



# Unaudited Results

and cash dividend declaration for the  
six months ended December 2023

# Performance overview



Normalised operating profit  
**+13%**  
to R5 622m

New business  
**+28%**  
to R14 197m

Headline earnings  
**+0%**  
to R3 260m

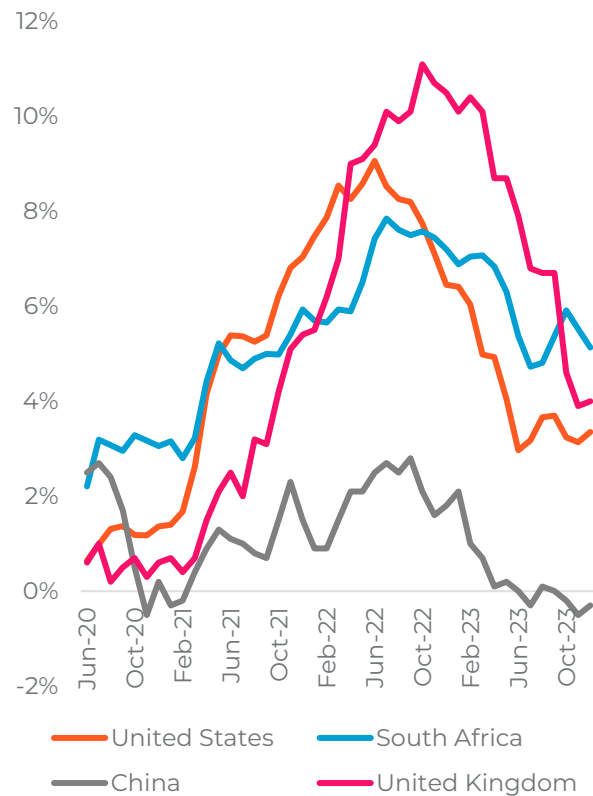
Normalised headline earnings  
**+11%**  
to R3 320m

# Navigating a complex backdrop



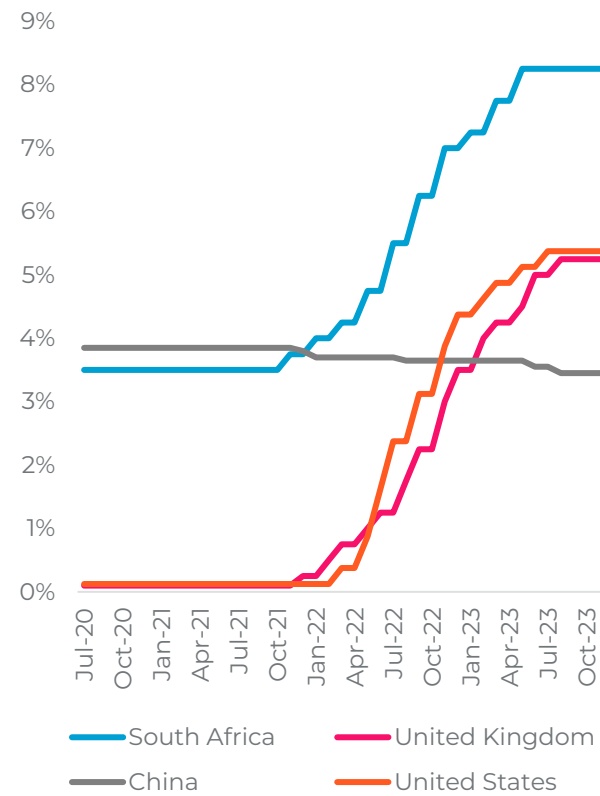
## Slowing inflation globally

Inflation rate by market<sup>1</sup>



## High interest rates

Central bank policy rates<sup>2</sup>



## Market outlook



### South Africa

- NHI bill has noble aims but creates uncertainty
- Election permutations create uncertainty
- Widespread power cuts have lessened
- **Building a perfect composite model, number 1 in every industry, along with supporting universal health coverage for all in South Africa**



### United Kingdom

- NHS challenges persist
- High services price inflation continues to keep core inflation elevated
- **Building a new generation life and health insurer, particularly on the back of a complex NHS environment for the latter**



### China

- Relationship with the West remains strained
- GDP growth is anticipated to remain below its 5% target
- Economy is still struggling with deflationary pressures, keeping inflation far below its 3% target
- **Scaling Ping An Health Insurance in a complex Chinese market**



### United States

- Economic growth expected to slow in 2024 due to increased unemployment and fading post-pandemic tailwinds
- Polarised elections raise economic uncertainty
- **Globalising our unique assets**

<sup>1</sup> Sources: StatsSA, Statista, Office for National Statistics, US Bureau of Labor Statistics  
<sup>2</sup> Source: Bank of International Settlements

# Well positioned for growth in the micro-environment



## Nature of risk

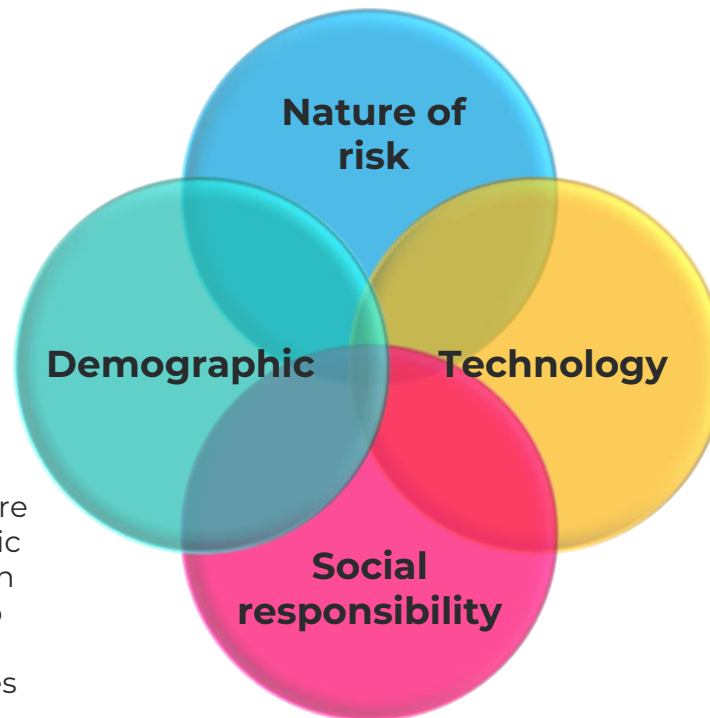
- **Risk due to modifiable behaviours:** 37% of healthcare expenses are due to modifiable behaviours
- **Causality of behaviour change:** mortality, sickness and healthcare costs are significantly impacted by behaviour change. This impact is universal; it holds across age, gender, and health status; and is elastic - so even more significant for people who are older and sicker

This requires a deep understanding of risk and how to manage it

## Demographic

- **Ageing populations impact on healthcare:** there is a corresponding rise in the incidence of chronic diseases as populations age, leading to a surge in healthcare expenses. Ageing demographics also contribute to a growing demand for long-term care services, further straining financial resources
- **Heightened obesity levels:** obesity rates are increasing and the impact on healthcare costs is substantial

This requires preventative measures, interventions and disease management programmes to improve population health



## Technology

- **Artificial intelligence and machine learning advances:** new tools are revolutionising diagnostics, treatment planning, and patient care
- **Benefits and costs of drug innovations:** rapid advances in areas like precision medicine, targeted therapies and advanced pharmaceuticals like GLP-1s bring promising breakthroughs, yet the costs associated contribute to the overall financial burden on healthcare systems

This requires sophisticated analytics to deliver hyper-personalised solutions

## Social responsibility

- **Stakeholder needs are more widely defined:** businesses face pressure to create value for all stakeholders through their products, services and client journeys
- **Evolution of value-based care:** accelerated pressure on stakeholders to improve quality of care and decrease costs, through a patient-centric approach

This requires a shared-value business model

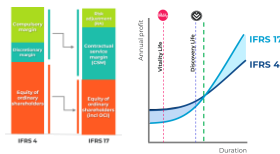


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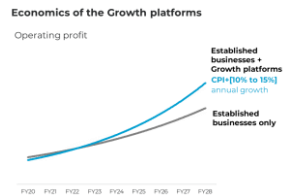
**Strong financial performance with robust operating profit growth, good cash generation and capital resilience**

2



**A smooth transition to IFRS 17 accounting standard**

3



**A focused approach to create growth platforms by scaling the Bank, evolving the Vitality Shared-value model and streamlining New initiatives to embed significant growth potential into the Group**

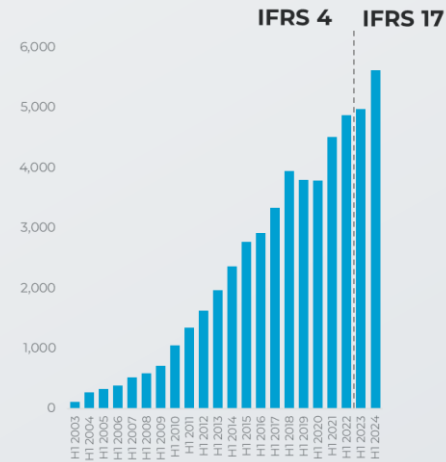
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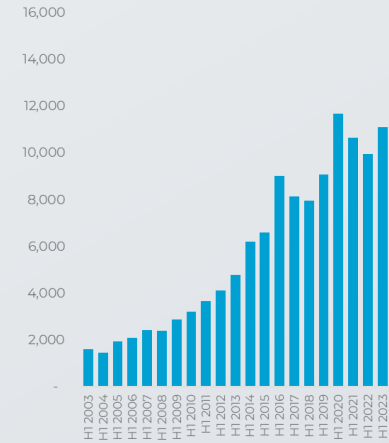
**Ensuring Discovery SA, Vitality UK, and Vitality Global, and their underlying businesses, are market leaders and performing optimally**



Operating profit



New business



# Growth and performance

# Strong operating performance

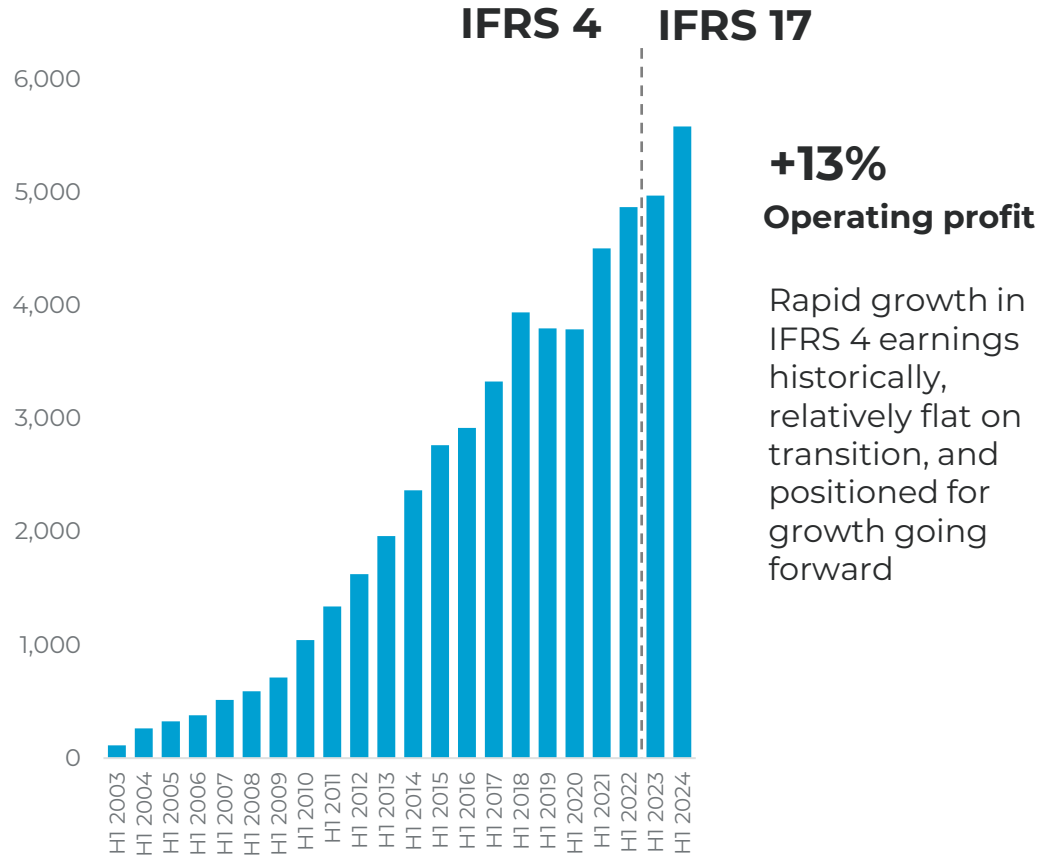


ZARm	<b>R5 622m</b> <b>+13%</b> <b>Operating profit</b>		<b>R14 197m</b> <b>+28%</b> <b>New business<sup>2</sup></b>		<b>R2 942m</b> <b>+15%</b> <b>Non-insurance income</b>		
Health	1 874	+7%	6 835	+52%	592	+3%	New business boosted by successful take-on of Sasolmed
Life – Individual	2 128	+12%	1 444	+7%			Strong earnings and improving new business margins
Life – Group	139	-42%	75	-42%			Declined off prior period's exceptional performance
Invest	620	+11%	1 629	+8%			Benefited from higher market levels
Insure	20	+150%	666	+8%			Profit curtailed by two severe weather events
Bank	-339	-15%			933	+32%	Achieved operational break-even on a monthly basis, excellent performance across all metrics
Other SA <sup>1</sup>	-87	+12%	451	-13%			
<b>SA composite</b>	<b>4 355</b>	<b>+9%</b>	<b>11 100</b>	<b>+29%</b>	<b>1 525</b>	<b>+19%</b>	
VitalityHealth	527	-20%	1 135	+28%			Increased demand from backlogs in NHS drove higher new business, along with an increase in claims experience
VitalityLife	390	+97%	935	+17%			Earnings increased from higher interest rates and once-off variances, VNB margins under pressure
VitalityInvest	-57	-48%					
Other initiatives and central costs	-48	+85%					
<b>UK composite</b>	<b>812</b>	<b>+13%</b>	<b>2 070</b>	<b>+22%</b>			
Vitality Network	296	+49%			942	+25%	Strong growth and margin expansion
VHI – Ping An Health Insurance	344	+305%	1 027 <sup>3</sup>	+28%			Excellent operating metrics, new business exceeded expectation
VHI – Other and central costs	-185	+928%			475	-8%	Continued investment into VHI
<b>VG composite</b>	<b>455</b>	<b>+71%</b>	<b>1 027</b>	<b>+28%</b>	<b>1 417</b>	<b>+11%</b>	

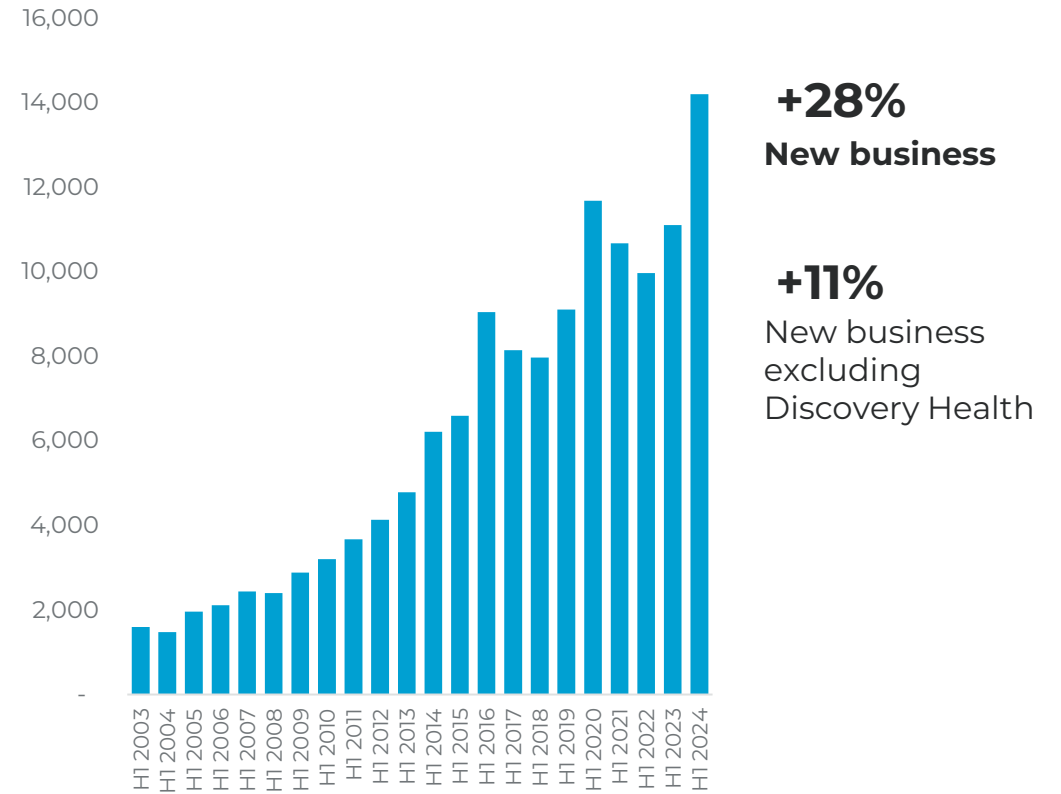
# Significant operating profit and new business growth over time



## Operating profit



## New business





# Group well capitalised with robust cash generation



## FLR within target

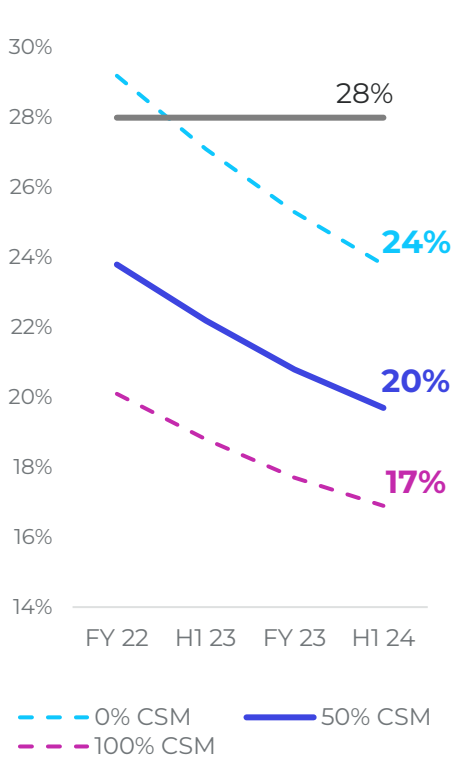
## Strongly capitalised

## Highly liquid across the Group

## Sufficient centre liquidity

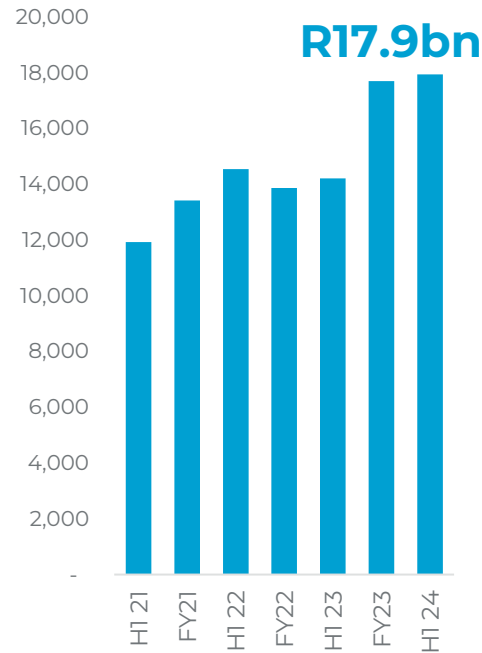
## Strong cash conversion

FLR

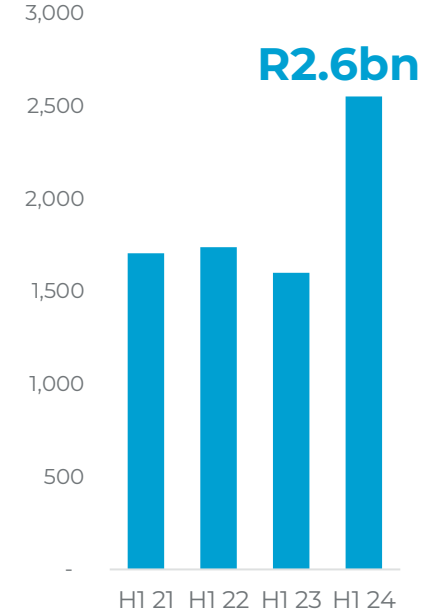


	Dec 22 Cover	Dec 23 Cover
Life	1.8x	<b>1.8x</b>
Insure	1.4x	<b>1.5x</b>
VH	1.5x	<b>1.4x</b>
VL	2.2x	<b>2.3x</b>
Bank <sup>1</sup>	1.2x	<b>1.3x</b>
PAHI <sup>2</sup>	2.7x	<b>3.1x</b>
DHMS solvency (unaudited)		30.6%

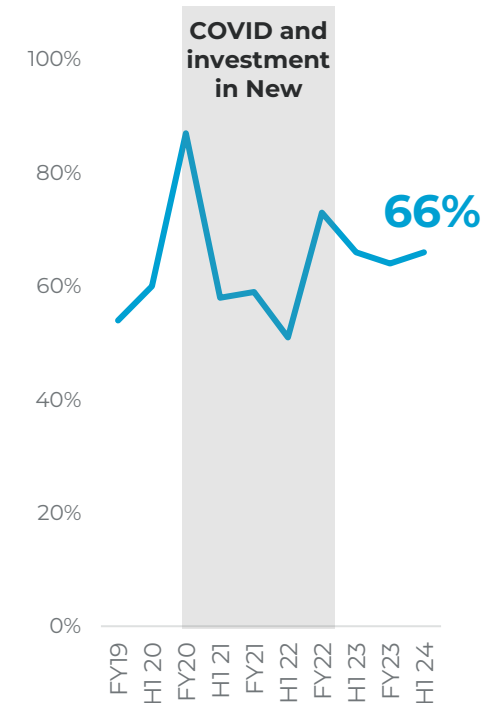
Liquid assets across the Group<sup>3</sup>, Rm



Centre liquidity<sup>4</sup>, Rm



Group cash conversion<sup>5</sup>



<sup>1</sup> Capital Adequacy Ratio

<sup>2</sup> Comprehensive Solvency Ratio, definition set by China Banking and Insurance Regulatory Commission

<sup>3</sup> Considers cash at centre, Discovery Life, Discovery Insure, VitalityHealth, VitalityLife and Discovery Bank

<sup>4</sup> Centre cash + undrawn committed facilities

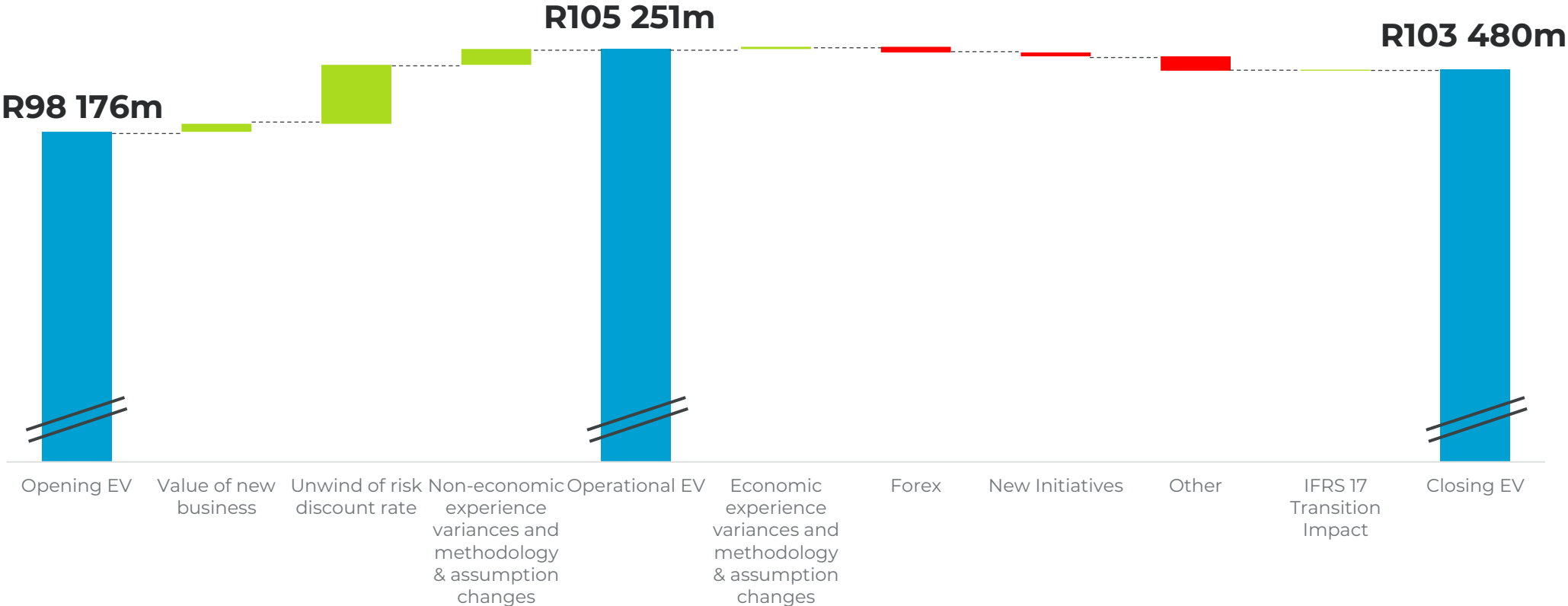
<sup>5</sup> FY 2022 excludes life COVID claims net of financing

# Strong growth in Group Embedded Value



12.1%

Annualised RoEV



# IFRS 17 performance H1 FY23 to H1 FY24



R million	Actual H1 2024	Actual H1 2023	%
<b>Normalised profit from operations</b>	<b>5 622</b>	<b>4 973</b>	<b>+13%</b>
Forex losses/gains	-40	28	
1 DP finance lease impact	-59	-73	
Finance charges excl. 1DP finance lease	-881	-778	
Investment income and fair value gains on financial instruments	195	132	
Other	-72	-50	
<b>Profit before fair value gains on VL swaption</b>	<b>4 765</b>	<b>4 232</b>	<b>+13%</b>
Fair value gains on VL swaption	-	391	
<b>Profit before tax</b>	<b>4 765</b>	<b>4 623</b>	<b>+3%</b>
Taxation	-1 422	-1 385	
<b>Profit after tax</b>	<b>3 343</b>	<b>3 238</b>	<b>+3%</b>
Profit not attributable to ordinary shareholders	-89	- 31	
loss on impairment and derecognition of assets net of tax	6	69	
<b>Headline earnings</b>	<b>3 260</b>	<b>3 276</b>	<b>0%</b>
Amortisation of intangibles from business combinations, net of tax	45	39	
Economic assumptions adjustment - VL	-	-311	
Restructuring costs	15	-	
<b>Normalised headline earnings</b>	<b>3 320</b>	<b>3 004</b>	<b>+11%</b>

The prior reporting period includes a considerable fair value gain from the swaption, which was realised towards the end of the previous financial year



## Previously communicated at FY23 announcement:

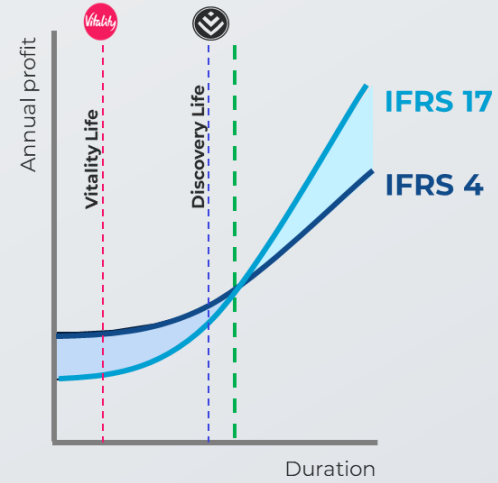
“ Annual ordinary dividend is expected to be **covered approximately 5 times** by normalised headline earnings

**Interim ordinary dividends** expected to be paid in the range of **30%-40%** of the expected total annual ordinary dividend, with the remainder of the dividend to be paid as a final dividend ”

**The Group has declared its interim ordinary dividends for period at**

**65**

**cents per share**



# Transition to IFRS 17

# Recap of IFRS 17 key messages

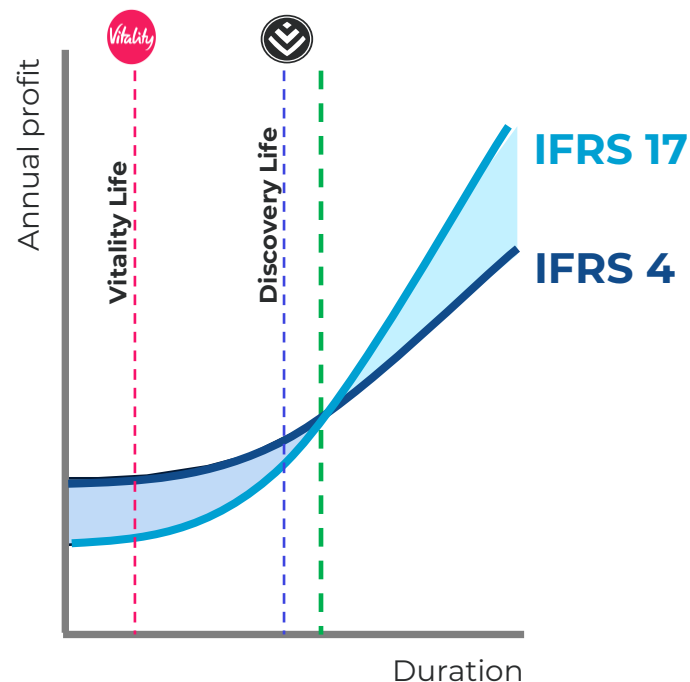


## Value unchanged but reallocated

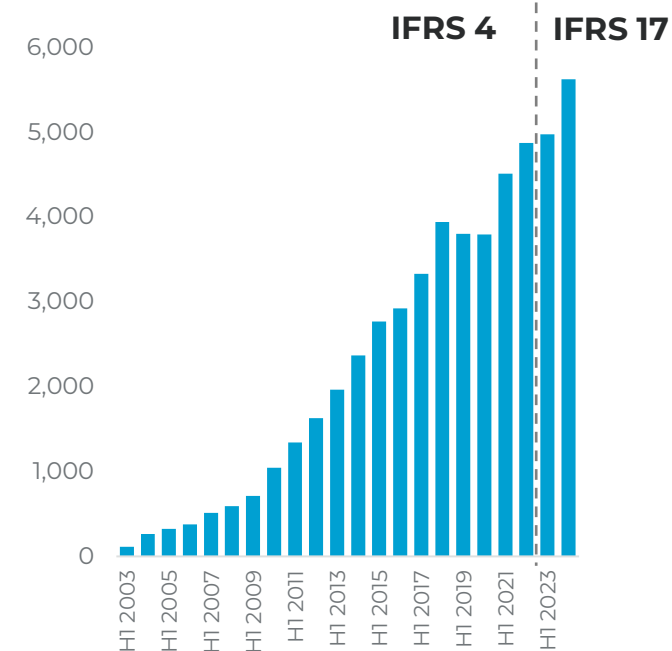
- 1 No change in underlying value nor underlying economics
  - No direct change to cash flows, underlying risk and reward of contracts. Tax cash flow impact expected to be immaterial
  - No impact on regulatory or economic solvency, capital position or capital management
  - Immaterial impact on Embedded Value
  - Ability to pay dividend unaffected as cash flows and solvency remain unchanged

- 2 Accounting standard change that affects the timing of profit recognition, therefore affects transitional balance sheet

## Group is approaching cross-over



## Strong IFRS 4 profit growth





# Reconciliation of comparative period from IFRS 4 to IFRS 17





## H1 2023 restated from IFRS 4 to IFRS 17

H1 2023 earnings

	Rm	IFRS 4	IFRS 17	%	
	Life	2 518	2 145	-15%	<p>H1 2023 benefited from lapse gains recognised under IFRS 4 whilst deferred in CSM under IFRS 17. This difference narrowed materially over the full restated prior reporting year to 30 June 2023 as the business progresses towards cross-over</p>
	Invest	592	561	-5%	
	VitalityHealth	867	658	-24%	<p>£10m (R204m) reduction in FinRe payments in the H1 2023 emerged as profit under IFRS 4. Under IFRS 17 this value would effectively have been reflected in previous reporting periods, which is included in the reported net asset value</p>
	VitalityLife	536	198	-63%	
	Other	1 417	1 411	0%	<p>£18m (R373m) of premium indexation in the prior period due to higher rates of inflation, which emerged as profit under IFRS 4. Under IFRS 17, this value is presented in other comprehensive income (OCI), which will emerge as profit in the future</p>
<b>Total</b>		<b>5 930</b>	<b>4 973</b>	<b>-16%</b>	

## Difference between IFRS 4 and IFRS 17 is volatile in the short-term

IFRS 4 vs IFRS 17 for H2 and FY 2023

		H2 2023	FY 2023	
	Life	-3%	-9%	<p>Invest gap widens due to positive cash flow and lapse experience variances taken to CSM under IFRS 17</p>
	Invest	-26%	-18%	
	VitalityHealth	-111%	-42%	<p>VitalityHealth's FinRe impact increased to £22.1m (R450m) for FY 2023, widening the gap between IFRS 4 and IFRS 17</p>
	VitalityLife	-22%	-43%	
	Other	1%	0%	
<b>Total</b>		<b>-12%</b>	<b>-14%</b>	

**IFRS 4 leads to a significant level of volatility that is reduced under IFRS 17 through the use of CSM and OCI**  
**As at December 2023 the Group had R38.2bn of CSM net of reinsurance**



# Business performance and Growth platforms



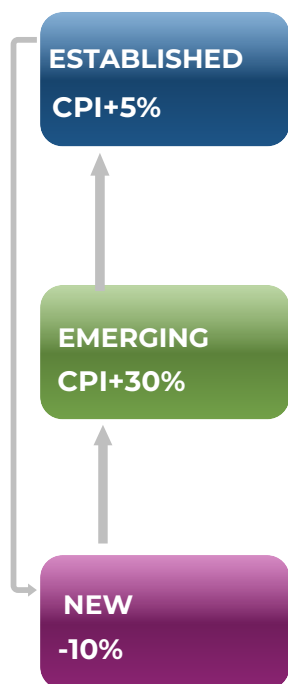
# Discovery grows businesses organically



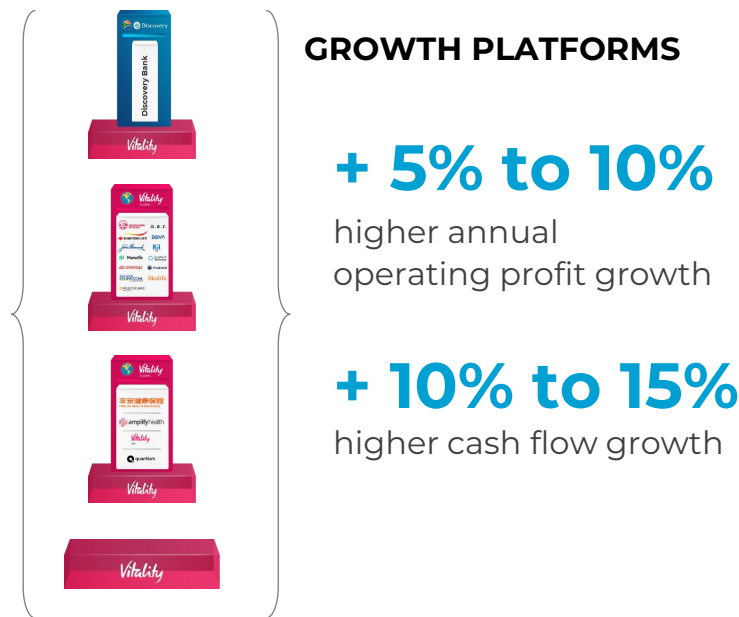
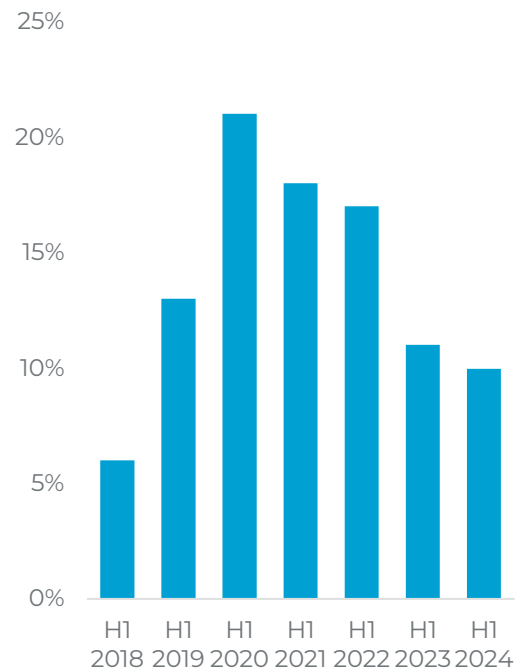
Organic growth model

Focused on streamlining New initiatives

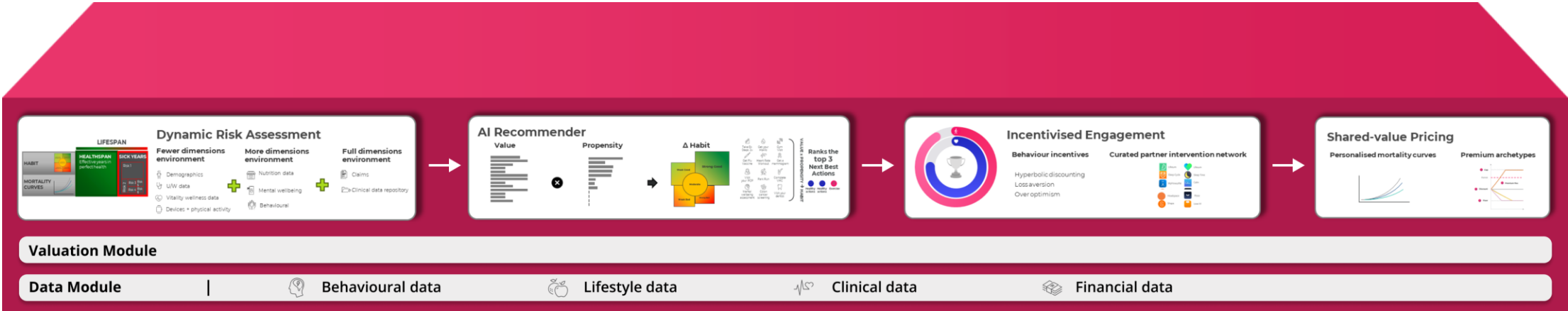
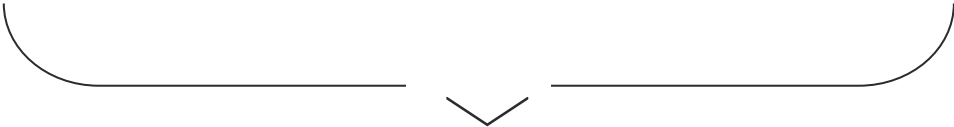
Growth platforms expected to drive material growth



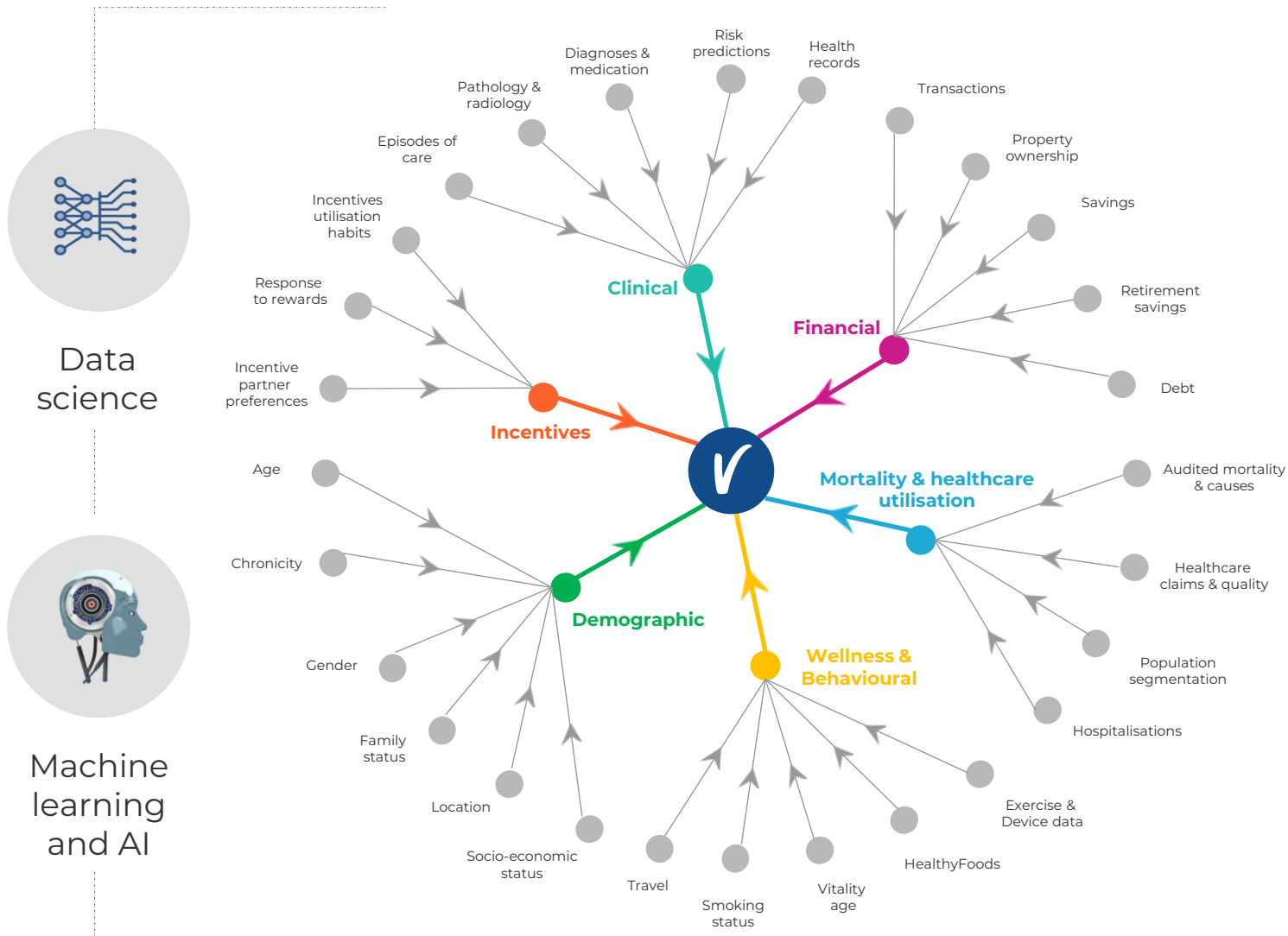
Investment in New % core operating profit



# The Vitality chassis has evolved



# Vitality's rich and comprehensive dataset allows for a sophisticated understanding of behaviour and the impact on risk



## Clinical and wellness data linked longitudinally

Using data from 2008 until 2024



### Wellness

**Device data | 1.1bn events**

*All step and heartrate data gathered by devices from the Vitality program*

**Vitality engagement | 26.5m life-years**

*Data from health checks and assessments, enrollment into Vitality programs such as healthy weight and smoking cessation*



### Clinical

**Demographic | 48.7m life-years**

*Member information, e.g. age, gender, health-related test results, chronic conditions, and programs etc.*

**Health utilisation | 48.7m life-years**

*Claim lines, hospital admissions, benefit details,*

**Conditions | 11.7m life-years**

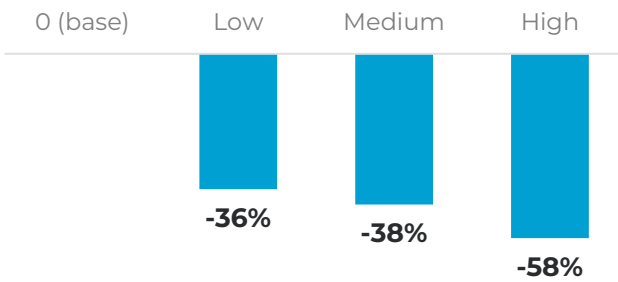
*Chronic registrations, pathology results, health related test results*

# The effect of behaviour change exceeds expectations

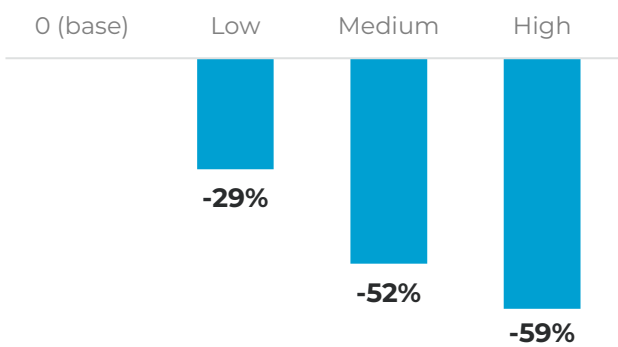


## Physical activity has a significant impact on mortality and increases by age

Relative mortality for the 45-65 age group

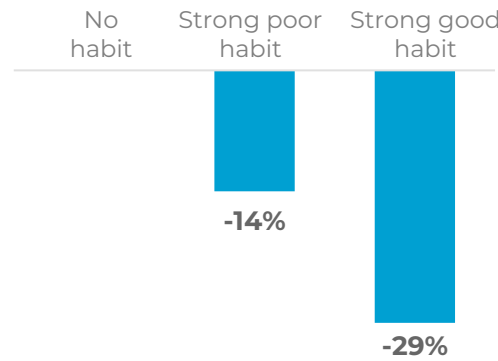


Relative mortality for the 65+ age group

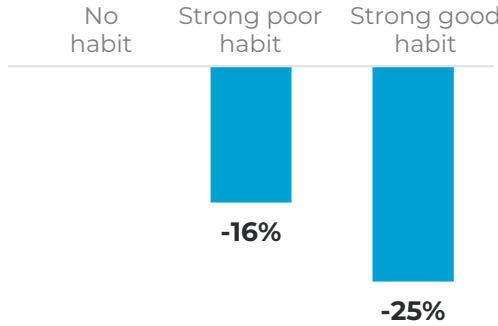


## Physical activity has a significant impact on healthcare costs

Relative reduction for the 45-65 age group



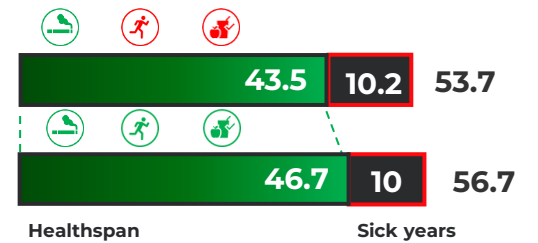
Relative reduction for the 65+ age group



## Effects of behaviour change increase with age and chronicity

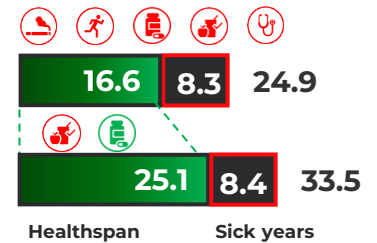
### Young moderately healthy 30-year-old

**+7%**  
increase in healthspan



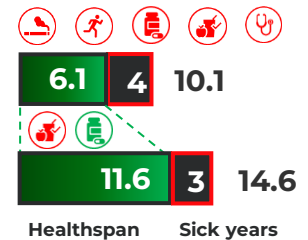
### Middle age unhealthy 50-year-old

**+51%**  
increase in healthspan



### Advanced age unhealthy 70-year-old

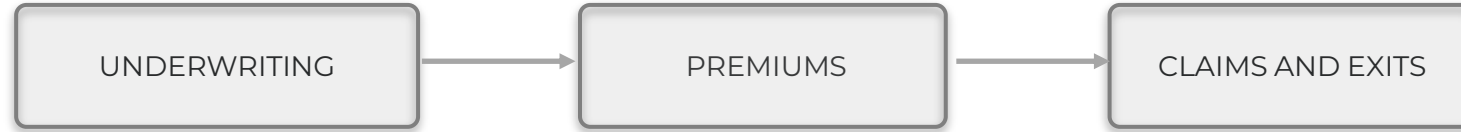
**+90%**  
increase in healthspan



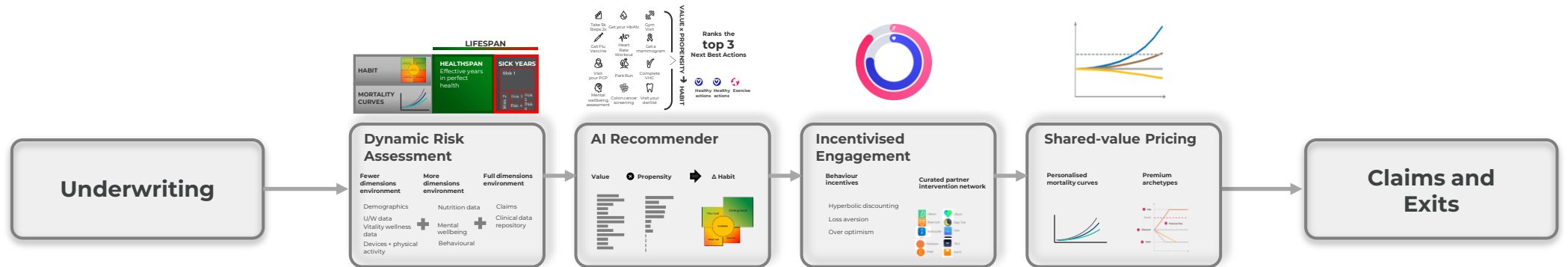
# Vitality enhances the traditional value chain



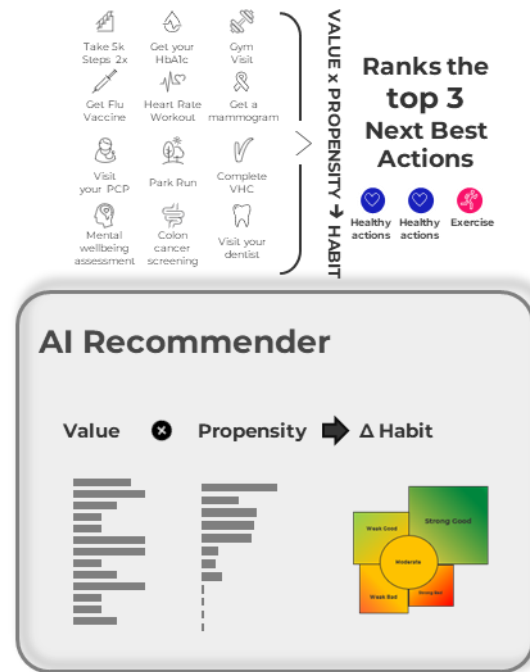
## TRADITIONAL VALUE CHAIN



## SHARED-VALUE VALUE CHAIN



# AI Recommender

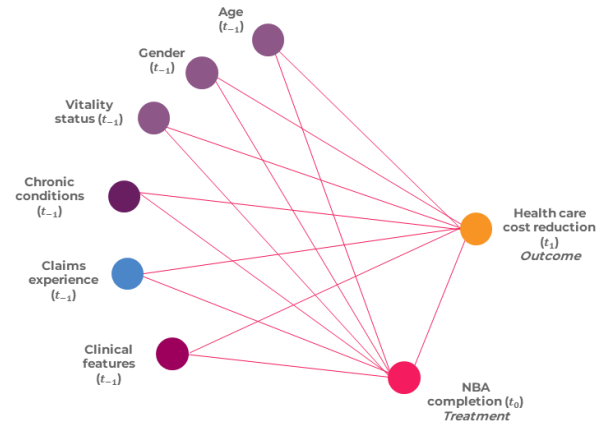


# Hyper-personalised Next Best Actions, with personalised goals



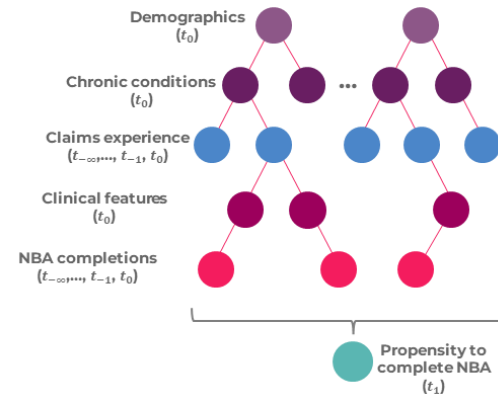
## VALUE

Causal model built to estimate the effect of completing an NBA on downstream healthcare costs



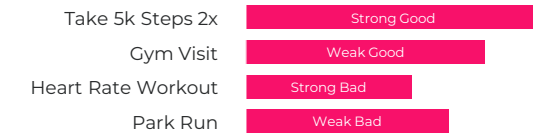
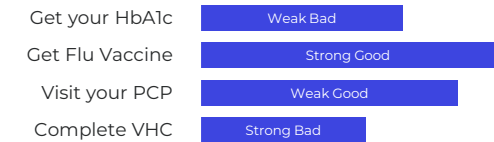
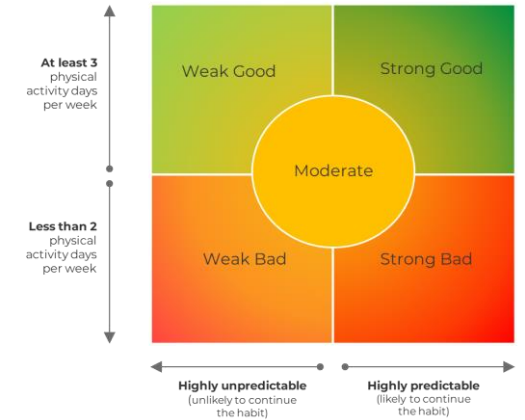
## PROPENSITY

Ensemble Machine Learning model built to estimate the probability of a customer to complete an NBA

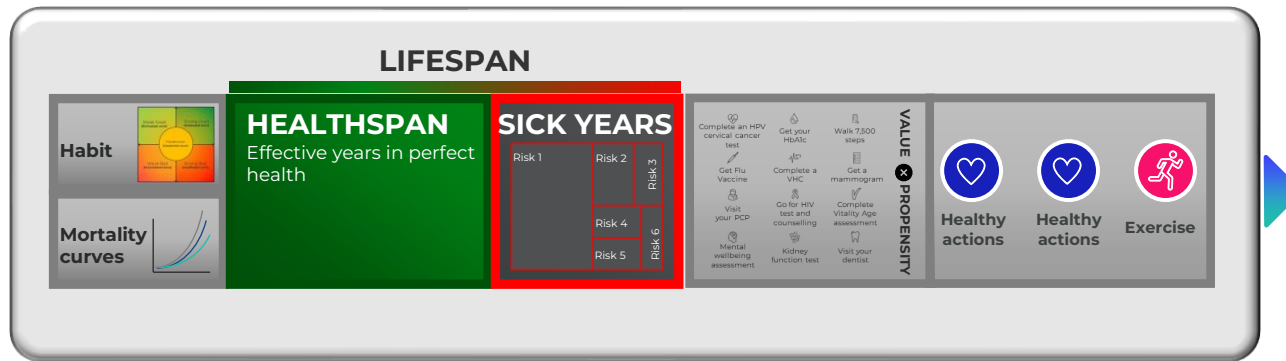


## HABIT

Index built to quantify and classify a customer's consistency of completing an NBA

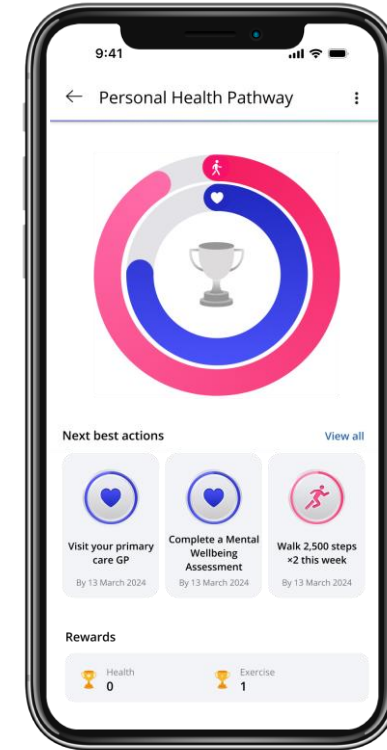


# Personal Health Pathways | A hyper-personalised programme manifesting in a simple user experience with two rings



Dynamic Risk Assessment

Next Best Action



Applicable to:

- Vitality Network
- VHI
- Discovery Health
- Discovery Life
- VitalityHealth
- VitalityLife

In future, Bank and Insure

Data Sources

Personal Health Pathway

Data Dimensions





# Life insurer | The impact is significant on all measures

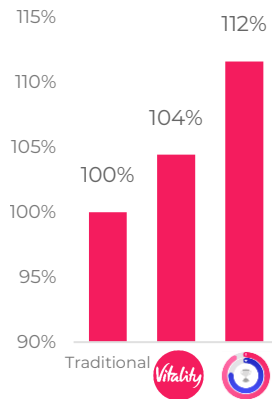


## Value drivers of Personal Health Pathways

- Higher status transitions from unengaged to engaged
- Lower lapses
- Narrower risk differentiation within each status

### Insurer value

Higher VoNB



**12% higher VoNB**

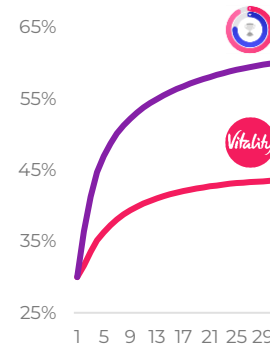
### Customer value

Lower premiums (PV premiums vs Traditional, over 20yrs)

Bronze	<b>99%</b>
Silver	<b>95%</b>
Gold	<b>81%</b>
Platinum	<b>81%</b>

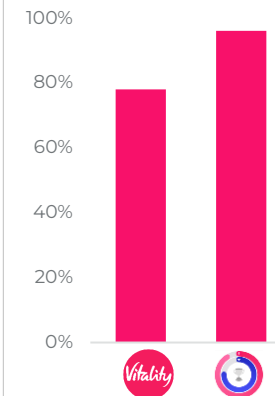
**Bronze never pays more than traditional**

More health-engaged members



**36% more engagement**

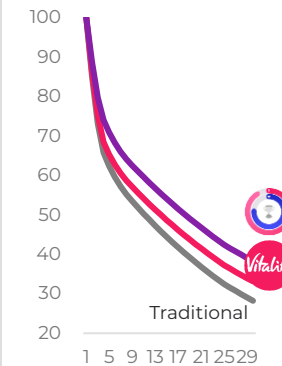
More rewards (Vitality rewards as % Vitality premiums)



**18% more Vitality rewards**

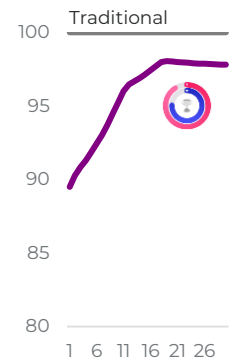
### Societal value

Larger portfolio of lives covered



**15% more lives over 20 years**

Reduced cost of cover



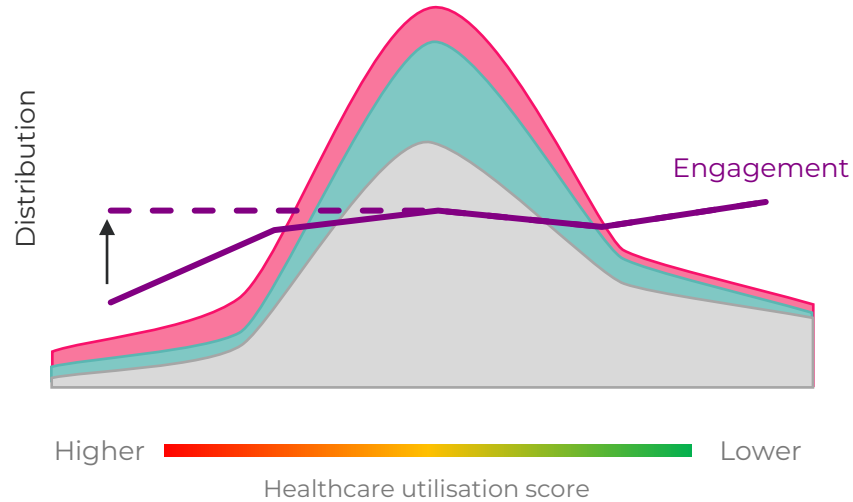
**94% Lower premiums**

# Health insurer | The impact is significant on all measures



## Distribution of clients by healthcare costs

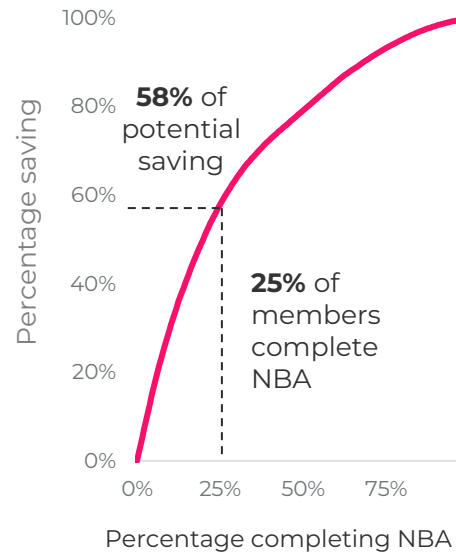
Member base by different healthcare utilisation scores



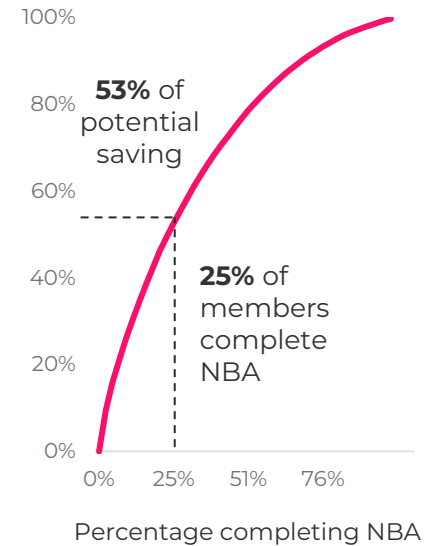
- Top 25% of clients within chronic cohorts with highest *value x propensity* to target with NBA
- At-risk or unhealthy clients
- Other

## Impact of doing Next Best Action | Net savings to health funder

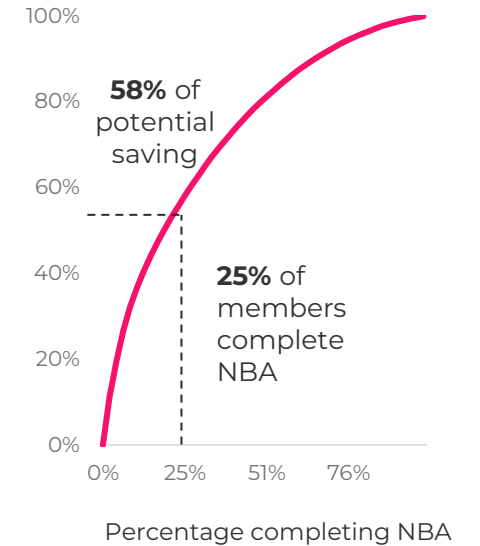
Diabetes



Hypertension



Combined hypertension and diabetes

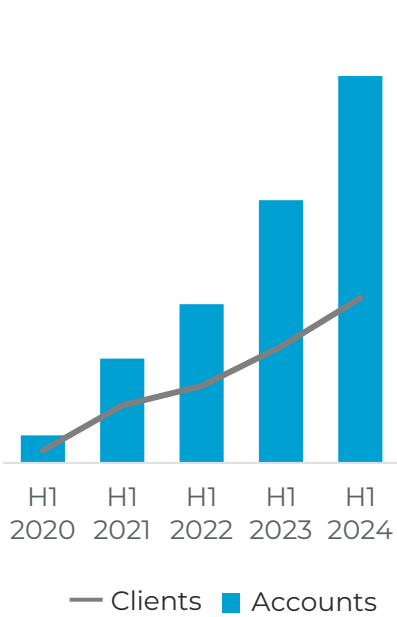






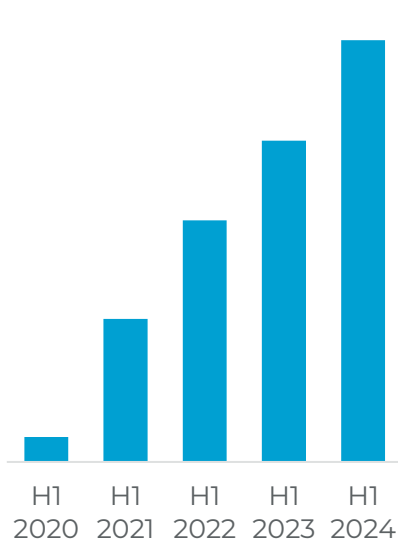
## Clients

**+42%**  
to 825k



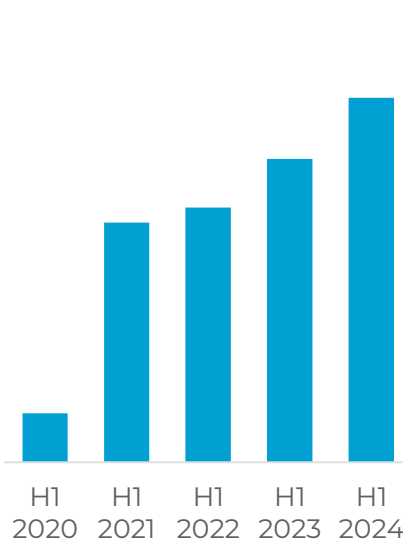
## Deposits

**+31%**  
to R16.67bn



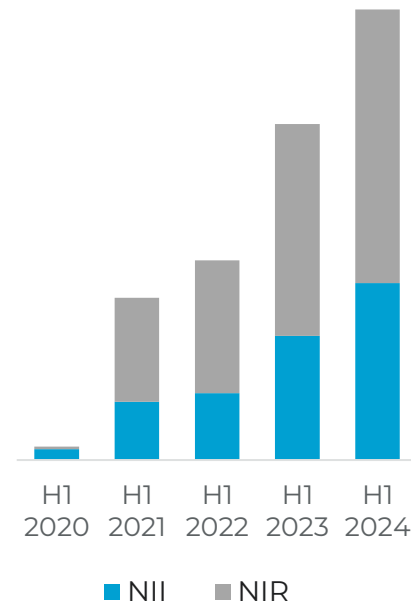
## Advances

**+20%**  
to R5.75bn



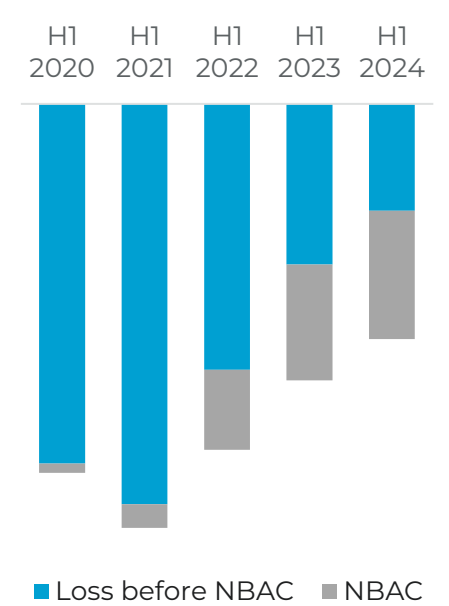
## Revenue (NII + NIR)

**+32%**  
to R933m



## Operating result

**-15%** to (R339m)  
**-40%** to (R154m)  
Before NBAC



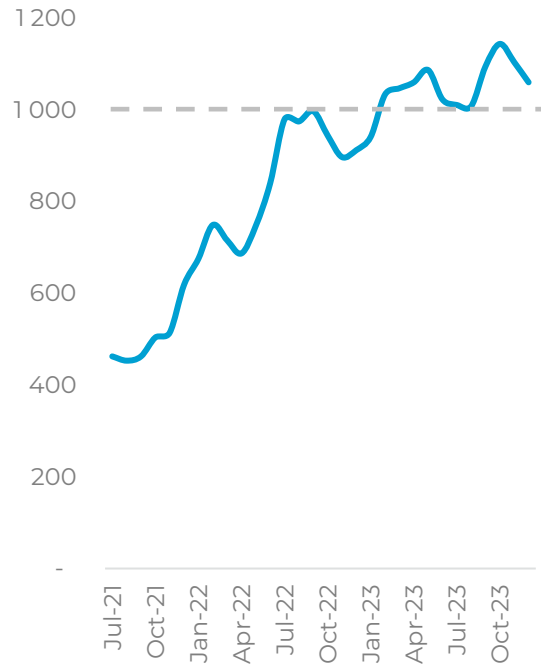
# New business acquisition costs driven by strong growth



## Average daily sales

>1 000

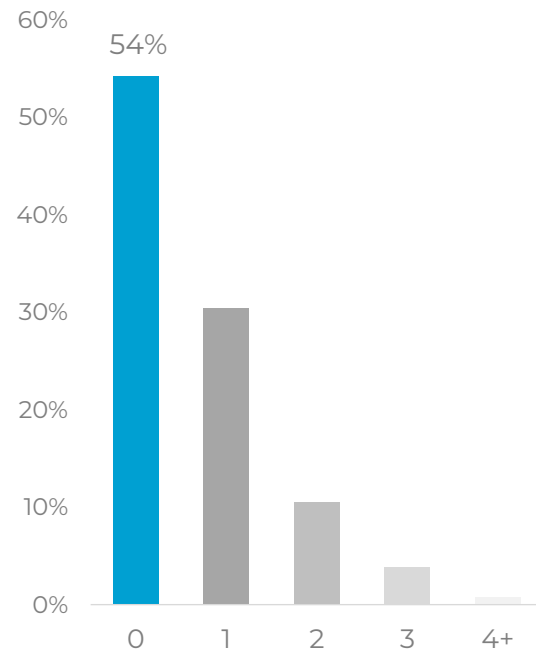
Average sales per business day



## Source of new business

New business by number of Discovery products

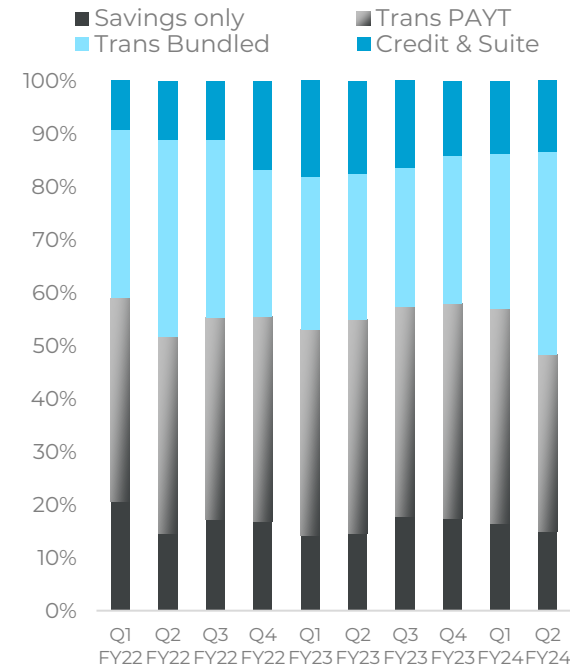
Average July 2023 – December 2023



## New business product mix

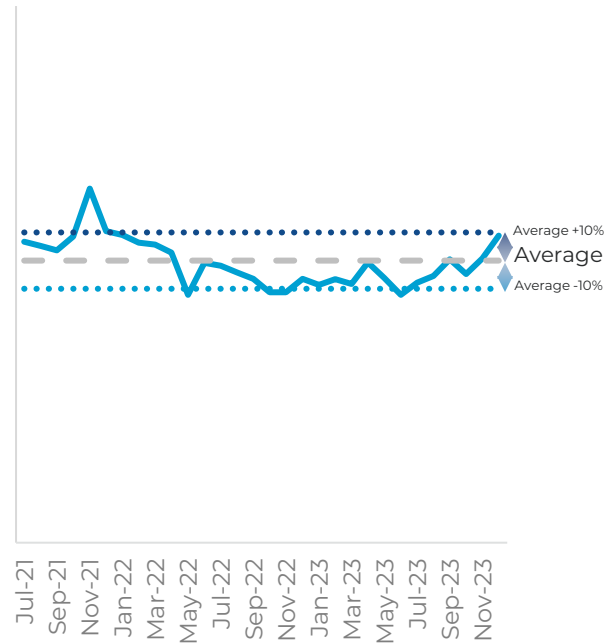
Product mix of new business

>40% Transaction Bundled accounts, Credit cards and Suites



## New business acquisition costs

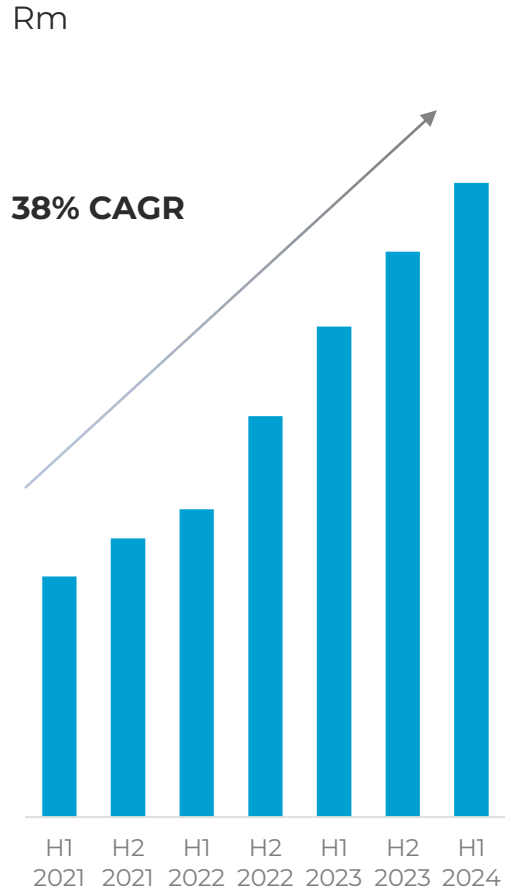
New business acquisition costs per new client



# Strong NIR growth

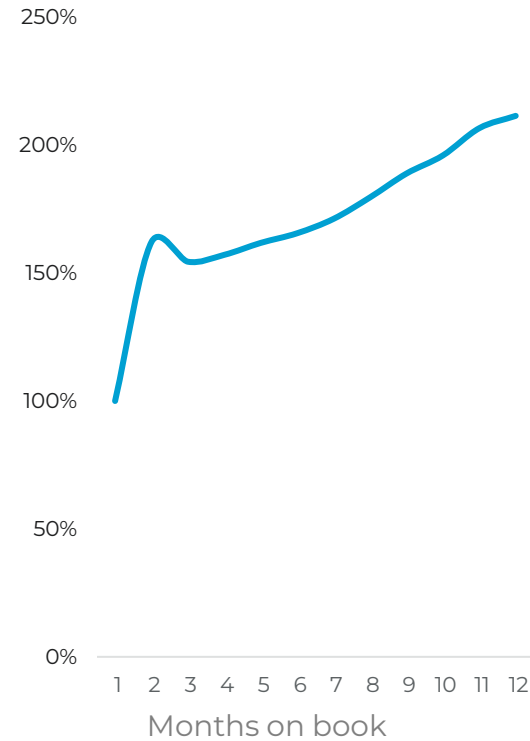


## Total net NIR



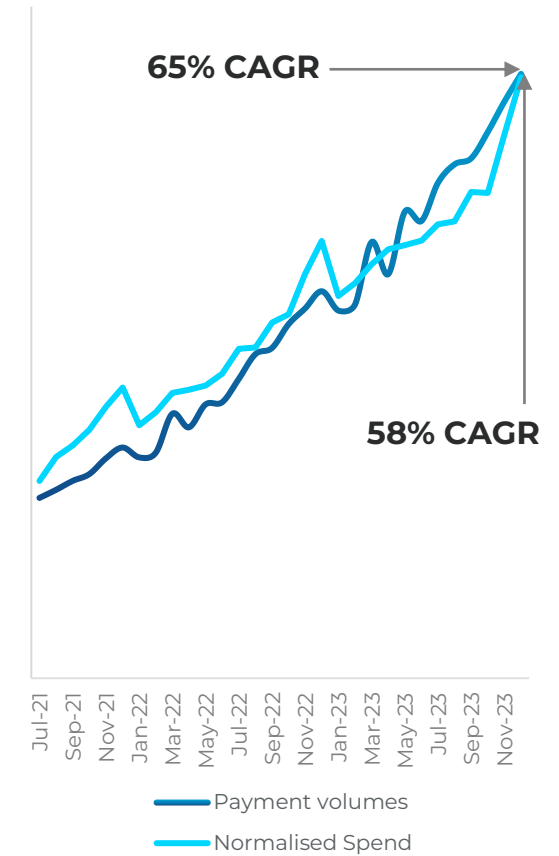
## Increasing NIR per client by duration

NIR per new client by months on book  
(indexed to first month after joining)



## Record-high monthly banking activity

Monthly spend and payment volumes



Spend is normalised for days in month.

# Strong NIR growth driven by Banking capabilities



**Measure**

- Gold Vitality Health
- Bronze Vitality Drive
- Diamond Vitality Money

**Discovery Miles**

- 75% Healthy Living
- Spending
- 70% Fuel and Uber
- 10% to MILES 30% off D-DAY

**Vitality Active Rewards**

- 1 Reward
- 2 Plays
- Personalised gameboard

**Travel**

- 75% Flights
- The Lounge
- 25% Accommodation
- 25% Car hire

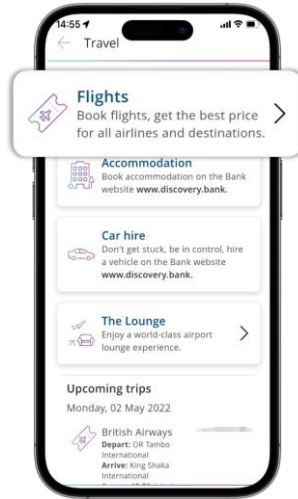
**Ecosystems**

- Home
- Travel
- Health
- Fitness

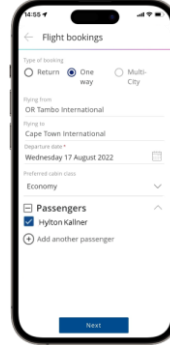
**Capabilities**

- Pay Payments
- Data
- Servicing

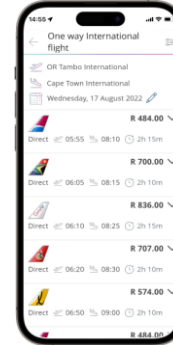
## VITALITY TRAVEL



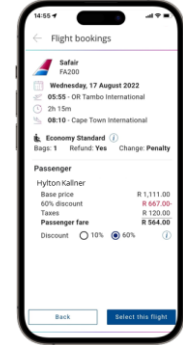
### Discover



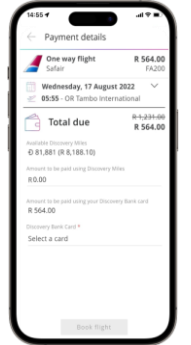
### View flights



### Select flight



### Make payment



Select travel routes and dates

Go through the various flight options with discounts applied

Select your flight and confirm flight details

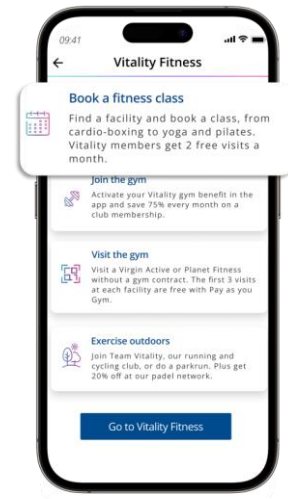
Pay using Discovery Miles or a Discovery bank account

**>1.4m** cumulative flights booked since launch

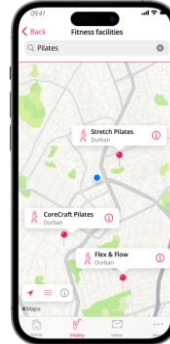
**2 338** members flying per day with Vitality Travel

**>170k** cumulative lounge visits since launch

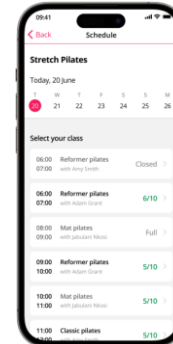
## VITALITY FITNESS



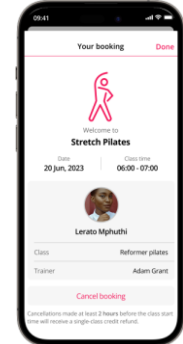
### Discover



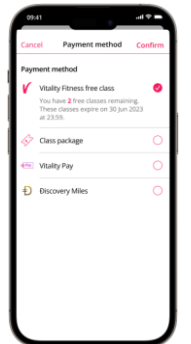
### View class schedules



### Confirm booking



### Make payment



Choose from >400 facilities in South Africa

Go through the facility's class schedule to find a suitable slot

Confirm your spot at the class in a few taps

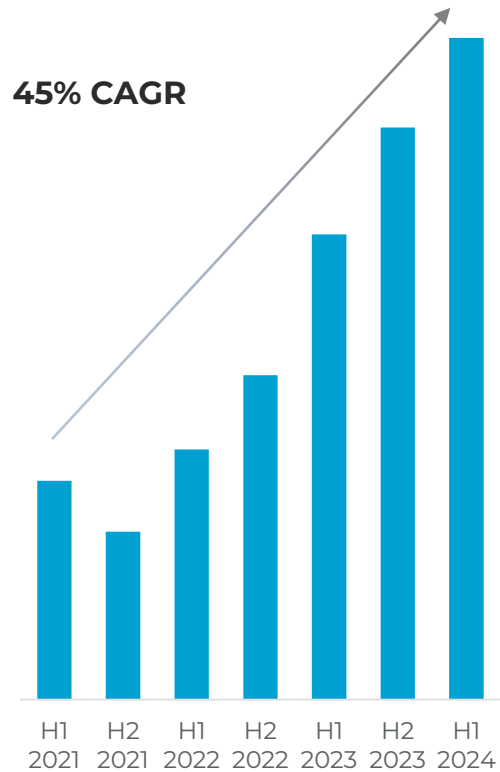
Pay using Vitality Pay, Discovery Miles or a free credit

# High-quality credit growth strategy supported by the Shared-value model and integration



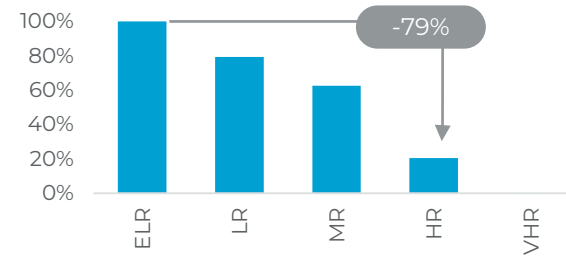
## Total NII

Rm

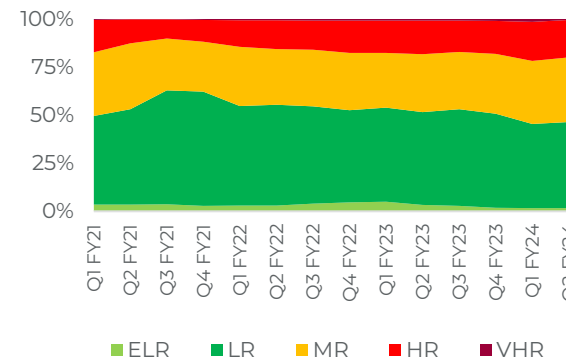


## Credit growth strategy

Approval rate by credit risk (indexed to exceptional low risk)

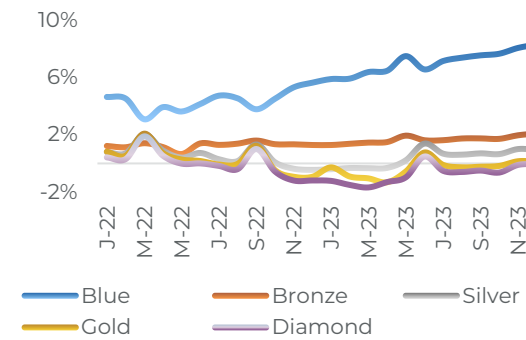


New business risk distribution

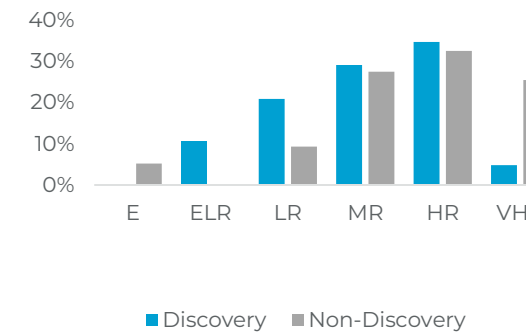


## Shared-value impact and value of integration

Credit loss ratio by Vitality Money status

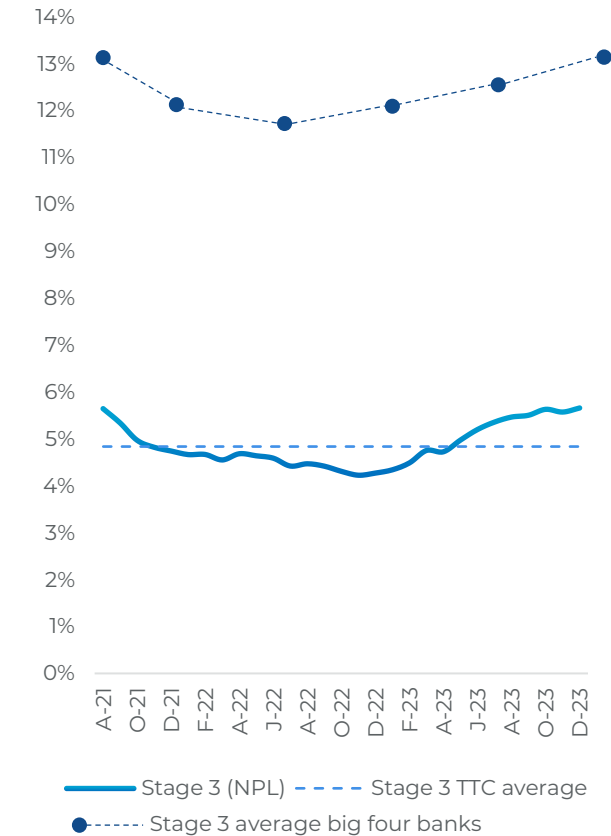


Risk distribution by DSY vs non-DSY clients



## Non-performing loans

Stage 3 advances

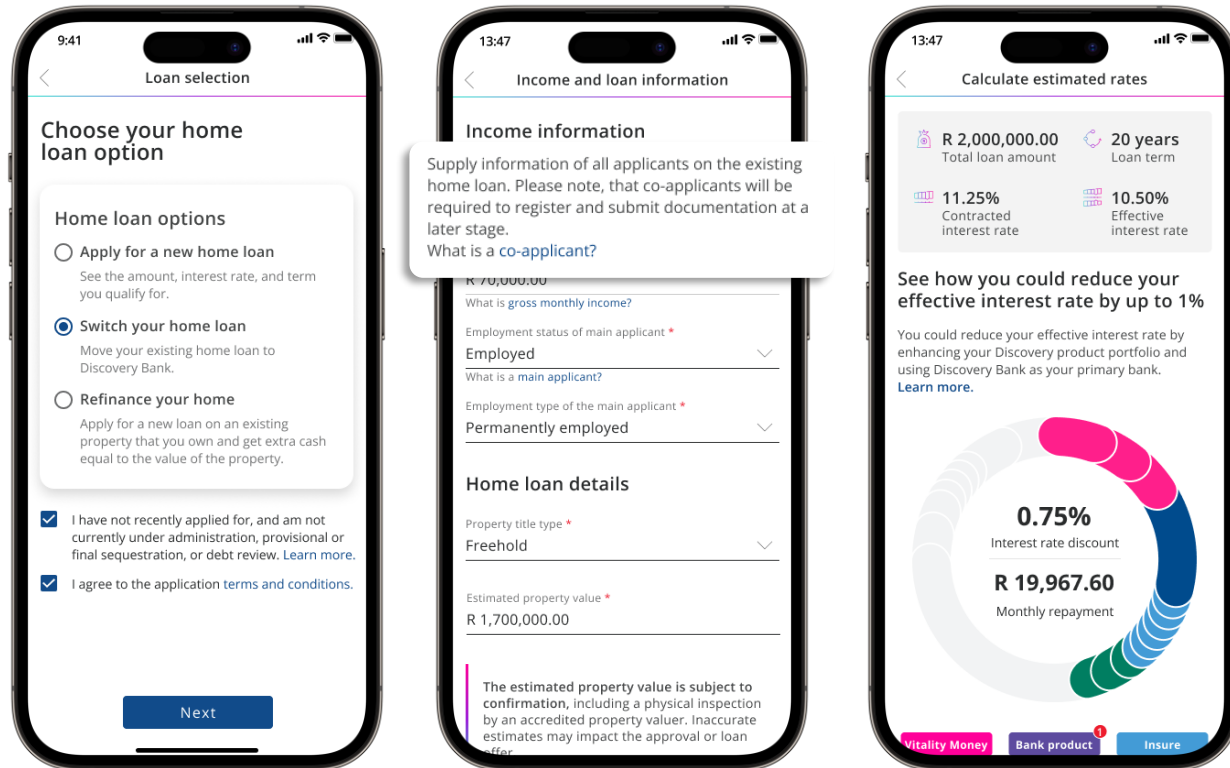




# Discovery Bank home loans market launch



## The Discovery Bank Home Loan



**New** home loans,  
**switch** or **refinance**

Up to **three co-**  
**applicants**

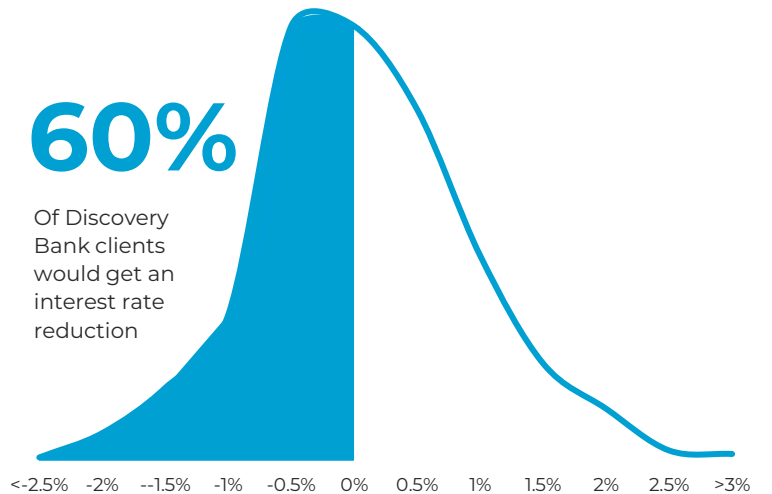
Up to **100%**  
**financing** with  
personalised  
interest rates

Up to **30-year**  
term

Dynamically  
**reduce** interest  
rate by **up to 1%**

## Home loans mispricing is an opportunity to create value

Mispriced Discovery Bank clients



**R280bn**

Home loan balances held by Discovery Bank clients



**R1 400bn**

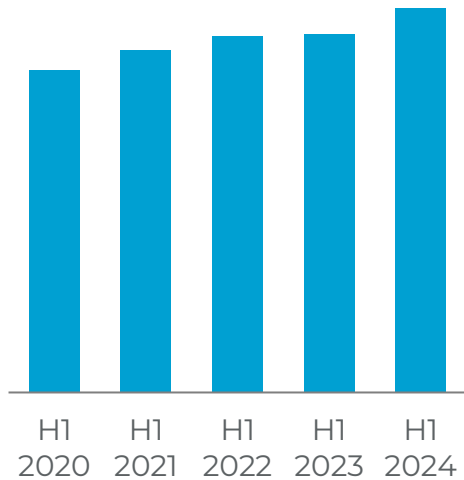
Home loan balances held by South Africans





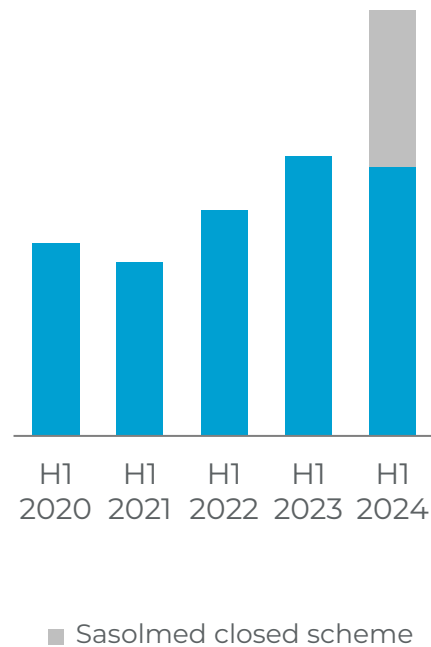
## Operating profit

**+7%**  
to R1 874m



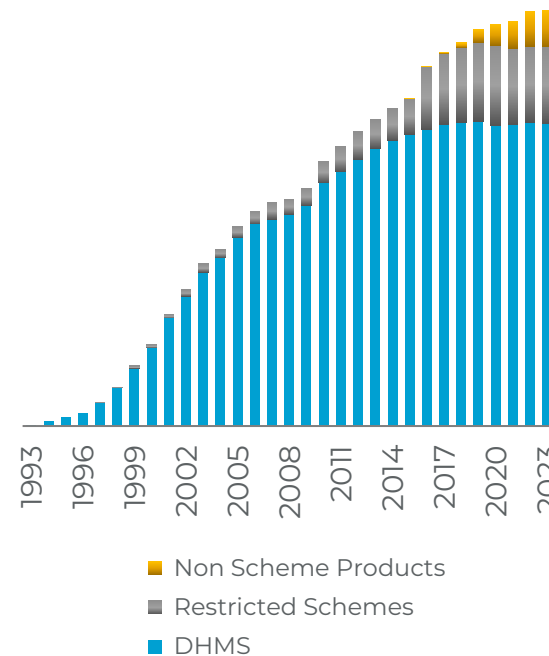
## New business

**+52%**  
to R6 835m



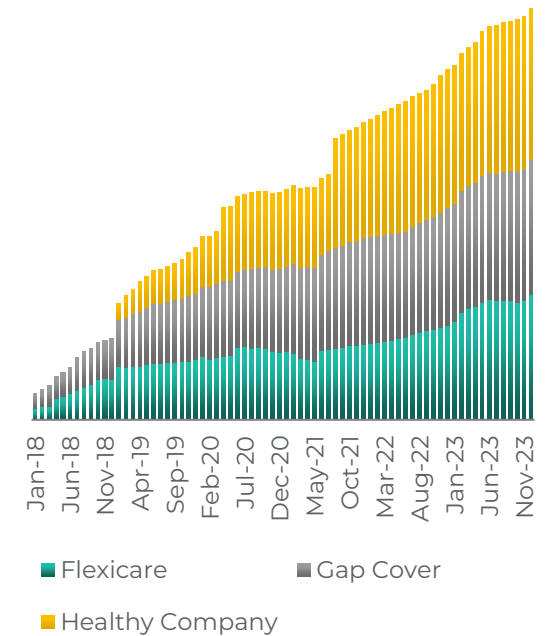
## Membership

**>3.8m**  
Lives under administration



## Non-scheme growth

**+7%**      **+17%**  
to R722m Revenue      >340k Lives



# Discovery Health Medical Scheme: continued excellent performance in a complex environment



## Membership

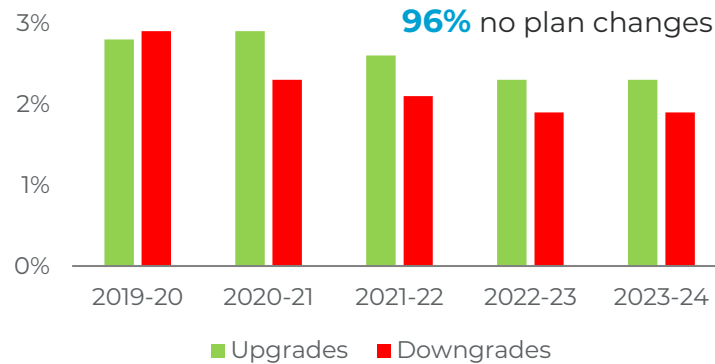
**57.8%** market share



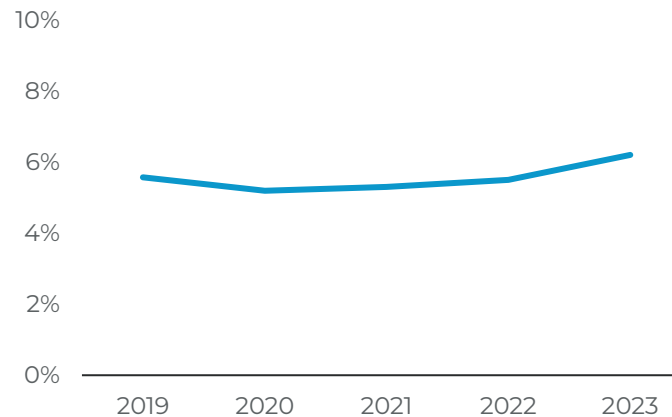
Membership and market share as at June 2023

## Customer satisfaction

Low proportions of members change plans, with more members upgrading than downgrading:



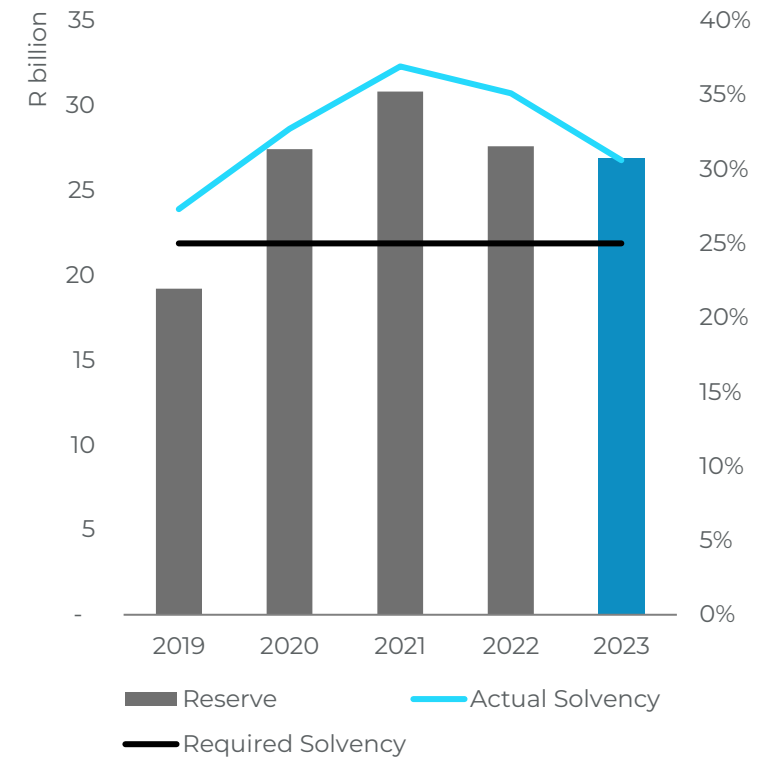
Lapses continue to remain stable



Plan changes exclude impact of plan closures

## Solvency

**R27.1bn** unaudited reserves  
**30.6%** unaudited solvency  
**AAA** credit rating

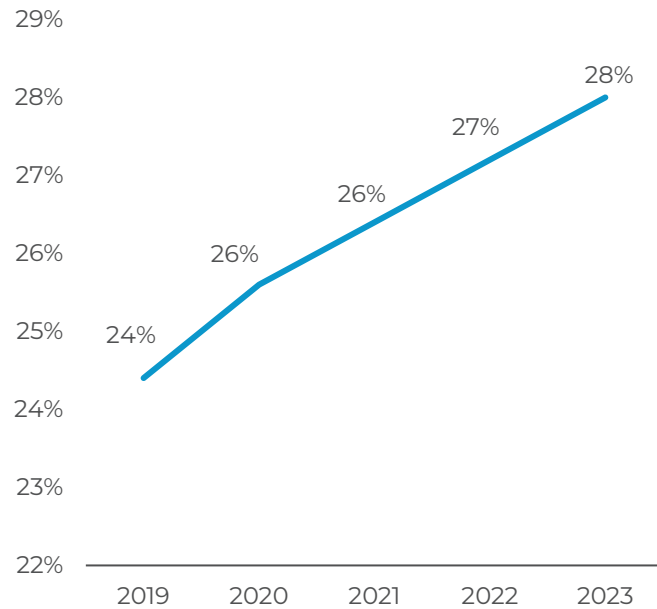


# Significant value from introducing Personal Health Pathways



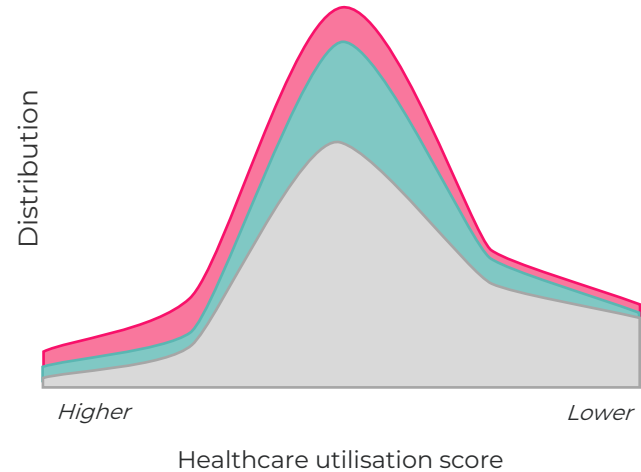
## Chronicity

Chronic ratios continue to increase



Members or clients living with chronic disease are **~4X** more expensive than those without chronic disease

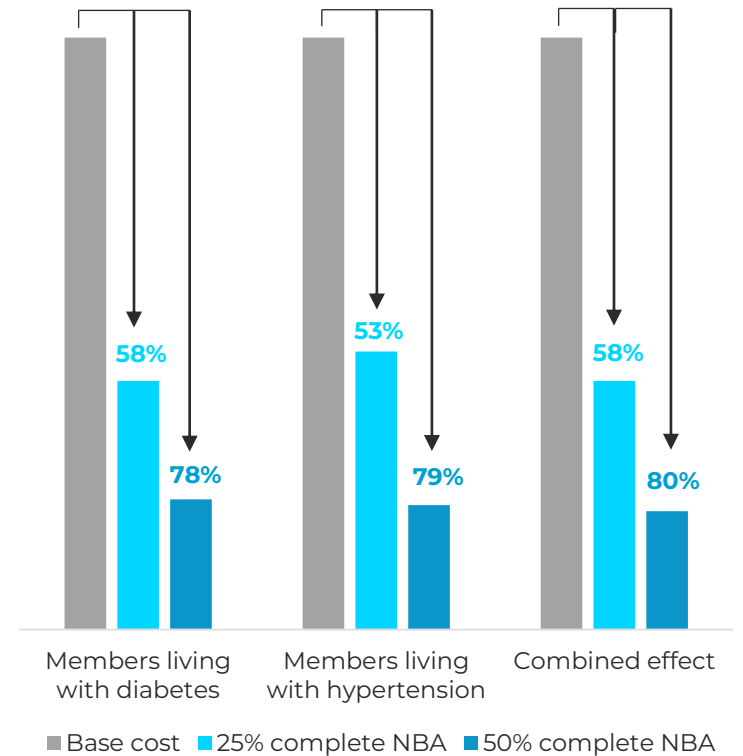
## Ability to identify the most valuable clients to target



- Top 25% of clients within chronic cohorts with highest *value x propensity* to target with NBA
- At-risk or unhealthy clients
- Other

## Significant uplift

Cost savings where Next Best Action (NBA) is followed



# Status quo is unsustainable – universal healthcare is crucial

**R200bn**

Additional funding required p.a, as indicated by the National Department of Health for narrowed benefit package

**31%**

increase in personal income tax or;

**6.5%**

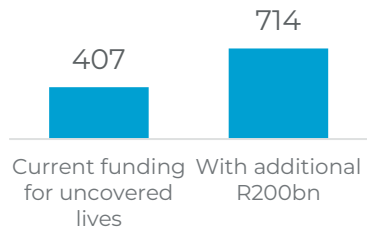
increase in VAT (from 15% to 21.5%) or;

**10x**

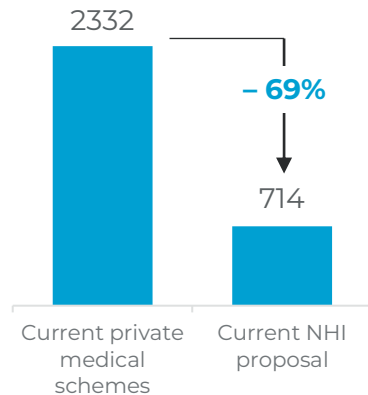
increase in payroll tax (current UIF contributions).

Healthcare funding available per person remains constrained (ZAR)

**Public sector**



**Private sector**



## Discovery’s position: NHI is not workable without private sector collaboration

### A change to Section 33 is required to enable private sector collaboration

*“33. Once National Health Insurance has been fully implemented as determined by the Minister through regulations in the Gazette, medical schemes may only offer complementary cover to services not reimbursable by the Fund”*

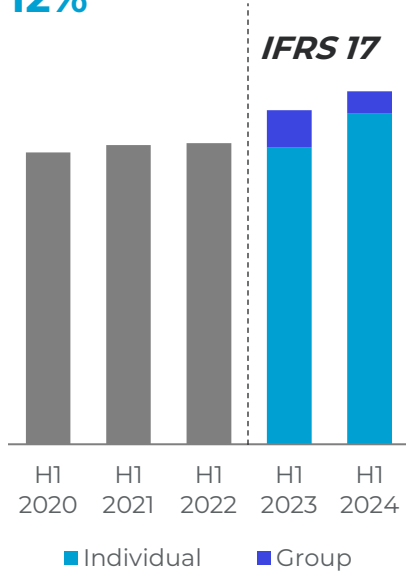




## Normalised operating profit

**+6%**  
to R2 267m

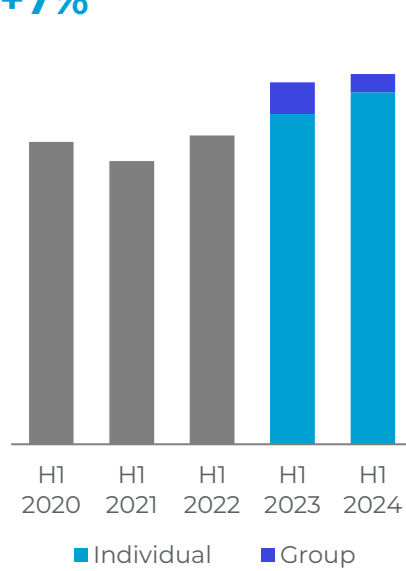
Individual life:  
**+12%**



## New business

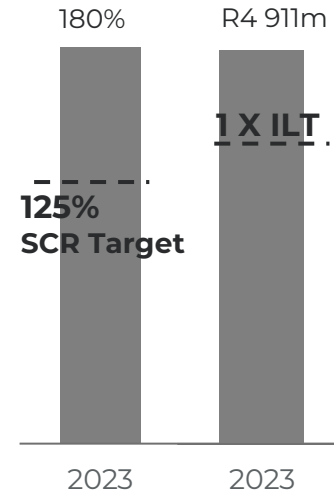
**+2%**  
to R1 519m

Individual life:  
**+7%**



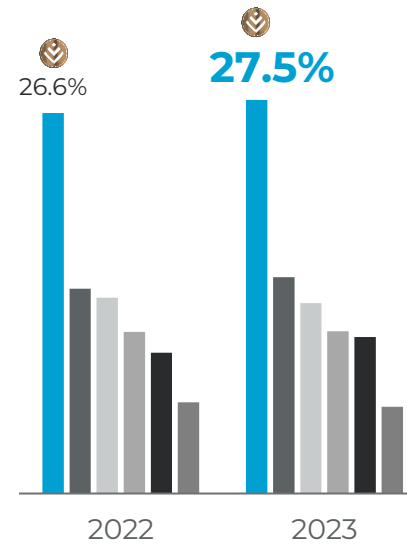
## Strong capital and liquidity

SCR coverage    Liquidity coverage



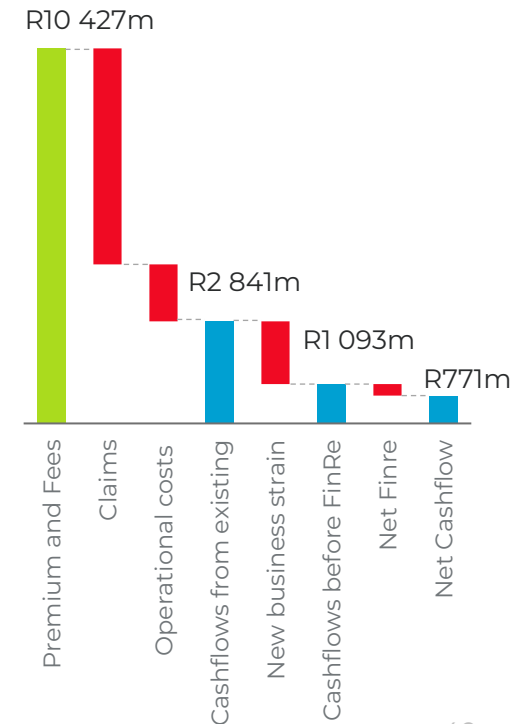
## Maintained leading market share

12 months to December 2023



## Strong cashflow generation

Life and Invest cash flow  
**in excess of 35%** of net  
of tax normalised earnings



Discovery Life Market Share: +0.90% growth vs prior year, 1st and growing across IFA and Tied channels, negligible current share of bancassurance  
NMG Market Share survey: Total Affluent Protection Market 2023

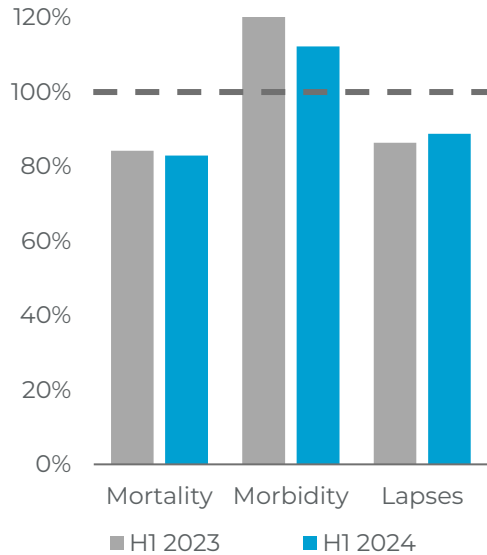


# Robust EV growth with positive operating variances



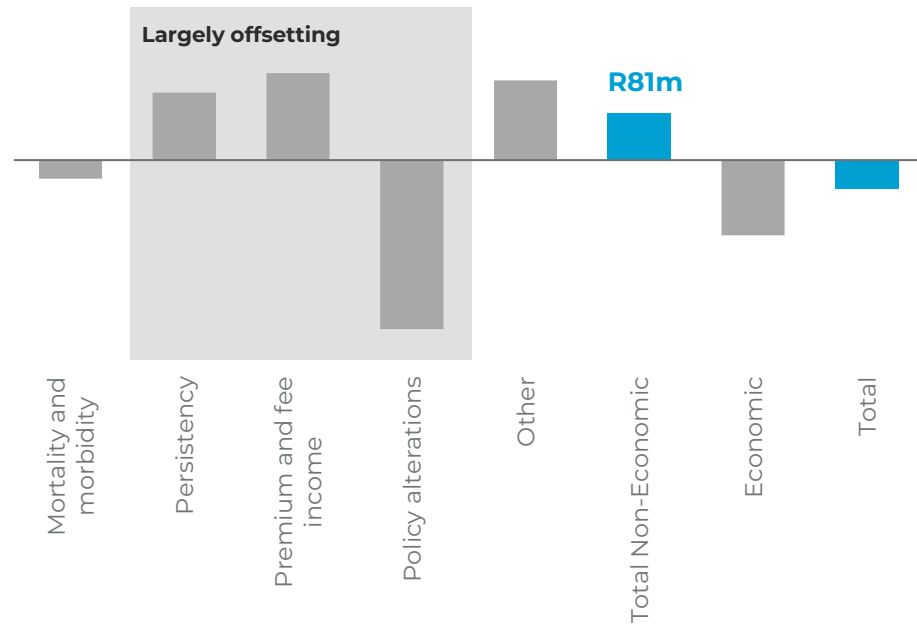
## Positive non-economic operating variances

Individual life



Improving claims experience, with favourable mortality largely offsetting elevated morbidity

Discovery Life Ltd variances (Rm):

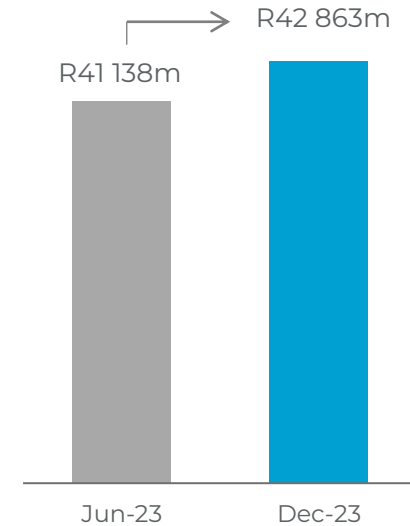


Premium and fee income gain driven by positive integration experience

Policy alterations was a significant negative variance and worsened from prior period

## Growth in Embedded Value

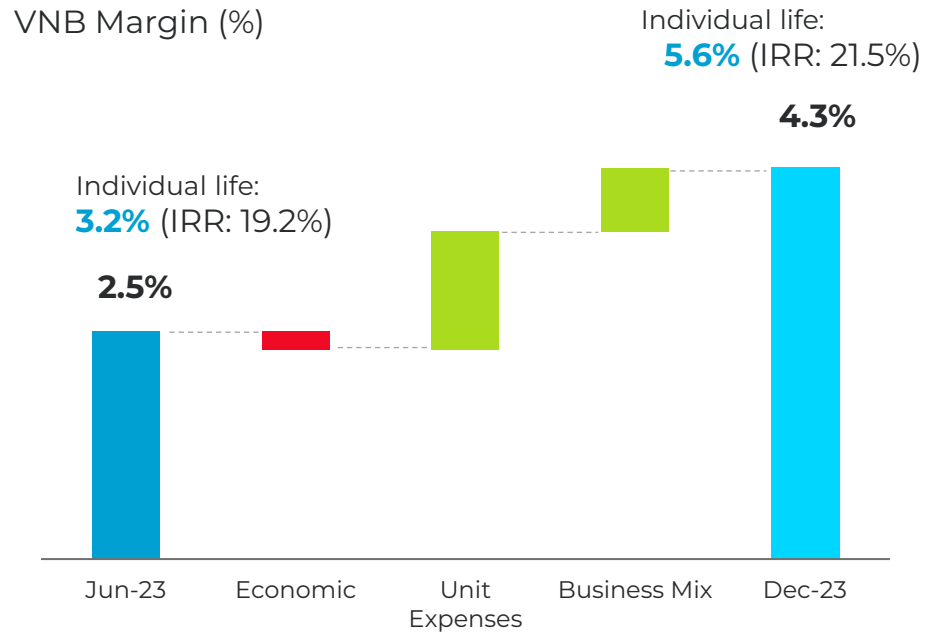
**12%** RoEV  
**15.3%** constant economics



# Margin improvement and generating significant customer value



## Significant improvement in VNB margin



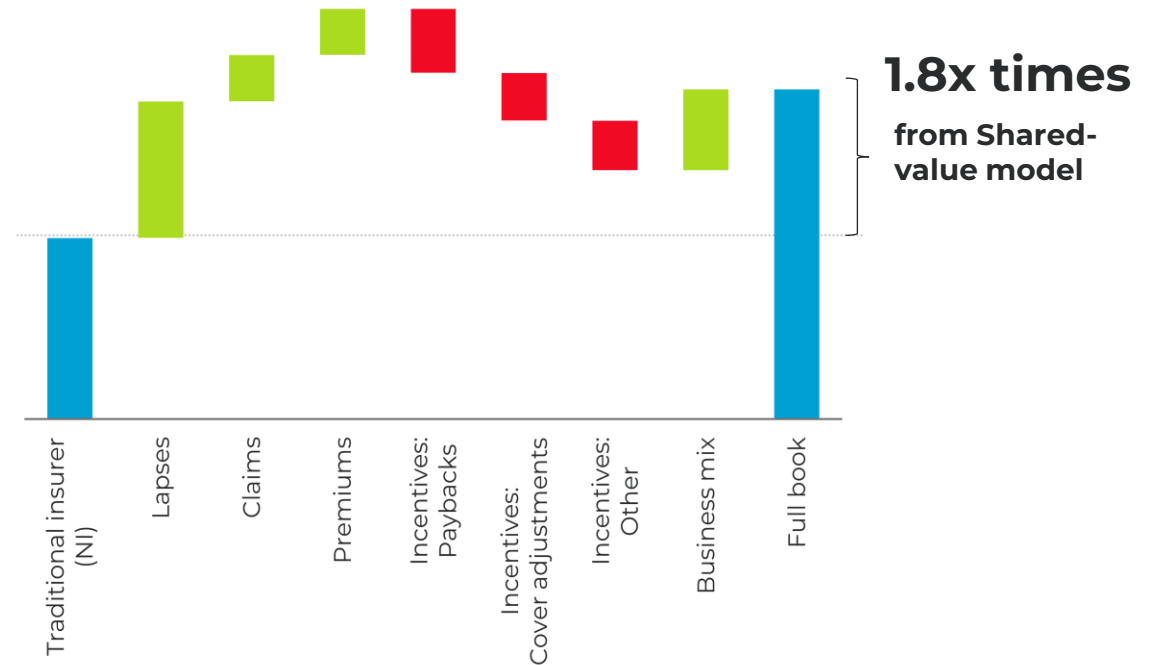
Increase in margin driven by:

- Strong new business volumes in Individual Life
- Improved business mix
- Efficient expense management
- Negative economic impact

## Superior returns driven by Shared-value model

**c70%** of value from behavioural uplift returned to policyholder

VNB per unit of premium\*:



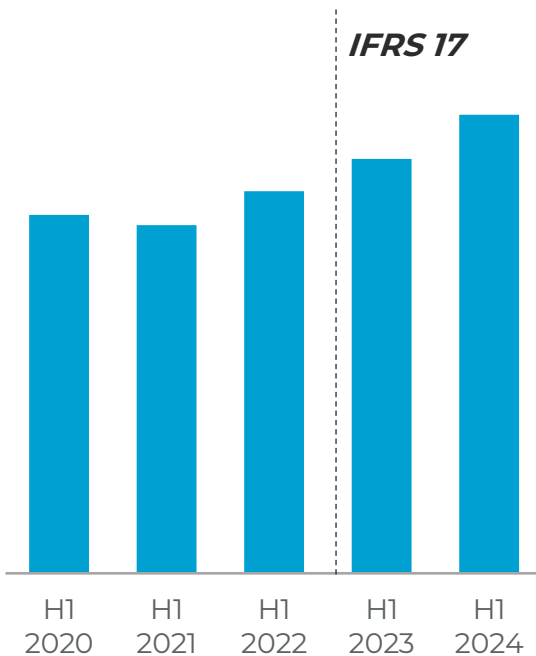
\*Based on June 2023 data and long-term interest rate view





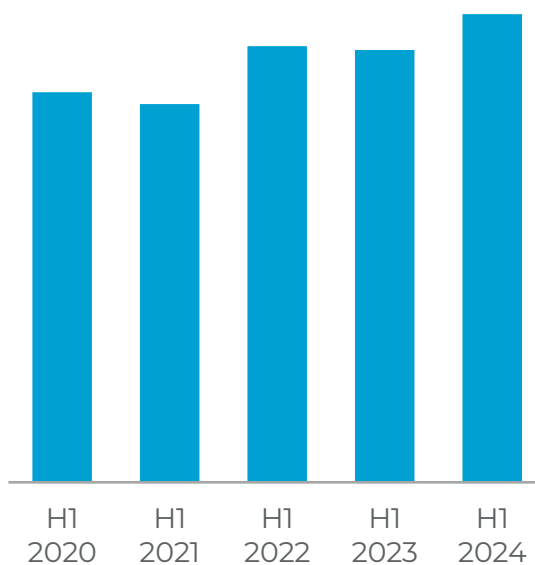
## Normalised operating profit

**+11%**  
to R620m



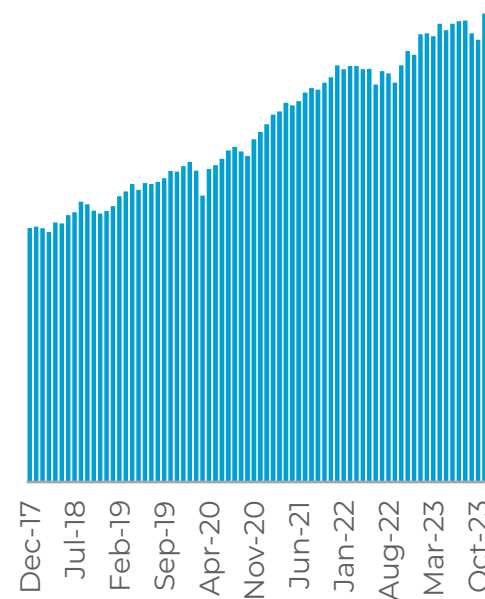
## New business

**+8%**  
to R1 629m



## Assets under administration

**+11%**  
to R145bn



## Cogence



**Full executive team in place**

**On track for R16bn AUM in short-term**

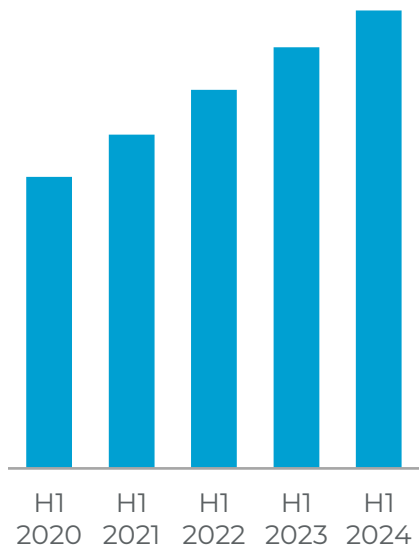
**Fully integrated Aladdin Wealth™ technology with Vitality Healthy Futures**





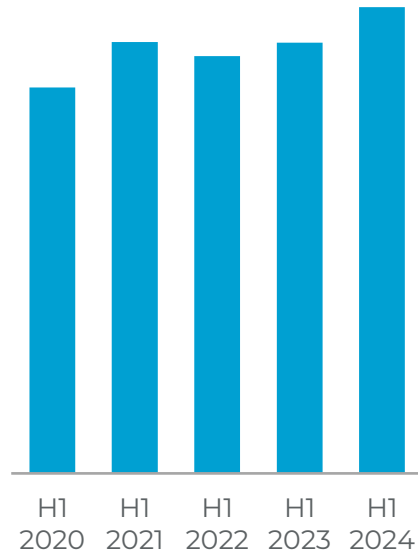
## Gross written premium

**+9%**  
to R2.8bn



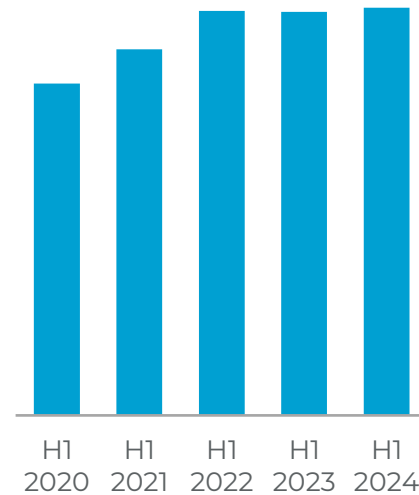
## Gross new business

**+8%**  
to R666m



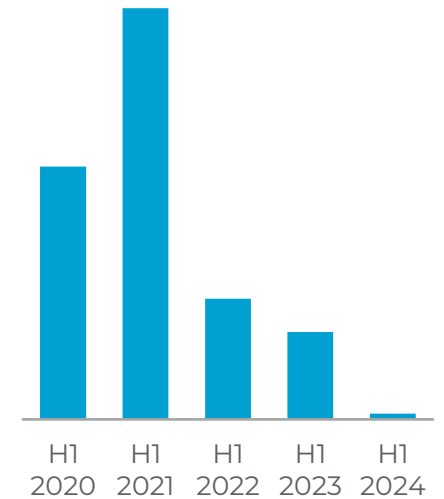
## Vehicles insured

**+1%**  
to 291 194



## Normalised operating profit

**-92%**  
to R2m

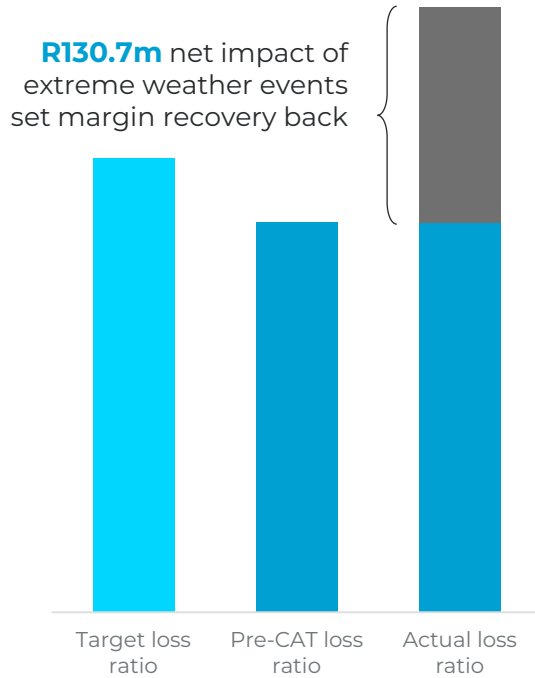


# Insure well positioned to achieve target margin

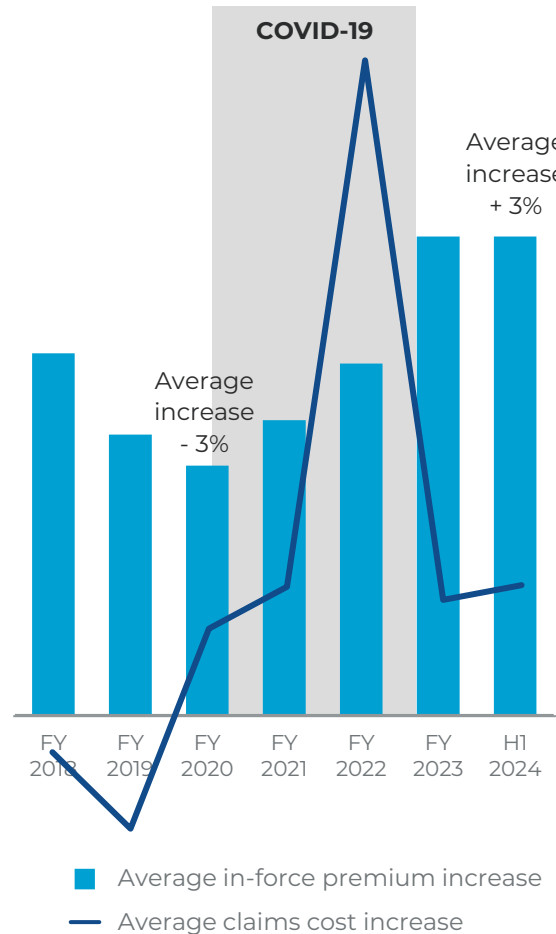


## Operating margin set back due to loss of pricing power during COVID and extreme weather impacts

Gauteng hailstorm in November 2023 was the worst in Insure's history



Average premium increases reflect repricing strategies after COVID impact

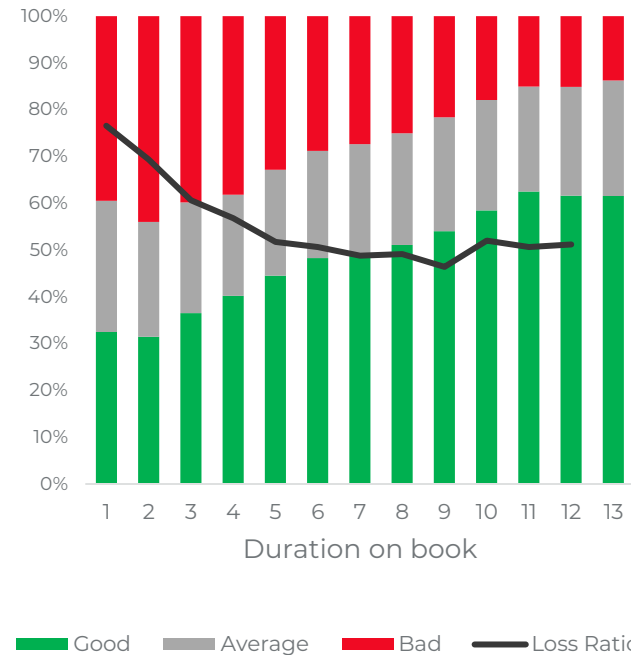


## Vitality allows for a unique business model

Proportion of good drivers increases over time resulting in lower loss ratios

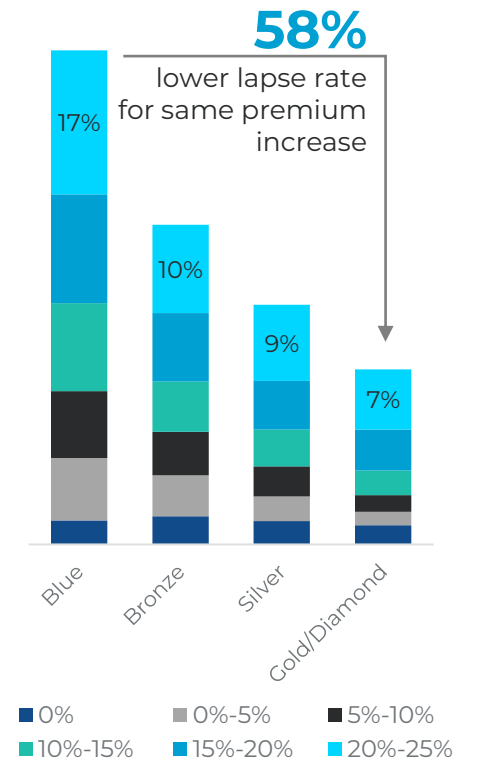
Good drivers have a **36%** lower loss ratio than bad drivers

Distribution of drivers in 2023 relative to duration of in-force policies



Best drivers receive value and are less likely to lapse

Lapse rate by VD status and premium increases







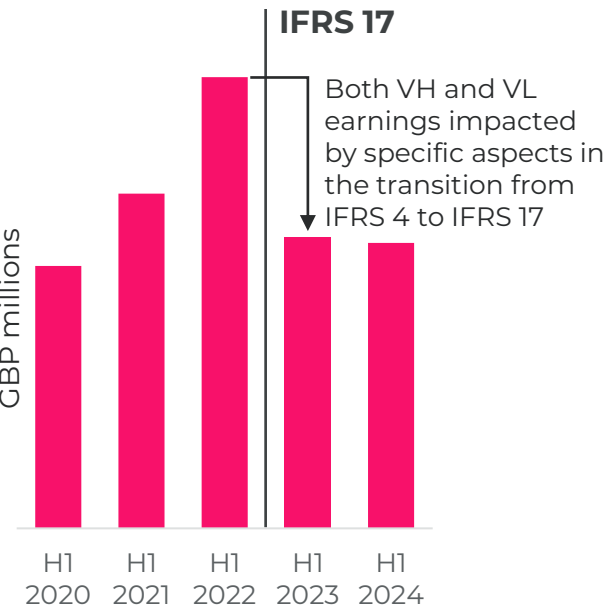
# UK Composite



## Normalised operating profit

**-2%**  
to £34.7m

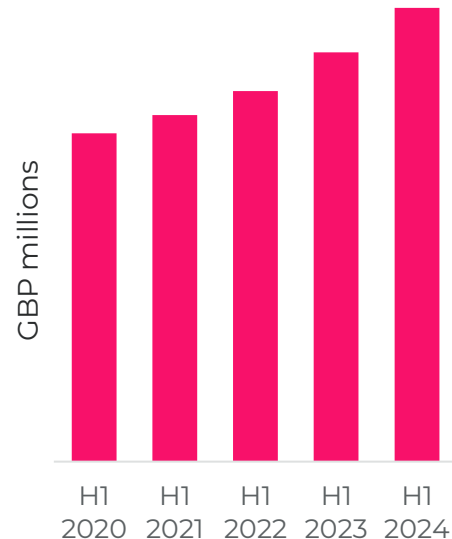
**+13%**  
to R812m



## Earned premiums

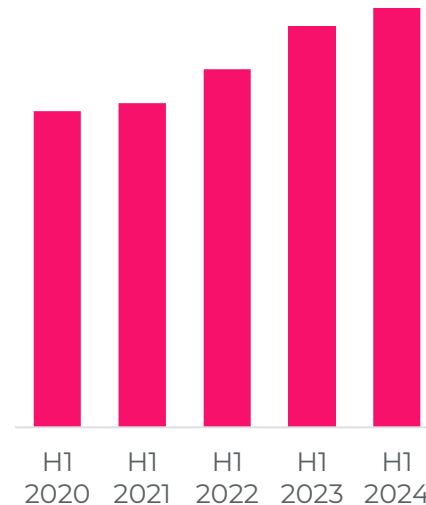
**+11%**  
to £536m

**+27%**  
to R12.6bn



## Lives covered

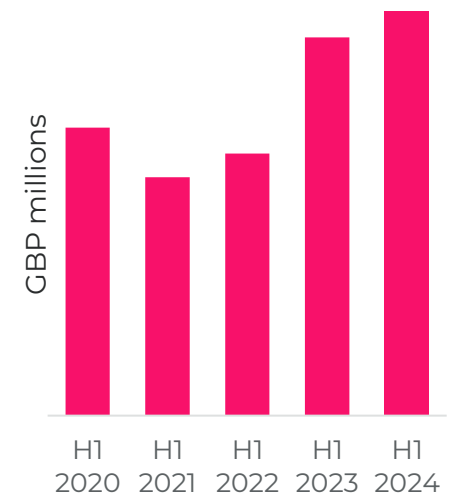
**+5%**  
to 1.8m lives



## New business

**+6%**  
to £88.3m

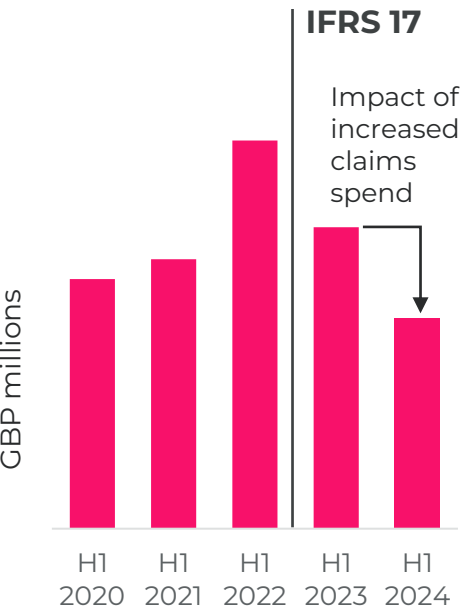
**+22%**  
to R2.1bn



## Normalised operating profit

**-30%**  
to £22.5m

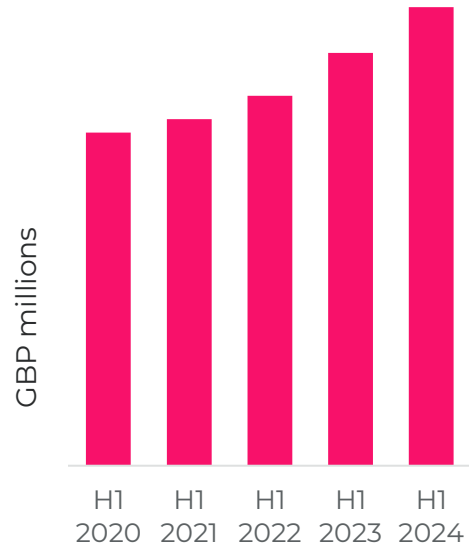
**-20%**  
to R527m



## Earned premiums

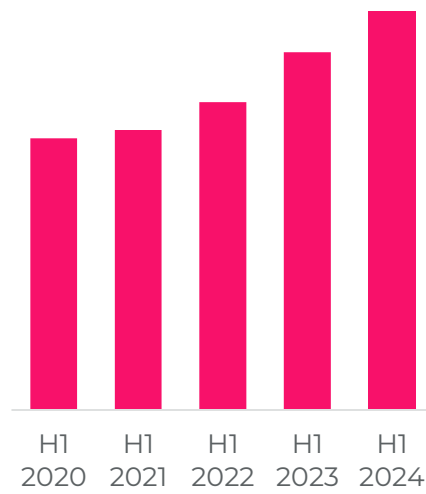
**+11%**  
to £339.4m

**+27%**  
to R8bn



## Lives covered

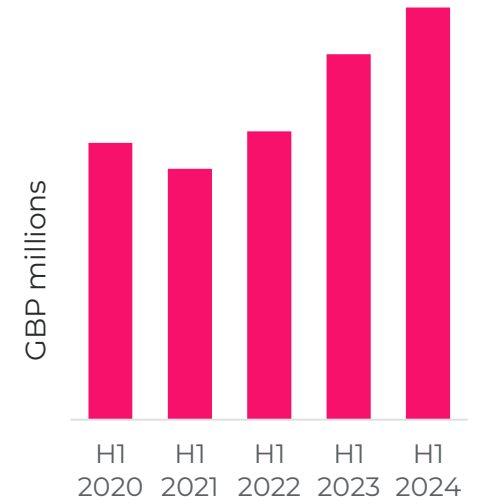
**+10%**  
to 989k lives



## New business

**+11%**  
to £48.4m

**+28%**  
to R1.1bn

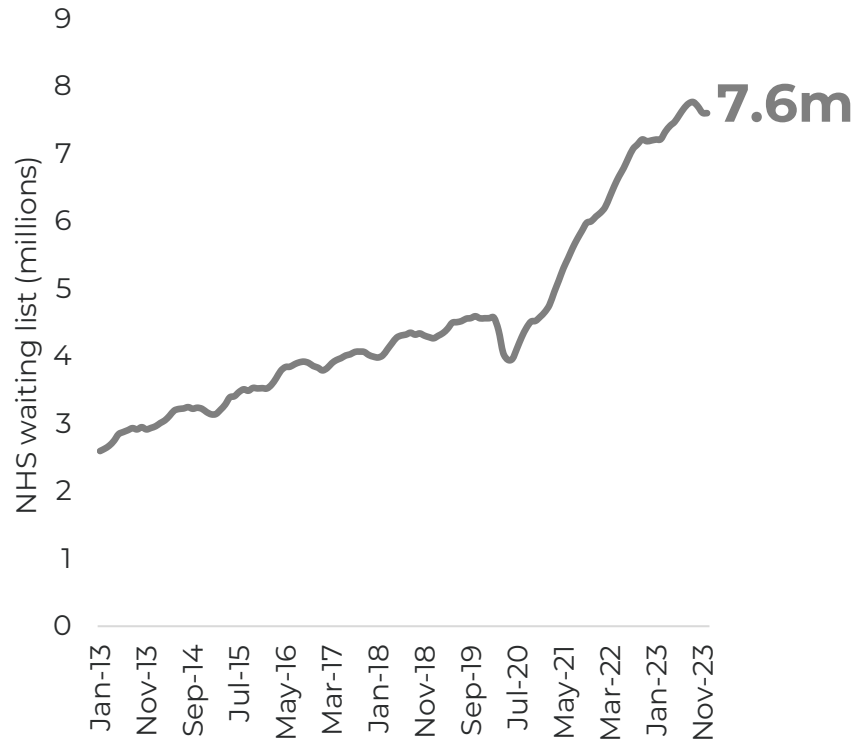


# Dynamics of healthcare in the UK



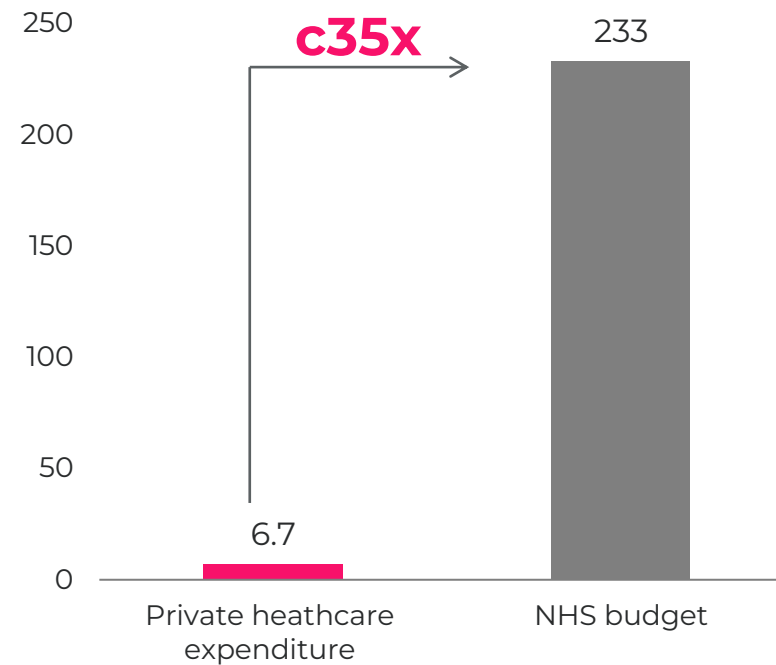
## Challenges in accessing treatment

National Health System (NHS) waiting list



## Material gearing effect for private healthcare

Healthcare expenditure (£bn)



# NHS backlogs resulting in increased utilisation with a shift to primary care



## Shift to primary care

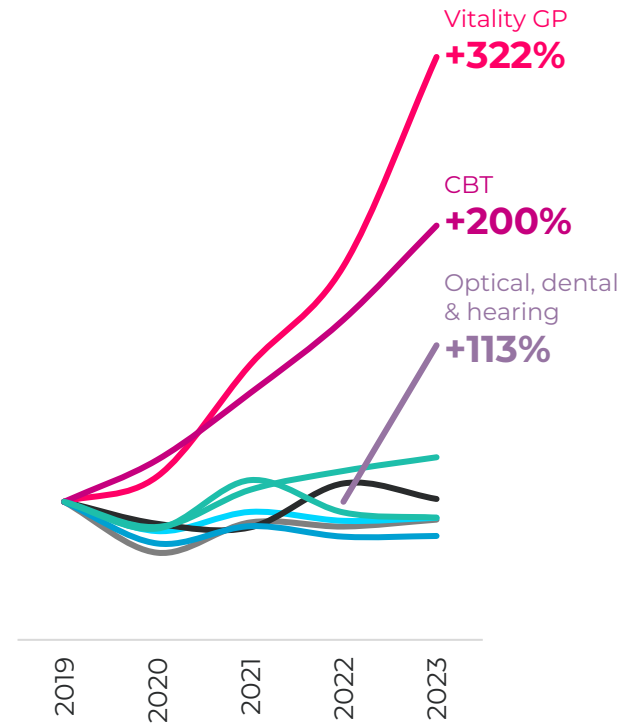
Claims attributable to primary care



- Optical, Dental and Hearing
- Physiotherapy
- Talking Therapies
- Vitality GP

## Substantially increasing benefit utilisation

Claims per 1 000 lives

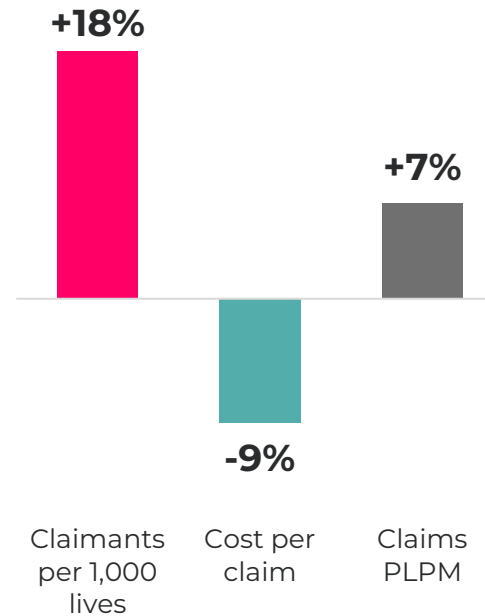


- In-Hospital
- Consultations
- Consultant Procedures
- Radiology
- Pathology
- Vitality GP
- CBT
- Physiotherapy

## Impacting overall claims experience

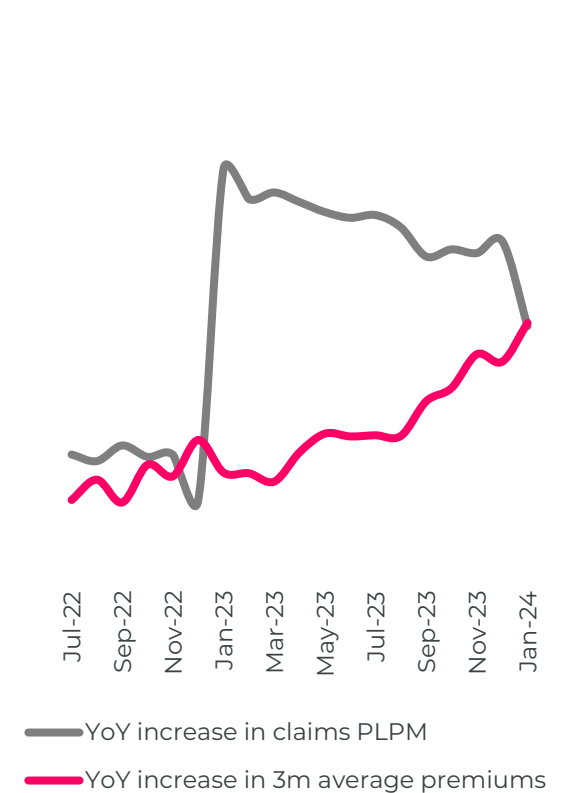
Change in claims experience (2022 vs 2023)

>£25m impact



## Pricing actions implemented

Claims increase vs average written premium by renewal cohort

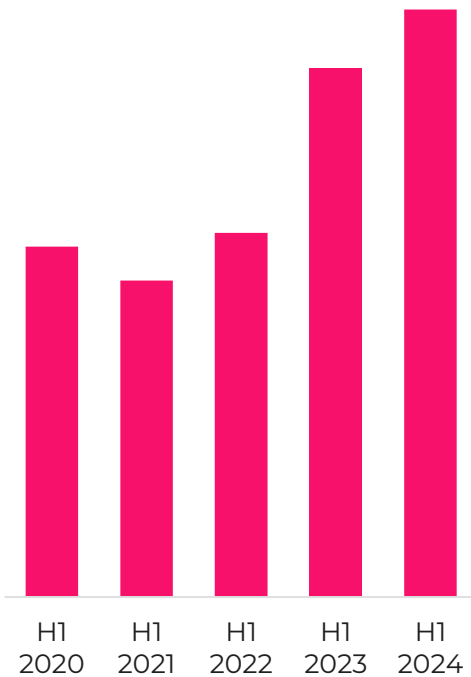


# Excellent quality of the business positions it well for growth



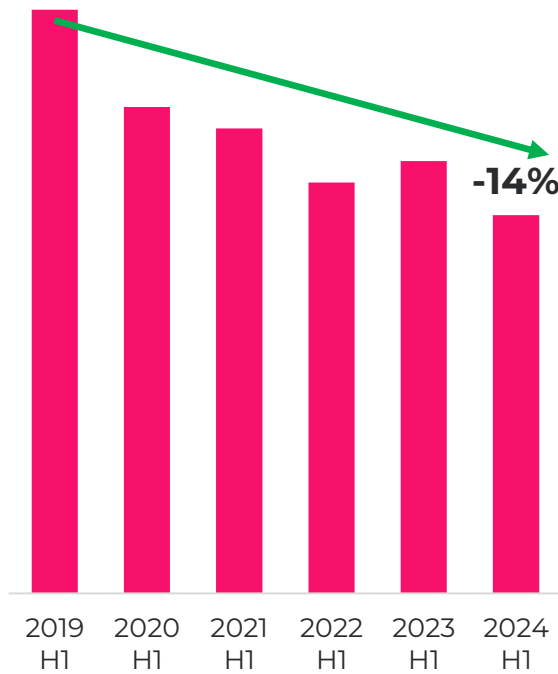
## Strong growth

3<sup>rd</sup> largest health insurer<sup>1</sup>



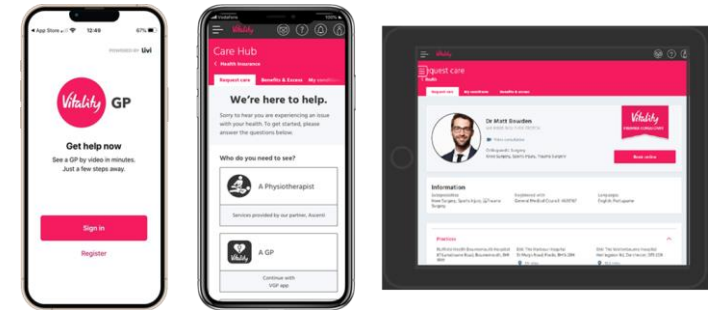
## Resilient retention rates

Individual and SME lapse rates



## Unique digital capabilities and industry recognition

Digital assets



4.9 Vitality GP app rating

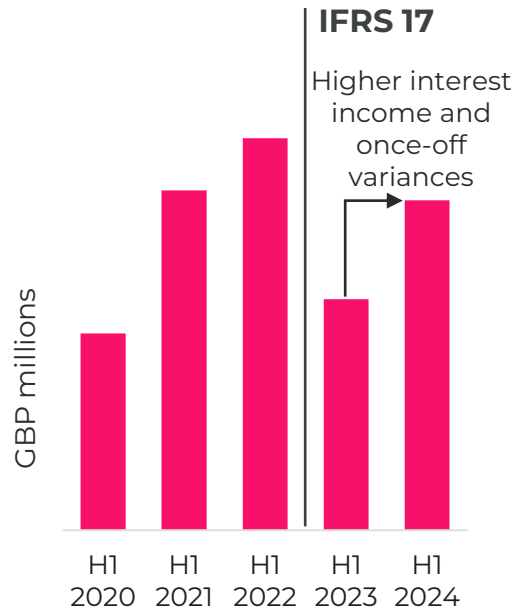
4.3 Vitality Trustpilot score



## Normalised operating profit

**+71%**  
to £16.6m

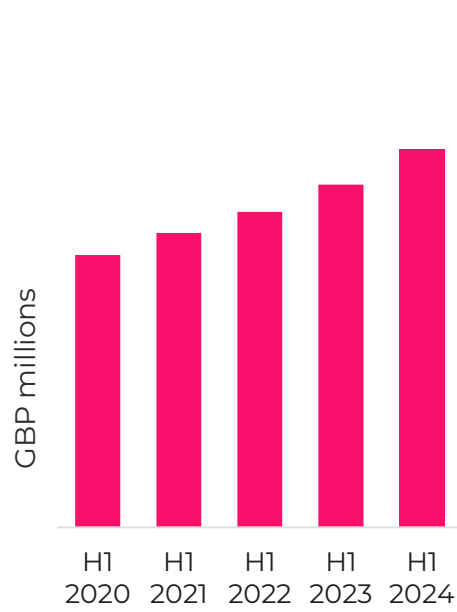
**+97%**  
to R390m



## Earned premiums

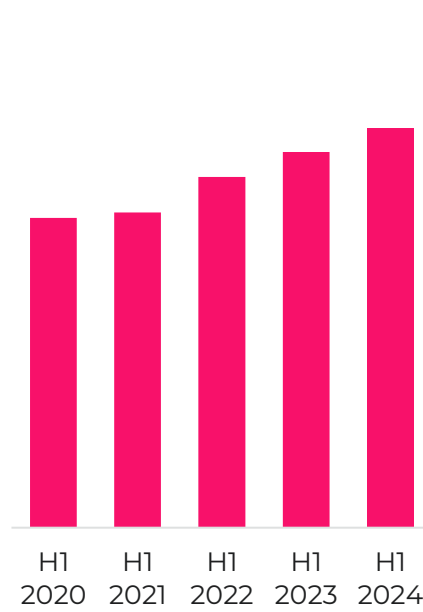
**+10%**  
to £196.7m

**+26%**  
to R4.6bn



## Lives covered

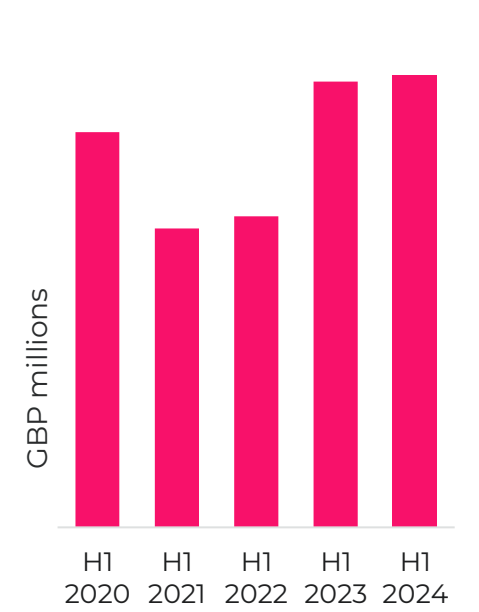
**+6%**  
to 782k lives



## New business

**+2%**  
to £39.9m

**+17%**  
to R935m

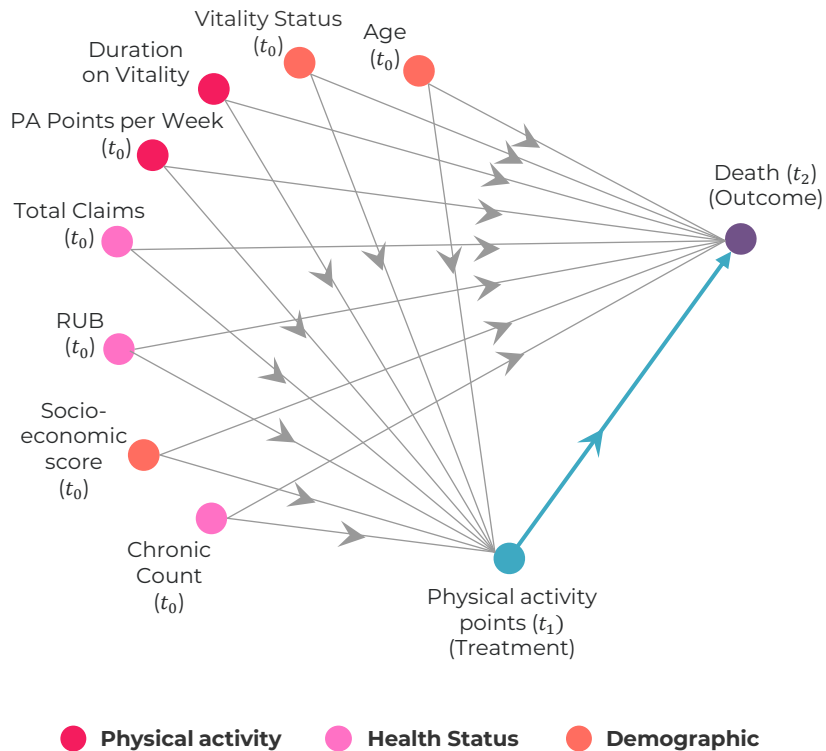


# Embedding Shared-value in the PAC book



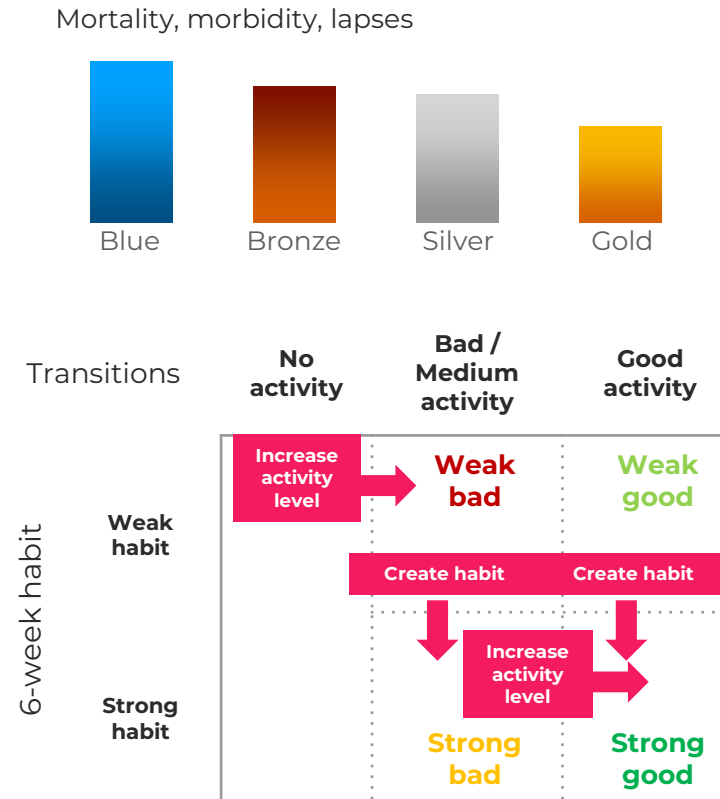
## Causal impact of behaviour change

Isolating the impact of physical activity on mortality after adjusting for confounding factors



## Behavioural-based valuation model

Differential assumptions and transitions



## Shared-value modelling on PAC book

### 1. £4.8m

Once-off uplift in value

### 2. Timing difference due to Prudential FY end at December

### 3. Prudential adopted causal inference and habit formation Shared-value assumption changes

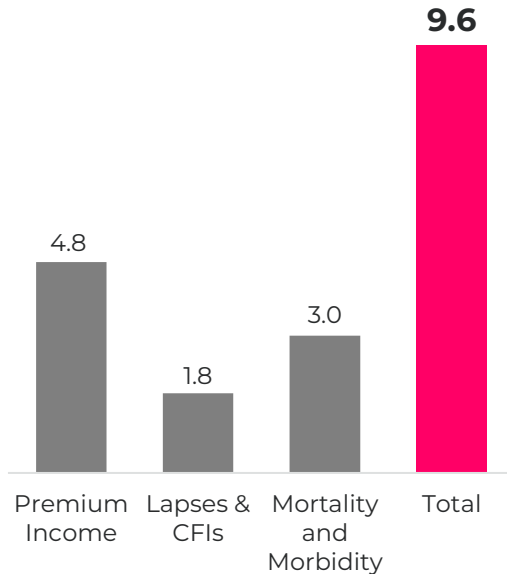
### 4. Expect positive variances in future as engagement increases and habit formation continues

# Positive lapse and claims experience, and offsetting impacts from high interest rates



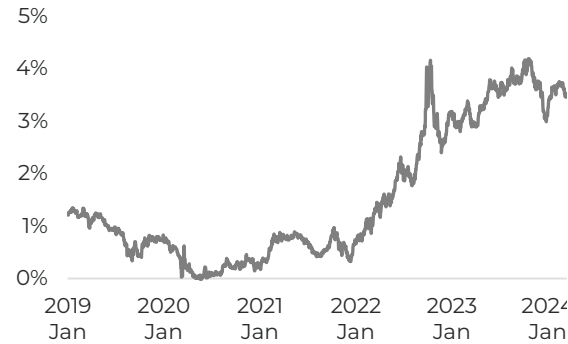
## Positive experience variances

EV experience variances (£m)

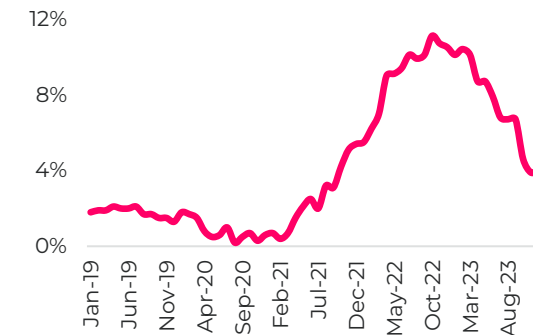


## High long-term interest rates

UK 50-year swap rate history<sup>1</sup>

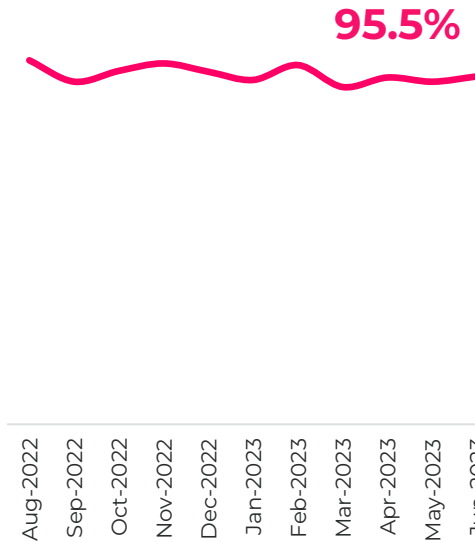


Consumer Price Inflation<sup>2</sup>



## Strong indexation results

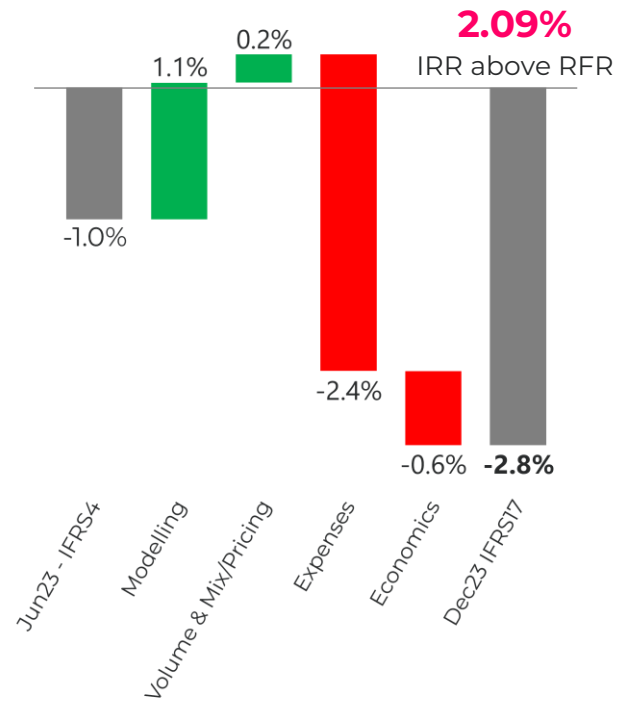
Indexation continuation upon policy anniversary



**£13.8m indexation benefit to OCI**

## Margins negatively impacted

VNB margin (%)



Measures being implemented

- Targeted growth in profitable segments
- Release of expense efficiencies
- Balance sheet optimisation

1. MarketWatch  
2. Office for National Statistics: CPI





## Vitality Global

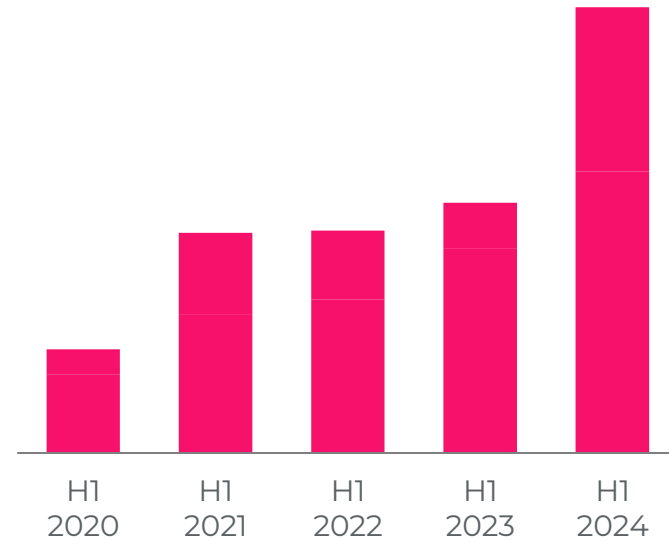


Strong underlying growth, driven by deepened partner relationships, broadening the reach of Vitality assets and capabilities

## Operating result

**+55%**  
to \$24.4m

**+71%**  
to R455m



## Operating profit

**+37%** to \$15.8m  
**+49%** to R295.8m

## Integrated API by insurance partners

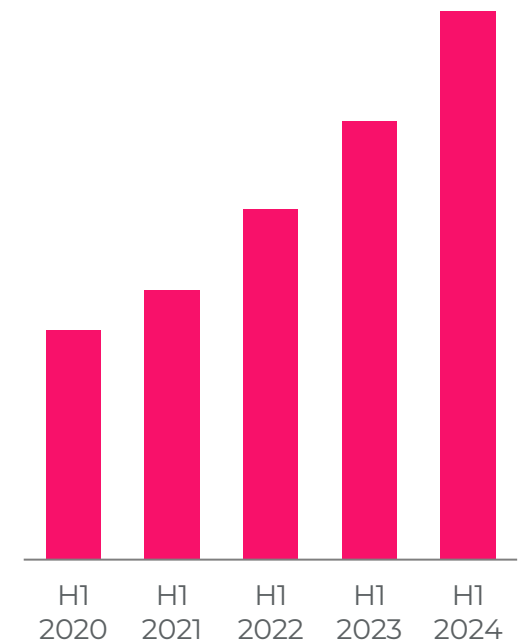
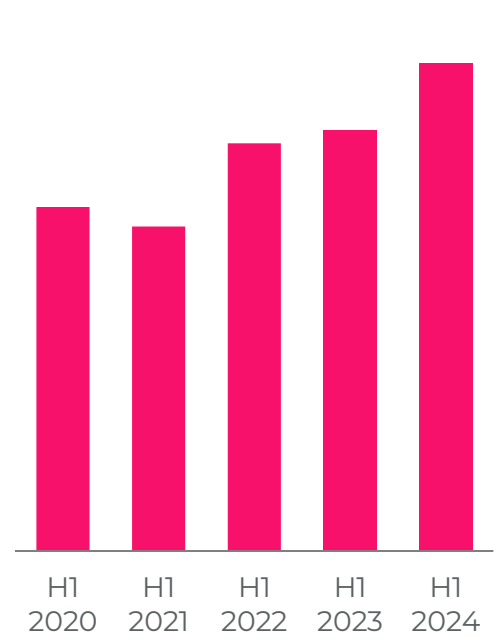
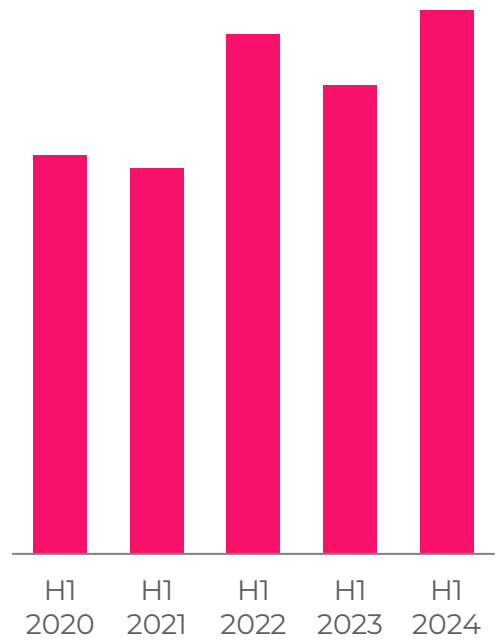
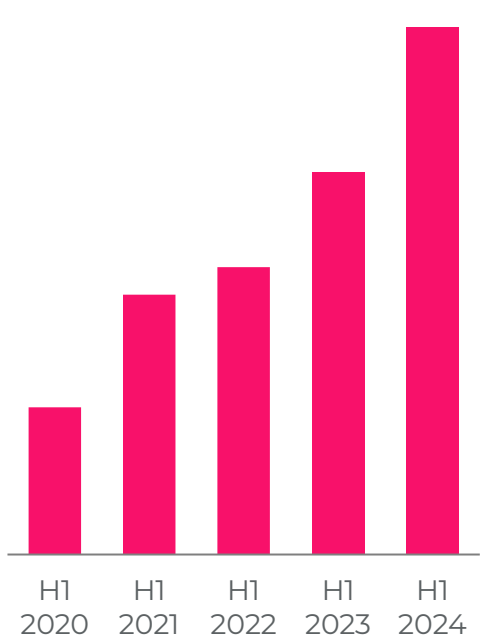
**+16%** to \$806.7m  
**+25%** to R15.1bn

## Revenue

**+16%** to \$50.3m  
**+25%** to R941.5m

## Insurance partners membership

**+28%** to 4.3m



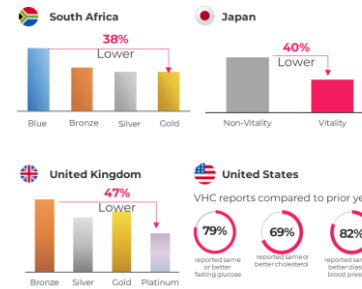
# Key strategic focus areas



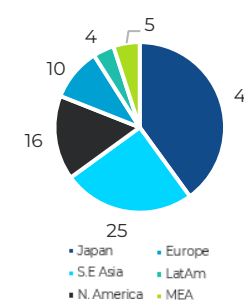
1

Revenue growth through deepening of existing insurance partnerships and targeted pursuit of new insurance partnerships, as well as starting to participate in emerging profits

## Significant mortality improvements across markets



% Revenue (in USD)



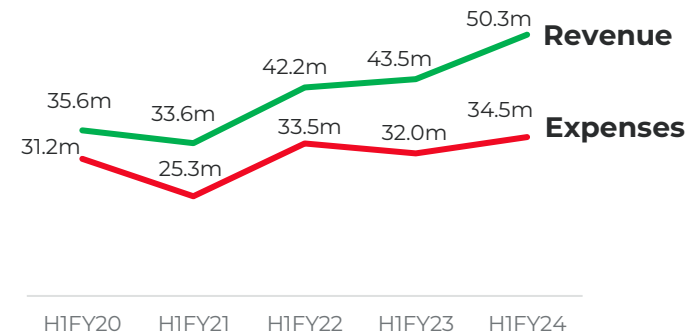
Emphasis on expansion within the US Market



TATA AIA India membership has grown by 5.5x over the last calendar year

2

Unlock geared profits through operational efficiency generated from scaling, South Africa based back office and offshore development centre

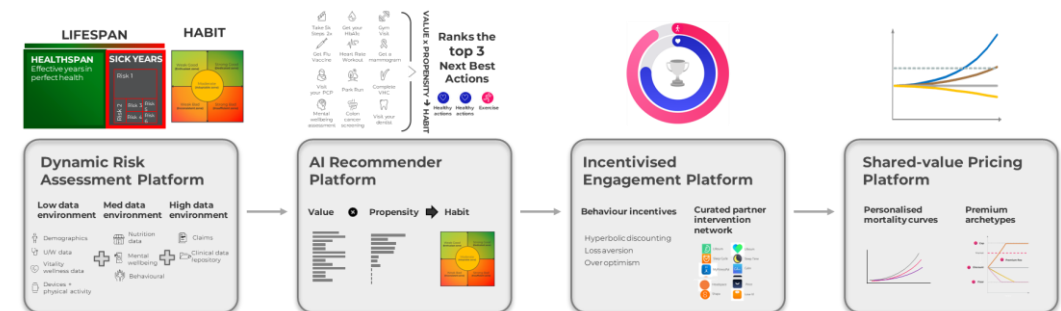


**+16%** Revenue growth from December '22

**+37%** Profit growth from December '22

3

Evolving Vitality products driving greater value



## Vitality Health International



PAHI continues to be a resilient performer with the business beginning to see a return on the investments made in diversifying its distribution channels with 28% growth in new business on PAHI licence for the period, despite a reduction in PAL agency force. Total written premiums increased 14%, growing 10% faster than the market average.

Continued strong progress in build-out of four cloud-native SaaS solutions, with three key products already at deployment stage. Increased sales traction and pipeline emerging in AIA markets and with third party-clients in the region.

Vitality USA continues to accelerate its development of its technology platform, including the new Personal Health Pathways product, with a robust pipeline of prospective sales and strong growth in the rate of successful sales.

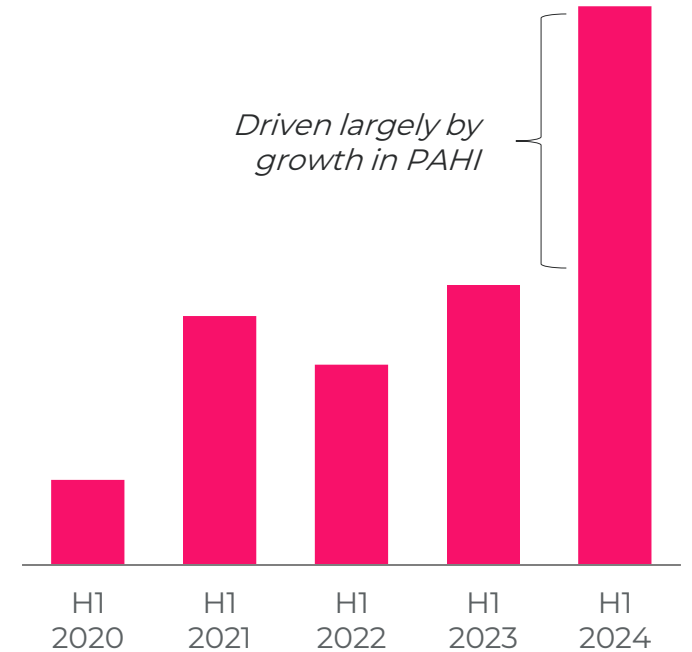
Revenue continues to be under pressure post the conclusion of Covid government contracts. The business continues to pursue opportunities to diversify its footprint both geographically and across client segments, and is successfully implementing a best-in-class data science platform with AI-driven personalised health recommendations for Discovery Health SA, and similar implementations for Vitality UK and Vitality US.

## Operating result

*Including PAHI equity earnings*

**+96%**  
to \$9.2m

**+125%**  
to R171m

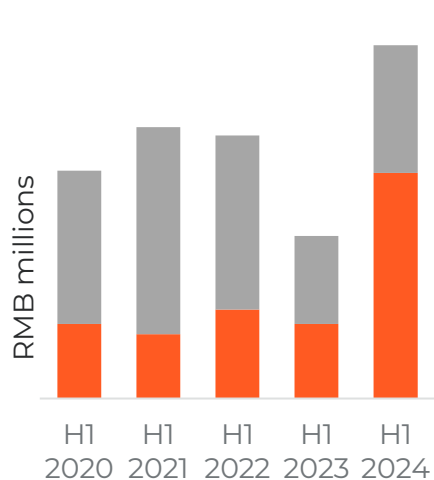


# Ping An Health Insurance



## PAHI's operating results pre-tax

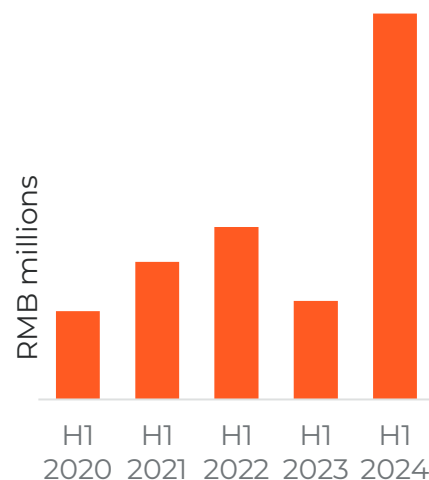
**+117%** **+126%**  
to RMB0.6bn (RMB140m DSY's share) to R1.4bn (R361m DSY's share)



■ Investment income and gains  
■ Profit before investment income and gains

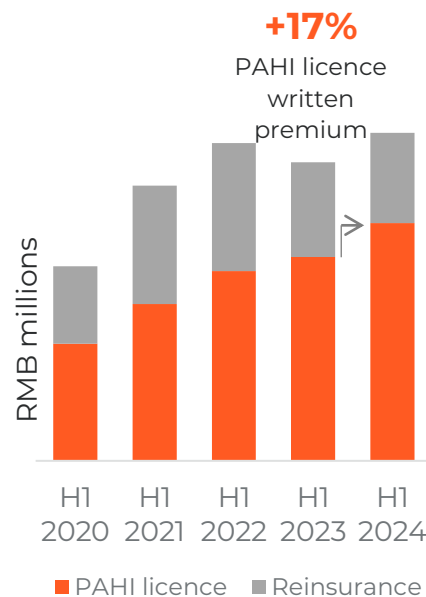
## Discovery's operating result after tax

**+289%** **+305%**  
to RMB133m to R344m



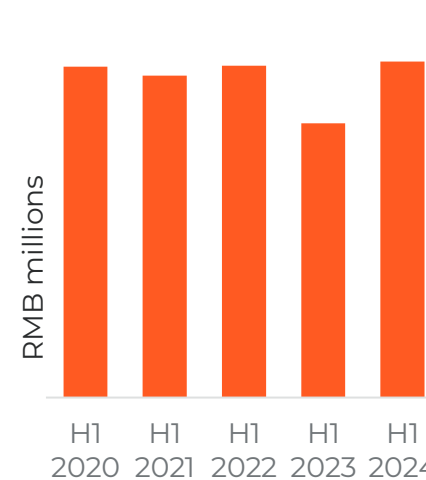
## Written premium<sup>1</sup>

**+10%** **+14%**  
to RMB9.0bn to R23.3bn



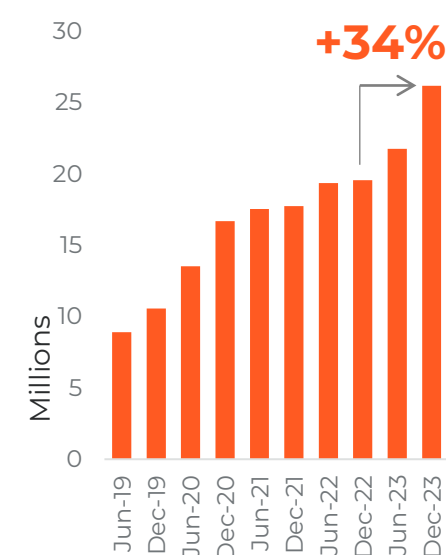
## PAHI licence new business<sup>1</sup>

**+23%** **+28%**  
to RMB1.6bn to R4.1bn



## Lives

**+34%**  
to 26m PAHI licence lives

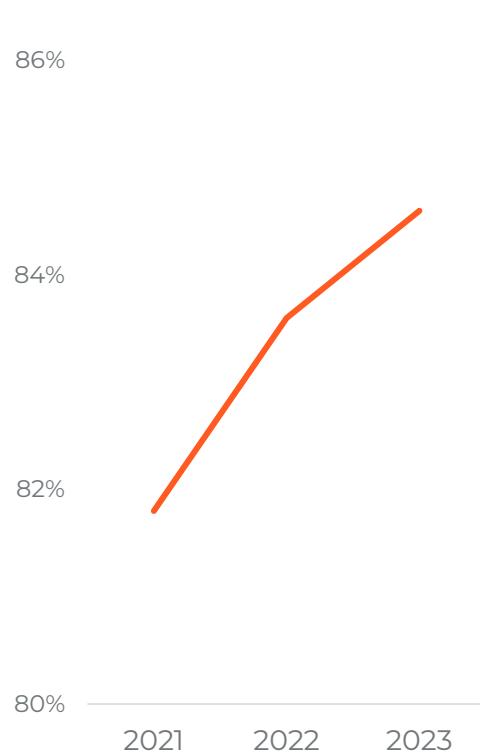


# Excellent operating performance



## Better persistency

Increasing reapplication rates



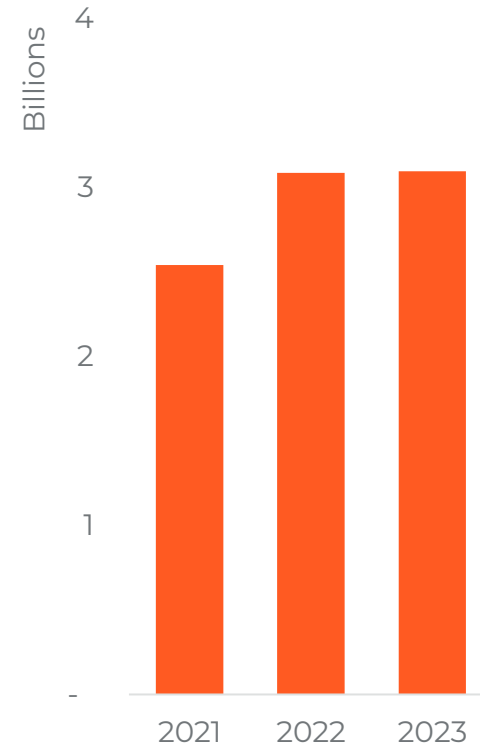
## Excellent quality

Decreasing COR



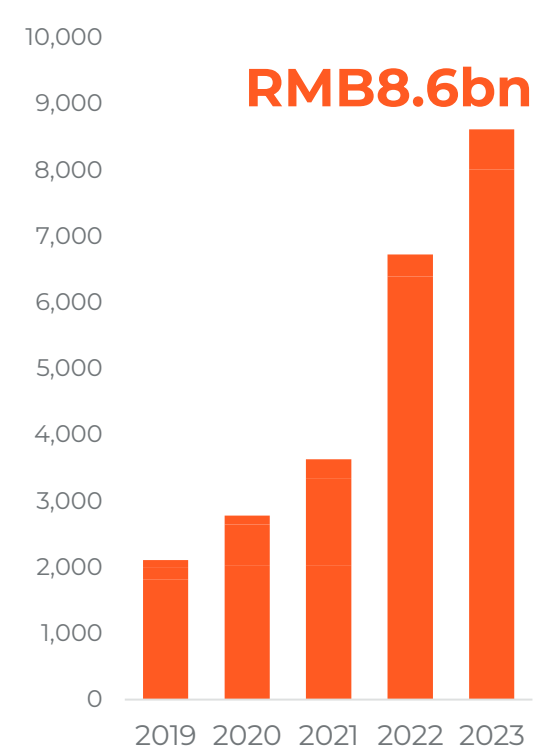
## Strong cash generation

Net cashflow from operating activities (RMB)



## Balance sheet strength

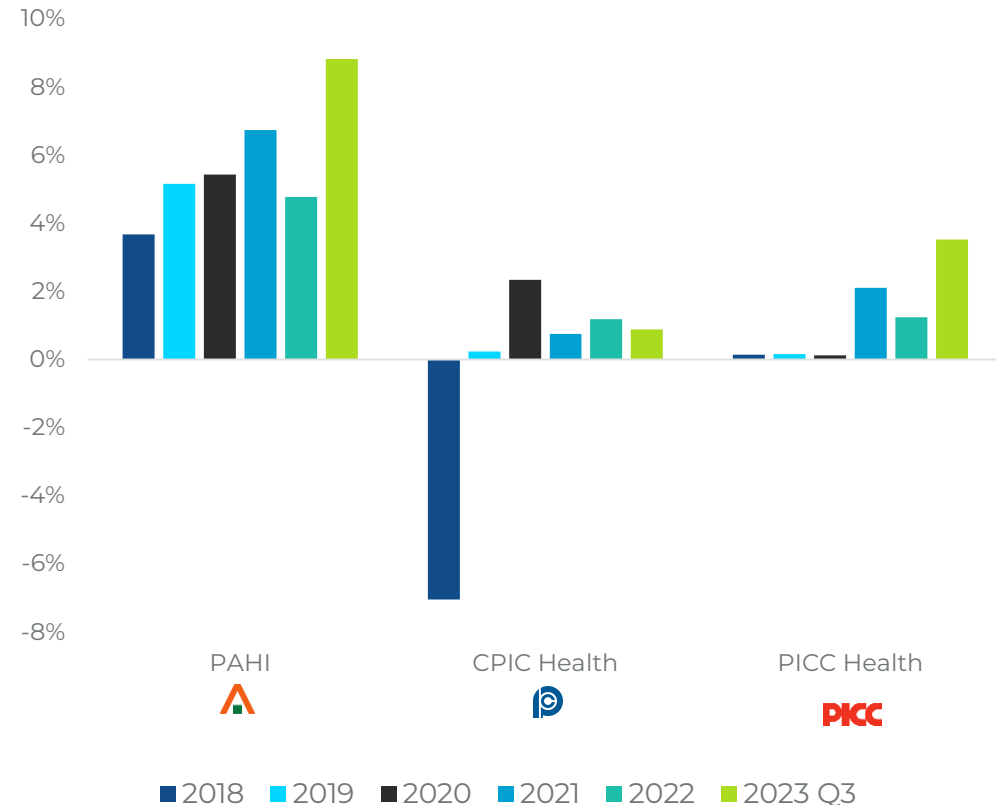
Net asset value RMBm as at 31 December



# Maintained superior profitability, building a comprehensive business driven by health and wellness services

## Maintained leading position in the market

Net margin



## Developed meaningful health and wellness services

Providing health insurance products, ranging from basic affordable cover to high-end comprehensive cover, to both the individual market and the corporate market

 **16** provinces

 **26m** lives

**1<sup>st</sup> in China**

Specialist health insurer in terms of profit margin

Network arrangements with hospitals

 **242** outside of China

**2<sup>nd</sup> largest**

Specialist health insurer by premium

 **1 033** China

**16<sup>th</sup> in China**

In terms of net profit, among all life, P&C and health insurers





# Growth platforms

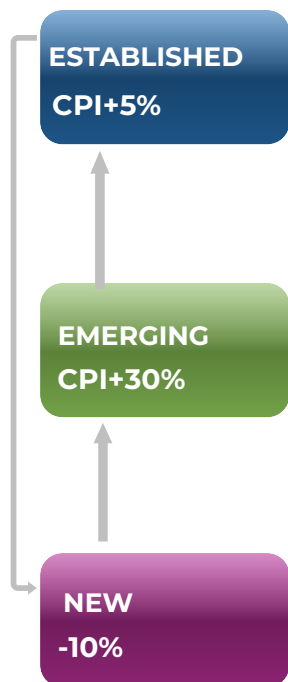
# Discovery grows businesses organically



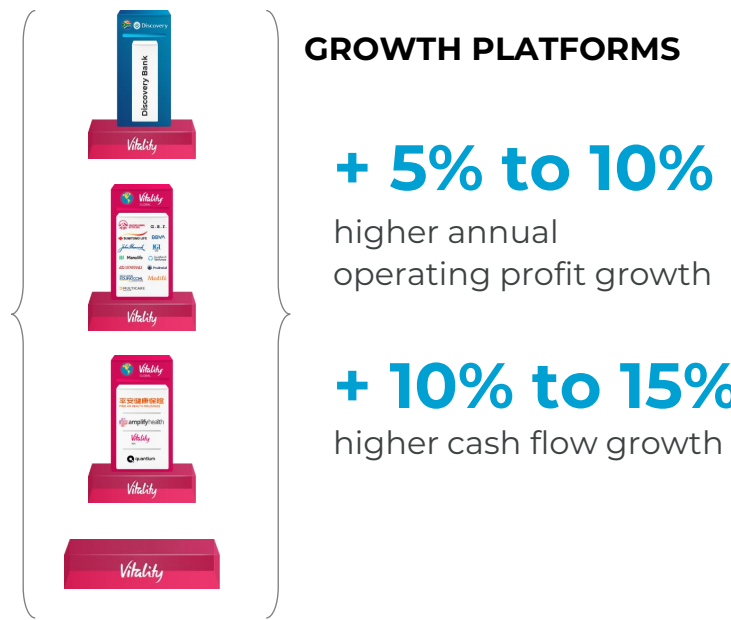
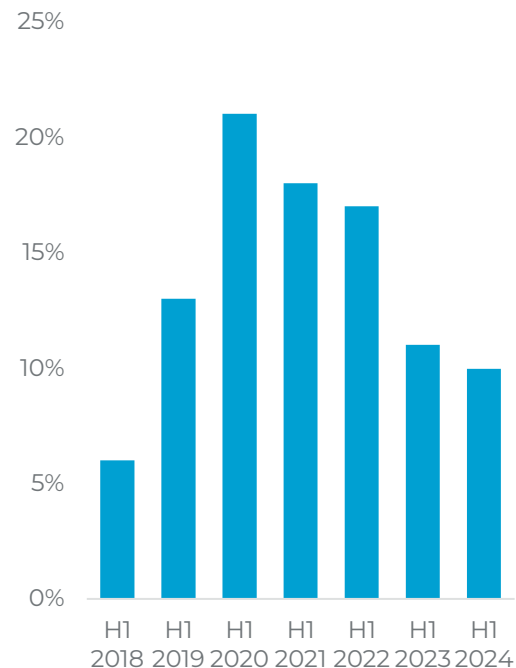
**Organic growth model**

**Focused on streamlining New initiatives**

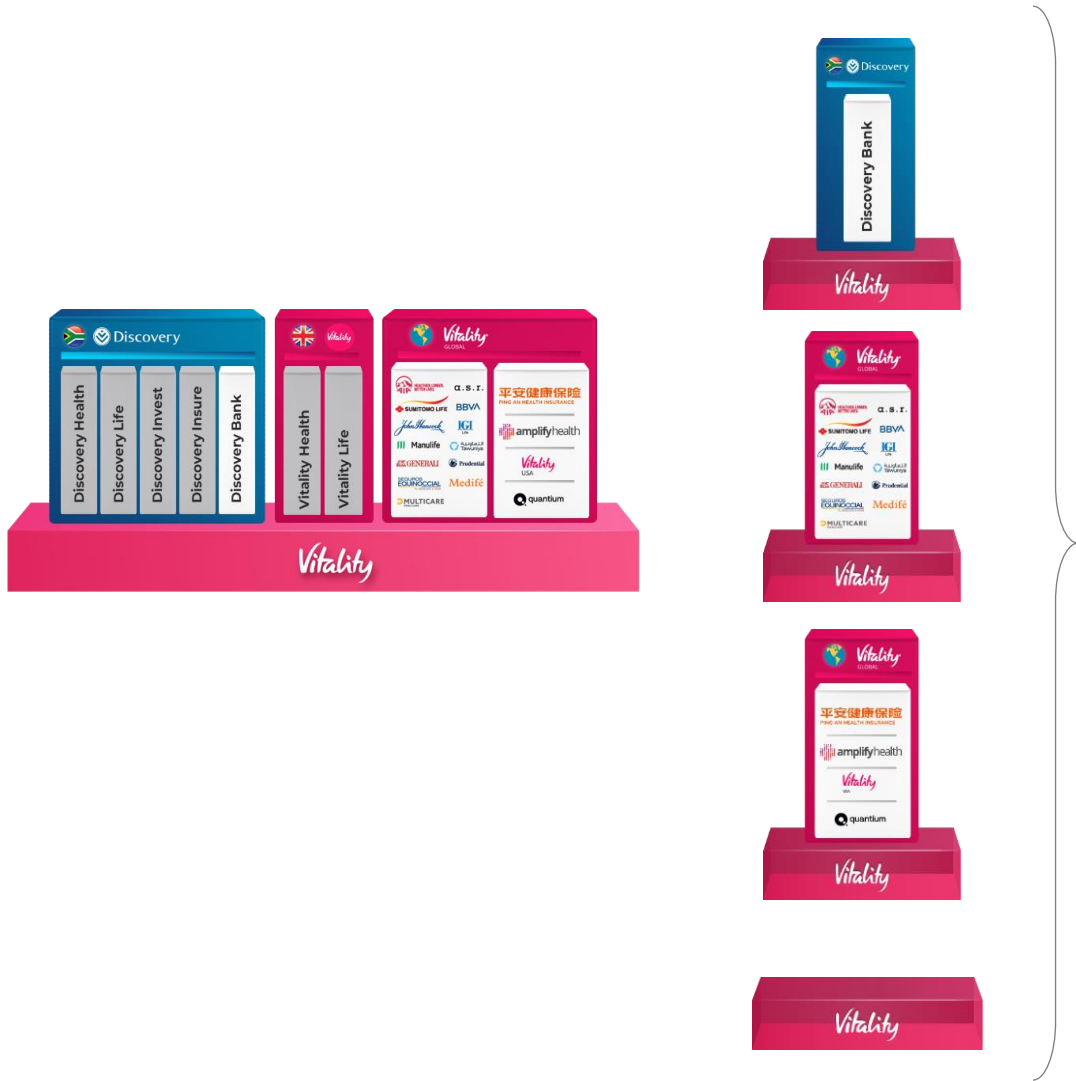
**Growth platforms expected to drive material growth**



Investment in New % core operating profit

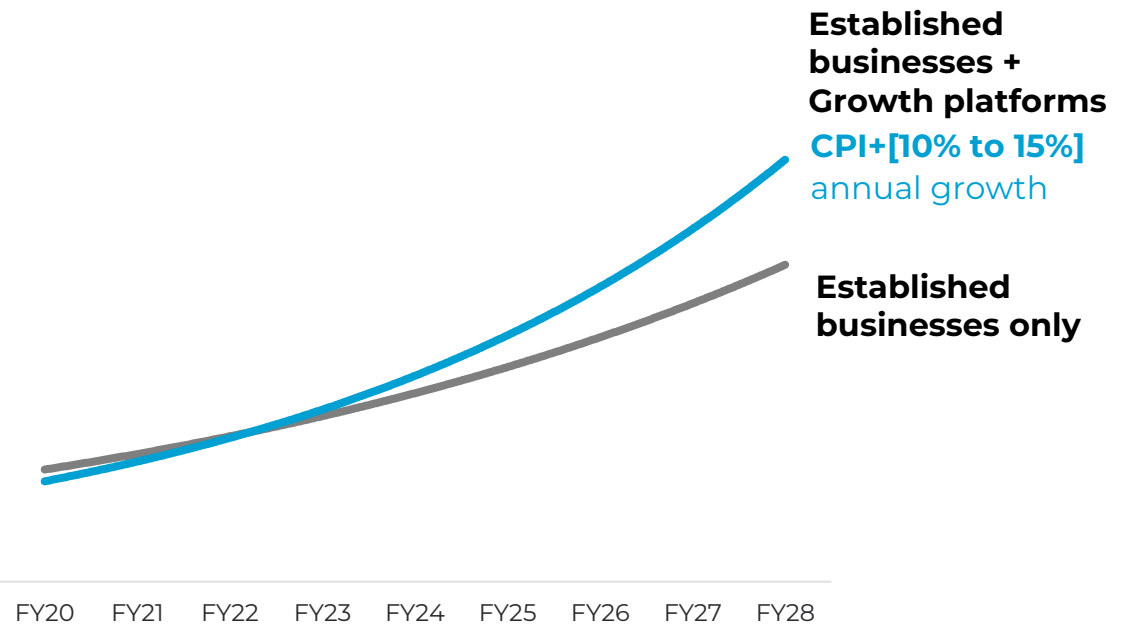


# Growth platforms expected to drive material growth



## Economics of the Growth platforms

Operating profit



Long-term cash flow growth CAGR

**10% to 15%**  
higher from Growth platforms

Forward looking information on this slide is for illustration and has not been reviewed or reported on by the auditors

# Bringing the Bank to scale and profitability in the near-term

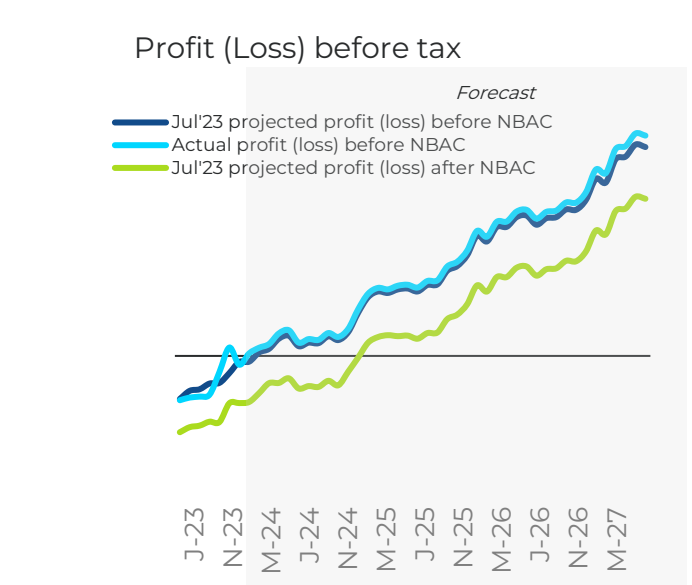
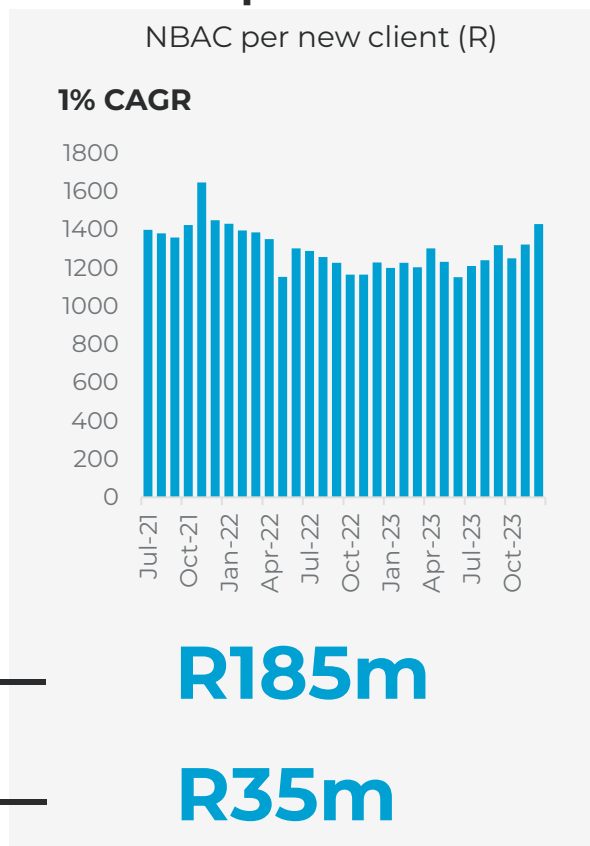
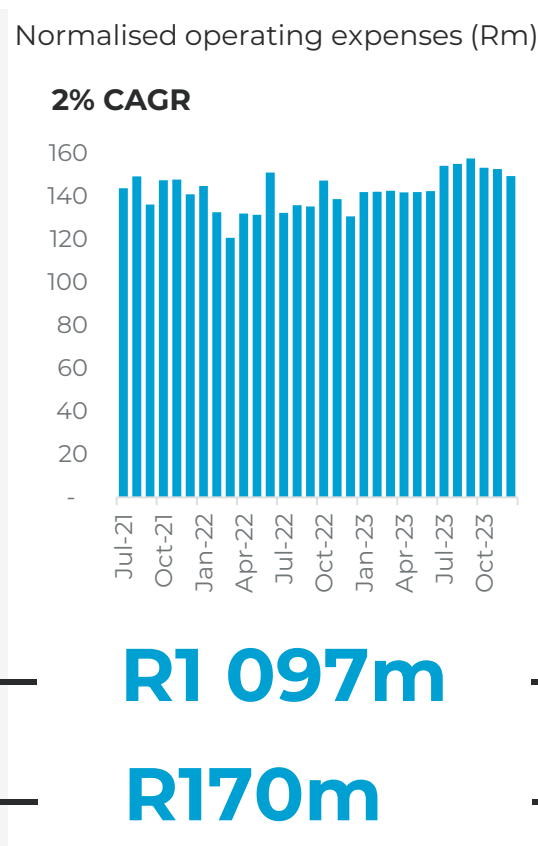
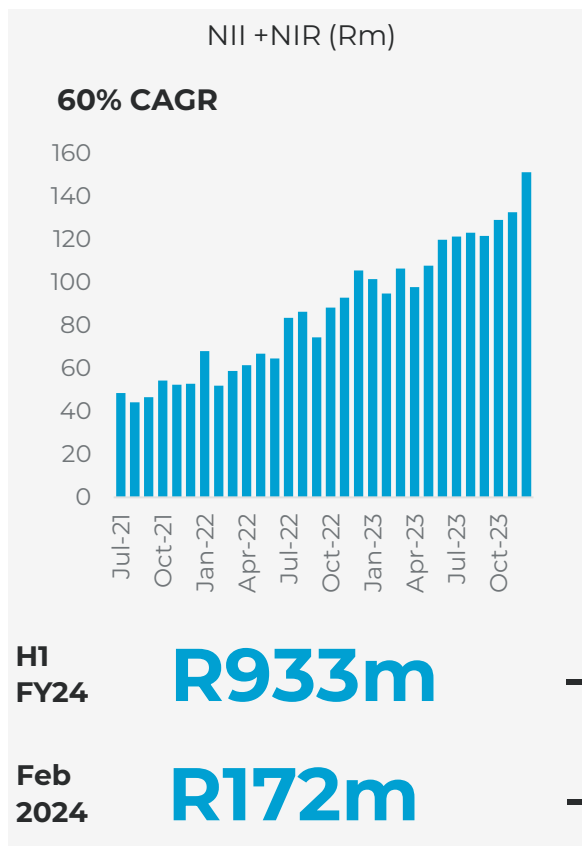


## Operating income

## Expenses

## New business acquisition costs

## Profit / (loss) before tax



### Medium-term real growth targets

**15% to 20%**

**-10% to 0%**

**-5% to 5%**

**65% to 75%**

Forward looking information on this slide is for illustration and has not been reviewed or reported on by the auditors

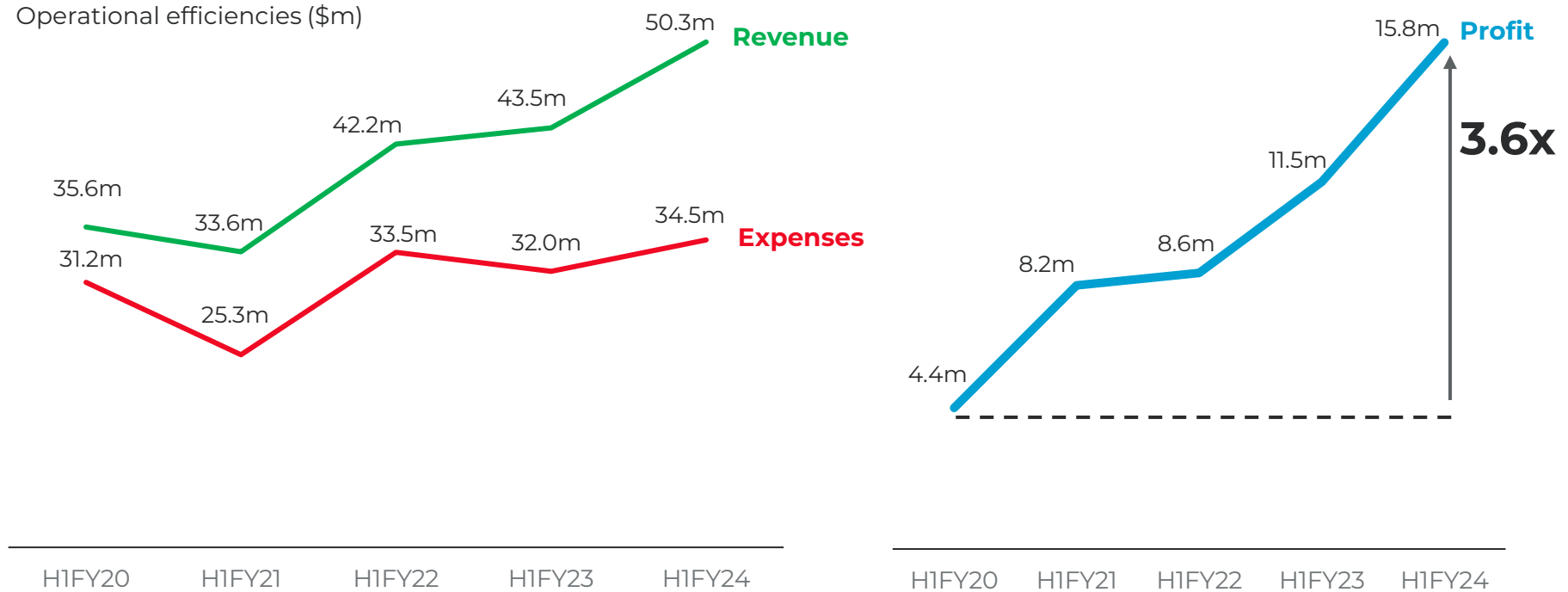
# Vitality Network unlocking operational efficiencies



## Vitality Network global partners



## Gearing effect due to growing foreign currency revenues and stable ZAR-based expenses



### Revenue

**+16%** USD revenue growth from December 2022

Strong sales, increasing membership and revenue growth in Asia

### Expenses

**+8%** Expense growth from December 2022

Flat US dollar cost base, given the cost bias to South African rands

### Normalised operating profit

**+37%** USD profit growth from December 2022

Robust revenue growth and continued expansion of the profit margin

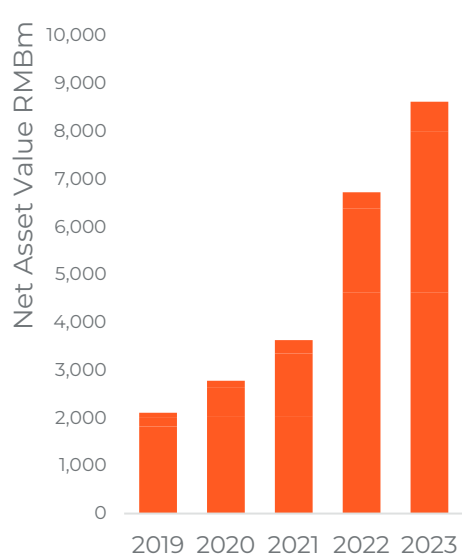
# Expect Ping An Health Insurance to continue growing strongly



## Increasing NAV

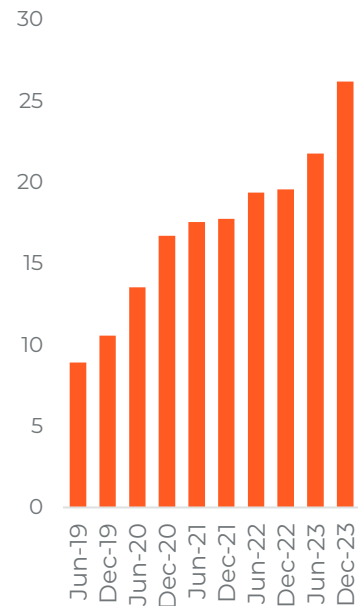
**R22.5bn**  
as at 31 December 2023

**3.06x** Comprehensive solvency ratio



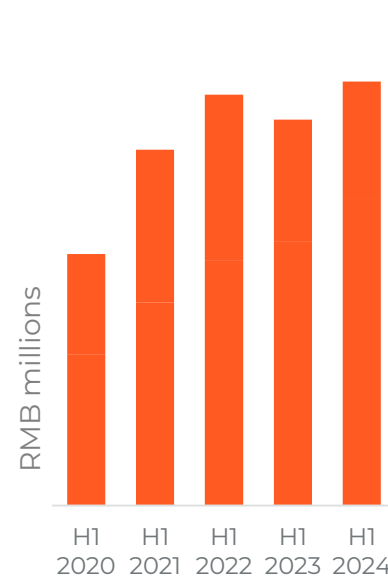
## Growing lives

**+34%**  
to 26m y-o-y



## Rising written premium<sup>1</sup>

**+14%**  
to R23.3bn



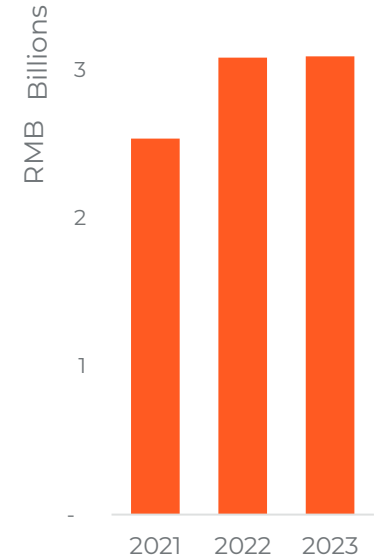
## Excellent quality

**91%**  
COR



## Strong cash generation

**R8.1bn**  
Net cashflow from operating activities





**1** Strong financial performance with robust operating profit growth, good cash generation and capital resilience

Normalised operating profit	New business	FLR	Cash conversion
<b>+13%</b>	<b>+28%</b>	<b>20%</b>	<b>66%</b>

**2** A smooth transition to IFRS 17 accounting standard

No material impact on underlying economic value, solvency levels or cash flows, but affected the incidence of profit recognition

Total Group CSM  
**R38.2bn**

**3** A focused approach to create growth platforms by scaling the Bank, evolving the Vitality Shared-value model, and streamlining New initiatives to embed significant growth potential into the Group



**+ [5% to 10%]**  
higher annual operating profit growth

**+ [10% to 15%]**  
higher cash flow growth

**4** Ensuring Discovery SA, Vitality UK, and Vitality Global, and their underlying businesses, are market leaders and performing optimally



	Operating profit	New business
	<b>+9%</b>	<b>+29%</b>
	<b>+13%</b>	<b>+22%</b>
	<b>+71%</b>	<b>+28%</b>



# Unaudited Results

and cash dividend declaration for the  
six months ended December 2023