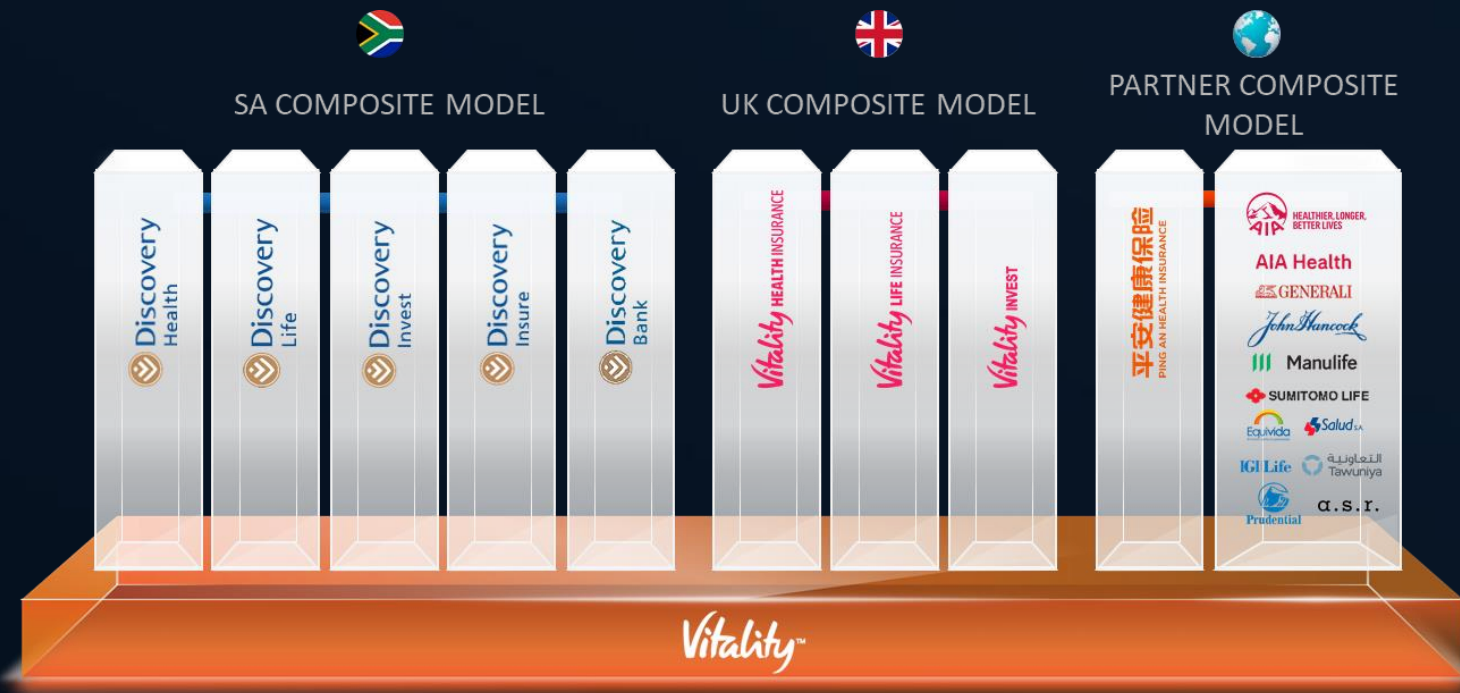


A large, stylized 'D' logo on the left side of the page. The 'D' is composed of several overlapping, dark blue, semi-transparent shapes. The background of the 'D' is a circular pattern of bright blue, radiating lines that create a starburst or fiber-optic effect.

AUDITED RESULTS

for the year ended 30 June 2020



Core new business

+5%

to R19 173m

Normalised operating profit before reserving for future COVID-19 impacts

+9%

to R8 409m

Normalised operating profit

-22%

to R6 069m

Normalised headline earnings

-26%

to R3 747m

Headline earnings

-94%

to R296m



Core new business +5% to R19 173m	Normalised operating profit before reserving for future COVID-19 impacts +9% to R8 409m	Normalised operating profit -22% to R6 069m	Normalised headline earnings -26% to R3 747m	Headline earnings -94% to R296m
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- 1 Operating performance was resilient with operating profit up 9%, new business up 5% and actuarial dynamics in line with expectation
- 2 A COVID-19 reserve of R3.4bn was created to cater for all future COVID-19 impacts. 13% of the life claims provision has been used with the balance of the provision sufficient for a potential second wave
- 3 Interest rate movements had a R4.8bn pre-tax effect on headline earnings, but minimal impact on cashflows, solvency or liquidity and excluded from normalised earnings
- 4 Growth engine remains robust with pleasing results from Established, remarkable profit growth from Emerging and an investment of R2.2bn into New businesses, which are seeing considerable traction
- 5 The Group focused on capital strength and liquidity

Our strategic response to the pandemic



DISCOVERY talks

FT FINANCIAL TIMES

“My pick so far is Discovery, it had an American astronaut talk about isolation, al-Qaeda hostage on resilience, Jessica Ennis-Hill gave a live aerobics class”

COVID-19 information hub

Vitality at Home

JEFF

ENTER THE PROFESSIONAL VITALITY CYCLE SERIES

R12bn Behavioural shared value

R757m COVID-19 concessions

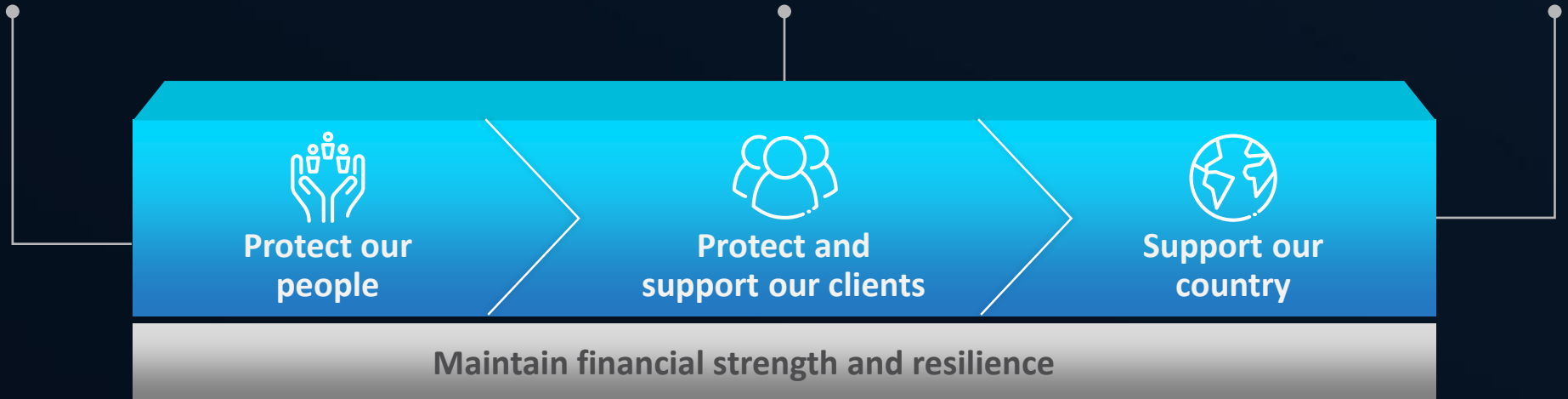
COVID Alert SA app

DrConnect

Keep every staff member safe
 Maintain connectivity
 Live out our values

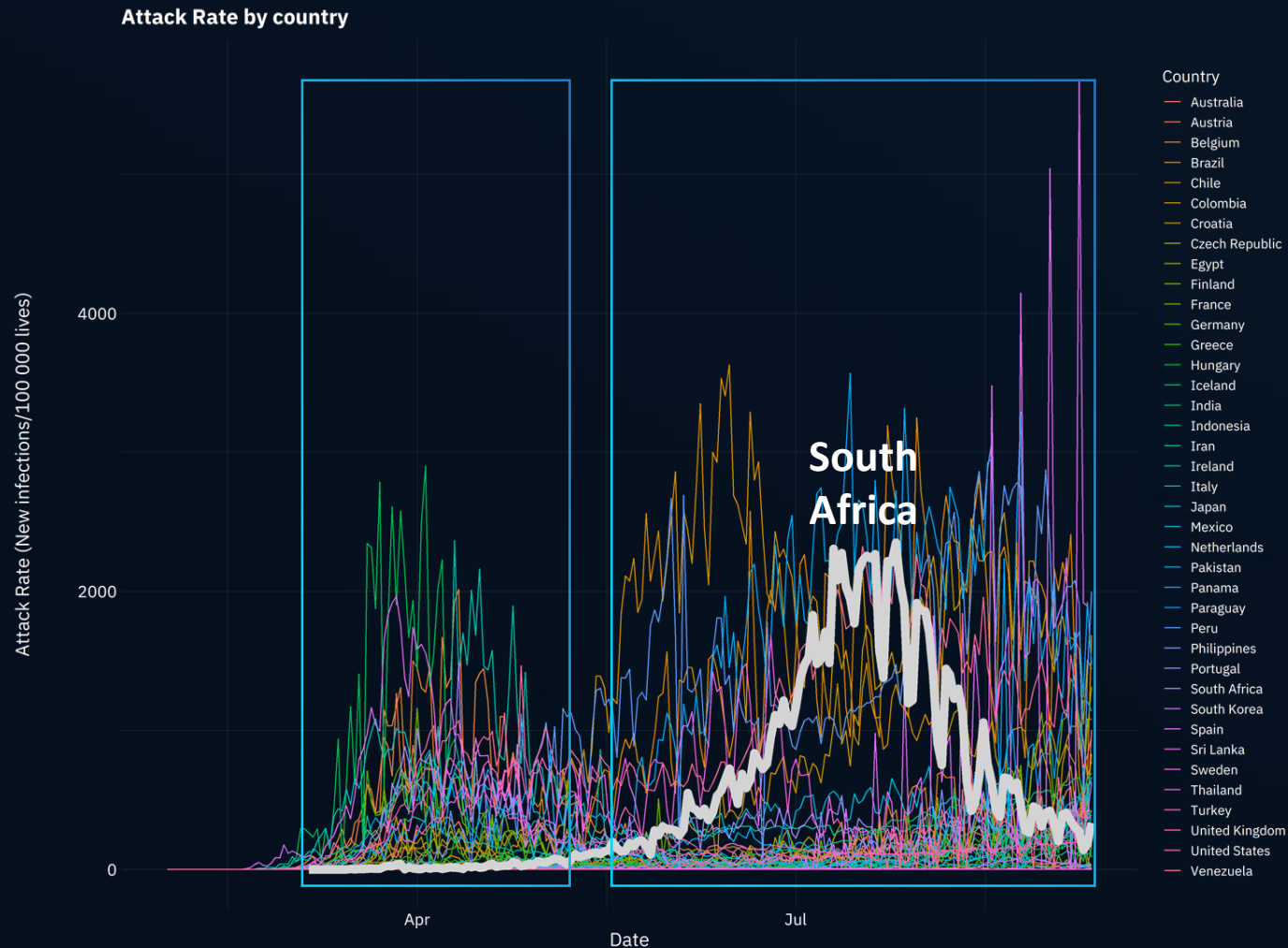
Ensure business continuity
 Ensure products are fit-for-purpose
 Keep people healthy and active

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



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

Globally two waves are emerging but SA has passed the peak



SA's stringent lockdown was successful in flattening and delaying the peak

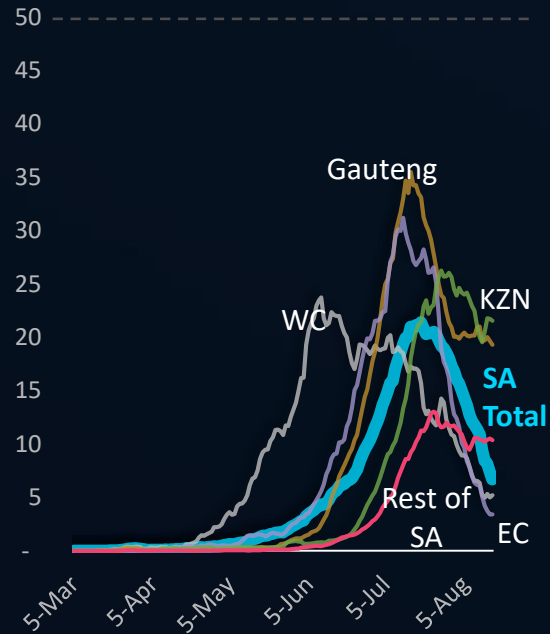
- Early lockdown reduced infection rate
- Allowing more time for development of treatment insights
- Resulting in greater capacity in healthcare system

SA is benefiting from advancements in treatment



SA has passed the peak, decreasing daily new infections

New York health system overwhelmed at 50 new daily infections per 100 000 lives

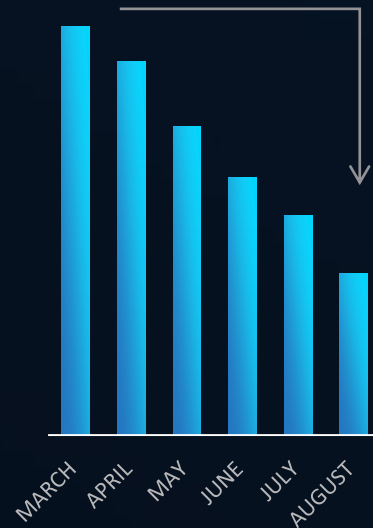


Advancements in treatment insights improved efficiency and reduced severity

-60%

reduction in average length of stay of COVID-19 admissions

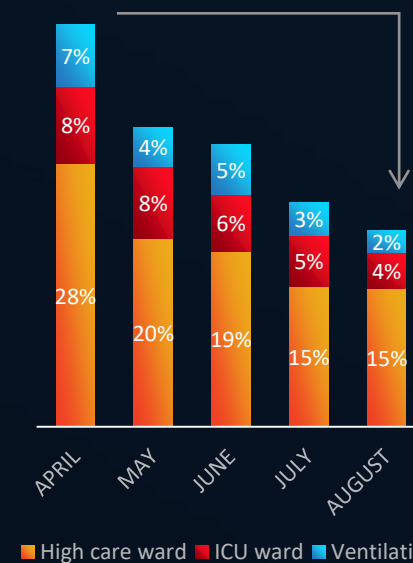
Average LOS



-51%

reduction in cases requiring high acuity intervention

Proportion of recovered cases



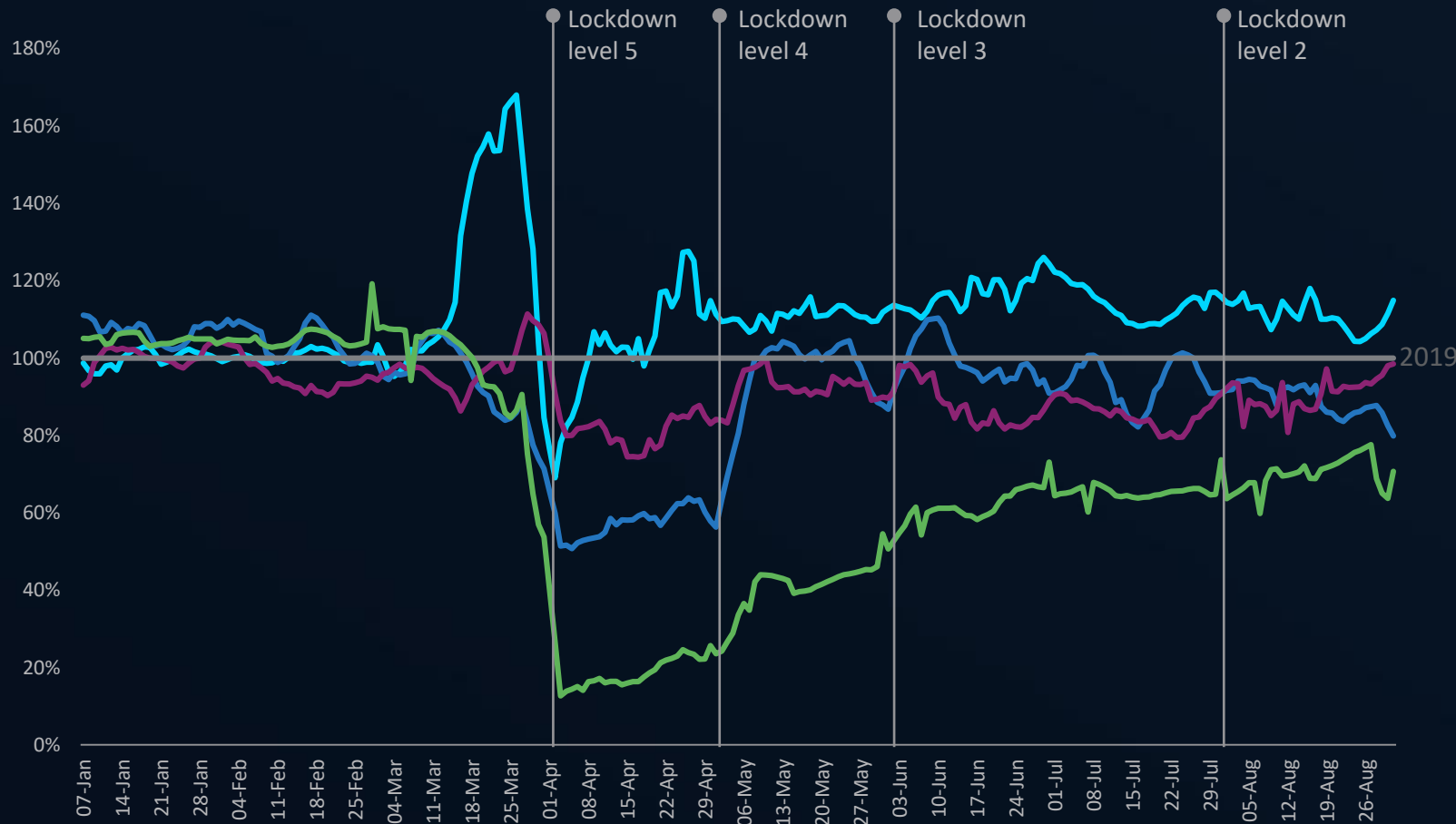
-25%

reduction in ICU deaths



Expected mortality in early stages was 0.38%, now reduced to 0.28%-0.32%

The impact of lockdown on behaviour is evident



Bank spend*

16% reduction in level 5, now 7% below prior levels



Healthy Food

12% reduction in level 5, now 11% above prior levels



Physical activity

43% reduction in level 5, now 11% below prior levels



Driving

83% reduction in level 5, now 30% below prior levels

*Indexed to average January 2020

Our strategic focus areas



Businesses



Financial and social impact

Foundation



SA Composite



UK Composite



Partner Composite

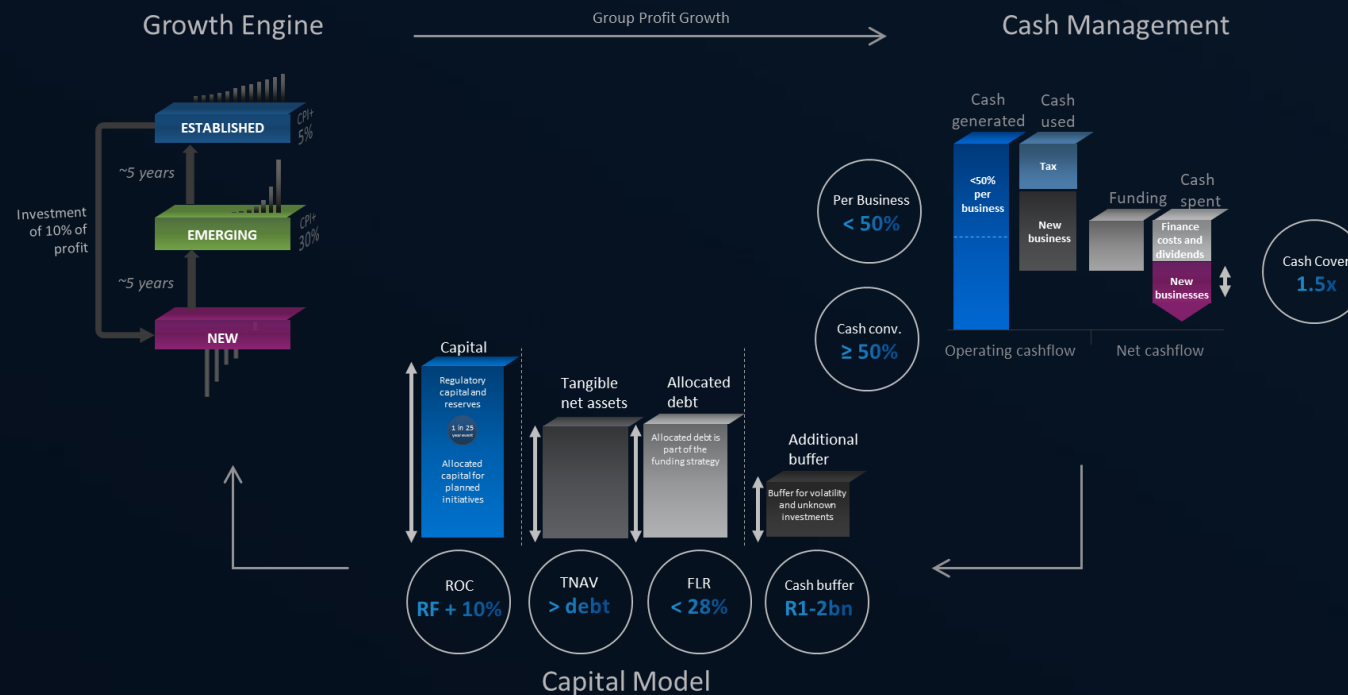
Rm	Operating profit before reserving for future COVID-19 impacts		Reserve for future COVID-19	Operating profit		Interest rate effect
Discovery Health	3 190	+5%		3 190	+5%	
Discovery Life	4 029	+25%	-1 979 (-1 058 ²)	2 971	-8%	-3 634
Discovery Invest	830	-14%	-181 (0 ²)	830	-14%	
Discovery Insure	246	+59%		246	+59%	
SA Composite¹	8 302	+11%		7 244	-3%	
Vitality HEALTH INSURANCE	1 543	+104%	-713	830	+9%	
Vitality LIFE INSURANCE	297	-49%	-569	-272	-147%	-1 193
UK Composite¹	1 840	+38%		558	-58%	
Vitality GROUP	308	+91%		308	+91%	
平安健康保險 PING AN HEALTH INSURANCE	182	+72%		182	+72%	
New businesses	-2 223	+70%		-2 223	+70%	
Total	8 409	+9%	-3 442 (-2 340 ²)	6 069	-22%	-4 827

1 Excluding New initiatives
2 Net of discretionary margins



1

Operating performance was resilient with operating profit up 9%, new business up 5% and actuarial dynamics in line with expectation





Operating profit before reserving for future COVID-19 impacts

Rm



SA Composite

Discovery Health	3 190	+5%
Discovery Life	4 029	+25%
Discovery Invest	830	-14%
Discovery Insure	246	+59%
SA Composite¹	8 302	+11%

Strong performance and supporting society. Driving efficiencies

Resilient operating variances and cash generation. Robust capital and liquidity

Strong asset gatherer. Earnings curtailed by once-off factors

Strong quality of business. Scaling the Shared-Value Model



UK Composite

Vitality HEALTH INSURANCE	1 543	+104%
Vitality LIFE INSURANCE	297	-49%
UK Composite¹	1 840	+38%

Operational excellence and strong retention. Earnings inflated by delayed claims due to the NHS co-opting private hospitals

Executed on its turnaround plan. Set up for future recovery



Partner Composite

Vitality GROUP	308	+91%
平安健康保险 PING AN HEALTH INSURANCE	182	+72%
New businesses	-2 223	+70%
Total	8 409	+9%

Resilient revenue with operating leverage. Capitalise on enhanced relevance and leading global position

Remarkable growth. Continued investment for long-term opportunities

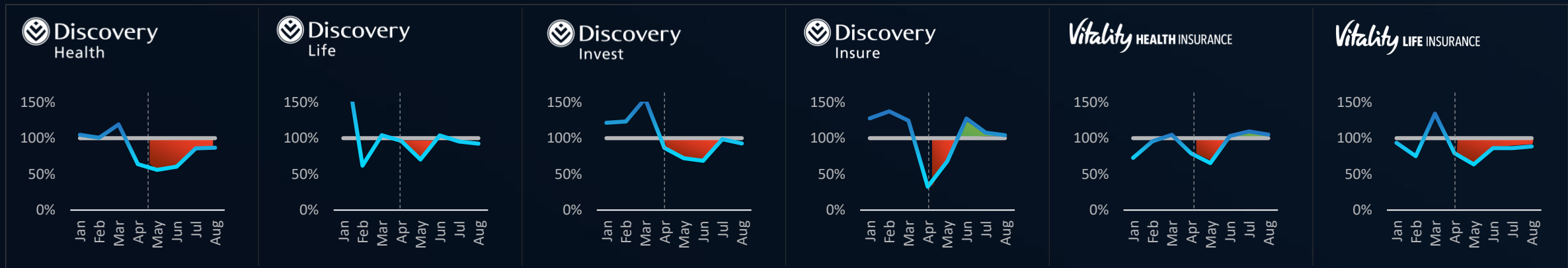
Bank migrations complete, fully deposit-funded. Rapid learnings to improve user experiences and value proposition

New business

+5%

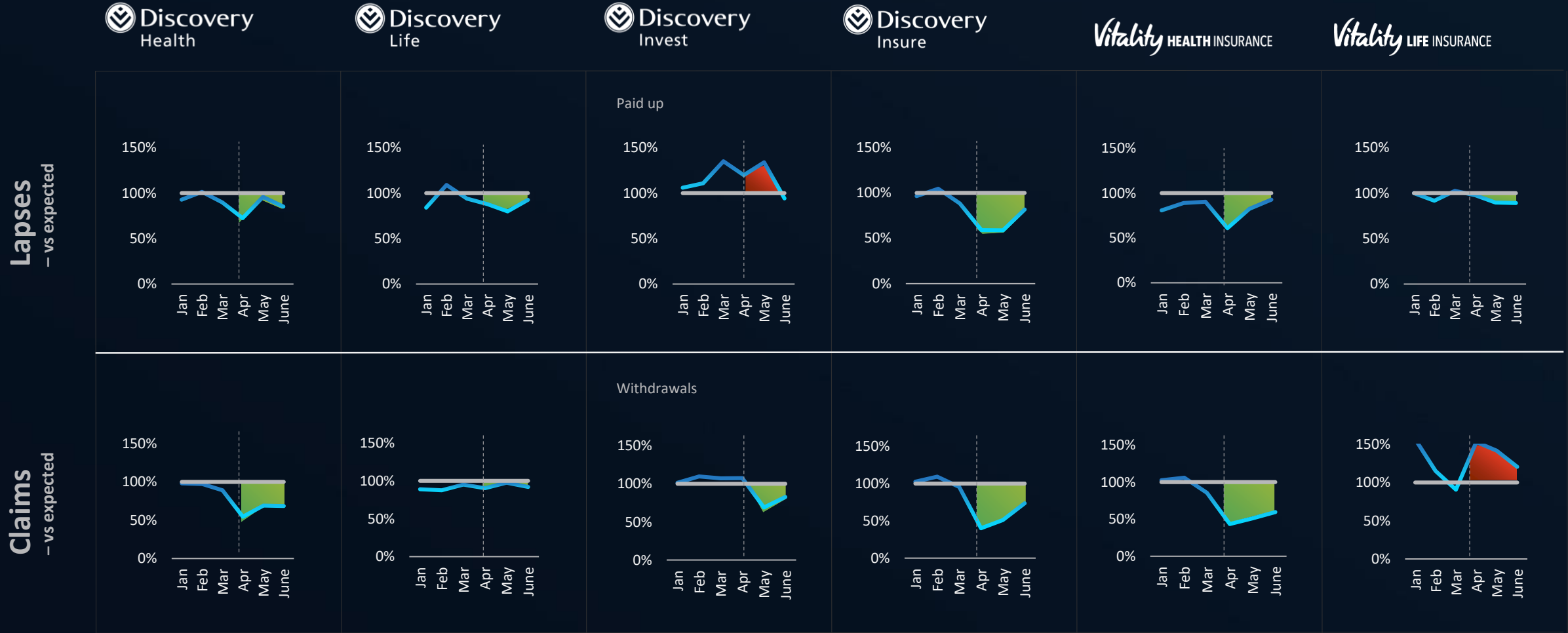


	Rm	12 months to 30 Jun 2020	12 months to 30 Jun 2019	% change	
ESTABLISHED BUSINESSES	Discovery Health	6 101	6 695	-9%	-5%
	Discovery Life	2 286	2 312	-1%	
	Discovery Invest	2 667	2 604	+2%	
	Vitality HEALTH INSURANCE	1 238	1 346	-8%	
	Vitality LIFE INSURANCE	1 257	1 291	-3%	
EMERGING BUSINESS	Discovery Insure	1 089	1 041	+5%	+29%
	Vitality GROUP	1 134	922	+23%	
	平安健康保险 PING AN HEALTH INSURANCE	3 575	2 518	+42%	
NEW	New businesses	825	386	+114%	



- vs 2019 level

Resilient operating performance, actuarial dynamics within expectation

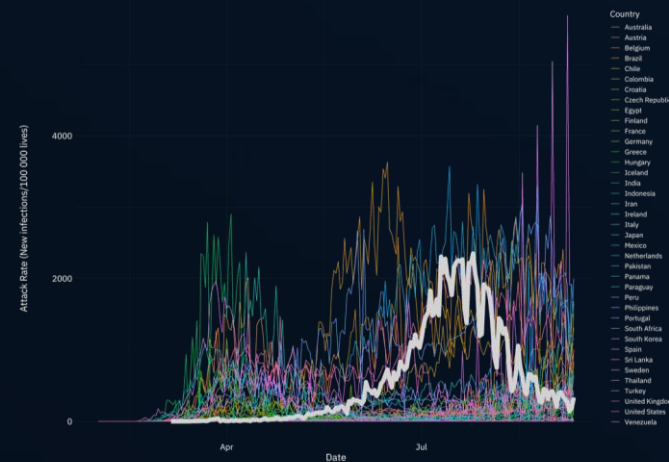


Life claims for Life Cover, Capital Disability and Severe Illness only
 VitalityLife lapse experience excludes once off process change in June



2

A COVID-19 reserve of R3.4bn was created: 13% of the life claims provision has been used with the balance of the provision sufficient for a potential second wave



The COVID-19 claims reserve is appropriate and sufficient for a potential second wave

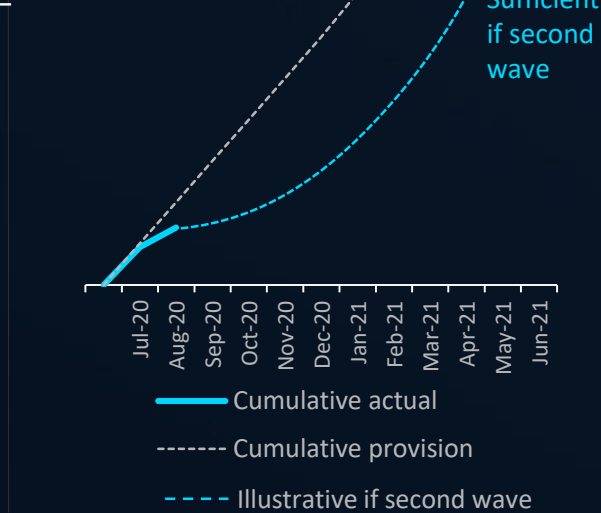
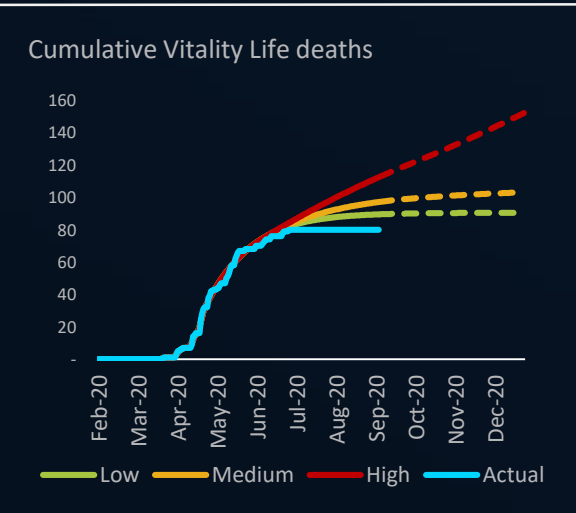
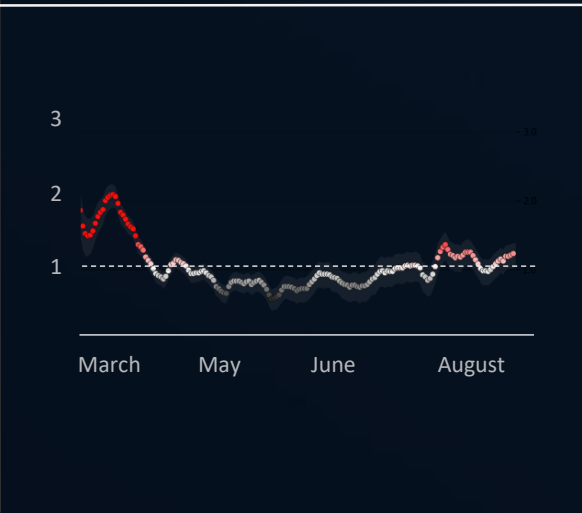
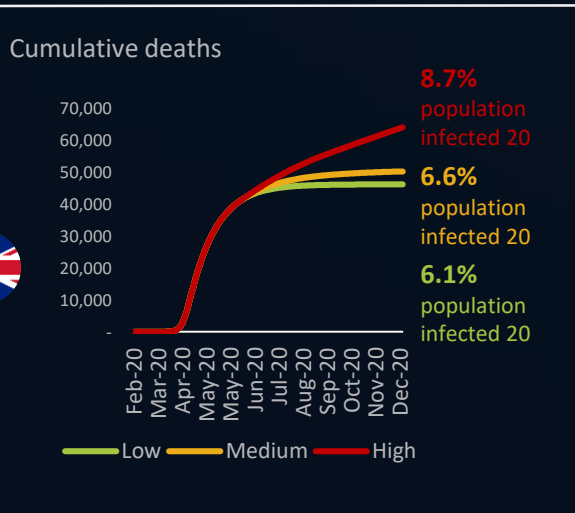
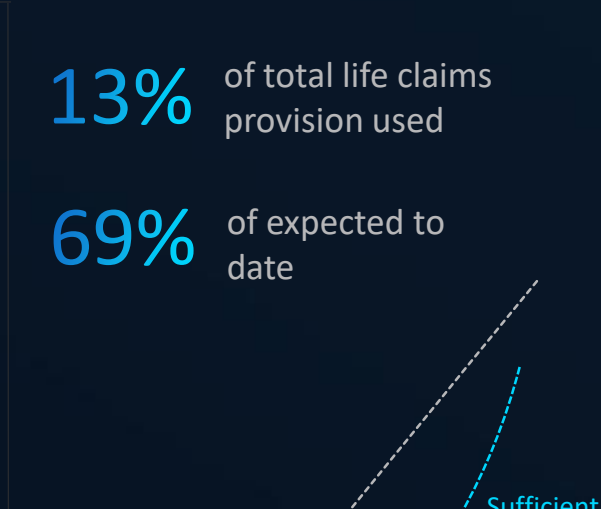
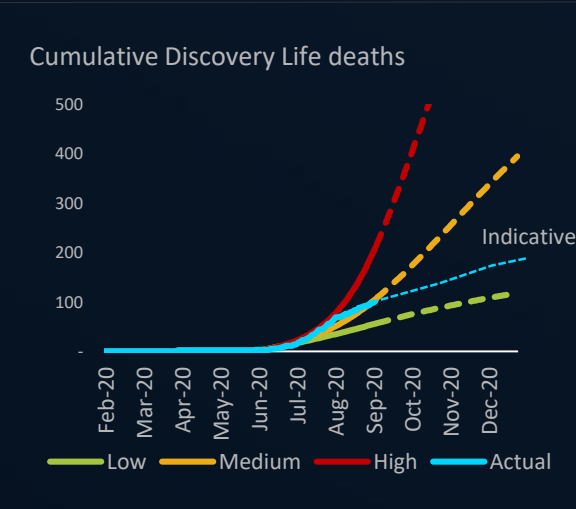
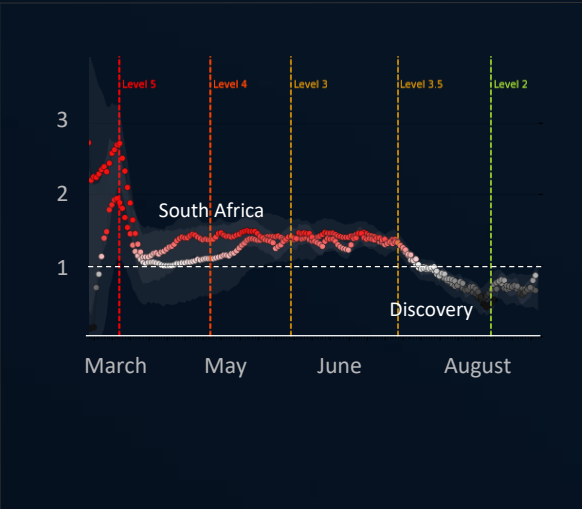
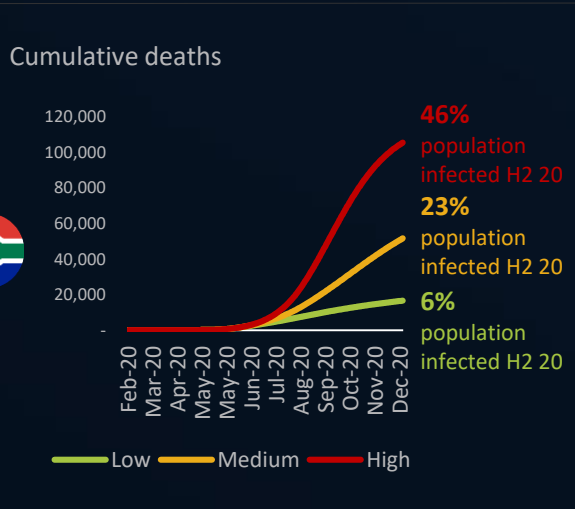


Modelled 3 scenarios

R-factors

Actual deaths vs projected

Actual progression

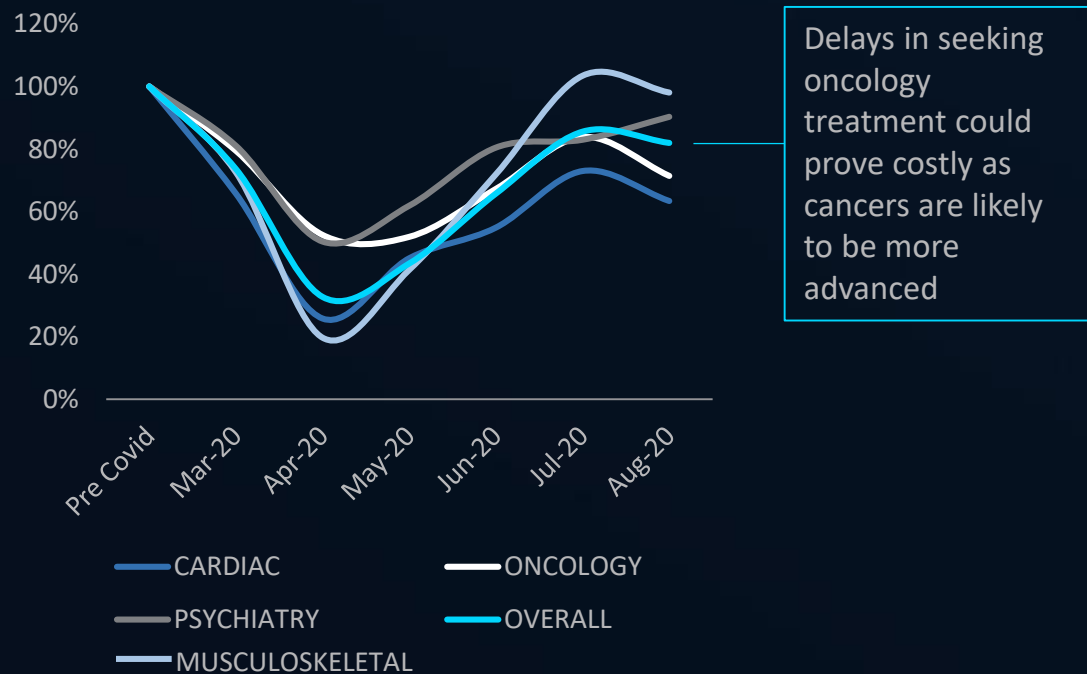


Authorisations in VH are starting to rebound, delays in seeking treatment could increase costs



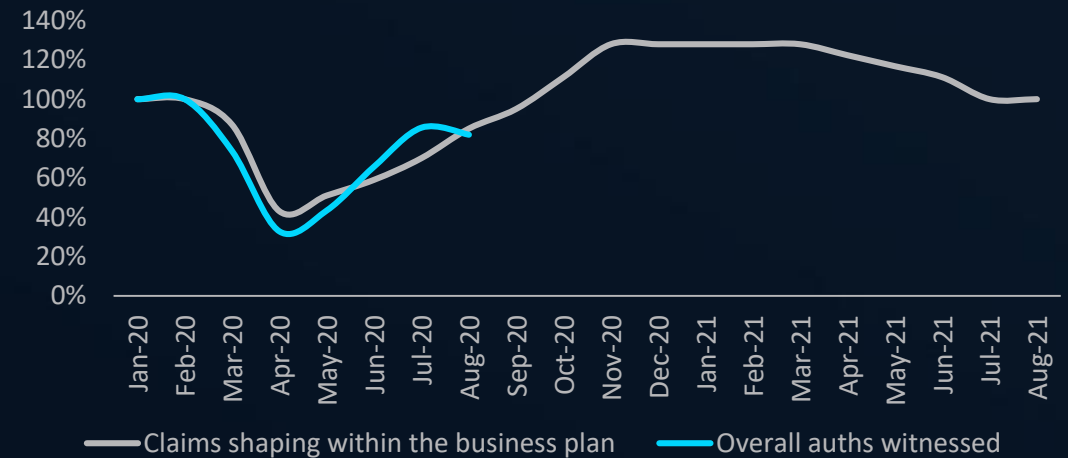
Overall authorisations are still below pre-COVID-19 levels, August 82% of normal

Monthly authorisations per 1 000 lives



Expect above normal utilisation of services until policyholders and hospitals catch-up on treatments which have been delayed

Claims spend expected compared to authorisations received



Assume:

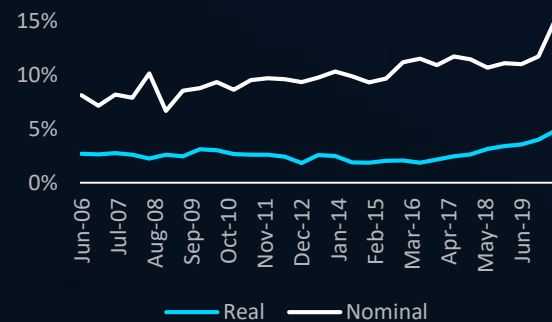
- 90% non-elective missed claims recur
- 20% elective procedures missed will not come back
- Cases delayed suffer additional costs due to COVID testing, additional overnight stays, or increased severity

Delays in treatment could manifest in **increased severity costs** and result in increased **uncertainty in the reserving** process



3

Interest rate movements had a R4.8bn pre-tax effect on headline earnings, but minimal impact on cashflows, solvency or liquidity and excluded from normalised earnings



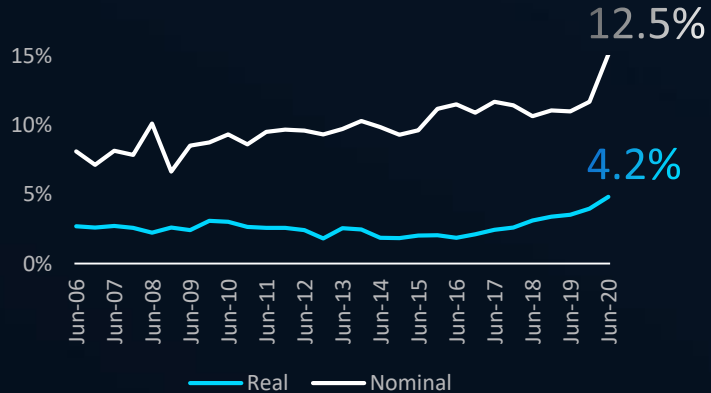
Continued volatility in interest rates negatively affected headline earnings



Record levels of interest rates

Highest levels of nominal rates in recent history

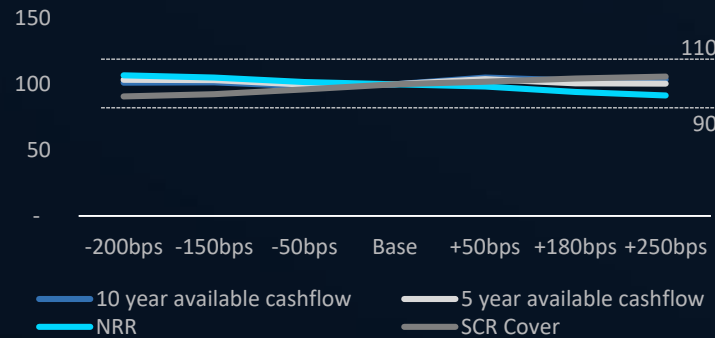
25-year Real and Nominal Yields



Impact on Discovery Life and VitalityLife

Valuation risk

SCR and cashflow stress to nominal interest rates, indexed to Base

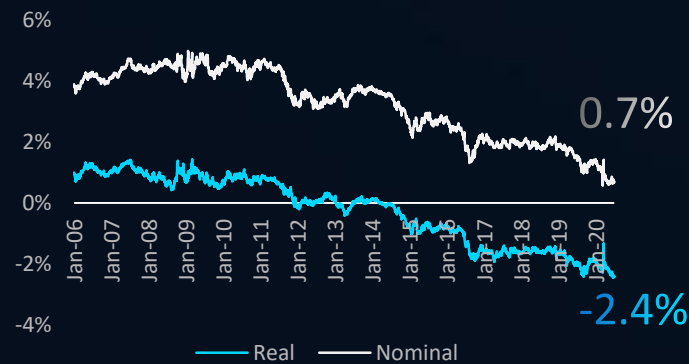


IFRS impact

-R3.6bn
Total impact

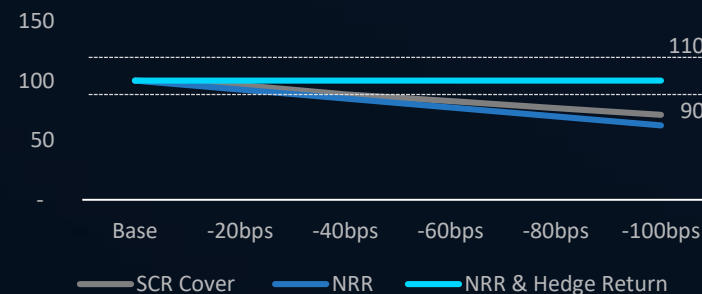
Lowest levels of real and nominal rates in history

25-year UK Real and Nominal Gilt Yields



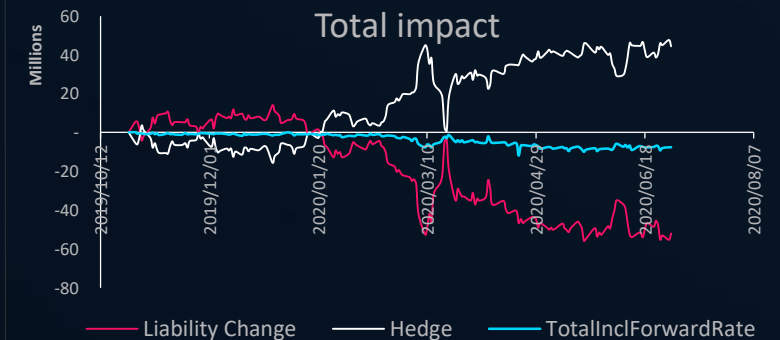
Reinvestment risk

SCR and cashflow stress to nominal interest rates, indexed to Base



Hedge protected against further decreases

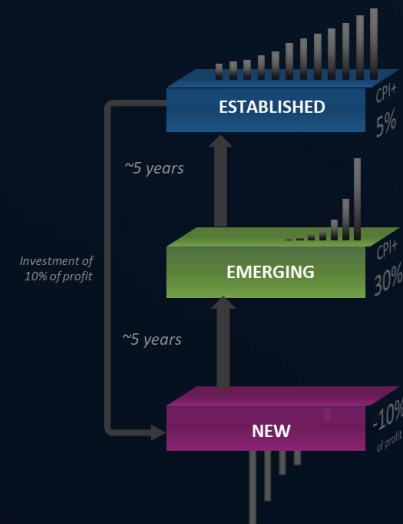
-R1.2bn
Total impact



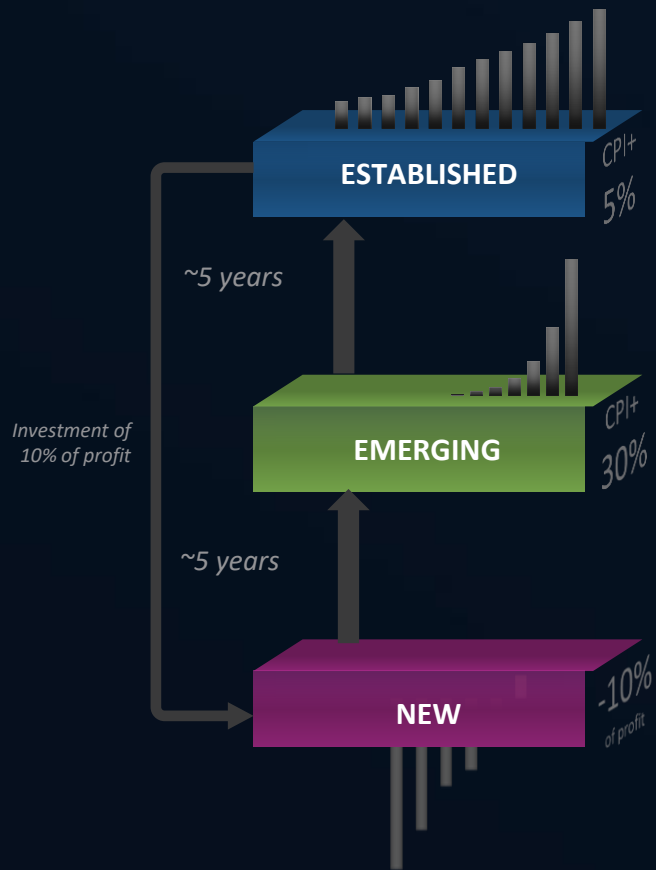


4

Growth engine remains robust with pleasing results from Established, remarkable profit growth from Emerging and an investment of R2.2bn into New businesses, which are seeing considerable traction



The organic growth methodology



Rm	Normalised operating profit before reserving for future COVID-19 impacts		Normalised operating profit	
<ul style="list-style-type: none"> Discovery Health Discovery Life Discovery Invest Vitality HEALTH INSURANCE Vitality LIFE INSURANCE 	3 190 4 029 830 1 543 297	R9.9bn +15%	3 190 2 971 830 830 -272	R7.6bn -13%
<ul style="list-style-type: none"> Discovery Insure Vitality GROUP 平安健康保險 PING AN HEALTH INSURANCE 	246 308 182		R736m +74%	
<ul style="list-style-type: none"> Discovery Bank VitalityInvest Vitality1 Umbrella Funds Discovery Business Insurance 		-R2.2bn Invested in New 26% FY18 – FY23 14%*		FY21 – FY25 3%*

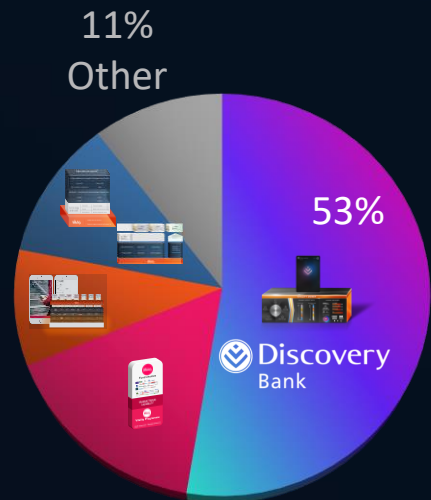
*Ignoring investment in future New initiatives

Substantial and planned spend on New businesses; seeing considerable traction



Majority on Bank

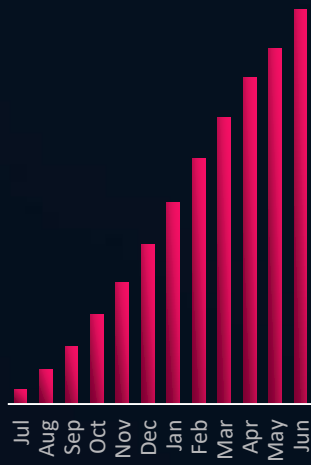
Breakdown of FY20 operating loss



VitalityInvest

£16-20m

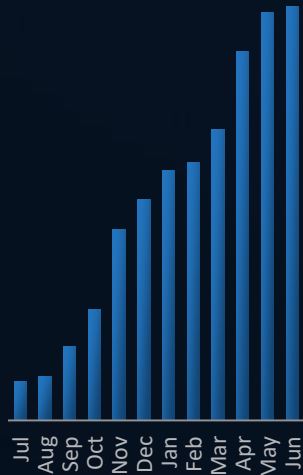
Monthly new business run rate



Umbrella Funds

R5.6bn

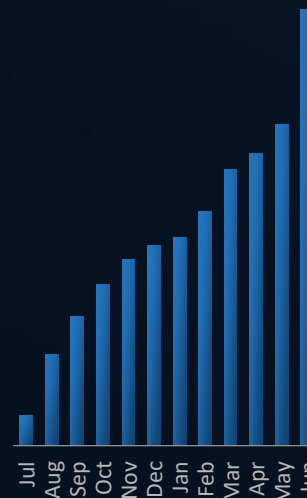
Committed assets



DBI

R12-15m

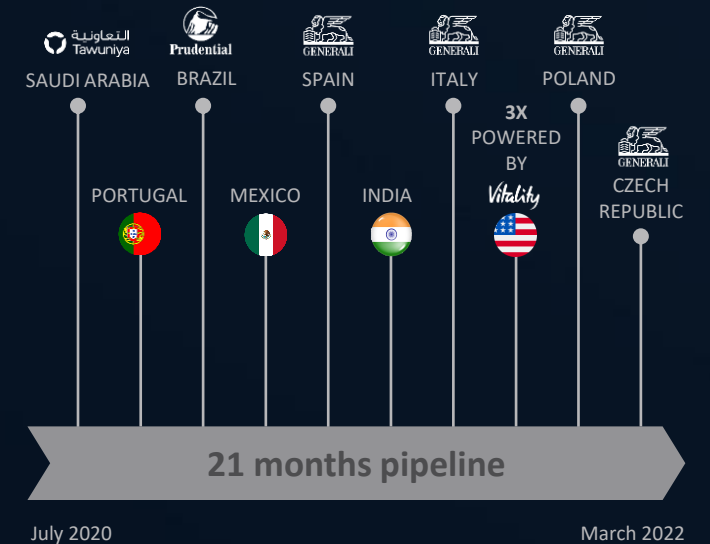
Monthly new business run rate



Vitality1

12

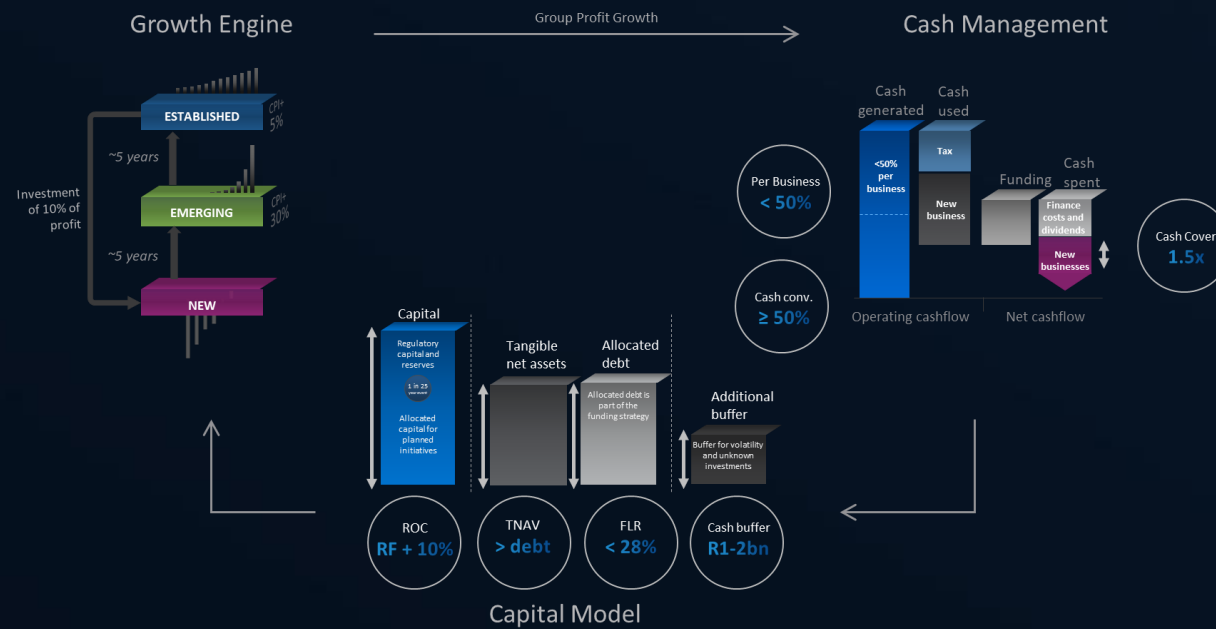
New over next 21 months





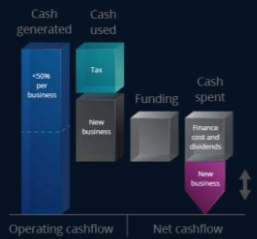
5

The Group focused on capital strength and liquidity





Cash management supports the growth methodology



R15.4bn

Cash generated from in-force

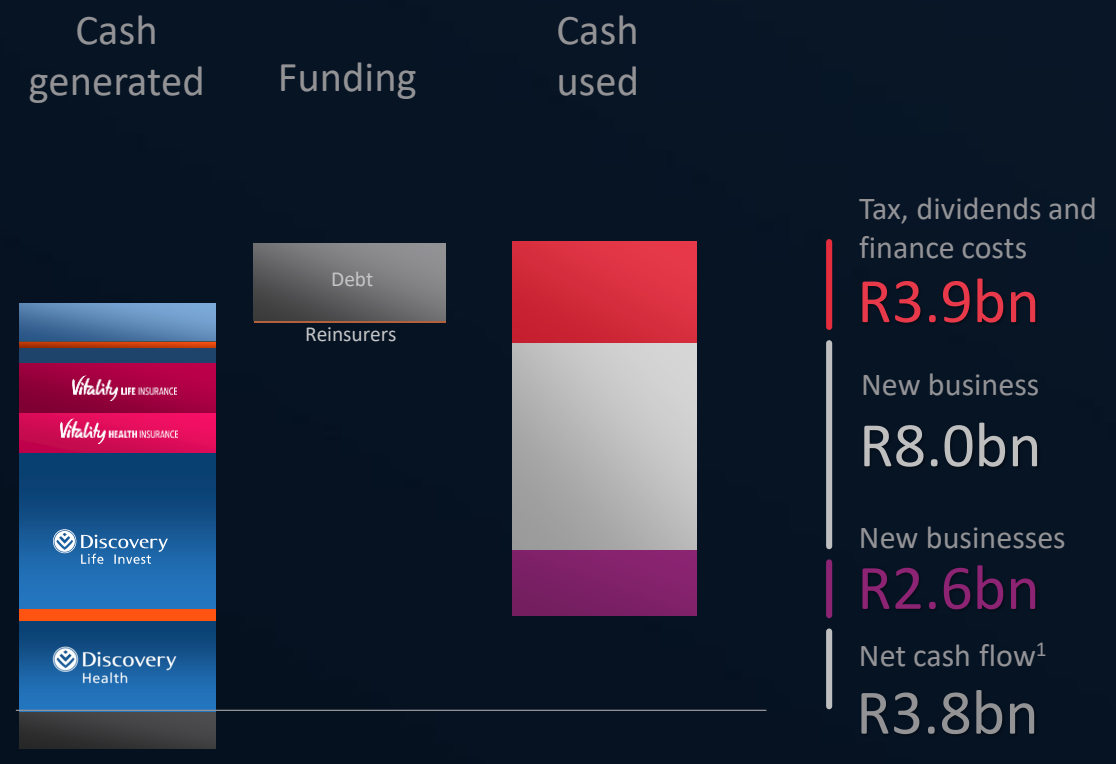
(R11.6bn)

Cash used net of funding

R3.8bn

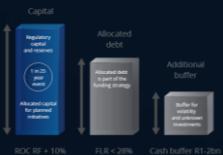
Net cash flow

Cash generated from in-force business
R15.4bn



1 Movement in shareholder free cash

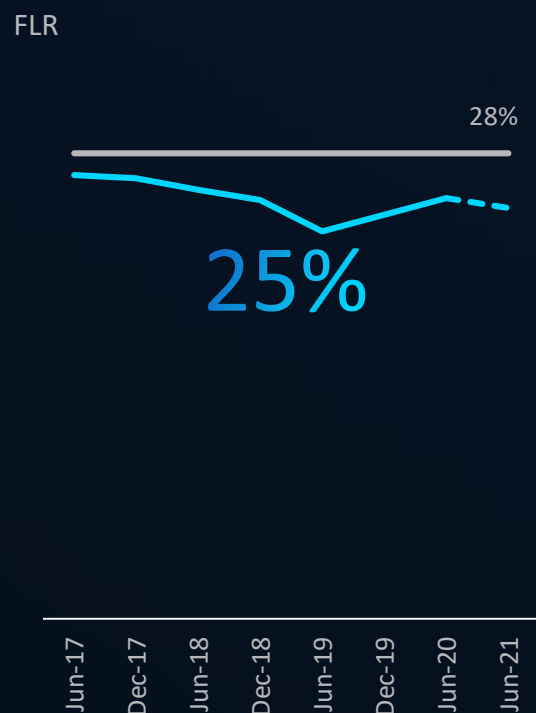
Group is well capitalised and highly liquid



Strongly capitalised

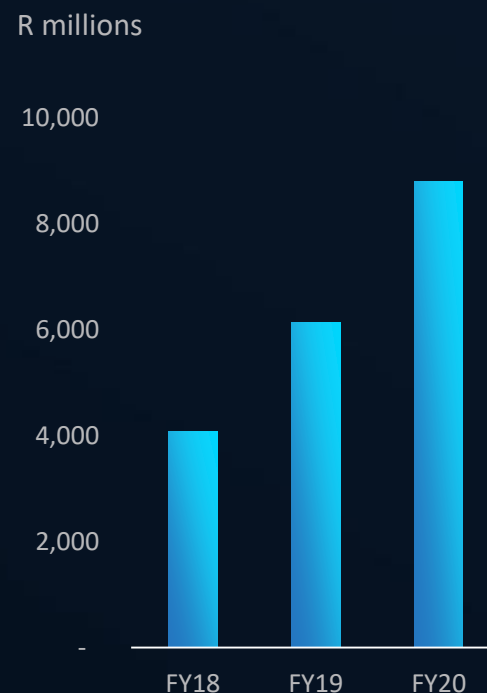
Rm	June 19 Cover	June 20 Cover
Discovery Life	1.6x	1.8x
Discovery Insure	1.7x	1.8x
Vitality HEALTH INSURANCE	1.4x	1.7x
Vitality LIFE INSURANCE	1.5x	2.0x
Discovery Bank ¹		1.6x
DHMS solvency		32.7%

Debt is reducing

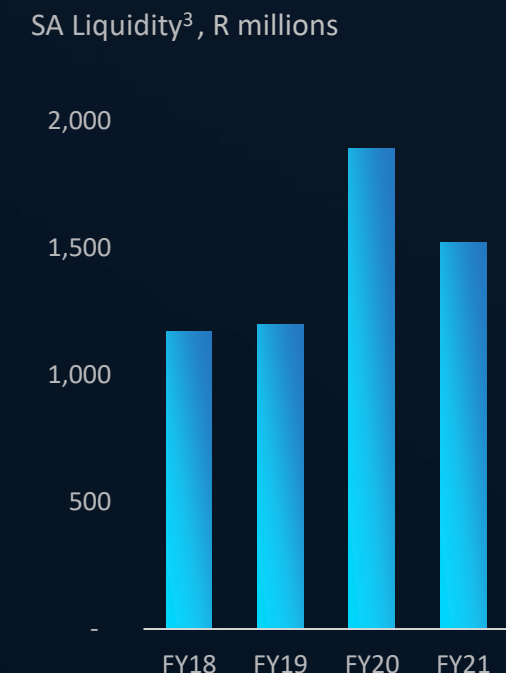


Highly liquid across the Group²

Liquid excess assets above regulatory capital requirements



Sufficient liquidity at the centre



¹ Capital Adequacy Ratio

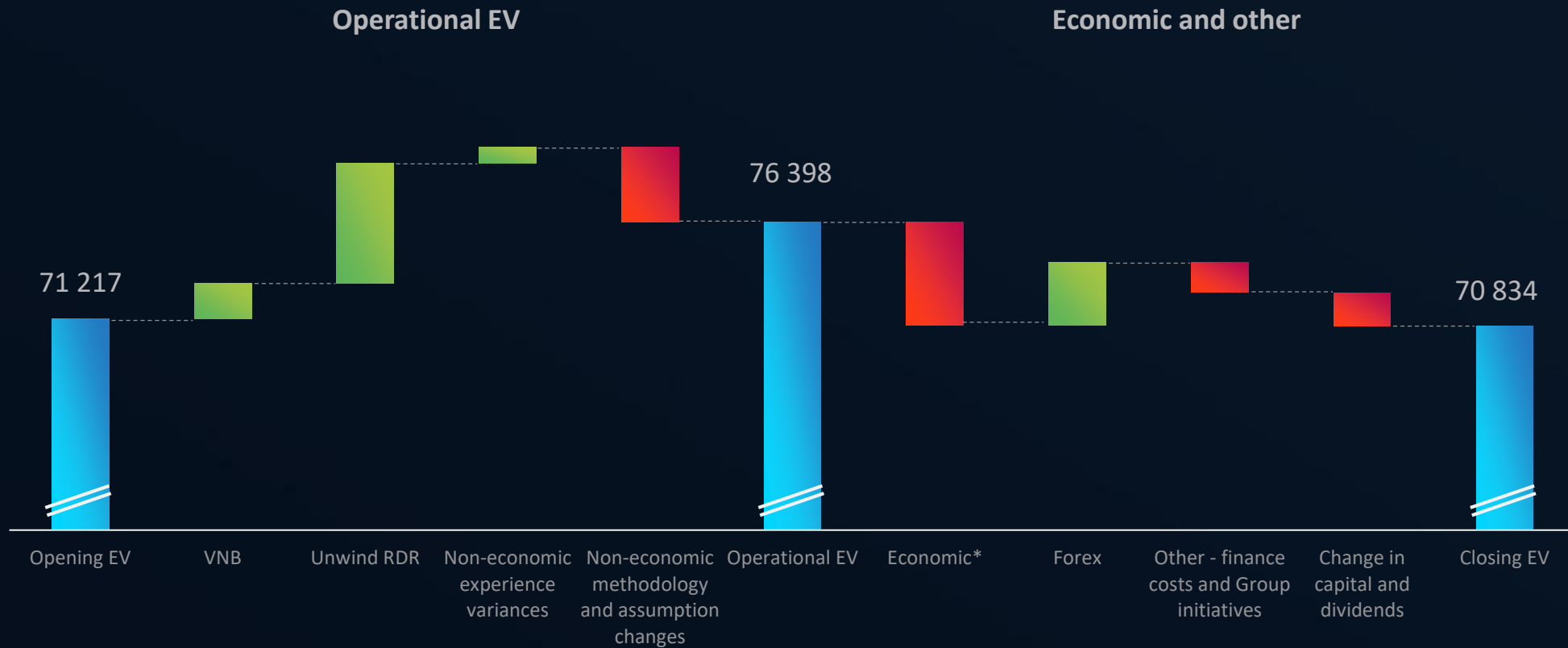
² Considers cash at centre, Discovery Life, Discovery Insure, VitalityHealth, VitalityLife and Discovery Bank

³ SA cash + undrawn committed facilities

2% Return on Embedded Value



5% excluding forex and economic changes



*Economic experience variances and methodology & assumption changes

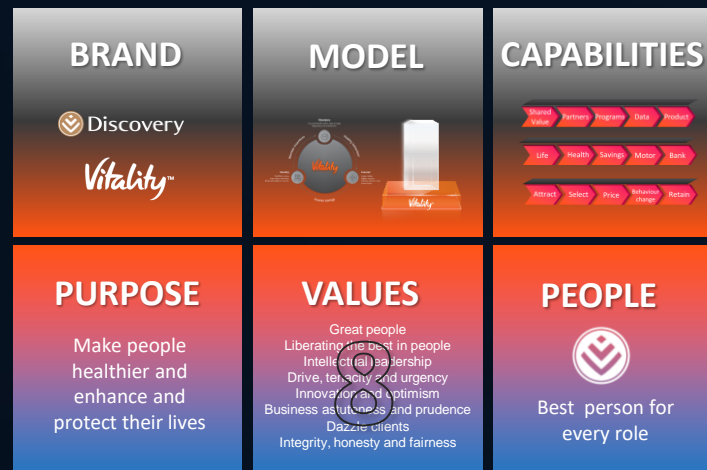
Reconciliation to normalised headline earnings



Rm	12 months ended Jun 2020	12 months ended Jun 2019	% change
Profit from operations before reserving for future COVID impacts	8 409	7 747	+9%
Reserve for future COVID-19 impacts, net of discretionary margins	(2 340)		
Profit from operations	6 069	7 747	-22%
Economic assumptions adjustments	(4 830)		
Dilution gains from equity accounted investments	3	808	
Gain on previously held interest in Discovery Card business	0	761	
Finance charges excl. 1DP finance lease	(1 218)	(1 036)	
Foreign exchange gains	578		
Other	(79)	(148)	
Profit before tax	523	8 132	-94%
Tax	(347)	(1 518)	
Profit attributable to preference shareholders	(81)	(81)	
Loss attributable to non-controlling interest	2		
Profit attributable to ordinary shareholders	97	6 533	-99%
Dilution gains from equity-accounted investments, net of tax	(3)	(666)	
Gain on previously held interests in Discovery Card business	-	(761)	
Loss on de-recognition of assets net of tax	149	-	
Other	53	41	
Headline earnings	296	5 147	-94%
Economic assumption adjustments net of interest rate derivative and net of tax	3 584	-	
Other	(133)	(112)	
Normalised headline earnings	3 747	5 035	-26%



The strategic foundation



Global trends have the power to transform insurance markets and have been accelerated by COVID-19



Banking



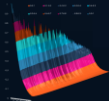
"It's time to tie bank profits to customers financial health"

Motor



"We want revolutionary actuaries"
Tesla launching insurance company
- premiums based on data collected by cars' internal sensors

Life



The nature of behaviour on mortality

Health



The nature of COVID-19 risk is behavioural



- The rise of digital
- Ways of work
- Ecommerce
- Telemedicine
- Contactless



The nature of risk is behavioural

"Deep understanding of risk and how to manage it"

Accelerated rush online

"Digitally enabled, customer centric and drive engagement"



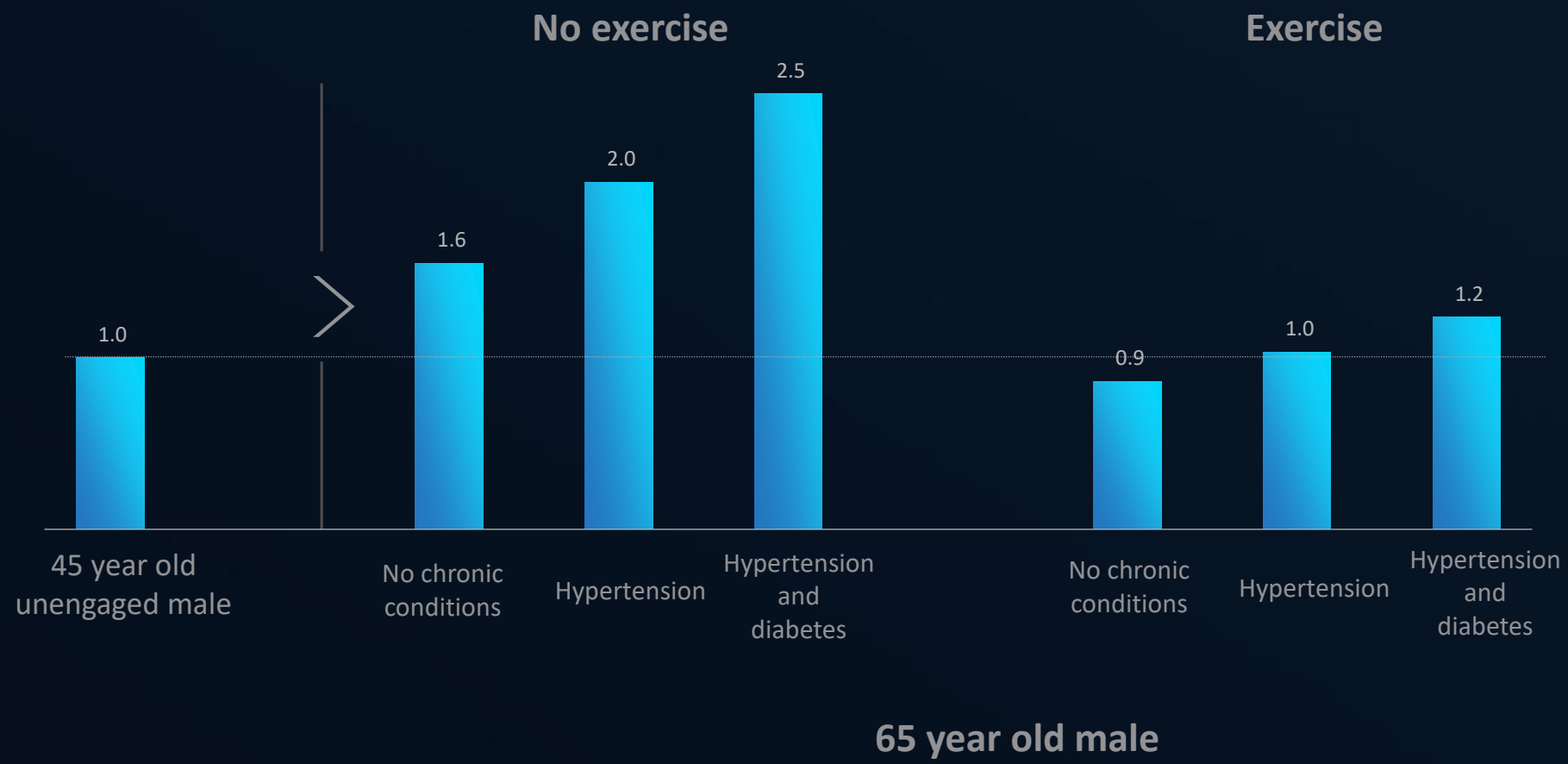
Social and environmental movements amplifying corporate responsibility

"Producing profitable solutions to the problems of people and planet, not profiting from producing problems for people or planet" Colin Mayer

COVID-19 risk is also behavioural



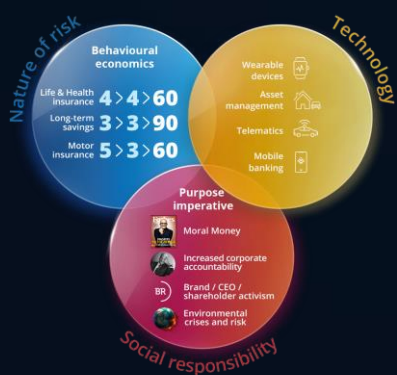
Impact of risk factors on COVID-19 mortality





WHY

Make people healthier and enhance and protect their lives



HOW



WHAT

- Life insurance
- Health insurance
- Short-term insurance
- Long-term savings
- Banking

Vitality platform underpinning all initiatives



INCENTIVE LAYER

INCENTIVE MEMBER

BEHAVIORAL DESIGN

- Pre-commitment
- Nudge theory
- Loss Aversion

GLOBAL INTEGRATED PARTNERS

Apple WATCH, Hotels.com, fitbit, GARMIN, SAMSUNG, Global Research Solutions

BEHAVIORAL LAYER

Δ BEHAVIOR INCENTIVE

HEALTH BEHAVIORS

ACTIVE REWARDS 2020, Vitality for Seniors

CONTENT DEVELOPMENT

HARVARD MEDICAL SCHOOL, Columbia University MAILMAN SCHOOL OF PUBLIC HEALTH

DATA LAYER

Δ RISK Δ BEHAVIOR

BEHAVIORS -> RISK FACTORS -> CHRONIC CONDITIONS -> MORTALITY

RESEARCH COLLABORATIONS

UNIVERSITY OF CAMBRIDGE, RAND, Columbia University MAILMAN SCHOOL OF PUBLIC HEALTH

PRICING LAYER

VALUE Δ RISK

DYNAMIC PRICING

None, Blue, Bronze, Silver, Gold

WEDGE FUNDING

Best, Good, Great, Advanced

TECHNOLOGY AND ANALYTICS LAYER

FRAMEWORK AND CO-DEVELOPERS

Vitality 1, accenture

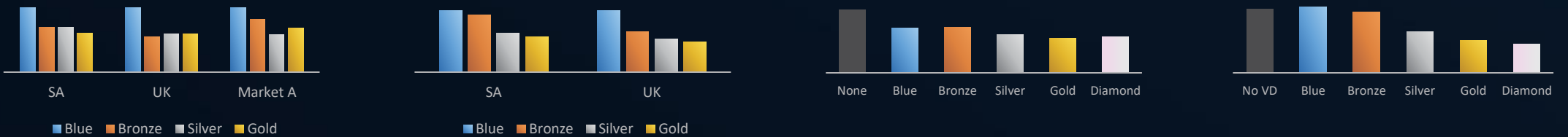
CLIENTS

KOREA (Sumitomo Life, IGI Life, Saluda), ARGENTINA (Equivida, Prudential), Manulife, orange theory, GENERALI (GERMANY, FRANCE, AUSTRIA), GROUP BENEFITS

Shared-Value dynamics manifest across all industries



Claims







Lapses





The four strategic strands



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



SA COMPOSITE MODEL

Discovery Health
Discovery Life
Discovery Invest
Discovery Insure
Discovery Bank



UK COMPOSITE MODEL

Vitality HEALTH INSURANCE
Vitality LIFE INSURANCE
Vitality INVEST



PARTNER COMPOSITE MODEL

平安健康保险
PING AN HEALTH INSURANCE

HEALTHIER. LONGER. BETTER LIVES
AIA Health
GENERALI
John Hancock
Manulife
SUMITOMO LIFE
Equivida Salud
IGI Life التعاونية Tawuniya
Prudential C.S.I.

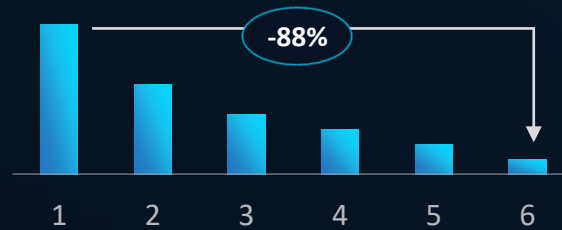


The composite delivers superior outcomes and there is still a significant integration opportunity



Composite delivers lower lapses and greater up-selling

Lapse rate by # of policies



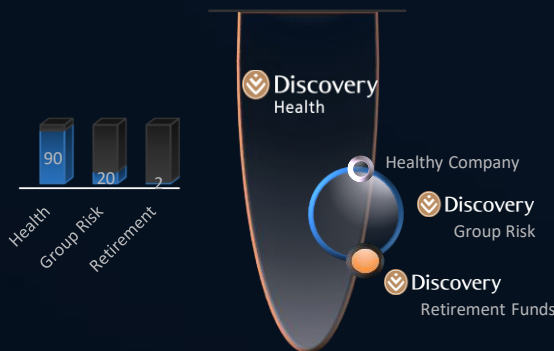
Premium size by # of policies



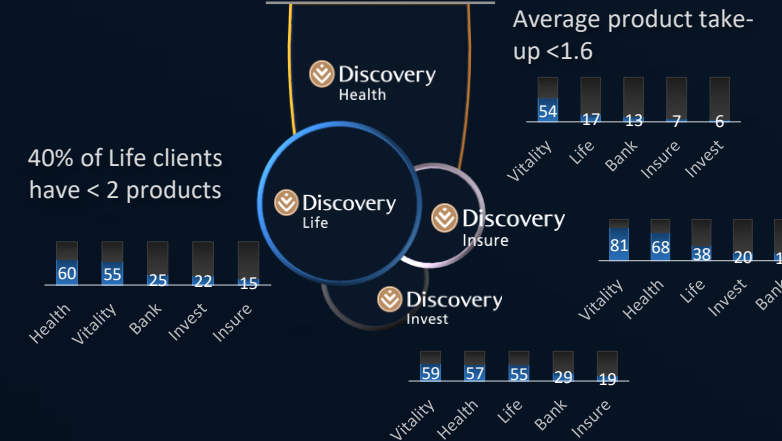
Still a significant composite opportunity

80% of employer groups only have 1 product

Small (10-100) 6,200 corporates Medium (100-400) 1,200 corporates Large (400+) 500 corporates



80% of retail clients only have 1 product

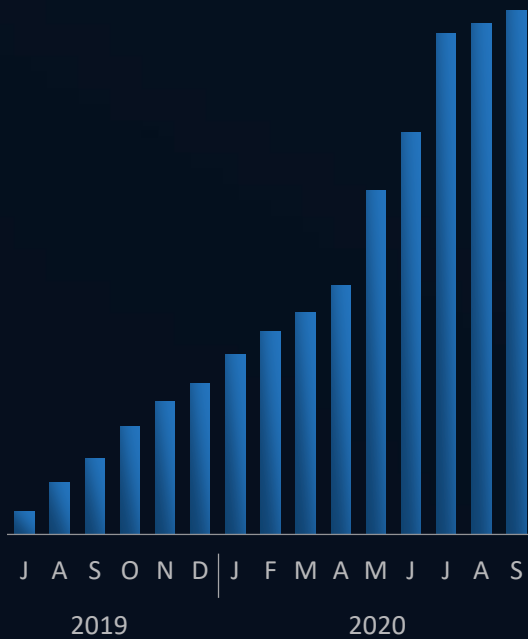


- Holistic client view
- Efficient distribution
- Correlations between risk behaviours
- Common behaviour architecture with stacked incentives



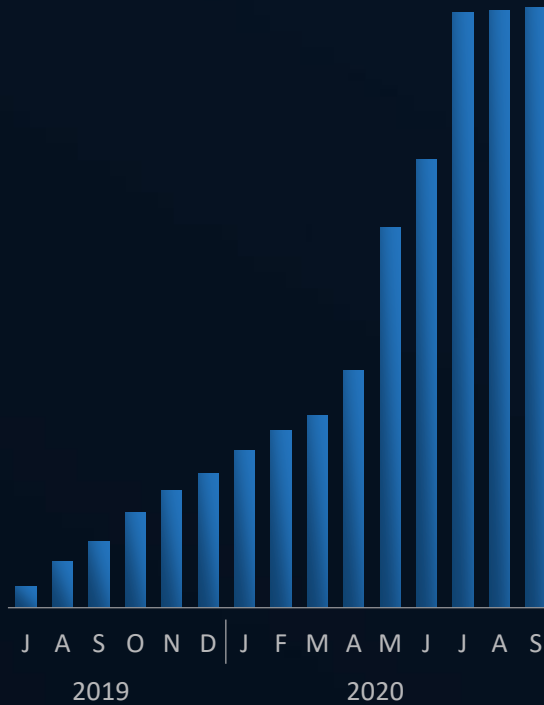
Accounts

490k



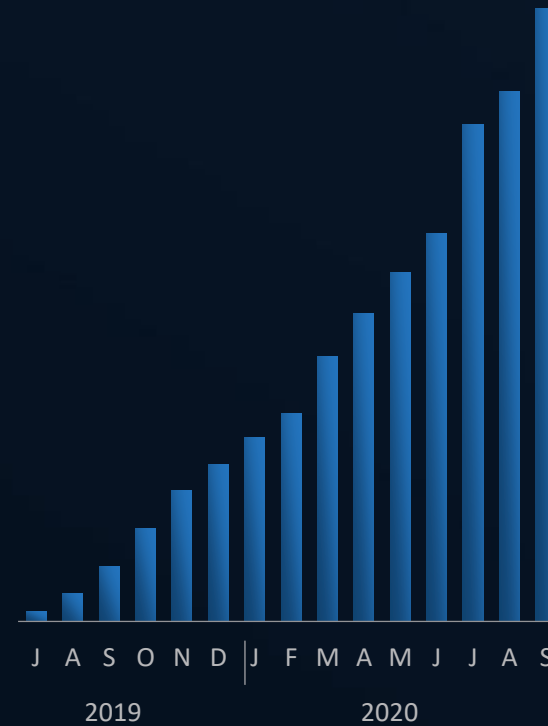
Clients

276k



Retail deposits

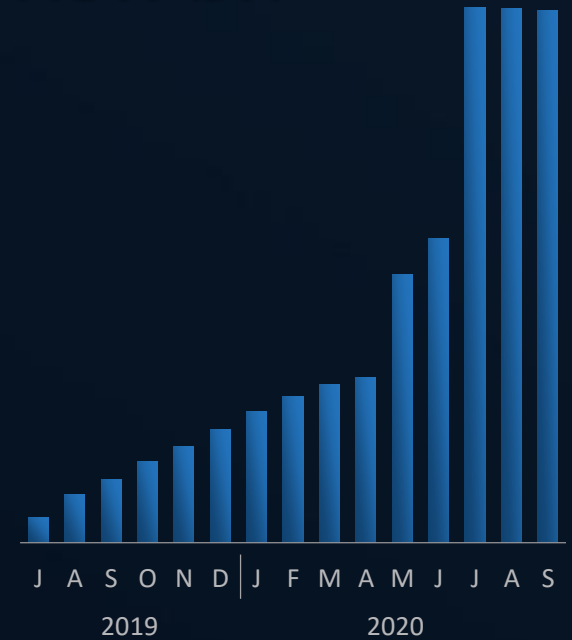
R3.7bn



Credit facilities

R9.6bn

Utilised
R3.7bn

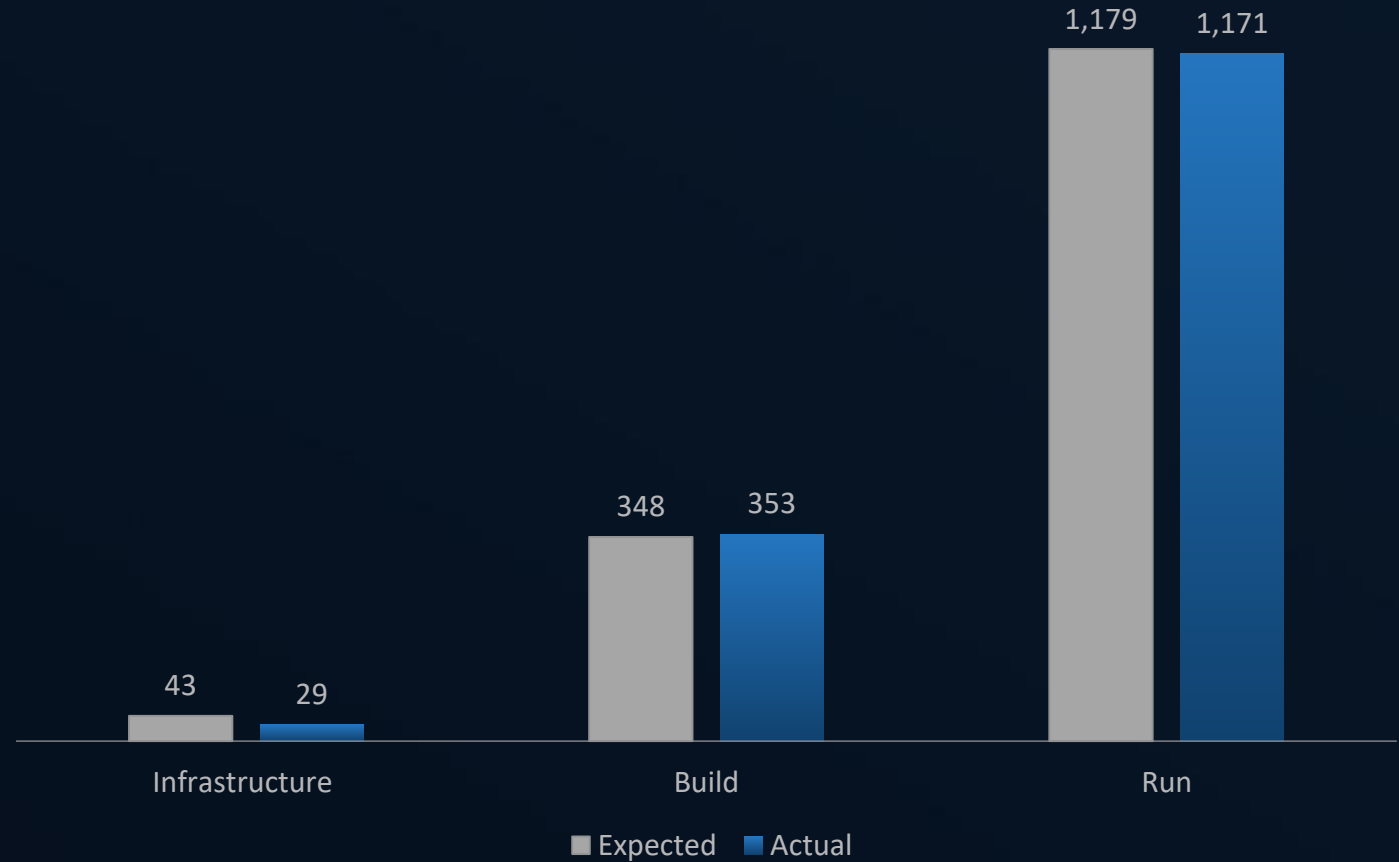


As at 14 September

Costs continue to be tightly managed in the Bank's first year of operation



FY20 spend (Rm)



FY20 IFRS Result

R1 179m
Expected

R1 171m
Actual

Total spend since inception to date

R4 552m
Expected

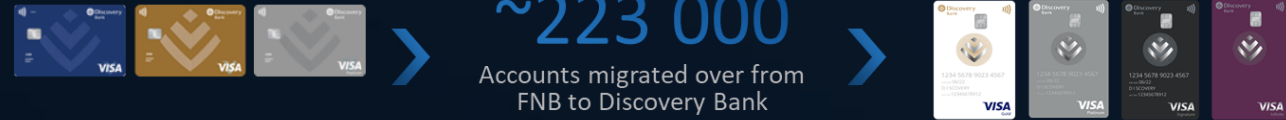
R4 535m
Actual

Strategic focus areas



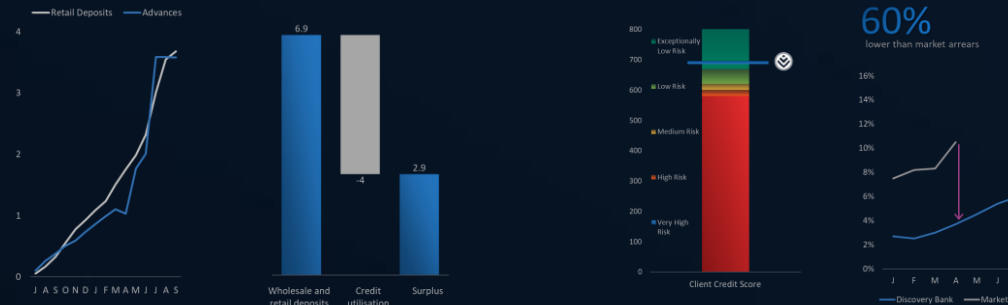
1

Seamless migration of >223 000 clients



2

Prudent, deposit-led growth strategy, while ensuring the quality of the loan book



3

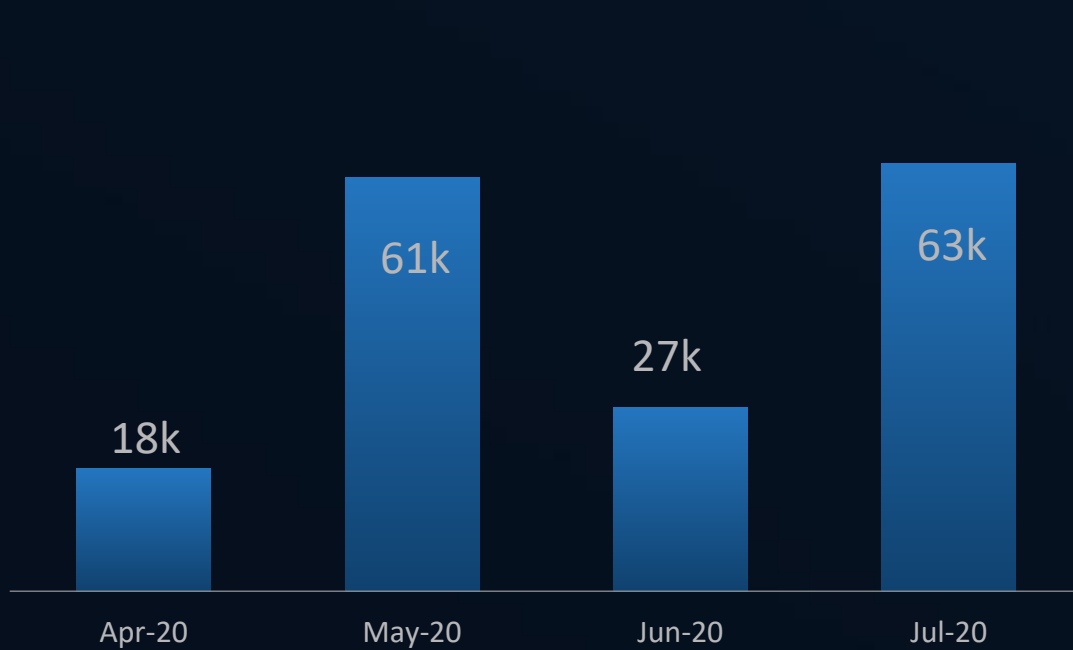
Rapid learning and continuous improvement



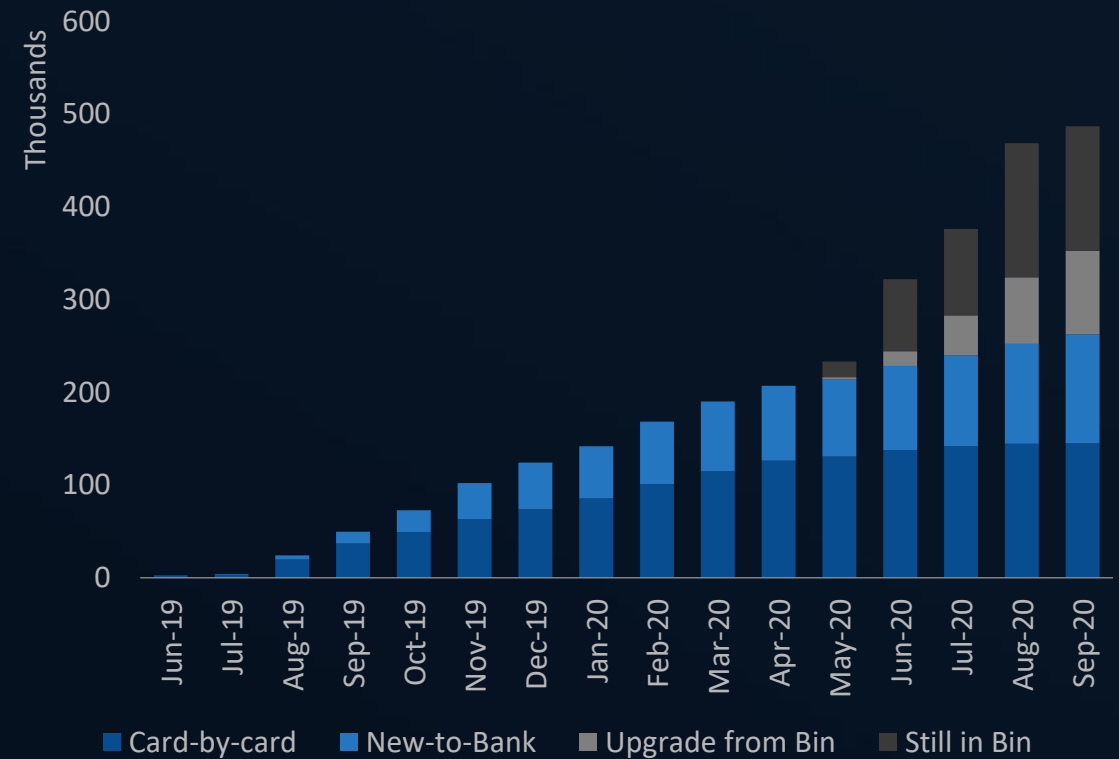
Successful and seamless completion of migration of FNB JV loan Book



Bulk BIN Migrations



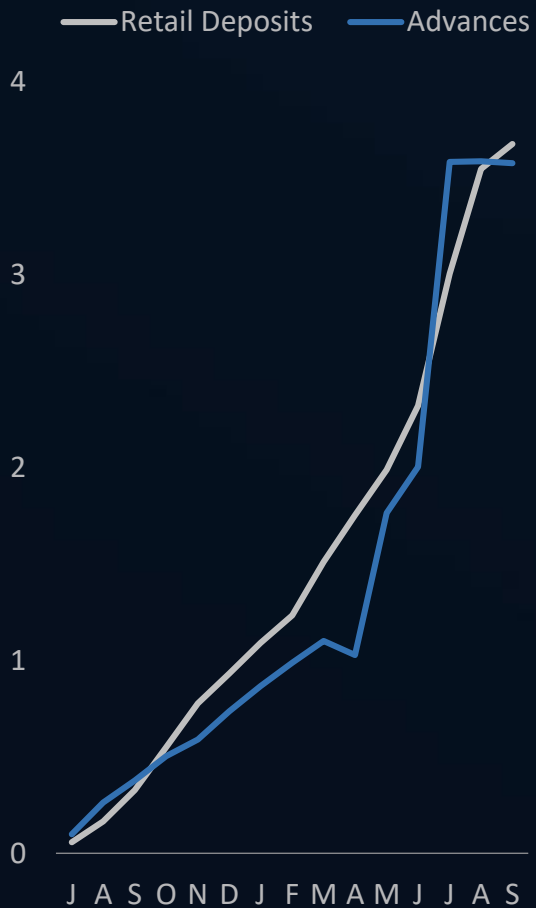
Discovery Bank account growth



Deposits exceeded the loan book, resulting in significant liquidity

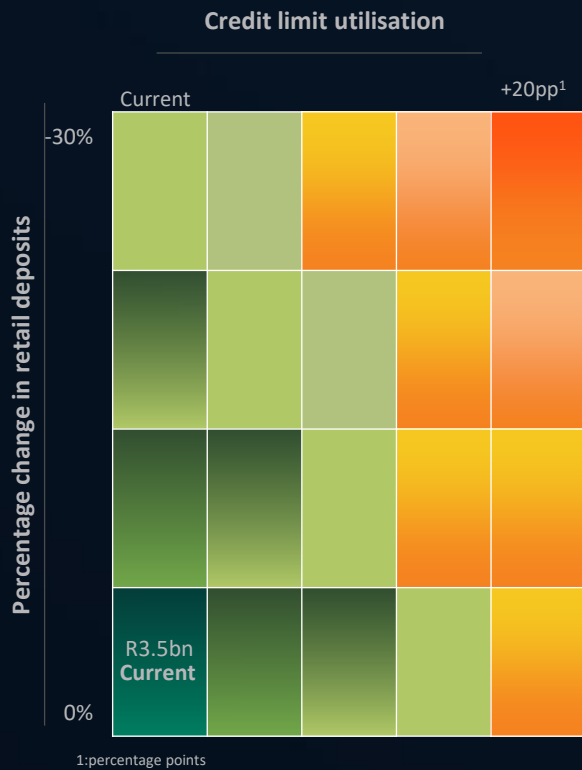


Deposit growth



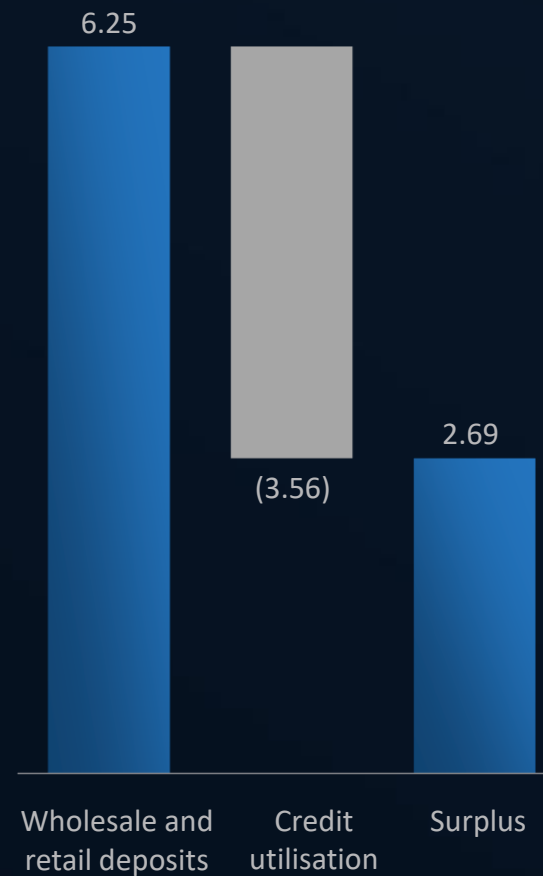
Capital resilience

Funding surplus/ (shortfall) Rbn



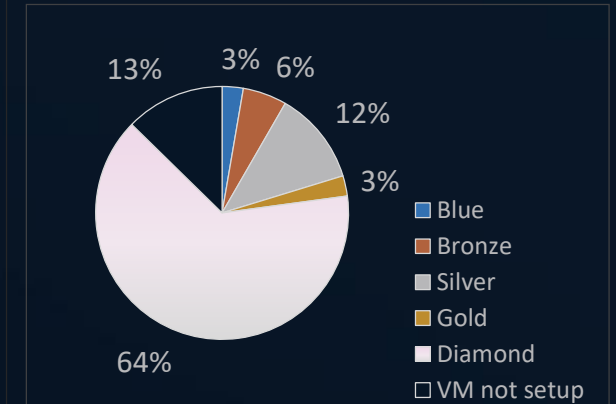
Funding

Rbn, as at 7 September
(Excluding capital)

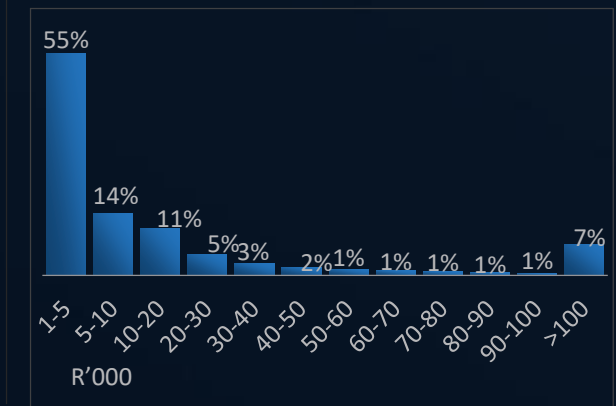


Deposit distribution

Vitality Money status



Amount

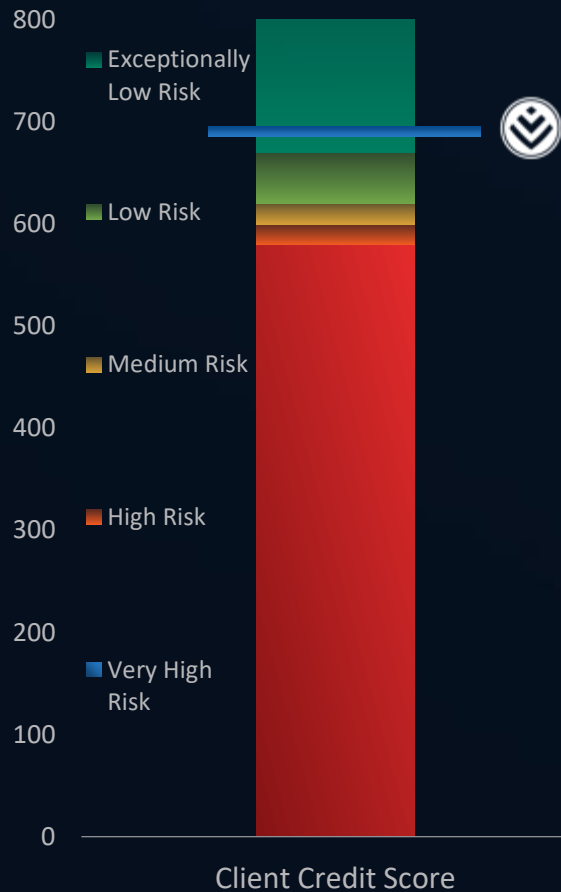


The quality of the loan book is excellent and the Bank is maintaining a prudent credit growth strategy



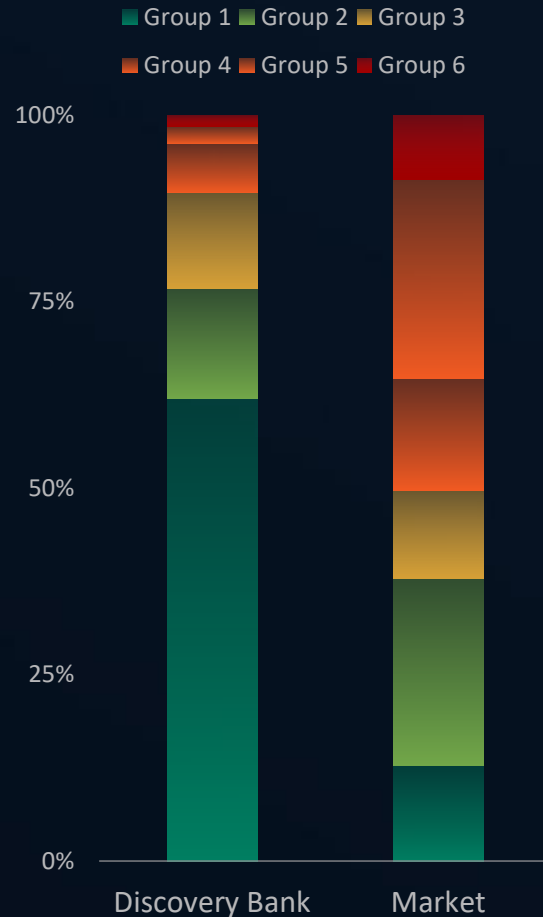
Credit quality

Average credit score (2016 – 2019)



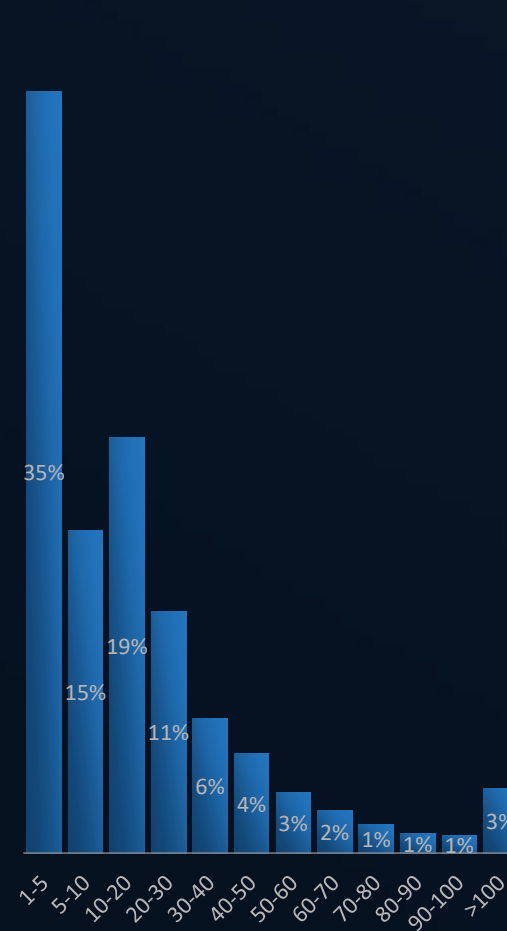
Financial affluence

Group 1 = Most affluent (2019)



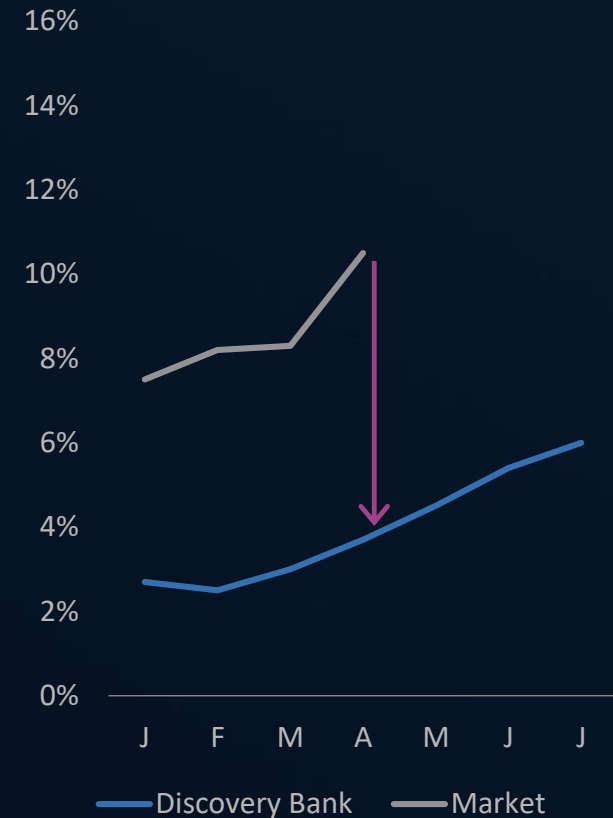
Credit distribution

R'000



Arrears

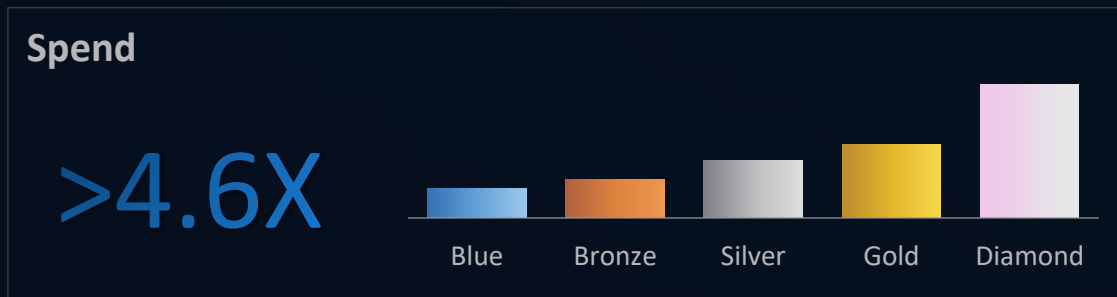
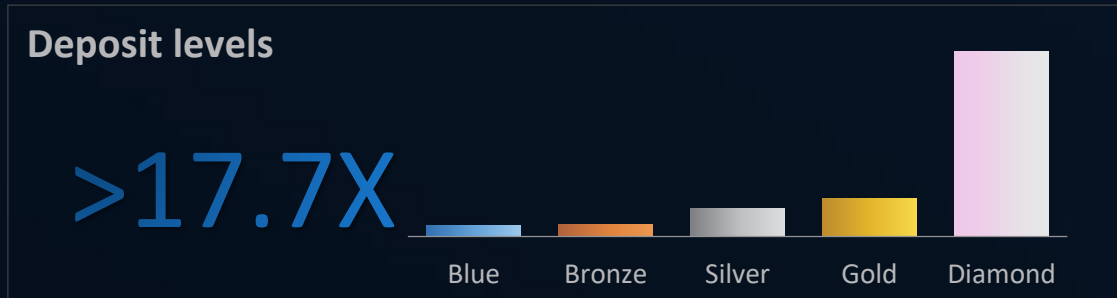
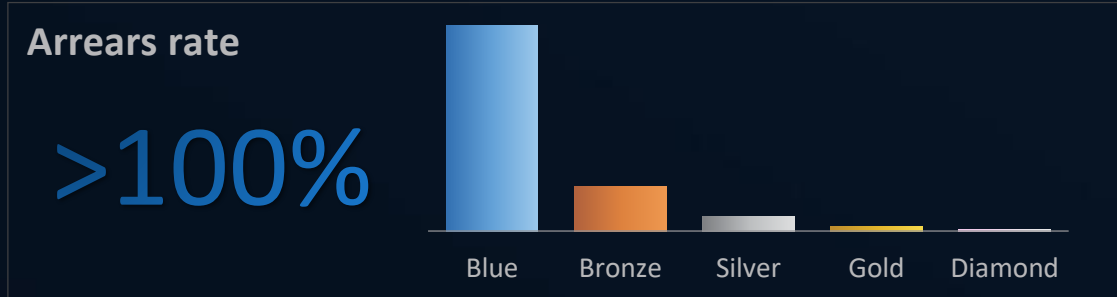
60%
lower than market



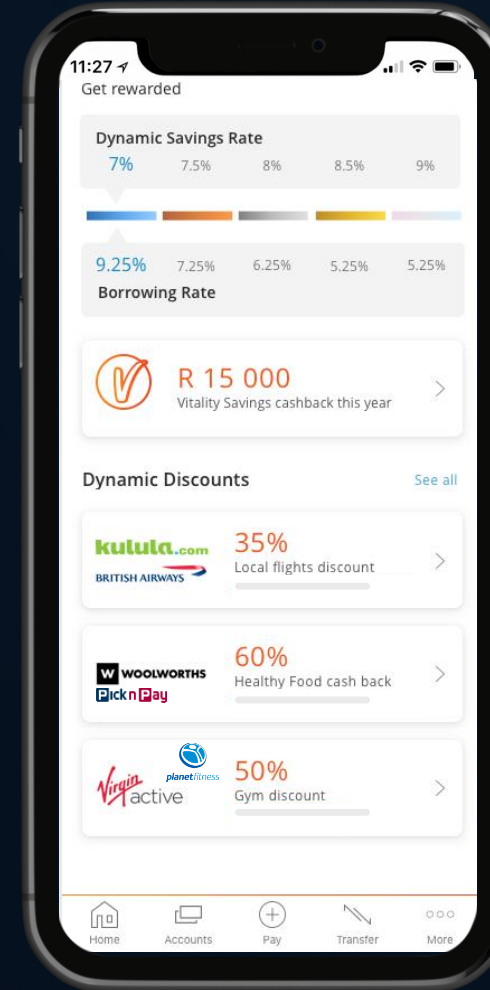
Learnings from Vitality Money



Shared-Value fundamentals



Value received by clients



>54 million

HealthyFood miles rewarded

>500 000

Active Rewards rings closed

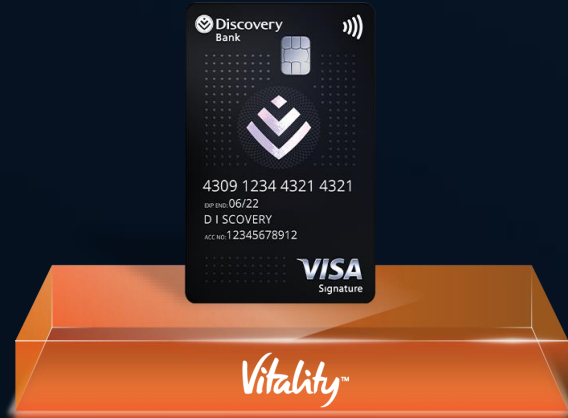
>50 000

airtime and electricity transactions discounted

New design of Vitality Money



Refined proposition



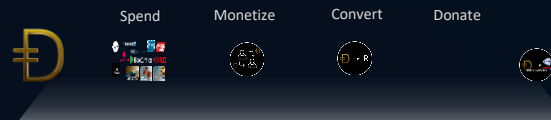
1 Determine Status and interest rates



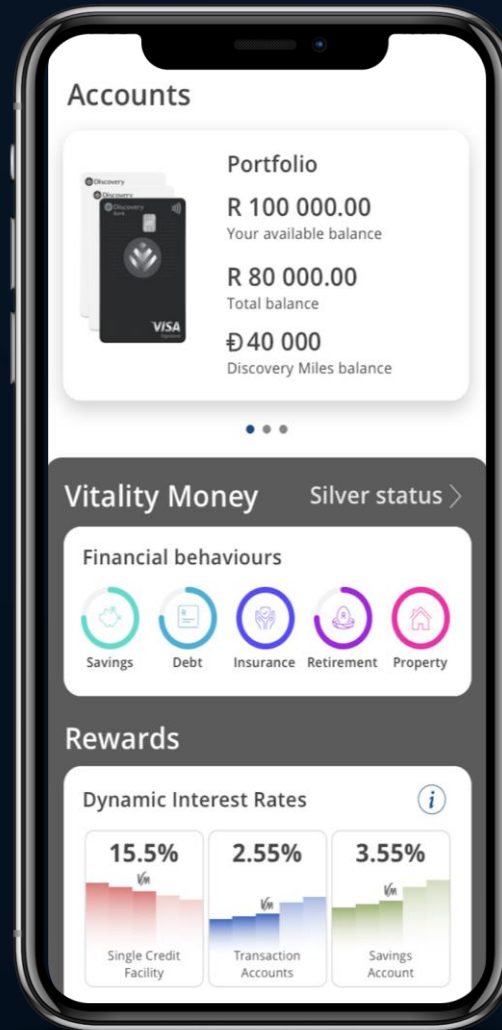
2 Engage and earn Discovery Miles



3 Use your Discovery Miles

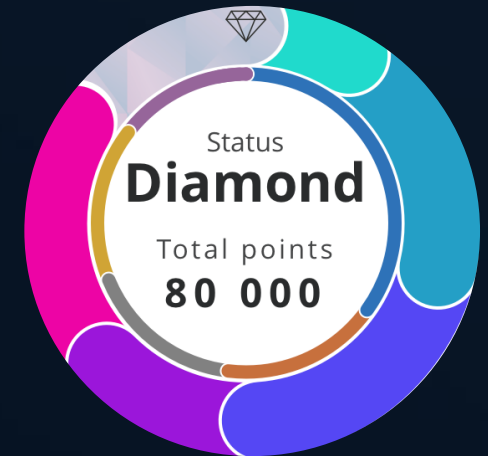


A new face of Shared-Value Banking



Bank accounts and balances

The "armadillo"



Vitality

Refined user experience with behavioural nudges



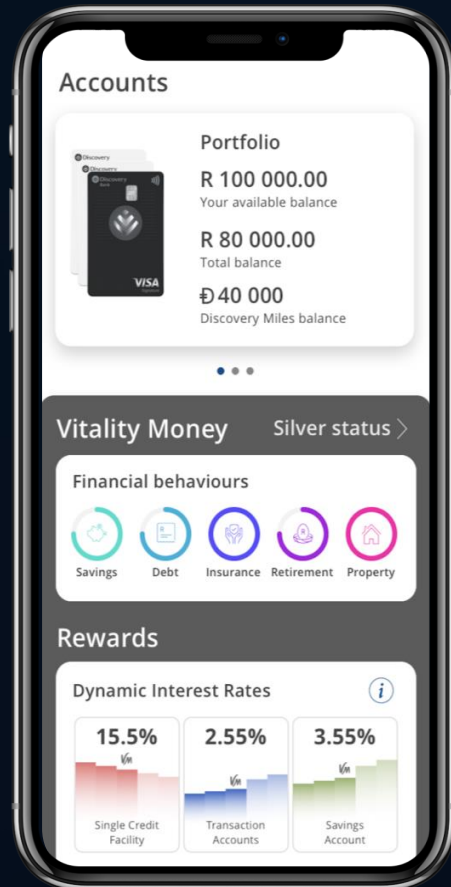
Accounts, Behaviours, Status and Interest rates

Immediately understand your status and your financial behaviours and scores and the impact on your interest rates

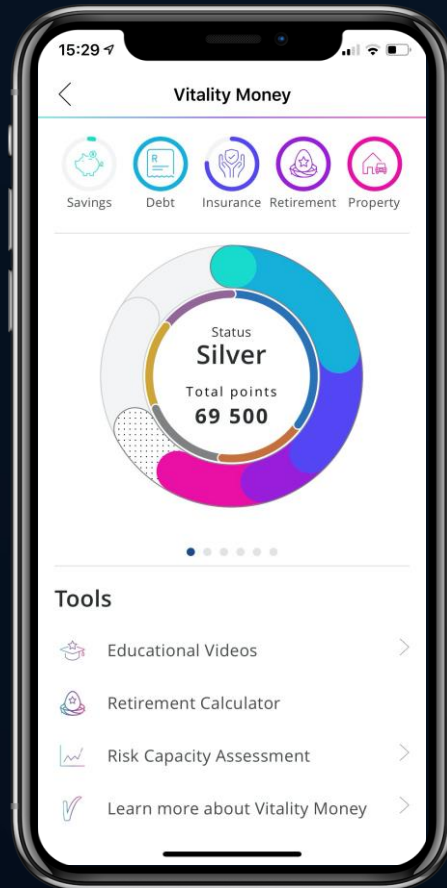
Earning Discovery Miles

Three simple ways: Points to Miles, Spend at partners; Spend anywhere

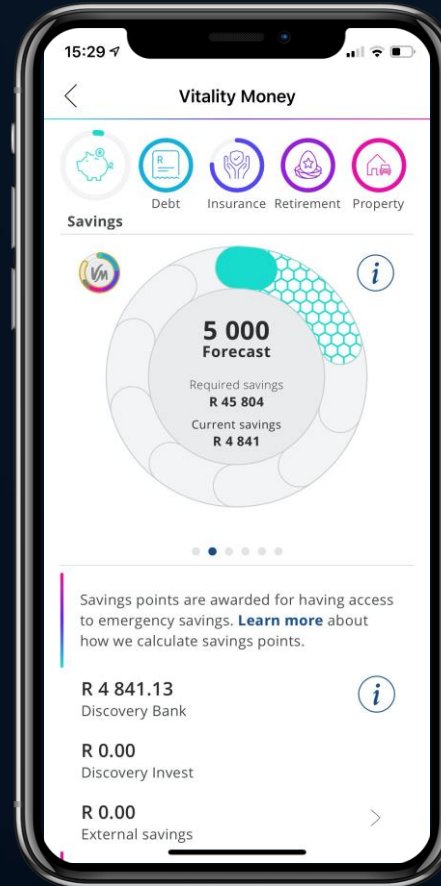
Landing page



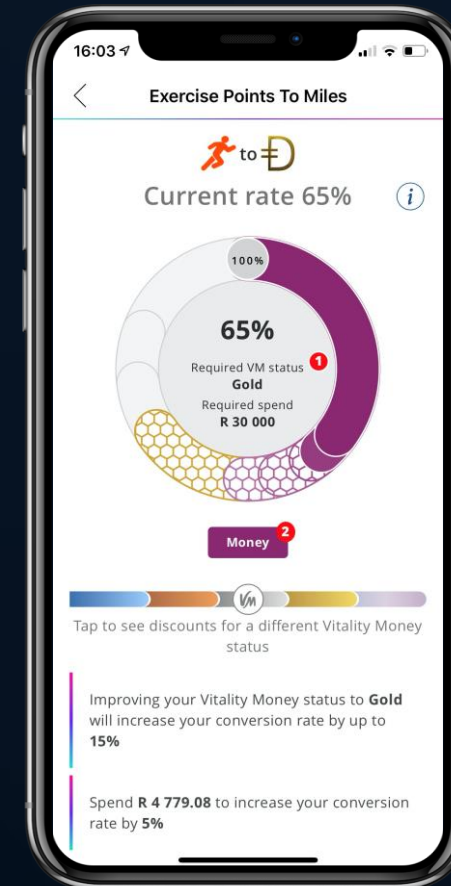
Status and where to improve



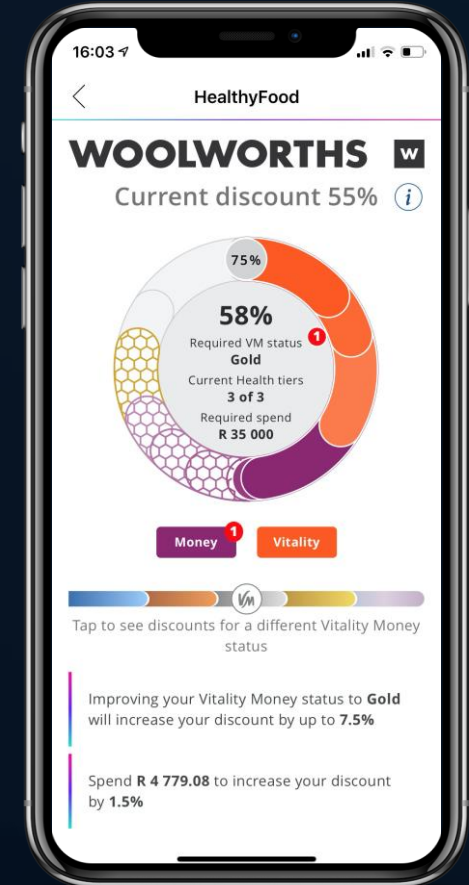
Nudges and their impact



Exercise Points to Miles



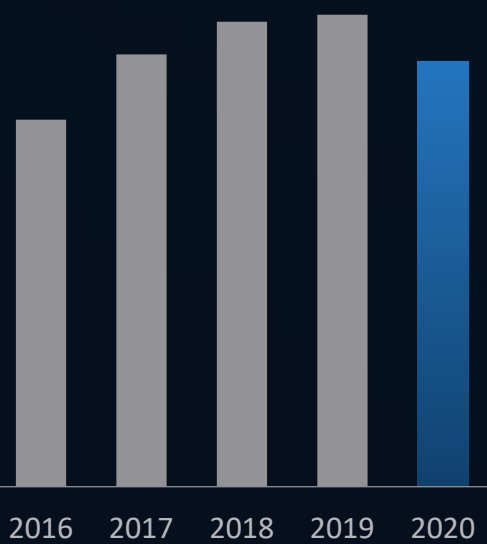
Partner Spend to Miles



New business

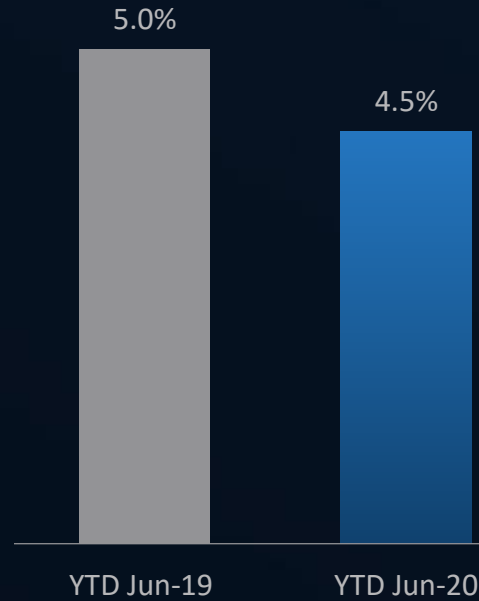
Rm

-9%
to R6 101m



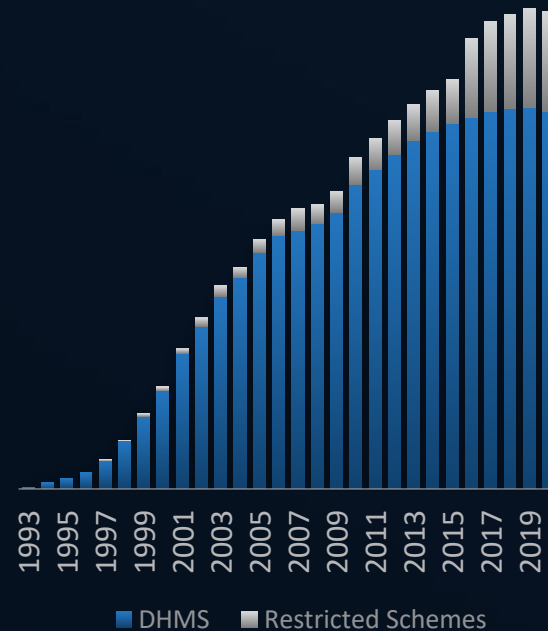
Lapses

-10%



Membership

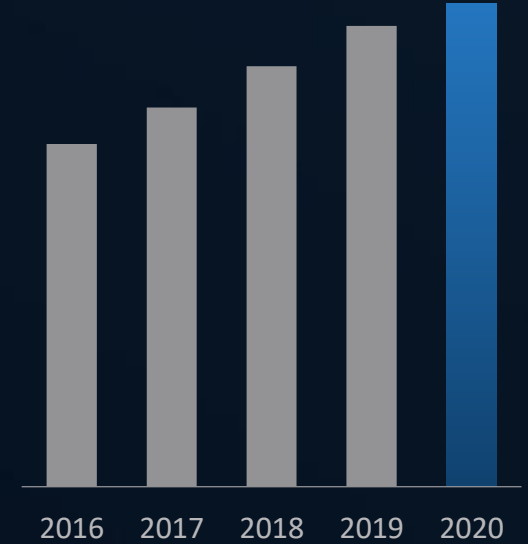
>3.48m
lives under administration



Normalised operating profit

Rm

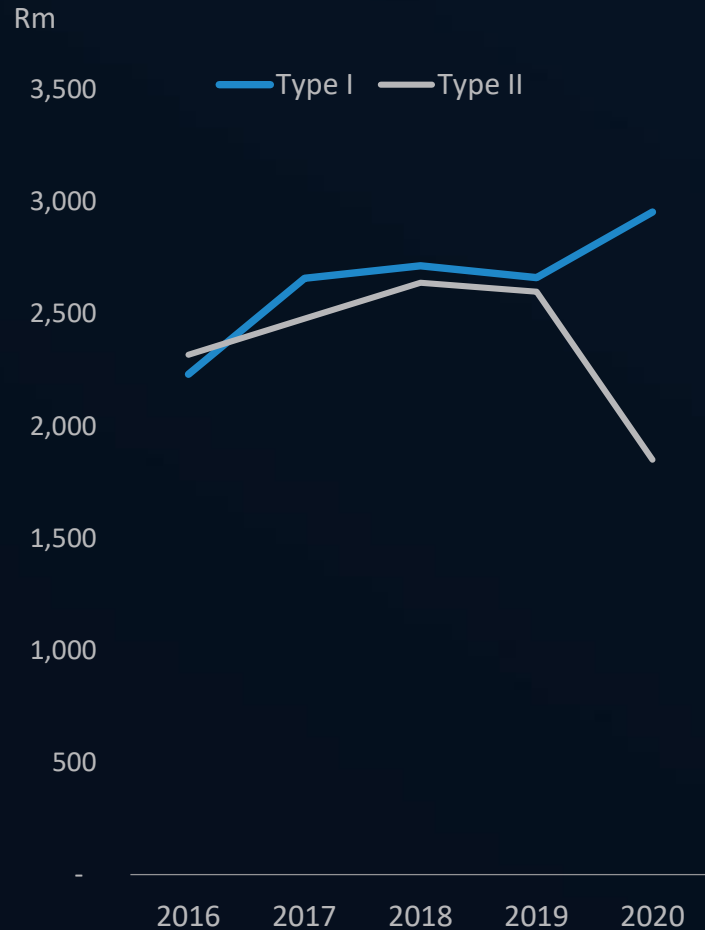
+5%
to R3 190m



Growth impacted by the contraction in employment



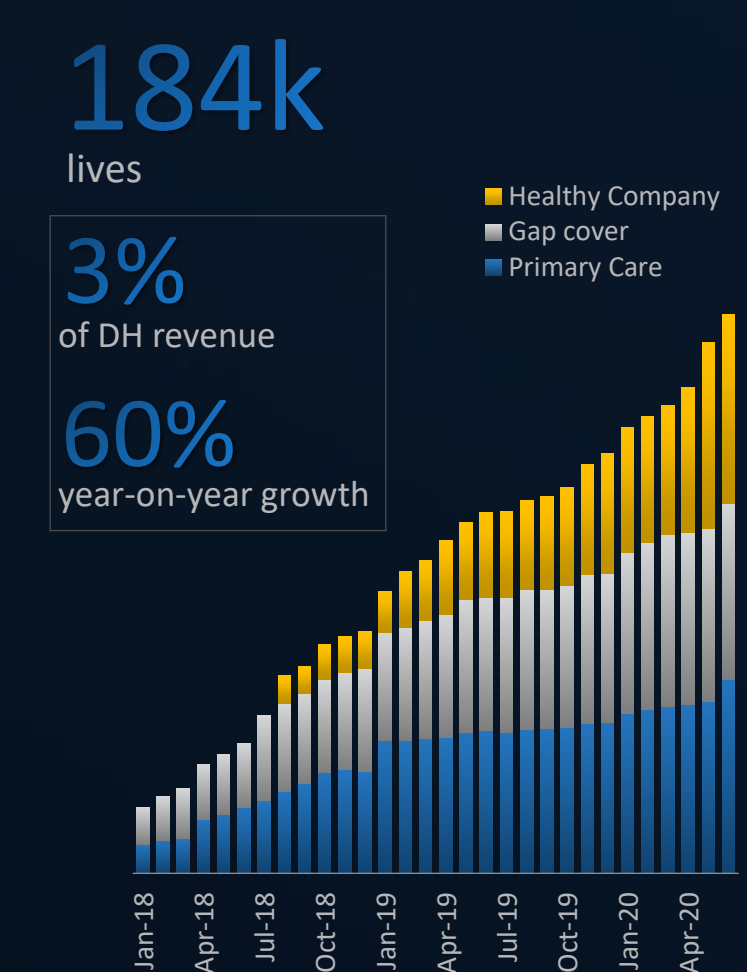
DHMS growth



Closed scheme growth



Retail product growth



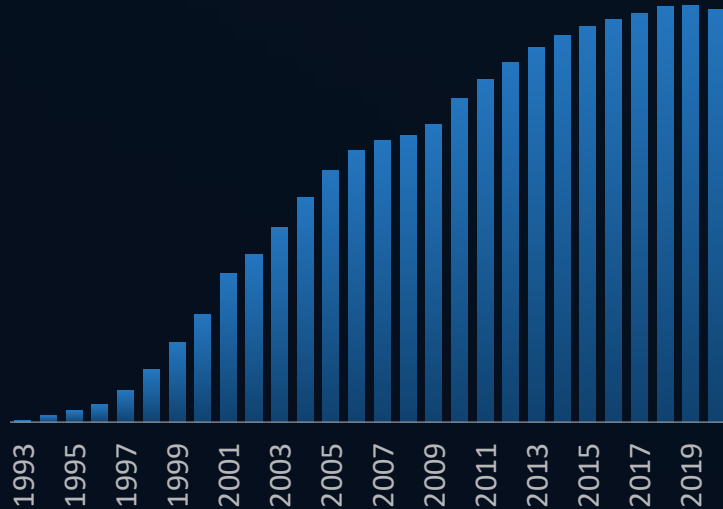
Type I: new employer groups
Type II: new employees on existing groups

Membership and growth

>2.78m
lives

Growing market share in a contracting open medical scheme environment

↑56.8%
market share¹ as at Sep 2019



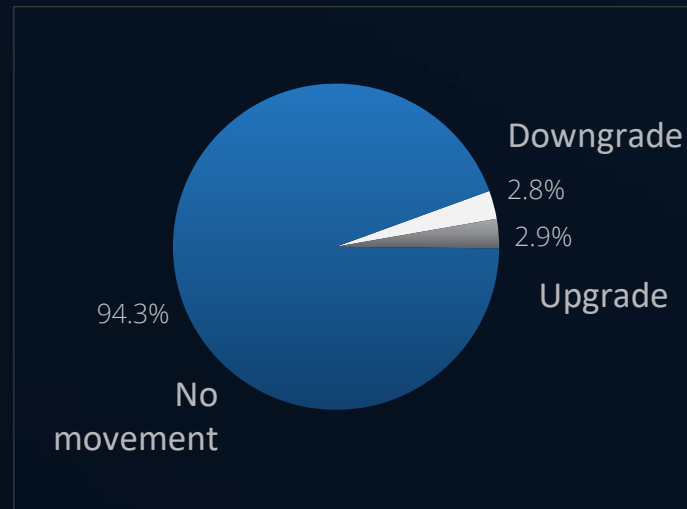
¹ Council of Medical Schemes

Lapses and stability

4.5%
annualised lapse rate

-10%
year-on-year change

Plan movements stability

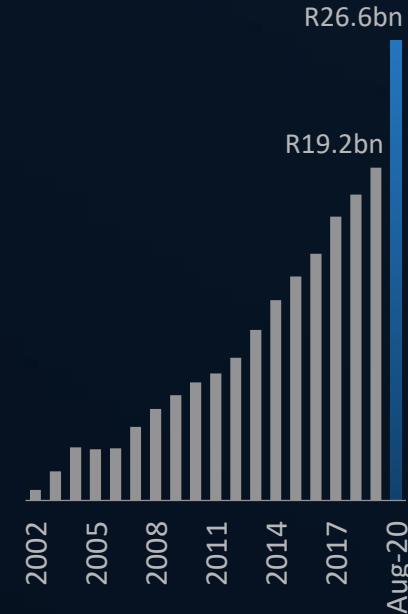


Security and surplus

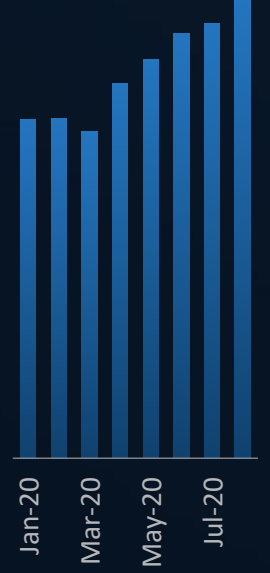
AAA
credit rating

32.7%
unaudited solvency

Year end reserve position



2020 surplus build-up emerging from COVID-19



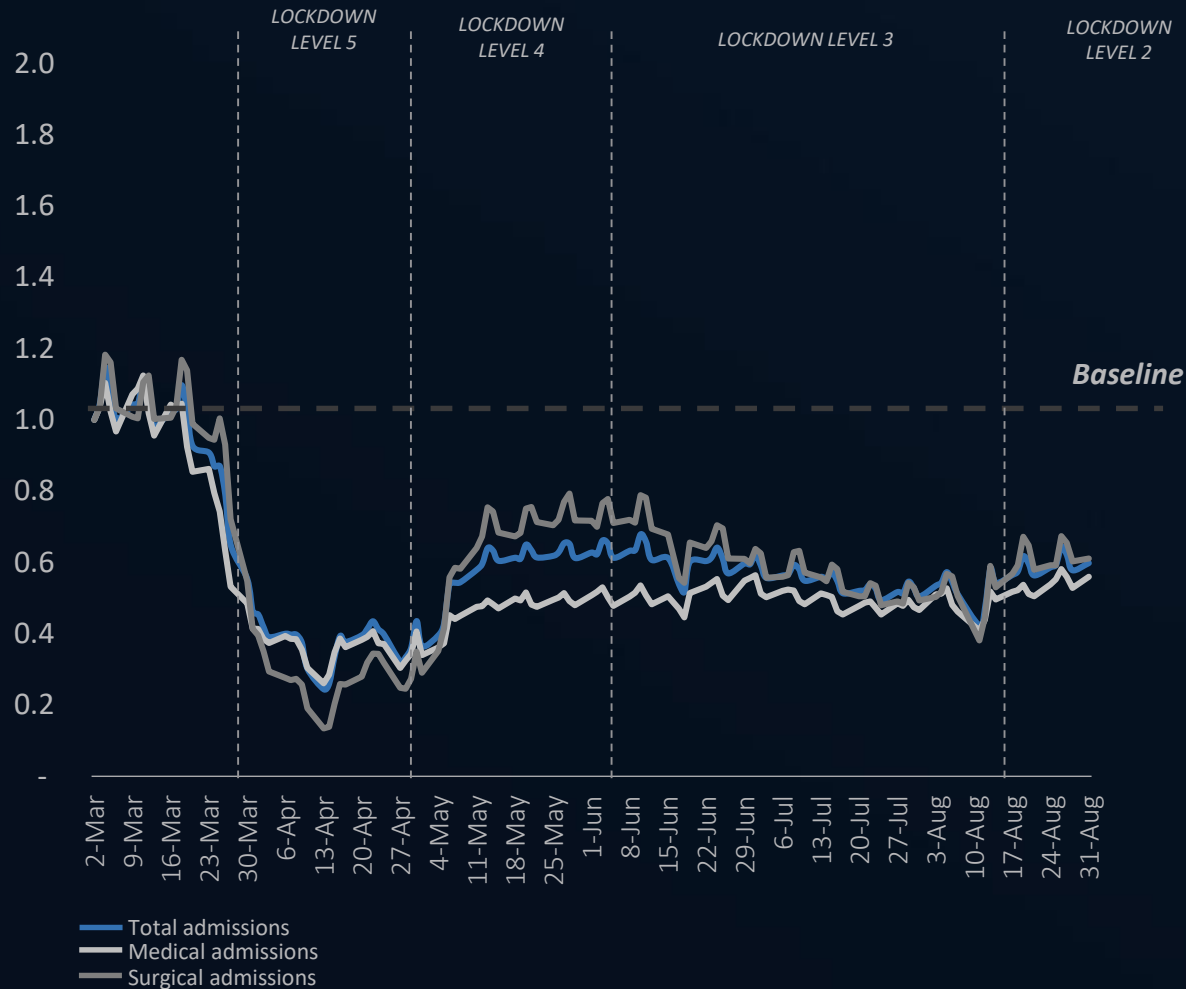
Reductions in elective hospital admissions and general healthcare utilisation emerging from COVID-19

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



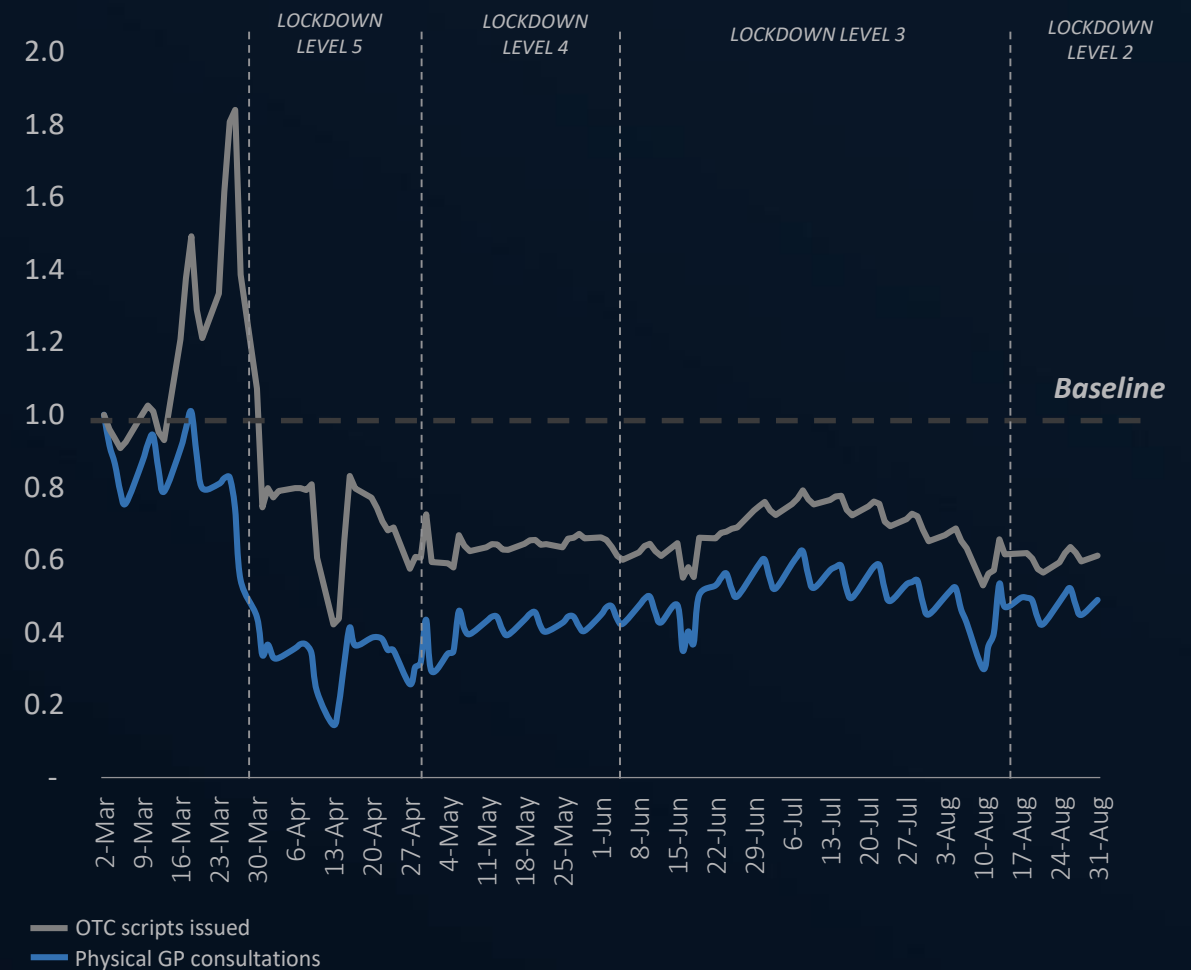
Weekday hospital admissions index

Rolling 3 day average



Weekday OH claims index

Rolling 3 day average



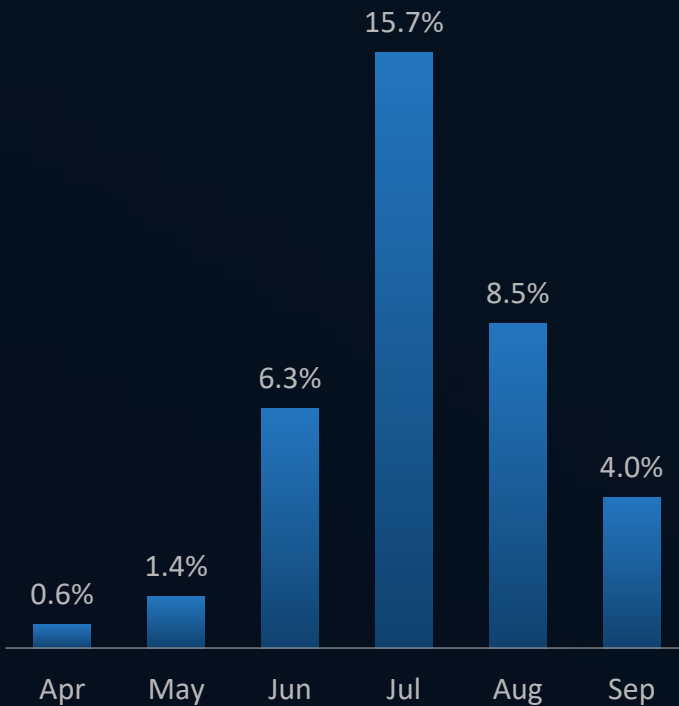
Significant reduction in hospital utilisation with excess capacity even at COVID-19 peak



COVID-related admissions

COVID admissions peaked in July 2020

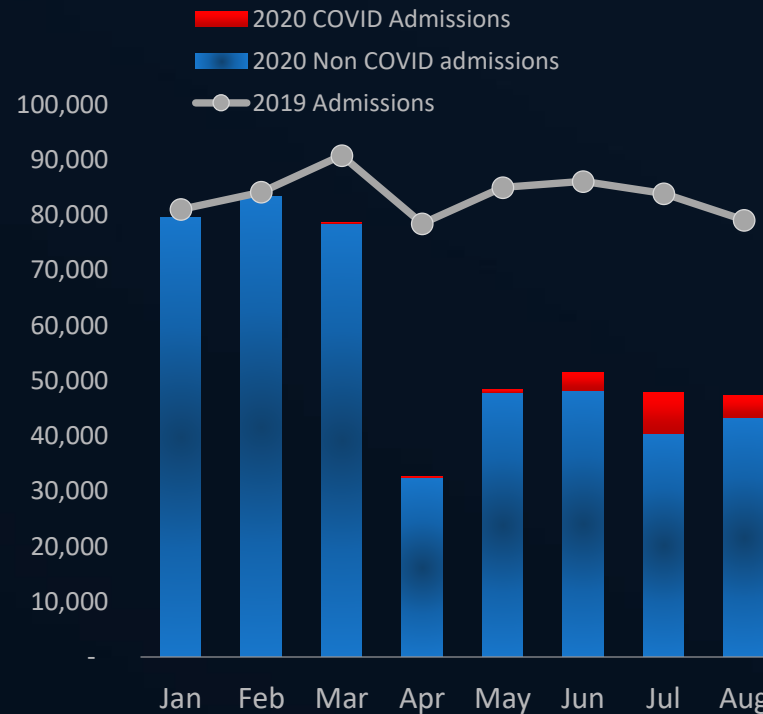
COVID as proportion of total admissions



Hospital utilisation

Overall hospital utilisation has reduced by 27% YTD

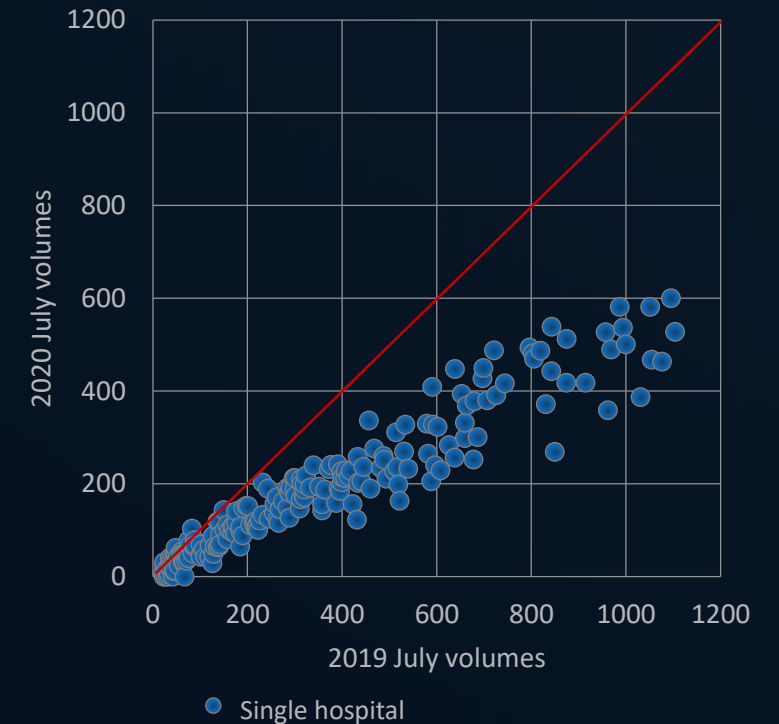
Total DH member hospital admissions



Hospital occupancy

Even at peak cases in July, hospital occupancy levels were below 2019

Hospital occupancy levels (2019 vs. 2020)



Convergence of data-driven insights to identify high-risk members and care at home with remote monitoring has saved lives



Significant improvement in health outcomes

Significant reduction in mortality



40 895

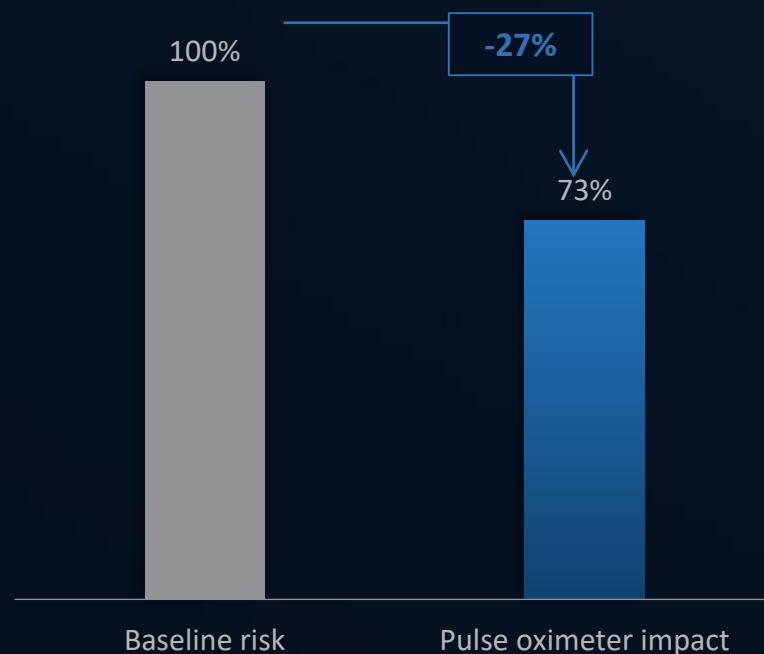
at-risk clients identified



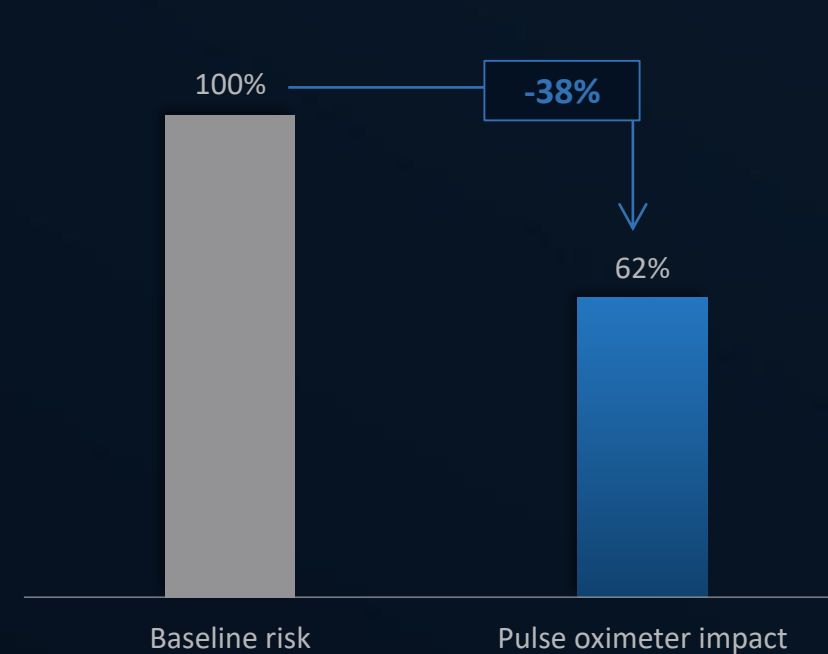
7 564

DH members received support at home and remote monitoring

Pulse oximeter impact on hospitalisation



Pulse oximeter impact on mortality

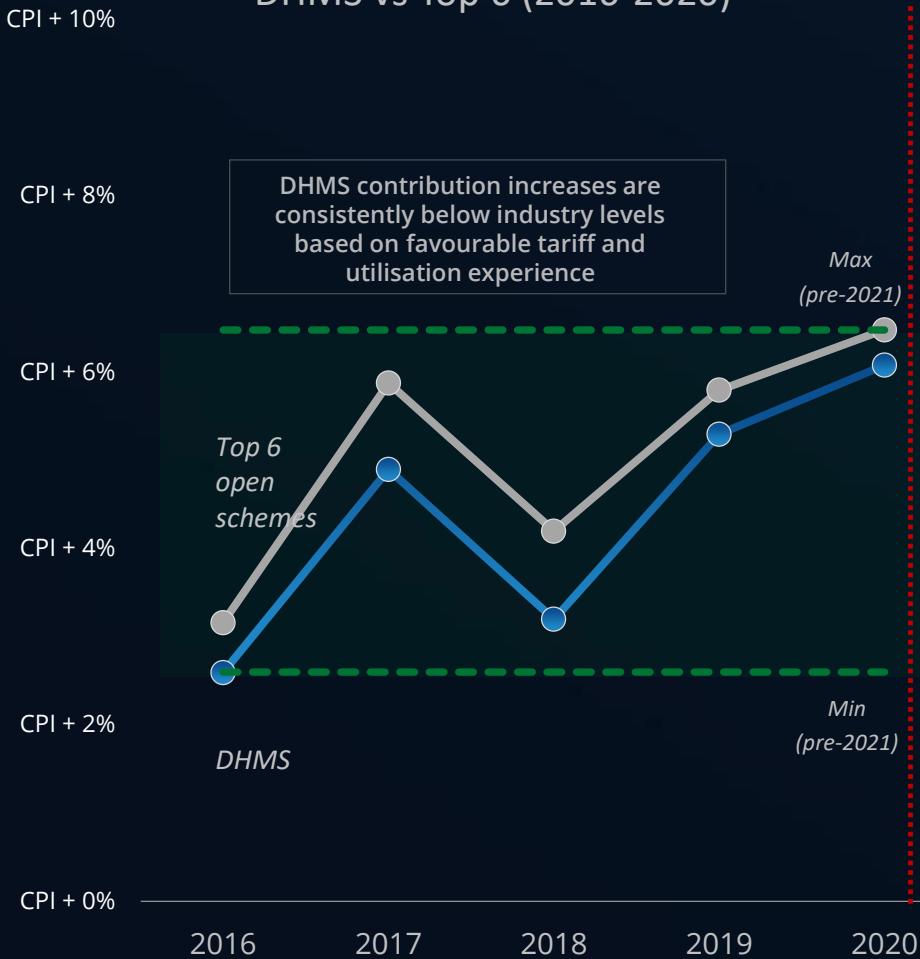


Statistically proven to reduce admissions, lower case severity and improve mortality outcomes through early detection of deterioration and proactive care

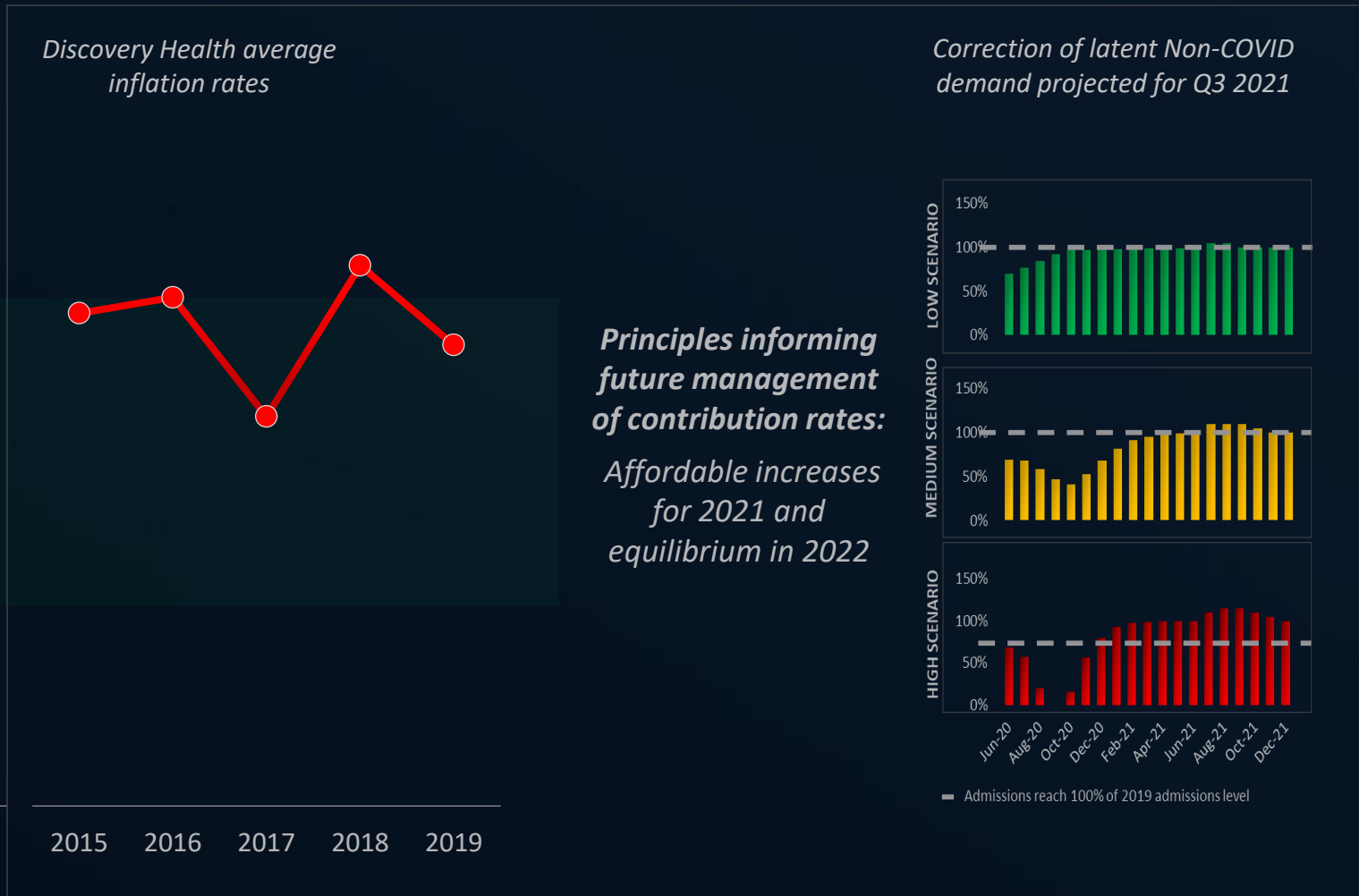
Managing healthcare costs in 2021 and beyond



Difference in contribution Increases:
DHMS vs Top 6 (2016-2020)

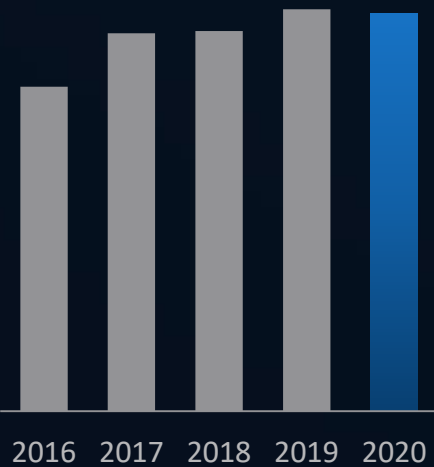


Pricing for 2020 should reflect anticipated experience post-COVID-19



New business

-1%
to R2 286m



Normalised operating profit

-8%
to R2 971m



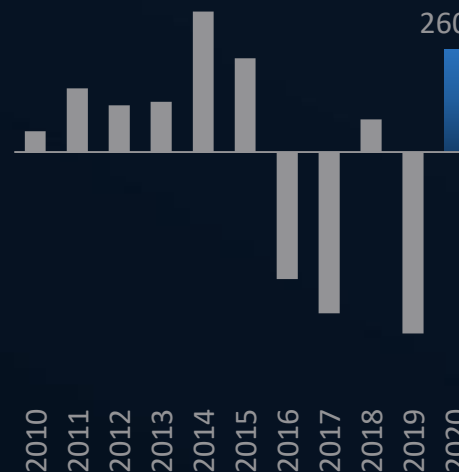
■ Operating profit before reserving for future COVID-19 impact
■ Normalised operating profit
■ Net economic impact

Resilient operating variances

R260m

Positive non-economic variances

Non-economic experience variances (Rm)



Includes Discovery Invest

Strong cashflow, capital and liquidity position

R2.5bn

Cashflow generated

182%

Solvency coverage

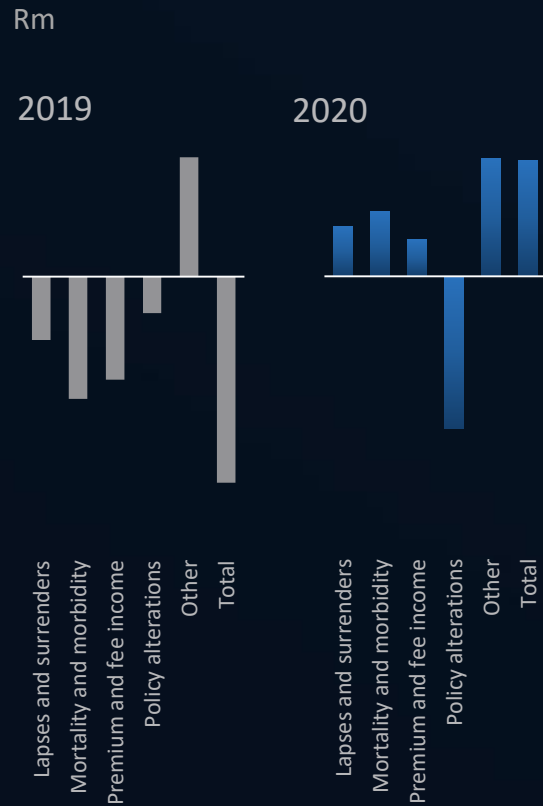
R4.1bn

of liquidity

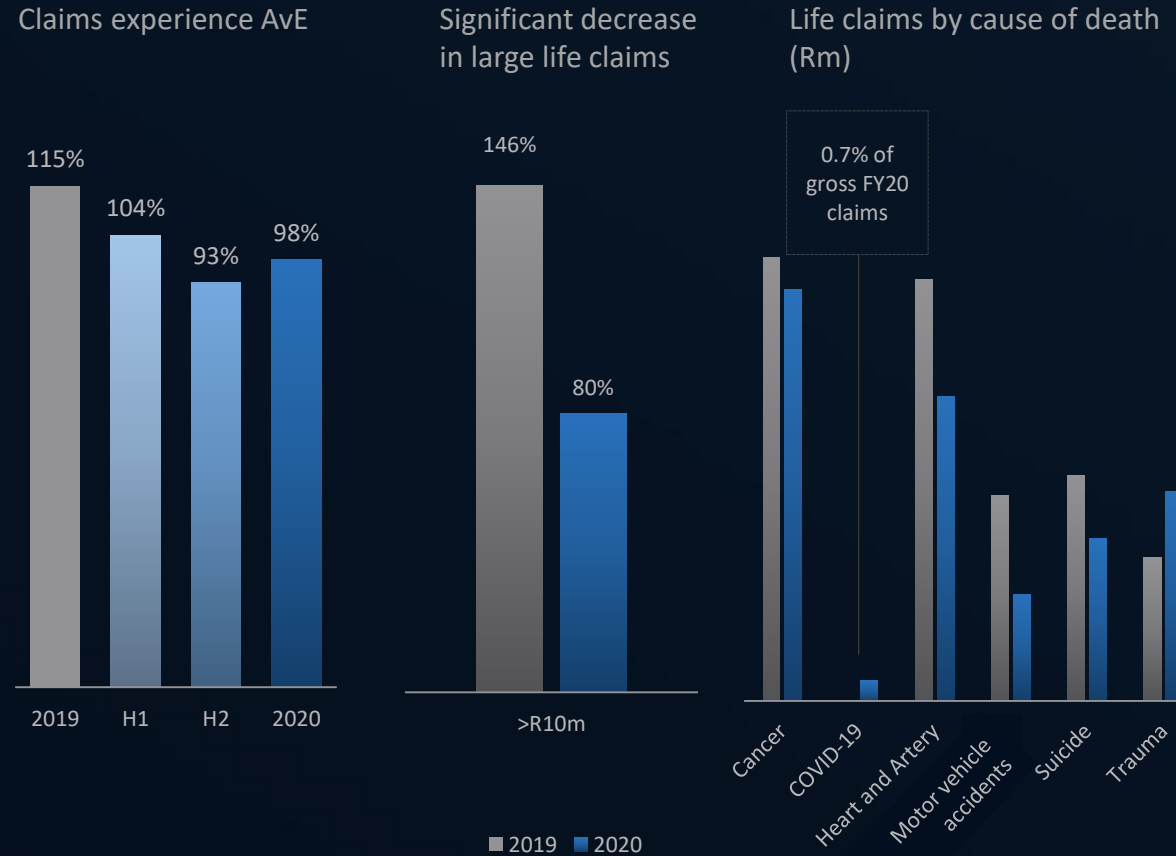
Positive operational experience variances; policy alterations impacted by COVID-19



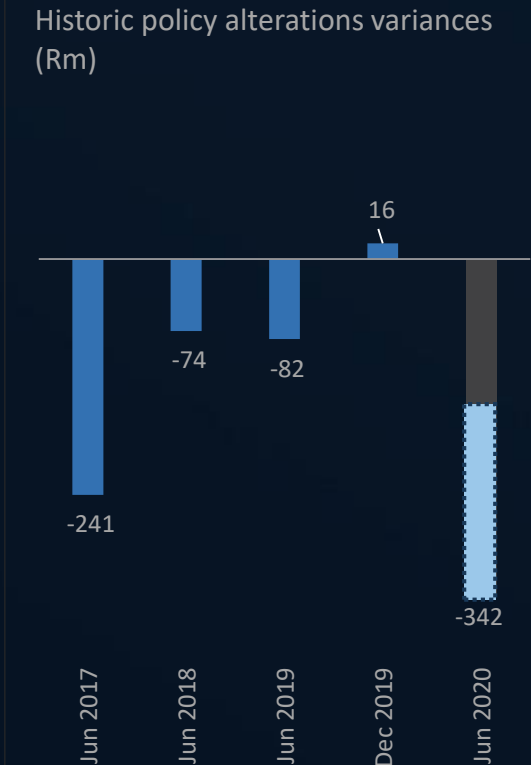
2020 operational experience variances



Improved mortality experience



Policy alterations impacted by COVID-19 relief



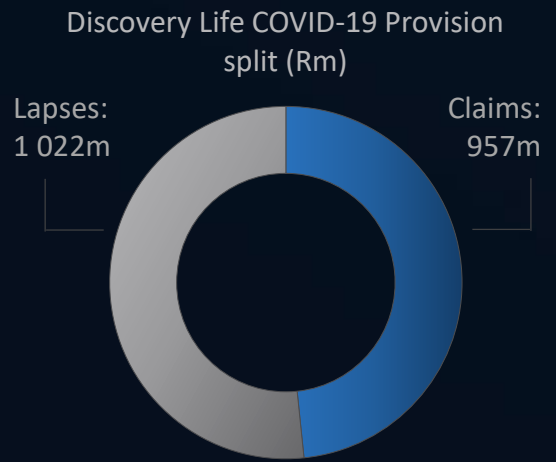
Includes Discovery Invest

COVID-19 provision is appropriate and sufficient for a potential second wave

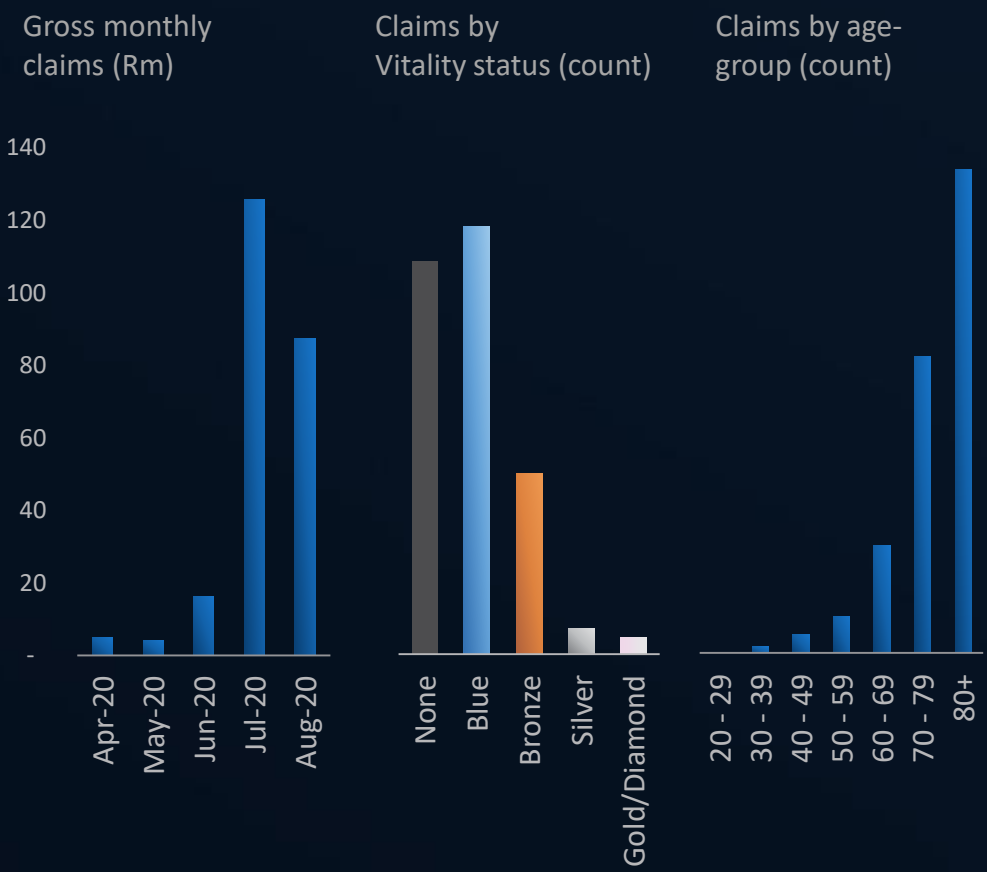


COVID-19 provision for excess claims and lapses

Total COVID-19 Provisions raised (Rm)	1 979
Release of Margin (Rm)	(921)
Net COVID-19 Provision impact (Rm)	1 058



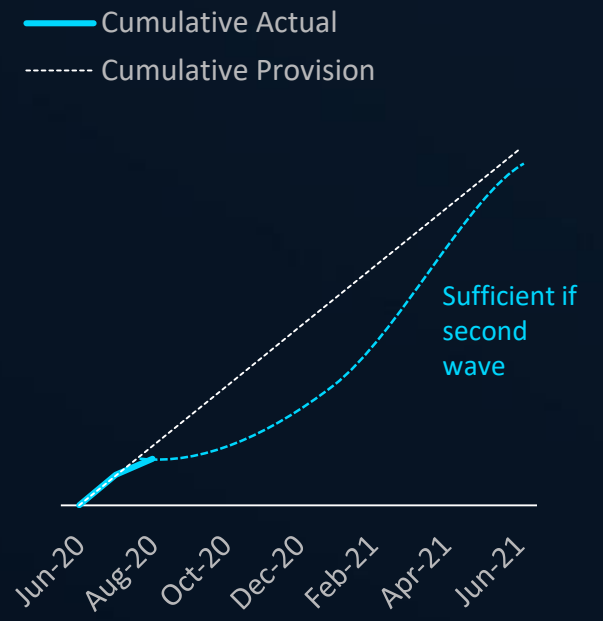
Actual COVID-19 claims experience



Sufficient coverage for a second wave

Actual progression

16% of Discovery Life claims provision used



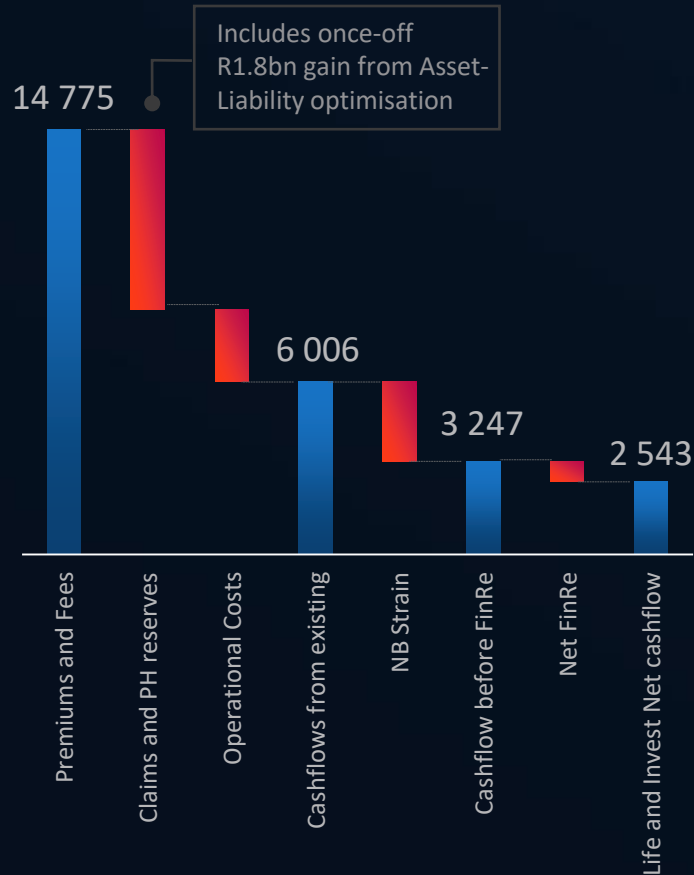
Vitality status, age-group claims shown as count per 1 000 lives

Robust position evident in strong cashflow, capital coverage and liquidity



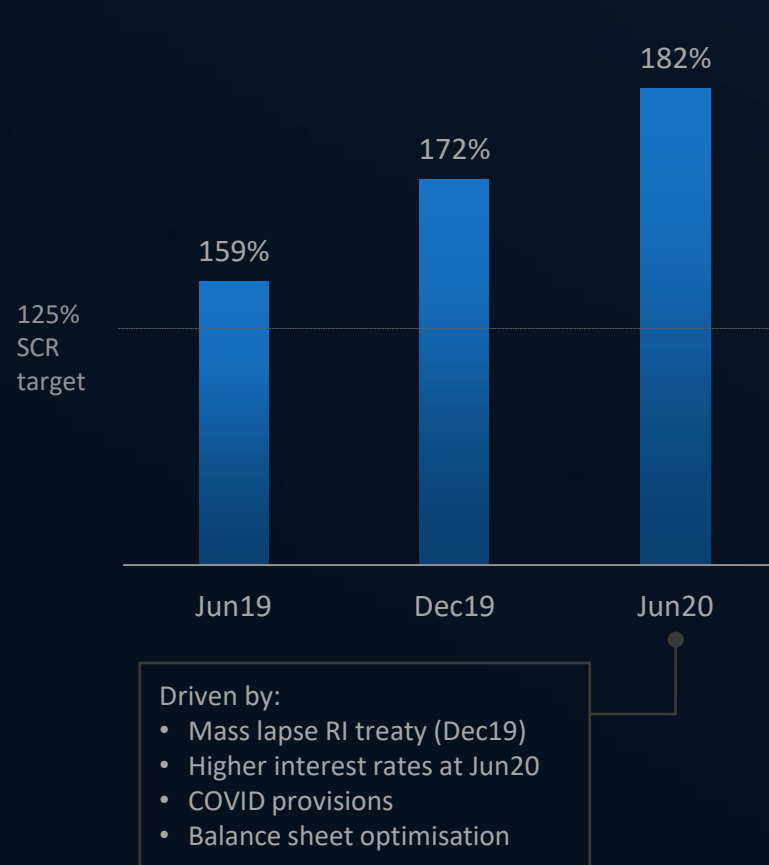
Strong cash emergence

R millions



Significantly improved capital position

R millions



High levels of liquidity coverage

R millions

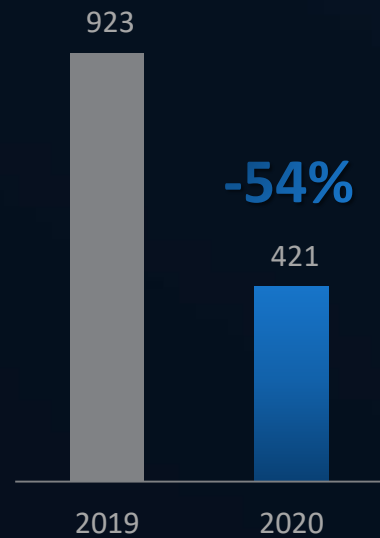


Value of new business and embedded value impacted by COVID-19 and economic assumption changes

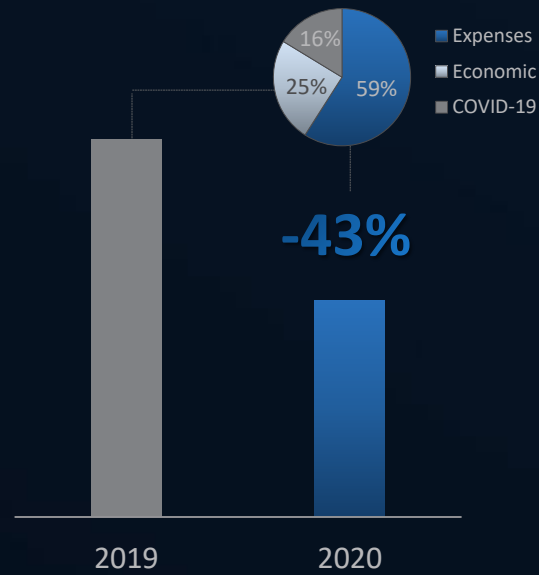


Reduced value of new business and margin

VNB (Rm) Life:



Annualised VNB margin (%) Life:



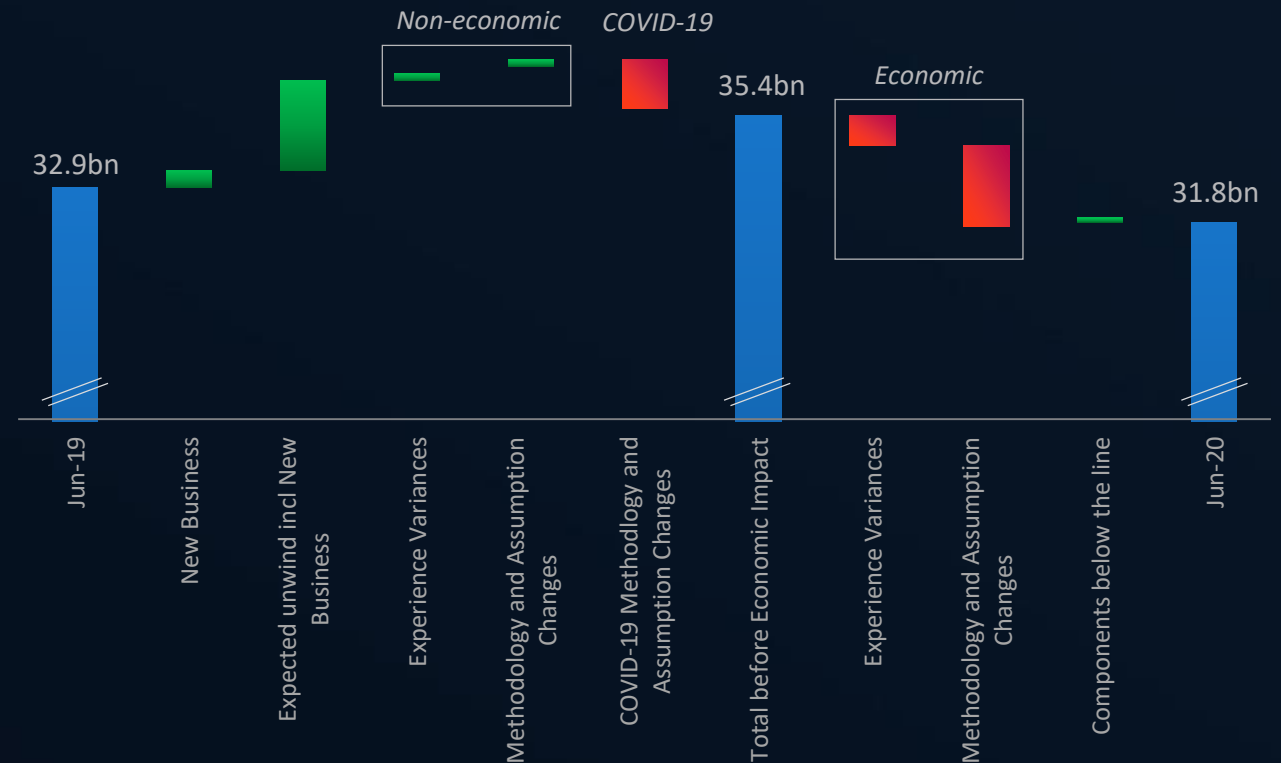
Impacted by:

- Lower sales due to lockdown/restricted underwriting
- Economic assumption changes
- COVID-19 stress assumptions

Analysis of embedded value: Life & Invest

+12.6%
Pre-COVID-19 and economic

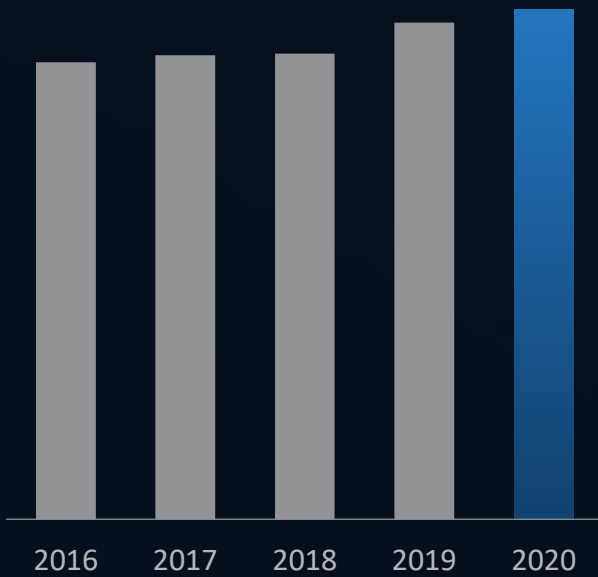
-3.6%
to R31.8bn



New business

Rm

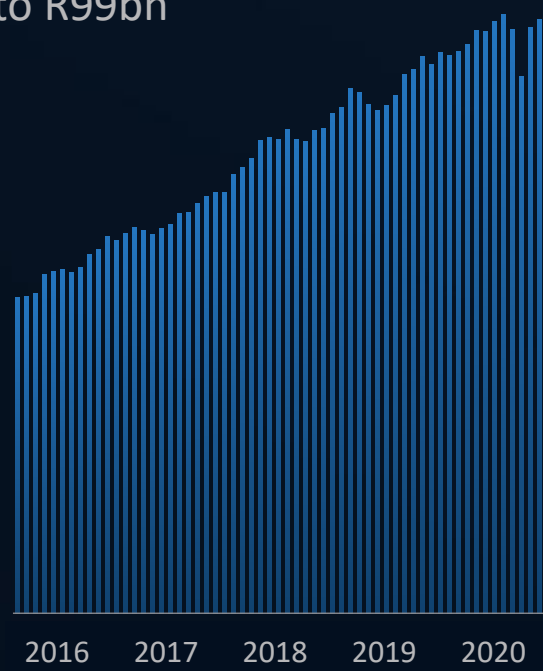
+2%
to R2 667m



Assets under administration

Rbn

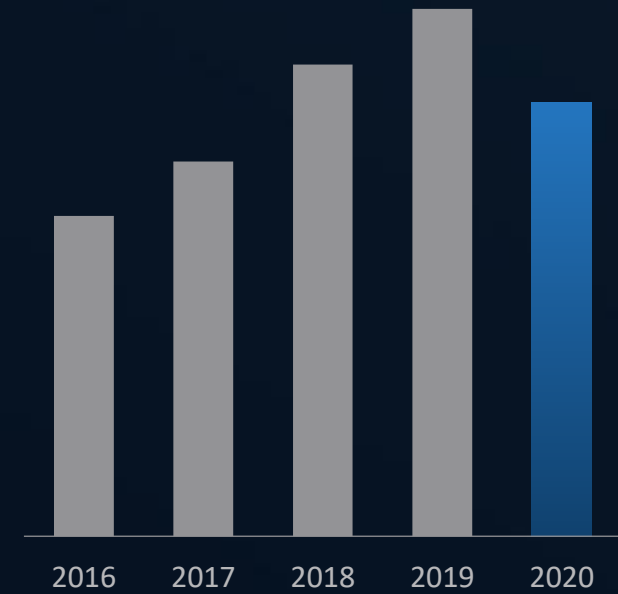
+8%
to R99bn



Normalised operating profit

Rm

-14%
to R830m



Compelling offering has led to good business outcomes



Extending Shared-Value Model to offshore



New

Offshore

Foreign currency access at 7% below market rate



ZAR/USD
Market rate:
R 17.51

Currency enhancer
rate: R 16.29

Currency Enhancer
Buy in below the prevailing exchange rate on qualifying investment choices with the Global Endowment

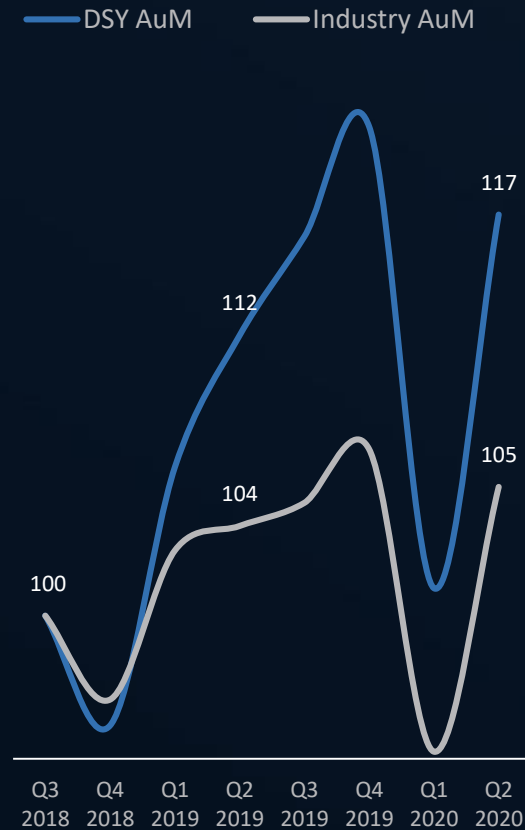
Efficient and flexible international investment




Global Portfolios
Risk profiled investment
Multi-fund active-passive
BlackRock & 3rd party asset managers



Assets under management growth



Shared-Value metrics

- 

11%

lower
drawdowns
- 

78%

invested in
preferred funds
- 

2x

more ad-hoc
contributions
- 

20%

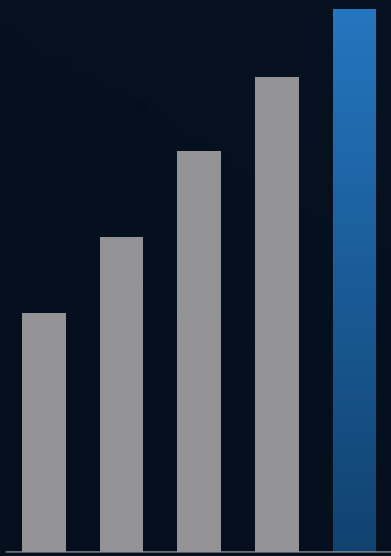
reduced
withdrawals



Gross written premium

+14%

to R3 666m*

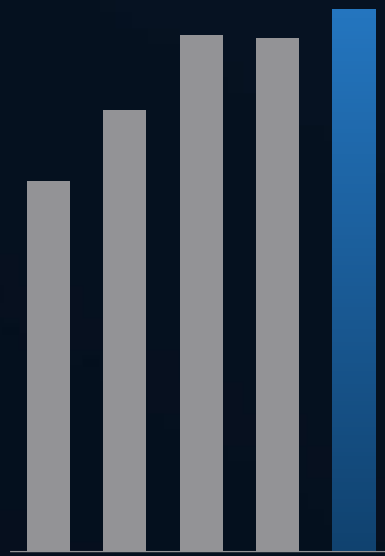


2016 2017 2018 2019 2020

New business

+5%

to R1 089m*

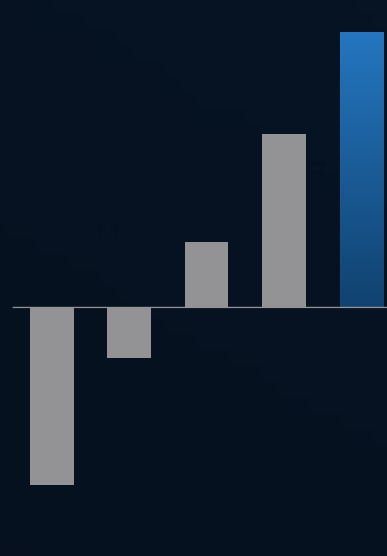


2016 2017 2018 2019 2020

Normalised operating profit

+59%

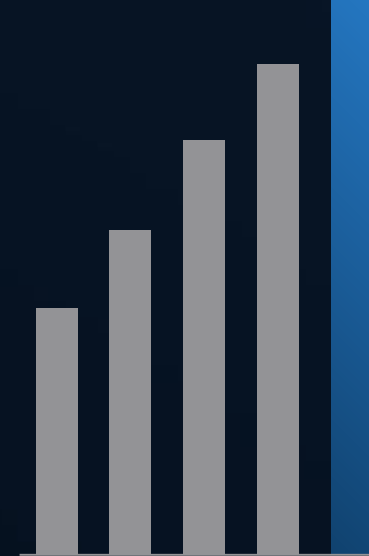
to R246m
(excl. Commercial)



2016 2017 2018 2019 2020

Market share in GWP

6%



2016 2017 2018 2019 2020

Combined ratio

-1%

to 94%*



2016 2017 2018 2019 2020

*Personal Lines only

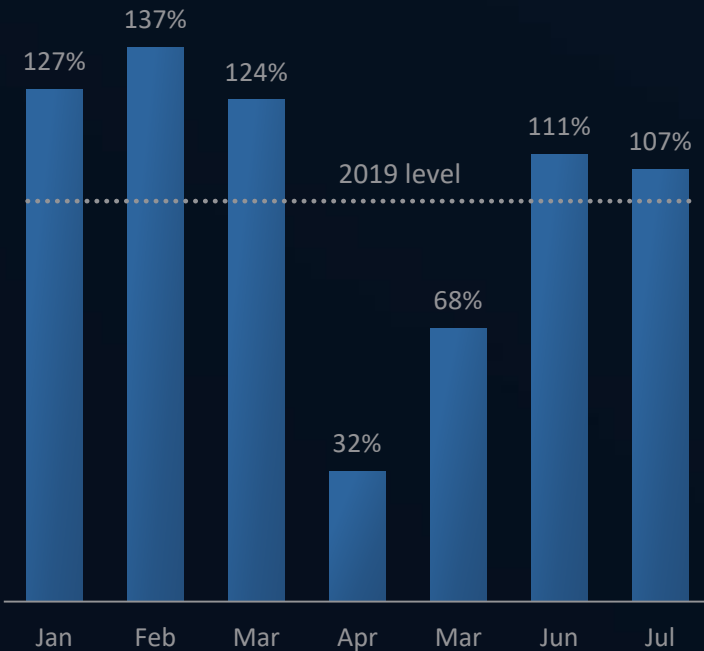
*Personal Lines only. Assumes 6% in GWP market growth since 2018

Insure's performance through COVID-19 was remarkable



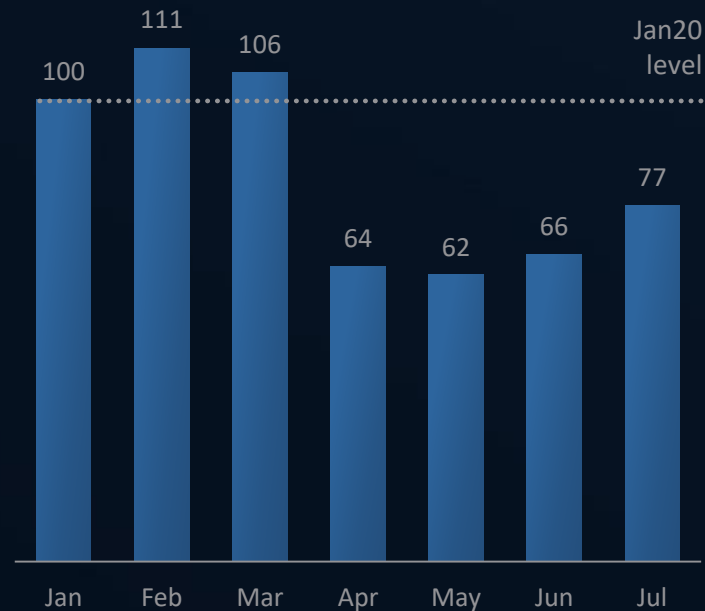
New business

New business has recovered and is producing record sales levels



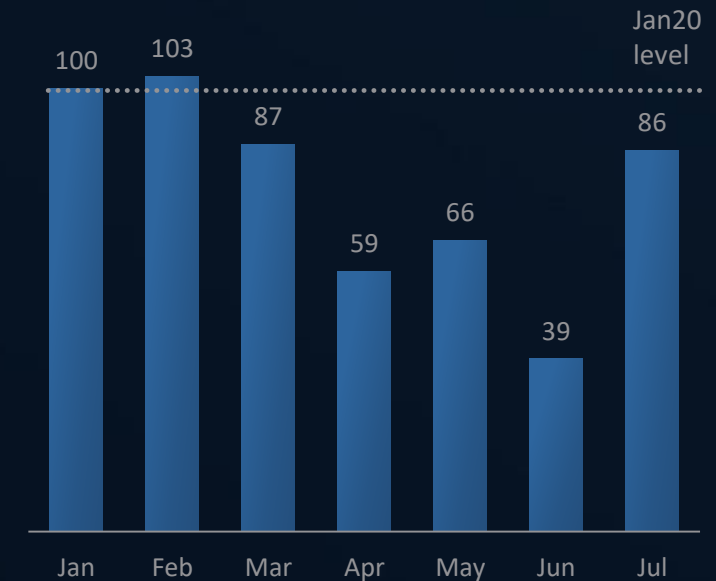
Lapses

Discovery Insure's internal credit rating system has produced a book with a remarkably credit-worthy profile



Claims

Expected the claims outcome due to less exposure on the roads



June and July numbers may be understated as lapse experience to complete run-off due to Gap in Cover offering



SA COMPOSITE MODEL

Discovery Health
Discovery Life
Discovery Invest
Discovery Insure
Discovery Bank



UK COMPOSITE MODEL

Vitality HEALTH INSURANCE
Vitality LIFE INSURANCE
Vitality INVEST



PARTNER COMPOSITE MODEL

平安健康保险
PING AN HEALTH INSURANCE

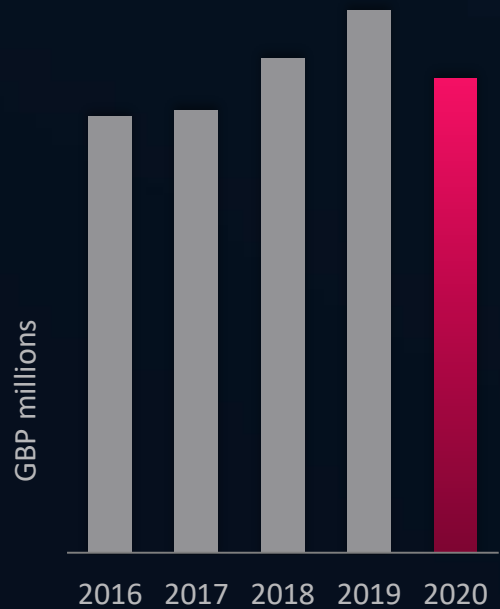
HEALTHIER. LONGER. BETTER LIVES
AIA Health
GENERALI
John Hancock
Manulife
SUMITOMO LIFE
Equivida Salud
IGI Life التعاونية Tawuniya
Prudential A.S.R.





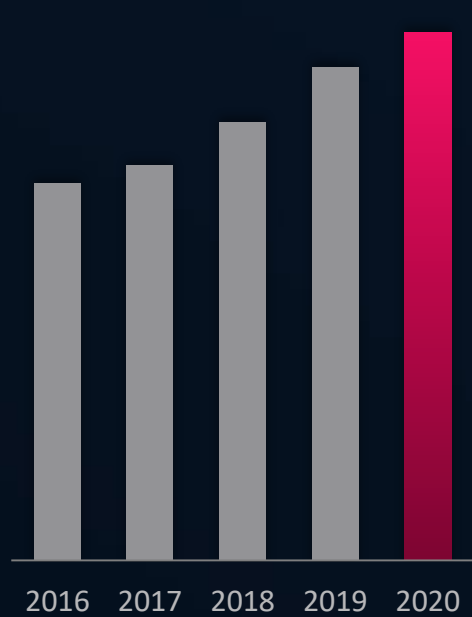
New business

-12%
to £126.3m



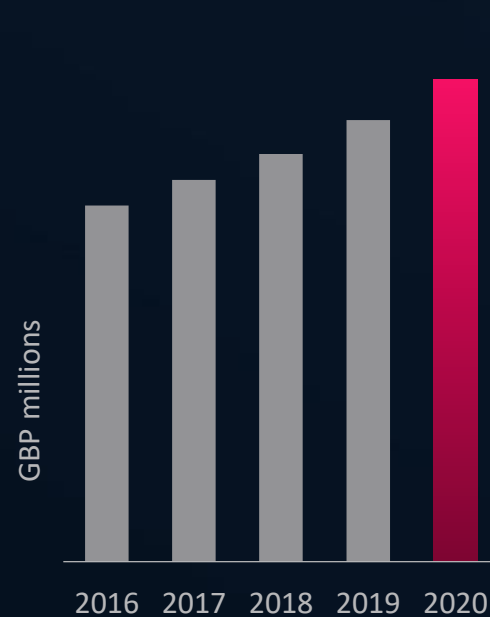
Lives covered

+7%
to 1.3m lives



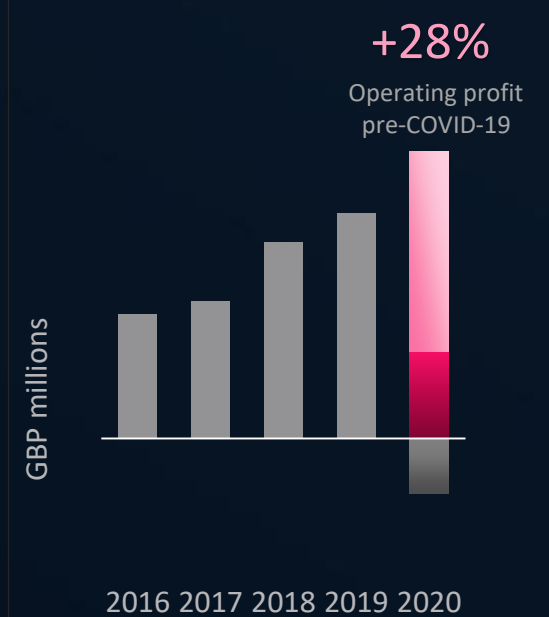
Earned premiums

+9%
to £785.5m



Normalised operating profit

-61%
to £28.3m



- Operating profit before reserving for future COVID-19 impact
- Normalised operating profit
- Net economic impact

UK businesses were resilient

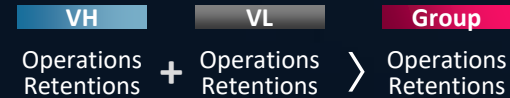


The businesses came together under the 'One Vitality' banner

Established group governance structures



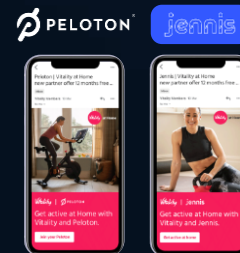
Consolidation of functions



Composite member experience



Rapidly responded to COVID-19 by adapting benefits and rewards with Vitality at Home



500 000 home workouts



101% increase in benefit registrations



1.2m vouchers issued

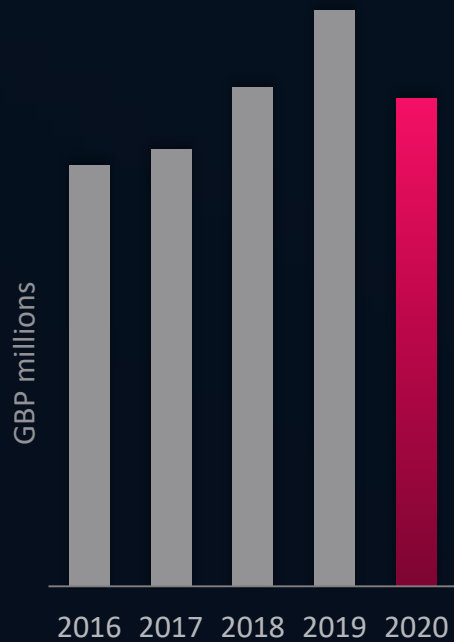


295 000 vouchers issued



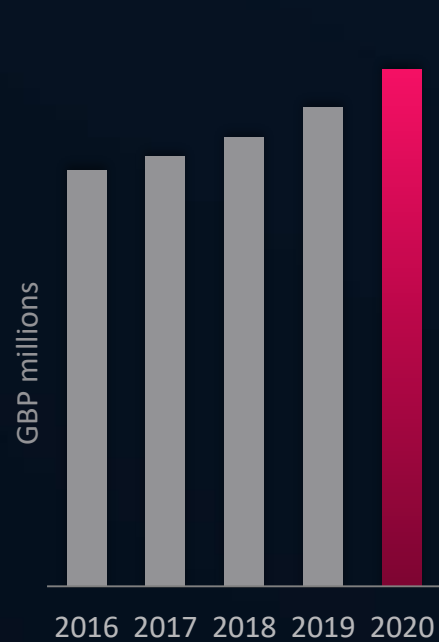
New business

-15%
to £62.7m



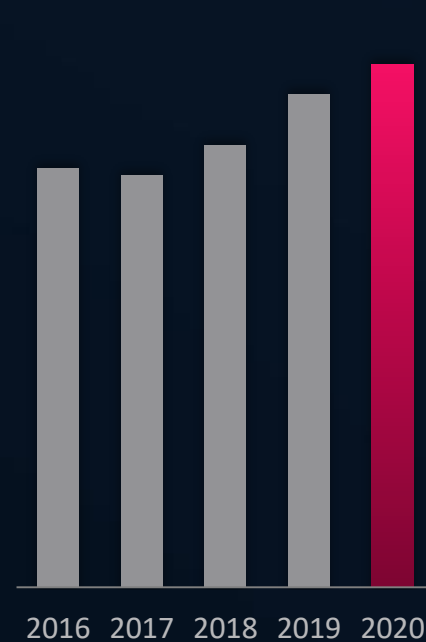
Earned premiums

+8%
to £496.7m



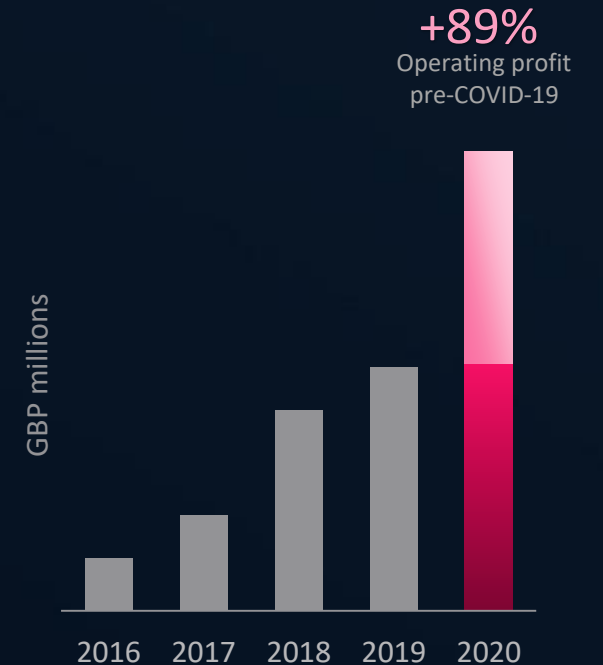
Lives covered

+6%
to 682k lives



Normalised operating profit

+2%
to £42.0m after allowance
for deferred claims



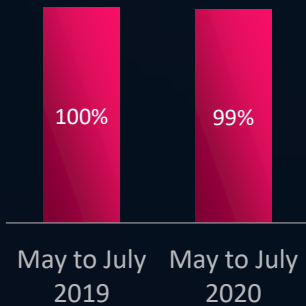
■ Allowance for deferred claims
■ Operating profit

Vitality Health's response to deliver value in a dynamic and evolving environment



Maintained provision of critical care

Cancer and other urgent treatments continued throughout lockdown

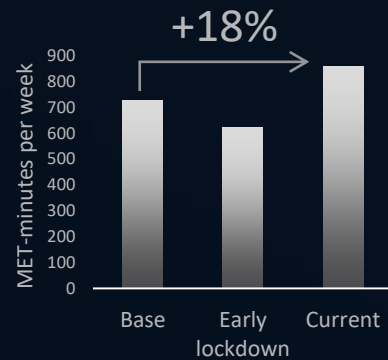


Adapted the Vitality programme

Up to 50% off selected devices



Activity levels for members who bought a device during lockdown



Launched COVID-19 Cash Benefit



VitalityHealth launches cash benefit for Covid-19 patients

Pays £250 per night for the first 8 nights, plus £500 for each night in hospital thereafter, up to a maximum of £5 000

Increased utilisation of digital care

+16%
Vitality GP appointments
Mar-Jun20 vs Jul19-Feb20

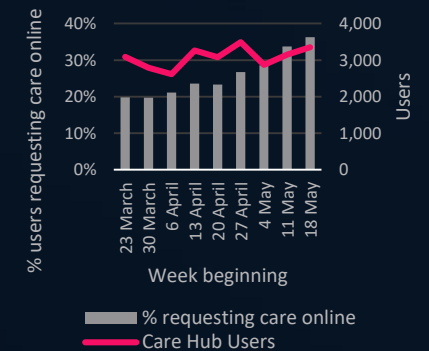
+50%
GP Advice Line
Mar-Jun20 vs Jul19-Feb20

Fast-tracked launch of Member Care Hub



44 816 members accessing the hub since March

Take-up of straight through care requests following launch

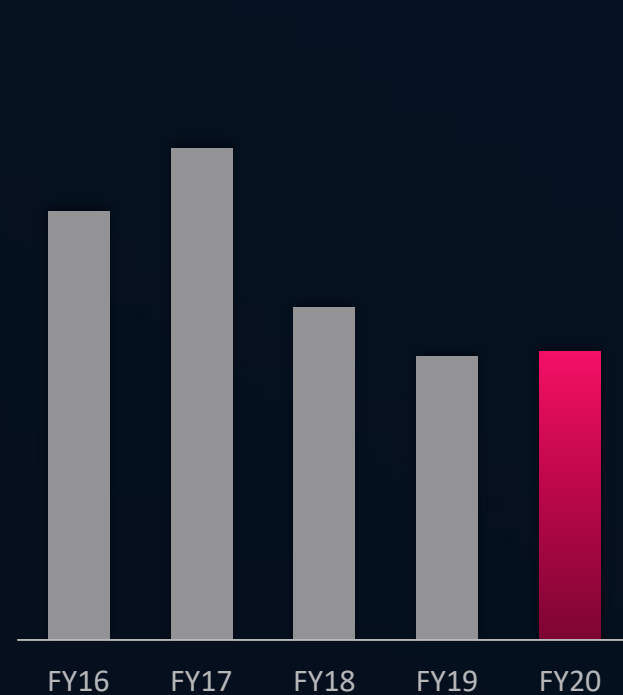


Excellent retention and cash generation

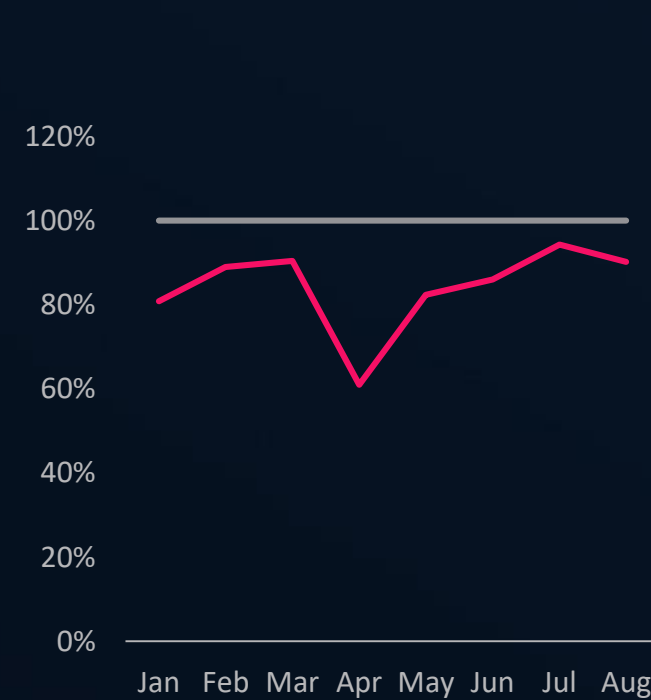


Lapse rates sustained at low levels despite COVID-19

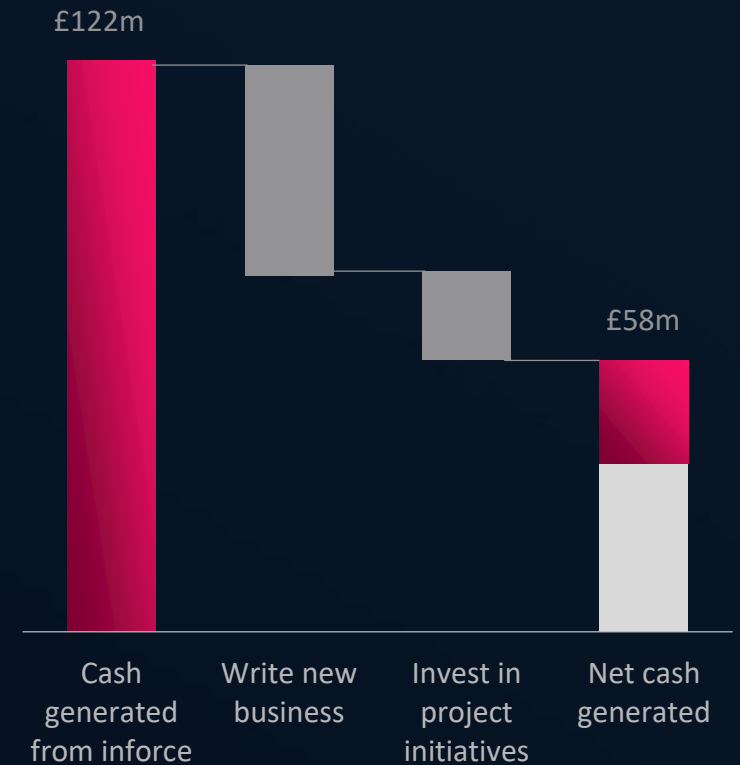
Lapse rate



Lapse rate Actual vs Expected



Strong cash generation

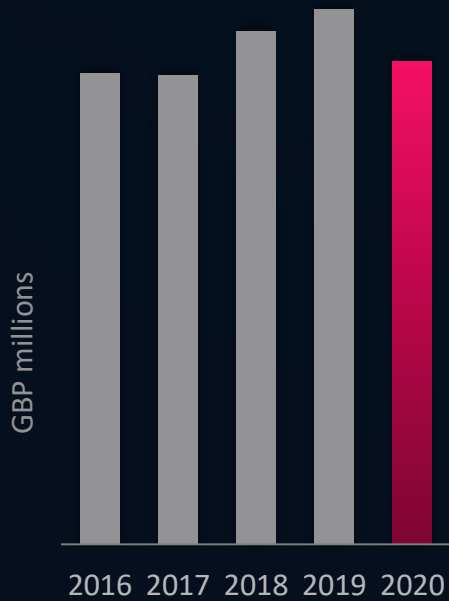


■ COVID allowance



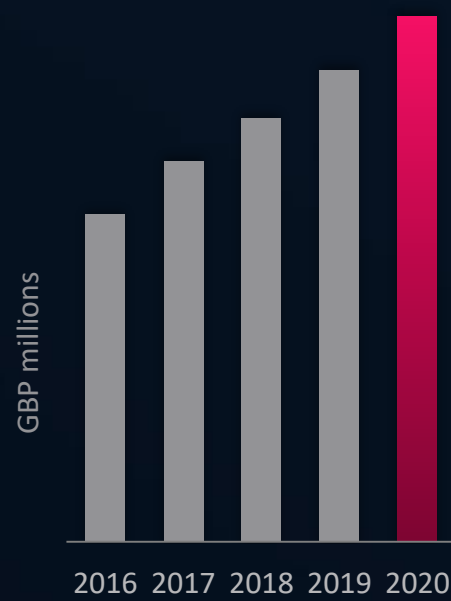
New business

-10%
to £63.6m



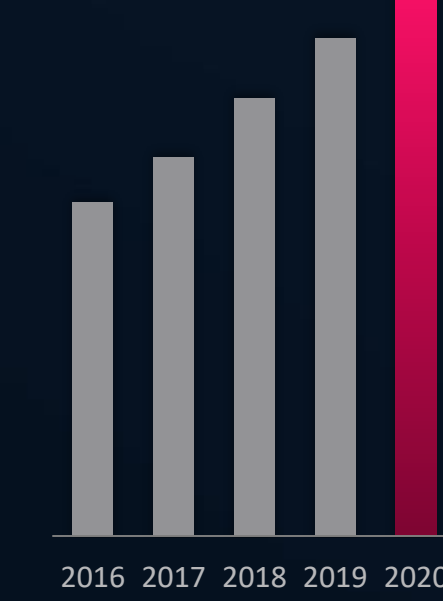
Earned premiums

+11%
to £288.8m



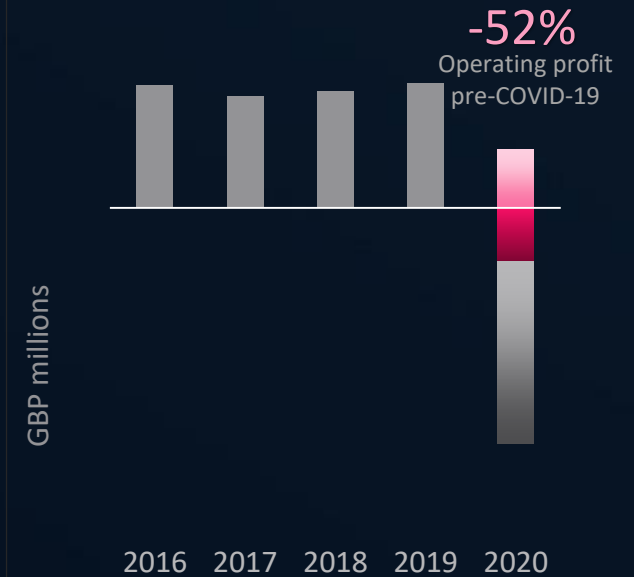
Lives covered

+8%
to 621k lives



Normalised operating profit

-144%
to -£13.8m



- Operating profit before reserving for future COVID-19 impact
- Normalised operating profit
- Net economic impact

Management actions to return VL to robust profitability are now in place

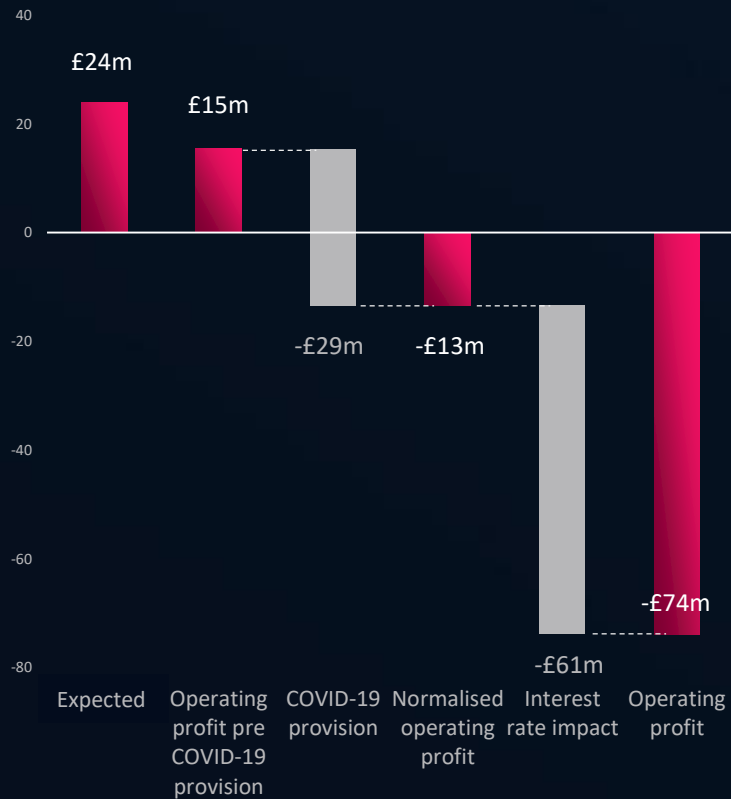


Area	Management actions	Progress	Impact
OPERATIONS	1 Intervened against 'high lapse' brokers	✓ Implemented Nov '19 and May'20	>100 firms' 2 year agencies closed
	2 Restructured franchise channel	✓ Completed Apr '20	From 24 to 13 franchises, £3.4m saving
	3 Consolidated ops and service at Group level	✓ Completes Aug '20	Better consistent service and customer experience across Vitality, 12% reduction in expenses through synergies
	4 Enhanced retention capabilities	✓ Ongoing process, good traction	Aims to eliminate experience variances
	5 Strengthened actuarial bases and set up COVID-19 provisions	✓ Effective from Jul '20	£29m impact
CAPITAL	6 Entered into interest rate hedge	✓ Extended Jun '20	Protects against liquidity impact of further falls in interest rates, allows participation in upside > 140bps, and extends time to transition to longer term strategy
	7 Deferred Part VII transfer	✓ Agreed Feb '20	Defers need to inject significant capital into VL for 3 years
	8 Changed Group legal entity structure	✓ Implemented Feb '20	Capital benefit of >£125m
	9 Adapted elements of actuarial methodology	✓ Implemented Sep '19, Jul '20	£23.5m reduction in SCR for 30 June 2020
LIQUIDITY	10 Sourced liquidity funding in the UK	✓ Confirmed Mar '20	£100m facility at 2% plus Libor

COVID-19 and interest rates impacted the period; expect profits to revert



Earnings impact



Expect operating profits to revert in FY21

Indicative only, assumes no change in hedging costs, no assumption changes and a range to reflect potential experience variances

Operating profit

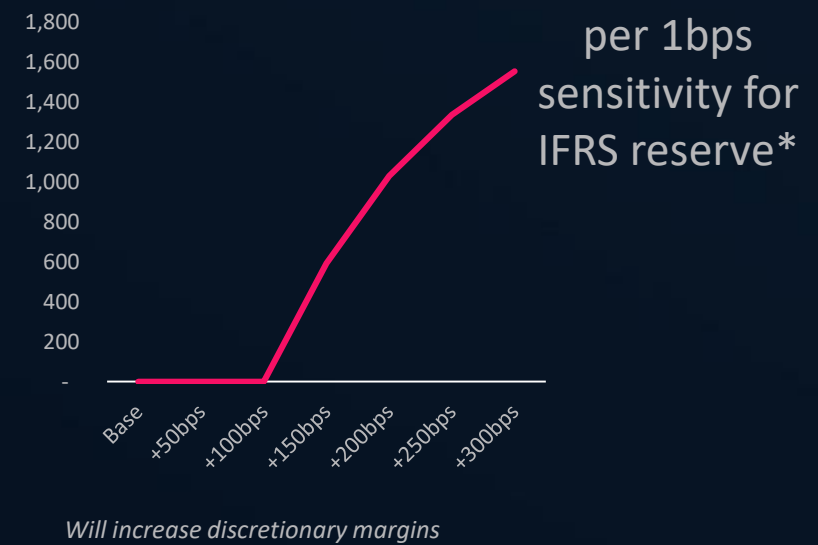


■ Uncertainty inherent in experience

Substantial value if interest rates rise

Hedge gives away upside for the first +/- 100bps after which there is upside in the form of higher discretionary margins/P&L

Value impact (Rm)



*Decreasing the higher interest rates go



SA COMPOSITE MODEL

- Discovery Health
- Discovery Life
- Discovery Invest
- Discovery Insure
- Discovery Bank



UK COMPOSITE MODEL

- Vitality HEALTH INSURANCE
- Vitality LIFE INSURANCE
- Vitality INVEST



PARTNER COMPOSITE MODEL

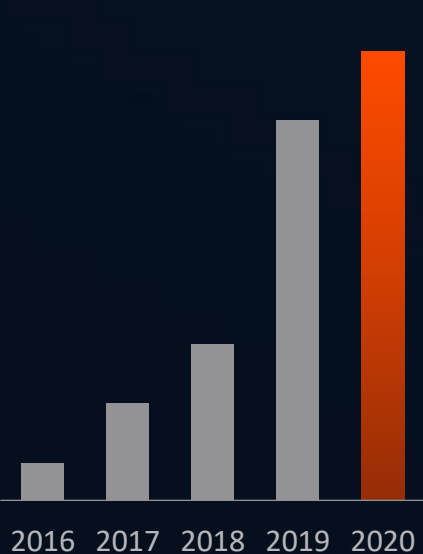
- 平安健康保险
PING AN HEALTH INSURANCE
- AIA Health
- GENERALI
- John Hancock
- Manulife
- SUMITOMO LIFE
- Equivida
- Salud SA
- IGI Life
- التعاونية Tawuniya
- Prudential
- A.S.I.



Integrated API by insurance partners

+31%¹

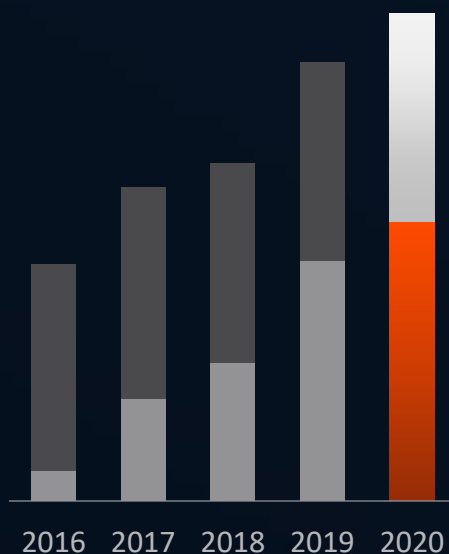
R15.8bn
USD1.0bn



Revenue²

+23%

R1.1bn
USD72.3m



Operating result

+91%

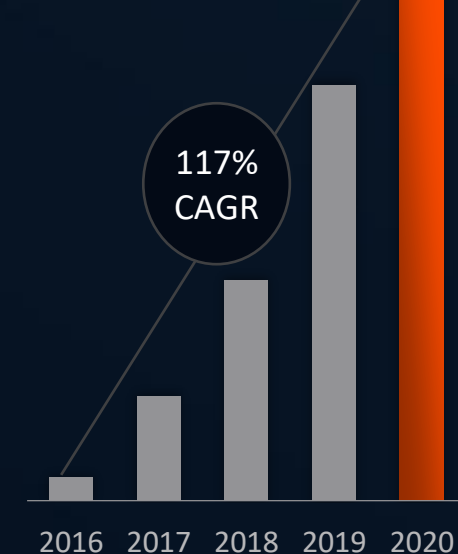
R308m
USD19.6m



Insurance and franchise partners membership

+27%¹

1.8m

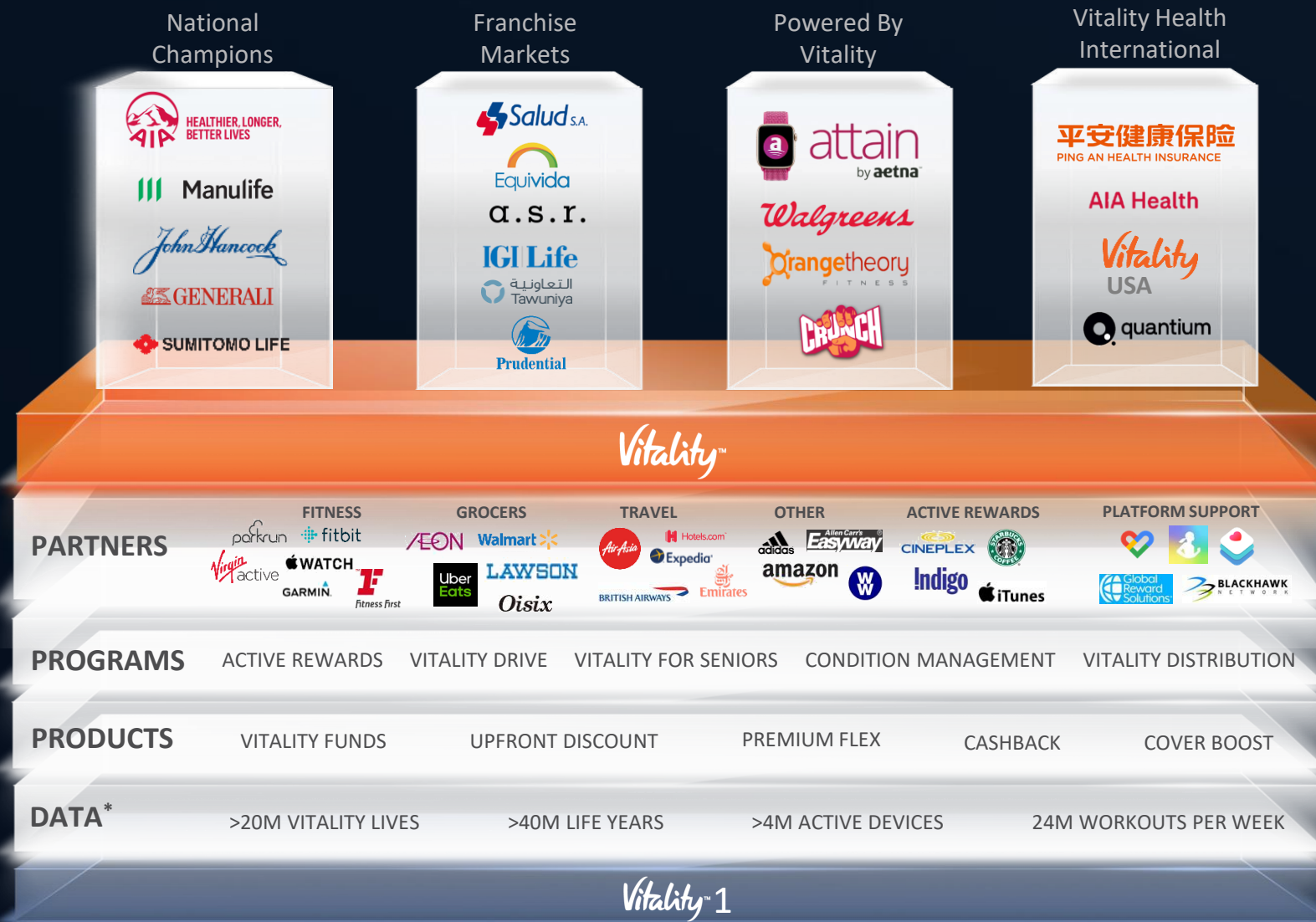


All numbers exclude new VG initiatives, i.e. AIA Health and Vitality1
1 From insurance partners

■ Vitality USA ■ Insurance Partners

2 Excludes services related to system implementation and other cost recoveries and rewards

Execution of business strategy with partners has taken place rapidly



National Champions

Exploit latent potential and scale

Franchise Markets

Rapid market expansion and penetration

Powered By Vitality

Pursue Shared-Value adjacencies and partnerships

Vitality Health International

New business unit to expand global health insurance initiatives

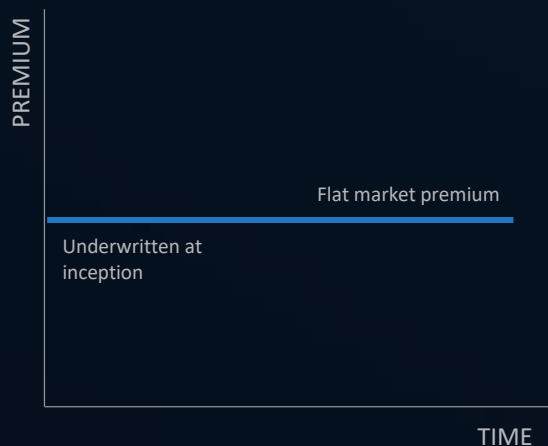
*Data metrics across Discovery Group

The case for Shared-Value Insurance is getting stronger



Risk is behavioural and traditional models are exposed

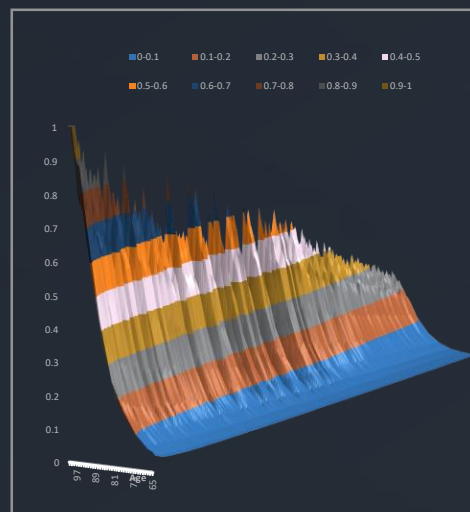
Traditional insurance pricing models



Traditional models pool controllable risk, which is inefficient, creates adverse selection and selective lapsation

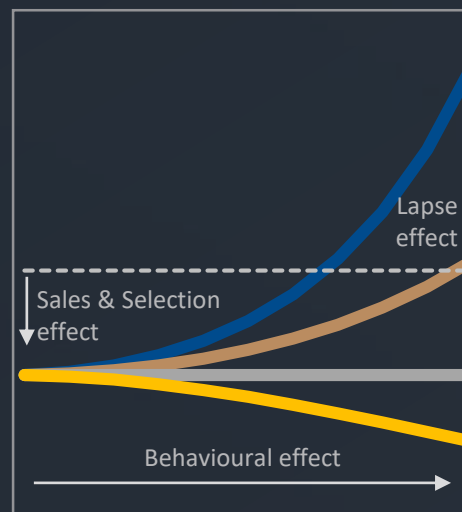
Shared-Value Insurance Model has no trade-offs

Vitality has codified behaviour and risk



Over 25 years in behavioural insurance, and in collaboration with leading academic institutions mortality has been codified in over 1m curves for each age based on different wellness and health engagement behaviours

Dynamic pricing model



Pricing of behaviour over the currency of the insurance contract

7% -15% Lower cost of insurance

30% -70% Lower lapse rates by health engagement

10% -50% Increase in VNB margin

Up to 40% Improvement in health outcomes

IFRS 17 Aligned to recognition of cohorts



The Shared-Value Model creates true profitability

Market A



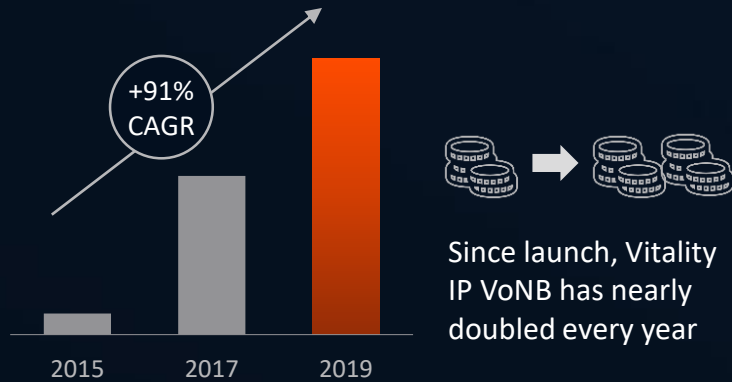
- Internal value impact analysis performed by market
- Significant sales impact of Vitality through both incremental new business and cross-purchases
- Costs include all incremental costs associated with programme

National Champions exhibit continued strong performance



AIA Vitality

Vitality IP VoNB



'All-in' Vitality™

AIA embedded Vitality in its global strategy, executing the Shared-Value insurance model across Asia Pacific

Up to **2X**

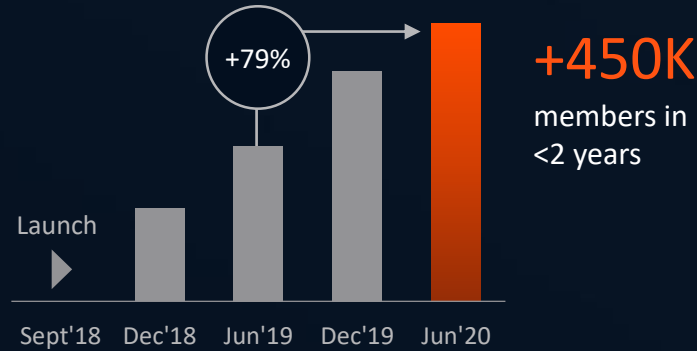
Larger case sizes for Vitality members¹

Up to **+80%**

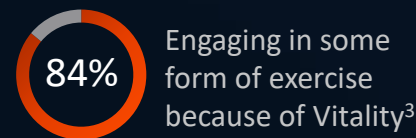
Higher repurchase rates for highly engaged members¹

SUMITOMO LIFE Vitality

Rapid membership growth

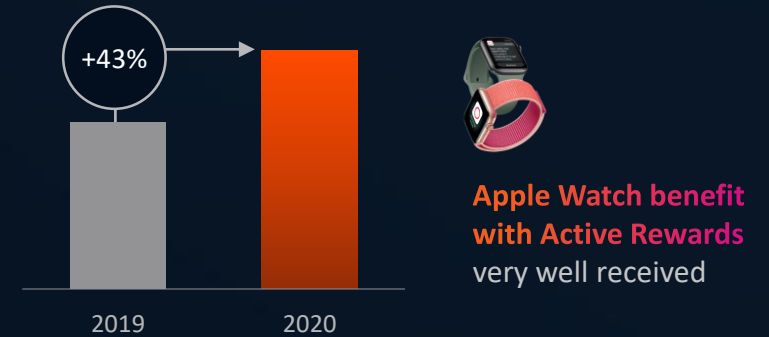


%² members active well above average amidst COVID-19



GENERALI Vitality

Total Vitality linked sales (Germany)



Re-launched Vitality in existing markets in quick succession, following a seamless migration onto the V1 platform

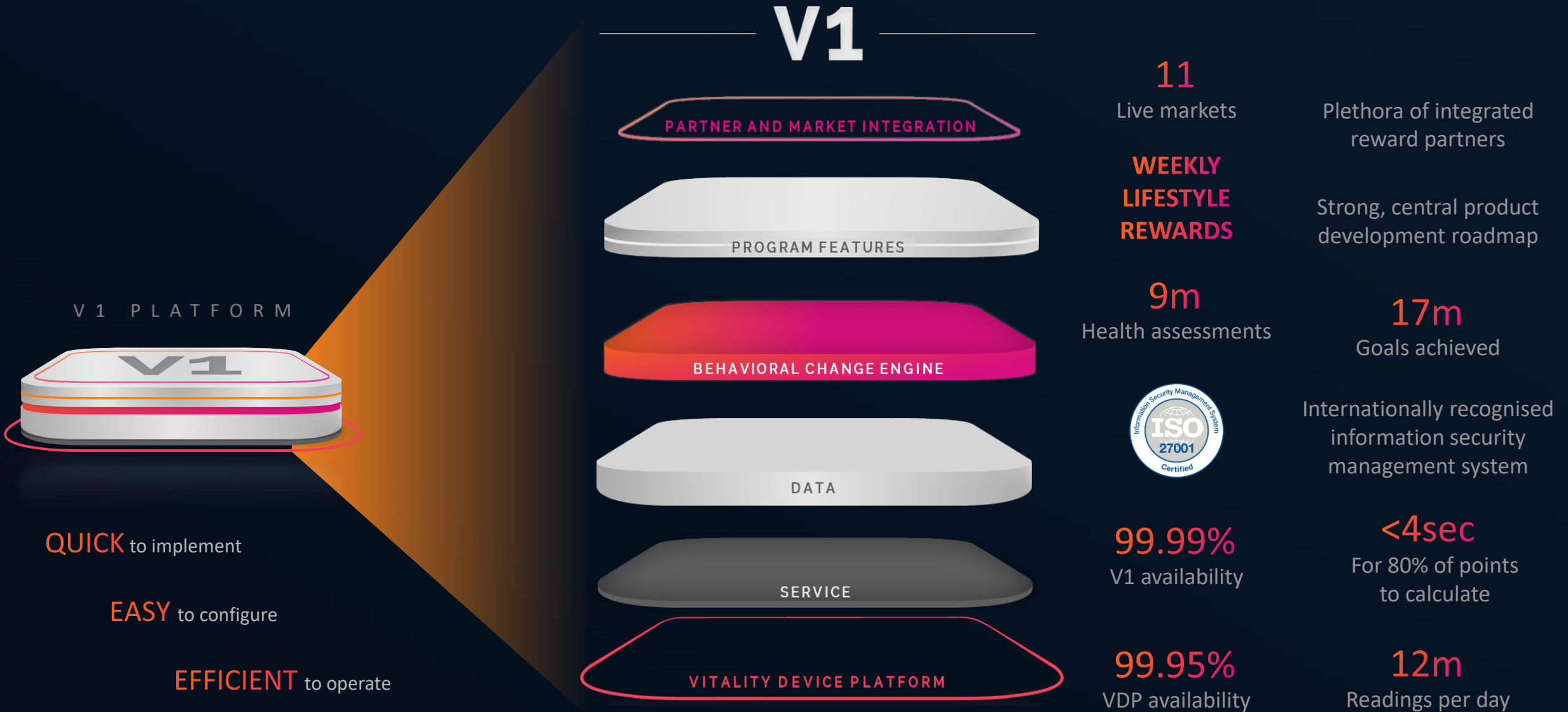
Plans to roll-out Vitality across Europe in 2021/2022



IP VoNB = Integrated Premium Value of New Business
1. AIA Group 2020 Interim Results

2. % members that earned a point for physical activity in last 3 months (Q2 2020)
3. FY2019 customer survey

World-class technology solution

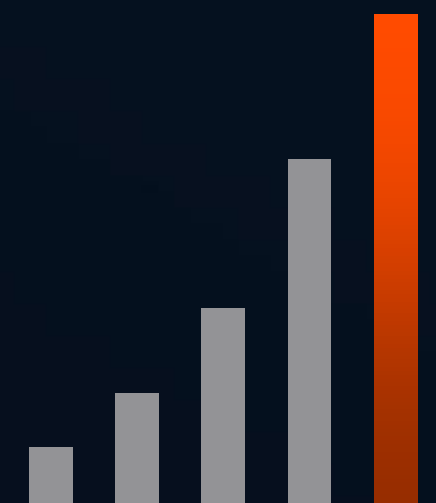




New business¹

+42%

to R14.3bn

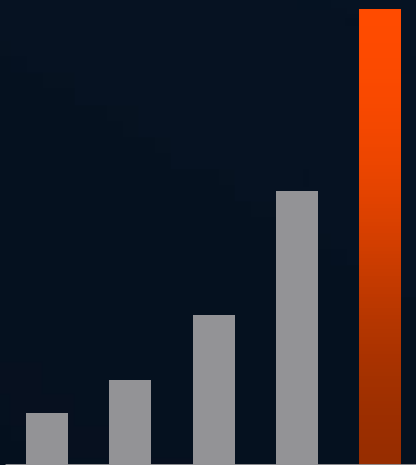


2016 2017 2018 2019 2020

Written premium¹

+68%

to R29.8bn



2016 2017 2018 2019 2020

PAH's operating result pre-tax

+94%

to R1.9bn

(DSY's share is R464m)

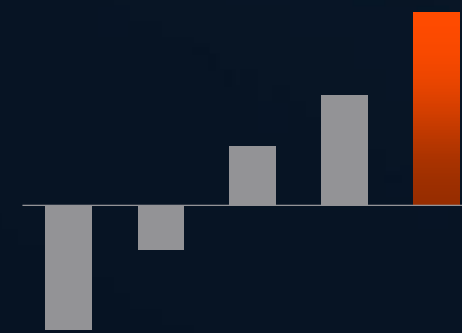


2016 2017 2018 2019 2020

DSY's operating result after tax and management expenses

+72%

to R182m



2016 2017 2018 2019 2020

1 100% of PAH

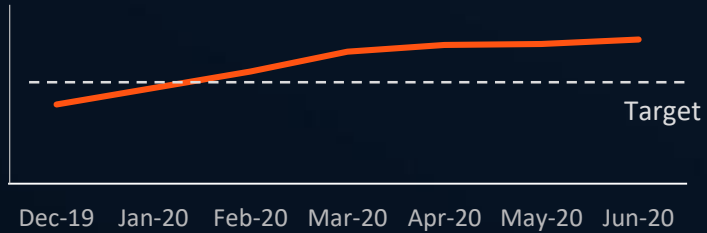
Continued focus on quality business and investment in future capabilities



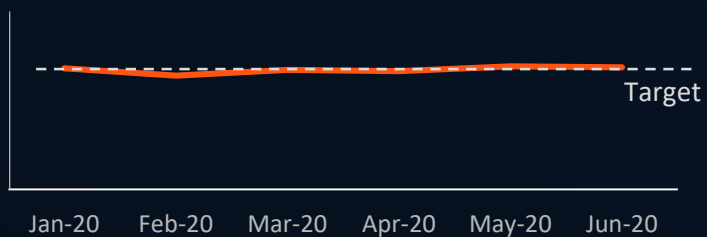
Quality business and operational excellence

Persistency

Customer reapplication rate individual business



Combined operating ratio



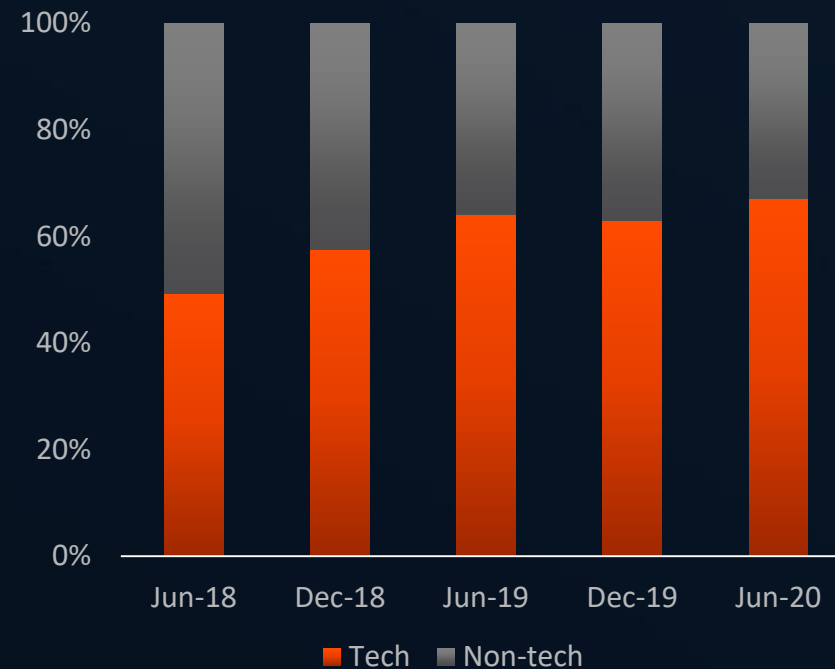
Service levels

% claims settled within 1 day



Headcount growth in technology skills

Tech headcount split at head office

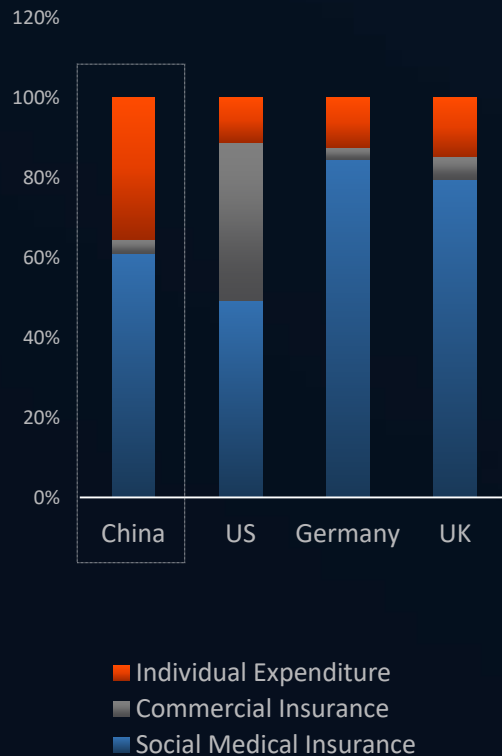


Large market opportunity but a changing competitive landscape

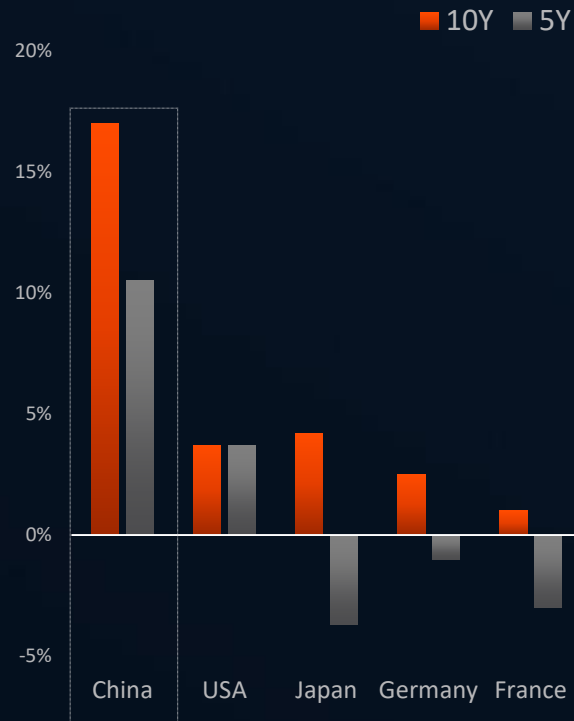


High growth expected from Chinese healthcare market

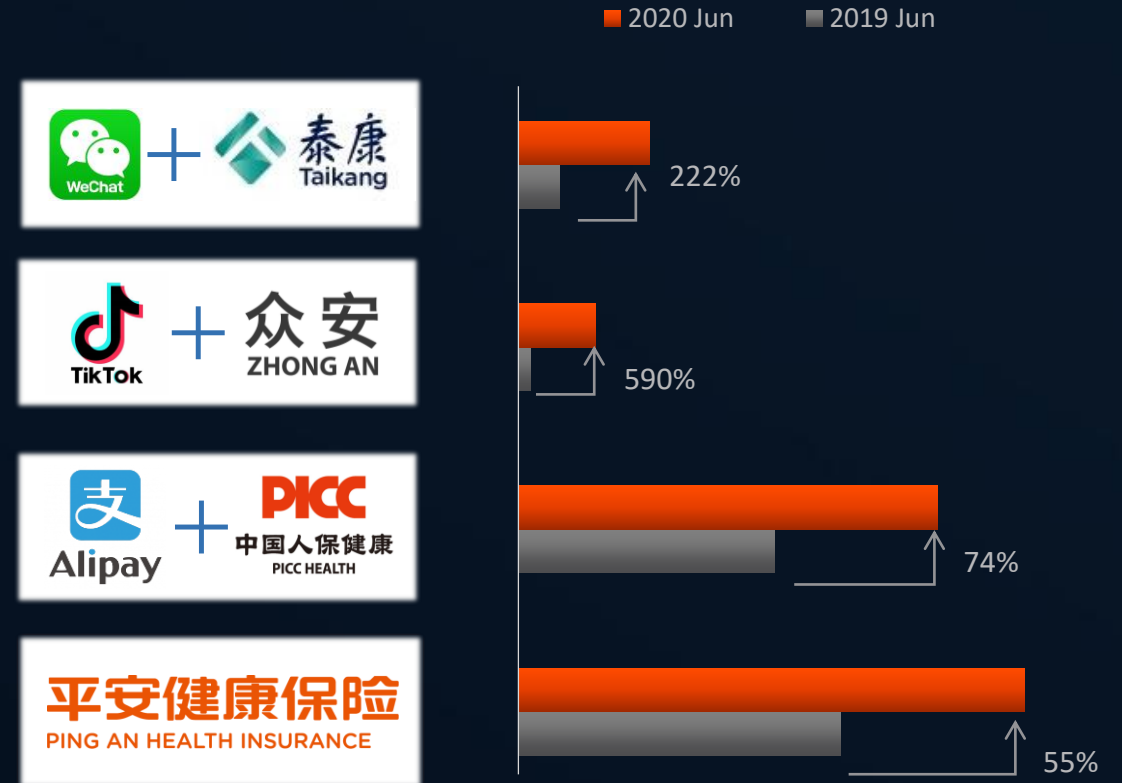
Medical expenditure



Growth rate of world's top 5 healthcare markets



Internet giants gaining traction within PHI



Source: World Health Organisation and Ernst and Young

Source: Data from the World Health Organisation as of end 2017

Source: Ping An Health. PICC Health total reported revenue is 22.775bn, however 6.75 bn is considered business that is comparable with PAH. The remainder is mostly government related administrative business

Maintaining growth through distribution, the app and diversifying the product offering



Distribution

Expanding distribution footprint*

13

Tier-2 branches
(provincial level)

12

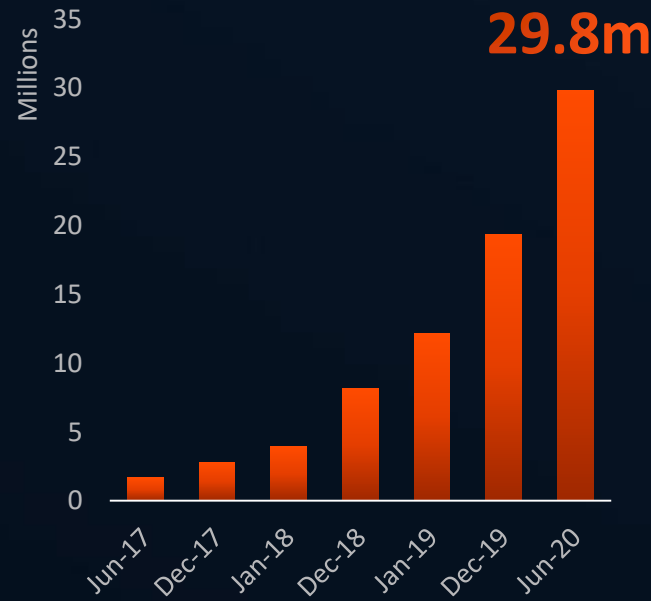
Tier-3 branches
(city level)



Online sales capability

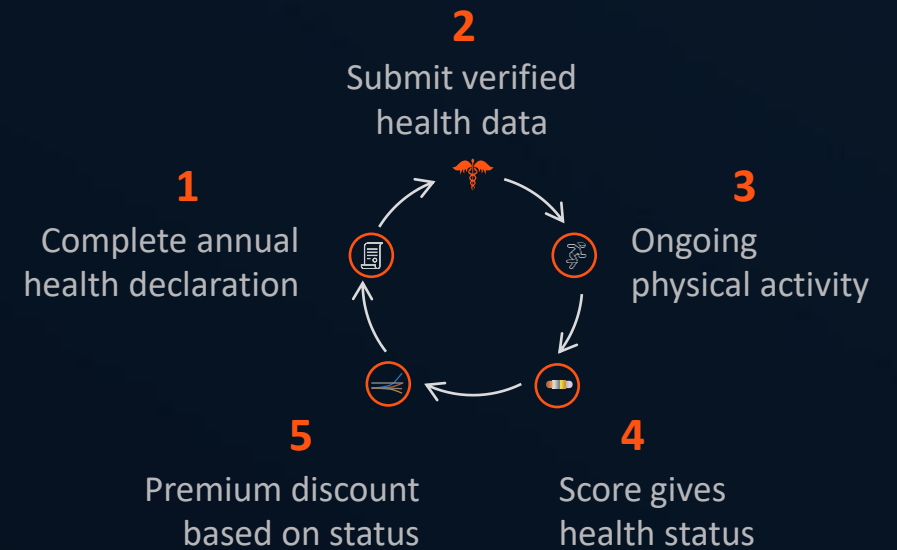
>13% of revenue online (YTD)

Number of app users (m)



NEW

20YR MEDICAL REIMBURSEMENT PRODUCT WITH DYNAMIC PRICING



*Only Mainland China depicted



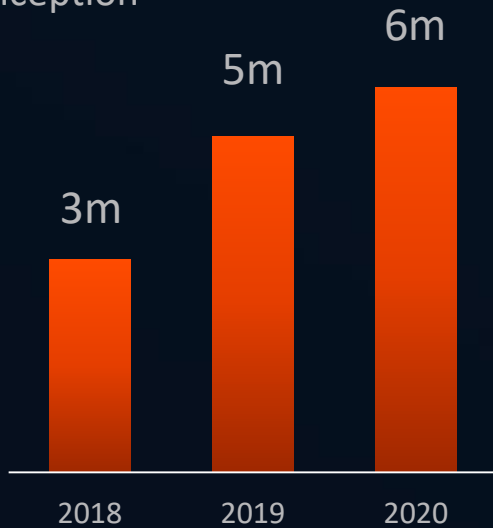
Excellent results from Ping An Run Vitality



Largest Vitality programme

6m

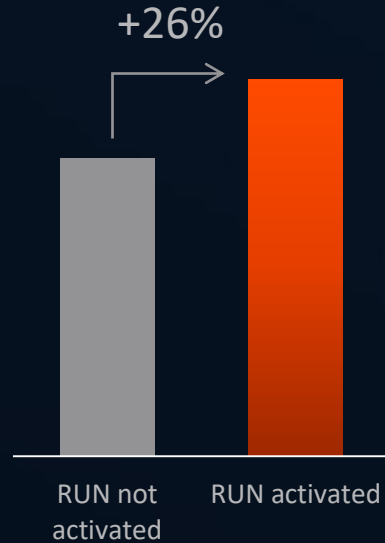
Members, 4 years since inception



Improved up-selling

+26%

Additional policies



Lower surrender rates

-23%

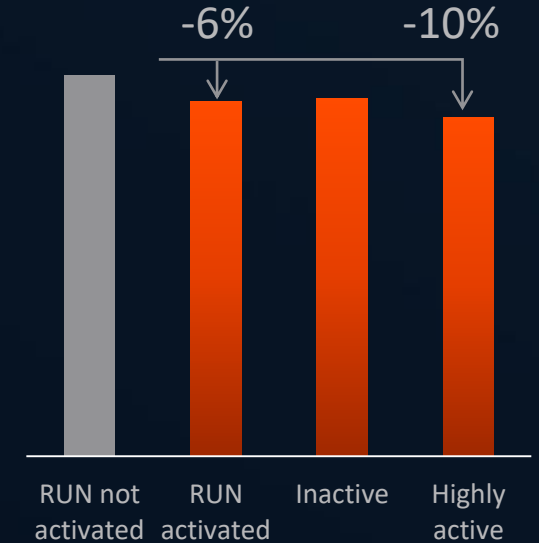
Lower surrenders



Lower medical costs

-6%

Lower cost per event

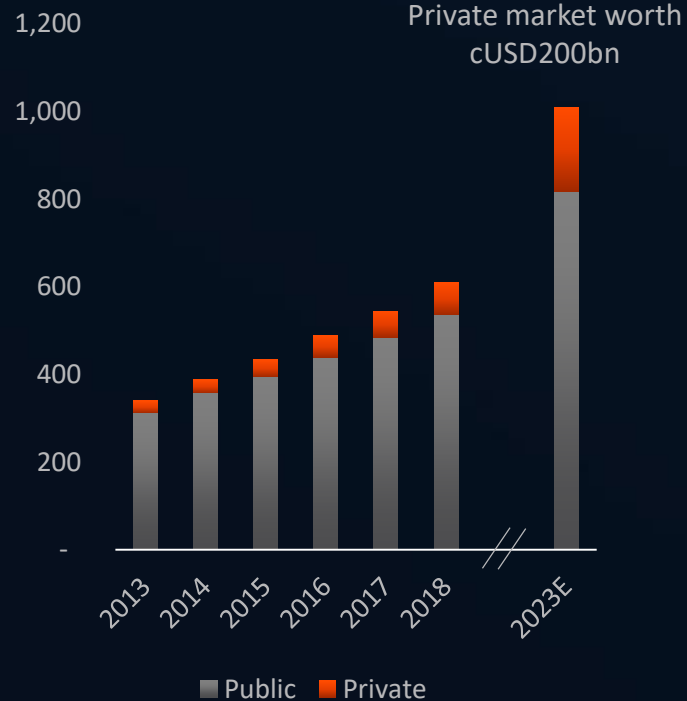


Synergistic opportunities from the Ping An Health Ecosystem

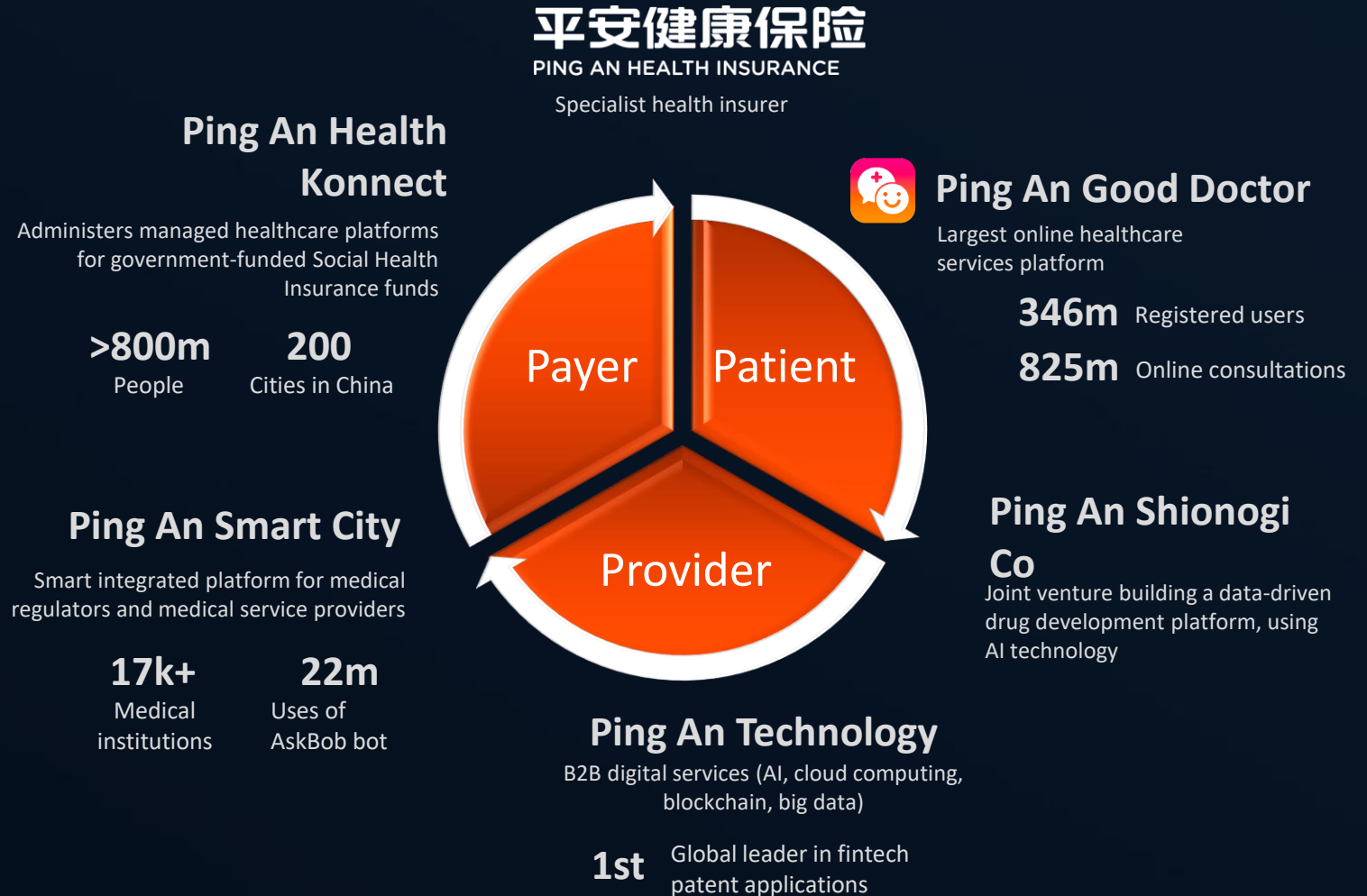


Ping An Group seeks to capture the rapid growth expected from the Chinese private healthcare market

Revenue for healthcare services in China (US\$bn)



Ping An Group is building a comprehensive ecosystem







Source: NHFPC company analysis

Source: Ping An Group 2020 Interim Results report



- 1 Operating performance was resilient
- 2 COVID-19 reserve to cater for all future COVID-19 impacts
- 3 Interest rate movements impacted headline earnings
- 4 Growth engine remains robust
- 5 Focused on capital strength and liquidity



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



AUDITED RESULTS

for the year ended 30 June 2020