

This pack has been prepared to aid discussion and provide further supplementary information only and has not been subject to an external review or audit

CUSTOMERS PER ENTITY

Life Policyholders

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	448,313	445,813	446,713	452,561	446,475	440,747	429,817	423,707	413,346	407,402
Invest										
Invest - DRO*	132,817	131,244	129,606	127,831	124,135	120,253	115,670	111,258	105,722	101,168
Invest - Other	201,210	195,231	192,615	189,210	185,025	179,975	172,929	164,878	153,804	147,960
Group (lives)**	576,450	562,440	578,035	551,219	544,443	539,552	512,715	506,141	502,258	466,172
Group schemes	2,827	2,825	2,797	2,740	2,771	2,635	2,585	2,552	2,503	2,453

*Discovery Retirement Optimiser (DRO) product has been moved from the Individual category to Invest - DRO from December 2015 onwards

This count is the full number of DRO policies (underlying Endowments and Retirement Annuities counted individually), including Paid-up policies.

Prior period comparatives have been restated to be consistent with this approach, since paid-up policies were not previously included in the counts disclosed before June 2017.

** Note that the numbers have been restated since December 2019 to correct for an error in the member count.

Life NB APE

	12 months to June 2021	6 months to December 2020	12 months to June 2020	6 months to December 2019	12 months to June 2019	6 months to December 2018	12 months to June 2018	6 months to December 2017	Year ended June 2017	6 months to December 2016
Individual	2,072	1,068	2,126	1,165	2,215	1,157	2,042	1,038	1,970	1,001
Group	193	94	160	75	97	55	146	79	205	52
Invest - Recurring	1,167	573	1,164	686	1,221	661	1,205	632	1,219	658
Invest - Single APE**	1,570	744	1,508	671	1,382	726	1,248	588	1,277	620
Total Life APE**	5,001	2,478	4,958	2,597	4,915	2,599	4,641	2,337	4,671	2,331

** APE shown at 10% of Single premium

Health Members

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
DHMS - Keycare	235,841	230,960	232,714	243,046	240,140	251,951	247,357	254,165	248,430	256,591
DHMS - Non-Keycare	1,111,545	1,099,553	1,111,079	1,108,674	1,110,401	1,098,903	1,093,745	1,069,492	1,062,964	1,041,166
In-House Schemes	315,723	321,767	319,974	317,408	316,410	315,875	310,773	311,879	299,353	275,293
Total	1,663,109	1,652,280	1,663,767	1,669,128	1,666,951	1,666,729	1,651,875	1,635,536	1,610,747	1,573,050

Health Lives

	June 2021	June 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
DHMS - Keycare	404,984	400,108	403,392	420,869	415,436	436,543	428,103	440,722	430,363	443,485
DHMS - Non-Keycare	2,375,082	2,358,232	2,381,735	2,387,237	2,394,336	2,382,596	2,374,976	2,337,485	2,327,651	2,292,201
In-House Schemes	694,853	704,749	698,534	689,688	686,114	677,530	667,116	663,807	635,178	581,821
Total	3,474,919	3,463,089	3,483,661	3,497,794	3,495,886	3,496,669	3,470,195	3,442,014	3,393,192	3,317,507

Vitality SA

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Total Vitality Health, Vitality Drive and Vitality Money programme lives	2,163,411	2,122,453	2,065,868	2,060,011	1,987,237	2,001,919	2,001,710	2,010,302	1,991,948	2,001,773

VitalityHealth Members

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	113,189	108,955	105,915	104,997	101,702	96,277	90,375	85,942	84,070	82,171
SME	222,961	211,949	212,305	209,509	201,960	190,835	181,795	174,376	168,844	165,813
Corporate	86,149	80,514	81,124	78,050	70,583	61,970	59,954	56,762	53,472	56,773
Trust and Cost Plus	2,731	2,639	-	-	-	-	-	-	-	-
Total	425,030	404,057	399,344	392,556	374,245	349,082	332,124	317,080	306,486	304,757

VitalityHealth Lives

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Individual	204,890	195,996	188,976	186,559	179,811	168,609	156,488	148,309	145,379	142,044
SME	374,179	357,768	356,907	353,763	342,431	327,594	314,773	304,280	297,186	292,506
Corporate	143,905	135,218	135,440	131,991	120,157	107,570	105,083	100,242	94,662	101,104
Trust and Cost Plus	4,066	3,956	-	-	-	-	-	-	-	-
Total	727,040	692,938	681,323	672,313	642,399	603,773	576,344	552,831	537,227	535,654

VitalityLife Policies

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Policies	509,259	491,941	470,923	458,317	434,072	408,728	385,818	357,704	337,900	322,364

VitalityLife Lives

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Lives	664,807	647,802	621,215	605,996	575,731	542,720	506,823	467,750	438,862	415,169

Discovery Insure Policies

	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
Policies	202,335	191,936	178,517	169,920	159,171	152,947	144,072	137,412	121,785	111,605

VALUE OF NEW BUSINESS AT POINT OF SALE VS VALUATION DATE

June 2021

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(383)	(2,472)	(1,355)	(1,547)	(5,757)
Value of In Force	1,172	3,297	1,498	1,943	7,910
Cost of Capital	(24)	(82)	(61)	(95)	(262)
	765	743	82	301	1,891

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,155	2,890	1,073	1,850	6,968
Cost of Capital	(23)	(83)	(56)	(109)	(271)
	1,132	2,807	1,017	1,741	6,697

December 2020

VNB at Point of Sale

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

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	506	1,504	546	976	3,532
Cost of Capital	(10)	(39)	(28)	(61)	(138)
	496	1,465	518	915	3,394

June 2020

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(385)	(2,616)	(1,171)	(1,678)	(5,850)
Value of In Force	1,295	3,284	1,433	2,031	8,043
Cost of Capital	(27)	(82)	(56)	(106)	(271)
	883	586	206	247	1,922

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,275	3,019	1,191	2,206	7,691
Cost of Capital	(27)	(82)	(27)	(181)	(317)
	1,248	2,937	1,164	2,025	7,374

December 2019

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(197)	(1,364)	(576)	(807)	(2,944)
Value of In Force	588	1,934	697	1,095	4,314
Cost of Capital	(14)	(44)	(26)	(90)	(174)
	377	526	95	198	1,196

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	586	1,831	548	1,093	4,058
Cost of Capital	(13)	(44)	(13)	(112)	(182)
	573	1,787	535	981	3,876

June 2019

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(379)	(2,675)	(1,180)	(1,671)	(5,905)
Value of In Force	1,211	3,917	1,510	2,191	8,829
Cost of Capital	(27)	(82)	(59)	(134)	(302)
	805	1,160	271	386	2,622

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,206	3,578	1,161	2,151	8,096
Cost of Capital	(27)	(82)	(27)	(267)	(403)
	1,179	3,496	1,134	1,884	7,693

December 2018

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(183)	(1,356)	(605)	(797)	(2,941)
Value of In Force	611	2,024	724	1,027	4,386
Cost of Capital	(14)	(41)	(26)	(64)	(145)
	414	627	93	166	1,300

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	611	1,890	536	1,031	4,068
Cost of Capital	(14)	(41)	(14)	(105)	(174)
	597	1,849	522	926	3,894

June 2018

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(364)	(2,388)	(1,030)	(1,387)	(5,169)
Value of In Force	1,349	3,764	1,293	1,794	8,200
Cost of Capital	(29)	(74)	(44)	(58)	(205)
	956	1,302	219	349	2,826

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,364	3,536	1,017	1,876	7,793
Cost of Capital	(29)	(74)	(29)	(109)	(241)
	1,335	3,462	988	1,767	7,552

December 2017

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(176)	(1,225)	(492)	(607)	(2,500)
Value of In Force	578	1,941	504	854	3,877
Cost of Capital	(14)	(37)	(23)	(28)	(102)
	388	679	(11)	219	1,275

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	579	1,864	375	850	3,668
Cost of Capital	(14)	(37)	(14)	(24)	(89)
	565	1,827	361	826	3,579

June 2017

VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(349)	(2,394)	(873)	(1,438)	(5,054)
Value of In Force	1,169	3,698	1,030	1,870	7,767
Cost of Capital	(31)	(73)	(46)	(126)	(276)
	789	1,231	111	306	2,437

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	1,176	3,437	824	1,842	7,279
Cost of Capital	(30)	(73)	(30)	(185)	(318)
	1,146	3,364	794	1,657	6,961

December 2016
VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Acquisition Costs and Initial strain	(170)	(1,220)	(423)	(760)	(2,573)
Value of In Force	503	1,909	450	1,003	3,865
Cost of Capital	(15)	(37)	(17)	(67)	(136)
	318	652	10	176	1,156

New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Value of In Force	504	1,783	326	955	3,568
Cost of Capital	(14)	(37)	(14)	(135)	(200)
	490	1,746	312	820	3,368

EV BUILD-UP PER ENTITY

for the full year ended 30 June 2021

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Other	Total
Value of in-force business at 30 June 2020	21,902	22,508	9,582	4,369	-	58,361
Expected return (in-force business)	3,116	2,625	335	111	-	6,187
Release of profits (in-force business)	(2,555)	(165)	(1,336)	(902)	-	(4,958)
Value of new business	1,148	3,215	1,437	1,848	-	7,648
Expected return (new business)	41	128	41	24	-	234
Release of profits (new business)	(65)	(562)	(419)	(171)	-	(1,217)
Experience variances	1,080	2,273	239	244	-	3,836
Methodology changes	(2,586)	(3,465)	(1,402)	891	-	(6,562)
Other	-	37	(709)	(447)	-	(1,119)
Value of in-force business at 30 June 2021	22,081	26,594	7,768	5,967	-	62,410
Shareholders' funds per Balance Sheet	1,694	28,874	7,515	4,640	3,696	46,419
Adjustment to shareholders' funds	-	(20,675)	(2,760)	(7,715)	(3,034)	(34,184)
Embedded value at 30 June 2021	23,775	34,793	12,523	2,892	662	74,645

EV RECONCILIATION TO INCOME STATEMENT

for the full year ended 30 June 2021

R million	Embedded Value Earnings	Value of In-Force	Cost of required Capital	Impact on Income Statement	Adjustment to Shareholders Funds	Statement of Changes in Equity
Total profit from new business	1,891	6,693	(262)	(4,540)	-	-
- Health and Vitality	765	1,107	(24)	(318)	-	-
- Life	743	2,735	(82)	(1,910)	-	-
- VitalityHealth	82	1,079	(61)	(936)	-	-
- VitalityLife	301	1,772	(95)	(1,376)	-	-
Profit from existing business						
* Expected return	6,421	1,356	107	4,958	-	-
- Health and Vitality	3,157	600	2	2,555	-	-
<i>Expected transfer from VIF to net worth</i>	-	(2,555)	-	2,555	-	-
<i>Unwinding of the risk discount rate</i>	3,157	3,155	2	-	-	-
- Life	2,753	2,468	120	165	-	-
<i>Expected transfer from VIF to net worth</i>	-	(165)	-	165	-	-
<i>Unwinding of the risk discount rate</i>	2,753	2,633	120	-	-	-
- VitalityHealth	376	(1,019)	59	1,336	-	-
<i>Expected transfer from VIF to net worth</i>	-	(1,336)	-	1,336	-	-
<i>Unwinding of the risk discount rate</i>	376	317	59	-	-	-
- VitalityLife	135	(693)	(74)	902	-	-
<i>Expected transfer from VIF to net worth</i>	-	(902)	-	902	-	-
<i>Unwinding of the risk discount rate</i>	135	209	(74)	-	-	-
* Change in methodology and assumptions	(5,556)	(7,738)	1,176	1,006	-	-
- Health and Vitality	(2,586)	(2,618)	32	-	-	-
- Life	(1,455)	(3,504)	39	2,010	-	-
- VitalityHealth	(1,402)	(1,415)	13	-	-	-
- VitalityLife	(113)	(201)	1,092	(1,004)	-	-
* Experience variances	4,917	3,979	(143)	1,081	-	-
- Health and Vitality	1,500	1,093	(13)	420	-	-
- Life	1,340	2,288	(15)	(933)	-	-
- VitalityHealth	1,496	257	(18)	1,257	-	-
- VitalityLife	581	341	(97)	337	-	-
Increase in goodwill and intangibles	(336)	-	-	-	(336)	-
Other initiatives	(288)	36	-	(324)	-	-
Non-recurring expenses	(85)	-	-	(85)	-	-
Acquisition costs	(40)	1	-	(41)	-	-
Finance costs	(2,104)	-	-	(2,104)	-	-
Other	(8)	-	-	-	(8)	-
Foreign Exchange Rate Movements	(2,316)	(1,457)	301	422	321	(1,903)
Intangibles	284	-	-	-	284	-
DAC	37	-	-	-	37	-
Puttable NCI Liability	-	-	-	-	-	-
Other	(2,637)	(1,457)	301	422	-	(1,903)
Return on shareholders' funds	795	-	-	780	-	15
Unrealised gain on investments and realised gain on investments transferred to income statement	602	-	-	587	-	15
Health and Vitality investment income	56	-	-	56	-	-
Life investment income	113	-	-	113	-	-
VitalityHealth investment income	24	-	-	24	-	-
VitalityLife investment income	-	-	-	-	-	-
Amortisation of Intangibles	(14)	-	-	(394)	380	-
Amortisation of intangibles from business combinations	(14)	-	-	(54)	40	-
Amortisation of systems intangibles	-	-	-	(340)	340	-
VitalityHealth and VitalityLife DAC and unemployment reserve	-	-	-	(38)	38	-
Reversal of 1 Discovery Place IAS 17 financial lease accounting	-	-	-	(228)	228	-
Life assets under insurance contracts	-	-	-	2,111	(2,111)	-
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts	-	-	-	1,383	(1,383)	-
VitalityHealth FinRe	-	-	-	(725)	725	-
Equity settled share based payment provision adjustment	-	-	-	(42)	42	-
Embedded value earnings	3,277	2,870	1,179	3,220	(2,104)	(1,888)
Adjustment to Shareholders' Funds:						
Change in:						
DAC	69					
Intangibles & Goodwill	326					
Life negative reserve	(2,111)					
VitalityLife negative reserve	(1,383)					
VitalityLife FinRe liability	725					
1 DP IAS 17 financial lease accounting	228					
Equity settled share based payment provision adjustment	42					

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



R million	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
1. Assets under insurance contracts										
Discovery Life positive liabilities not netted off with negative liabilities:	1,263	1,184	1,175	1,205	1,233	1,163	4,636	3,983	3,642	3,231
Discovery Life long term reserves in respect of policies with net negative liabilities:	(32,948)	(31,927)	(29,994)	(32,984)	(31,296)	(29,786)	(31,713)	(29,448)	(27,650)	(25,629)
Unit reserves	-	-	-	-	-	-	-	-	-	-
VitalityLife net long term reserve	(8,557)	(7,898)	(8,180)	(9,473)	(9,352)	(9,398)	(9,124)	(8,238)	(8,530)	(8,420)
Total Assets under insurance contracts:	(40,242)	(38,641)	(36,999)	(41,252)	(39,415)	(38,020)	(36,201)	(33,703)	(32,538)	(30,818)
2. Negative liabilities not included under assets under insurance contracts										
Negative reserve in respect of Invest business	(5,989)	(5,704)	(5,494)	(5,175)	(4,829)	(4,404)	(4,059)	(3,709)	(3,428)	(3,170)
DAC and DRL in respect of Invest business	(650)	(619)	(601)	(568)	(544)	(519)	(503)	(480)	(464)	(438)
	(6,639)	(6,323)	(6,095)	(5,743)	(5,373)	(4,923)	(4,562)	(4,189)	(3,892)	(3,608)
3. Components to be zeroised based on the Method of Distributable Cashflows:										
Discovery Life long term reserves in respect of policies with net negative liabilities:	(32,948)	(31,927)	(29,994)	(32,984)	(31,295)	(29,786)	(31,713)	(29,448)	(27,650)	(25,629)
Negative reserve in respect of Invest business	(5,989)	(5,704)	(5,494)	(5,175)	(4,829)	(4,404)	(4,059)	(3,709)	(3,428)	(3,170)
DAC and DRL in respect of Invest business	(650)	(619)	(601)	(568)	(544)	(519)	(503)	(480)	(464)	(438)
Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings	8,086	8,238	7,973	8,679	8,218	7,686	7,154	6,768	6,349	5,953
Liabilities off set against Negative reserve before zeroisation*	10,825	10,227	9,552	7,693	7,686	7,610	7,642	7,015	6,839	6,026
	(20,675)	(19,785)	(18,564)	(22,355)	(20,764)	(19,412)	(21,479)	(19,854)	(18,354)	(17,258)
*includes Group Life URR which is projected in the Value in Force										
4. Other adjustments to published Shareholders' funds										
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts	(7,703)	(6,427)	(6,320)	(6,231)	(5,812)	(5,812)	(4,834)	(3,891)	(3,620)	(3,176)
VitalityHealth FinRe Asset	(2,353)	(3,005)	(3,078)	(2,600)	(2,315)	(2,315)	(1,898)	(1,568)	(1,440)	(1,279)
VitalityHealth and VitalityHealth Insurance Limited deferred acquisition costs (net of deferred tax)	(407)	(439)	(467)	(365)	(382)	(382)	(331)	(254)	(252)	(233)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	(12)	(16)	(21)	(19)	(19)	(19)	(27)	(26)	(27)	(32)
Goodwill	(2,442)	(2,487)	(2,653)	(2,289)	(2,225)	(2,225)	(2,247)	(2,060)	(2,107)	(2,093)
Intangible assets (net of deferred tax) relating to the acquisition of Standard Life Healthcare and the Prudential joint venture	(830)	(867)	(945)	(964)	(800)	(800)	(874)	(839)	(979)	(965)
Net preference share capital	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)	(779)
Reversal of 1 Discovery Place IAS 17 financial lease accounting	975	871	747	625	406	406	208	75	-	-
Equity settled share based payment provision adjustment	42	(62)	-	-	-	-	-	-	-	-
Adjustment to Shareholders' funds from published basis	(34,184)	(32,996)	(32,080)	(34,977)	(32,690)	(31,338)	(32,261)	(29,196)	(27,558)	(25,815)

RECON OF ASSETS UNDER INSURANCE CONTRACTS

R million	FY June 2021	HY December 2020	FY June 2020	HY December 2019	FY June 2019	HY December 2018	FY June 2018	HY December 2017	FY June 2017	HY December 2016
Balance at the beginning of the year	36,972	36,999	39,408	39,408	36,201	36,201	32,538	32,538	30,589	30,589
Movement for the year:	-	-	-	-	-	-	-	-	-	-
Expected Movement in Policyholder Liabilities	(2,180)	(1,352)	(3,275)	(1,286)	(2,945)	(1,440)	(3,280)	(1,650)	(2,917)	(1,580)
Unwinding of Discount Rate	2,711	1,384	2,792	1,040	2,003	1,012	2,425	1,187	2,091	1,044
New Business Written	3,606	1,989	3,862	2,430	4,747	2,347	3,984	1,986	3,843	2,145
Experience Variances	1,433	871	(436)	(1,799)	(812)	(481)	(546)	(466)	(588)	(508)
Economic	115	181	(129)	(103)	(133)	21	(255)	(36)	91	33
Operational	1,317	690	(307)	(75)	(679)	(502)	(291)	(430)	(678)	(542)
Modeling and method changes	(346)	(74)	(111)	1	1,420	(58)	(155)	(155)	14	175
Benefit changes	-	-	-	-	2,066	-	(31)	(44)	-	-
Changes in assumptions	(1,358)	(903)	(8,174)	(958)	(2,639)	(432)	(6)	403	137	262
Economic	789	(547)	(5,478)	(751)	(679)	(483)	2,750	68	(138)	(36)
Operational	(2,148)	(356)	(2,696)	(207)	(1,960)	51	(2,756)	335	275	298
Changes in margins *	106	254	1,366	528	(529)	784	704	88	717	99
Exchange rate difference	(702)	(527)	1,566	268	(96)	87	568	(184)	(1,347)	(1,408)
Balance at the end of the year***	40,242	38,641	36,999	41,252	39,415	38,020	36,201	33,703	32,538	30,818

* In line with accounting policy, the best estimate and margins are reset at every valuation date to reflect the underlying profitability of the overall portfolio
** Note that this comparative has been restated relative to the disclosure made at December 2018 to update allocations between operational experience variances, economic assumption changes and changes in margins
*** This balance excludes assets under insurance contracts held in VitalityInvest

Assets under insurance contracts	50,385	49,688	48,042	51,508	48,788	46,284	43,624	39,686	37,690	34,897
Recovery from reinsurers	(10,143)	(11,047)	(11,043)	(10,255)	(9,373)	(8,263)	(7,423)	(5,984)	(5,152)	(4,079)
Balance at the end of the year***	40,242	38,641	36,999	41,252	39,415	38,020	36,201	33,703	32,538	30,818

BREAKDOWN BETWEEN DISCOVERY LIFE AND VITALITYLIFE

R million	FY June 2021		
	Discovery Life	VitalityLife	Total
Balance at the beginning of the year	28,819	8,153	36,972
Movement for the year:	-	-	-
Expected Movement in Policyholder Liabilities	(484)	(1,696)	(2,180)
Unwinding of Discount Rate	2,626	85	2,711
New Business Written	2,074	1,533	3,606
Experience Variances	1,080	352	1,433
Economic	115	-	115
Operational	965	352	1,317
Modeling and method changes	31	(377)	(346)
Benefit changes	-	-	-
Changes in assumptions	(2,567)	1,209	(1,358)
Economic	(411)	1,201	789
Operational	(2,156)	8	(2,148)
Changes in margins	106	-	106
Exchange rate difference	-	(702)	(702)
Balance at the end of the year	31,685	8,557	40,242

BREAKDOWN OF INVEST ASSETS UNDER ADMINISTRATION

R million	Total
June 2013	30,153
December 2013	36,026
June 2014	41,822
December 2014	45,619
June 2015	50,473
December 2015	56,195
June 2016	60,953
December 2016	63,985
June 2017	69,547
December 2017	77,844
June 2018	81,789
December 2018	83,060
June 2019	91,597
December 2019	96,706
June 2020	99,050
December 2020	107,189
June 2021	116,575

VIF, APE AND VNB SPLIT BETWEEN LIFE AND INVEST

R million	June 2021	December 2020	June 2020	December 2019	June 2019	December 2018	June 2018	December 2017	June 2017	December 2016
VIF**										
Life	18,324	17,256	16,041	20,192	19,124	18,242	19,810	19,484	18,065	17,313
Invest	8,270	7,275	6,467	7,391	6,976	6,502	7,348	7,032	6,258	5,794
APE***										
Life	868	445	835	477	939	506	933	488	985	462
Invest	2,079	960	2,051	979	1,959	1,041	1,840	894	1,856	974
VNB**										
Life	411	291	421	409	923	480	911	496	885	434
Invest	332	138	165	117	237	147	391	183	346	218

*Discovery Retirement Optimiser (DRO) product moved from Life to Invest in line with disclosures for December 2016 and later periods.

** These VIF and VNB numbers are *after* allowing for the Cost of required Capital

***APE is the Annual Premium Income (or Annual Premium Equivalent in the case of Single Premium Investment business) in relation to New Business only, and excludes any addition to Existing Business premiums arising from servicing increases and ACIs.

RECONCILIATION TO THE REQUIRED CAPITAL

for the full year ended 30 June 2021

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Total
Opening - 30 June 2020	935	18,544	2,963	7,490	29,932
- Methodology and Basis Changes	-	3,267	-	-	3,267
- Expected release on in-force at start of period	(33)	(946)	(281)	(387)	(1,647)
- Impact of new business written	53	1,194	345	815	2,407
- Other changes	18	-	62	(506)	(426)
- Exchange rate movements	-	-	(242)	(592)	(834)
Change in Required Capital	38	3,515	(116)	(670)	2,767
Closing - 30 June 2021	973	22,059	2,847	6,820	32,699

Group Shareholder Free Cash Movement

R millions	FY2021	HY2021	FY2020	FY2019	FY2018	FY2017
Cash Generated from in-Force Before Financing and Tax	9,976	5,826	15,370	15,019	10,612	7,623
Tax Paid	(1,717)	(997)	(1,289)	(1,157)	(1,228)	(745)
Finance Cost Paid	(866)	(460)	(1,142)	(1,219)	(759)	(437)
Dividends Paid	(63)	(35)	(1,498)	(1,480)	(1,367)	(1,235)
New Business	(7,856)	(3,910)	(8,006)	(8,096)	(7,822)	(7,071)
New Initiatives	(1,762)	(921)	(2,565)	(3,972)	(1,996)	(1,471)
Share Issue (Net of Share Issue Costs)	-	2	-	1,834	-	-
Transactions with Reinsurers	206	74	(90)	298	1,107	420
Transactions with Borrowers (Excl. Finance Costs)	823	793	3,014	471	1,976	3,148
Movement in Shareholder Free Cash	(1,259)	372	3,794	1,698	522	231

Group Shareholder Free Cash Movement - Reconciliation to Profit for the Period

R millions	FY2021	HY2021	FY2020	FY2019	FY2018	FY2017
Profit for the period	3,220	1,875	176	6,614	5,735	4,495
Reverse non-cash profit items:						
Share of net profits/(losses) from equity accounted investments	(374)	(155)	(253)	(170)	(115)	(26)
Gains from dilution of equity accounted investments	(554)	-	(3)	(844)	-	-
Depreciation and amortisation	1,851	920	1,753	1,434	940	699
Impairment of intangible assets	78	11	227	32	200	-
Deferred acquisition costs (Excl. Invest DAC and exchange rate movements)	2	(16)	(3)	(72)	(61)	(2)
Movement in contract assets	142	74	119	-	-	-
Deferred Revenue (Excl. exchange rate movements)	22	(65)	313	108	32	-
Amortisation of intangibles from business combinations	66	35	76	99	123	171
Non cash impact of Vitality Health Financial Reinsurance	505	(127)	(292)	(444)	(352)	(383)
Vitality Health Financial Reinsurance Recapture	471	242	-	-	-	(858)
UK Life IFRS reporting adjustments - Tax Accrued	-	-	-	64	(27)	(103)
Non-cash forex gains / losses	204	-	-	-	-	-
Other non-cash adjustments to profit	11	(130)	(76)	159	42	(145)
Adjustments from IFRS to EV ANW:						
Tangible Asset Release on Transition to SAM	-	-	-	3,484	-	-
Gain from Asset-Liability optimisation	-	-	1,843	-	-	-
Increase in Negative Reserves and Invest DAC (Net of tax)	(3,494)	(1,316)	(151)	(3,747)	(4,339)	(3,116)
Add back deferred tax on Increase in Negative Reserve	(113)	(265)	245	(1,063)	(805)	(935)
Exchange rate movements on Vitality Life Negative Reserves	(599)	(426)	1,071	(67)	286	(653)
Other adjustments to arrive at EV ANW	(161)	244	114	(146)	113	47
Incurred to Cash basis:						
- Rent Paid	(348)	(164)	(313)	(286)	(128)	-
- Finance Costs Paid	(1,197)	(606)	(1,406)	(1,003)	(759)	(437)
- Finance Costs Accrued	1,648	828	1,569	1,375	959	478
- Taxation paid	(1,717)	(997)	(1,289)	(1,157)	(1,228)	(745)
- Taxation Accrued	426	728	624	1,305	1,720	1,943
Investing Activities:						
Purchase of property and equipment	(277)	(136)	(289)	(510)	(470)	(239)
Proceeds from disposal of property and equipment	21	2	2	95	7	5
Purchase of intangible assets	(1,588)	(771)	(1,725)	(1,999)	(1,940)	(1,353)
Proceeds from disposal of intangible assets	-	-	-	22	-	7
Increase in investment in associate	(240)	(149)	(53)	(224)	(20)	(530)
Card and Bank Buy-out Payment	-	2	-	(1,853)	-	-
Cash proceeds from CMT transaction	-	-	-	402	-	-
Acquisition of business net of cash required	(25)	(25)	-	(734)	-	-
Financing Activities:						
Increase in borrowings	1,841	918	10,339	2,147	2,654	3,514
Elimination of borrowings not allocated to shareholder cash	1,000	-	(1,000)	-	-	-
Repayment of borrowings	(2,017)	(126)	(6,326)	(1,676)	(678)	(366)
Share Issue (Net of Share Issue Costs)	-	2	-	1,834	-	-
Dividends paid to ordinary shareholders	-	-	(1,417)	(1,400)	(1,284)	(1,152)
Dividends paid to preference shareholders	(63)	(35)	(81)	(81)	(83)	(83)
Movement in Shareholder Free Cash	(1,259)	372	3,794	1,698	522	231

Notes

(1) "Movement in Shareholder Free Cash" is an estimate of shareholder free cashflow. Life and Invest and VitalityLife are included based on the change in the Adjusted Net Worth in the Embedded Value. Changes in working capital are not allowed for in the estimate.

Segmental information
for the year ended 30 June 2021

R million	SA Health	SA Life	SA Invest	SA Insure ²	SA Vitality	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments ³	IFRS total
Income statement												
Insurance premium revenue	294	13,711	14,824	4,091	-	-	11,075	6,466	6,351	56,812	(877)	55,935
Reinsurance premiums	1	(3,262)	-	(66)	-	-	(1,839)	(3,354)	(86)	(8,506)	877	(7,729)
Accelerated reinsurance premiums	-	-	-	-	-	-	(823)	-	-	-	-	(823)
Net insurance premium revenue	295	10,449	14,824	4,025	-	-	8,413	3,112	6,351	47,383	-	47,383
Fee income from administration businesses	-	-	-	16	-	2	28	-	1,724	11,711	(11)	11,700
Net banking fee and commission income	7,540	-	2,401	-	-	-	-	-	16	480	-	480
Banking fee and commission income	-	-	-	-	-	633	-	-	-	633	-	633
Banking fee and commission expense	-	-	-	-	-	(169)	-	-	16	(153)	-	(153)
Vitality income	-	-	-	-	2,295	21	240	230	554	3,340	-	3,340
Other income	968	3	-	-	-	312	60	-	10	1,353	19	1,372
Receipts arising from reinsurance contracts	-	500	-	-	-	-	-	-	-	500	-	500
Investment income earned on assets backing policyholder liabilities	-	10	-	111	-	-	-	9	9	139	(139)	-
Net bank interest and similar income	-	-	-	-	-	214	-	-	-	214	27	241
Bank interest and similar income using the effective interest rate	-	-	-	-	-	627	-	-	-	627	-	627
Bank interest and similar expense using the effective interest rate	-	-	-	-	-	(413)	-	-	-	(413)	27	(386)
Finance charge on negative reserve funding	-	-	-	-	-	-	-	769	-	769	(769)	-
Inter-segment funding ¹	-	(714)	714	-	-	-	-	-	-	-	-	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	6	637	9,172	14	-	83	29	(792)	1,358	10,507	1,384	11,891
Net income	8,809	10,885	27,111	4,166	2,295	1,096	8,770	3,328	10,022	76,396	511	76,907
Net claims and policyholders' benefits	(129)	(8,113)	(12,252)	(2,270)	-	-	(3,894)	(837)	(683)	(28,178)	-	(28,178)
Claims and policyholders' benefits	(129)	(11,949)	(12,252)	(2,269)	-	-	(5,219)	(1,962)	(761)	(34,541)	569	(33,972)
Insurance claims recovered from reinsurers	-	3,836	-	(1)	-	-	1,325	1,125	78	6,363	(569)	5,794
Acquisition costs	(40)	(1,540)	(1,056)	(599)	(61)	-	(942)	(1,719)	174	(5,783)	750	(5,033)
Expected credit losses	-	-	-	-	-	(271)	-	-	-	(271)	-	(271)
Marketing and administration expenses	-	-	-	-	-	-	-	-	-	-	-	-
- depreciation and amortisation	(118)	(7)	(11)	(70)	(13)	(246)	(447)	(57)	(669)	(1,638)	(210)	(1,848)
- derecognition of intangible assets and property and equipment	(26)	-	-	(6)	-	-	-	-	(18)	(50)	-	(50)
- impairment of intangible assets and property and equipment	(15)	-	-	-	(1)	-	(5)	-	(40)	(61)	-	(61)
- other expenses	(5,058)	(2,027)	(1,031)	(937)	(2,177)	(1,673)	(3,297)	(1,831)	(2,598)	(20,629)	(91)	(20,720)
Recovery of expenses from reinsurers	-	-	-	-	-	-	912	1,861	-	2,773	-	2,773
Net transfer to/from assets and liabilities under insurance contracts	-	-	-	-	-	-	-	-	-	-	-	-
- change in assets arising from insurance contracts	-	3,433	-	-	-	-	-	(6,143)	76	(2,634)	3,179	545
- change in assets arising from reinsurance contracts	-	33	-	-	-	-	13	10	-	56	-	56
- change in liabilities arising from insurance contracts	-	(206)	(11,054)	(47)	-	-	(155)	(17)	(6,436)	(17,915)	(26)	(17,941)
- change in liabilities arising from reinsurance contracts	-	(1,115)	-	-	-	-	-	6,049	-	4,934	(3,179)	1,755
Fair value adjustment to liabilities under investment contracts	-	(2)	(623)	-	-	-	-	-	(255)	(880)	(2,754)	(3,634)
Share of net profits from equity-accounted investments	-	-	-	13	-	-	(2)	-	512	523	-	523
Impairment of equity accounted investment	-	-	-	-	-	-	-	-	(149)	(149)	-	(149)
Normalised profit/(loss) from operations	3,423	1,341	1,084	250	43	(1,094)	953	644	(150)	6,494	(1,820)	4,674
Economic assumptions adjustments net of discretionary margins and interest rate derivative	-	(411)	-	-	-	-	-	(108)	-	(519)	-	(519)
Economic assumptions adjustments net of discretionary margins	-	(411)	-	-	-	-	-	1,201	-	790	-	790
Fair value losses on VitalityLife interest rate derivative	-	-	-	-	-	-	-	(1,309)	-	(1,309)	-	(1,309)
Investment income earned on shareholder investments and cash	39	14	40	-	39	-	-	10	823	965	(685)	280
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	138	(28)	-	-	-	-	139	(471)	(222)	-	(222)
Restructuring costs	-	-	-	-	-	-	-	(33)	-	(33)	-	(33)
Gains from dilution of equity accounted investments	-	-	-	537	-	-	-	-	17	554	-	554
Initial expenses related to Prudential Book transfer	-	-	-	-	-	-	-	(187)	-	(187)	187	-
Transaction costs related to VitalityLife interest rate derivatives	-	-	-	-	-	-	-	(4)	-	(4)	4	-
Covid-19 vaccination programme	-	-	-	-	-	-	-	-	(42)	(42)	42	-
Amortisation of intangibles from business combinations	-	-	-	-	-	-	-	-	(66)	(66)	-	(66)
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-	-	-	-	-	-	(228)	(228)	228	-
Finance costs	(1)	(26)	-	-	-	-	(7)	(65)	(1,192)	(1,291)	(357)	(1,648)
Intercompany finance costs	(268)	-	-	-	-	-	(6)	(236)	(315)	(825)	-	(825)
Foreign exchange (losses)/gains	(6)	3	(25)	-	-	-	-	-	(361)	(389)	-	(389)
Profit before tax	3,187	1,059	1,071	787	82	(1,094)	940	160	(1,985)	4,207	(12)	4,195
Income tax expense	(894)	(364)	(331)	(207)	(24)	334	(149)	363	285	(987)	12	(975)
Profit for the year	2,293	695	740	580	58	(760)	791	523	(1,700)	3,220	-	3,220

¹ The inter-segment funding of R714 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.

² This segment relates to SA Insure - Personal lines.

³ The segment information is presented on the same basis as reported to the Chief Executive Officers of the reportable segments. The segment total is then adjusted for accounting reclassifications and entries required to produce IFRS compliant results. These adjustments include the following:

- The VitalityLife results, for business written on the Prudential Assurance Company license, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4.
- The Discovery Unit Trusts (DUT) are consolidated into Discovery's results for IFRS purposes. The IFRS reporting adjustments include the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.
- The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments.

Reconciliation of operating profit to normalised operating profit for the year ended 30 June 2021

	Group year ended June 2021	Group year ended June 2020	% change
R million	Audited	Audited	
Operating profit per income statement	5,304	1,532	246%
Add back investment income	(280)	(379)	
Add back amortisation of intangibles from business combinations	66	76	
Add share of profits from equity accounted investments	523	264	
Add back economic assumption adjustments net of discretionary margins	(790)	5,708	
Add back impairment or equity-accounted investments	(149)	-	
Normalised profit from operations per segmental (IFRS total)	4,674	7,201	
VitalityLife reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4	(125)	(403)	
Normalised profit adjustments	1 945	(729)	
Unrealised losses on Part VII hedges	304	263	
Unrealised losses/(gains) on shareholder investments (IFRS 9)	55	(638)	
Investment income earned on assets backing policyholder liabilities	139	172	
Deferred tax on IPF	137	126	
Difference between market related rental and depreciation	(138)	(103)	
Initial expenses related to Prudential Book transfer	187	71	
VitalityLife interest rate derivatives (swap and swaption)	1 170	(778)	
Transaction costs related to VitalityLife interest rate derivatives	4	45	
VitalityLife restructuring costs	33	100	
Vaccination programme	42	-	
Other	12	13	
Normalised profit from operations	6,494	6,069	7%