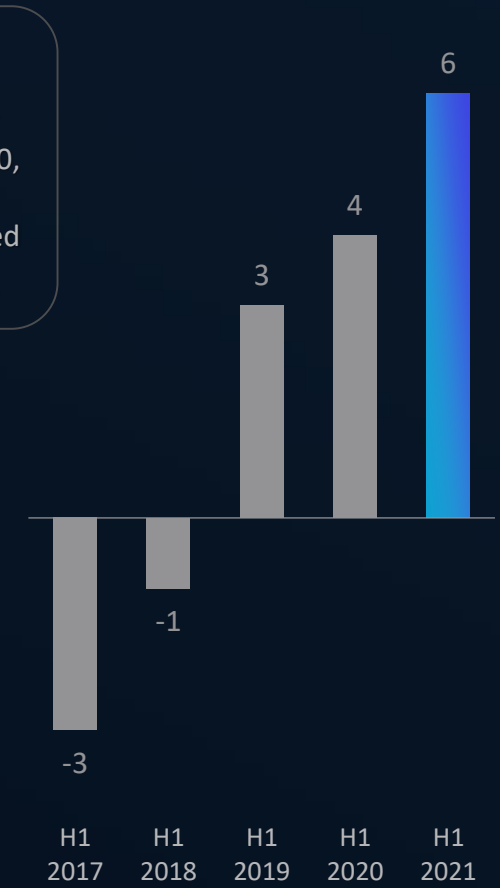
## Public buy-in

### 2020 Growth in GWP



## Resultant margin

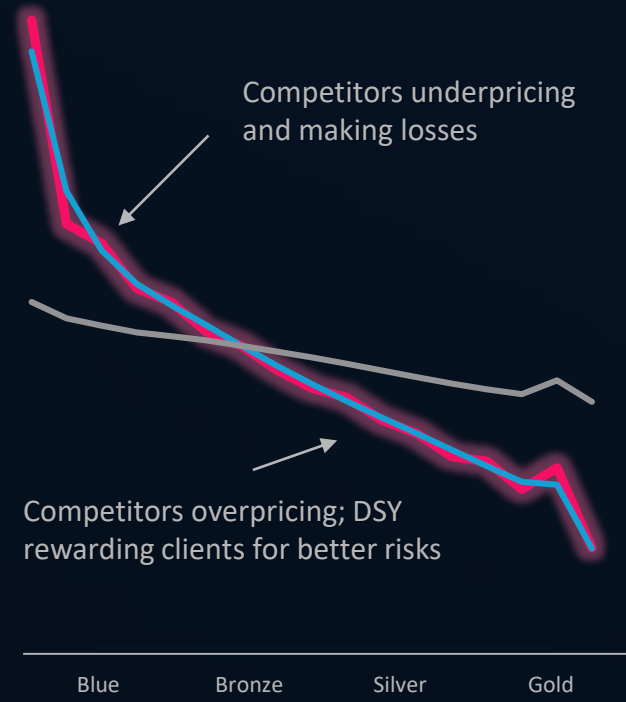
### Margin (%)



# Data provides fascinating advantage in insights and application



## Understanding behaviour provides superior accuracy over traditional pricing



## Vitality drive status differentiates risk within traditional pricing factors

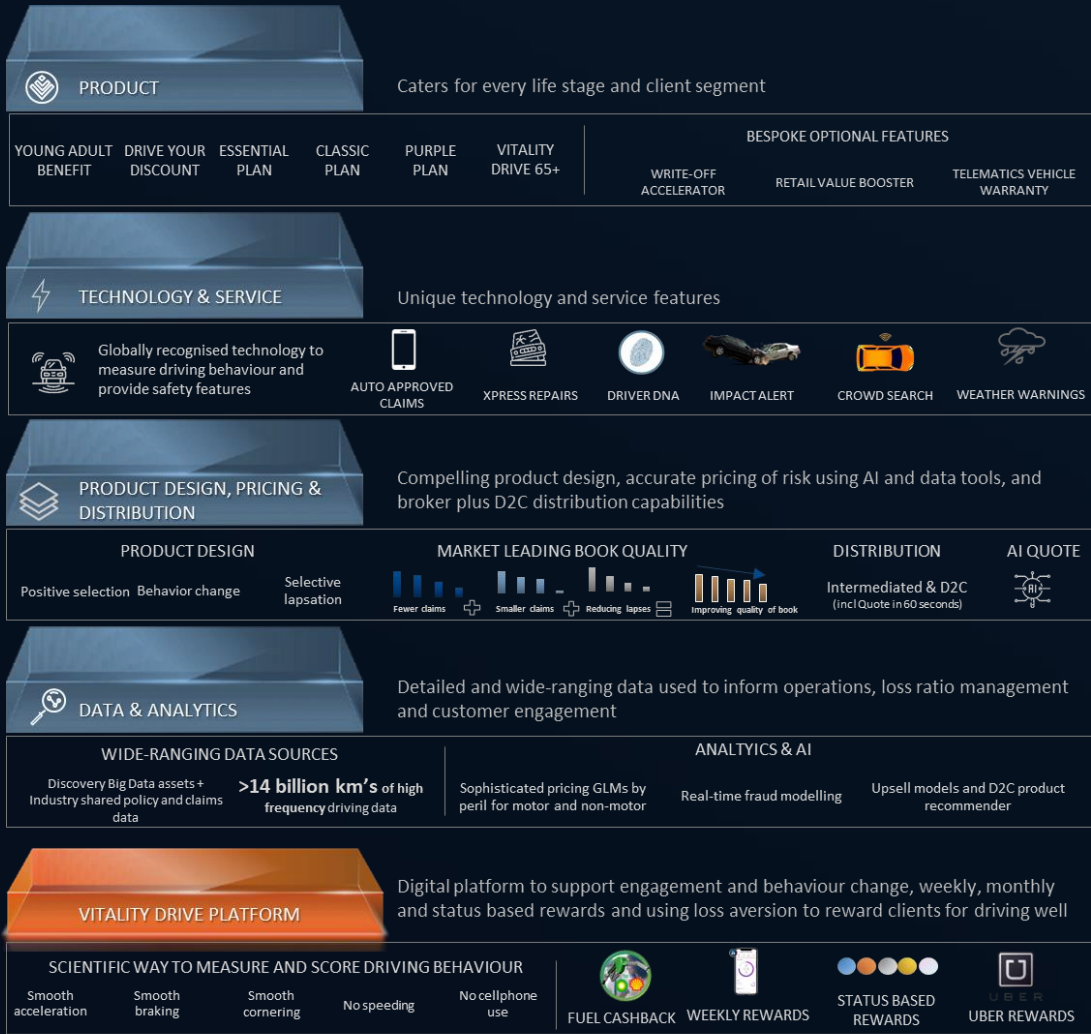
Frequency of claims by Vitality Drive Status



# Model and data enables emphasis on the customer and is replicable



## Discovery Insure's personal lines platform



## Platform enables capabilities and new manifestations

>R300 billion insured assets

14 billion kilometres tracked

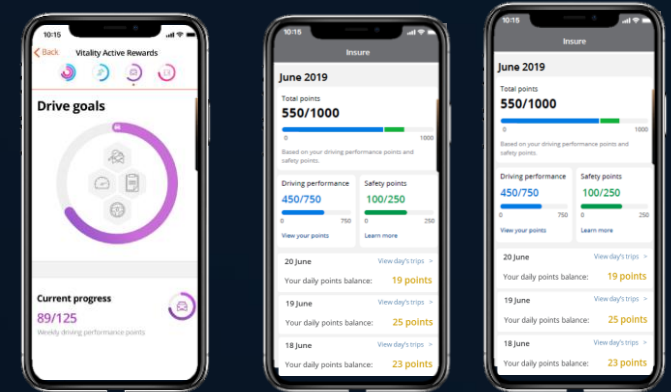
691k claims processed

R12 billion claims paid

R1 billion cashback paid

10m rewards earned

### Vitality Drive 2.0



Discovery Insure vehicle warranty



Vitality Drive 65+



International expansion





### SA COMPOSITE MODEL

Discovery Health  
Discovery Life  
Discovery Invest  
Discovery Insure  
Discovery Bank



### UK COMPOSITE MODEL

Vitality Health  
Vitality Life  
Vitality Invest



### PARTNER COMPOSITE MODEL

中国平安 PINGAN

AIA HEALTHIER. LONGER. BETTER LIVES.  
Generali  
John Hancock  
Manulife  
SUMITOMO LIFE  
Equivida Saludsa  
IGILife A.S.I.  
MULTICARE

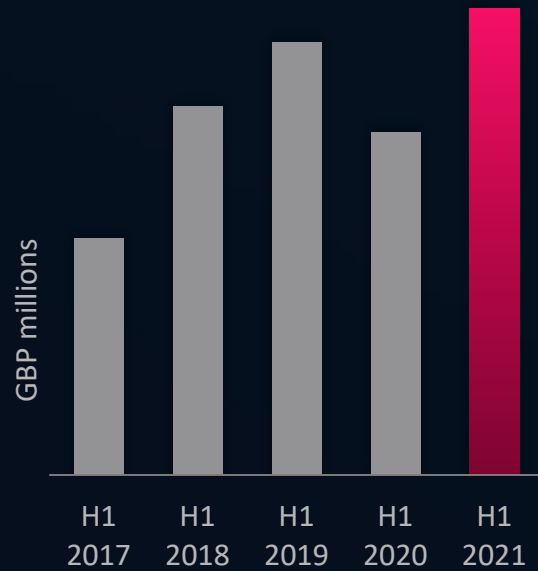






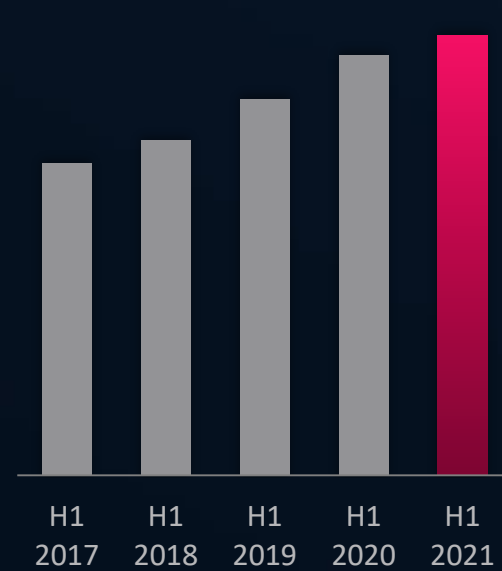
### Normalised operating profit

**+36%**  
to £44.2m



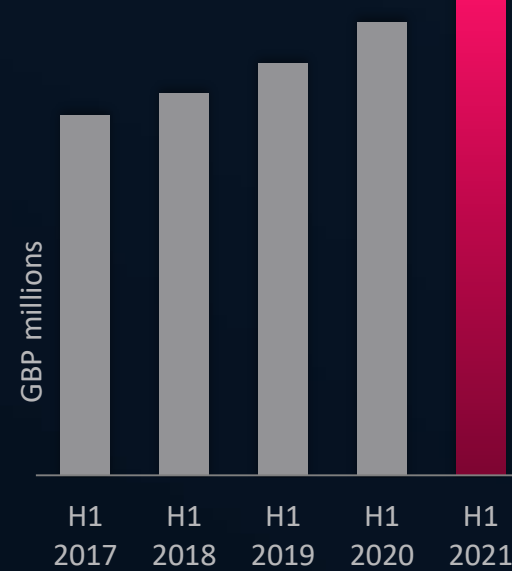
### Lives covered

**+5%**  
to 1.3m lives



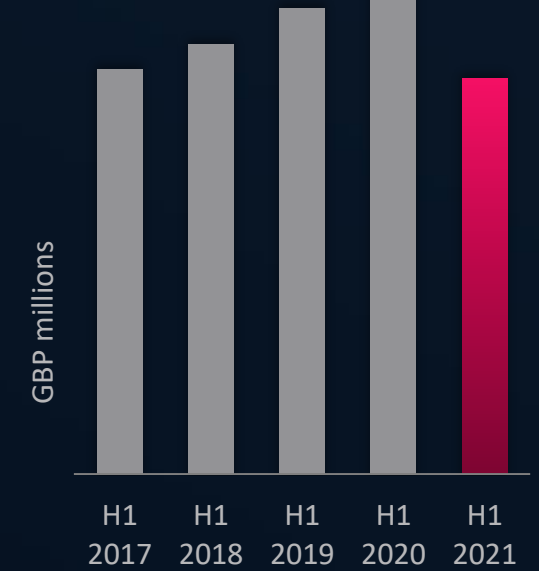
### Earned premiums

**+6%**  
to £409.4m\*



### New business

**-17%**  
to £56.4m



Excludes Vitality at Work (formerly Healthy Workplace and Essentials)

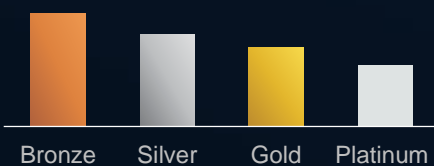
\*Excludes UPR adjustment

# The composite is working well and receiving recognition



## Vitality engagement: deep and correlated

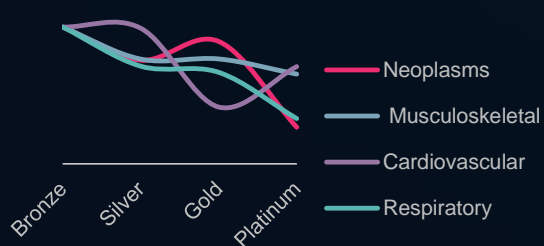
Relative lapse experience



Relative mortality rates

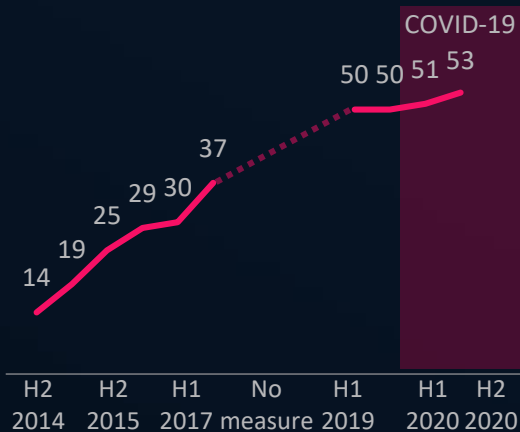


Relative IH claims experience



## Brand well established

Prompted brand awareness



## Celebrating women in sport



## Service recognition



**UKCXA '20**

UK Customer Experience Awards

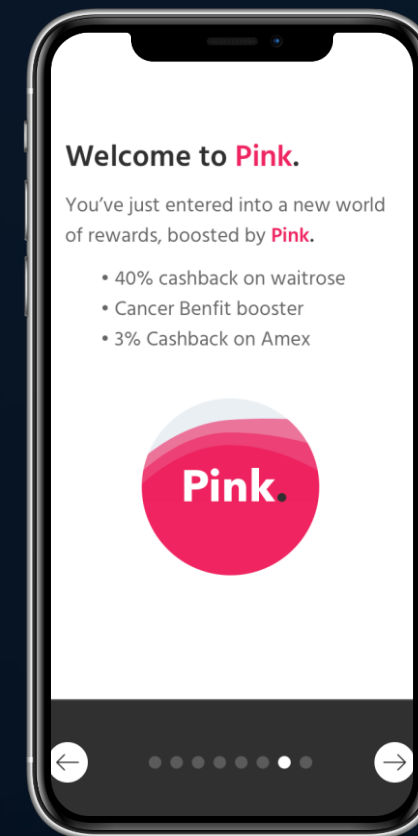


**Overall Winner**  
Workplace Wellbeing Team

## Leading companies evaluated:

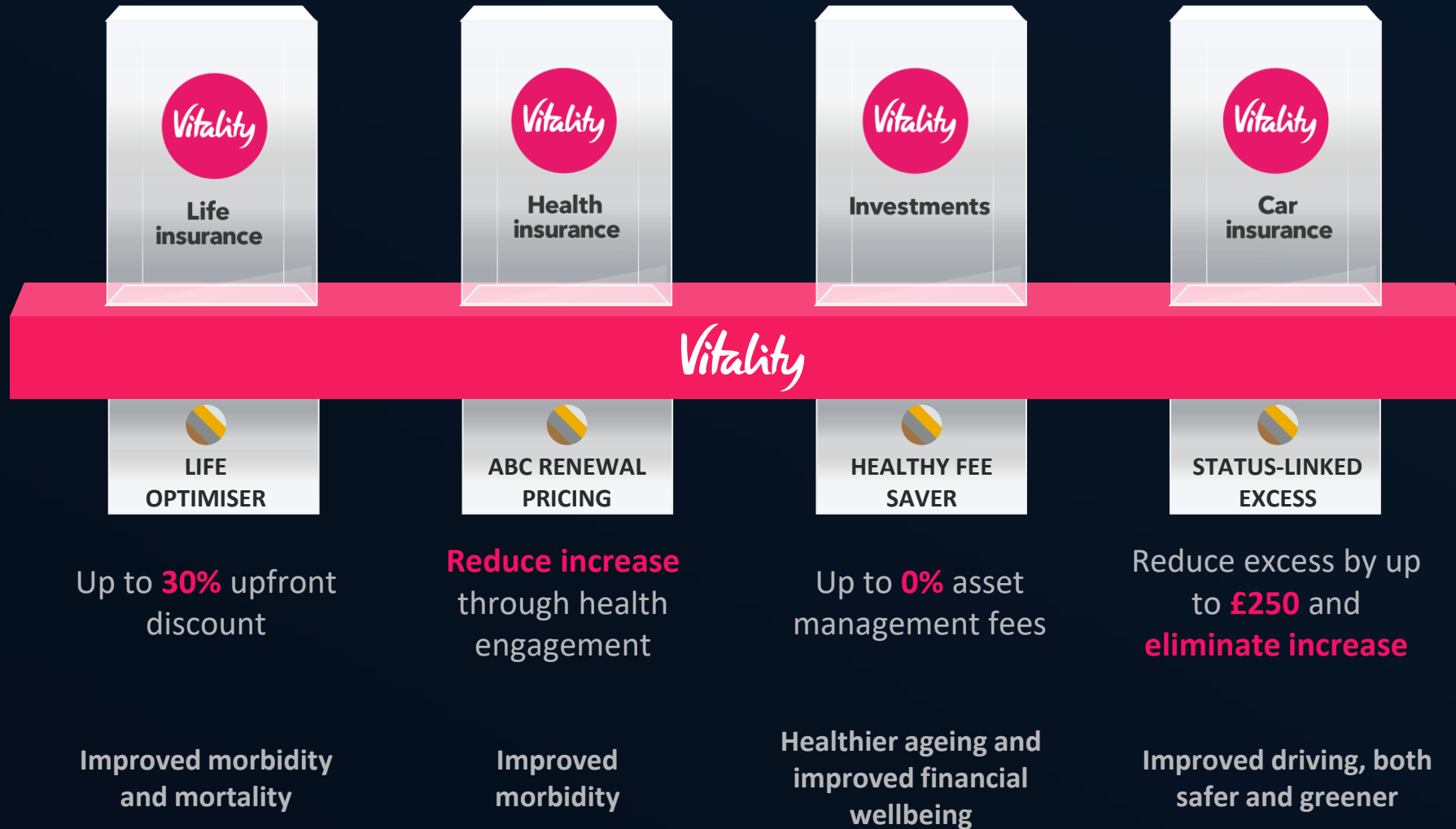


## Simplified customer journeys



Source:  
Mortality: Vitality impact on mortality (using causal inference), 2016-2020  
Morbidity: Vitality Continuous Mortality, Lapse and Engagement (CMLE) investigation, 2017. Standardised for Age, Gender, SE Class, Initial RUB; Rebased to Bronze status  
Retention: 12-mth Rolling Average Actual VS Expected Lapse Rates for Optimised policies by Vitality Status

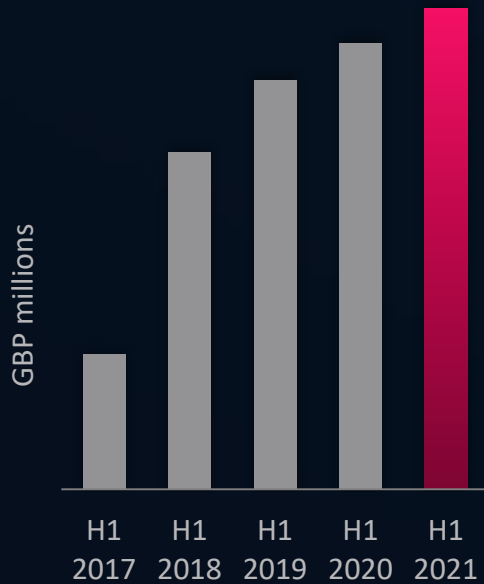
# Shared-Value Insurance Model is consistent across the Group





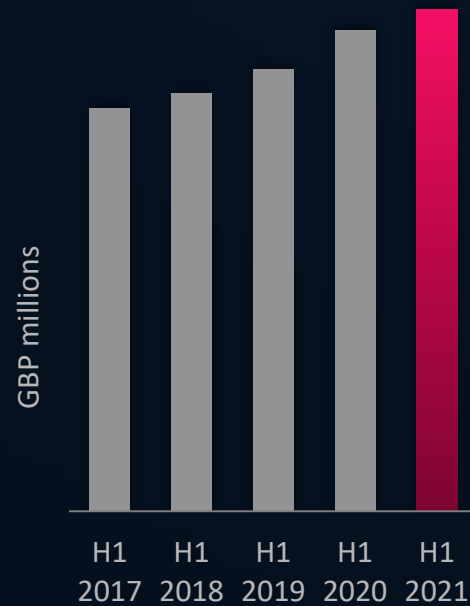
### Normalised operating profit

**+8%**  
to £28.8m



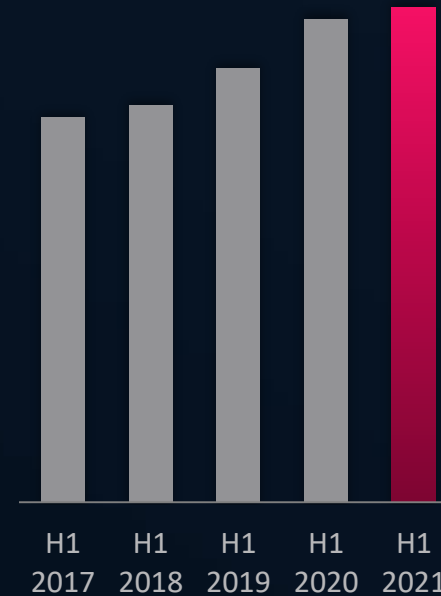
### Earned premiums

**+4%**  
to £256.5m\*



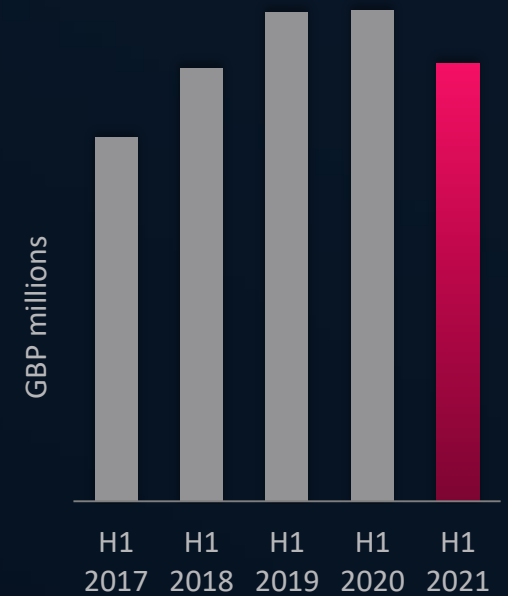
### Lives covered

**+3%**  
to 693k lives\*



### New business

**-9%**  
to £30.0m



\*Excludes UPR adjustment

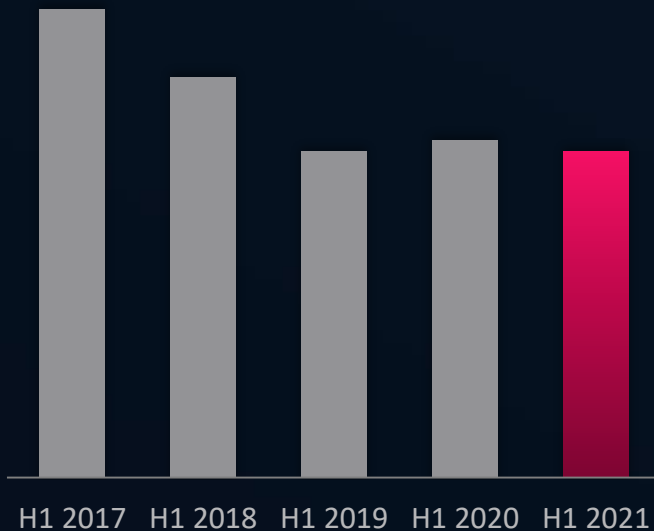
\*Excludes Vitality at Work (formerly Healthy Workplace and Essentials)

# The quality of the book is strong



## Exceptional retention

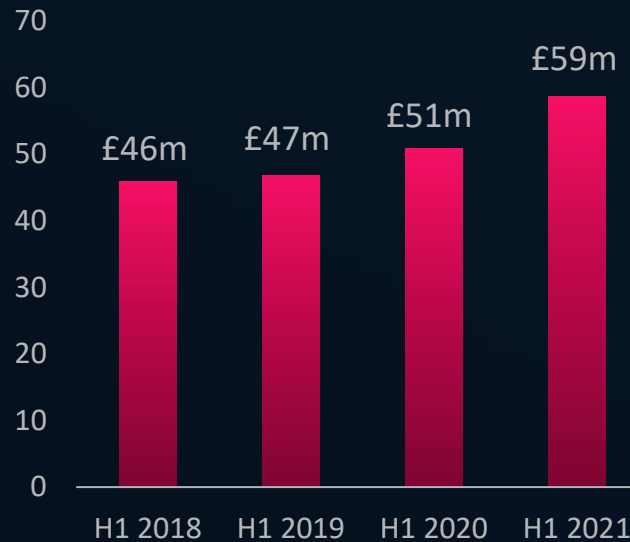
Lapse rates



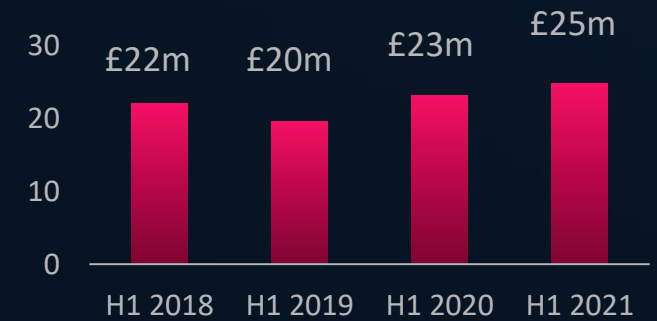
## Strong cash generation after allowing for UPR adjustment

GBP millions, after allowing for COVID-19 provisions

Inforce book cash generation



Net cash generated

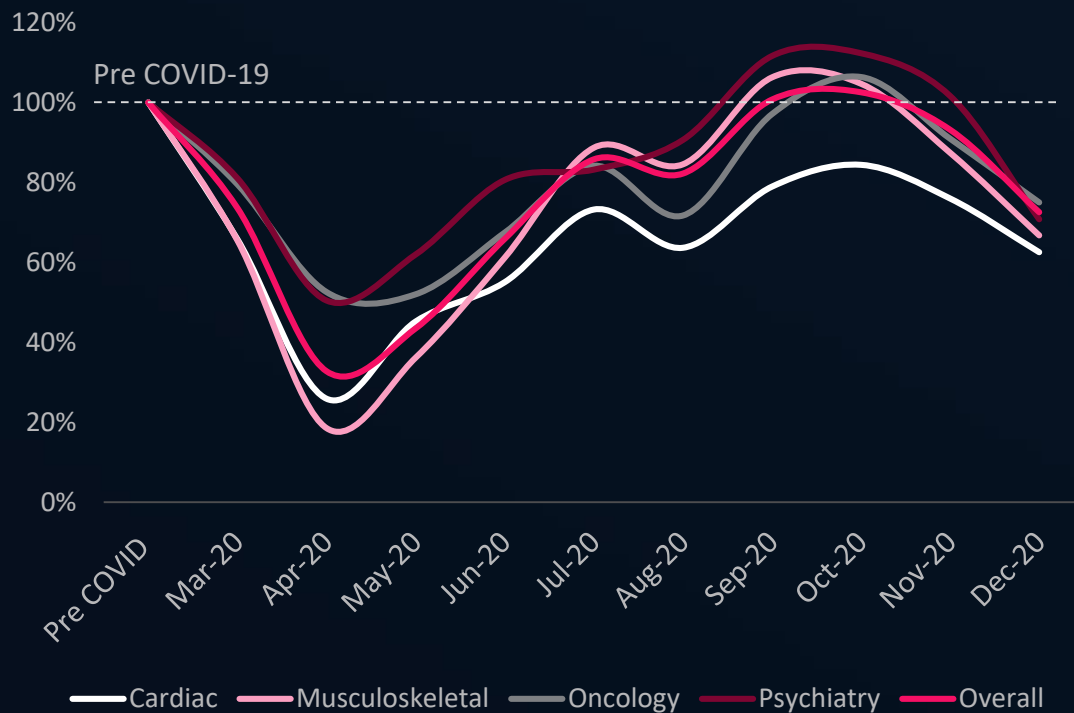


# UPR adjusted for treatments delayed due to COVID-19, and roughly equal to 2 months of claims



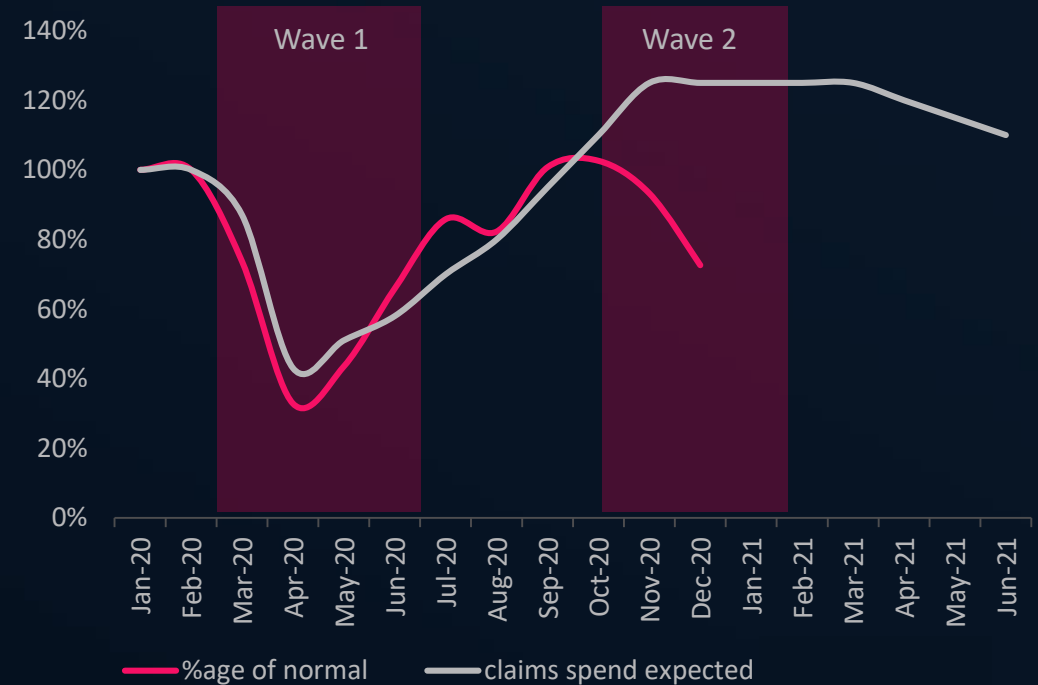
## Authorisations still below pre-COVID-19 levels

Monthly authorisations per 1 000 lives



## Still below expectation due to second wave, but expect catch-up on delayed treatments

Claims spend expected compared to authorisations received

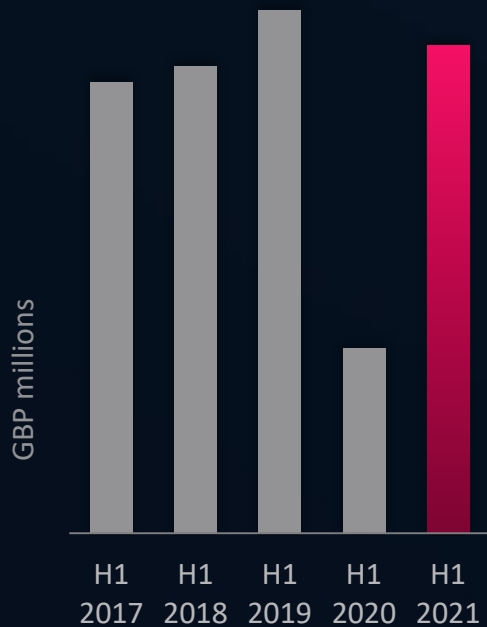


UPR provision roughly 2 months of claims



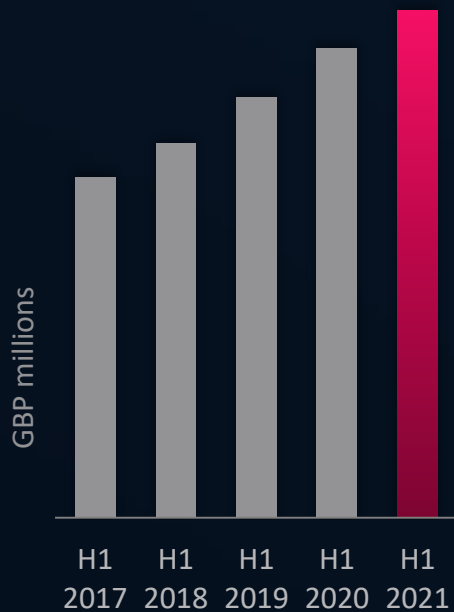
### Normalised operating profit

**+166%**  
to £15.4m



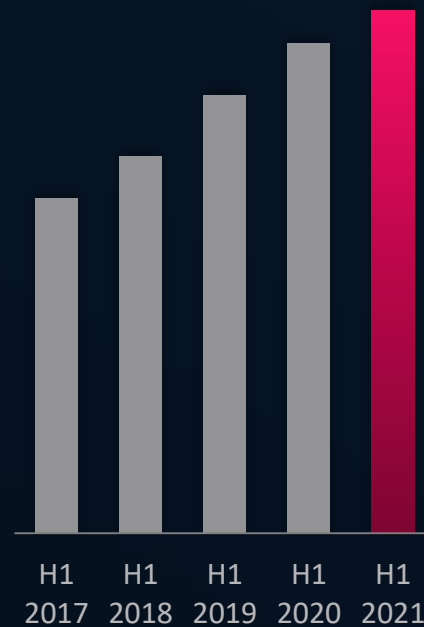
### Earned premiums

**+8%**  
to £152.9m



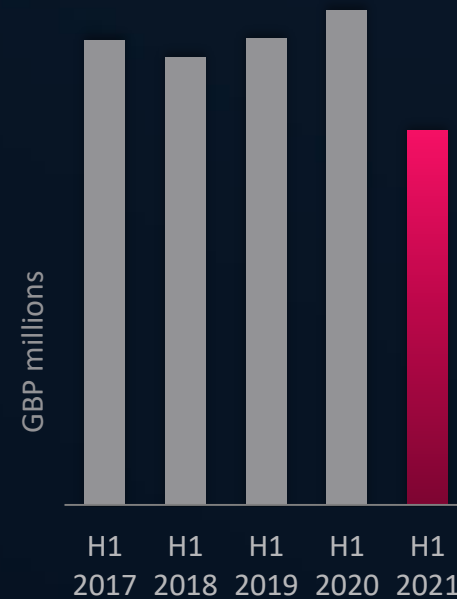
### Lives covered

**+7%**  
to 648k lives



### New business

**-24%**  
to £26.4m



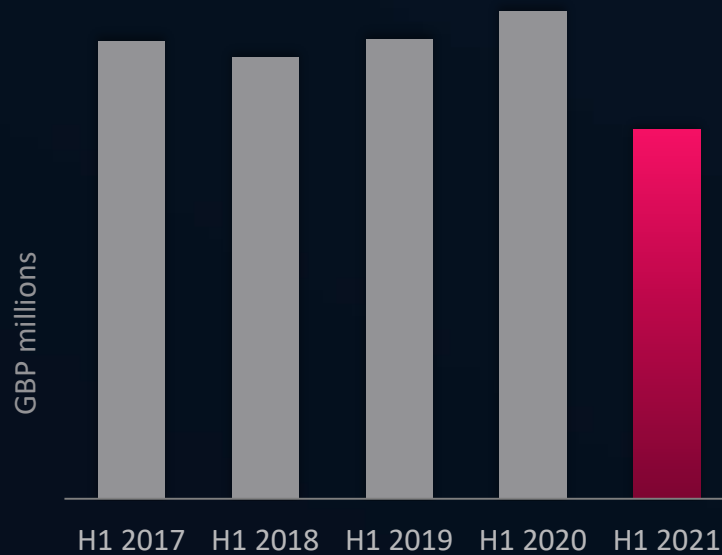


# COVID-19 impacted the overall market with a reduction in total sales

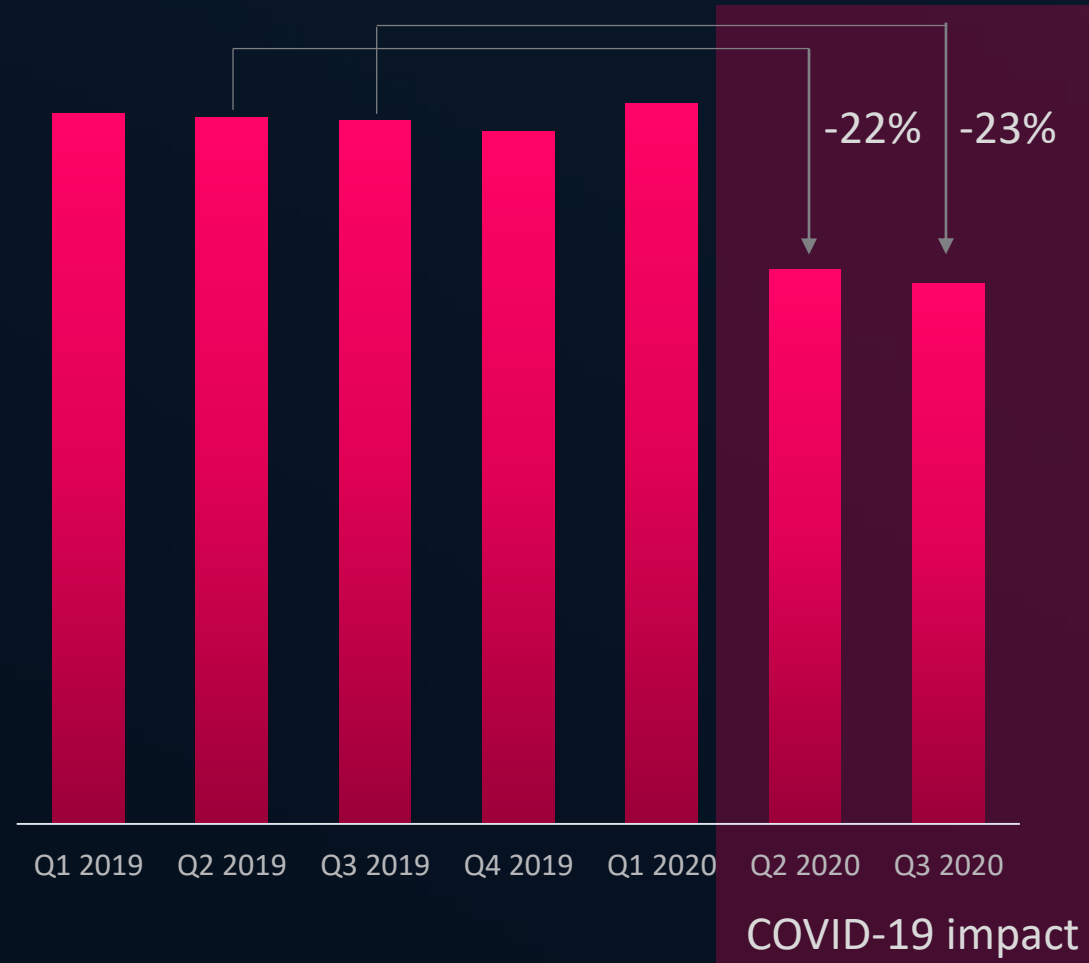


## VitalityLife new business

**-24%**  
to £26.4m



## UK IFA market new business



# Vitality Life benefitting from the restructure

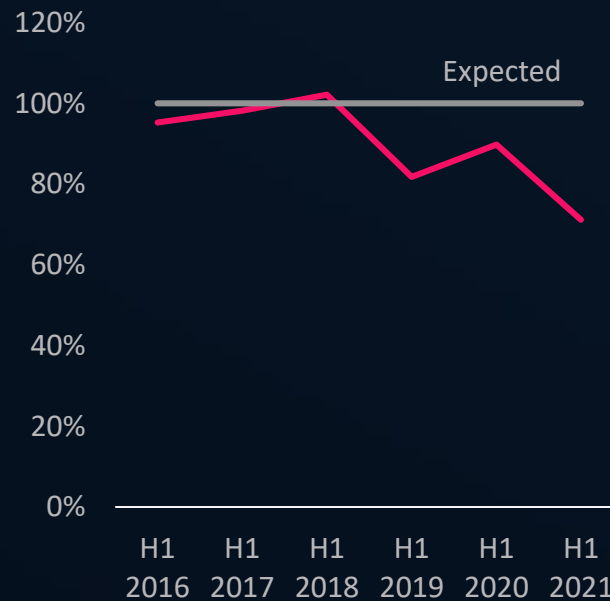


## Steps taken to address retention

| Area       | Management actions |   |   |
|------------|--------------------|---|---|
| OPERATIONS | 1                  | Intervened against 'high lapse' brokers                     | ✓ |
|            | 2                  | Restructured franchise channel                              | ✓ |
|            | 3                  | Consolidated ops and service at Group level                 | ✓ |
|            | 4                  | Enhanced retention capabilities                             | ✓ |
|            | 5                  | Strengthened actuarial bases and set up COVID-19 provisions | ✓ |
| CAPITAL    | 6                  | Entered into interest rate hedge                            | ✓ |
|            | 7                  | Deferred Part VII transfer                                  | ✓ |
|            | 8                  | Changed Group legal entity structure                        | ✓ |
|            | 9                  | Adapted elements of actuarial methodology                   | ✓ |
| LIQUIDITY  | 10                 | Sourced liquidity funding in the UK                         | ✓ |

## Lapse AvE at all-time low

AvE lapses



## Unfavourable variances remedied from July 2020

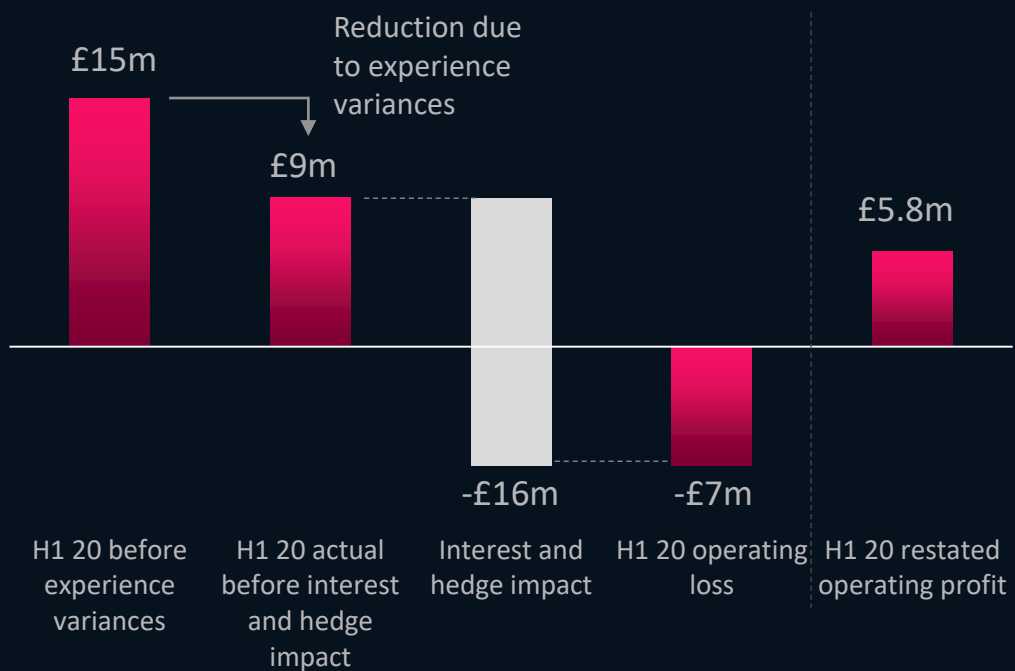
IFRS reserve variance



# Profits are reverting, as expected



## H1 2020 normalised operating profit recon



## H1 2021 operating profit recon





### SA COMPOSITE MODEL

Discovery Health  
Discovery Life  
Discovery Invest  
Discovery Insure  
Discovery Bank



### UK COMPOSITE MODEL

Vitality Health  
Vitality Life  
Vitality Invest



### PARTNER COMPOSITE MODEL

中国平安 PING AN  
AIA HEALTHIER. LONGER. BETTER LIVES.  
GENERALI  
John Hancock  
Manulife  
SUMITOMO LIFE  
Equivida Salud SA  
IGILife A.S.I.  
MULTICARE



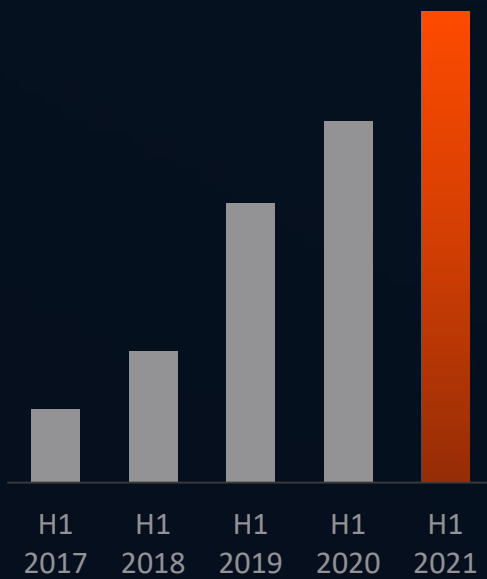
Vitality™



New business<sup>1</sup>

**+31%**

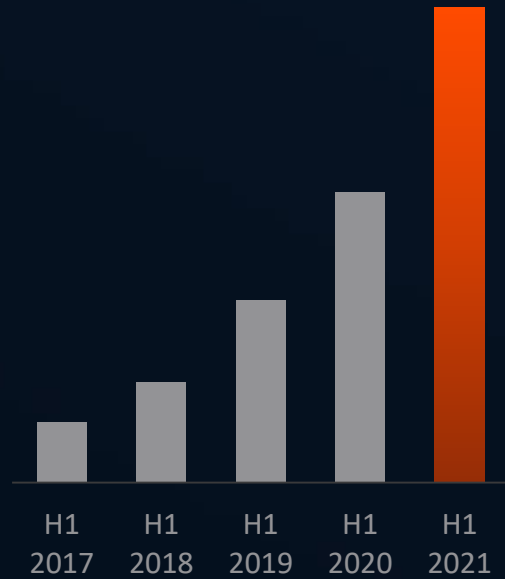
to R7.2bn



Written premium<sup>1</sup>

**+62%**

to R18.1bn

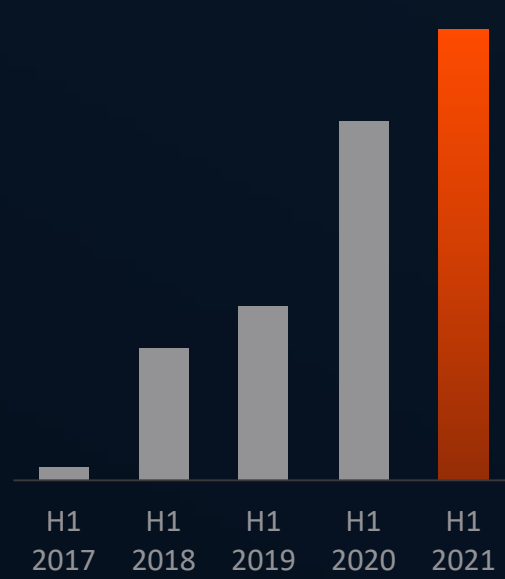


PAH's operating results pre-tax

**+26%**

to R1bn

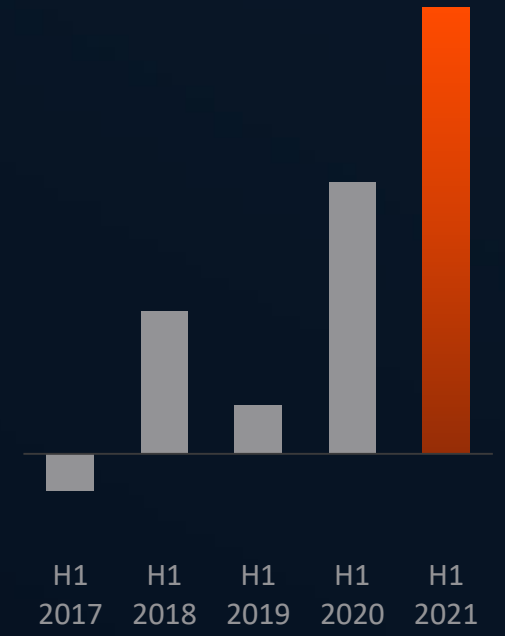
(DSY's share is R253m)



Discovery's operating result after tax

**+65%**

to R112m



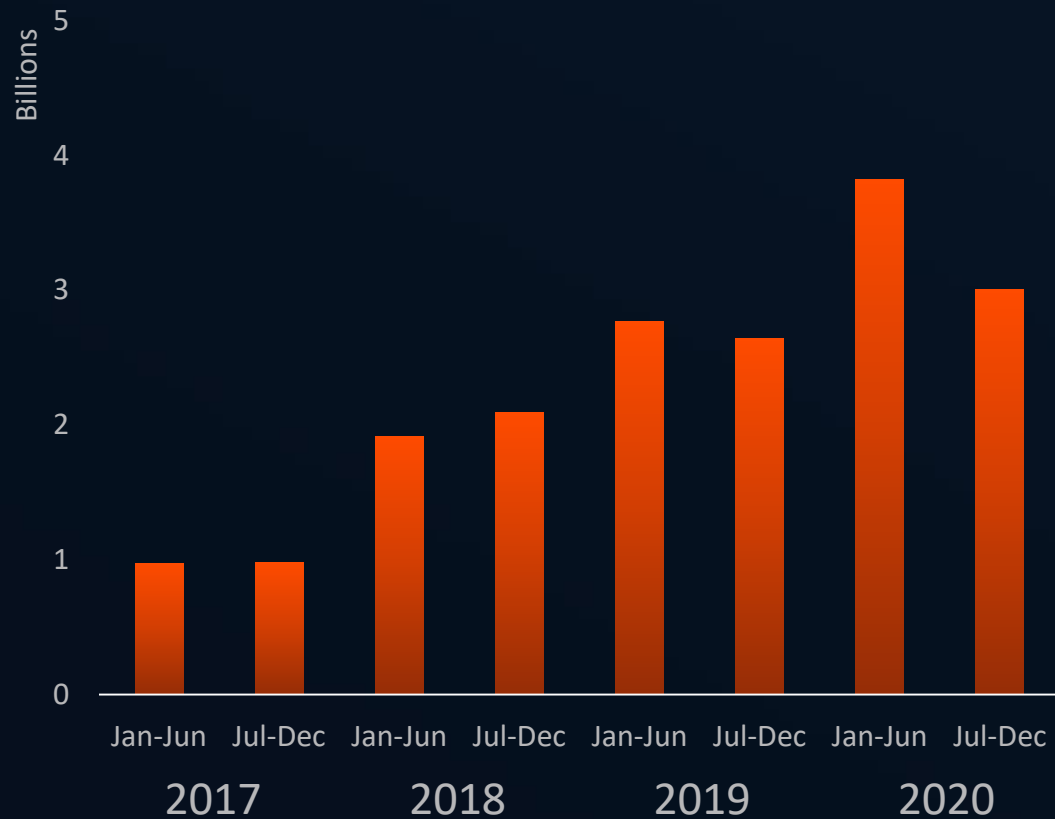
1 100% of PAH

# Exceptional new business growth in the 1st half of PAH's financial year



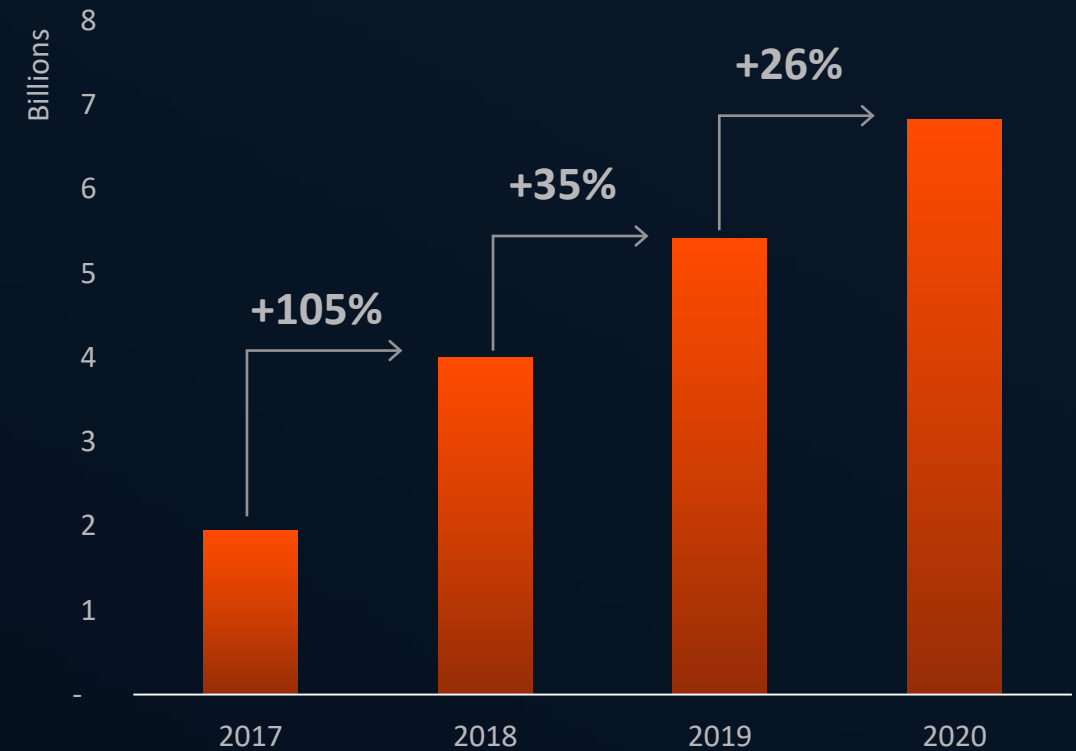
## Six-monthly new business

RMB



## Although new business slowed in the latter half, it achieved its full-year revenue target

Calendar year new business RMB

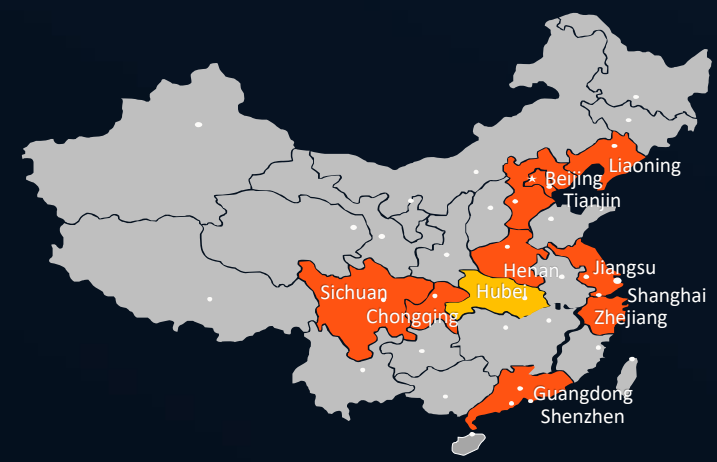




# PAH continues to focus on growth and broadening its sales channels

### Continued expansion of offline distribution footprint

Hubei added Nov 2020



# 14

Tier 2 branches:  
Beijing, Shanghai, Guangdong, Shenzhen, Jiangsu, Zhejiang, Liaoning, Tianjin, Sichuan, Suzhou, Hebei, Chongqing, Henan, Hubei

### Transformed distribution strategy to capture different parts of market

## 2A Agents

Deepen collaboration with Ping An Group subsidiaries

## 2B Business

Group business through large established brokers & PAH's own direct sales team

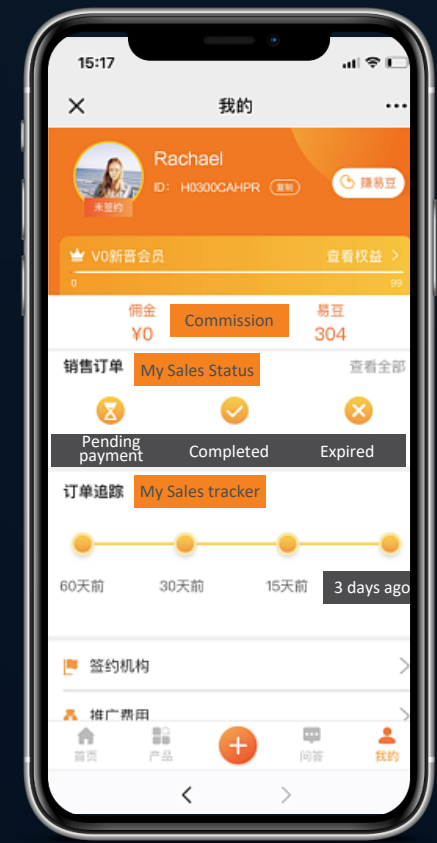
## 2C Customer

Partner with major third-party platforms SuiShenYi platform

## 2G Government

Micro top-up medical reimbursements products

### Building digital distribution strategy for agents



## SuiShenYi platform

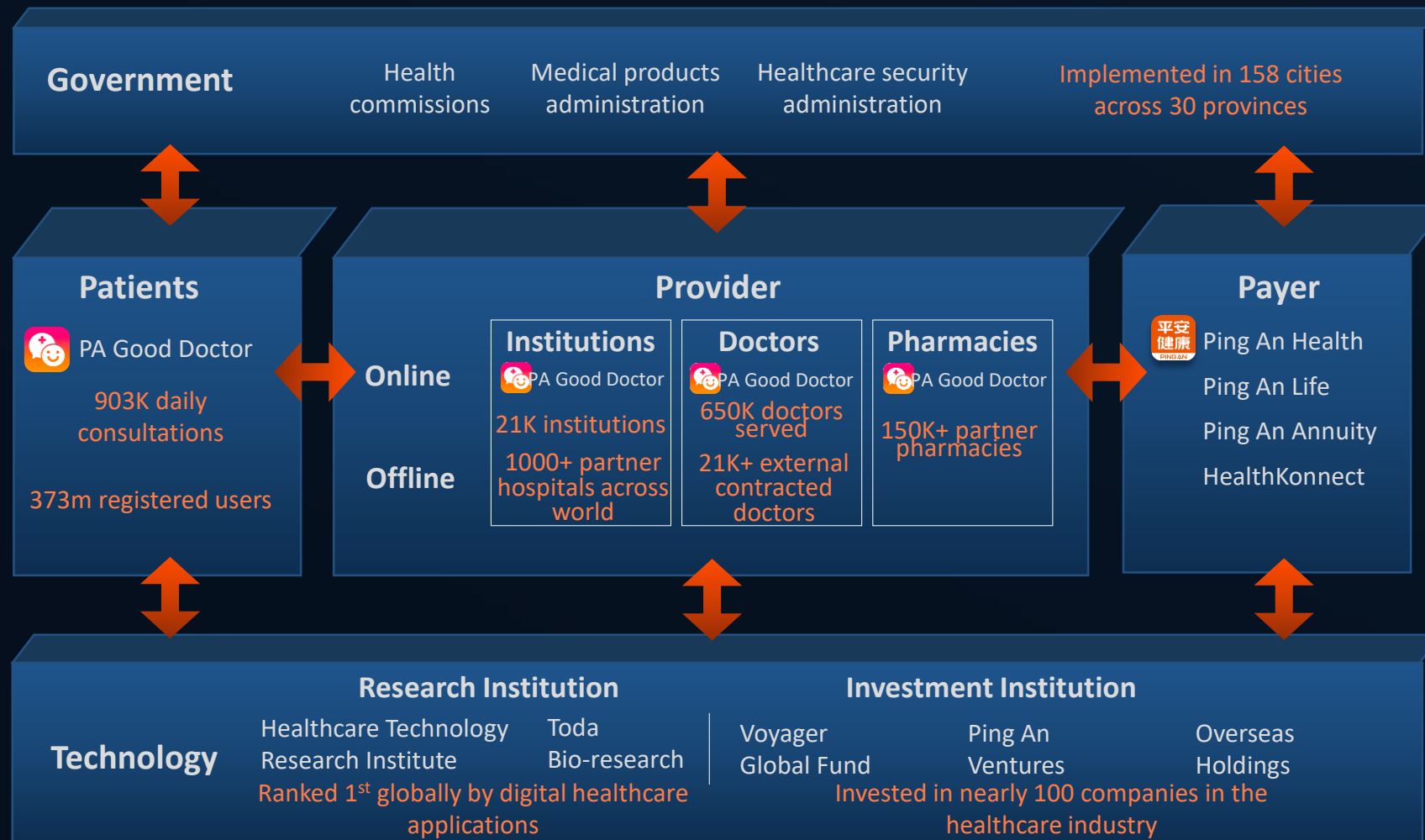
Online platform where anyone can register to be an agent to sell PAH insurance products



# Ping An Group continues to invest in its extensive healthcare ecosystem



## Digital platform strategy with integration of various offline players



PAH benefits from this Group investment through products, networks and channels

The ecosystem brings together users with online and offline providers of products and services

The ecosystem is served by a single digital platform

# PAH app being merged into Good Doctor app, which is to become the digital platform serving the Ping An Group healthcare ecosystem



New app is called **Ping An Health**

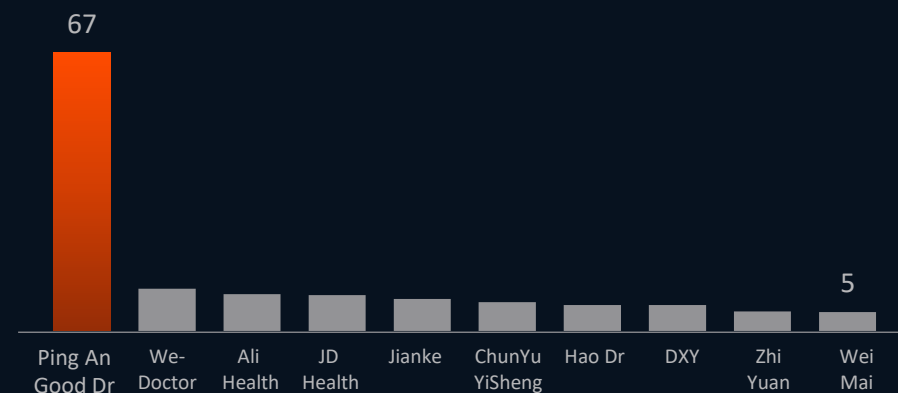
Vision: bring health to all Chinese and **promote the construction of Healthy China**, promoting the transition from disease treatment-centric to health-centric

Mission: provide **full range of health management services** covering prevention, treatment and rehabilitation

**Important flagship of Ping An's healthcare ecosystem** bringing users into an ecosystem of product and service providers

## Ping An Good Doctor: China's leading online healthcare services platform

Monthly active users in millions as at Sep 2020



**373m**  
**+18% YoY**  
Registered users

**903k**  
**+24% YoY**  
Average daily consultations



SA COMPOSITE MODEL

Discovery Health  
Discovery Life  
Discovery Invest  
Discovery Insure  
Discovery Bank



UK COMPOSITE MODEL

Vitality Health  
Vitality Life  
Vitality Invest



PARTNER COMPOSITE MODEL

中国平安 PINGAN

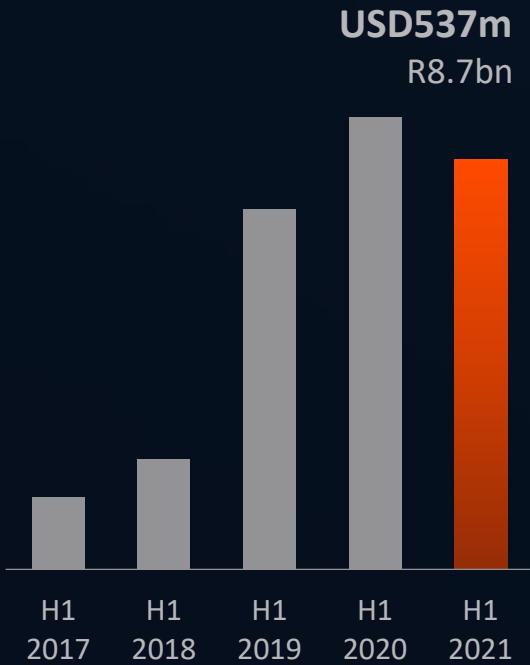
AIA HEALTHIER. LONGER. BETTER LIVES.  
myOne  
GENERALI  
John Hancock  
Manulife  
SUMITOMO LIFE  
Equivida  
Salud SA  
IGI Life A.S.I.



Vitality™

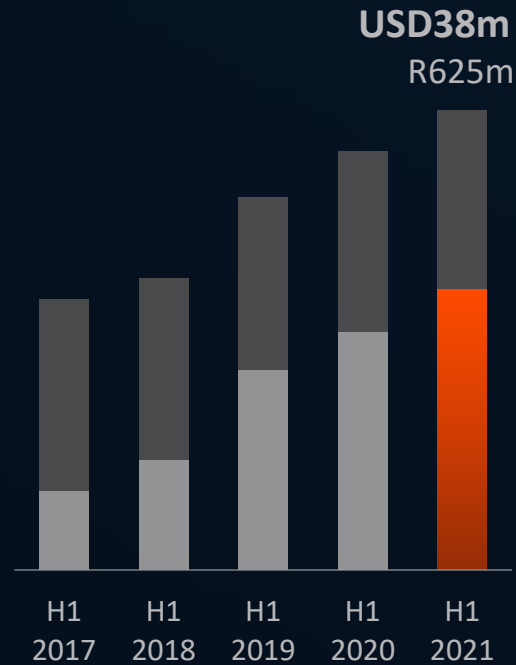
### Integrated new API by insurance partners

**-9%\***  
(+0.3% ZAR)



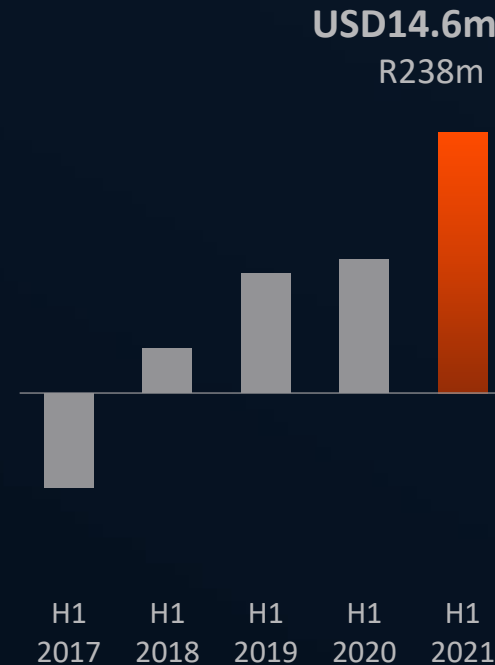
### Revenue

**+10%**  
(+21% ZAR)



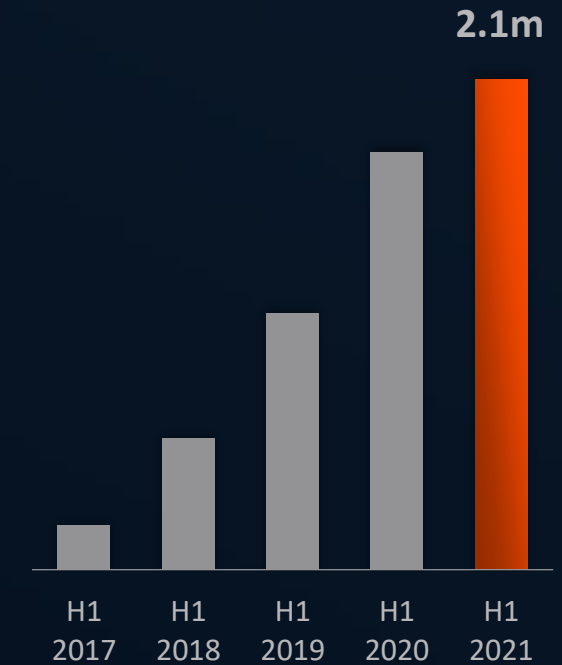
### Operating result

**+95%**  
(+116% ZAR)



### Insurance and franchise partners membership

**+17%\***



All numbers exclude new VG initiatives, i.e. myOwn and Vitality1  
\*From insurance partners

■ Vitality USA ■ Insurance Partners



# In-market growth continued, despite challenging environment

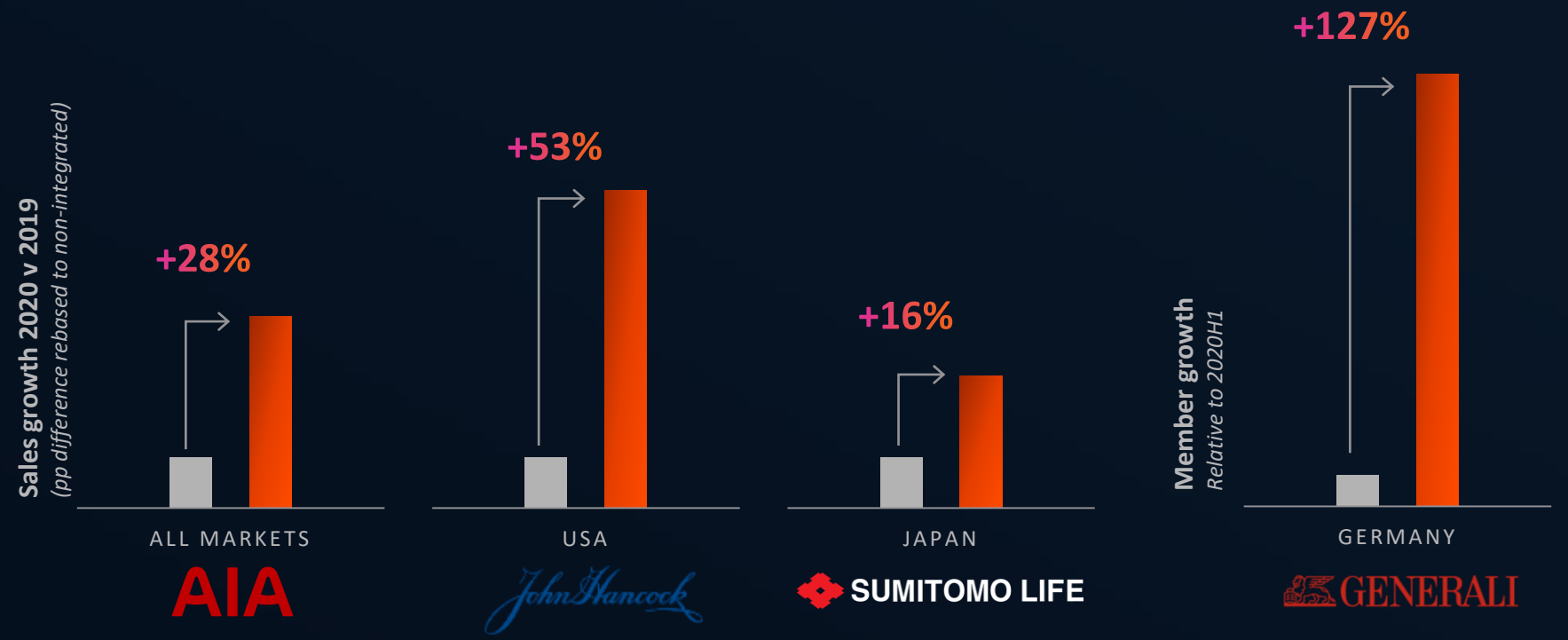
## Integrated new API by insurance partners

**-9%\***  
(+0.3% ZAR)



## Vitality's health and wellness message resonated with buyers and helped our partners build resilient businesses during COVID-19

■ Non-integrated ■ Vitality integrated



All numbers exclude new VG initiatives, i.e. myOwn and Vitality<sup>1</sup>  
\*From insurance partners

<sup>1</sup>AIA and Sumitomo figures are for 2020 calendar year. John Hancock and Generali relative figures are over FY2021H1.

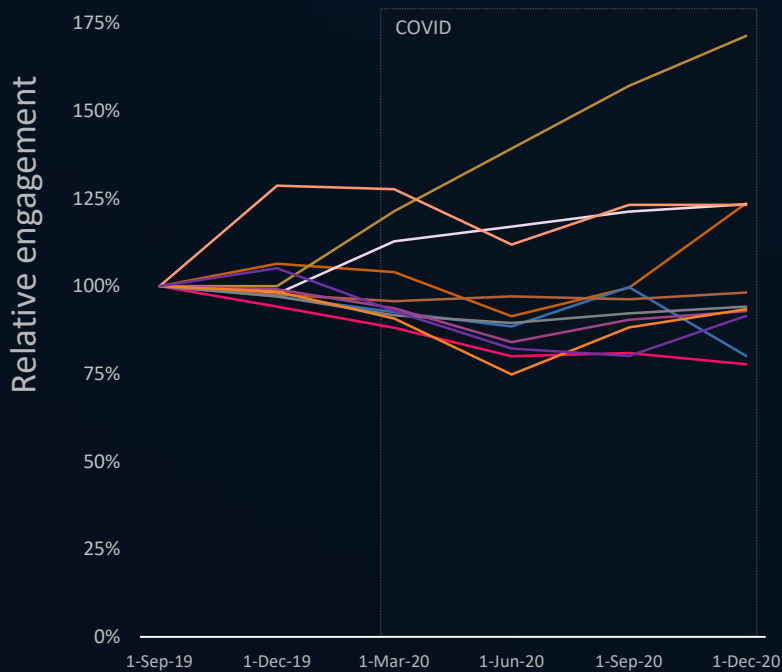
# Vitality engagement remained strong across our markets



## Resilient Vitality engagement during COVID-19

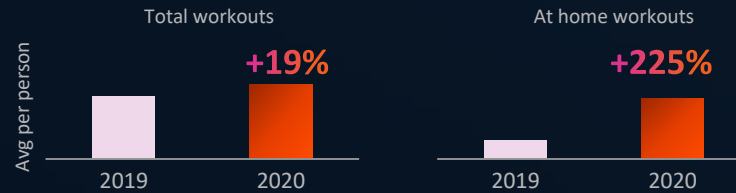
Markets experienced a moderate decline in Q1 with global uncertainty and lockdowns taking effect

2020 Q3 and Q4 showed the effect of various market interventions implemented and easing of lock-down measures



## Vitality enabled partners to respond and drive engagement with clients during COVID-19

Mobilised a powerful COVID-19 response, with Vitality at its core



Vitality Run&Walk Challenge



Ecuador's largest virtual gym



- STRATEGY PLAYBOOK
- COMMUNICATION TOOLS
- SUPPORT
- INCENTIVES FOR VACCINATION
- PROMOTIONS AND GUIDANCE
- SOCIAL
- COVID-19 DATA ANALYSIS



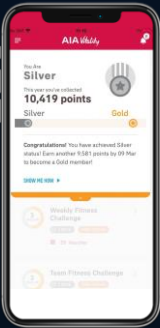
# Vitality localised and tailored to market needs

Vitality spans multiple markets, regulators, languages, time zones, vendors, rewards partners, currencies and types of financial services

National champions



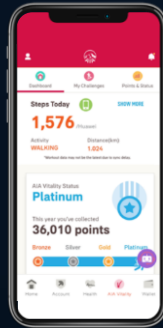
AIA Singapore



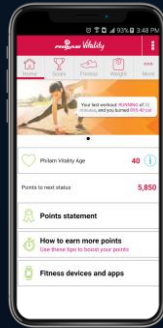
AIA South Korea



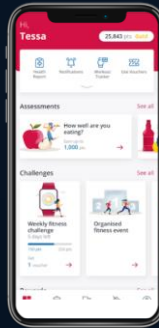
AIA Hong Kong



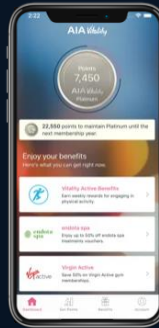
AIA Philippines



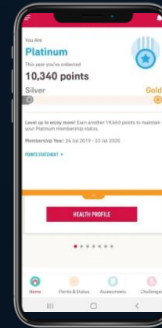
AIA Indonesia



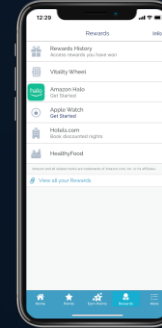
AIA Australia



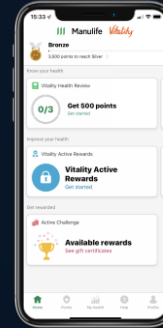
AIA Thailand



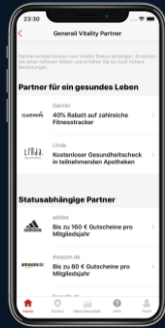
John Hancock USA



Manulife Canada



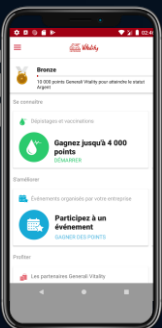
Generali Germany



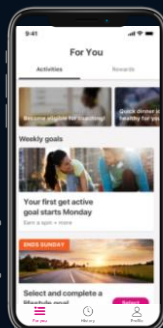
Generali Austria



Generali France



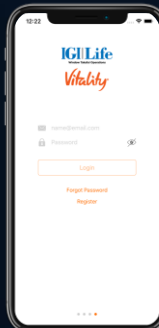
VG USA



Aetna Attain USA



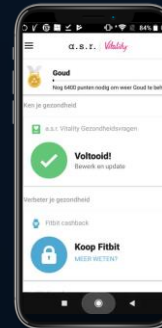
IGI Life Pakistan



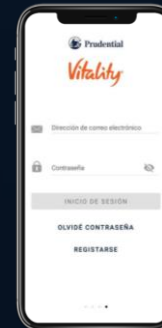
Fidelidade Portugal



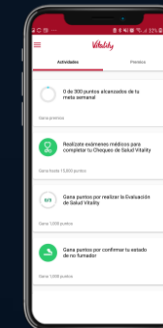
ASR Netherlands



Prudential Argentina



SaludSA Ecuador



Tawuniya Saudi Arabia

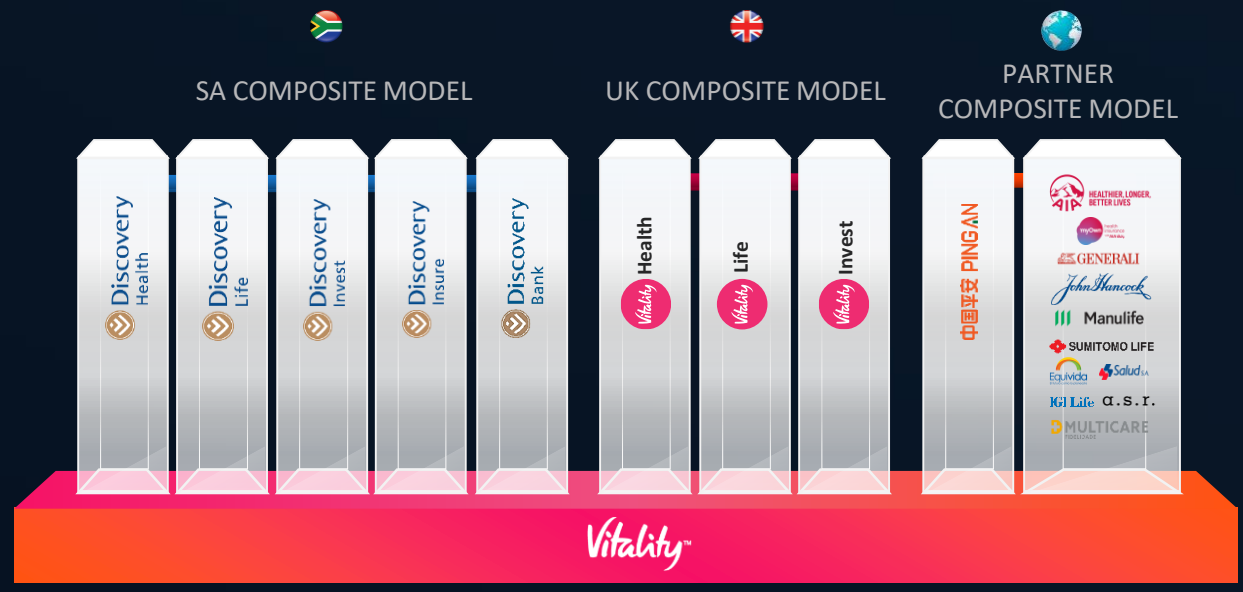


Employee wellness

Powered by

Franchise markets





Normalised operating profit  
**+19%**  
to R4 507m

Core new business API  
**+3%**  
to R9 916m

COVID-19 provisions  
**R3.4bn**  
unchanged

Headline earnings  
**-10%**  
to R1 842m

Normalised headline earnings  
**-1%**  
to R2 284m

+8% including DH take-on of new closed schemes and gross revenue for Vitality Group

- 1 Robust operating performance with prudent COVID-19 provision
- 2 Operating model performing well and driving growth, with strength in capital and liquidity
- 3 A pivot to growth following trends emerging through COVID-19
- 4 The businesses well positioned in the four strategic strands



# UNAUDITED INTERIM RESULTS AND TRADING STATEMENT

for the six months ended 31 December 2020