



DISCOVERY

NOTICE OF THE ANNUAL
GENERAL MEETING

FOR THE YEAR ENDED 30 JUNE

2020

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02 NOTICE OF THE ANNUAL GENERAL MEETING

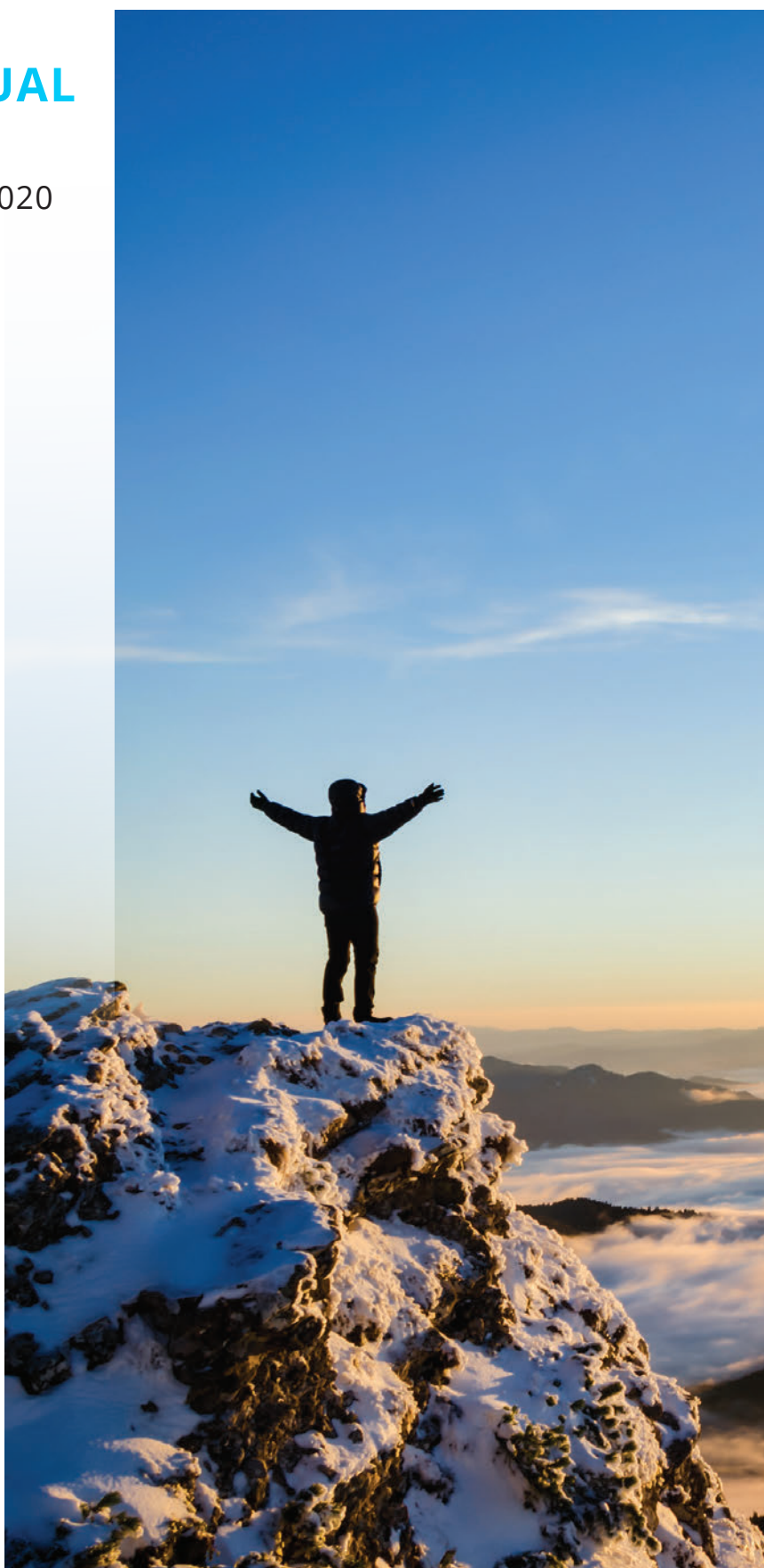
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 Indicates where further information can be found in this report

 Indicates where further information can be found on our website, www.discovery.co.za





Dear Shareholder

The detailed Notice of the Discovery Limited Annual General Meeting and supporting documentation for the year ended 30 June 2020 are attached hereto. The Notice is accompanied by explanatory notes setting out the reasons and the effects of all the proposed ordinary and special resolutions.

The Annual Financial Statements and Integrated Annual Report are available on the Company's website at www.discovery.co.za/corporate/investor-relations. Should you require a full printed version of the Integrated Annual Report please contact me at thysb@discovery.co.za and a copy will be sent to you.

Shareholders of Discovery Limited, or their proxies, that do not attend in person may choose to participate in the AGM by way of electronic communication or via an interactive electronic platform, Zoom, for which details can be found in this Notice. The electronic platform does not, however, allow for electronic voting and shareholders are encouraged to submit their votes by proxy prior to the meeting.

If you are unable to attend the Annual General Meeting, you are able to vote by proxy in accordance with the instructions in the Notice of Annual General Meeting and the form of proxy.

Yours sincerely

MJ Botha
Company Secretary

Notice of the Annual General Meeting

FOR THE YEAR ENDED 30 JUNE 2020

DISCOVERY LIMITED

(Registration number: 1999/007789/06)

ISIN: ZAE000022331

Ordinary share code: DSY

Preference share code: DSBP

ISIN: ZAE000158564

("the Company")

Notice is hereby given in terms of section 62(1) of the Companies Act No. 71 of 2008 as amended ("Companies Act") that the twenty first Annual General Meeting ("AGM") of the Company will be held in the Auditorium, Ground Floor, 1 Discovery Place, Sandton, on Thursday, 26 November 2020 at 09h00 to – (i) consider and, if deemed fit to pass, with or without modification, the resolutions set out below; and (ii) deal with such other business as may be dealt with at the AGM.

The Board of Directors of the Company ("Board") has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the AGM is Friday, 23 October 2020 and only shareholders of the Company who are registered in the securities register of the Company on Friday, 20 November 2020 will be entitled to participate in and vote at the AGM. Therefore, the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the AGM is Tuesday, 17 November 2020.

In terms of clause 13.13 of the Company's Memorandum of Incorporation ("MOI"), holders of B Preference Shares (as that term is defined in the MOI) shall be entitled to receive notice of, and to be present either in person or by proxy, at the AGM, but they shall not be entitled to vote thereat. In terms of clause 12.7 and clause 14.5 of the MOI, the holders of the A Preference Shares and the C Preference Shares (as those terms are defined in the MOI) respectively shall neither be entitled to attend the AGM nor be entitled to vote, in person or by proxy, at any such meeting.

The Integrated Annual Report and the audited Annual Financial Statements for the year ended 30 June 2020, can be accessed on the Company website from 28 October 2020:

www.discovery.co.za/corporate/investor-relations

Electronic participation in the AGM

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication as provided for in terms of the MOI and section 63(2) of the Companies Act. In this regard, shareholders or their proxies may participate in the AGM by way of an interactive electronic platform, Zoom, and if they wish to do so:

- Must contact the Company Secretary (by email at the address thysb@discovery.co.za) or the transfer secretaries (by email at the address proxy@computershare.co.za) no later than 09h00 on Tuesday, 24 November 2020 in order to obtain access details to the AGM.
- Will be required, in terms of section 61(3) of the Companies Act, to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

The electronic platform does not allow for electronic voting and shareholders are encouraged to submit their votes by proxy prior to the meeting.

Participants will be liable for their own network charges in relation to electronic participation at the AGM. Any such charges will not be for the account of the Company's transfer secretaries or the Company, who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating at the AGM.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. A proxy does not have to be a shareholder of the Company.

This notice of the AGM includes the attached proxy form and shareholder's attention is directed to the additional notes and instructions on the back of the form of proxy.



ORDINARY RESOLUTIONS

1. Ordinary Resolution Number 1

Consideration of Annual Financial Statements

“Resolved that the audited Annual Financial Statements, including the Directors’ Report, Auditor’s Report and the Report by the Audit Committee of the Company and all of its subsidiaries (“Group”) for the year ended 30 June 2020 are accepted.”

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 1

The complete audited Annual Financial Statements, including the Directors’ Report, Auditor’s Report and the Report by the Audit Committee, of the Company and the Group for the year ended 30 June 2020, are available on the Company website, www.discovery.co.za/corporate/investor-relations.



The summary consolidated Annual Financial Statements are set out within Annexure 1 from page 10 to 32.

2. Ordinary Resolution Number 2

Re-appointment of external auditor

“Resolved that PricewaterhouseCoopers Inc. (PwC) is re-appointed, as the independent external auditor of the Company, as nominated by the Company’s Audit Committee, until the conclusion of the next AGM. It is noted that Mr Andrew Taylor is the individual registered auditor who will undertake the audit for the financial year ending 30 June 2021.”

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 2

In accordance with section 90 of the Companies Act, PwC is proposed to be re-appointed as the external auditors of the Company, as nominated by the Company’s Audit Committee, until the conclusion of the Company’s next AGM. The Company is currently in the process of preparing for mandatory audit firm rotation in conjunction with the future probable requirement by the Regulator to appoint joint auditors for an Insurance Group. Such rotation and potential joint appointment will be implemented ahead of the compulsory audit firm rotation deadline applicable to the Company which is for the financial year commencing 1 July 2023.

3. Ordinary Resolution Number 3

Re-election and election of Directors

Ordinary Resolution Number 3 (comprising Ordinary Resolutions Number 3.1 to 3.3 (inclusive))

Shareholders are requested to consider and, if deemed fit, to re-elect Ms Sindi Zilwa and Mr Mark Tucker as directors appointed to the Board and, further, to ratify the appointment of Mr David Macready as a director of the Company by way of passing a separate resolution.

By way of a separate ordinary resolution, it is:

3.1 “Resolved that Ms Sindi Zilwa who retires in terms of clause 41.3 of the MOI and who, being eligible, offers herself for re-election, be and is hereby re-elected as a non-executive director of the Company.”

3.2 “Resolved that Mr Mark Tucker who retires in terms of clause 41.3 of the MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as a non-executive director of the Company.”

3.3 “Resolved that the appointment of Mr David Macready as an independent non-executive director of the Company, with effect from 3 February 2020, be and is hereby ratified.”

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTIONS NUMBER 3.1 TO 3.3

Clause 41.3 of the MOI provides that one third of the Company’s non-executive directors shall retire at every AGM. Ms Sindi Zilwa, Mr Mark Tucker and Mr Hershel Mayers therefore retire for this purpose. The reason for the proposed Ordinary Resolutions Number 3.1 to 3.2 (inclusive) is to elect, in accordance with the MOI and by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required by section 68(1) of the Companies Act, Ms Sindi Zilwa and Mr Mark Tucker as directors of the Company. Mr Herschel Mayers does not offer himself for re-election and as such retires at the conclusion of the 2020 AGM, which is scheduled to be held on 26 November 2020, following the conclusion of his term on the board. The effect of Ordinary Resolutions 3.1 to 3.2 (inclusive) is that Ms Sindi Zilwa and Mr Mark Tucker will be elected as directors of the Company.

Mr David Macready was appointed by the Board as an independent non-executive director on 3 February 2020 in accordance with clause 41.10 of the MOI. Therefore, the reason for the proposed Ordinary Resolution Number 3.3 is to ratify the appointment of Mr David Macready as a director of the Company.



A brief CV of each of the directors mentioned above appears on pages 33 to 34.

4 Ordinary Resolution Number 4 (comprising Ordinary Resolutions Number 4.1 to 4.3 (inclusive))

Election of independent Audit Committee

“Resolved that by way of separate ordinary resolutions, subject to the passing of Ordinary Resolution Number 3.1 and 3.3, each of:

4.1 Mr David Macready, who is an independent non-executive director of the Company, be and is hereby elected as a member and the chairperson of the Company’s Audit Committee for the financial year ending 30 June 2021.

4.2 Ms Sindi Zilwa, who is an independent non-executive director of the Company, be and is hereby re-elected as a member of the Company’s Audit Committee for the financial year ending 30 June 2021.

4.3 Ms Sonja De Bruyn, who is an independent non-executive director of the Company, be and is hereby re-elected as a member of the Company’s Audit Committee for the financial year ending 30 June 2021.”

NOTICE OF THE ANNUAL GENERAL MEETING *continued*

for the year ended 30 June 2020

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 4.1 TO 4.3

In terms of section 94(2) of the Companies Act, the Audit Committee is a committee elected by shareholders at each AGM. A brief CV of each of the independent non-executive directors mentioned above appears on pages 33 to 34. In terms of the Regulations promulgated under and in terms of the Companies Act ("Companies Act Regulations"), at least one-third of the members of the Company's Audit Committee must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Board is satisfied that the Company's Audit Committee members are suitably skilled and experienced as contemplated in Regulation 42 of the Companies Act Regulations and collectively they have sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act.

The Company, through its Nominations Committee, continues to assess the increasing skills and capacity requirements, as well as the adequacy of succession planning, of the Audit Committee. The response to these assessments and the controlled succession plans are implemented in conjunction with the Chairman of the Audit Committee to ensure adequate continuity and appropriate transitional arrangements are in place where necessary.

5. Ordinary Resolution Number 5 Advisory endorsement of the remuneration policy and implementation report

- 5.1 "Resolved that to endorse, through a non-binding advisory vote, the Company's remuneration policy as set out in the Remuneration Report contained in the Integrated Annual Report."
- 5.2 "Resolved that to endorse, through a non-binding advisory vote, the Company's remuneration implementation report (excluding the remuneration of the non-executive directors for services as directors and members of statutory committees), as set out in the Integrated Annual Report."

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 5

In terms of the South African King IV report on Corporate Governance ("King IV"), shareholders of the Company are provided with an opportunity to pass non-binding advisory votes on the remuneration policy and the implementation report. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof, but will not be binding on the Company.

Furthermore, King IV recommends the remuneration policy should record the measures that the Board commits to in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised by the shareholders.

6. Ordinary Resolution Number 6 Authority to implement Special and Ordinary Resolutions

"Resolved that any director of the Company or the Company Secretary of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions to be proposed at the AGM."

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 6

The reason for Ordinary Resolution Number 6 is to authorise any director or the Company Secretary of the Company to attend to the necessary to implement the special and ordinary resolutions passed at the AGM and to sign all documentation required to record the special and ordinary resolutions. The effect of Ordinary Resolution Number 6 is that any director or the Company Secretary of the Company will be authorised to attend to the implementation of the special and ordinary resolutions on behalf of the Company.

7. Ordinary Resolution Number 7 General authority to issue preference shares

In terms of clauses 15.2.2 and 15.2.3 of the MOI, the Board requires the approval of the ordinary shareholders of the Company to issue and allot and grant options over the unissued redeemable no par value preference shares (i.e. A Preference Shares (as defined in the MOI)); the non-cumulative, non-participating, non-convertible, voluntary redeemable no par value preference shares (i.e. B Preference Shares (as defined in the MOI)) and the perpetual no par value preference shares (i.e. C Preference shares (as defined in the MOI)) in the share capital of the Company. As such, it is proposed that shareholders provide the requisite general authority to the Board to issue up to 10 000 000 A Preference Shares, 12 000 000 B Preference Shares and 20 000 000 C Preference Shares by passing the following Ordinary Resolution Numbers 7.1 to Ordinary Resolution Number 7.3:

7.1 General authority to directors to allot and issue A Preference Shares

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 10 000 000 A Preference Shares from the authorised but unissued A Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 months from the date of this Ordinary Resolution Number 7.1, whichever period is shorter."



ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 7.1

The reason for Ordinary Resolution Number 7.1 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued A Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution Number 7.1 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 10 000 000 A Preference Shares as they deem fit.

7.2 General authority to directors to allot and issue B Preference Shares

“Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 12 000 000 B Preference Shares from the authorised but unissued B Preference Shares in the share capital of the Company, such authority shall endure until the Company’s next AGM or for 15 months from the date of this Ordinary Resolution Number 7.2, whichever period is shorter.”

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 7.2

The reason for Ordinary Resolution Number 7.2 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued B Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution Number 7.2 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 12 000 000 B Preference Shares as they deem fit.

7.3 General authority to directors to allot and issue C Preference Shares

“Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 20 000 000 C Preference Shares from the authorised but unissued C Preference Shares in the share capital of the Company, such authority shall endure until the Company’s next AGM or for 15 months from the date of this Ordinary Resolution Number 7.3, whichever period is shorter.”

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 7.3

The reason for Ordinary Resolutions Number 7.3 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued C Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution Number 7.3 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 20 000 000 C Preference Shares as they deem fit.

SPECIAL RESOLUTIONS

1. Special Resolution Number 1

Approval of non-executive directors’ remuneration – 2020/2021

“Resolved that there be no increase in fees and that payment of the following fees be approved as the basis for calculating the remuneration of the non-executive directors for their services as directors of the Company for the financial year ending 30 June 2021:

	FY2020 Excl VAT (if applicable) Retainer only	Proposed FY2021 Excl VAT (if applicable) Retainer only
BOARD		
Chairperson	GBP 300 000	GBP 300 000
Member – SA based	R 480 000	R 480 000
Member – UK based	GBP 66 000	GBP 66 000
Member – AUS based	AUD 120 000	AUD 120 000
Member – USA and other non-SA based	USD 82 000	USD 82 000
AUDIT, RISK AND ACTUARIAL COMMITTEES		
Chairperson – SA based	R 455 000	R 455 000
Member – SA based	R 260 000	R 260 000
Chairperson – UK based	GBP 48 000	GBP 48 000
Member – UK based	GBP 16 200	GBP 16 200
Chairperson – AUS based	AUD 54 600	AUD 54 600
Member – AUS based	AUD 31 200	AUD 31 200
Chairperson – USA and other non-SA based	USD 37 600	USD 37 600
Member – USA and other non-SA based	USD 21 500	USD 21 500

NOTICE OF THE ANNUAL GENERAL MEETING *continued*

for the year ended 30 June 2020

	FY2020 Excl VAT (if applicable) Retainer only	Proposed FY2021 Excl VAT (if applicable) Retainer only
REMUNERATION, SOCIAL AND ETHICS, NOMINATIONS AND ANY OTHER COMMITTEES		
Chairperson – SA based	R 364 000	R 364 000
Member – SA based	R 208 000	R 208 000
Chairperson – UK based	GBP 24 200	GBP 24 200
Member – UK based	GBP 13 800	GBP 13 800
Chairperson – AUS based	AUD 43 600	AUD 43 600
Member – AUS based	AUD 25 000	AUD 25 000
Chairperson – USA and other non-SA based	USD 30 100	USD 30 100
Member – USA and other non-SA based	USD 17 200	USD 17 200
Non-resident director travel allowance	USD 2 795 per return leg	USD 2 795 per return leg

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 1

In terms of section 66(8) and (9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the MOI. Therefore, the reason for and the effect of Special Resolution Number 1 is to approve the payment of and the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period ending 30 June 2021 in terms of section 66(8) and (9) of the Companies Act. The fees payable to the non-executive directors are detailed above. Further details on the basis of calculation of the remuneration are included in the Remuneration Report on page 120 of the Integrated Annual Report.

The Board has resolved to not recommend any increase in non-executive director fees, given the current economic conditions resulting from the COVID-19 pandemic.

2. Special Resolution Number 2 General authority to repurchase shares

“Resolved that the Board is hereby authorised by a way of a renewable general authority, in terms of the provisions of the JSE Listings Requirements, section 48 of the Companies Act and as permitted in the MOI, to approve the repurchase of its own ordinary shares by the Company, and the repurchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the JSE Listings Requirements, when applicable, and provided that:

- 2.1 The general repurchase by the Company and/or any subsidiary of the Company of ordinary shares in the aggregate in any one financial year do not exceed 10% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued shares in the Company are held by or for the benefit of all the subsidiaries of the Company taken together;
- 2.2 Any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
- 2.3 Any repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- 2.4 This authority shall only be valid until the Company's next AGM or the expiry of a period of 15 months from the date of passing of this resolution, whichever occurs first;
- 2.5 The Company will only appoint one agent to effect any repurchase(s) on its behalf;
- 2.6 General repurchases by the Company and/or any subsidiary of the Company in terms of this authority, may not be made at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five business days immediately preceding the date of the repurchase of such ordinary shares by the Company and/or any subsidiary of the Company;
- 2.7 Any such general repurchases are subject to exchange control regulations and approvals at that point in time, where relevant;
- 2.8 A resolution has been passed by the Board and/or any subsidiary of the Company confirming that the Board has authorised the repurchase, that the Company satisfied the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group;
- 2.9 The Company and/or any subsidiary of the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and not subject to any variation and has been submitted to the JSE in writing prior to the commencement of the prohibited period;
- 2.10 An announcement will be published giving such details as may be required in terms of the JSE Listings Requirements as soon as the Company and/or any subsidiary has cumulatively repurchased 3% of the number of shares in issue at the date of the passing of this resolution, and for each 3% in aggregate of the initial number of shares acquired thereafter; and



- 2.11 The Board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future, in particular the repurchase of shares by a subsidiary of the Company for purposes of employee share schemes. The Board undertakes that it will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that, for a period of 12 months after the date of the repurchase:
- 2.11.1 The Company and the Group will be able in the ordinary course of business to pay its debts;
- 2.11.2 The assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group;
- 2.11.3 The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- 2.11.4 The working capital of the Company and the Group will be adequate for ordinary business purposes."

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 2

The reason for and the effect of Special Resolution Number 2 is to grant the Board a general authority in terms of the JSE Listings Requirements, up to and including the date of the following AGM of the Company (provided that it shall not extend beyond 15 months from the date the resolution is passed), to approve the Company's purchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company and to authorise the Company or any of its subsidiaries to acquire shares issued by the Company in terms of the aforesaid approval. Please refer to the additional disclosure of information contained in this notice of AGM, which disclosure is required in terms of the JSE Listings Requirements.

Other than the facts and developments reported on in the Annual Financial Statements and the Integrated Annual Report, there have been no material changes in the financial position of the Company since the date of the audit report and the date of this notice.

3. Special Resolution Number 3 Financial assistance in terms of section 44 and 45 of the Companies Act

"Resolved that, to the extent required by the Companies Act, the Board may, subject to compliance with the requirements of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to:

- 3.1 Any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related

company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act;

- 3.2 Any of its present or future directors or Prescribed Officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Group's share or other employee incentive schemes (without limitation to the Long-term Incentive Plan (LTIP)), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act;
- 3.3. The trustees of the LTIP as a capital contribution in order to enable the trustees of the LTIP to subscribe for shares in the Company in respect of which beneficiaries of the LTIP will acquire vested rights.

Such authority to endure until the forthcoming AGM of the Company."

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 3

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or inter-related companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or related or inter-related company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the Board must be satisfied that – (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Therefore, the reason for Special Resolution Number 3 is to obtain approval from the shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. The effect of Special Resolution Number 3 is that the Company will have the necessary authority to authorise and provide the financial assistance as and when required.

NOTICE OF THE ANNUAL GENERAL MEETING *continued*

for the year ended 30 June 2020

The Board undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

ADDITIONAL DISCLOSURE OF INFORMATION

For the purposes of considering Special Resolution Number 2 and in compliance with the JSE Listings Requirements, the information listed below has been included as follows:

Major shareholders of the Company



Refer to *page 180* of the Annual Financial Statements.

Share capital of the Company



Refer to Group note 17 on *page 103* of the Annual Financial Statements.

Directors' responsibility statement

The directors of the Company, whose names appear on page 11 of the Integrated Annual Report, have no specific intention to effect the provisions of Special Resolution Number 2 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution Number 2.

The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 2 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that Special Resolution Number 2 contains all information required by law and the JSE Listings Requirements.

No material changes

Other than the facts and developments reported on in the Integrated Annual Report and Annual Financial Statements, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions Number 1 to 7, except for Ordinary Resolution Number 5, contained in this notice of AGM require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

Ordinary Resolution Number 5, contained in this notice of AGM, requires the approval by more than 75% of the votes exercised on the resolution by shareholders present or represented by proxy at the AGM and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

Special Resolutions Number 1 to 3 contained in this notice of AGM require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

The report of the members of the Social and Ethics Committee for the year ended 30 June 2020 can be found on page 34 of the Governance Report (available on the Company's website at www.discovery.co.za/corporate/investor-relations). The Chairperson of the Social and Ethics Committee will be present at this AGM and if there are any questions regarding the activities of the Committee then they can be addressed.

TO TRANSACT ANY OTHER BUSINESS THAT MAY BE TRANSACTED AT AN AGM

Attendance and voting by shareholders or proxies

The record date on which shareholders of the Company must be registered as such in the Company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the AGM is Friday, 20 November 2020.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. The person or persons so appointed as a proxy or proxies need not be a shareholder or shareholders of the Company.

Forms of proxy must be lodged with or posted to the Company at 1 Discovery Place, corner Rivonia and Katherine streets, Sandton, 2196 or posted to the Company at PO Box 786722, Sandton, 2146, South Africa or lodged with the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa or posted to the Company's transfer secretaries at Private Bag X9000, Saxonwold, 2132, South Africa so as to be received by them by not later than Tuesday, 24 November 2020 at 09h00 (South African time), being not less than 48 hours before the AGM to be held at 09h00 on Thursday, 26 November 2020 in accordance with clause 27.3.2 of the MOI. Any forms of proxy not received by this time must be handed to the Chairperson of the AGM immediately prior to the commencement of the AGM before your proxy may exercise any of your rights as a shareholder at the AGM.



Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with “own-name” registration, should contact their Central Securities Depository Participant or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary authority to attend the AGM, in the event that they wish to attend the AGM.

On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder. Voting on the resolution to be proposed at the AGM will be on a poll.

Shares held by a share trust or scheme will not have their votes at the AGM taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements. Shares held as treasury shares may also not vote.

PROOF OF IDENTIFICATION REQUIRED

Section 63(1) of the Companies Act requires that any person who wishes to attend or participate in a shareholders meeting, must present reasonably satisfactory identification at the AGM. Any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the AGM for such shareholder or proxy to attend and participate at the AGM. A green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver’s licence or a valid passport will be accepted as sufficient identification.

VENUE

Please take note that the AGM will be held in the Auditorium, Ground Floor, 1 Discovery Place, Sandton, on Thursday, 26 November 2020 at 09h00.





By order of the Board

MJ Botha
Company Secretary

28 October 2020

TABLE OF DOCUMENTS

The below listed reports for the year ending 30 June 2020 have been referred to in this Notice and will be available for access on our website from 28 October 2020 via the links below:

	Annual Financial Statements www.discovery.co.za/info/2020financials
	Governance Report www.discovery.co.za/info/2020governance
	Integrated Annual Report www.discovery.co.za/info/2020annualreport
	Remuneration Report www.discovery.co.za/info/2020annualreport

ANNEXURE 1

Summarised Consolidated Annual Financial Statements

For the year ended 30 June 2020

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2020

R million	Group 2020	Group 2019
Assets		
Goodwill	5 070	4 642
Intangible assets	6 381	5 597
Property and equipment	4 643	4 212
Assets arising from insurance contracts	48 042	48 781
Deferred acquisition costs	632	536
Assets arising from contracts with customers	954	752
Investment in equity-accounted investees	2 713	1 950
Deferred income tax asset	3 511	2 372
Financial assets		
– Loans and advances to customers at amortised cost	1 848	–
– Investments at amortised cost	2 523	1 943
– Investments at fair value through profit or loss	102 714	90 205
– Derivative financial instrument	1 370	375
Insurance receivables, contract receivables and other receivables	11 436	9 015
Current income tax asset	182	136
Reinsurance contracts	400	314
Cash and cash equivalents	17 909	9 403
TOTAL ASSETS	210 328	180 233
Equity		
Capital and reserves		
Ordinary share capital and share premium	10 148	10 142
Perpetual preference share capital	779	779
Other reserves	3 269	452
Retained earnings	30 353	31 710
	44 549	43 083
Non-controlling interest	4	*
TOTAL EQUITY	44 553	43 083
Liabilities		
Liabilities arising from insurance contracts	82 411	70 522
Liabilities arising from reinsurance contracts	12 465	10 835
Deferred income tax liability	8 514	8 697
Contract liabilities to customers	808	433
Financial liabilities		
– Borrowings at amortised cost	19 836	14 682
– Other payables at amortised cost	14 233	10 262
– Deposits from customers	2 427	–
– Investment contracts at fair value through profit or loss	23 012	20 674
– Derivative financial instrument	992	509
Employee benefits	284	260
Current income tax liability	793	276
TOTAL LIABILITIES	165 775	137 150
TOTAL EQUITY AND LIABILITIES	210 328	180 233

* Amount is less than R500 000.

The order in which individual line items are presented in the Statement of financial position has been amended to better reflect their respective liquidity, as far as possible, from least liquid to the most liquid items. No values were reclassified or restated between line items.



GROUP INCOME STATEMENT

for the year ended 30 June 2020

R million	Group June 2020 Audited	Group June 2019 Audited
Insurance premium revenue	49 775	43 036
Reinsurance premiums	(6 308)	(5 595)
Net insurance premium revenue	43 467	37 441
Fee income from administration business	11 337	10 404
Net banking fee and commission income	150	-
Banking fee and commission income	182	-
Banking fee and commission expense	(32)	-
Vitality income	3 875	3 653
Other income	1 100	1 063
Investment income using the effective interest rate method	379	398
Net bank interest and similar income	71	29
Bank interest and similar income using the effective interest rate	162	29
Bank interest and similar expense using the effective interest rate	(91)	-
Net fair value gains on financial assets at fair value through profit or loss	4 093	4 265
Net income	64 472	57 253
Net claims and policyholders' benefits	(23 246)	(20 879)
Claims and policyholders' benefits	(26 856)	(24 538)
Insurance claims recovered from reinsurers	3 610	3 659
Acquisition costs	(6 547)	(6 100)
Marketing and administration expenses	(22 118)	(19 954)
Amortisation of intangibles from business combinations	(76)	(99)
Expected credit losses	(181)	-
Recovery of expenses from reinsurers	2 876	2 830
Net transfer to/from assets and liabilities under insurance contracts	(13 497)	(4 706)
- change in assets arising from insurance contracts	2 038	5 321
- change in assets arising from reinsurance contracts	53	7
- change in liabilities arising from insurance contracts	(9 418)	(8 050)
- change in liabilities arising from reinsurance contracts	(462)	(1 984)
- economic assumption adjustments net of discretionary margins	(5 708)	-
Fair value adjustment to liabilities under investment contracts	(151)	(809)
Profit from operations	1 532	7 536
Finance costs	(1 568)	(1 375)
Gain on previously held interests in DiscoveryCard business	-	761
Gain on dilution and disposal of equity-accounted investments	3	844
Impairment of goodwill	(9)	(17)
Foreign exchange gains	578	*
Share of net profits from equity-accounted investments	264	170
Profit before tax	800	7 919
Income tax expense	(624)	(1 305)
Profit for the year	176	6 614
Profit/(loss) attributable to:		
- ordinary shareholders	97	6 533
- preference shareholders	81	81
- non-controlling interest	(2)	*
	176	6 614
Earnings per share for profit attributable to ordinary shareholders of the Company during the year (cents):		
- basic	14.8	1 001.5
- diluted	14.7	1 001.1

* Amount is less than R500 000.

ANNEXURE 1 *continued*

GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

R million	Group June 2020 Audited	Group June 2019 Audited
Profit for the year	176	6 614
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	2 800	(140)
– unrealised gains/(losses)	2 768	(142)
– tax on unrealised (gains)/losses	32	2
Cash flow hedges	(430)	(175)
– unrealised losses	(762)	(91)
– tax on unrealised losses/gains	59	(7)
– losses/(gains) recycled to profit or loss	319	(98)
– tax on recycled losses/gains	(46)	21
Share of other comprehensive income from equity-accounted investments	293	(19)
– change in fair value of debt instruments at fair value through other comprehensive income	3	–
– currency translation differences	290	(19)
Other comprehensive income/(losses) for the year, net of tax	2 663	(334)
Total comprehensive income for the year	2 839	6 280
Attributable to:		
– ordinary shareholders	2 760	6 199
– preference shareholders	81	81
– non-controlling interest	(2)	*
Total comprehensive income for the year	2 839	6 280

* Amount is less than R500 000.



GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

R million	Group June 2020 Audited	Group June 2019 Audited
Cash flow from operating activities	8 065	1 738
Cash generated by operations	19 000	12 779
Purchase of investments held to back policyholder liabilities	(37 316)	(35 109)
Proceeds from disposal of investments held to back policyholder liabilities	26 218	23 831
	7 902	1 501
Dividends received	342	339
Interest received	2 516	2 274
Interest paid	(1 406)	(1 219)
Taxation paid	(1 289)	(1 157)
Cash flow from investing activities	(3 030)	(2 844)
Purchase of financial assets	(26 497)	(21 725)
Proceeds from disposal of financial assets	25 532	21 831
Purchase of property and equipment	(290)	(510)
Proceeds from disposal of property and equipment	4	95
Purchase of software and other intangible assets	(1 726)	(1 999)
Proceeds from disposal of intangible assets	-	22
Proceeds from the disposal of equity-accounted investments	-	402
Acquisition of business net of cash	16	(736)
Additional investment in equity-accounted investments	(69)	(224)
Cash flow from financing activities	2 202	(344)
Proceeds from issuance of ordinary shares	-	1 854
Shares issue costs	-	(19)
Acquisition of additional interest in subsidiary	-	(1 104)
Purchase of treasury shares	(4)	-
Dividends paid to ordinary shareholders	(1 413)	(1 400)
Dividends paid to preference shareholders	(81)	(81)
Proceeds from borrowings	10 339	2 147
Repayment of borrowings	(6 639)	(1 741)
Net increase/(decrease) in cash and cash equivalents	7 237	(1 450)
Cash and cash equivalents at beginning of the year	9 403	10 888
Exchange gains/(losses) on cash and cash equivalents	1 269	(35)
Cash and cash equivalents at end of the year	17 909	9 403

ANNEXURE 1 *continued*

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

R million	Attributable to equity holders of the Company			
	Share capital and share premium	Preference share capital	Share-based payment reserve	Investment reserve ¹
Year ended 30 June 2019				
At beginning of the year	8 308	779	327	-
Total comprehensive income for the year	-	81	-	-
Profit for the year	-	81	-	-
Other comprehensive income	-	-	-	-
Transactions with owners	1 834	(81)	(286)	-
Share issue	1 854	-	-	-
Share issue costs	(19)	-	-	-
Change in ownership without change in control	-	-	-	-
Increase in treasury shares	(5)	-	-	-
Delivery of treasury shares	4	-	-	-
Transfer of vested equity-settled share schemes	-	-	(319)	-
Employee share option schemes:				
- Value of employee services	-	-	33	-
Dividends paid to preference shareholders	-	(81)	-	-
Dividends paid to ordinary shareholders	-	-	-	-
At end of the year	10 142	779	41	-
Year ended 30 June 2020				
At beginning of the year	10 142	779	41	-
IFRS transitional adjustments	-	-	-	-
Adjusted balance at beginning of the year	10 142	779	41	-
Total comprehensive income for the year	-	81	-	3
Profit for the year	-	81	-	-
Other comprehensive income	-	-	-	3
Transactions with owners	6	(81)	154	-
Delivery of treasury shares	10	-	(10)	-
Increase in treasury shares	(4)	-	-	-
Acquisition of subsidiaries with non-controlling interest	-	-	-	-
Employee share option schemes:				
- Value of employee services	-	-	164	-
Dividends paid to preference shareholders	-	(81)	-	-
Dividends paid to ordinary shareholders	-	-	-	-
At end of the year	10 148	779	195	3

¹ This relates to fair value adjustments on those equity instruments designated at fair value through other comprehensive income and those debt instruments measured at fair value through other comprehensive income.

* Amount is less than R500 000.



Attributable to equity holders of the Company

Foreign currency translation reserve	Hedging reserve	Retained earnings	Total	Non- controlling interest	Total
744	1	27 362	37 521	*	37 521
(159)	(175)	6 533	6 280	*	6 280
-	-	6 533	6 614	-	6 614
(159)	(175)	-	(334)	-	(334)
-	-	(2 185)	(718)	-	(718)
-	-	-	1 854	-	1 854
-	-	-	(19)	-	(19)
-	-	(1 104)	(1 104)	-	(1 104)
-	-	-	(5)	-	(5)
-	-	-	4	-	4
-	-	319	-	-	-
-	-	-	33	-	33
-	-	-	(81)	-	(81)
-	-	(1 400)	(1 400)	-	(1 400)
585	(174)	31 710	43 083	*	43 083
585	(174)	31 710	43 083	*	43 083
-	-	(41)	(41)	-	(41)
585	(174)	31 669	43 042	*	43 042
3 090	(430)	97	2 841	(2)	2 839
-	-	97	178	(2)	176
3 090	(430)	-	2 663	-	2 663
-	-	(1 413)	(1 334)	6	(1 328)
-	-	-	-	-	-
-	-	-	(4)	-	(4)
-	-	-	-	6	6
-	-	-	164	-	164
-	-	-	(81)	-	(81)
-	-	(1 413)	(1 413)	-	(1 413)
3 675	(604)	30 353	44 549	4	44 553

ANNEXURE 1 *continued*

SEGMENTAL INFORMATION

for the year ended 30 June 2020

R million	SA Health	SA Life	SA Invest	SA Insure
30 June 2020				
Income statement				
Insurance premium revenue	252	12 984	15 602	3 544
Reinsurance premiums	(1)	(2 564)	-	(66)
Net insurance premium revenue	251	10 420	15 602	3 478
Fee income from administration businesses	7 238	-	2 246	12
Net banking fee and commission income	-	-	-	-
Banking fee and commission income	-	-	-	-
Banking fee and commission expense	-	-	-	-
Vitality income	-	-	-	-
Other income	883	39	-	-
Investment income earned on assets backing policyholder liabilities	-	13	-	119
Net bank interest and similar income	-	-	-	-
Bank interest and similar income using the effective interest rate	-	-	-	-
Bank interest and similar expense using the effective interest rate	-	-	-	-
Finance charge on negative reserve funding	-	-	-	-
Inter-segment funding ¹	-	(762)	762	-
Net fair value gains on financial assets at fair value through profit or loss	(20)	867	834	32
Net income	8 352	10 577	19 444	3 641
Net claims and policyholders' benefits	(100)	(6 079)	(10 542)	(1 915)
Claims and policyholders' benefits	(100)	(7 926)	(10 542)	(1 939)
Insurance claims recovered from reinsurers	-	1 847	-	24
Acquisition costs	(30)	(1 566)	(1 080)	(479)
Credit impairment charges	-	-	-	-
Marketing and administration expenses				
- depreciation and amortisation	(176)	(7)	(9)	(84)
- derecognition of intangible assets and property and equipment	(29)	-	-	(74)
- impairment of intangible assets	-	-	-	-
- other expenses	(4 844)	(1 976)	(984)	(824)
Recovery of expenses from reinsurers	-	-	-	-
Transfer from assets/liabilities under insurance contracts				
- change in assets arising from insurance contracts	-	1 557	-	-
- change in assets arising from reinsurance contracts	-	27	-	7
- change in liabilities arising from insurance contracts	-	(238)	(5 809)	(39)
- change in liabilities arising from reinsurance contracts	-	678	-	-
Fair value adjustment to liabilities under investment contracts	-	(2)	(190)	-
Share of net profits from equity-accounted investments	17	-	-	13
Normalised profit/(loss) from operations	3 190	2 971	830	246
Investment income earned on shareholder investments and cash	65	21	45	10
Economic assumptions adjustments net of discretionary margins and interest rate derivative	-	(3 635)	-	-
Economic assumptions adjustments net of discretionary margins	-	(3 635)	-	-
Fair value gains on VitalityLife interest rate derivative	-	-	-	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	128	4	-
Restructuring costs	-	-	-	-
Gains from dilution of equity accounted investments	-	-	-	3
Impairment of goodwill	-	-	-	-
Initial expenses related to Prudential Book transfer	-	-	-	-
Transaction costs related to VitalityLife interest rate derivatives	-	-	-	-
Amortisation of intangibles from business combinations	-	-	-	-
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-	-
Finance costs	(286)	-	-	-
Foreign exchange gains	15	-	36	-
Profit before tax	2 984	(515)	915	259
Income tax expense	(826)	147	(256)	(64)
Profit for the year	2 158	(368)	659	195

¹ The inter-segment funding of R762 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.



SA Vitality	SA Bank ²	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments	IFRS total
-	-	9 100	5 705	3 330	50 517	(742)	49 775
-	-	(1 589)	(2 789)	(41)	(7 050)	742	(6 308)
-	-	7 511	2 916	3 289	43 467	-	43 467
-	137	30	-	1 687	11 350	(13)	11 337
-	150	-	-	-	150	-	150
-	182	-	-	-	182	-	182
-	(32)	-	-	-	(32)	-	(32)
2 401	121	452	212	689	3 875	-	3 875
-	120	69	-	18	1 129	(29)	1 100
-	1	9	37	1	180	(180)	-
-	63	-	-	-	63	8	71
-	162	-	-	-	162	-	162
-	(99)	-	-	-	(99)	8	(91)
-	-	-	(838)	-	(838)	838	-
-	-	-	-	-	-	-	-
(2)	92	29	768	59	2 659	1 434	4 093
2 399	684	8 100	3 095	5 743	62 035	2 058	64 093
-	-	(3 623)	(798)	(189)	(23 246)	-	(23 246)
-	-	(4 796)	(1 964)	(229)	(27 496)	640	(26 856)
-	-	1 173	1 166	40	4 250	(640)	3 610
(66)	-	(797)	(1 814)	123	(5 709)	(838)	(6 547)
-	(181)	-	-	-	(181)	-	(181)
(15)	(236)	(359)	(46)	(612)	(1 544)	(210)	(1 754)
(9)	-	-	-	(84)	(196)	-	(196)
-	-	-	-	(63)	(63)	-	(63)
(2 302)	(1 438)	(3 297)	(2 063)	(2 625)	(20 353)	260	(20 093)
-	-	826	2 050	-	2 876	-	2 876
-	-	-	(2 788)	29	(1 202)	3 240	2 038
-	-	8	11	-	53	-	53
-	-	(28)	(18)	(3 110)	(9 242)	(176)	(9 418)
-	-	-	2 099	-	2 777	(3 239)	(462)
-	-	-	-	4	(188)	37	(151)
-	-	-	-	222	252	-	252
7	(1 171)	830	(272)	(562)	6 069	1 132	7 201
27	-	1	12	746	927	(548)	379
-	-	-	(1 195)	-	(4 830)	(878)	(5 708)
-	-	-	(2 073)	-	(5 708)	-	(5 708)
-	-	-	878	-	878	(878)	-
-	-	-	(120)	263	275	(275)	-
-	-	-	(100)	-	(100)	100	-
-	-	-	-	-	3	-	3
-	-	-	-	(9)	(9)	-	(9)
-	-	-	(71)	-	(71)	71	-
-	-	-	(45)	-	(45)	45	-
-	-	-	-	(76)	(76)	-	(76)
-	-	-	-	(259)	(259)	259	-
-	-	(7)	(257)	(1 389)	(1 939)	371	(1 568)
-	-	-	-	527	578	-	578
34	(1 171)	824	(2 048)	(759)	523	277	800
(10)	270	(129)	239	282	(347)	(277)	(624)
24	(901)	695	(1 809)	(477)	176	-	176

ANNEXURE 1 *continued*

SEGMENTAL INFORMATION

for the year ended 30 June 2019

R million	SA Health	SA Life	SA Invest	SA Insure
30 June 2019				
Income statement				
Insurance premium revenue	167	12 131	14 267	3 158
Reinsurance premiums	(1)	(2 410)	-	(261)
Net insurance premium revenue	166	9 721	14 267	2 897
Fee income from administration businesses	6 815	-	2 050	12
Vitality income	-	-	-	-
Other income	782	42	-	-
Investment income earned on assets backing policyholder liabilities	-	14	1	142
Net bank interest and similar income	-	-	-	-
Bank interest and similar income using the effective interest rate	-	-	-	-
Bank interest and similar expense using the effective interest rate	-	-	-	-
Finance charge on negative reserve funding	-	-	-	-
Inter-segment funding ¹	-	(754)	754	-
Net fair value gains on financial assets at fair value through profit or loss	7	1 056	1 849	1
Net income	7 770	10 079	18 921	3 052
Net claims and policyholders' benefits	(64)	(6 037)	(8 989)	(1 734)
Claims and policyholders' benefits	(65)	(8 205)	(8 989)	(1 903)
Insurance claims recovered from reinsurers	1	2 168	-	169
Acquisition costs	(6)	(1 705)	(1 138)	(405)
Marketing and administration expenses				
- depreciation and amortisation	(223)	(4)	(4)	(70)
- impairment of intangibles assets	(4)	-	-	-
- other expenses	(4 423)	(1 876)	(904)	(744)
Recovery of expenses from reinsurers	-	-	-	-
Transfer from assets/liabilities under insurance contracts				
- change in assets arising from insurance contracts	-	3 475	-	-
- change in assets arising from reinsurance contracts	-	10	-	(5)
- change in liabilities arising from insurance contracts	(9)	(251)	(6 837)	53
- change in liabilities arising from reinsurance contracts	-	(458)	-	-
Fair value adjustment to liabilities under investment contracts	-	(3)	(83)	-
Share of net profits from equity-accounted investments	3	-	-	8
Normalised profit/(loss) from operations	3 044	3 230	966	155
Investment income earned on shareholder investments and cash	57	8	35	30
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	224	(9)	-
Gains from dilution of equity accounted investments	-	-	-	808
Gain on previously held interests in DiscoveryCard business	-	-	-	-
Impairment of goodwill	-	-	-	-
Initial expenses related to Prudential Book transfer	-	-	-	-
Amortisation of intangibles from business combinations	-	-	-	-
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-	-
Finance costs	(270)	(2)	-	-
Foreign exchange gains/(losses)	1	-	6	-
Profit before tax	2 832	3 460	998	993
Income tax expense	(741)	(880)	(280)	(195)
Profit for the period	2 091	2 580	718	798

¹ The inter-segment funding of R754 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.



SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments	IFRS total
-	-	8 429	4 750	801	43 703	(667)	43 036
-	-	(1 393)	(2 177)	(20)	(6 262)	667	(5 595)
-	-	7 036	2 573	781	37 441	-	37 441
-	219	15	-	1 311	10 422	(18)	10 404
2 329	120	501	157	546	3 653	-	3 653
-	224	39	-	(2)	1 085	(22)	1 063
-	-	10	42	(1)	208	(208)	-
-	29	-	-	-	29	-	29
-	29	-	-	-	29	-	29
-	-	-	-	-	-	-	-
-	-	-	(243)	-	(243)	243	-
-	-	-	-	-	-	-	-
-	-	40	211	32	3 196	1 069	4 265
2 329	592	7 641	2 740	2 667	55 791	1 064	56 855
-	-	(3 525)	(513)	(17)	(20 879)	-	(20 879)
-	-	(4 613)	(1 133)	(30)	(24 938)	400	(24 538)
-	-	1 088	620	13	4 059	(400)	3 659
(87)	(14)	(732)	(1 888)	118	(5 857)	(243)	(6 100)
(8)	(51)	(251)	(34)	(399)	(1 044)	(210)	(1 254)
(5)	-	-	-	(23)	(32)	-	(32)
(2 169)	(823)	(3 148)	(2 060)	(2 458)	(18 605)	(63)	(18 668)
-	-	814	2 016	-	2 830	-	2 830
-	-	-	1 570	(4)	5 041	280	5 321
-	-	(8)	10	-	7	-	7
-	-	(33)	(17)	(791)	(7 885)	(165)	(8 050)
-	-	-	(1 246)	-	(1 704)	(280)	(1 984)
-	-	-	-	-	(86)	(723)	(809)
-	-	-	-	159	170	-	170
60	(296)	758	578	(748)	7 747	(340)	7 407
42	-	1	14	635	822	(424)	398
-	-	-	-	(144)	71	(71)	-
-	-	-	-	15	823	21	844
-	-	-	-	761	761	-	761
-	-	-	-	(17)	(17)	-	(17)
-	-	-	(28)	-	(28)	28	-
-	-	-	-	(99)	(99)	-	(99)
-	-	-	-	(281)	(281)	281	-
-	-	-	(210)	(1 185)	(1 667)	292	(1 375)
-	-	-	-	(7)	-	-	-
102	(296)	759	354	(1 070)	8 132	(213)	7 919
(29)	113	(38)	(138)	670	(1 518)	213	(1 305)
73	(183)	721	216	(400)	6 614	-	6 614

ANNEXURE 1 *continued*

HEADLINE EARNINGS

for the year ended 30 June 2020

R million	Group June 2020 Audited	Group June 2019 Audited	% change
Earnings per share (cents):			
– basic	14.8	1 001.5	(99)
– diluted	14.7	1 001.1	(99)
Headline earnings per share (cents):			
– basic	45.0	789.0	(94)
– diluted	44.7	788.7	(94)
Normalised headline earnings per share (cents):			
– basic	570.7	771.9	(26)
– diluted	566.7	771.6	(27)
The reconciliation between earnings and headline earnings is shown below:			
Net profit attributable to ordinary shareholders	97	6 533	(99)
Adjusted for:			
– derecognition of intangible assets and property and equipment, net of tax	149	-	
– gain on dilution and disposal of equity-accounted investments, net of tax	(3)	(666)	
– gain on disposal of property and equipment, net of capital gains tax	(2)	1	
– gain on previously held interests in DiscoveryCard business	-	(761)	
– impairment of goodwill	9	17	
– impairment of intangible assets, net of tax	44	23	
– Discovery Limited's share of headline earnings adjustments made by equity-accounted investees:			
– derecognition of intangible assets and property and equipment, net of tax	2	-	
Headline earnings	296	5 147	(94)
Adjusted for:			
– economic assumptions adjustments net of discretionary margins and interest rate derivative, net of tax	3 584	-	
– economic assumption adjustment net of discretionary margin, net of tax	4 295	-	
– fair value gains on VitalityLife interest rate derivative, net of tax	(711)	-	
– other	(133)	(112)	
– amortisation of intangibles from business combinations, net of tax	60	84	
– costs relating to disposal of equity-accounted investments, net of tax	-	15	
– debt restructuring costs resulting from DiscoveryCard joint venture transaction	-	33	
– deferred tax asset raised on assessed losses	(275)	(326)	
– deferred tax related to Discovery Life 'new adjusted IFRS basis' and Corporate Policyholder Fund assessed loss	-	(38)	
– initial expenses related to Prudential Book transfer, net of tax	57	23	
– restructuring costs, net of tax	80	-	
– time value of money movement of swaption contract in VitalityLife, net of tax	97	-	
– transaction costs related to VitalityLife interest rate derivative, net of tax	37	-	
– unrealised (gains)/losses on foreign exchange contracts not designated as hedges, net of tax	(189)	97	
Normalised headline earnings	3 747	5 035	(26)
Weighted number of shares in issue (000's)	656 648	652 295	
Diluted weighted number of shares (000's)	661 242	652 568	

Normalised headline earnings is calculated by adjusting headline earnings with significant items that are not considered to be part of Discovery's normal operations. These adjustments include those gains or losses associated with changes in economic assumptions recognised in profit or loss, net of available discretionary margin, and net of any gains or losses on derivatives entered into to offset such changes in economic assumptions. Adjustments are shown net of tax.



ADDITIONAL INFORMATION

at 30 June 2020

Fair value hierarchy of financial instruments

The Group's financial instruments measured at fair value have been disclosed using a fair value hierarchy. The hierarchy has three levels that reflect the significance of the inputs used in measuring fair value. These are as follows:

Level 1 includes financial instruments that are measured using unadjusted, quoted prices in an active market for identical financial instruments. Quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 includes financial instruments that are valued using techniques based significantly on observable market data. Instruments in this category are valued using:

- quoted prices for similar instruments or identical instruments in markets which are not considered to be active or
- valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 includes financial instruments that are valued using valuation techniques that incorporate information other than observable market data and where at least one input (which could have a significant effect on instruments' valuation) cannot be based on observable market data.

R million (audited)	30 June 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
- Equity securities	32 953	120	-	33 073
- Equity linked notes	-	2 318	-	2 318
- Debt securities	29 965	1 708	-	31 673
- Inflation linked securities	1 332	156	-	1 488
- Money market securities	2 688	10 289	-	12 977
- Mutual funds	21 185	-	-	21 185
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	14	-	14
- not designated as hedging instruments	-	1 356	-	1 356
Total financial assets	88 123	15 961	-	104 086
Financial liabilities				
Investment contracts at fair value through profit and loss	-	23 012	-	23 012
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	854	-	854
- not designated as hedging instruments	-	138	-	138
Total financial liabilities	-	24 004	-	24 004

There were no transfers between level 1 and 2 during the current financial period.

ANNEXURE 1 *continued*

ADDITIONAL INFORMATION *continued*

at 30 June 2020

Fair value hierarchy of financial instruments *continued*

Specific valuation techniques used to value financial instruments in level 2

- Discovery has invested in equity linked notes offered by international banks in order to back certain unit-linked contract liabilities. The calculation of the daily value of the equity linked investments is made by the provider of the note. Discovery has procedures in place to ensure that these prices are correct. Aside from the daily reasonableness checks versus similar funds and movement since the prior day's price, the fund values are calculated with reference to a specific formula or index, disclosed to the policyholders, which is recalculated by Discovery in order to confirm that the price provided by the provider is correct.
- If a quoted market price is not available on a recognised stock exchange or from a broker for non-exchange traded financial instruments, the fair value of the instrument is estimated by the asset managers, using valuation techniques including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.
- The fair value of the hedged derivatives is calculated as follows:
 - (a) The fair value of call options is calculated on a Black-Scholes model.
 - (b) The fair value of the return swaps is calculated by discounting the future cash flows of the instruments.
 - (c) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

R million (audited)	30 June 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
- Equity securities	33 966	1 015	-	34 981
- Equity linked notes	23	3 178	-	3 201
- Debt securities	19 531	1 599	-	21 130
- Inflation linked securities	554	-	-	554
- Money market securities	7 362	6 403	-	13 765
- Mutual funds	16 574	-	-	16 574
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	176	-	176
- not designated as hedging instruments	-	199	-	199
Total financial assets	78 010	12 570	-	90 580
Financial liabilities				
Investment contracts at fair value through profit and loss	-	20 674	-	20 674
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	250	-	250
- not designated as hedging instruments	-	259	-	259
Total financial liabilities	-	21 183	-	21 183

Exchange rates used in the preparation of these results

	USD	GBP
30 June 2020		
- Average	15.70	19.75
- Closing	17.41	21.44
30 June 2019		
- Average	14.17	18.32
- Closing	14.15	17.98



REVIEW OF GROUP RESULTS

for the year ended 30 June 2020

New business annualised premium income

The new business annualised premium income (API) set out below provides a view of the scale of new business across all operations of the Group and does not necessarily reflect the new business attributable to the legal entities within the Group. For instance, Discovery Health Medical Scheme's (DHMS) new business is attributable to the medical scheme but is under the administration and marketing of Discovery Health which earns a fee in respect of such services.

Core new business API increased by 5% for the year ended 30 June 2020 when compared to the same period in the prior year.

R million	June 2020	June 2019	% change
Discovery Health ¹	6 101	6 670	(9)
Discovery Life	2 286	2 312	(1)
Discovery Invest	2 667	2 604	2
Discovery Insure	1 089	1 041	5
Discovery Vitality	135	161	(16)
VitalityHealth	1 238	1 346	(8)
VitalityLife	1 257	1 291	(3)
Ping An Health (25% interest)	3 575	2 518	42
Other new businesses ²	825	386	114
Core new business API of Group	19 173	18 329	5
New Closed Schemes ¹	-	25	(100)
New business API of Group including new Closed Schemes	19 173	18 354	4
Gross revenue Vitality Group ³	1 134	922	23
Total new business API and other new business	20 307	19 276	5

The number of new clients to Discovery Bank as at 30 June 2020 was 45 916 (2019: 197), with average customer advances of R20 500 for the year ended 30 June 2020.

¹ New business API for Discovery Health includes new business API for all businesses administered by Discovery Health, including DHMS, Closed Schemes and offerings such as GAP cover and Primary Care cover. The comparative has been restated by R30 million to include new business API from GAP cover. The new business API for New Closed Schemes includes contracted new business API and business in the first twelve months of on-boarding. Closed Schemes refer to those restricted to certain employers and industries.

² Other new businesses include the Umbrella Fund, Discovery Insure commercial and VitalityInvest.

³ Vitality Group new business includes gross recurring and lump sum revenues earned by Vitality Group and specifically excludes revenue related to cost recoveries and rewards.

Calculation of new business API

New business API is calculated at 12 times the monthly premium for new recurring premium policies and 10% of the value of new single premium policies. It also includes both automatic premium increases and servicing increases on existing long-term insurance policies. The amounts exclude indirect taxes.

The new business API in the table above differs from the new business API disclosed in the embedded value largely as a result of:

- *The timing of inclusion of policyholders in the calculation of new business API* – In the embedded value, new business is included from the earlier of the date that the first premium has been received or when the policy is on risk, whereas in the table above, new business is included when the policy has been contractually committed.
- *Inclusion of automatic premium increases and servicing increases on existing life policies* – These are included in the table above but excluded in the embedded value API values disclosed.

ANNEXURE 1 *continued*

REVIEW OF GROUP RESULTS *continued*

for the year ended 30 June 2020

Gross inflows under management

Gross inflows under management measures the total funds collected by Discovery. Gross inflows under management increased by 11% for the year ended 30 June 2020 when compared to the same period in the prior year.

R million	June 2020	June 2019	% change
Discovery Health	89 682	82 148	9
Discovery Life	13 023	12 173	7
Discovery Invest	24 501	22 132	11
Discovery Insure	3 556	3 198	11
Discovery Vitality	2 401	2 329	3
VitalityHealth	9 651	8 984	7
VitalityLife	5 917	4 907	21
All other businesses	6 102	3 191	91
Gross inflows under management	154 833	139 062	11
Less: collected on behalf of third parties	(87 962)	(80 199)	10
Discovery Health	(81 309)	(74 384)	9
Discovery Invest	(6 653)	(5 815)	14
Gross income of Group per the segmental information	66 871	58 863	14
Gross income is made up as follows:			
- Insurance premium revenue	50 517	43 703	16
- Fee income from administration businesses	11 350	10 422	9
- Vitality income	3 875	3 653	6
- Other income	1 129	1 085	4
Gross income of Group per the segmental information	66 871	58 863	14

Normalised profit from operations

The following table shows the main components of the normalised profit from operations for the year ended 30 June 2020:

R million	June 2020	June 2019	% change
Discovery Health	3 190	3 044	5
Discovery Life	2 971	3 230	(8)
Discovery Invest	830	966	(14)
Discovery Vitality	7	60	(88)
VitalityHealth	830	758	9
VitalityLife	(272)	578	(147)
Normalised profit from established businesses	7 556	8 636	(13)
Emerging businesses	736	422	74
- Discovery Insure	246	155	59
- Vitality Group including Ping An Health	490	267	84
Development and other segments	(2 223)	(1 311)	70
- Discovery Bank	(1 171)	(296)	(296)
- Other new initiatives	(1 052)	(1 015)	(4)
Normalised profit from operations	6 069	7 747	(22)

Emerging businesses are those businesses that have achieved sufficient scale to be profitable or profitable in the near future, although not yet significant in cash generation for the Group and likely to require funds to support new business growth. These businesses are approximately 5 years or more into their launch. Discovery Insure, excluding commercial insurance, and Vitality Group have been disclosed as Emerging businesses.

Development and other segments include costs of start-up businesses and expenses incurred to investigate, research and develop new products and markets. Start-up costs include costs in relation to, amongst others, Discovery Bank, the UK investment business VitalityInvest, a commercial offering in Discovery Insure, an Umbrella Fund offering in Discovery Invest and the Vitality1 platform being a leading behavioural change platform enabling shared-value insurance and financial services products across the Discovery Group. Certain unallocated head office costs are also included in this segment.



Significant transactions affecting the current results

Operating in a COVID-19 environment

On 11 March 2020, the World Health Organisation declared COVID-19 a global pandemic. COVID-19 has caused significant disruption to lives and economies worldwide. In addition to its health impacts, the pandemic has driven extreme market volatility, as evidenced by interest rates and equity market movements. For Discovery, COVID-19 has created a uniquely complex operating and economic environment, with pressure on new business, lapse rates, and potential future claims as well as volatility in interest rates and investment returns.

The most significant impact on the Discovery business has been:

- The creation of significant provisions and reserves for expected future COVID-19 effects where appropriate; and
- Materially volatile long-term interest rates in both South Africa (SA) and the United Kingdom (UK) which negatively affected earnings.

SIGNIFICANT PROVISION FOR EXPECTED FUTURE COVID-19 EFFECTS

Discovery has reserved R3.4 billion (R2.3 billion net of discretionary margin offset), for both future claims and lapses as a result of the COVID-19 pandemic. This estimation reflects management's best estimate of the impact as at 30 June 2020. It ensures that, on the Group's expected scenario, all claims and economic effects of the pandemic are carried entirely in the financial year ended 30 June 2020.

Discovery calculated its COVID-19 provisions to estimate the future mortality, morbidity and economic effects of the pandemic by estimating excess mortality and excess lapses expected to arise in 2021 and 2022 on a variety of scenarios by setting a stressed, central (prudent best estimate) and light scenario. The central scenario has been used to set the provision, while the stressed scenario was used to test capital and liquidity. The light scenario would result in a release of provisions in future years.

In terms of mortality, the key areas of impact are Discovery Life and VitalityLife. The modelling uses the United Kingdom's Imperial College studies as a basis for Infection Fatality Rates, in combination with SEIR¹ models based on local observed and modelled infection reproductive rates to ascertain the duration and impact of the pandemic on the Discovery Life and VitalityLife insured populations. At 30 June 2020, the UK was at a more advanced stage of the epidemic than SA, however both markets are still subject to significant uncertainty at this stage and therefore a prudent modelling approach has been assumed in both cases.

Excess Health claims in the UK will arise due to the delay of elective surgeries during the COVID-19 period as private hospital capacity has been co-opted by the National Health Service. These delayed effects have been modelled and estimated as part of the central scenario and is reflected in the profile of earnings recognised and the related unearned premium reserves which were significantly altered due to access to private health facilities. Furthermore, Discovery has also modelled the claims arising from delayed COVID-19 admissions.

The economic effects were modelled to take account of the economic stresses, particularly on policy lapses, in all of Discovery's long term insurance businesses under the range of scenarios.

MATERIALLY VOLATILE LONG-TERM INTEREST RATES IN SA AND THE UK WHICH NEGATIVELY AFFECTED EARNINGS

There has been substantial volatility in global markets and in particular, material increases in long-term nominal and real interest rates in SA and record low interest rates in the UK. These result in materially different valuation rates that are used to discount future cash flows and emerge as economic assumption changes. For Discovery Life, this impact manifests as a lower discounted value of future cash flows, even though the actual cash flows themselves are not materially affected. The SA yields have minimal impact on the actual cash flows themselves, with no negative solvency and liquidity consequences within Discovery Life.

The impact of the continued interest rate volatility in SA and the UK has resulted in an increased negative effect of R5.7 billion on reported profit from operations compared to what it would have been at rates prevailing at the previous year-end.

The impact on the UK results were mitigated through the hedge entered into in October 2019, as previously reported. Refer to 'Derivative instruments – VitalityLife business' for further detail.

Should the observed reference interest rates revert, these valuation strains will reverse. Given there is no bearing on operating performance, Discovery has excluded the effect, net of tax, in the presentation of normalised earnings measures.

Although the allowance for the COVID-19 impact is an abnormal provision for future impacts, it is not excluded in the presentation of normalised headline earnings because it is seen as part of the core operations and will impact future cash flows.

Derivative instruments – VitalityLife business

As highlighted above, interest rates in the UK have displayed significant volatility and have generally been on a downward trend in recent years. In the period under review, VitalityLife implemented an interest rate risk mitigation strategy to protect itself against further declines in interest rates by entering into derivative contracts. This strategy ensures that the VitalityLife business operates well within its pre-determined risk appetite.

The derivative instruments comprise of:

- Two interest rate swaps, with a nominal value of GBP 350 million (R7 505 million) and GBP 90 million (R1 930 million) respectively. These interest rate swap derivatives swap exposure to variable interest rates in return for a fixed interest rate referenced to the 25-year UK swap rate as at 25 October 2019 ('reference swap rate 1') and 10 June 2020 ('reference swap rate 2') respectively. Both interest rate swap derivatives are in place for an extended period of time; and
- Two put swap options (payer swaptions). Swaption one was acquired at a premium of GBP 6.2 million (R133 million) and was settled before year-end. Swaption two was acquired for GBP 12.3 million (R264 million) and expires in May 2023. These swaptions give Discovery the participation in the benefit should interest rates rise by more than 0.45% above reference rate 1 and 0.88% above reference rate 2.

¹ The classical SEIR model determines the total number of people with a basic hypothesis that all individuals will have four roles, being Susceptible (S), Exposed (E), Infectious (I) and recovered (R).

ANNEXURE 1 *continued*

REVIEW OF GROUP RESULTS *continued*

for the year ended 30 June 2020

Derivative instruments – VitalityLife business *continued*

Due to the nature of the underlying exposures, the hedge accounting requirements of IFRS were not applicable. Therefore, these two derivative instruments were classified at fair value with changes recognised in profit or loss throughout the term which may result in volatility in the reported IFRS earnings of VitalityLife. As at 30 June 2020, the following mark-to-market positions were recorded:

Line item in financial statements		June 2020
Statement of Financial Position		
Interest rate swap valuation	Financial assets: Derivative – financial instruments at fair value through profit or loss	GBP 44.3 million (R950 million)
Swaption valuation	Financial assets: Derivative – financial instruments at fair value through profit or loss	GBP 0.1 million (R2 million)
	Original premium	GBP 18.5 million (R396 million)
	Deferred payments	(GBP 12.3 million (R264 million))
	Fair value remeasurement	(GBP 6.1 million (R120 million))
Income Statement		
Fair value remeasurement loss	Net fair value gains/(losses) on financial assets at fair value through profit or loss	GBP 38.4 million (R758 million)
Transaction costs	Marketing and administration expenses	GBP 2.3 million (R45 million)

From an economic perspective, VitalityLife effectively fixed the reference swap rate as at 25 October 2019 (being 0.96%). In doing so, VitalityLife limited its exposure to approximately GBP 43.7 million (R863 million) as a result of the valuation of specified future policy obligations. This estimate excludes the cost of option premiums and ignores any potential basis risk.

Borrowings at amortised cost

R million	Reference	June 2020	June 2019
Borrowings from Banks and listed debt		15 456	11 034
– United Kingdom borrowings	i	3 498	1 612
– South African borrowings	ii	11 958	9 422
Lease liabilities		4 380	3 648
– 1 Discovery Place		3 370	3 321
– Other lease liabilities	iii	1 010	327
Total borrowings at amortised cost		19 836	14 682

i. UNITED KINGDOM BORROWINGS

Discovery Finance Company Europe Limited, a subsidiary of Discovery Limited had GBP 90 million owing on an amortising facility at 30 June 2019. A further GBP 10 million of this facility was repaid during the year. The remaining GBP 80 million was refinanced into a new amortising facility in March 2020, for a further 40 months to 31 July 2023.

Discovery Finance Company Europe Limited also entered into a credit facility agreement totalling GBP 28 million on 17 April 2020. These facilities are short-term in nature and repayable on 17 April 2021.

Interest on the GBP 80 million loan is linked to the 3-month LIBOR plus a margin of 2.65% per annum and is payable quarterly in arrears. The capital is repayable in bi-annual tranches of GBP 7.5 million commencing on 1 April 2021, with a final repayment of GBP 42.5 million at maturity.

Interest on the GBP 28 million loan is fixed at 1% per annum and is payable quarterly in arrears.

The balance owing at 30 June 2020 for these facilities amounts to GBP 108 million (R2 321 million) and finance costs of GBP 0.75 million (R15 million) in respect of these borrowings have been recognised in profit or loss.

In addition, Discovery Holdings Europe Limited, an ultimate subsidiary of Discovery Limited entered into another facility of GBP 55 million during the year. GBP 40 million of this facility was drawn down at 30 June 2020. Interest on this facility is linked to the 3-month LIBOR plus a margin of 2.29% per annum and is payable quarterly in arrears. The capital is repayable in full at maturity on 31 July 2023.

This facility had a provision which allowed the total amount to be extended by a further GBP 45 million to GBP 100 million on the same terms. The provision was exercised on 22 June 2020. The balance owing at 30 June 2020 is GBP 55 million (R1 177 million) and finance costs of GBP 0.35 million (R7 million) in respect of these borrowings have been recognised in profit or loss.



ii. SOUTH AFRICAN BORROWINGS

R million	Reference	June 2020	June 2019
Balance at beginning of the year		9 422	7 240
Issuance of listed debt	i	1 520	700
Issuance of unlisted debt	ii	3 600	-
Draw down on existing and new bank facilities	iii	2 000	1 447
Repayment of borrowings		(4 626)	(30)
Accrued interest		58	68
- Finance costs capitalised to intangible assets		-	47
- Finance costs expensed to profit or loss		976	787
- Finance costs paid		(918)	(766)
Raising fees capitalised		(16)	(4)
Net foreign exchange differences		-	1
Balance at end of the year		11 958	9 422

Following the downgrade of the South African Government's issuer rating to Ba1 from Baa3 on 27 March 2020, Moody's Investor Service downgraded Discovery Limited's national scale rating from Aa3.za to A1.za and the global scale rating from Ba1 to Ba2 on 1 April 2020, similar to the country outlook, the credit outlook assigned by Moody's remain negative.

- i In 2017, Discovery registered an unsecured R10 billion Domestic Medium Term Note (DMTN) programme. In terms of this programme, Discovery had issued a cumulative amount of R2.2 billion in JSE Listed Notes to 30 June 2019. Discovery further issued, via bond placements, 5-year and 7-year Floating Rate Notes of R1.2 billion and R300 million respectively on 26 November 2019, with coupon interest rates of 8.85% and 9.35% per annum respectively, fixed through interest rate swaps. Interest is payable quarterly in arrears with capital repayable in full at maturity date.
- ii During the current year, Discovery Limited refinanced 5-year bank facility loans totalling R3.6 billion entered into in 2016 for a further 3 and 5 years, through the issue of a series unlisted DMTN notes totalling R1.1 billion and R2.5 billion ultimately maturing in March 2023 and February 2025, respectively. These unlisted notes have been structured through an underwritten subscription agreement with a bank and guaranteed by Discovery Health and Discovery Vitality. Interest is payable quarterly in arrears at fixed rates of 8.915% per annum and 9.615% per annum respectively, with capital repayable in full at maturity date.
- iii During the period:
- Discovery Central Services drew down on an unsecured revolving credit facilities of R500 million, interest rates between 6.7% and 7.94% per annum, which were repaid during the year.
 - Discovery Bank entered into a 2 year revolving credit facility of R1 billion. The facility is structured with R500 million guaranteed by Discovery Limited, Discovery Vitality and Discovery Health while the remaining R500 million is not guaranteed. Interest on both facilities is linked to the 3-month JIBAR plus a

margin of 1.25% per annum and 1.35% per annum. Interest is payable quarterly in arrears and capital is repayable in full at maturity on 19 July 2021.

Finance costs of R976 million (2019: R832 million) in respect of South African borrowings and related hedges have been recognised in profit or loss.

iii. OTHER LEASE LIABILITIES

Refer to 'New accounting standards' for the impact of the first time adoption of IFRS 16 *Leases*, adopted by Discovery from 1 July 2019.

Other significant items in these results

Increase in cash and cash equivalents

	2020	2019
Unit-linked investment and insurance contracts ¹	2 502	2 751
Shareholder cash	15 407	6 652
Balance at 30 June	17 909	9 403

¹ Includes cash held within specific portfolios to match specific insurance liabilities.

The shareholder Cash and cash equivalents position at 30 June 2020, increased by R8.8 billion when compared to 30 June 2019. The increase can mainly be attributed to the following:

R billion	Reference	Increase in cash position at 30 June 2020
Translation differences as a result of depreciation of the rand		1.3
Discovery Bank	i	2.0
VitalityLife	ii	4.7
Matured investments	iii	0.4
Other		0.4
Total		8.8

ANNEXURE 1 *continued*

REVIEW OF GROUP RESULTS *continued*

for the year ended 30 June 2020

Increase in cash and cash equivalents *continued*

i. DISCOVERY BANK

Discovery Bank raised wholesale deposits of R1.5 billion to fund advances for the subsequently completed Platinum client portfolio migration from FirstRand Bank, which took place in July 2020. Liquid assets requirements of 7.5% of customer deposits, together with liquidity buffer requirements, resulted in approximately R500 million of cash to be held.

ii. VITALITYLIFE

Per the reinsurance treaty entered into in respect of business written on the Prudential license, a security deposit was required to be placed by the reinsurer, to reduce counterparty risk.

The contractual arrangement in respect of this business is accounted for as a reinsurance contract under IFRS 4 and as a result the 'deposit back' was disclosed as a reduction in the negative reserve funding liability in previous periods. From the prior financial year amounts received as 'deposit back' in excess of the negative reserve funding was disclosed as part of cash and cash equivalents and a corresponding liability has been raised in Other Payables at amortised cost.

In addition, this book of business is also in a cash generating position as no new business is being written. The increase in cash on this book of business which includes the above mentioned 'deposit back' was GBP 114 million (R2.4 billion) for the year.

Significant gains on expired interest rate derivatives held resulted in a further increase in cash of GBP 41 million (R880 million) for the year. Collateral of GBP 45 million (R965 million) received on interest rate derivative balances (as discussed under Derivative instruments earlier) are also included in Cash and cash equivalents with an opposite liability disclosed as part of Other payables at amortised cost.

During the 2020 financial year, Discovery Holdings Europe Limited, an ultimate subsidiary of Discovery Limited also drew down GBP 55 million (R1.2 billion) of which GBP 20 million (R420 million) has not been utilised at the end of June 2020. Refer to Borrowings at amortised cost discussed earlier.

iii. MATURED INVESTMENTS

The cash balance of the Group includes R370 million of investments that matured on 30 June 2020. These were reinvested the following day, which would then be disclosed as Financial assets in the Statement of Financial Position.

Deferred tax

With the promulgation of the South African Insurance Act 18 of 2017, the new 'adjusted IFRS' tax basis has been effective since 1 July 2018 for Discovery Life. Deferred tax has been provided for on the difference between the IFRS and tax liabilities to the extent that timing differences arise. A deferred tax liability of R8 681 million relates to assets and liabilities arising from insurance contracts.

Consolidation of Discovery Unit Trusts

The Discovery Unit Trusts are consolidated into Discovery's results for accounting purposes, which results in the recognition of the underlying assets and liabilities of each of the funds.

Assets and liabilities of the Discovery Unit Trusts increased by R379 million respectively, compared to the prior financial year with movements in the following line items on the Group's Statement of Financial Position:

Changes in assets

- Investments at fair value through profit or loss increased by R586 million.
- Cash and cash equivalents decreased by R732 million.
- Insurance receivables, contract receivables and other non-financial receivables increased by R543 million.
- Other assets decreased by R18 million.

Changes in liabilities

- Investment contracts at fair value through profit or loss increased by R333 million.
- Other liabilities increased by R46 million.

As these policies are linked, the consolidation of the Discovery Unit Trusts has no impact on the net asset value for shareholders.

There are significant trade volumes in the underlying funds of Discovery Unit Trusts. The cash flow impact of the movement in policyholder investments for the period is included in the following line items on the Group's Statement of cash flows:

- Purchase of investments held to back policyholder liabilities includes cash outflows of R15.4 billion.
- Proceeds from the disposal of investments held to back policyholder liabilities includes cash inflows of R14.3 billion.



Material transactions with related parties

DISCOVERY HEALTH MEDICAL SCHEME (DHMS)

Discovery Health administers DHMS and provides managed care services for which it charges an administration fee and a managed healthcare fee respectively. These fees are determined on an annual basis and approved by the trustees of DHMS. The fees totalled R6 190 million for the year ended 30 June 2020 (2019: R5 853million). Discovery offers the members of DHMS access to the Vitality programme.

EQUITY ISSUED TO RELATED PARTIES

Per Discovery Limited's long-term incentive plan which was approved by shareholders at the annual general meeting held on 28 November 2019, the awards accepted by executive directors and prescribed officers amount to a deemed transaction value of R29 million and R28 million respectively. These will vest from between the 3rd and 5th anniversary of the awards (between 1 October 2022 and 1 October 2024), provided the necessary performance and vesting criteria have been achieved.

Shareholder information

Directorate

Changes to the Board of Discovery Limited from 1 July 2019 to the date of this announcement are as follows:

- Following a period of medical leave, Mr H Mayers, moved from an executive director role to a non-executive director role effective 28 November 2019.
- Mr D Macready has been appointed as an independent non-executive director with effect from 3 February 2020.
- Mr L Owen, an independent non-executive director, retired, effective 14 February 2020.

Changes in executive director responsibilities from 1 July 2019 to the date of this announcement are as follows:

- Mr NS Koopowitz, Chief Executive Officer (CEO) of VitalityHealth, became CEO of the Vitality UK Group, effective 28 November 2019. This will create a single point of accountability for delivery of the composite model, as well as a number of Group functions that span across both VitalityHealth and VitalityLife in key areas.
- Mr HD Kallner, CEO of Discovery Life, assumed the role of CEO of Discovery's South African operations effective 29 January 2020. In the role, Mr Kallner will lead the composite strategy for Health, Life, Invest, Insure, and Vitality entities, and will oversee their integration with Vitality and Discovery Bank. Mr Kallner will continue to chair the SA Executive Committee, as the core governance forum of the SA composite.

Dividend and capital

INTERIM DIVIDENDS PAID IN RESPECT OF THE 2020 FINANCIAL YEAR

The following interim dividends were paid during the current period:

- B preference share dividend of 505.41097 cents per share (404.32878 cents net of dividend withholding tax), paid on 16 March 2020.
- Ordinary share dividend of 101 cents per share (80.8 cents net of dividend withholding tax), paid on 23 March 2020.

FINAL DIVIDEND DECLARATION IN RESPECT OF THE 2020 FINANCIAL YEAR

B preference share cash dividend declaration:

On 7 September 2020, the directors declared a final gross cash dividend of 433.21918 cents (346.57534 cents net of dividend withholding tax) per B preference share for the period 1 January 2020 to 30 June 2020, payable from the income reserves of the Company. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued preference share capital at the declaration date is 8 million B preference shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Monday, 21 September 2020
Shares commence trading "ex" dividend	Tuesday, 22 September 2020
Record date	Friday, 25 September 2020
Payment date	Monday, 28 September 2020

B Preference share certificates may not be dematerialised or rematerialised between Tuesday, 22 September 2020 and Friday, 25 September 2020.

Ordinary share cash dividend declaration:

Due to the uncertain and potentially volatile economic environment caused by the COVID-19 pandemic, Discovery will not be recommending the payment of ordinary dividends. The reintroduction of dividends will be considered when appropriate.

ANNEXURE 1 *continued*

REVIEW OF GROUP RESULTS *continued*

for the year ended 30 June 2020

Dividend and capital *continued*

Capital

For Group subsidiaries that operate in the insurance and financial services sectors, the relevant regulator specifies the minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the period.

With effect from 1 July 2018, the Insurance Act 18 of 2017 (Insurance Act), and the related Prudential Standards were implemented in South Africa. Discovery Life and Discovery Insure are regulated under the Insurance Act, while Vitality Health and VitalityLife are regulated under the European Solvency II regulatory regime, which was implemented from 1 January 2016.

The table below summarises the capital requirements on the statutory basis, across the Group subsidiaries, and the actual solvency capital held in relation to this requirement.

	June 2020		June 2019	
	Statutory capital requirements	Cover	Statutory capital requirements	Cover
Discovery Life	R14 835 million	1.8 times	R17 396 million	1.6 times
Discovery Insure	R885 million	1.8 times	R789 million	1.7 times
Vitality Health	GBP 102.3 million (R2 194 million)	1.7 times	GBP 97 million (R1 777 million)	1.4 times
VitalityLife Limited	GBP 228.3 million (R4 896 million)	2.0 times	GBP 208 million (R3 810 million)	1.5 times

Accounting policies

New accounting standards

IFRS 16 LEASES

Background

IFRS 16 replaces IAS 17 *Leases*, as well as the related interpretations. The core principle of IFRS 16 is that the lessee should recognise all rights and obligations arising from leasing arrangements in its Statement of Financial Position. The most significant change to Discovery pertains to the accounting treatment for those leases that were classified as operating leases from Discovery's perspective as the lessee.

IFRS 16 eliminates the classification of leases for lessees as either operating or finance leases as per IAS 17. Instead, IFRS 16 introduces a single lessee accounting model, where a right of use (ROU) asset together with a lease liability for the future payments is recognised for all leases with a term of more than 12 months, unless the underlying asset is of a low value. Where Discovery is the lessee, it has elected, in accordance with IFRS 16, not to apply the lessee accounting model where the lease is a short-term lease. Short-term leases have a lease term of 12 months or less and does not include a renewal option. The rental payments for short-term leases are expensed on a straight-line basis over the lease term.

IFRS 16 does not introduce significant changes for lessors, or to those leases previously classified as finance leases from the lessee's perspective, and as a result the accounting policies for these transactions had no material change.

Adoption and transition

On adoption of IFRS 16, Discovery applied the modified retrospective approach to transition on 1 July 2019. This approach requires the cumulative effect of initially applying IFRS 16 as an adjustment to the opening reserves at 1 July 2019. As required by IFRS 16, Discovery did not restate its comparative financial results. Accordingly:

- Discovery's previously reported financial results up to 30 June 2019 are presented in accordance with the requirements of IAS 17; and
- From 1 July 2019 Discovery's financial results are presented in terms of IFRS 16.

On adoption of IFRS 16, Discovery recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. This incremental borrowing rate was calculated for each legal entity within the Group that entered into lease arrangements. The incremental borrowing rate considers a base interest rate reflective of the jurisdiction in which the legal entity operates (South Africa, United Kingdom and United States of America), the term of the lease arrangement and the nature of the assets.

ROU assets were measured retrospectively at the amount equal to the lease liability at commencement of the lease, using the discount rate as determined on 1 July 2019 for the lease liability, and depreciated from commencement date up until 30 June 2019.

The resulting difference between the lease liability and the ROU asset as at 1 July 2019 is recognised as an adjustment to the opening retained earnings. In addition, any previously recognised rights (e.g. prepaid rentals) or obligations (e.g. straight-line accruals) are also derecognised as adjustments to the opening retained earnings on 1 July 2019.

Practical expedients applied

In applying IFRS 16 for the first time, Discovery used the following practical expedients permitted by IFRS 16:

- accounting for leases with a remaining lease term of less than 12 months as at 1 July 2019, as short-term leases, provided there was no option to extend the term. For short-term rentals, the lessee recognised the payments as an expense on a straight-line basis;



- the use of a single discount rate for a specified portfolio of leases that have reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the ROU asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Identifying leases, low value assets and leasing activities

Effective 1 July 2019, all leases, which either had a term not less than 12 months or not deemed a low value asset, were recognised as a ROU asset and a corresponding lease liability.

Discovery leases the following assets with a range of lease terms:

▪ Large offices	5 – 15 years
▪ Small offices/Franchise offices (SA only)	1 – 3 years
▪ Computer equipment (e.g. servers) (SA only)	3 – 4 years
▪ Motor vehicles (UK only)	3 years

Leases of low value assets relate to those categories of assets which at inception of the lease typically have a value, if bought new, of no more than approximately R70 000. For Discovery, these categories include computer equipment such as desktops, laptops, monitors and related IT peripherals.

Contracts where the service provider has a substantive right to substitute the asset for an alternative asset during the lease term is not regarded as a lease, but instead a service contract.

Accordingly, these contracts are not accounted for in accordance with IFRS 16. For Discovery, such contracts include items such as vending machines.

Extension/termination options

Extension and termination options are included in a number of the building leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised.

Effect of changes in IFRS 16 on date of initial application

at 1 July 2019

R million	Group 30 June 2019 Previously reported Audited	IFRS 16 Adjustments	Group 1 July 2019 Restated
Assets			
Property and equipment ^{1, 3}	4 212	638	4 850
Total impact on assets		638	
Equity			
Retained earnings ³	31 710	(41)	31 669
Liabilities			
Financial liabilities			
Borrowings at amortised cost ^{2, 3}	14 682	748	15 430
– Other payables at amortised cost	10 262	(63)	10 199
– Deferred income tax liabilities	8 697	(6)	8 691
Total impact on equity and liabilities		638	

1, 2 The increase in Property and equipment and Borrowings at amortised cost related to:

R million	Property and equipment	Borrowings at amortised cost ⁴
Land and buildings ³	573	681
Computer equipment and operating systems	64	66
Motor vehicles	1	1
	638	748

3 In the finalisation of the results for the year ended 30 June 2020, Discovery identified that in its interim financial results, it incorrectly treated a reimbursement of fit-out costs from the lessor, in the measurement of its Buildings ROU asset. Discovery has corrected its calculation, and the values above are after its correction. Accordingly, the values in the table above are R29 million less for its ROU asset, R1 million less for Borrowing at amortised cost and R28 million more for Retained earnings than those values included in the interim financial results. The change has no impact on earnings during the period.

4 The ranges of incremental borrowing rates applied on transition was 8.02%-9.9% in South Africa, 1.92%-4.43% in the UK and 7.25% within the US.

ANNEXURE 1 *continued*

REVIEW OF GROUP RESULTS *continued*

for the year ended 30 June 2020

Material events after reporting date

Subsequent to year-end, Discovery Bank successfully migrated the DiscoveryCard Platinum client portfolio, comprising of 62 512 customers from the FNB platform onto its own platform. The transfer was funded by various institutional deposits amounting to R1.3 billion.

Basis of preparation

The Group's summary consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the new accounting standards as set out earlier in this report.

Audit

The summary consolidated financial statements are extracted from audited information, but are not audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon.

The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The directors of Discovery take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

ANNUAL FINANCIAL RESULTS

The Annual Financial Statements have been prepared under the supervision of Mr DM Viljoen CA(SA) the Group Chief Financial Officer.



ANNEXURE 2

Brief CV's of directors standing for election/re-election as directors or Audit Committee members



SONJA DE BRUYN (48)

Designation	<i>Independent Non-executive Director</i>
Nationality	South African
Qualifications	LLB (Hons) • MA • SFA • Harvard Executive Programme
Appointed	8 December 2005
Committee memberships	<ul style="list-style-type: none"> • Remuneration Committee (Chairperson) • Audit Committee
Experience	Sonja is the Founder and Principal Partner of Identity Partners, an investment firm that makes equity investments, conducts advisory work and is growing into the private equity space through the Identity Fund Managers. Until August 2007, she was an Executive Director of WDB Investment Holdings, where she led the structuring of several of WDB's investment transactions. Before this, she was a Vice President in the investment banking division of Deutsche Bank, where she worked in mergers and acquisitions and Corporate Finance in South Africa and the UK.
Areas of expertise	Law, business and economics.
Other directorships	Serves on the boards of RMH Holdings Limited, RMI Holdings Limited, Dimension Data SA and Remgro Limited.
Professional body memberships	Association of Black Securities and Investment Professionals (ABSIP).



DAVID MACREADY (61)

Designation	<i>Independent Non-executive Director</i>
Nationality	Dual South African / British
Qualifications	BCom (Hons) • CTA • CA (SA) • Harvard (SEP) • INSEAD (IDP)
Appointed	3 February 2020
Committee memberships	<ul style="list-style-type: none"> • Audit Committee (Chairperson) • Actuarial Committee • Risk and Compliance Committee
Experience	David was a partner in Deloitte & Touche initially in South Africa and then in London for a period of six years before entering financial services. He has subsequently held positions as MD of Syfrets Private Bank, MD of Nedbank Wealth, CEO of Old Mutual Investment Group and CEO of Old Mutual South Africa. Over a period of 21 years, he served on the Group Executive of three JSE-listed companies namely Nedcor Investment Bank, Nedbank Group Limited and Old Mutual Limited. David retired following the Old Mutual managed separation at the end of 2018.
Areas of expertise	Asset management, banking, insurance, wealth management.
Professional body memberships	South African Institute of Chartered Accountants.

ANNEXURE 2 *continued*



MARK TUCKER (62)

Designation	<i>Independent Non-executive Chairperson</i>
Nationality	British
Qualifications	BA (Hons), University of Leeds • ACA • ICAEW
Appointed	1 March 2019
Committee memberships	Nominations Committee
Experience	Mark is currently the Non-executive Group Chairperson of HSBC Holdings. Most recently, Mark served as Group Chief Executive and President of AIA Group Limited, where he spearheaded its world-record-breaking initial public offering in Hong Kong in 2010. Prior to AIA, he held various senior executive roles with Prudential, including Group Chief Executive of Prudential plc, and he was the founding CEO of Prudential Corporation Asia Limited. Mark was also an Independent Non-executive Director of the Goldman Sachs Group and served on the Court of the Bank of England as a Non-executive Director from 2009 to 2012.
Areas of expertise	Qualified Chartered Accountant with over 30 years' experience in the financial services industry (insurance, asset management and banking) in the UK, the US and Asia, including 25 years based in Hong Kong.
Other directorships	Non-executive Group Chairperson of HSBC Holdings plc, Chairperson of TheCityUK, Director of the Peterson Institute for International Economics, serves on the Asia Business Council and Advisory Board of the Asia Global Institute, Associate Professor at the Chinese University of Hong Kong, and member of the International Council of Advisers of the Hong Kong Academy of Finance.
Professional body memberships	Member of Asia Business Council and an Associate of the Institute of Chartered Accountants in England and Wales.



SINDI ZILWA (53)

Designation	<i>Independent Non-executive Director</i>
Nationality	South African
Qualifications	BCompt (Hons) • CTA • CA (SA) • CD (SA) • Advanced Taxation Certificate (SA) • Advanced Diploma in Financial Planning (UOFS) • Advanced Diploma in Banking (RAU)
Appointed	20 February 2003
Committee memberships	<ul style="list-style-type: none"> • Social and Ethics Committee (Chairperson) • Audit Committee • Risk and Compliance Committee • Treating Customers Fairly (TCF) Subcommittee
Experience	Sindi is classified as a Chartered Director (SA) by the Institute of Directors Southern Africa. She is a retired businesswoman, previously an entrepreneur and CEO of Nkonki, a firm she co-founded in 1993 and managed until she retired through a management buyout 23 years later on 31 October 2016. She received the Businesswoman of the Year Award from the Executive Women's Club in 1998 and, in 2008, the Woman of Substance Award from the African Women Chartered Accountants Forum. In 2014, she was named Overall Professional Woman of the Year in the South African Professional Services Awards (SAPSA) and, in 2016, she was acknowledged as an Outstanding CEO of a Black Audit Firm's Award. In 2013, she authored her first book, <i>The ACE Model: Winning Formula for Audit Committees</i> and also published <i>Creating Effective Boards and Committees in 2016</i> .
Areas of expertise	Accounting, auditing, compliance, governance, risk management and transformation.
Other directorships	Aspen, Metrofile, Mercedes Benz of South Africa Limited, Tourvest Limited, Gijima and Cell C Limited.
Professional body memberships	South African Institute of Chartered Accountants (SAICA) and Institute of Directors in Southern Africa.

FORM OF PROXY

This form of proxy is only for use by:

- Registered shareholders who have not yet dematerialised their shares in the Company.
- Registered shareholders who have already dematerialised their shares in the Company and are registered in their own names in the Company's sub-register.*

For use by registered shareholders of the Company at the twenty first Annual General Meeting ("AGM") of the Company to be held in the Auditorium, Ground Floor, 1 Discovery Place, Sandton, on Thursday, 26 November 2020 at 09h00.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies (who need not be a shareholder of the Company) to attend, participate in and speak and vote in place of that shareholder at the AGM, and at any adjournment thereof.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, must not complete this form of proxy but should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary letter of authority to attend the AGM, in the event that they wish to attend the AGM.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the AGM.
- The appointment of the proxy is revocable; and you may revoke the proxy appointment by – (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and the Company.

Kindly note that, meeting participants (including a proxy or proxies) are required in terms of section 63(1) of the Companies Act No. 71 of 2008 as amended (Companies Act) to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

A proxy may not delegate his/her authority to act on behalf of a shareholder of the Company to another person.

I/We (please print) _____ (name)

of _____ (address)

_____ (contact number)

being the holder(s) of _____ ordinary shares in the Company, hereby appoint (see instruction 1 overleaf):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the AGM,

as my/our proxy to attend, participate in and speak and vote for me/us and on my/our behalf or to abstain from voting at the AGM which will be held for the purposes of considering and, if deemed fit, passing the resolutions to be passed thereat, with or without modification, and at any adjournment thereof, in accordance with the instructions as follows (see note 2 and instruction 2 overleaf):

Insert the number of votes exercisable (one vote per share)

	For	Against	Abstain
Ordinary Resolutions			
1. Consideration of Annual Financial Statements			
2. Re-appointment of external auditor			
3. Re-election and election of directors			
3.1 Ms Sindi Zilwa			
3.2 Mr Mark Tucker			
3.3 Mr David Macready			
4. Election of independent Audit Committee			
4.1 Mr David Macready			
4.2 Ms Sindi Zilwa			
4.3 Ms Sonja De Bruyn			
5. Advisory endorsement of the remuneration policy and implementation report			
5.1 Non-binding advisory vote on the remuneration policy			
5.2 Non-binding advisory vote on the implementation of the remuneration policy			
6. Directors' authority to take all such actions necessary to implement the aforesaid ordinary resolutions and the special resolutions mentioned below.			
7. General authority to issue preference shares			
7.1 To give the directors the general authority to allot and issue 10 000 000 A Preference Shares			
7.2 To give the directors the general authority to allot and issue 12 000 000 B Preference Shares			
7.3 To give the directors the general authority to allot and issue 20 000 000 C Preference Shares			
Special Resolutions			
1. Approval of non-executive directors' remuneration – 2020/2021			
2. General authority to repurchase shares in terms of the JSE Listings Requirements			
3. Authority to provide financial assistance in terms of section 44 and 45 of the Companies Act			

Note: Insert an "X" in the relevant spaces above or the number of votes exercisable (one vote per share) according to how you wish your votes to be cast. An "X" in the relevant spaces above indicates the maximum number of votes exercisable. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote (see instruction 3 overleaf).

Signed at _____ on _____ 2020.

Signature/s _____

Assisted by me (where applicable) _____

Please read the summary of the rights in respect of proxy appointments established by section 58 of the Companies Act, notes and instructions overleaf.

* See explanatory note 3 overleaf.

NOTES TO THE FORM OF PROXY

Summary of shareholders rights in respect of proxy appointments as contained in section 58 of the Companies Act

Please note that in terms of section 58 of the Companies Act:

- This form of proxy must be in writing, dated and signed by the shareholder appointing the proxy.
- You may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in, and speak and vote at, the AGM, on your behalf.
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy.
- This form of proxy must be delivered to the Company, or to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy exercises any of your voting rights as a shareholder at the AGM. Any form of proxy not received by the Company or the Company's transfer secretaries must be handed to the Chairperson of the AGM before your proxy may exercise any of your voting rights as a shareholder at the AGM.
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly in person in the exercise of any of your rights as a shareholder at the AGM.
- The appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy.
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by – (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. Please note that the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the proxy and the Company as aforesaid.
- If this form of proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to you must be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing, and paid any reasonable fees charged by the Company for doing so.
- Your proxy is entitled to exercise, or abstain from exercising, any voting rights of yours without direction at the AGM, except to the extent that this form of proxy provides otherwise.
- The appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof, unless it is revoked by you before then on the basis set out above.

Explanatory notes

1. A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote in his/her stead at the AGM. A proxy need not be a shareholder of the Company. Satisfactory identification must be presented by any person wishing to attend the AGM, as set out in the notice of AGM (to which this form of proxy is included).
2. Every shareholder present in person or by proxy and entitled to vote at the AGM of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds, but in the event of a poll, each shareholder shall be entitled to one vote in respect of each ordinary share in the Company held by him/her.
3. Shareholders who have dematerialised their shares in the Company and are registered in their own names are shareholders who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic subregister of shareholders in their own names.

Instructions on signing and lodging the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the Chairperson of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the Chairperson of the AGM will exercise the proxy. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or the number of votes exercisable by that shareholder in the appropriate spaces provided overleaf. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the AGM, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. Forms of proxy must be lodged with the Company at 1 Discovery Place, Sandton, South Africa or posted to the Company at PO Box 786722, Sandton, 2146, South Africa or lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, Johannesburg, South Africa or posted to the transfer secretaries of the Company at Private Bag X9000, Saxonwold, 2132, South Africa, to be received by them not later than Tuesday, 24 November 2020 at 09h00 (South African time), being at least 48 hours before the AGM to be held at 09h00 on Thursday, 26 November 2020 in accordance with clause 27.3.2 of the MOI. Any forms of proxy not received by this time must be handed to the Chairperson of the AGM immediately prior to the commencement of the AGM.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the Chairperson of the AGM.
6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy or proxies appointed in terms hereof, should such shareholder wish to do so.
7. Where two or more persons are registered as the holders of any security they shall be deemed to hold that security jointly, and any one of the joint holders of any security conferring a right to vote on any matter may vote either personally or by proxy, at any meeting in respect of that security, as if he were solely entitled to exercise that vote, and if more than one of those joint holders is present at any such meeting, either personally or by proxy, the joint holder, who tenders a vote (including an abstention) and whose name stands in the securities register before the other joint holders whom are present, in person or by proxy, shall be the joint holder who is entitled to vote in respect of that security.
8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
9. The Chairperson of the AGM may reject or accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder of the Company, to another person.

