



Discovery

**REVIEWED
ANNUAL
FINANCIAL
RESULTS**

and cash dividend declaration
for the year ended 30 June 2024



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Registration number 1999/007789/06

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RESULTS COMMENTARY

Discovery Group achieved strong growth in the year ended 30 June 2024, with normalised operating profit up 17% to R11 604 million, headline earnings up 7% to R7 202 million, normalised headline earnings up 15% to R7 329 million, and core new business annualised premium income (API) up 18% to R26 667 million.

Group overview and salient group results

The year under review was characterised by continued macroeconomic complexities. Global inflation rates declined from the prior year highs, but cumulative interest rate increases heightened consumer pressures in many regions, constraining economic growth. The uncertainty around elections in South Africa (SA) created further economic headwinds during the year. A positive election outcome towards the end of the reporting period, following the formation of the Government of National Unity (GNU), resulted in a significant shift in confidence, with some immediate relief in market indicators. The National Health Insurance (NHI) Act, which was signed over the period, is not workable in its current form; however, the Group is engaging at multiple levels to facilitate a viable journey to universal healthcare coverage in SA. In the United Kingdom (UK), fiscal challenges and the knock-on impact on the National Health Service (NHS) backlogs, accelerated the demand for, and utilisation of, private medical insurance (PMI). Many markets in Asia experienced post-COVID-19 recoveries; however, China continued to face significant macroeconomic and growth constraints.

SALIENT GROUP RESULTS

for the year ended 30 June 2024

	Unit	June 2024	June 2023	% Change
Normalised profit from operations ¹	R million	11 604	9 917	17%
Normalised headline earnings ¹	R million	7 329	6 400	15%
Headline earnings ¹	R million	7 202	6 720	7%
Basic earnings per share ¹	Cents	1 082.7	972.6	11%
Basic headline earnings per share ¹	Cents	1 089.4	1 021.5	7%
Basic normalised headline earnings per share ¹	Cents	1 108.6	972.8	14%
Net asset value ¹	R million	57 719	49 724	16%
Embedded value	R million	110 354	98 176	12%
Annualised ROEV	%	13.2	13.2	
Basic embedded value per share	R	166.95	149.11	12%
Financial leverage ratio, including 50% CSM (FLR) ^{1,4}	%	20.0	20.4	
Shareholder free cash increase, before ordinary dividend	R million	2 643	397	>100%
Final dividend per share	Cents	152.0	110.0	38%
Total income from non-insurance lines ²	R million	6 191	5 349	16%
Core new business annualised premium income ³	R million	26 667	22 622	18%

¹ Includes restatements as a result of the adoption of IFRS 17 Insurance Contracts.

² Restated to include solutions revenue from external clients for Vitality Network.

³ Core new business API excludes products of VitalityInvest, Discovery Business Insurance and PAHI reinsurance business in run down (refer Annexure A).

⁴ Allowing for the inclusion of 50% of the contractual service margin (CSM) net of reinsurance and net of tax in the denominator.

The Group focused on the following over the year:

1. Delivering strong growth in earnings, value, cash generation and capital resilience;
2. Entering a new phase in the lifecycle of the Group; and
3. Arranging the Group into two distinct composites to drive the new phase of growth.



RESULTS COMMENTARY *continued*

1. Delivering strong growth in earnings, value, cash generation and capital resilience

The IFRS 17 Insurance Contracts accounting standard became effective for the Discovery Group on 1 July 2023. Full-year earnings have been reported under the standard for the first time, with a comparative restatement of the prior year, and a restatement of the opening Statement of financial position as at 1 July 2022. The details of these restatements are covered in Section D.

The Group grew normalised profit from operations by 17% with strong contributions from Discovery SA and Vitality Global (VG), increasing 16% and 57% respectively. Vitality UK declined 14%, impacted by two specific issues: claims experience in VitalityHealth and a basis strengthening for the back book under VitalityLife.

Normalised headline earnings grew 15% while headline earnings increased 7%, the difference explained by the considerable prior period fair value gain from the UK interest rate swaption. The swaption was realised towards the end of the prior financial year, with no profit impact in the current period. Consistent with prior reporting, headline earnings were normalised for this.

The Group's embedded value increased to R110 billion, which represents a 13.2% return on embedded value (RoEV). This included a positive contribution from experience variances over the period, reflecting the competitive dynamics of the Shared-value Insurance model, as well as a strong improvement from non-covered businesses.

The Group demonstrated continued financial resilience over the year. The financial leverage ratio (FLR) improved to 20.0%, despite prudently raising R1.5 billion of debt, ahead of the election in SA, to derisk the refinancing of a maturity towards the end of the current calendar year. Capital and liquidity ratios remained strong across every business, and central liquidity increased, even before the additional debt. This was driven by improved organic cash generation, with cash conversion now at 66% of after-tax normalised operating profit (64% in the prior period), and lower spend on new initiatives. Ping An Health Insurance (PAHI) achieved a key milestone over the period, paying its maiden shareholder dividend, with a payout ratio of 30% of 2023 calendar year distributable profits. Discovery's share, after withholding tax, was R255 million.

BUSINESS-UNIT PERFORMANCE

	Normalised profit from operations (Current year, in ZAR million)	% change (Current year vs prior year)	New business API (Current year, in ZAR million)	% change (Current year vs prior year)
Discovery Health	3 972	7%	11 069	26%
Discovery Life	4 765	9%	2 942	4%
Discovery Invest	1 522	20%	3 300	8%
Discovery Insure ¹	248	>100%	1 388	11%
Discovery Bank	(454)	41% lower		
Other SA initiatives and central costs	(336)	20%	1 038	38%
Discovery SA	9 717	16%	19 737	19%
VitalityHealth	435	(47%)	2 488	21%
VitalityLife	375	(20%)	1 956	14%
Closure costs of VitalityInvest and VitalityCar	(75)	84% lower		
Other UK initiatives and central costs	(88)	10%		
Vitality UK	647	(14%)	4 444	17%
Vitality Network	533	30%		
VHI – Ping An Health Insurance (PAHI)	1 124	85%	2 486	14%
VHI – Other	(386)	98%		
Other VG initiatives and central costs	(31)	11% lower		
Vitality Global	1 240	57%	2 486	14%
Normalised profit from operations	11 604	17%		
Normalised headline earnings	7 329	15%		
Core new business API			26 667	18%

¹ Includes Discovery Insure's share of equity accounted profits of its associates.

DISCOVERY BANK

	Unit	June 2024	June 2023	% Change
Net non-interest revenue (NIR)	R million	1 367	943	45%
Net interest income (NII)	R million	779	574	36%
Operating loss before new business acquisition costs	R million	52	479	(89%)
Normalised loss from operations	R million	454	767	(41%)
Retail deposits	R billion	18.5	14.3	29%
Advances	R billion	6.6	5.2	27%
Average interest-earning assets (IEA)	R billion	19.5	15.0	30%
Credit Loss Ratio ¹ (CLR)	%	2.78%	2.70%	3%
Number of accounts	Number	2 271 703	1 625 912	40%
Number of clients	Number	958 055	702 131	36%

¹ CLR calculated as the expected credit loss (ECL) charge on the year-end advances balance.

Discovery Bank (DB) improved its operating loss before new business acquisition costs by 89%, and the overall loss was 41% better than the prior year. DB's total client base grew 36% to June 2024, and it achieved its ambition of one million clients post the year-end, well ahead of its "by 2026" target.

DB remained focused on high-quality growth and customer primacy, given challenging macroeconomic conditions, with deposits growing 29%. Advances grew steadily by 27%, and NII grew by 36%, as average interest-earning assets increased 30% and the net interest margin increased by 7%. DB expanded its lending suite by launching a Revolving Credit Facility in December 2023, as well as home loans in May 2024, both of which have seen pleasing initial take-up.

Non-interest revenue continued to grow steadily by 45% year-on-year, driven by the growth in clients, product take-up and the resulting fee income per client. In line with DB's growth trajectory, client engagement levels grew, with a 44% increase in payment volumes and a 33% increase in spend values in June 2024 compared to the prior year.

DISCOVERY HEALTH

	Unit	June 2024	June 2023	% Change
Normalised profit from operations	R million	3 972	3 698	7%
New business API	R million	11 069	8 761	26%
Revenue ¹	R million	10 841	9 967	9%
Non-scheme and other revenue % of total revenue ¹	%	14.8%	14.1%	5%
Lives under administration	Million	3.92	3.83	2%

¹ Prior year DH revenue has been reduced by R292 million, with a commensurate adjustment to expenses.

Discovery Health (DH) increased operating profit by 7% while continuing to invest in technology, innovation and artificial intelligence (AI). The successful take-on of Sasolmed medical scheme administration significantly increased new business API, 75 000 lives. In addition to the Discovery Health Medical Scheme (DHMS), DH administers 18 closed medical schemes, all of which performed strongly. The growth of non-medical scheme products continued, with total non-scheme and other revenue now representing 15% of total DH revenue, highlighting the growth opportunity through adjacencies.

DHMS remained resilient despite a relatively flat open medical scheme market and challenging macroeconomic environment. DHMS maintained its market share of 57.9% in the open scheme market and projected 2024 solvency remains strong at 30%, significantly higher than the 25% regulatory requirement.



RESULTS COMMENTARY *continued*

DISCOVERY LIFE

	Unit	June 2024	June 2023	% Change
Normalised profit from operations	R million	4 765	4 375	9%
New business API	R million	2 942	2 838	4%
Premium income	R million	17 892	16 620	8%
Solvency ratio ^{1,2}	%	183%	184%	
RoEV ¹	%	14%	8%	
VNB margin ¹	%	3.8%	2.5%	

¹ Including Discovery Invest.

² The June 2023 solvency ratio reflects the final position disclosed in the June 2023 annual regulatory return.

Discovery Life (DL) grew profits 9%, despite the elevated prior year group life result, as individual life grew 11%. Overall claims experience was better than expected, with elevated income disability claims in individual life being offset by favourable claims experience in group life.

Lapse and premium income experience remained favourable compared to expectation, but policy alterations were negatively impacted by consumer pressure. The embedded value (including Invest) delivered an annualised RoEV of 14%, with non-economic experience variances contributing positively overall, while economic assumptions were negatively impacted by higher real yields.

The actuarial basis was strengthened, taking into account the recent claims and policy alterations experience as well as planned management actions, which was significantly absorbed by the contractual service margin (CSM), net of the related Other Comprehensive Income (OCI). Expense estimates were updated to allow for the restructuring of the Corporate and Employee Benefits division.

The VNB margin for individual life increased significantly to 5% at June 2024, primarily due to efficient expense controls and improved business mix over the year. DL maintained its leading position in the affluent retail protection market with an increase in market share to 27%, and growth across all key retail distribution channels. The strong improvement in the individual life VNB was partially offset by the decline in group lives, as lower new business volumes further impacted the margin.

DL's resilience was demonstrated by its strong solvency and liquidity positions, with a solvency ratio of 183% and liquidity coverage significantly above 100% of required risk appetite buffers. DL cash generation (including Invest) increased to R2 260 million (prior year R1 960 million), before a R494 million net repayment of FinRe (prior year R165 million increase in net FinRe), with the cash conversion ratio remaining in excess of 35%.

DISCOVERY INVEST

	Unit	June 2024	June 2023	% Change
Normalised profit from operations	R million	1 522	1 273	20%
Assets under administration	R billion	155	140	11%
Assets under management	R billion	105	95	11%
% linked assets in Discovery funds	%	80%	80%	
Net client cash flows	R billion	3.1	5.9	(47%)
New business API	R million	3 300	3 050	8%

Discovery Invest increased operating profit by 20%. Assets under management expanded 11%, and higher growth in superior margin offshore and structured products drove increased fee income. In addition, the earnings profile of guaranteed endowments was amended to provide a more even ongoing profit release profile over the duration of a policy, which was the main contributor to a one-off earnings rebase, amounting to R93 million during this period.

New business improved by 8%, from higher sales of recurring premium linked products as well as increased guaranteed endowments. Net client cash flows, while positive, declined following increased maturities and higher industry withdrawals from voluntary products and living annuities, given increased demand for fixed annuities to capitalise on higher market interest rates.

DISCOVERY INSURE

	Unit	June 2024	June 2023	% Change
Personal lines	R million	199	89	124%
Equity accounted profits/(losses)	R million	49	(16)	
Operating profit	R million	248	73	>100%
Operating margin Personal lines	%	3.5%	1.7%	
New business API Personal lines	R million	1 388	1 249	11%
Gross written premiums	R million	5 726	5 259	9%

Discovery Insure's (DI) personal lines business delivered strong profit growth, with a dramatic recovery in the second half of the year, following a first half that was significantly impacted by severe weather events. The dynamics for the business have improved significantly, following various initiatives in previous periods aimed at improving operating margins through reduced claims costs and operating expenses. The exit from commercial lines will facilitate continued focus on further margin enhancement in the personal lines business.

VITALITY HEALTH

	Unit	June 2024	June 2023	% Change
Normalised profit/(loss) from operations	GBP million	18.5	38.4	(52%)
	R million	435	823	(47%)
Earned premiums	GBP million	699	624	12%
	R million	16 470	13 364	23%
New business API	GBP million	106	96	10%
	R million	2 488	2 064	21%
Lives covered	Number	1 027 569	959 075	7%

VitalityHealth (VH) delivered strong new business growth, with membership increasing 7% to exceed one million lives. Growth was driven by increased demand for private medical insurance (PMI) given the backlogs experienced by the National Health Service (NHS). Operating profit declined 52% to £18.5 million (declined 47% to R435 million) as there was a concomitant increase in claims during the reporting period, which negatively impacted earnings by £30 million, given the lag of premium increases.

VH significantly increased prices in response to the higher claims, in line with the market, with little impact on observed lapse rates. Post the reporting period, claim levels are in line with actuarial expectation. As such, margins are expected to recover strongly in the 2025 financial year.

VITALITY LIFE

	Unit	June 2024	June 2023	% Change
Normalised profit/(loss) from operations	GBP million	15.9	21.8	(27%)
	R million	375	468	(20%)
Earned premium	GBP million	402	366	10%
	R million	9 464	7 835	21%
New business API	GBP million	83	80	4%
	R million	1 956	1 721	14%
Lives covered	Number	810 050	764 699	6%
VNB margin	%	(1.3%)	(1.0%)	

VitalityLife's (VL) normalised operating profit declined 27% to £15.9 million (declined 20% to R375 million). In light of continued lower lapses than expected for a block of whole-of-life business within the Prudential Assurance Company (PAC) book, VL strengthened the lapse basis, resulting in a negative impact on earnings of £12.5 million for the period. While VL has contractual service (CSM) and risk adjustment (RA) margins in excess of £400 million, these margins are not applicable to this particular cohort, resulting in the basis change directly impacting in-period earnings. This is not expected to recur.

VL's underlying business performance was robust, with a positive lapse rate and claims experience reflecting the continued engagement in Vitality – driving positive actuarial dynamics. Lives covered increased by 6%, while earned premiums increased by 10%, highlighting the strong retention performance and high indexation increases.

New business volumes grew modestly over the year in a contracting UK market. In the first half, the margin was impacted by the combination of low new business volumes and elevated inflation. However, VL implemented a deliberate price optimisation strategy in the second half of the year, focusing on the quality of the portfolio. This resulted in an improvement in business mix and volumes, and a step change in the value generated in the second half of the year.



RESULTS COMMENTARY *continued*

VITALITY GLOBAL



VITALITY NETWORK

	Unit	June 2024	June 2023	% Change
Revenue ¹	US\$ million	101	92	10%
	R million	1 894	1 632	16%
Normalised profit from operations	US\$ million	28.5	23.1	23%
	R million	533	411	30%
Integrated API by insurance partners	US\$ million	1 575	1 414	11%
	R million	29 673	25 165	18%
Number of lives	Million	5.25	4.47	17%

¹ Prior year has been restated by US\$22 million (R396 million) to include solutions revenue from external clients.

Vitality Network (VN) grew operating profit 23% to US\$28.5 million (30% to R533 million). Strong sales, membership, and revenue growth in Asia drove 10% growth in total revenues, tempered by continued US dollar strength relative to many Asian currencies, in particular relative to the yen. Total membership growth of 17% demonstrates the expanding global relevance of the Shared-value Insurance model.

The business is appropriately scaled for further growth and the capital investment into the V1 Platform has now peaked. This is expected to drive further margin expansion on the back of higher revenue growth.

VITALITY HEALTH INTERNATIONAL

	Unit	June 2024	June 2023	% Change
PAHI (25%), after Discovery's costs	R million	1 124	609	85%
PAHI (25%), after Discovery's costs	US\$ million	60.1	33.8	78%
Other VHI	US\$ million	(20.7)	(11.0)	88%
VHI profit from operations – total	US\$ million	39.4	22.8	73%
PAHI				
New business PAHI own licence (100%)	RMB million	3 842	3 428	12%
New business PAHI own licence (25%)	R million	2 486	2 185	14%
Written premium – own licence	RMB million	16 118	14 318	13%
Written premium – reinsurance	RMB million	6 527	5 314	23%
Total written premium (100%)	RMB million	22 645	19 632	15%
PAHI profit before income and gains (100%)	RMB million	1 470	881	67%
PAHI Investment income and gains (100%)	RMB million	621	456	36%
PAHI pre-tax profit (100%)	RMB million	2 092	1 337	56%

Vitality Health International (VHI) increased profit by 73% to US\$39.4 million in the year, driven predominantly by the Group's share of PAHI's after-tax operating profit, less Discovery's costs, increasing 78% to US\$60.1 million. PAHI's performance was driven by strong and improving operating margins, consistently superior premium income growth compared to the industry, some benefit from a lower tax rate in the first half, and the release of COVID-19 reserves in the second half.

PAHI maintained a robust balance sheet with a comprehensive solvency ratio of 320% and generated increased investment income through a more stable investment strategy. In June 2024, PAHI paid a dividend to shareholders for the first time, representing 30% of 2023 calendar year distributable profits, remaining strongly capitalised. Discovery's share after withholding tax was R255 million.

New business on the PAHI insurance licence increased by 12% (14% in ZAR), supported by a rise in new business through non-Ping An Life channels, and a market shift towards higher-end products. Total written premiums increased by 15%, aided by continued improvement in retention and 23% growth in reinsurance premiums.

VHI represents a key future potential growth area for the Group. The business has invested in developing technology and distribution to deliver a capability integrating wellness with disease management, by leveraging the Group's broader health and wellness assets. The focus in this year was particularly on Vitality USA, which has made good progress in building out its technology to facilitate its strategy for the health plan market. Amplify Health has made continued progress with five healthcare cost-saving products deployed in six Asia-Pacific markets.

2. Entering a new phase in the lifecycle of the Group

Discovery Group has been through a cycle of significant investment over the past eight years, with a focus on globalising its capabilities, footprint, and scale in the UK and beyond, as well as building new growth ventures, most notably Discovery Bank. This investment cycle focused on creating new avenues for long-term growth, notwithstanding a temporary impact on financial metrics, given the related j-curves and funding costs. The Group is now emerging from that phase into a new distinct phase, which marks the realisation of the Group's growth strategy.

Over the past two years, the Group has rigorously intensified its focus on scaling its emerging businesses and the initiatives that can meaningfully impact the Group, while closing those with marginal benefits. The Group has also ensured financial discipline by removing interest rate, currency and refinancing risks, and applied rigour to capital allocation and the utilisation of the emerging cash. Central liquidity has been increasing as cash generation for the established and emerging businesses has increased, the UK becoming financially independent, and new initiative spend decreasing.

In SA, DB continued to pass key milestones significantly ahead of expectation and is now well positioned to empower the whole of Discovery SA as a full-service digital bank, offering comprehensive transactional and lending capabilities, with exceptional levels of customer engagement. The Group has exited the commercial lines Discovery Business Insurance (DBI), and other smaller initiatives in SA have been comfortably absorbed within the operating businesses. The reducing cash strain of new initiatives is coinciding with the increasing cash generation profile of DL (and Invest), providing Discovery SA with a robust financial framework with which to drive its ambition to be the leading financial services group in SA.

Vitality UK has built a prominent brand in a large and competitive market, with £1.1 billion premium revenue, nearly £200 million new business API, and 1.8 million lives. With the closure of VitalityInvest and VitalityCar, it is now a focused new generation life and health insurance business, well positioned for strong and sustainable growth, without recourse to Group funding as VL is now self-supporting.

VG has established itself as a leading wellness and healthcare platform, having expanded the Vitality Shared-value Insurance model in a capital-light manner to 39 of the largest markets in the world. Vitality Global has built a powerful asset in the V1 platform, and the investment cycle has now peaked. VN is driving operating margins as it continues to deepen its partnerships and it is focused on pursuing expansion opportunities in large markets. PAHI has focused on operational delivery to evolve into a high-quality specialist health insurer, with strong and sustainable margins.

3. Arranging the Group into two distinct businesses to drive the new phase of growth

Discovery has built two international businesses of scale in Vitality UK and VG. Each business has developed at a different pace, given the prevailing considerations for each. The scale of the underlying businesses, the evolving data and its applicability, the focus on a unified product strategy and model, and the opportunity for consistent IP and technology have created the opportunity for Vitality Limited, a single global business of scale, with significant organic growth potential.

Prospects and dividend

Discovery's growth strategy is based on the efficacy, repeatability and scalability of its model through organic growth and global partnerships. Following rigorous focus over the past few years on emerging and new initiatives, as well as on cash generation and utilisation, the Group firmly believes it has entered a new distinct phase, which it expects to have a material impact on profitability, cash generation, returns and leverage. The Group is well positioned for sustained growth through two powerful and focused structures; Discovery SA and Vitality Limited, with strong growth platforms in each. The Group expects the medium-term growth in profit from operations to exceed the longer-term target of CPI+10%, without recourse to further external capital.

At the Group's June 2023 financial year results announcement, Discovery described its dividend policy under IFRS 17. The annual ordinary dividend is expected to be covered approximately five times by normalised headline earnings, with interim ordinary dividends expected to be paid in the range of 30% to 40% of the expected total annual ordinary dividend, with the remainder of the dividend to be paid as a final dividend. In line with this, the Group has declared its final ordinary dividends for the period at 152 cents per share, representing an annual cover ratio of 5 times.

Notes to analysts

Any forecast financial information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Discovery has published supplemental unaudited information on the website. For this and other results information, visit <https://www.discovery.co.za/corporate/investor-relations> and go to Financial and annual reports.

On behalf of the Board

ME Tucker
Chairperson

Sandton
18 September 2024



GROUP STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

R million	Group 2024	Restated ¹ Group 2023	Restated ¹ Group 1 July 2022
Assets			
Goodwill	5 292	5 406	4 912
Intangible assets	7 239	7 064	6 584
Property and equipment	3 581	3 910	3 811
Assets arising from insurance contracts issued	41 816	33 624	29 761
Assets arising from reinsurance contracts held	837	604	873
Deferred tax asset	5 631	6 370	5 717
Assets arising from contracts with customers	2 598	2 221	1 709
Investment in equity-accounted investees	8 189	7 398	6 338
Financial assets			
– Loans and advances to customers at amortised cost	6 028	4 702	3 944
– Investments at amortised cost	11 100	9 910	7 161
– Investments at fair value through profit or loss	165 671	152 515	138 095
– Derivative financial instruments at fair value through profit or loss	43	119	276
Contract receivables and other receivables	6 729	5 684	5 224
Non-current assets held for sale	136	–	171
Current tax asset	250	41	183
Cash and cash equivalents	18 971	19 171	17 186
TOTAL ASSETS	284 111	258 739	231 945
Equity			
Capital and reserves			
Ordinary share capital and share premium	10 667	10 351	10 178
Perpetual preference share capital	779	779	779
Other reserves	6 275	4 690	2 455
Retained earnings	39 998	33 900	27 402
Equity attributable to equity holders of the Company	57 719	49 720	40 814
Non-controlling interest	*	4	5
TOTAL EQUITY	57 719	49 724	40 819
Liabilities			
Liabilities arising from insurance contracts issued	105 070	94 660	83 924
Liabilities arising from reinsurance contracts held	5 396	4 819	5 252
Deferred tax liability	8 184	6 706	6 327
Contract liabilities to customers	512	656	944
Third-party interest in consolidated funds	31 456	28 346	24 320
Financial liabilities			
– Borrowings at amortised cost	21 662	20 586	20 584
– Other financial payables at amortised cost	8 007	8 568	8 075
– Deposits from customers	18 467	14 333	10 881
– Investment contracts at fair value through profit or loss	25 710	28 903	28 955
– Derivative financial instruments at fair value through profit or loss	31	20	202
Provisions	449	187	170
Other payables	1 216	1 066	1 003
Current tax liability	232	165	489
TOTAL LIABILITIES	226 392	209 015	191 126
TOTAL EQUITY AND LIABILITIES	284 111	258 739	231 945

* Amount less than R500 000.

¹ The comparative information has been restated for the initial adoption of IFRS 17, restatements due to correction of prior period errors and the order of liquidity was updated to better reflect the liquidity of financial statement line items. Refer to note D.1. for more detail.

GROUP INCOME STATEMENT

for the year ended 30 June 2024

R million	Group 2024	Restated ¹ Group 2023
Insurance revenue	51 857	45 254
Insurance service expenses	(46 145)	(39 826)
Net expenses from reinsurance contracts	(915)	(126)
Insurance service result	4 797	5 302
Net financial result from insurance finance income and expense	(7 245)	(7 395)
– Net finance expense from insurance contracts	(6 902)	(7 089)
– Net finance expense from reinsurance contracts	(343)	(306)
Investment income using the effective interest rate method	860	616
Net fair value gains on financial assets at fair value through profit or loss	16 245	17 232
Fair value adjustment to liabilities under investment contracts	(2 142)	(3 099)
Third party interest: fair value adjustment to liabilities under investment contracts	(2 873)	(2 978)
Other gains on financial instruments	5	–
Net insurance and investment results	9 647	9 678
Fee income from administration businesses	14 093	13 224
Vitality income	4 655	3 891
Net banking fee and commission income	1 398	965
– Banking fee and commission income	1 872	1 292
– Banking fee and commission expense	(474)	(327)
Net bank interest and similar income	779	574
– Bank interest and similar income using the effective interest rate	1 840	1 318
– Bank interest and similar expense using the effective interest rate	(1 061)	(744)
Other income	1 380	1 544
Non-insurance revenue and income	22 305	20 198
Net income	31 952	29 876
Non-insurance acquisition costs	(988)	(880)
Expected credit losses	(183)	(139)
Marketing and administration expenses	(19 644)	(18 540)
Impairment of goodwill	–	(9)
Operating profit	11 137	10 308
Gain/(loss) on dilution and disposal of equity-accounted investments	22	(5)
Share of net profits from equity-accounted investments	975	525
Profit before financing and income tax	12 134	10 828
Interest expenses on borrowings and lease liabilities	(2 036)	(1 919)
Foreign exchange (losses)/gains	(87)	149
Profit before income tax	10 011	9 058
Income tax expense	(2 647)	(2 486)
Profit for the year	7 364	6 572
Profit attributable to:		
– Ordinary shareholders	7 283	6 510
– Preference shareholders	91	69
– Non-controlling interest	(10)	(7)
	7 364	6 572
Earnings per share for profit attributable to ordinary shareholders of the company during the year (cents):		
– Basic	1 082.7	972.6
– Diluted	1 076.3	967.8

¹ The comparative information has been restated for the initial adoption of IFRS 17, restatements due to correction of prior period errors and additional subtotals have been included to enhance understandability of income statement. Refer to note D.1. for more detail.



GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2024

R million	Group 2024	Restated ¹ Group 2023
Profit for the year	7 364	6 572
Income and expenses that will be reclassified to profit or loss when specific conditions are met:		
Currency translation differences	(823)	3 316
Unrealised (losses)/gains	(846)	3 431
Tax on unrealised losses/(gains)	23	(115)
Cash flow hedges	(61)	76
– Unrealised (losses)/gains	(65)	76
– Tax on unrealised (gains)/losses	–	–
– Gains/(losses) reclassified to profit or loss	4	(1)
– Tax on reclassified (gains)/losses	–	1
Net finance income/(expense) from insurance contracts issued	2 672	(2 444)
– Unrealised income/(expense)	3 595	(3 381)
– Tax on unrealised (income)/expense	(923)	937
Net finance income/(expense) from reinsurance contracts held	(221)	454
– Unrealised (expense)/income	(290)	617
– Tax on unrealised expense/(income)	69	(163)
Share of other comprehensive income from equity-accounted investments	(236)	433
– Change in fair value of debt instruments at fair value through other comprehensive income	45	(10)
– Currency translation differences	(281)	443
Total income and expenses that will be reclassified to profit or loss when specific conditions are met	1 331	1 835
Income and expenses that will not be reclassified to profit or loss		
– Change in fair value of equity instruments at fair value through other comprehensive income	17	8
Total income and expenses that will not be reclassified to profit or loss	17	8
Other comprehensive income for the year, net of tax	1 348	1 843
Total comprehensive income for the year	8 712	8 415
Attributable to:		
– Ordinary shareholders	8 625	8 353
– Preference shareholders	91	69
– Non-controlling interest	(4)	(7)
Total comprehensive income for the year	8 712	8 415

¹ The comparative information has been restated for the initial adoption of IFRS 17 and restatements due to correction of prior period errors. Refer to note D.1. for more detail.

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

R million	Group 2024	Restated ¹ Group 2023
Cash flows from operating activities	2 733	4 221
Cash generated from operations	2 997	1 083
Interest received	2 325	1 825
Interest paid	(2 627)	(2 245)
Taxation paid	(1 522)	(1 839)
Net movement in operating assets and liabilities	1 560	5 397
– Increase in operating assets	(7 513)	(5 297)
– Increase in operating liabilities	9 073	10 694
Cash flows from investing activities	(1 886)	(2 202)
Purchase of property and equipment	(414)	(551)
Proceeds from disposal of property and equipment	29	2
Purchase of intangible assets	(1 789)	(1 760)
Acquisition of business net of cash	–	(3)
Additional investment in equity-accounted investments	(17)	(182)
Proceeds from disposal of sale of non-current assets held for sale	–	184
Dividends from equity-accounted investments	305	108
Cash flows from financing activities	(780)	(1 234)
Purchase of treasury shares	(131)	–
Dividends paid to ordinary shareholders	(1 178)	–
Dividends paid to preference shareholders	(91)	(69)
Proceeds from borrowings	2 005	7 442
Repayment of borrowings	(1 385)	(8 607)
Net increase in cash and cash equivalents	67	785
Cash and cash equivalents at beginning of the year	19 138	17 030
Effects of exchange rate changes on cash and cash equivalents	(240)	1 323
Cash and cash equivalents at end of the year	18 965	19 138
Reconciliation to statement of financial position		
Cash and cash equivalents	18 971	19 171
Bank overdraft included in borrowings at amortised cost	(6)	(33)
Cash and cash equivalents at end of the year	18 965	19 138

¹ The comparative information has been restated for the initial adoption of IFRS 17 and restatements due to correction of prior period errors. Refer to note D.1. for more detail.



GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

R million	Attributable to equity holders of the Company				Attributable to equity holders of the Company					Non-controlling interest	Total Equity
	Share capital and share premium	Perpetual preference share capital	Share-based payment reserve	Investment reserve ¹	Insurance finance reserve	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total		
Year ended 30 June 2024											
At beginning of the year	10 351	779	1 190	19	(3 184)	6 624	41	33 900	49 720	4	49 724
Total comprehensive income for the year	-	91	-	62	2 451	(1 110)	(61)	7 283	8 716	(4)	8 712
Profit for the year	-	91	-	-	-	-	-	7 283	7 374	(10)	7 364
Other comprehensive income	-	-	-	62	2 451	(1 110)	(61)	-	1 342	6	1 348
Transactions with owners	316	(91)	243	-	-	-	-	(1 185)	(717)	-	(717)
Share issue	432	-	-	-	-	-	-	-	432	-	432
Increase in treasury shares	(563)	-	-	-	-	-	-	-	(563)	-	(563)
Delivery of treasury shares	447	-	(440)	-	-	-	-	(7)	-	-	-
Employee share option schemes:											
- Value of employee services, net of tax	-	-	683	-	-	-	-	-	683	-	683
Dividends paid to preference shareholders	-	(91)	-	-	-	-	-	-	(91)	-	(91)
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	(1 178)	(1 178)	-	(1 178)
At end of the year	10 667	779	1 433	81	(733)	5 514	(20)	39 998	57 719	-	57 719
Year ended 30 June 2023											
At beginning of the year	10 178	779	798	35	-	2 823	(35)	38 972	53 550	5	53 555
- New IFRS transitional adjustments	-	-	-	(14)	(1 194)	-	-	(11 373)	(12 581)	-	(12 581)
- Prior period error adjustments	-	-	-	-	-	42	-	(197)	(155)	-	(155)
Restated balance at beginning of the year²	10 178	779	798	21	(1 194)	2 865	(35)	27 402	40 814	5	40 819
Total comprehensive income for the year	-	69	-	(2)	(1 990)	3 759	76	6 510	8 422	(7)	8 415
Profit for the year	-	69	-	-	-	-	-	6 510	6 579	(7)	6 572
Other comprehensive income	-	-	-	(2)	(1 990)	3 759	76	-	1 843	-	1 843
Transactions with owners	173	(69)	392	-	-	-	-	(12)	484	6	490
Share issue	514	-	-	-	-	-	-	-	514	-	514
Increase in treasury shares	(514)	-	-	-	-	-	-	-	(514)	-	(514)
Delivery of treasury shares	173	-	(161)	-	-	-	-	(12)	-	-	-
Acquisition of subsidiaries with non-controlling interest	-	-	-	-	-	-	-	-	-	6	6
Employee share option schemes:											
- Value of employee services, net of tax	-	-	553	-	-	-	-	-	553	-	553
Dividends paid to preference shareholders	-	(69)	-	-	-	-	-	-	(69)	-	(69)
At end of the year	10 351	779	1 190	19	(3 184)	6 624	41	33 900	49 720	4	49 724

¹ This relates to fair value adjustments on those equity instruments designated at fair value through other comprehensive income (FVOCI) and those debt instruments measured at FVOCI, in terms of IFRS 9 Financial Instruments.

² The comparative information has been restated for the initial adoption of IFRS 17 and restatements due to correction of prior period errors. Refer to note D.1. for more detail.



SECTION A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A.1 Segment information



A.2 Normalised profit from operations



A.3 Earnings, headline earnings and
normalised headline earnings



A.4 Revenue from non-insurance activities



A.5 Borrowings at amortised cost



A.6 Fair value hierarchy



DISCLOSURE

for the year ended 30 June 2024

A. Notes to the condensed consolidated financial statements

A.1 SEGMENT INFORMATION

Discovery's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM has been identified as the Group Executive Committee who makes strategic decisions regarding these businesses.

An operating segment is a component of an entity:

- (a) That engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity.
- (b) Whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

Discovery will report separately information about an operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 percent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is 10 percent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and
- (c) Its assets are 10 percent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the financial statements.

Discovery may combine information about operating segments that do not meet the quantitative thresholds with information about other operating segments that do not meet the quantitative thresholds to produce a reportable segment only if the operating segments have similar economic characteristics.

The Group has identified its reportable segments based on a combination of products and services offered to customers and the location of the markets served.



A. Notes to the condensed consolidated financial statements *continued*

A.1 SEGMENT INFORMATION *continued*

The following summary describes the operations of each of the Group's reportable segments:



SA Health

- Administers and provides managed care services to medical schemes in South Africa.
- Renders administration services to other business segments within the Group.
- Together with Medical Services Organisation International (MSO), a subsidiary company, deliver health insurance, healthcare risk management and third-party administration services within rest of Africa markets.
- Offers non-medical scheme-related products such as Gap Cover for unexpected medical costs and Flexicare – which provides quality, affordable access to primary healthcare for employees unable to access medical scheme benefits.

SA Invest

Offers, through a range of investment fund choices, including Discovery managed unit trusts, a comprehensive and flexible range of investment choices. These products are sold through a number of investment wrappers including Discovery Life policies and are offered to individuals in South Africa. In 2023, Invest launched Cogence with BlackRock, which is a shared-value discretionary fund manager.

SA Life

Offers a range of insurance and financial solutions to the Group's clients against the financial impact of lifestyle-changing events in South Africa.

SA Insure

Offers a range of personal line insurance (motor, building, household content and portable possessions) to the Group's SA clients against the financial impact of loss or damage. The segment also includes Discovery's equity-accounted interests including Cambridge Mobile Telematics (CMT).

SA Bank

Offers retail banking solutions, including deposits and loans and advances, to clients in the South African market. The Bank is still in a start-up phase.



UK Health

Offers consumer-engaged private medical insurance products to employer groups and individuals in the UK. All contracts in this segment are short-term insurance contracts.

UK Life

Offers a risk-only life assurance product. All contracts in this segment are long-term assurance contracts offered to both employer groups and individuals in the UK.

All other segments

Includes those segments that do not meet the quantitative thresholds set out in IFRS 8 *Operating Segments* and cannot be aggregated with another reportable segment. It includes the following operating segments:

■ SA Composite:

- SA Vitality, which offers health and lifestyle benefits with selected partners to the Group's SA clients.
- SA Insure commercial: provides commercial short-term risk insurance products to the South African market. Discovery has announced that it is exiting this business with all remaining covers to be terminated by 31 August 2024.
- Discovery Umbrella: offers pension and provident fund solutions that encourage employees to reach their retirement goals with unique rewards, benefits and digital engagement.
- SA Distribution: provides sales and distribution services in respect of all SA products.
- Other new group initiatives, including Vitality Green, as well as unallocated central costs.

■ UK Composite:

- Includes immaterial interests in equity-accounted interests and UK Invest (closed down).

■ Vitality Global Composite:

- Vitality Health International, leverages Discovery Health and Vitality's intellectual property to create strategic partnerships through equity-accounted interests in health insurance and health technology and solutions businesses, which includes the equity-accounted interests in Ping An Health Insurance and Amplify Health.
- Vitality Network, which provides a Vitality platform to international insurance businesses.
- Central costs.

A.1 SEGMENT INFORMATION *continued*

The Group Executive Committee assesses the performance of the reportable segments based on normalised profit/loss from operations. Items which are excluded from the normalised profit/loss from operations are separately disclosed in the segment information to reconcile to the segment results and Group income statement. The segment information is presented on the same basis as reported to the CODM.

The segment total is then adjusted for accounting reclassifications and entries required to produce results compliant with the IFRS Accounting Standards, i.e. IFRS reporting adjustments, these adjustments include the following:

- (a) Unit trusts which the Group controls in terms of IFRS 10 *Consolidated Financial Statements* 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.
- (b) The effects of eliminating intercompany transactions on consolidation and normalised operating profit adjustments; and
- (c) The effects of reclassifying items to align to the IFRS Group income statement.

Effective 1 July 2023, the following changes have been made to the Segment information and the comparative information has been restated accordingly:

1. The Segment information has been updated, consistent with the changes to the Group income statement, to reflect the new presentation requirements of IFRS 17.
2. SA Vitality is no longer presented as a separate reportable segment. Instead, SA Vitality is presented as part of 'All other segments'.
3. Africa Health results are included in the SA Health segment as management control of this operation had been moved from Vitality Global to Discovery Health. This was previously disclosed in 'All other segments' as a new initiative.
4. Definitions of 'Investment income on assets backing policyholder liabilities' and 'Investment income earned on shareholder investments and cash' have been refined in order to achieve consistent treatment across the regulated insurance entities of the Group. Discovery includes in 'Investment income on assets backing policyholder liabilities' all investment income from those assets backing client and policyholder liabilities, including those assets held for regulatory capital requirements and related additional risk appetite margins. This refinement resulted in a reallocation of investment income such that the component attributable to normalised profit from operations, increased by R266 million for the year ended 30 June 2024 (30 June 2023: R186 million) while investment income earned on shareholder investments and cash decreased by the same amount.
5. In line with current year management view of intra-segment transactions, SA Health has been restated to reduce other income by R292 million, with a corresponding decrease in marketing and administration expenses. This change in management view of SA Health segment information had no resultant change in the Group income statement.
6. 'All other segments' changed its management view of which costs it considers being refund of expenses incurred (included within marketing and administration expenses) versus whether those costs are for services provided (included in Vitality Income). 'All other segments' have been accordingly adjusted to increase Vitality income with R257 million with an equal increase in marketing and administration expenses. This change in management view of the 'All other segments' had no resultant change in the Group income statement.



A. Notes to the condensed consolidated financial statements *continued*

A.1 SEGMENT INFORMATION *continued*

R million	SA Health	SA Life	SA Invest	SA Insure	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments	IFRS total
30 June 2024											
Income statement											
Insurance revenue	435	17 249	4 360	5 737	-	16 474	6 904	698	51 857	-	51 857
- Contracts measured under the General measurement model/Variable fee approach	-	13 741	4 360	-	-	-	6 904	-	25 005	-	25 005
- Contracts measured under Premium allocation approach	435	3 508	-	5 737	-	16 474	-	698	26 852	-	26 852
Insurance service expenses	(341)	(15 235)	(2 671)	(5 471)	-	(15 456)	(6 217)	(754)	(46 145)	-	(46 145)
- Claims and benefits	(224)	(12 104)	(462)	(3 540)	-	(9 562)	(3 098)	(472)	(29 462)	-	(29 462)
- Insurance service expense and other	(54)	(1 124)	(1 148)	(1 069)	-	(4 127)	(509)	(135)	(8 166)	-	(8 166)
- Insurance acquisition cash flows	(63)	(2 007)	(1 061)	(862)	-	(1 767)	(2 610)	(147)	(8 517)	-	(8 517)
Insurance service result (pre-reinsurance)	94	2 014	1 689	266	-	1 018	687	(56)	5 712	-	5 712
Net expenses from reinsurance contracts	(1)	(458)	-	(24)	-	(8)	(408)	(16)	(915)	-	(915)
- Reinsurance expense	(1)	(3 692)	-	(474)	-	(8)	(5 738)	(275)	(10 188)	-	(10 188)
- Insurance claims recovered from reinsurers	-	3 234	-	450	-	-	5 330	259	9 273	-	9 273
Insurance service result	93	1 556	1 689	242	-	1 010	279	(72)	4 797	-	4 797
Net financial result from insurance finance income and expense	-	2 674	(9 850)	-	-	-	231	-	(6 945)	(300)	(7 245)
- Net finance income/(expense) from insurance contracts	-	2 869	(9 850)	-	-	-	379	-	(6 602)	(300)	(6 902)
- Net finance expense from reinsurance contracts	-	(195)	-	-	-	-	(148)	-	(343)	-	(343)
Investment income using the effective interest rate method	-	22	49	209	-	175	65	22	542	318	860
Net fair value (losses)/gains on financial instruments at fair value through profit or loss	(6)	971	10 098	1	1	60	-	1 401	12 526	3 719	16 245
Fair value adjustments to liabilities under investment contracts	-	(1)	(738)	-	-	-	-	(1 403)	(2 142)	-	(2 142)
Third party interest: fair value adjustments to liabilities under investment contracts	-	-	-	-	-	-	-	-	-	(2 873)	(2 873)
Intersegment funding	(13)	(169)	169	13	-	-	-	-	-	-	-
Other gains on financial instruments	-	-	-	-	5	-	-	-	5	-	5
Net insurance and investment results	74	5 053	1 417	465	6	1 245	575	(52)	8 783	864	9 647
Fee income from administration businesses	9 233	-	1 712	-	-	54	-	3 094	14 093	-	14 093
Vitality income	-	-	-	-	-	640	264	3 751	4 655	-	4 655
Net banking fee and commission income	-	-	-	-	1 367	-	-	31	1 398	-	1 398
- Banking fee and commission income	-	-	-	-	1 872	-	-	-	1 872	-	1 872
- Banking fee and commission expense	-	-	-	-	(505)	-	-	31	(474)	-	(474)
Net bank interest and similar income	-	-	-	-	779	-	-	-	779	-	779
- Bank interest and similar income using the effective interest rate	-	-	-	-	1 840	-	-	-	1 840	-	1 840
- Bank interest and similar expense using the effective interest rate	-	-	-	-	(1 061)	-	-	-	(1 061)	-	(1 061)
Other income	1 173	3	-	16	-	42	-	86	1 320	60	1 380
Non-insurance revenue and income	10 406	3	1 712	16	2 146	736	264	6 962	22 245	60	22 305
Net income	10 480	5 056	3 129	481	2 152	1 981	839	6 910	31 028	924	31 952
Non-insurance acquisition costs	-	-	(880)	-	-	-	-	(108)	(988)	-	(988)
Expected credit losses	-	-	-	-	(183)	-	-	-	(183)	-	(183)
Marketing and administration expenses	(171)	-	(17)	(72)	(339)	(465)	(49)	(822)	(1 935)	(224)	(2 159)
- depreciation and amortisation	-	-	-	(16)	-	(1)	-	(38)	(55)	-	(55)
- derecognition of intangible assets and property and equipment	-	-	-	-	-	(13)	-	(9)	(22)	-	(22)
- impairment of intangible assets and property and equipment	-	-	-	-	-	-	-	-	-	-	-
- other expenses	(6 337)	(291)	(710)	(194)	(2 084)	(1 065)	(421)	(6 164)	(17 266)	(142)	(17 408)
Share of net profits from equity-accounted investments	-	-	-	49	-	(2)	6	972	1 025	(50)	975
Normalised profit/(loss) from operations	3 972	4 765	1 522	248	(454)	435	375	741	11 604	508	12 112
Investment income earned on shareholder investments and cash	120	27	16	-	-	-	-	155	318	(318)	-
Intercompany investment income	-	-	-	-	-	-	-	1 046	1 046	(1 046)	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	87	75	-	-	-	-	-	162	(162)	-
Gain/(loss) from dilution of equity accounted investments	-	-	-	22	-	-	-	-	22	-	22
Amortisation of intangibles from business combinations	-	-	-	(49)	-	-	-	(56)	(105)	105	-
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-	-	-	-	-	(105)	(105)	105	-
Restructuring costs	-	-	-	-	-	-	-	(48)	(48)	48	-
Interest expenses on borrowings and lease liabilities	(2)	(1)	-	-	-	(17)	(217)	(1 513)	(1 750)	(286)	(2 036)
Intercompany finance expenses on borrowings	(412)	-	-	-	-	-	(464)	(170)	(1 046)	1 046	-
Foreign exchange (losses)/gains	(6)	(11)	(20)	-	-	-	-	(50)	(87)	-	(87)
Profit/(loss) before income tax	3 672	4 867	1 593	221	(454)	418	(306)	-	10 011	-	10 011
Income tax expense	(987)	(1 314)	(339)	(58)	171	(144)	25	(1)	(2 647)	-	(2 647)
Profit/(loss) for the year	2 685	3 553	1 254	163	(283)	274	(281)	(1)	7 364	-	7 364
Profit attributable to:											
- Ordinary shareholders	2 695	3 553	1 254	163	(283)	274	(281)	(92)	7 283	-	7 283
- Preference shareholders	-	-	-	-	-	-	-	91	91	-	91
- Non-controlling interest	(10)	-	-	-	-	-	-	(10)	(10)	-	(10)



A. Notes to the condensed consolidated financial statements *continued*

A.1 SEGMENT INFORMATION *continued*

R million	SA Health	SA Life	SA Invest	SA Insure	SA Bank	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments	IFRS total
Restated 30 June 2023											
Income statement											
Insurance revenue	303	16 758	3 231	5 176	-	13 670	5 580	536	45 254	-	45 254
- Contracts measured under the General measurement model/Variable fee approach	-	13 464	3 231	-	-	-	5 580	-	22 275	-	22 275
- Contracts measured under Premium allocation approach	303	3 294	-	5 176	-	13 670	-	536	22 979	-	22 979
Insurance service expenses	(234)	(14 699)	(2 050)	(4 893)	-	(12 178)	(5 112)	(660)	(39 826)	-	(39 826)
- Claims and benefits	(152)	(11 282)	(331)	(3 246)	-	(7 341)	(2 316)	(410)	(25 078)	-	(25 078)
- Insurance service expense and other	(47)	(1 632)	(957)	(867)	-	(3 435)	(748)	(150)	(7 836)	-	(7 836)
- Insurance acquisition cash flows	(35)	(1 785)	(762)	(780)	-	(1 402)	(2 048)	(100)	(6 912)	-	(6 912)
Insurance service result (pre-reinsurance)	69	2 059	1 181	283	-	1 492	468	(124)	5 428	-	5 428
Net (expenses)/income from reinsurance contracts	-	(225)	-	(70)	-	(9)	154	24	(126)	-	(126)
- Reinsurance expense	(1)	(3 549)	-	(413)	-	(1 846)	(3 482)	(222)	(9 513)	-	(9 513)
- Insurance claims recovered from reinsurers	1	3 324	-	343	-	1 837	3 636	246	9 387	-	9 387
Insurance service result	69	1 834	1 181	213	-	1 483	622	(100)	5 302	-	5 302
Net financial result from insurance finance income and expense	-	2 225	(9 815)	-	-	-	(26)	-	(7 616)	221	(7 395)
- Net finance income/(expense) from insurance contracts	-	2 450	(9 815)	-	-	-	55	-	(7 310)	221	(7 089)
- Net finance expense from reinsurance contracts	-	(225)	-	-	-	-	(81)	-	(306)	-	(306)
Investment income using the effective interest rate method	-	28	51	145	-	90	71	15	400	216	616
Net fair value (losses)/gains on financial instruments at fair value through profit or loss	(6)	760	10 904	-	-	-	-	1 788	13 446	3 786	17 232
Fair value adjustments to liabilities under investment contracts	-	(3)	(1 326)	-	-	-	-	(1 770)	(3 099)	-	(3 099)
Third party interest: fair value adjustments to liabilities under investment contracts	-	-	-	-	-	-	-	-	-	(2 978)	(2 978)
Intersegment funding	-	(126)	126	-	-	-	-	-	-	-	-
Net insurance and investment results	63	4 718	1 121	358	-	1 573	667	(67)	8 433	1 245	9 678
Fee income from administration businesses	8 575	-	1 566	17	-	46	-	3 020	13 224	-	13 224
Vitality income	-	-	-	-	-	462	238	3 448	4 148	(257)	3 891
Net banking fee and commission income	-	-	-	-	943	-	-	22	965	-	965
- Banking fee and commission income	-	-	-	-	1 292	-	-	-	1 292	-	1 292
- Banking fee and commission expense	-	-	-	-	(349)	-	-	22	(327)	-	(327)
Net bank interest and similar income	-	-	-	-	574	-	-	-	574	-	574
- Bank interest and similar income using the effective interest rate	-	-	-	-	1 318	-	-	-	1 318	-	1 318
- Bank interest and similar expense using the effective interest rate	-	-	-	-	(744)	-	-	-	(744)	-	(744)
Other income	1 089	3	-	14	-	48	-	85	1 239	305	1 544
Non-insurance revenue and income	9 664	3	1 566	31	1 517	556	238	6 575	20 150	48	20 198
Net income	9 727	4 721	2 687	389	1 517	2 129	905	6 508	28 583	1 293	29 876
Non-insurance acquisition costs	-	-	(780)	-	-	-	-	(100)	(880)	-	(880)
Expected credit losses	-	-	-	-	(139)	-	-	-	(139)	-	(139)
Marketing and administration expenses	(144)	-	(12)	(64)	(314)	(420)	(49)	(799)	(1 802)	(168)	(1 970)
- depreciation and amortisation	(4)	-	-	(3)	-	(241)	(19)	(57)	(324)	-	(324)
- derecognition of intangible assets and property and equipment	-	-	-	-	-	(45)	-	-	(45)	-	(45)
- impairment of intangible assets and property and equipment	(5 881)	(346)	(622)	(233)	(1 831)	(790)	(371)	(5 973)	(16 047)	(154)	(16 201)
- other expenses	-	-	-	(16)	-	1	2	584	571	(46)	525
Share of net profits from equity-accounted investments	-	-	-	(16)	-	1	2	584	571	(46)	525
Normalised profit/(loss) from operations	3 698	4 375	1 273	73	(767)	634	468	163	9 917	925	10 842
Fair value losses on VitalityLife interest rate derivatives	-	-	-	-	-	-	516	-	516	(516)	-
Investment income earned on shareholder investments and cash	92	-	20	-	-	-	-	104	216	(216)	-
Intercompany investment income	-	-	-	-	-	-	-	1 184	1 184	(1 184)	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	45	95	-	-	-	-	(2)	138	(138)	-
Gain/(loss) from dilution of equity accounted investments	-	-	-	(5)	-	-	-	-	(5)	-	(5)
Impairment of goodwill	-	-	-	-	-	-	-	(9)	(9)	-	(9)
Amortisation of intangibles from business combinations	-	-	-	(46)	-	-	-	(56)	(102)	102	-
Market rentals related to Head Office building adjusted for finance costs and depreciation	-	-	-	-	-	-	-	(134)	(134)	134	-
Interest expenses on borrowings and lease liabilities	(2)	(1)	-	-	-	(8)	(195)	(1 422)	(1 628)	(291)	(1 919)
Intercompany finance expenses on borrowings	(348)	-	-	-	-	-	(316)	(520)	(1 184)	1 184	-
Foreign exchange (losses)/gains	(4)	33	36	-	-	1	-	83	149	-	149
Profit/(loss) before income tax	3 436	4 452	1 424	22	(767)	627	473	(609)	9 058	-	9 058
Income tax expense	(941)	(1 192)	(377)	(24)	226	(141)	(65)	28	(2 486)	-	(2 486)
Profit/(loss) for the year	2 495	3 260	1 047	(2)	(541)	486	408	(581)	6 572	-	6 572
Profit attributable to:											
- Ordinary shareholders	2 502	3 260	1 047	(2)	(541)	486	408	(650)	6 510	-	6 510
- Preference shareholders	-	-	-	-	-	-	-	69	69	-	69
- Non-controlling interest	(7)	-	-	-	-	-	-	-	(7)	-	(7)



A. Notes to the condensed consolidated financial statements *continued*

A.2 NORMALISED PROFIT FROM OPERATIONS

The following table shows the main components of the normalised profit from operations for the year ended 30 June 2024:

R million	Group 2024	Restated Group 2023	% Change
Discovery Health	3 972	3 698	7
Discovery Life	4 765	4 375	9
Discovery Invest	1 522	1 273	20
Discovery Insure – Personal lines	248	73	>100
Discovery Bank	(454)	(767)	(41)
Other initiatives and central costs*	(336)	(281)	20
Normalised profit from SA composite	9 717	8 371	16
VitalityHealth ¹	435	823	(47)
VitalityLife	375	468	(20)
Closure costs of VitalityInvest* and VitalityCar in rundown ²	(75)	(455)	(84)
Other initiatives and central costs*	(88)	(80)	10
Normalised profit from UK Composite	647	756	(14)
Vitality Health International – Ping An Health Insurance*	1 124	609	85
Vitality Health International – Other*	(386)	(195)	98
Vitality Network*	533	411	30
Other initiatives and central costs*	(31)	(35)	(11)
Normalised profit from Vitality Global composite	1 240	790	57
Normalised profit from operations	11 604	9 917	17

* Presented in 'All other segments' on the Segment information disclosure note in section 1.1.

1 For the year ended 30 June 2023, the difference between VitalityHealth normalised profit compared to that shown in the segment information is the accelerated write-off of VitalityCar's capitalised systems and intangible assets, with a pre-tax impact of R189 million. The write-off is disclosed as described in footnote 2 below.

2 Closure costs of VitalityInvest and VitalityCar are separately presented as in run down and include:
 – VitalityInvest R75 million (2023: R266 million)
 – VitalityCar nil (2023: R189 million)

A.3 EARNINGS, HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS

R million	Group 2024	Restated Group 2023 ¹
Number of shares used in calculation		
Weighted number of shares in issue ('000)	661 071	658 045
Diluted weighted number of shares ('000)	665 016	661 328
Earnings per share (cents):		
– basic	1 082.7	972.6
– diluted	1 076.3	967.8
Headline earnings per share (cents):		
– basic	1 089.4	1 021.5
– diluted	1 083.0	1 016.4
Normalised headline earnings per share (cents)¹:		
– basic	1 108.6	972.8
– diluted	1 102.1	967.9
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	658 424	656 957
Effect of share options exercised and vesting of share awards	2 647	1 088
Weighted-average number of ordinary shares at 30 June (basic)	661 071	658 045
Effect of share options exercised and vesting of share awards	3 945	3 283
Weighted-average number of ordinary shares at 30 June (diluted)	665 016	661 328
EARNINGS RECONCILIATION		
Profit attributable to the ordinary shareholders	7 283	6 510
Adjusted for:		
– Profit attributable to non-forfeitable dividend share plan	(125)	(112)
Basic earnings attributable to the ordinary shareholders	7 158	6 398

¹ The comparative information has been for the initial adoption of IFRS 17 and restatements due to correction of prior period errors. Refer to note D.1. for more detail.

A.3 EARNINGS, HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS *continued*

HEADLINE EARNINGS RECONCILIATION

Headline earnings per share is disclosed per the JSE Listings Requirements and is calculated in accordance with the circular titled Headline Earnings issued by SAICA, as amended from time to time. Headline earnings per share is based on the net profit after tax attributable to ordinary shareholders adjusted for items of a capital nature and the weighted average number of ordinary shares in issue.

R million	Group 2024			Restated Group 2023		
	Gross	Tax	Net	Gross	Tax	Net
Basic earnings attributable to the ordinary shareholders			7 158			6 398
<i>Adjusted for:</i>						
IFRS 3: Goodwill impairment	-	-	-	9	-	9
IAS 38: Impairment of intangibles	8	(2)	6	-	-	-
IAS 16: (Gain)/loss on disposal of property and equipment	(1)	-	(1)	8	(1)	7
IAS 16: Loss on derecognition of property and equipment	10	(3)	7	34	(7)	27
IAS 36: Impairment of property and equipment	14	-	14	45	-	45
IAS 38: Gains/losses on derecognition of intangible assets	45	(10)	35	290	(60)	230
IAS 28: (Gains)/losses on the dilution and disposal of equity-accounted investments	(22)	5	(17)	5	(1)	4
Headline earnings			7 202			6 720

NORMALISED HEADLINE EARNINGS RECONCILIATION

Normalised headline earnings is calculated per Discovery's policy as set out in the Accounting Policies in note E.2. Management considers that Normalised headline earnings is an appropriate alternative performance measure to enhance the comparability and understanding of the financial performance of the Group.

R million	Group 2024			Restated Group 2023		
	Gross	Tax	Net	Gross	Tax	Net
Headline earnings			7 202			6 720
<i>Adjusted for:</i>						
- Gain on fair value changes in respect of interest rate derivatives in VitalityLife ¹	-	-	-	(516)	106	(410)
- Amortisation of intangible assets arising from business combinations	56	(15)	41	56	(12)	44
- Restructuring costs	48	(11)	37	-	-	-
<i>Adjustments attributable to equity-accounted investments:</i>						
- Amortisation of intangible assets arising from business combinations	-	-	49	-	-	46
Normalised headline earnings (basic and diluted)			7 329			6 400

¹ 30 June 2023 has been corrected from the previously published information in the unaudited interim results for the six months ended 31 December 2023.



A. Notes to the condensed consolidated financial statements *continued*

A.4 REVENUE FROM NON-INSURANCE ACTIVITIES

Discovery Group's Revenue includes 'Fee income from administration business', 'Vitality income' and 'Banking fee and commission income'.

The split of revenue per geographical region and reportable segment can be viewed in Note A.1.1 Segmental information.

The split of revenue according to the timing of satisfaction of performance obligation, i.e. 'over time' or a 'point-in-time' is as follows:

R million	Group 2024	Restated ¹ Group 2023
Fee income from administration business	14 093	13 224
– Over time	14 070	13 197
– Point-in-time	23	27
Vitality income	4 655	3 891
– Over time	3 178	2 660
– Point-in-time	1 477	1 231
Banking fee and commission income	1 872	1 292
– Over time	836	687
– Point-in-time	1 036	605

¹ The comparative information has been restated to include Intellectual Property fees previously separately presented, within Fee income from administration business. In addition, some changes were affected with specified cash flows as a result of adoption of IFRS 17.

A.5 BORROWINGS AT AMORTISED COST

R million	Reference	Group 2024	Group 2023
Borrowing from banks and listed debt		17 511	16 328
– UK borrowings	A.5.1.	3 549	3 682
– South African borrowings	A.5.2.	13 962	12 646
Bank overdraft in underlying liabilities of consolidated Unit Trusts		6	33
Lease liabilities		4 145	4 225
– 1 Discovery Place (1 DP)		3 246	3 326
– Other lease liabilities		899	899
Total borrowings at amortised cost		21 662	20 586

A.5.1 UK borrowings facilities

UK BORROWINGS

Facility amount GBP million	Variable rate	Capital repayment and maturity date	Carrying value million			
			Group 2024		Group 2023	
			GBP	R	GBP	R
25	SONIA + 275bps ¹	At maturity – 23 December 2025	25	589	25	597
75	SONIA + 300bps ¹	At maturity – 21 December 2025	74	1 714	75	1 793
55	SONIA + 285bps ¹	At maturity – 12 December 2025	54	1 246	54	1 292
			153	3 549	154	3 682

¹ Interest payable quarterly in arrears.

Total finance costs in respect of the UK borrowings for the year ended 30 June 2024 was £13 million (R306 million) (2023: £10.1 million (R216 million)).

A.5 BORROWINGS AT AMORTISED COST *continued*

A.5.2 South African borrowings

CREDIT RATING

In December 2023 Moody's Investors Service ("Moody's") reaffirmed Discovery Limited's global-scale long-term issuer rating of Ba3 and the national-scale long-term issuer rating at A1.za. The outlook remained unchanged as stable, aligned to the outlook of the country.

DISCOVERY LIMITED

Facility amount R million	Variable rate	Interest per annum	Capital repayment and maturity date	Carrying value R million Group 2024	Group 2023
Listed DMTN⁴					
500	3-month Jibar + 205bps	4.25% ^{1,3}	At maturity – 21 August 2023	-	505
200	-	10.46% ²	At maturity – 21 November 2024	202	202
800	3-month Jibar + 191bps	8.40% ^{1,3}	At maturity – 21 November 2024	809	808
1 200	3-month Jibar + 191bps	7.30% ^{1,3}	At maturity – 21 November 2024	1 215	1 218
700	3-month Jibar + 180bps	8.49% ^{1,3}	At maturity – 21 August 2026	707	707
300	3-month Jibar + 180bps	7.60% ^{1,3}	At maturity – 21 August 2026	304	304
792	3-month Jibar + 173bps	7.98% ^{1,3}	At maturity – 21 May 2027	800	799
226	3-month Jibar + 180bps	7.98% ^{1,3}	At maturity – 21 May 2029	228	228
576	3-month Jibar + 140bps	- ³	At maturity – 21 November 2027	582	-
924	3-month Jibar + 159bps	- ³	At maturity – 21 November 2029	935	-
Unlisted DMTN⁵					
2 500	-	9.62% ³	At maturity – 22 February 2025	2 525	2 522
1 650	-	9.55% ³	At maturity – 10 March 2026	1 659	1 658
Other					
1 000	3-month Jibar + 190bps	8.38% ^{1,3}	At maturity – 2 March 2028	999	997
500	3-month Jibar + 190bps	- ³	At maturity – 2 March 2028	499	-
Total Discovery Limited Borrowings				11 464	9 948

1 The interest rate has been fixed through interest rate swaps.

2 Interest is payable semi-annually in arrears.

3 Interest payable quarterly in arrears.

4 DMTN refers to the R10 billion Discovery Domestic Medium Term Note (DMTN) program registered in 2017.

5 During the financial year ended 30 June 2020, Discovery Limited refinanced R3.6 billion bank syndicated loans through the issue of unlisted DMTN notes.

The notes, although underwritten by a bank until maturity, are structured to enable short-term issuances into the commercial paper market on an ongoing basis.

DISCOVERY CENTRAL SERVICES

Facility amount R million	Interest rate per annum	Capital repayment and maturity date	Carrying value R million Group 2024	Group 2023	
1 400	9.97% ^{1,2}	At maturity – 20 December 2028	1 407	1 408	
650	11.56% ³	At maturity – 29 October 2027	396	445	
691	3-month Jibar + 190bps ¹	At maturity – 30 June 2027	695	694	
1 500	3-month Jibar + 145bps ¹	At maturity – 8 June 2024	-	151	
750	Prime rate less 145bps ⁴	At maturity – 364-day notice	-	-	
Total Discovery Central Services Borrowings				2 498	2 698

1 Interest payable quarterly in arrears.

2 The interest rate on the facility has changed from a floating interest rate of 3-month Jibar + 205bps to a fixed interest rate of 9.97% due to refinancing of the loan during the current financial year.

3 Instalments of interest and capital is monthly.

4 The revolving credit facility is a committed 364-day notice facility granted in November 2023. A commitment fee of 0.60% per annum is paid monthly in arrears on the undrawn portion. This facility was not drawn down during the financial year. Subsequent to year-end, the facility was reduced to R500 million.

Total finance costs in respect of South African borrowings and related hedges for the year ended 30 June 2024 was R1 226 million (2023: R1 225 million).



A. Notes to the condensed consolidated financial statements *continued*

A.6 FAIR VALUE HIERARCHY

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

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

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

Instruments in this category are valued using:

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

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

R million	Level 1	Level 2	Level 3	Total
30 June 2024				
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:				
- Equity portfolios	52 145	8 089	16	60 250
- Debt portfolios	45 473	1 626	-	47 099
- Money market portfolios	-	15 786	-	15 786
- Multi-asset portfolios	-	42 536	-	42 536
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	14	-	14
- not designated as hedging instruments	-	29	-	29
Total financial assets	97 618	68 080	16	165 714
Non-financial assets				
Non-current asset held for sale ¹	-	-	136	136
Total financial assets	-	-	136	136
Financial liabilities				
Third-party interest in consolidated funds	-	31 456	-	31 456
Investment contracts at fair value through profit or loss	-	25 710	-	25 710
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	24	-	24
- not designated as hedging instruments	-	7	-	7
Total financial liabilities	-	57 197	-	57 197

¹ The fair value was determined from an agreed sales price between unrelated parties.

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

R million	Level 1	Level 2	Level 3	Total
30 June 2023 Restated				
Financial assets				
Financial instruments mandatorily at fair value through profit or loss:				
- Equity portfolios	50 204	6 321	-	56 525
- Debt portfolios	40 852	1 721	-	42 573
- Money market portfolios	-	19 745	-	19 745
- Multi-asset portfolios	-	33 672	-	33 672
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	59	-	59
- not designated as hedging instruments	-	60	-	60
Total financial assets	91 056	61 578	-	152 634
Financial liabilities				
Third-party interest in consolidated funds	-	28 346	-	28 346
Investment contracts at fair value through profit or loss	-	28 903	-	28 903
Derivative financial instruments at fair value:				
- used as cash flow hedges	-	1	-	1
- not designated as hedging instruments	-	19	-	19
Total financial liabilities	-	57 269	-	57 269

A.6 FAIR VALUE HIERARCHY *continued*

Specific valuation techniques used to value financial instruments in level 2

If a quoted market price is not available on a recognised stock exchange or from a broker for non-exchange traded financial instruments, the fair value of the instrument is estimated by the asset managers, using valuation techniques including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Valuation techniques used in determining the fair value of assets and liabilities:

Instruments	Valuation technique	Main inputs and assumptions for level 2 fair value hierarchy items
Within equity portfolios, Equity-linked notes	The calculation of the daily value of the equity-linked investments is made by the provider of the note. Discovery has procedures in place to ensure that these prices are correct. Aside from the daily reasonableness checks versus similar funds and movement since the prior day's price, the fund values are calculated with reference to a specific formula or index, disclosed to the policyholders, which is recalculated by Discovery in order to check if the price provided by the provider is correct.	<ul style="list-style-type: none"> - discount rate - spot price of the underlying
Debt portfolios and Money market instruments	Money market instruments are valued by discounting the future cash flows using a risk-adjusted discount rate.	- discount rate, credit spread
Multi-assets	The fair values of third-party financial liabilities arising on the consolidation of mutual funds are determined using the quoted put (exit) price provided by the fund manager and discounted for the applicable notice period. The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.	- discount rate
Third-party interest in consolidated funds and Investment contracts at fair value through profit or loss	<p>Unit-linked policies: assets which are linked to the investment contract liabilities are accounted for by the Group. The investment contract obliges the Group to use these assets to settle these liabilities. Therefore, the fair value of third-party interest in consolidated funds and investment contract liabilities is determined with reference to the fair value of the underlying assets (i.e. amount payable on surrender of the policies).</p> <p>Annuity: certain discounted cash flow models are used to determine the fair value of the stream of future payments.</p>	<ul style="list-style-type: none"> - discount rate - spot price of the underlying
Derivatives	<p>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include:</p> <ul style="list-style-type: none"> ■ Discounted cash flow model ■ Black-Scholes model ■ Combination technique models 	<ul style="list-style-type: none"> - discount rate - spot price of the underlying - correlation factors - volatilities - earnings yield - valuation multiples



SECTION B

OTHER SIGNIFICANT ITEMS IN THESE RESULTS

- B.1 Exchange rates to the South African Rand used in the preparation of these results >
- B.2 Capital management, financial leverage ratio and covenants >
- B.3 Impact of actuarial basis changes within the SA Life and UK Life operating segments >
- B.4 Change in hedge strategy – VitalityLife business >
- B.5 Cash and cash equivalents >
- B.6 Consolidation of Discovery Unit Trusts >
- B.7 Material transactions with related parties >
- B.8 Major customers and other Discovery entities not part of Discovery Group >
- B.9 Changes in directorate >
- B.10 Events after reporting date and dividend declaration in respect of the year ended 30 June 2024 >



B. Other significant items in these results

B.1 EXCHANGE RATES TO THE SOUTH AFRICAN RAND USED IN THE PREPARATION OF THESE RESULTS

Exchange rate to SA rand	Closing rates		Average rates	
	June 2024	June 2023	June 2024	June 2023
US dollar	18.26	18.87	18.71	17.79
Pound sterling	23.07	23.99	23.55	21.43
Chinese Yuan	2.51	2.60	2.59	2.55

B.2 CAPITAL MANAGEMENT, FINANCIAL LEVERAGE RATIO AND COVENANTS

The Group's capital is defined as capital and reserves attributable to shareholders, as presented in the Group statement of financial position. The Group's objectives when managing capital are:

- To comply with the statutory capital requirements required by the regulators of the insurance markets in which the Group operates;
- To maintain a capital buffer in excess of the statutory capital requirements in order to reduce the risk of breaching the statutory requirements in the event of deviations from the main assumptions affecting the Group's insurance businesses;
- To ensure that sufficient capital is available to fund the Group's working capital and strategic capital requirements;
- To achieve an optimal and efficient capital funding profile; and
- To consider capital management needs both in the short term and over a five-year planning horizon.

Discovery has a Finance and Capital Committee that ensures alignment in strategic financial management between the centre and subsidiaries within South Africa, UK and US. The committee is the governance body for all capital allocation activities across the Group ultimately overseen by the Board.

A range of capital raising options are available to manage the capital structure of the Group, which includes the issue of new shares, debt, financial reinsurance arrangements and other hybrid instruments.

Financial leverage ratio

As part of the capital management process, the Group monitors its capital structure utilising various measures, one of which is the Financial Leverage Ratio (FLR). This ratio is calculated as total debt¹ divided by total debt plus total equity. The Group's strategy is to maintain a prudent FLR of 28.0% per the Group Risk Appetite statement. However, the 28.0% measure is merely a risk appetite indicator and does not necessarily indicate any form of a breach in terms of regulatory or covenant restrictions.

The table below summarises the FLR position as at the end of the reporting period. With the adoption of IFRS 17, a significant amount has been reallocated to contractual service margin (CSM) and risk adjustment. In line with developing market practice this CSM balance, which is available for release to profit in future years or to absorb any adverse changes, is taken into account in the calculation of the FLR. While some insurers recognise more than 50%, it appears that most ratings agencies apply the inclusion of at least 50% of the CSM into the equity denominator. The current limit of 28% remains conservative.

As a risk mitigation measure and to avail itself of favourable debt markets, Discovery raised R1.5 billion domestic medium term notes in May 2024 as an early refinance mechanism in anticipation of the DMTN maturing in November 2024. The proceeds are currently held in cash and will be applied to maturing debt in November 2024. This caused a temporary increase in the FLR of 1.1%.

R million	June 2024	June 2023 restated	1 July 2022 restated
- Borrowings at amortised cost ¹	17 517	16 361	16 464
- Guaranteed deposit facilities	-	-	300
Total debt and guarantees¹	17 517	16 361	16 764
Total equity	57 719	49 724	40 819
Total Contractual Service Margin (CSM)²	25 070	28 119	25 956
Financial leverage ratio % (50% CSM factored in)³	20.0%	20.4%	23.8%

¹ Excluding all lease liabilities under IFRS 16 Leases of R4 145 million (30 June 2023: R4 225 million).

² CSM is net of reinsurance and net of tax.

³ FLR restated for prior periods due to recognition of 50% of CSM net of reinsurance and net of tax into the equity denominator.

The FLR at 30 June 2024 is within Discovery's risk appetite.



B. Other significant items in these results *continued*

B.2 CAPITAL MANAGEMENT, FINANCIAL LEVERAGE RATIO AND COVENANTS

continued

Debt covenants

The following are the key debt covenant ratios and their proximity to minimum requirements as per the contractual financial covenants.

Debt covenant	Minimum requirement	June 2024	June 2023 Restated
Group debt ¹ to EBITDA Ratio ²	Less than 2.5 times	1.4 times	1.4 times
Group financial indebtedness to embedded value – Group financial indebtedness is as per Group debt in the calculation above	Less than 30% of Group Embedded value	16.7%	17.6%
Discovery Life Statutory Capital Requirement (SCR)	SCR cover must be more than 1.1 times	1.8 times	1.9 times
Group embedded value	Greater than R30 billion	R110 354 million	R98 176 million
New business embedded value must not be negative	Positive value of new business for 3 consecutive 6-month periods	June 2024: R1 148 million December 2023: R684 million June 2023: R500 million	June 2023: R500 million December 2022: R940 million June 2022: R1 124 million

¹ Group debt is contractually defined and means the aggregate consolidated financial indebtedness of the Group and excludes items such as the 1 Discovery Place (Discovery head office building in Sandton, South Africa) lease and includes guarantees issued to third parties.

² EBITDA is contractually defined and specifically includes items such as dividends from associates, rental paid on 1DP and excludes items deemed extraordinary and specified Financial Reinsurance (FinRe) arrangements.

B.3 IMPACT OF ACTUARIAL BASIS CHANGES WITHIN THE SA LIFE AND UK LIFE OPERATING SEGMENTS

The actuarial bases of Discovery Life and VitalityLife are actively maintained to ensure that the most up to date view of best estimate expectations of the future are accurately reflected.

- Financial risk assumptions are updated based on the current market prices as at the reporting date. Following the adoption of IFRS 17 and given the election allowed for in the standard, the impact of changes to these assumptions are now accounted through Other Comprehensive Income (OCI).
- Non-economic assumptions and estimates may also be revised in accordance with developing experience and expectations of future developments. Such basis changes are typically based on longer term observations of underlying trends and experience.

Both Discovery Life and VitalityLife concluded a comprehensive review of its estimates during the year ended 30 June 2024 taking into account the external economic environment, emerging experience, expected long term experience, management actions in response to emerging experience and additional learnings from its fully retrospective IFRS 17 transition.

Discovery Life

Emerging negative policy alterations experience has resulted in various management actions being implemented by business as well as strengthening the short-term and long-term assumptions. A review of long-term claims estimates was also undertaken including consideration being given to emerging morbidity claims experience. Expense estimates were also updated to allow for the restructuring of the Corporate and Employee Benefits division. These changes, including experience variances in the period, have contributed to a reduction in the Contractual Service Margin (CSM) balance of cR5.4 billion (net of reinsurance) with an offsetting improvement in OCI balances of cR2.3 billion. The improvement in the negative OCI balance over the period is a result of the impact of the basis changes measured at initial recognition rates which are significantly larger compared to the impact measured on current discount rates. Changes in estimates in aggregate did not materially impact earnings for the year. Whilst the reduced CSM balance negatively impacted earnings through a lower CSM release in the year, this was largely offset by a reduction in the loss component on onerous groups as a result of changes in estimates and actions implemented.

When measured on initial recognition rates, the impact of the variances and basis changes taken through CSM is significantly larger than when discounted at the risk discount rate which is used in the Embedded Value (EV) calculation, noting further that the EV impact is net of tax and has its tail curtailed at 40 years. This, combined with a positive basis change affecting the VIF in isolation, leads to a positive impact on EV relative to IFRS 17.

VitalityLife

VitalityLife's underlying performance was robust with new business value generation improving in the second half of the year. In light of continued lower lapses than expected for a block of whole of life business within the Prudential Assurance Company (PAC) book, VitalityLife strengthened the lapse basis resulting in a negative impact on earnings of £12.5 million (R294 million) for the period. While VitalityLife has contractual service (CSM) and risk adjustment (RA) margins in excess of £400 million, these margins are not applicable to this particular cohort resulting in the basis change directly impacting in period earnings. This is not expected to recur.

The reserves are measured using the UK swap curve with impacts arising from changes in the swap curve being reflected in OCI. In the period, the UK swap curve reduced at early duration and increased at long durations. This resulted in a favourable impact of £48.8 million (R1 149 million) reflected in OCI for the year.

Higher than expected inflation in the UK resulted in the level of policyholder premiums increasing by more than expected where policies have an indexation feature. Whilst the customers' future benefits also increase in value, there is an overall positive impact on future profitability with £4.8 million (R113 million) reflected in OCI for the year.

A decrease in discount rates has no impact on the CSM and does not directly impact the Group income statement given the election of OCI. There is however a beneficial impact on the VIF leading to a positive impact in the EV calculation.

B.4 CHANGE IN HEDGE STRATEGY – VITALITYLIFE BUSINESS

The introduction of IFRS 17 enabled VitalityLife to use the OCI election to remove the volatility of reported financial performance arising from changes in economic assumptions and present a more reflective performance of the business over the long term. Given this change, several of the VitalityLife swaps were exited shortly before the end of the year ended 30 June 2023. In addition, the swaption purchased in June 2022 was sold in June 2023 as the business is now able to manage any remaining risk within its risk appetite without incurring the ongoing costs of purchasing swaptions. The net fair value gain relating to these derivatives for the comparative year ended 30 June 2023 of £19.1 million, net of tax, (R410 million) was excluded in the presentation of normalised profit from operations measure and other normalised measures. VitalityLife continues to hold certain interest rate swaps and total returns swaps ("TRS") to manage the interest rate risk on the legacy PAC book of business. These instruments are now contracted on the balance sheet of the PAC and, therefore, deemed integral to the underlying insurance contracts entered into under IFRS17, and valuation movements are treated accordingly.



B. Other significant items in these results *continued*

B.5 CASH AND CASH EQUIVALENTS

Cash generated from operations increased by R1 914 million compared to the prior year. Cash outflows from investing activities improved compared to the prior year by R316 million. This includes the R255 million relating to Discovery's share after withholding tax of the dividend paid by Ping An Health Insurance Company of China, Limited (PAHI) to shareholders in June 2024 for the first time, representing 30% of 2023 calendar year distributable profits. Cash outflows from financing activities improved by R454 million compared to the prior year, after recommencement of the payment of dividends to ordinary shareholders of R1 178 million but including the early refinancing of R1 500 million (see B.2). These movements were offset by a decrease in the net movement in operating assets and liabilities largely driven by policyholder movements.

B.6 CONSOLIDATION OF DISCOVERY UNIT TRUSTS

Unit trusts which the Group controls in terms of IFRS 10 *Consolidated Financial Statements* are consolidated into Discovery's results for accounting purposes, which results in the recognition of the underlying assets and liabilities of each of the funds.

As these policies are linked, the consolidation of the Discovery Unit Trusts has no impact on the net asset value for shareholders. Assets and liabilities of these Discovery Unit Trusts however increased by R3 595 million, compared to the prior financial year ended 30 June 2023, with movements in the following line items on the Group's statement of financial position:

R million	June 2024	Restated June 2023	Movements
Investments at fair value through profit or loss	28 192	25 439	2 753
Contract receivables and other receivables	1 184	643	541
Cash and cash equivalents	2 735	2 435	300
Other assets	1	-	1
Total change in assets	32 112	28 517	3 595
Third-party interest in consolidated funds	31 456	28 346	3 110
Borrowings at amortised costs (bank overdraft)	6	33	(27)
Other payables and provisions	693	482	211
Liabilities arising from insurance contracts issued ¹	(47)	(346)	299
Other liabilities ¹	4	2	2
Total change in liabilities	32 112	28 517	3 595

¹ The comparative balances have been restated for the reclassification of balances between Liabilities arising from insurance contracts issued and Other liabilities.

There are significant trade volumes in the underlying funds of Discovery Unit Trusts. The net cash outflow of the movement in policyholder investments for the period is R556 million and has been included in the 'Increase in operating assets' line item on the Group's statement of cash flows.

B.7 MATERIAL TRANSACTIONS WITH RELATED PARTIES

Discovery Long-term Incentive Plan Trust

At the Annual General Meeting (AGM) held on 28 November 2019, the shareholders approved the establishment of the Discovery Long-term Incentive Plan Trust (Trust) with the purpose, inter alia, to subscribe, purchase and/or otherwise acquire and hold Discovery ordinary shares from time to time for the benefit of the share-based payment plan for employees, in accordance with the requirements of the Trust. During the year ended 30 June 2024, 3 227 675 (2023: 4 182 946) new shares were issued by Discovery Limited to the Trust at a value of R432 million (2023: R514 million). The Trust further acquired 960 301 shares in the market, valued at R113 million. In addition, during the year ended 30 June 2024, shares of 3 660 857 vested with participants. In terms of IFRS Accounting Standards, while held in the Trust, these shares are treated as treasury shares and not treated as issued for accounting purposes.

B.8 MAJOR CUSTOMERS AND OTHER DISCOVERY ENTITIES NOT PART OF DISCOVERY GROUP

Discovery Health Medical Scheme (DHMS)

Discovery Health administers DHMS and provides managed care services, for which it charges an administration fee and a managed healthcare fee, respectively. These fees are determined on an annual basis and approved by the trustees of DHMS. The fees for all services totalled R7 940 million for the year ended 30 June 2024 (2023: R7 414 million). Discovery offers the members of DHMS access to the Vitality programme.

B.9 CHANGES IN DIRECTORATE

Changes to the Board of Discovery Limited from 1 July 2023 to the date of this announcement are as follows:

- Ms LM Chiime was appointed to the board as an independent non-executive director effective from 18 September 2023. She is a member of the Discovery Limited Audit Committee and the Group and South African Risk and Compliance Committees. She brings a wealth of financial services and investment experience.
- Ms KC Ramon was appointed to the board as an independent non-executive director effective from 18 September 2023 and as a member of the Discovery Limited Audit Committee and the Social and Ethics Committee. She brings diverse leadership and board experience in multiple sectors. Effective 17 November 2023, she was appointed as a member of both the Treating Customers Fairly and Remuneration Committees.

Following the formal retirement of Dr Vincent Maphai and Mrs Sindi Zilwa, effective 16 November 2023 as non-executive Directors of the Company and subsequent retirement as members of the Committees on which they serve, the Committee compositions have been revised with effect from 17 November 2023:

- Mr TT Mboweni has been appointed as a member of the Nominations Committee.
- Ms FN Khanyile has been nominated as the chairperson of the Social and Ethics Committee.
- Ms KC Ramon has been appointed as a member of the Treating Customers Fairly and Remuneration Committees, respectively.

Following the above, all Discovery Board Committees remain duly constituted.

B.10 EVENTS AFTER REPORTING DATE

The following non-adjusting events occurred between the end of the reporting period and the date when the annual financial results were authorised for issue.

B.10.1 Dividend declaration in respect of the year ended 30 June 2024

B PREFERENCE SHARE CASH DIVIDEND DECLARATION

On Wednesday, 28 August 2024, the Board of directors declared a final gross cash dividend of 585.89041 cents (468.71233 cents net of dividend withholding tax) per B preference share for the period 1 January 2024 to 30 June 2024, payable from the income reserves of the Company.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

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

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 17 September 2024
Shares commence trading "ex" dividend	Wednesday, 18 September 2024
Record date	Friday, 20 September 2024
Payment date	Monday, 23 September 2024

B preference share certificates may not be dematerialised or rematerialised between Wednesday, 18 September 2024 and Friday, 20 September 2024, both days inclusive.

ORDINARY SHARE CASH DIVIDEND DECLARATION

On Wednesday, 18 September 2024, the Board of Directors declared a final gross cash dividend of 152.00000 cents (121.60000 cents net of dividend withholding tax) per ordinary share, out of the income reserves of the Company.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The number of ordinary shares in issue at the date of declaration is 676 374 092.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 15 October 2024
Shares commence trading "ex" dividend	Wednesday, 16 October 2024
Record date	Friday, 18 October 2024
Payment date	Monday, 21 October 2024

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 16 October 2024 and Friday, 18 October 2024, both days inclusive.



SECTION C

**INSURANCE AND REINSURANCE
CONTRACTS RELATED DISCLOSURE**



C: Insurance and reinsurance contracts related disclosure

C.2.1 INTRODUCTION AND OVERVIEW

This section provides information on the group's core insurance business as well as disclosures that enable the assessment of the effect of insurance and reinsurance contracts held on the Group statement of financial position, Group income statement and Group statement of cash flows. In addition to the disclosures in terms of IFRS 17 Insurance Contracts (IFRS 17).

R million	Group June 2024	Restated Group June 2023	Restated Group 1 July 2022
Assets			
Assets arising from insurance contracts issued	41 816	33 624	29 761
Assets arising from reinsurance contracts held	837	604	873
Equity			
Other reserves ¹	733	3 184	1 194
Liabilities			
Liabilities arising from insurance contracts issued	105 070	94 660	83 924
Liabilities arising from reinsurance contracts held	5 396	4 819	5 252

¹ The other reserve balance relates to the insurance finance reserve only.

R million	Group June 2024	Restated Group June 2023
Insurance revenue	51 857	45 254
Insurance service expenses	(46 145)	(39 826)
Net expenses from reinsurance contracts	(915)	(126)
Insurance service result	4 797	5 302

Refer to section C.2.4 for the detailed analysis of the insurance risk and management.



C: Insurance and reinsurance contracts related disclosure *continued*

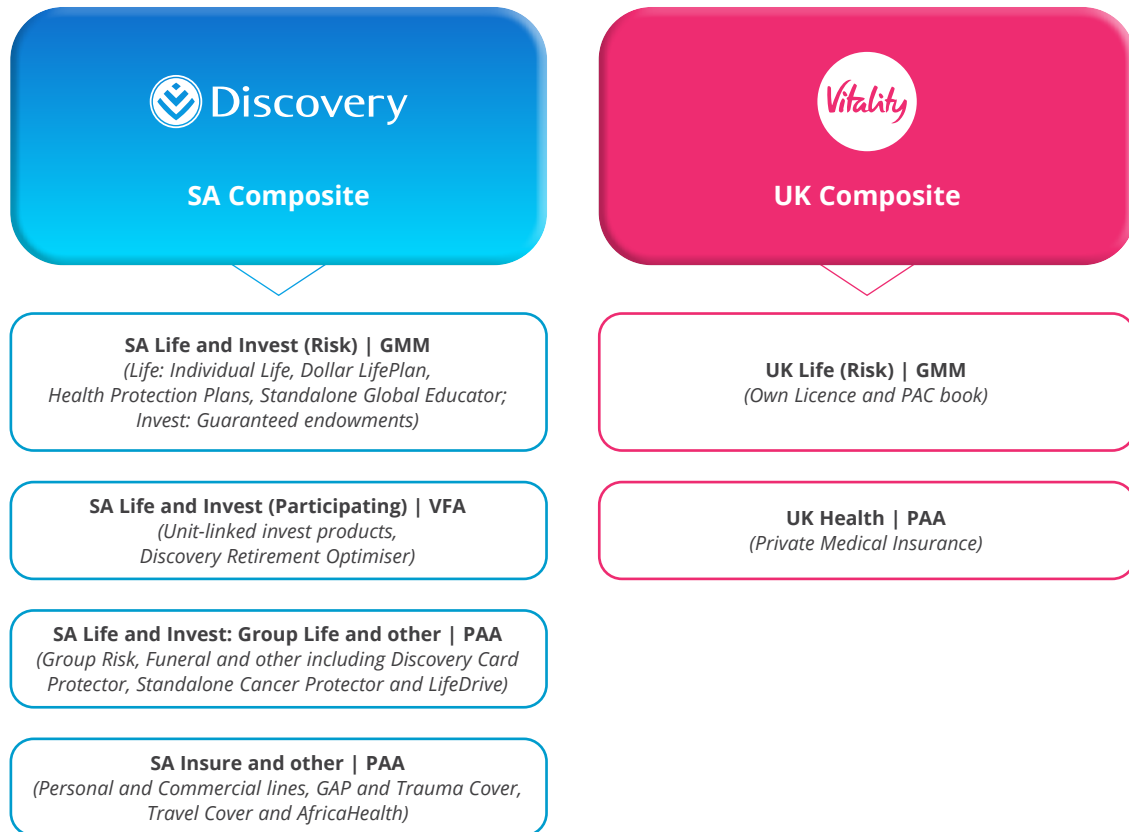
C.2.2 INSURANCE AND REINSURANCE CONTRACTS DISCLOSURES AND RECONCILIATIONS

The following disclosures enable the user to assess the effect of insurance contracts issued and reinsurance contracts held on Discovery's financial position, financial performance and cash flows. In addition to the disclosures on significant judgements and estimates above, the following disclosures provide a quantitative summary of the amount recognised in the financial statements.

IFRS 17 requires that in determining the level at which an aggregated group of insurance contracts can provide useful information to the user, Discovery considers:

- The type of contract which would consider the nature of the product and the measurement model.
- The geographical areas may expose the entity to different sets of risks, even for similar products.
- Reportable segments.

Having applied the guidance, Discovery has aggregated its portfolios for the disclosures as set out below.



C.2.2 INSURANCE AND REINSURANCE CONTRACTS DISCLOSURES AND RECONCILIATIONS *continued*

The following index is a summary of all the quantitative disclosures set out in the notes:

	Note	Description
Analysis of financial position	C.2.3.1 Summary of insurance contracts issued and reinsurance contracts held	The note summarises the total value of insurance and reinsurance contracts held across the disclosed portfolios, showing separately those insurance and reinsurance contracts in a net liability or net asset position.
	C.2.3.2 Insurance acquisition assets	The note provides a movement in the Insurance acquisition assets, reflecting the movement in the capitalised initial acquisition cash flows of the VitalityHealth portfolio.
	Reconciliation of insurance contracts <i>Analysis by remaining coverage and incurred claims</i> GMM C.2.3.3.1 SA Life and Invest (Risk) C.2.3.3.2 UK Life (Risk) VFA C.2.3.5.1 SA Life and Invest (Participating) PAA C.2.3.7.1 SA Life and Invest: Group Life and other C.2.3.7.2 SA Insure and other C.2.3.7.3 UK Health Reconciliation of reinsurance contracts <i>Analysis by remaining coverage and incurred claims</i> GMM C.2.3.8.1 SA Life and Invest (Risk) C.2.3.8.2 UK Life (Risk) PAA C.2.3.10.1 SA Life and Invest: Group Life and other C.2.3.10.2 SA Insure and other C.2.3.10.3 UK Health	The notes provide a detailed reconciliation of disclosed portfolios showing the build-up of: <ul style="list-style-type: none"> ■ The liability for remaining coverage (LRC) reflects Discovery's obligation for the unexpired portion of the coverage period. For contracts measured using the simplified approach, LRC includes the unearned premium. ■ The liability of incurred claims (LIC) reflects Discovery's obligation to cover the insured events that have occurred.
Reconciliation of insurance contracts <i>Analysis by measurement component</i> GMM C.2.3.4.1 SA Life and Invest (Risk) C.2.3.4.2 UK Life (Risk) VFA C.2.3.6.1 SA Life and Invest (Participating) Reconciliation of reinsurance contracts <i>Analysis by measurement component</i> GMM C.2.3.9.1 SA Life and Invest (Risk) C.2.3.9.2 UK Life (Risk)	The notes provide a detailed reconciliation of disclosed portfolios showing the build-up of the measurement components, namely: <ul style="list-style-type: none"> ■ Estimates of the present value of expected fulfilment cash flows. ■ The Risk adjustment. ■ The Contractual service margin reflects unearned profit. The CSM is further separated to reflect how the CSM was calculated at transition, being modified retrospectively or fully retrospectively. 	



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.2 INSURANCE AND REINSURANCE CONTRACTS DISCLOSURES AND RECONCILIATIONS *continued*

	Note	Description
Analysis of income statement	C.2.3.11 Insurance revenue	<p>The note provides a breakdown of the makeup of insurance revenue for each disclosed portfolio business unit.</p> <p>For those contracts not measured using the PAA approach, the amount reflects the provision of services and the recovery of insurance acquisition cash flows. The provision of services is represented by the change in the LRC, namely:</p> <ul style="list-style-type: none"> ■ CSM recognised during the period for the service provided. ■ The change in the Risk adjustment for non-financial risk. ■ Expected claims and insurance services expenses. ■ Experience adjustments.
	C.2.3.12 Net investment result	<p>The note provides a holistic combined view of the following:</p> <ul style="list-style-type: none"> ■ The investment returns on financial assets held. ■ The insurance and reinsurance finance income and expenses, including the amounts recognised in profit or loss and other comprehensive income (OCI).
Additional information	Effect of contracts initially recognised in the year: C.2.3.13.1 Effects of insurance contracts initially recognised in the year. C.2.3.13.2 Effect of reinsurance contracts initially recognised in the year.	<p>The notes provide a breakdown of the contracts initially recognised during the period for each disclosed portfolio business unit.</p> <ul style="list-style-type: none"> ■ For insurance contracts, differentiate between profitable contracts recognised with CSM and onerous contracts. ■ Reinsurance contracts reflect contracts originated with and without the loss-recovery component. <p>The note provides, for each disclosed portfolio business unit, the expected recognition of CSM, with interest accretion over the lifetime of the group of insurance contracts.</p>
	C.2.3.14 Contractual service margin.	The note also sets out the release of accumulated IFIE OCI balances into profit or loss.
	C.2.3.15 OCI run-off	The note provides, for each disclosed portfolio business unit, the expected run-off of the IFIE reserve, with interest accretion over the lifetime of the group of insurance contracts.
	C.2.3.16 Claims development	The note provides, for the annuity type benefits, the comparison between actual in-period claims and previous estimates of the claims amount
	C.2.3.17 Significant accounting estimates, judgements in applying accounting policies	The note provides the significant accounting estimates, judgements in applying accounting policies 12 on the insurance contracts.

C.2.2 INSURANCE AND REINSURANCE CONTRACTS DISCLOSURES AND RECONCILIATIONS *continued*

Definitions and Abbreviations

The following abbreviations and terms are commonly used within the accounting policy:

Abbreviations	Meaning
CSM	Contractual Service Margin
DISCOVERY	Discovery Group
DPF	Direct Participation Features
DRO	Discovery Retirement Optimiser
EFCF	Expected Fulfilment Cash Flows
FINANCIAL RISK	The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, currency exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.
GMM	General Measurement Model
IACF	Initial Acquisition Cash Flows
IFIE	Insurance finance income and expense comprises the change in the carrying amount of the group of insurance contracts arising from: <ul style="list-style-type: none"> ■ the effect of the time value of money and changes in the time value of money, and ■ the effect of financial risk and changes in financial risk
IFRS	IFRS® Accounting Standards
IFRS 17	IFRS 17 <i>Insurance Contracts</i> (effective for Discovery post 1 July 2023)
IFRS 17 margins	IFRS 17 margins refers to the contractual service margin plus the risk adjustment
ISE	Insurance Service Expenses
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
VFA	Variable Fee Approach



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS

C.2.3.1 Summary of insurance contracts issued and reinsurance contracts held

Group		SA Life and Invest Risk (GMM)	UK Life Risk (GMM) ¹	SA Life and Invest Participating (VFA)	SA Life and Invest: Group Life and other (PAA)	SA Insure (PAA)	UK Health (PAA) ¹	Total
R million (Assets)/Liabilities	Navigation							
Year ended 30 June 2024								
Insurance Contracts	A= D + E	2 242	(15 269)	73 721	5 888	896	(4 224)	63 254
Reinsurance Contracts	B = F	126	5 270	-	(685)	(139)	(13)	4 559
Total	C = A +B	2 368	(9 999)	73 721	5 203	757	(4 237)	67 813
Insurance contracts issued								
Assets arising from insurance contracts								
- Insurance contract balances		(22 323)	(15 269)	-	-	-	683	(36 909)
- Assets for insurance acquisition cash flows							(4 907)	(4 907)
Total	D	(22 323)	(15 269)	-	-	-	(4 224)	(41 816)
Liabilities arising from insurance contracts								
- Insurance contract balances		24 565	-	73 721	5 888	896	-	105 070
	E	24 565	-	73 721	5 888	896	-	105 070
Reinsurance contracts held								
Reinsurance contract assets		-	-	-	(685)	(139)	(13)	(837)
Reinsurance contract liabilities		126	5 270	-	-	-	-	5 396
Total	F	126	5 270	-	(685)	(139)	(13)	4 559
Year ended 30 June 2023								
Insurance Contracts		4 365	(12 059)	66 308	5 109	822	(3 509)	61 036
Reinsurance Contracts		567	4 252	-	(529)	(71)	(4)	4 215
Total		4 932	(7 807)	66 308	4 580	751	(3 513)	65 251
Insurance contracts issued								
Assets arising from insurance contracts								
- Insurance contract balances		(18 056)	(12 059)	-	-	-	1 035	(29 080)
- Assets for insurance acquisition cash flows		-	-	-	-	-	(4 544)	(4 544)
Total		(18 056)	(12 059)	-	-	-	(3 509)	(33 624)
Liabilities arising from insurance contracts								
- Insurance contract balances		22 421	-	66 308	5 109	822	-	94 660
		22 421	-	66 308	5 109	822	-	94 660
Reinsurance contracts held								
Reinsurance contract assets		-	-	-	(529)	(71)	(4)	(604)
Reinsurance contract liabilities		567	4 252	-	-	-	-	4 819
Total		567	4 252	-	(529)	(71)	(4)	4 215
Cross reference to related notes of insurance contracts issued								
- Analysis by remaining coverage and incurred claims		C2.3.3.1	C2.3.3.2	C2.3.5.1	C2.3.7.1	C2.3.7.2	C2.3.7.3	
- Analysis by measurement component		C2.3.4.1	C2.3.4.2	C2.3.6.1				
- Insurance acquisition assets							C2.3.2	
Cross reference to related notes of reinsurance contracts held								
- Analysis by remaining coverage and incurred claims		C2.3.8.1	C2.3.8.2		C2.3.10.1	C2.3.10.2	C2.3.10.3	
- Analysis by measurement component		C2.3.9.1	C2.3.9.2					

¹ The UK Life (Risk and UK Health comparative period been restated from the reconciliation published in the unaudited Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.2 Movement in asset for insurance acquisition cash flows

Group R million	UK Health (PAA)
Year ended 30 June 2024	
Balance at the beginning of the year	4 544
Amounts Incurred during the year	1 659
Amounts derecognised and included in the measurement of insurance contracts	(1 111)
Effect of movements in exchange rates	(185)
Balance at the end of the year	4 907
Year ended 30 June 2023	
Balance at the beginning of the year	3 358
Amounts Incurred during the year	1 355
Amounts derecognised and included in the measurement of insurance contracts	(893)
Effect of movements in exchange rates	724
Balance at the end of the year	4 544
Balance as at 1 July 2022	3 358
Presented in insurance contract assets	3 358
Balance as at 30 June 2024	4 907
Presented in insurance contract assets	4 907
Balance as at 30 June 2023	4 544
Presented in insurance contract assets	4 544



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.3 Reconciliation of Insurance contracts – GMM

C.2.3.3.1 SA LIFE AND INVEST (RISK)

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Liabilities for Remaining Coverage		Liabilities for Incurred Claims	Total	Liabilities for Remaining Coverage		Liabilities for Incurred Claims	Total
		Excluding loss component	Loss component			Excluding loss component	Loss component		
Opening assets arising from insurance contracts issued		(26 510)	1 833	6 621	(18 056)	(27 422)	1 424	6 339	(19 659)
Opening liabilities arising from insurance contracts issued		22 236	185	-	22 421	21 091	133	-	21 224
Net balance at beginning of the year	A	(4 274)	2 018	6 621	4 365	(6 331)	1 557	6 339	1 565
Adjust: transfer of product from SA Life and Invest (Participating) to SA Life and Invest (Risk)						(22)	128		106
Opening assets arising from insurance contracts issued (rebased)						(27 444)	1 552	6 339	(19 553)
Opening liabilities arising from insurance contracts issued (rebased)						21 091	133		21 224
Net balance at beginning of the year (rebased)		(4 274)	2 018	6 621	4 365	(6 353)	1 685	6 339	1 671
Changes in the income statement and OCI									
<i>Insurance revenue transitional split</i>									
Contracts under the modified retrospective approach		(367)	-	-	(367)	(334)	-	-	(334)
All other contracts		(14 405)	-	-	(14 405)	(13 503)	-	-	(13 503)
	B	(14 772)	-	-	(14 772)	(13 837)	-	-	(13 837)
<i>Insurance service expenses</i>									
Incurred claims and other insurance service expenses		-	-	11 009	11 009	-	-	10 348	10 348
Amortised assets for insurance acquisition cash flows		2 142	-	-	2 142	1 713	-	-	1 713
Adjustment to liability for incurred claims		-	-	37	37	-	-	-	-
Losses and reversal of losses on onerous contracts		-	(362)	-	(362)	-	304	-	304
	C	2 142	(362)	11 046	12 826	1 713	304	10 348	12 365
Investment components	D	(5 242)	-	5 242	-	(3 817)		3 817	-
Insurance service result	E = B + C + D	(17 872)	(362)	16 288	(1 946)	(15 941)	304	14 165	(1 472)
Net finance expenses from insurance contracts	F	(2 501)	9	416	(2 076)	3 046	29	191	3 266
Net changes to income statement and OCI	G = E + F	(20 373)	(353)	16 704	(4 022)	(12 895)	333	14 356	1 794
Cash Flows									
Premiums received		20 319	-	-	20 319	17 477	-	-	17 477
Insurance acquisition cash flows		(2 714)	-	-	(2 714)	(2 503)	-	-	(2 503)
Claims and other directly attributable expenses paid		-	-	(15 706)	(15 706)	-	-	(14 074)	(14 074)
Total cash flows	H	17 605	-	(15 706)	1 899	14 974	-	(14 074)	900
Net balance at the end of the year	J = A + G + H	(7 042)	1 665	7 619	2 242	(4 274)	2 018	6 621	4 365
Closing assets arising from insurance contracts issued		(31 412)	1 470	7 619	(22 323)	(26 510)	1 833	6 621	(18 056)
Closing liabilities arising from insurance contracts issued		24 370	195	-	24 565	22 236	185	-	22 421
Net balance at the end of the year		(7 042)	1 665	7 619	2 242	(4 274)	2 018	6 621	4 365



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.3 Reconciliation of Insurance contracts – GMM *continued*

C.2.3.3.2 UK LIFE (RISK)

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023 ¹			
		Liabilities for Remaining Coverage			Liabilities for Incurred Claims	Liabilities for Remaining Coverage			Liabilities for Incurred Claims
		Excluding loss component	Loss component	Total		Excluding loss component	Loss component	Total	
Opening assets arising from insurance contracts issued		(19 017)	5 327	1 631	(12 059)	(13 500)	4 388	1 131	(7 981)
Net balance at beginning of the year	A	(19 017)	5 327	1 631	(12 059)	(13 500)	4 388	1 131	(7 981)
Changes in the income statement and OCI									
<i>Insurance revenue transitional split</i>									
All other contracts		(6 904)	-	-	(6 904)	(5 581)	-	-	(5 581)
	B	(6 904)	-	-	(6 904)	(5 581)	-	-	(5 581)
<i>Insurance service expenses</i>									
Incurring claims and other insurance service expenses		-	-	3 453	3 453	-	-	2 759	2 759
Amortised assets for insurance acquisition cash flows		2 610	-	-	2 610	2 047	-	-	2 047
Adjustment to liability for incurred claims		-	-	-	-	-	-	-	-
Losses and reversal of losses on onerous contracts		-	154	-	154	-	306	-	306
	C	2 610	154	3 453	6 217	2 047	306	2 759	5 112
Investment components	D	46	-	(46)	-	236	-	(236)	-
Insurance service result	E = B + C + D	(4 248)	154	3 407	(687)	(3 298)	306	2 523	(469)
Net finance expenses from insurance contracts	F	(2 625)	(137)	-	(2 762)	(1 032)	(248)	-	(1 280)
Net changes to income statement and OCI	G = E + F	(6 873)	17	3 407	(3 449)	(4 330)	58	2 523	(1 749)
Cash Flows									
Premiums received		7 807	-	-	7 807	5 909	-	-	5 909
Insurance acquisition cash flows		(4 929)	-	-	(4 929)	(4 103)	-	-	(4 103)
Claims and other directly attributable expenses paid		-	-	(3 178)	(3 178)	-	-	(2 278)	(2 278)
Total cash flows	H	2 878	-	(3 178)	(300)	1 806	-	(2 278)	(472)
Effect of movements in exchange rates	I	810	(204)	(67)	539	(2 993)	881	255	(1 857)
Net balance at the end of the year	J = A + G + H + I	(22 202)	5 140	1 793	(15 269)	(19 017)	5 327	1 631	(12 059)
Closing assets arising from insurance contracts issued		(22 202)	5 140	1 793	(15 269)	(19 017)	5 327	1 631	(12 059)
Net balance at the end of the year		(22 202)	5 140	1 793	(15 269)	(19 017)	5 327	1 631	(12 059)

¹ The UK Life (Risk) comparative period has been restated from the reconciliation published in the unaudited Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.4 Movement in Insurance contract balances: GMM

C.2.3.4.1 SA LIFE AND INVEST (RISK)

ANALYSIS BY MEASUREMENT COMPONENT

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Estimates of PVFCF	RA for non- financial Risk	CSM Other contracts	Total	Estimates of PVFCF	RA for non- financial Risk	CSM Other contracts	Total
Opening assets arising from insurance contracts issued		(52 454)	6 960	27 438	(18 056)	(55 257)	7 765	27 833	(19 659)
Opening liabilities arising from insurance contracts issued		21 521	86	814	22 421	20 578	72	574	21 224
Net balance at beginning of the year	A	(30 933)	7 046	28 252	4 365	(34 679)	7 837	28 407	1 565
Adjust: transfer of product from SA Life and Invest (Participating) to SA Life and Invest (Risk)						1 731	(183)	(1 442)	106
Opening assets arising from insurance contracts issued (rebased)						(53 526)	7 582	26 391	(19 553)
Opening liabilities arising from insurance contracts issued (rebased)						20 578	72	574	21 224
Net balance at beginning of the year (rebased)		(30 933)	7 046	28 252	4 365	(32 948)	7 654	26 965	1 671
Changes in the income statement and OCI									
<i>Changes that relate to current services</i>									
CSM recognised for services provided		-	-	(1 859)	(1 859)	-	-	(1 835)	(1 835)
Change in Risk Adjustment for non-financial risk that relates to expired risk		-	(617)	-	(617)	-	(599)	-	(599)
Experience adjustments		663	-	-	663	513	-	-	513
<i>Changes that relate to future services</i>									
Contracts initially recognised in the period		(2 257)	430	1 888	61	(2 203)	450	1 836	83
Changes in estimates that adjust CSM		5 264	176	(5 440)	-	1 548	(193)	(1 355)	-
Changes in estimates that result in onerous contract losses or reversal of losses		(354)	81	-	(273)	350	(16)	-	334
Servicing expenses and commission for onerous contracts		42	-	-	42	32	-	-	32
<i>Changes that relate to past services</i>									
Adjustment to liability for incurred claims		-	37	-	37	-	2	-	2
Insurance service result	B	3 358	107	(5 411)	(1 946)	240	(356)	(1 354)	(1 470)
Net finance expenses from insurance contracts	C	(5 334)	792	2 466	(2 076)	877	(252)	2 641	3 266
Net changes to income statement and OCI	D= B + C	(1 976)	899	(2 945)	(4 022)	1 117	(608)	1 287	1 796
Cash flows	E	1 899	-	-	1 899	898	-	-	898
Net balance at the end of the year	G = A + D + E	(31 010)	7 945	25 307	2 242	(30 933)	7 046	28 252	4 365
Closing assets arising from insurance contracts issued		(54 499)	7 810	24 366	(22 323)	(52 454)	6 960	27 438	(18 056)
Closing liabilities arising from insurance contracts issued		23 489	135	941	24 565	21 521	86	814	22 421
Net balance at the end of the year		(31 010)	7 945	25 307	2 242	(30 933)	7 046	28 252	4 365



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.4 Movement in Insurance contract balances: GMM *continued*

C.2.3.4.2 UK LIFE (RISK)

ANALYSIS BY MEASUREMENT COMPONENT

Group R million (Assets)/Liabilities	Navigation	2024				2023 ¹			
		Estimates of PVFCF	RA for non- financial Risk	CSM Other contracts	Total	Estimates of PVFCF	RA for non- financial Risk	CSM Other contracts	Total
Opening assets arising from insurance contracts issued		(27 886)	2 020	13 807	(12 059)	(21 174)	1 740	11 452	(7 982)
Net balance at beginning of the year	A	(27 886)	2 020	13 807	(12 059)	(21 174)	1 740	11 452	(7 982)
Changes in the income statement and OCI									
<i>Changes that relate to current services</i>									
CSM recognised for services provided		-	-	(1 242)	(1 242)	-	-	(1 102)	(1 102)
Change in Risk Adjustment for non-financial risk that relates to expired risk		-	(209)	-	(209)	-	(221)	-	(221)
Experience adjustments		224	-	-	224	266	-	-	266
<i>Changes that relate to future services</i>									
Contracts initially recognised in the period		(1 573)	368	1 482	277	(1 226)	330	1 167	271
Changes in estimates that adjust CSM		447	(3)	(444)	-	135	12	(147)	-
Changes in estimates that result in onerous contract losses or reversal of losses		224	39	-	263	278	39	-	317
Insurance service result	B	(678)	195	(204)	(687)	(547)	160	(82)	(469)
Net finance expenses from insurance contracts	C	(3 108)	107	239	(2 762)	(1 206)	(219)	145	(1 280)
Net changes to income statement and OCI	D = B + C	(3 786)	302	35	(3 449)	(1 753)	(59)	63	(1 749)
Cash flows									
Effect of movements in exchange rates	F	1 153	(83)	(531)	539	(4 937)	339	2 292	(2 306)
Net balance at the end of the year	G = A + D + E + F	(30 819)	2 239	13 311	(15 269)	(27 886)	2 020	13 807	(12 059)
Closing assets arising from insurance contracts issued		(30 819)	2 239	13 311	(15 269)	(27 886)	2 020	13 807	(12 059)
Net balance at the end of the year		(30 819)	2 239	13 311	(15 269)	(27 886)	2 020	13 807	(12 059)

¹ The UK Life (Risk) comparative period has been restated from the reconciliation published in the unaudited Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.5 Movement in Insurance contract balances: VFA

C.2.3.5.1 SA LIFE AND INVEST (PARTICIPATING)

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Liabilities for Remaining Coverage (LRC)		Liabilities for Incurred Claims (LIC)	Total	Liabilities for Remaining Coverage (LRC)		Liabilities for Incurred Claims (LIC)	Total
		Excluding loss component	Loss component			Excluding loss component	Loss component		
Opening liabilities arising from insurance contracts issued		66 236	72	-	66 308	56 983	136	-	57 119
Net balance at beginning of the year	A	66 236	72	-	66 308	56 983	136	-	57 119
Adjust: transfer of product from SA Life and Invest (Participating) to SA Life and Invest (Risk)						2	(64)		(62)
Opening assets arising from insurance contracts issued (rebased)								-	-
Opening liabilities arising from insurance contracts issued (rebased)						56 985	72	-	57 057
Net balance at beginning of the year (rebased)		66 236	72	-	66 308	56 985	72	-	57 057
Changes in the income statement and OCI									
<i>Insurance revenue transitional split</i>									
Contracts under the modified retrospective approach		(3 157)	-	-	(3 157)	(2 809)	-	-	(2 809)
Other contracts		(172)	-	-	(172)	(53)	-	-	(53)
	B	(3 329)	-	-	(3 329)	(2 862)	-	-	(2 862)
<i>Insurance service expenses</i>									
Incurred claims and other insurance service expenses		-	-	999	999	-	-	1 020	1 020
Experience adjustments adjusting CSM		86	46	-	132	(77)	-	-	(77)
Amortised assets for insurance acquisition cash flows		758	-	-	758	694	-	-	694
Losses and reversal of losses on onerous contracts		-	5	-	5	-	-	-	-
	C	844	51	999	1 894	617	-	1 020	1 637
Investment components	D	(11 577)	-	11 577	-	(9 191)		9 191	-
Insurance service result	E = B + C + D	(14 062)	51	12 576	(1 435)	(11 436)	-	10 211	(1 225)
Net finance expenses from insurance contracts	F	7 810	-	-	7 810	8 283	-	-	8 283
Net changes to income statement and OCI	G = E + F	(6 252)	51	12 576	6 375	(3 153)	-	10 211	7 058
Cash Flows									
Premiums received		14 294	-	-	14 294	13 089	-	-	13 089
Insurance acquisition cash flows		(680)	-	-	(680)	(685)	-	-	(685)
Claims and other directly attributable expenses paid		-	-	(12 576)	(12 576)	-	-	(10 211)	(10 211)
Total cash flows	H	13 614	-	(12 576)	1 038	12 404	-	(10 211)	2 193
Net balance at the end of the year	J = A + G + H	73 598	123	-	73 721	66 236	72	-	66 308
Closing liabilities arising from insurance contracts issued		73 598	123	-	73 721	66 236	72	-	66 308
Net balance at the end of the year		73 598	123	-	73 721	66 236	72	-	66 308



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.6 Movement in Insurance contract balances: VFA

C.2.3.6.1 SA LIFE AND INVEST (PARTICIPATING)

ANALYSIS BY MEASUREMENT COMPONENT

Group R million (Assets)/Liabilities	Navigation	2024					2023				
		Estimates of PVFCF	RA for non-financial Risk	CSM		Total	Estimates of PVFCF	RA for non-financial Risk	CSM		Total
				Transition: Modified retro- spective	Other contracts				Transition: Modified retrospective	Other contracts	
Opening liabilities arising from insurance contracts issued		59 328	912	5 430	638	66 308	52 546	663	3 910	-	57 119
Net balance at beginning of the year		59 328	912	5 430	638	66 308	52 546	663	3 910	-	57 119
Adjust: transfer of product from SA Life and Invest (Participating) to SA Life and Invest (Risk) (rebased)							(1 729)	166	1 501	-	(62)
Opening liabilities arising from insurance contracts issued (rebased)							-	-	-	-	-
Opening liabilities arising from insurance contracts issued (rebased)							50 817	829	5 411	-	57 057
Net balance at beginning of the year (rebased)	A	59 328	912	5 430	638	66 308	50 817	829	5 411	-	57 057
Changes in the income statement and OCI											
<i>Changes that relate to current services</i>											
CSM recognised for services provided		-	-	(1 080)	(142)	(1 222)	-	-	(1 072)	(29)	(1 101)
Change in Risk Adjustment for non-financial risk that relates to expired risk		-	(212)	-	-	(212)	-	(149)	-	-	(149)
Experience adjustments		(93)	-	63	1	(29)	7	-	2	(9)	-
<i>Changes that relate to future services</i>											
Contracts initially recognised in the period		(510)	70	-	490	50	(831)	70	-	782	21
Changes in estimates that adjust CSM		289	(83)	(122)	(84)	-	(531)	116	362	53	-
Changes in estimates that result in onerous contract losses or reversal of losses		(23)	1	-	-	(22)	1	3	-	-	4
Insurance service result	B	(337)	(224)	(1 139)	265	(1 435)	(1 354)	40	(708)	797	(1 225)
Net finance expenses from insurance contracts	C	6 613	85	984	128	7 810	7 672	43	727	(159)	8 283
Net changes to income statement and OCI	D = B + C	6 276	(139)	(155)	393	6 375	6 318	83	19	638	7 058
Cash flows	E	1 038	-	-	-	1 038	2 193	-	-	-	2 193
Net balance at the end of the year	G = A + D + E	66 642	773	5 275	1 031	73 721	59 328	912	5 430	638	66 308
Closing liabilities arising from insurance contracts issued		66 642	773	5 275	1 031	73 721	59 328	912	5 430	638	66 308
Net balance at the end of the year		66 642	773	5 275	1 031	73 721	59 328	912	5 430	638	66 308



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.7 Movement in Insurance contract balances: PAA

C.2.3.7.1 SA LIFE AND INVEST: GROUP LIFE AND OTHER

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Liabilities for Remaining Coverage	Liabilities for Incurred Claims Estimates of PVFCF	RA for non-financial risk	Total	Liabilities for Remaining Coverage	Liabilities for Incurred Claims Estimates of PVFCF	RA for non-financial risk	Total
Opening liabilities arising from insurance contracts held		(162)	5 167	104	5 109	(127)	4 840	91	4 804
Net balance at beginning of the year	A	(162)	5 167	104	5 109	(127)	4 840	91	4 804
Insurance revenue	B	(3 517)	-	-	(3 517)	(3 307)	-	-	(3 307)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	3 028	(32)	2 996	-	2 600	12	2 612
Gross claims and insurance service expenses		-	3 028	(32)	2 996	-	2 600	12	2 612
Salvages		-	-	-	-	-	-	-	-
Amortisation of assets for insurance acquisition cash flows		169	-	-	169	141	-	-	141
Adjustment to liability for incurred claims		-	-	19	19	-	-	-	-
	C	169	3 028	(13)	3 184	141	2 600	12	2 753
Insurance service result	D = B + C	(3 348)	3 028	(13)	(333)	(3 166)	2 600	12	(554)
Net finance expenses from insurance contracts issued	E	-	329	7	336		200	1	201
Net changes to statement of profit or loss and OCI	F = D + E	(3 348)	3 357	(6)	3	(3 166)	2 800	13	(353)
Cash flows									
Premiums received		3 537	-	-	3 537	3 272	-	-	3 272
Insurance acquisition cash flows		(169)	-	-	(169)	(141)	-	-	(141)
Claims and other directly attributable expenses paid		-	(2 592)	-	(2 592)	-	(2 473)	-	(2 473)
Gross claims and insurance service expenses paid		-	(2 592)	-	(2 592)		(2 473)	-	(2 473)
Salvages		-	-	-	-		-	-	-
Total cash flows	G	3 368	(2 592)	-	776	3 131	(2 473)	-	658
Net balance at the end of year	K = A + F + G	(142)	5 932	98	5 888	(162)	5 167	104	5 109
Closing liabilities arising from insurance contracts held		(142)	5 932	98	5 888	(162)	5 167	104	5 109
Net balance at the end of year		(142)	5 932	98	5 888	(162)	5 167	104	5 109



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.7 Movement in Insurance contract balances: PAA *continued*

C.2.3.7.2 SA INSURE AND OTHER

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Liabilities for Remaining Coverage	Liabilities for Incurred Claims			Liabilities for Remaining Coverage	Liabilities for Incurred Claims		
			Estimates of PVFCF	RA for non-financial risk	Total		Estimates of PVFCF	RA for non-financial risk	Total
Opening liabilities arising from insurance contracts issued		52	758	12	822	77	749	13	839
Net balance at beginning of the year	A	52	758	12	822	77	749	13	839
Insurance revenue	B	(6 861)	-	-	(6 861)	(6 000)	-	-	(6 000)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	5 445	5	5 450	-	4 828	-	4 828
Gross claims and insurance service expenses		-	5 904	5	5 909	-	5 207	-	5 207
Salvages		-	(459)	-	(459)	-	(379)	-	(379)
Amortisation of assets for insurance acquisition cash flows ¹		1 053	-	-	1 053	916	-	-	916
Adjustment to liability for incurred claims		-	61	2	63	-	141	(1)	140
	C	1 053	5 506	7	6 566	916	4 969	(1)	5 884
Insurance service result	D = B + C	(5 808)	5 506	7	(295)	(5 084)	4 969	(1)	(116)
Net changes to statement of profit or loss and OCI	F = D	(5 808)	5 506	7	(295)	(5 084)	4 969	(1)	(116)
Cash flows									
Premiums received		6 827	-	-	6 827	5 975	-	-	5 975
Insurance acquisition cash flows		(1 053)	(21)	-	(1 074)	(916)	-	-	(916)
Claims and other directly attributable expenses paid		-	(5 378)	(5)	(5 383)	-	(4 961)	-	(4 961)
Gross claims and insurance service expenses paid		-	(5 825)	(5)	(5 830)	-	(5 346)	-	(5 346)
Salvages		-	447	-	447	-	385	-	385
Total cash flows	G	5 774	(5 399)	(5)	370	5 059	(4 961)	-	98
Effect of movements in exchange rates	H	1	(2)	-	(1)	-	1	-	1
Net balance at the end of year	K = A + F + G + H	19	863	14	896	52	758	12	822
Closing liabilities arising from insurance contracts issued		19	863	14	896	52	758	12	822
Net balance at the end of year		19	863	14	896	52	758	12	822

¹ The comparative reconciliation has been restated to present the insurance acquisition cash flow as part of the liabilities arising from insurance contracts. The restatement does not impact the total insurance service expenses disclosed in the reconciliation, the split between LIC and LRC has been updated.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.7 Movement in Insurance contract balances: PAA *continued*

C.2.3.7.3 UK HEALTH

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023 ¹			
		Liabilities for Remaining Coverage	Liabilities for Incurred Claims Estimates of PVFCF	RA for non-financial risk	Total	Liabilities for Remaining Coverage	Liabilities for Incurred Claims Estimates of PVFCF	RA for non-financial risk	Total
Opening assets arising from insurance contracts held		(372)	1 350	57	1 035	105	989	37	1 131
Net balance at beginning of the year	A	(372)	1 350	57	1 035	105	989	37	1 131
Insurance revenue	B	(16 474)	-	-	(16 474)	(13 670)	-	-	(13 670)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	13 713	(26)	13 687	-	10 765	11	10 776
Gross claims and insurance service expenses		-	13 713	(26)	13 687	-	10 765	11	10 776
Salvages		-	-	-	-	-	-	-	-
Amortisation of assets for insurance acquisition cash flows		1 767	-	-	1 767	1 403	-	-	1 403
Losses and reversal of losses on onerous contracts		-	-	-	-	(1)	-	-	(1)
	C	1 767	13 713	(26)	15 454	1 402	10 765	11	12 178
Insurance service result	D = B + C	(14 707)	13 713	(26)	(1 020)	(12 268)	10 765	11	(1 492)
Net changes to statement of profit or loss and OCI	F = D	(14 707)	13 713	(26)	(1 020)	(12 268)	10 765	11	(1 492)
Cash flows									
Premiums received		16 502	-	-	16 502	13 324	-	-	13 324
Insurance acquisition cash flows		(755)	-	-	(755)	(607)	-	-	(607)
Claims and other directly attributable expenses paid		-	(13 936)	-	(13 936)	-	(10 619)	-	(10 619)
Gross claims and insurance service expenses paid		-	(13 936)	-	(13 936)	-	(10 619)	-	(10 619)
Salvages		-	-	-	-	-	-	-	-
Total cash flows	G	15 747	(13 936)	-	1 811	12 717	(10 619)	-	2 098
Allocation from assets for insurance acquisition cash flows to group of insurance contracts	H	(1 111)	-	-	(1 111)	(893)	-	-	(893)
Effect of movements in exchange rates	I	17	(47)	(2)	(32)	(33)	215	9	191
Net balance at the end of year	K = A + F + G + H + I	(426)	1 080	29	683	(372)	1 350	57	1 035
Closing assets arising from insurance contracts issued		(426)	1 080	29	683	(372)	1 350	57	1 035
Net balance at the end of year		(426)	1 080	29	683	(372)	1 350	57	1 035

¹ The UK Health comparative period has been restated from the reconciliation published in the unaudited Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.8 Movement in reinsurance contract balances: GMM

C.2.3.8.1 SA LIFE AND INVEST (RISK)

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Assets for Remaining Coverage (ARC)		Assets for Incurred Claims (AIC)	Total	Assets for Remaining Coverage (ARC)		Assets for Incurred Claims (AIC)	Total
		Excluding loss recovery component	Loss recovery component			Excluding loss recovery component	Loss recovery component		
Opening liabilities arising from reinsurance contracts held		3 027	(202)	(2 258)	567	3 423	(148)	(2 151)	1 124
Net balance at beginning of the year	A	3 027	(202)	(2 258)	567	3 423	(148)	(2 151)	1 124
Changes in the income statement and OCI									
Allocation of reinsurance premiums paid		3 387	-	-	3 387	3 268	-	-	3 268
<i>Amounts recoverable from reinsurers</i>									
Recoveries of incurred claims and other insurance service expenses		-	-	(3 002)	(3 002)	-	-	(3 131)	(3 131)
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	39	-	39	-	(55)	-	(55)
Adjustments to assets for incurred claims		-	-	(10)	(10)	-	-	-	-
	B	3 387	39	(3 012)	414	3 268	(55)	(3 131)	82
Net expenses from reinsurance contracts	C = B	3 387	39	(3 012)	414	3 268	(55)	(3 131)	82
Net finance expenses from reinsurance contracts	D	177	(5)	(106)	66	(154)	1	(17)	(170)
Net changes to income statement and OCI	E = B + D	3 564	34	(3 118)	480	3 114	(54)	(3 148)	(88)
Cash Flows									
Premiums paid		(3 942)	-	-	(3 942)	(3 510)	-	-	(3 510)
Claims recovered		-	-	3 021	3 021	-	-	3 041	3 041
Total cash flows	F	(3 942)	-	3 021	(921)	(3 510)	-	3 041	(469)
Net balance at the end of the year	G = A + E + F	2 649	(168)	(2 355)	126	3 027	(202)	(2 258)	567
Closing liabilities arising from reinsurance contracts held		2 649	(168)	(2 355)	126	3 027	(202)	(2 258)	567
Net balance at the end of the year		2 649	(168)	(2 355)	126	3 027	(202)	(2 258)	567



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.8 Movement in reinsurance contract balances: GMM *continued*

C.2.3.8.2 UK LIFE (RISK)

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023 ¹			
		Assets for Remaining Coverage (ARC)		Assets for Incurred Claims (AIC)	Total	Assets for Remaining Coverage (ARC)		Assets for Incurred Claims (AIC)	Total
		Excluding loss recovery component	Loss recovery component			Excluding loss recovery component	Loss recovery component		
Opening liabilities arising from reinsurance contracts held		7 862	(2 348)	(1 262)	4 252	6 513	(1 673)	(712)	4 128
Net balance at beginning of the year	A	7 862	(2 348)	(1 262)	4 252	6 513	(1 673)	(712)	4 128
Changes in the income statement and OCI									
Allocation of reinsurance premiums paid		5 738	-	-	5 738	3 482	-	-	3 482
<i>Amounts recoverable from reinsurers</i>		-	-	-	-	0	0	0	0
Recoveries of incurred claims and other insurance service expenses		-	-	(5 349)	(5 349)	-	-	(3 272)	(3 272)
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	18	-	18	-	(364)	-	(364)
Adjustments to assets for incurred claims		-	-	-	-	-	-	-	-
	B	5 738	18	(5 349)	407	3 482	(364)	(3 272)	(154)
Net expenses from reinsurance contracts	C = B	5 738	18	(5 349)	407	3 482	(364)	(3 272)	(154)
Net finance expenses from reinsurance contracts	D	564	52	-	616	(169)	59	-	(110)
Net changes to income statement and OCI	E = B + D	6 302	70	(5 349)	1 023	3 313	(305)	(3 272)	(264)
Cash Flows									
Premiums paid		(4 547)	-	-	(4 547)	(3 268)	-	-	(3 268)
Claims recovered		-	-	4 730	4 730	-	-	2 907	2 907
Total cash flows	F	(4 547)	-	4 730	183	(3 268)	-	2 907	(361)
Effect of movements in exchange rates	G	(337)	89	60	(188)	1 304	(370)	(185)	749
Net balance at the end of the year	H = A + E + F + G	9 280	(2 189)	(1 821)	5 270	7 862	(2 348)	(1 262)	4 252
Closing liabilities arising from reinsurance contracts held		9 280	(2 189)	(1 821)	5 270	7 862	(2 348)	(1 262)	4 252
Net balance at the end of the year		9 280	(2 189)	(1 821)	5 270	7 862	(2 348)	(1 262)	4 252

¹ The UK Life (Risk) comparative period been restated from the reconciliation published in the unaudited Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.9 Movement in reinsurance contract balances: GMM

C.2.3.9.1 SA LIFE AND INVEST (RISK)

ANALYSIS BY MEASUREMENT COMPONENT

Group R million (Assets)/Liabilities	Navigation	2024					2023				
		Estimates of PVFCF	RA for non- financial Risk	CSM		Total	Estimates of PVFCF	RA for non-financial Risk	CSM		Total
				Transition: Modified retro- spective	Other contracts				Transition: Modified retrospective	Other contracts	
Opening liabilities arising from reinsurance contracts held		6 094	(698)	(80)	(4 749)	567	6 315	(704)	(75)	(4 412)	1 124
Net balance at beginning of the year	A	6 094	(698)	(80)	(4 749)	567	6 315	(704)	(75)	(4 412)	1 124
Changes in the income statement and OCI											
<i>Changes that relate to current services</i>											
CSM recognised for services provided		-	-	6	338	344	-	-	4	307	311
Change in Risk Adjustment for non-financial risk that relates to expired risk		-	71	-	-	71	-	63	-	-	63
Experience adjustments		(12)	-	-	-	(12)	(221)	-	-	-	(221)
<i>Changes that relate to future services</i>											
Contracts initially recognised in the period		202	(22)	-	(186)	(6)	221	(25)	-	(209)	(13)
Changes in estimates that adjust CSM		16	-	(16)	40	40	41	(7)	-	(31)	3
Changes in estimates that relate to losses and reversal of losses on underlying contracts		(17)	4	-	-	(13)	(62)	2	-	-	(60)
<i>Changes that relate to past services</i>											
Adjustment to assets for incurred claims		-	(10)	-	-	(10)	-	(1)	-	-	(1)
Net Expenses from reinsurance contracts held	B	189	43	(10)	192	414	(21)	32	4	67	82
Net finance income from reinsurance contracts	C	537	(48)	(10)	(413)	66	269	(26)	(9)	(404)	(170)
Net changes to income statement and OCI	D = B + C	726	(5)	(20)	(221)	480	248	6	(5)	(337)	(88)
Cash flows	E	(921)	-	-	-	(921)	(469)	-	-	-	(469)
Effect of movements in exchange rates	F	-	-	-	-	-	-	-	-	-	-
Net balance at the end of the year	G = A + D + E + F	5 899	(703)	(100)	(4 970)	126	6 094	(698)	(80)	(4 749)	567
Closing liabilities arising from reinsurance contracts held		5 899	(703)	(100)	(4 970)	126	6 094	(698)	(80)	(4 749)	567
Net balance at the end of the year		5 899	(703)	(100)	(4 970)	126	6 094	(698)	(80)	(4 749)	567



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.9 Movement in reinsurance contract balances: GMM *continued*

C.2.3.9.2 UK LIFE (RISK)

ANALYSIS BY MEASUREMENT COMPONENT

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Estimates of PVFCF	RA for non- financial Risk	CSM Other contracts	Total	Estimates of PVFCF	RA for non- financial Risk	CSM Other contracts	Total
Opening liabilities arising from reinsurance contracts held		9 701	(429)	(5 020)	4 252	8 514	(348)	(4 038)	4 128
Net balance at beginning of the year	A	9 701	(429)	(5 020)	4 252	8 514	(348)	(4 038)	4 128
Changes in the income statement and OCI									
<i>Changes that relate to current services</i>									
CSM recognised for services provided		-	-	495	495	-	-	391	391
Change in Risk Adjustment for non-financial risk that relates to expired risk		-	24	-	24	-	34	-	34
Experience adjustments		22	-	-	22	(86)	-	-	(86)
<i>Changes that relate to future services</i>									
Contracts initially recognised in the period		1 193	(65)	(1 318)	(190)	649	(56)	(777)	(184)
Changes in estimates that adjust CSM		(30)	(2)	33	1	(231)	(28)	282	23
Changes in estimates that relate to losses and reversal of losses on underlying contracts		63	(8)	-	55	(311)	(20)	-	(331)
Net Expenses from reinsurance contracts held	B	1 248	(51)	(790)	407	21	(70)	(104)	(153)
Net finance income from reinsurance contracts	C	743	(8)	(119)	616	(114)	59	(55)	(110)
Net changes to income statement and OCI	D = B + C	1 991	(59)	(909)	1 023	(93)	(11)	(159)	(263)
Cash flows									
Effect of movements in exchange rates	E	183	-	-	183	(362)	-	-	(362)
	F	(415)	17	210	(188)	1 642	(70)	(823)	749
Net balance at the end of the year	G = A + D + E + F	11 460	(471)	(5 719)	5 270	9 701	(429)	(5 020)	4 252
Closing liabilities arising from reinsurance contracts held		11 460	(471)	(5 719)	5 270	9 701	(429)	(5 020)	4 252
Net balance at the end of the year		11 460	(471)	(5 719)	5 270	9 701	(429)	(5 020)	4 252



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.10 Movement in reinsurance contract balances: PAA

C.2.3.10.1 SA LIFE AND INVEST: GROUP LIFE AND OTHER

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Asset for Incurred Claims			Total	Asset for Incurred Claims			Total
		Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk		Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	
Opening assets arising from reinsurance contracts held		398	(910)	(17)	(529)	378	(1 054)	(15)	(691)
Net balance at beginning of the year	A	398	(910)	(17)	(529)	378	(1 054)	(15)	(691)
Changes in the statement of profit or loss and OCI									
Reinsurance premiums expense		305	-	-	305	282	-	-	282
Claims recovered from reinsurer		-	(265)	4	(261)	-	(138)	(2)	(140)
Net finance income from reinsurance contracts held		-	(48)	(1)	(49)	-	(31)	-	(31)
Net changes to statement of profit or loss and OCI	B	305	(313)	3	(5)	282	(169)	(2)	111
Cash Flows									
Premiums paid net of commissions and other attributable expenses		(544)	-	-	(544)	(262)	-	-	(262)
Reinsurance recoveries		-	393	-	393	-	313	-	313
Total cash flows	C	(544)	393	-	(151)	(262)	313	-	51
Net balance at end of the year	D = A + B + C	159	(830)	(14)	(685)	398	(910)	(17)	(529)
Closing assets arising from reinsurance contracts held		159	(830)	(14)	(685)	398	(910)	(17)	(529)
Net balance at end of the year		159	(830)	(14)	(685)	398	(910)	(17)	(529)



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.10 Movement in reinsurance contract balances: PAA *continued*

C.2.3.10.2 SA INSURE AND OTHER

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Asset for Incurred Claims			Total	Asset for Incurred Claims			Total
		Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk		Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	
Opening assets arising from reinsurance contracts held		776	(845)	(2)	(71)	260	(440)	(2)	(182)
Net balance at beginning of the year	A	776	(845)	(2)	(71)	260	(440)	(2)	(182)
Changes in the statement of profit or loss and OCI									
Net expenses from reinsurance contracts held		-	-	-	-				
Reinsurance premiums expense		732	-	-	732	635	-	-	635
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	-	-	-	-	-	-	-
Claims recovered from reinsurer		-	(706)	-	(706)	-	(590)	-	(590)
Net changes to statement of profit or loss and OCI	B	732	(706)	-	26	635	(590)	-	45
Cash Flows									
Premiums paid net of commissions and other attributable expenses		(592)	-	-	(592)	(119)	-	-	(119)
Reinsurance recoveries		-	498	-	498	-	185	-	185
Total cash flows	C	(592)	498	-	(94)	(119)	185	-	66
Net balance at end of the year	D = A + B + C	916	(1 053)	(2)	(139)	776	(845)	(2)	(71)
Closing assets arising from reinsurance contracts held		916	(1 053)	(2)	(139)	776	(845)	(2)	(71)
Net balance at end of the year		916	(1 053)	(2)	(139)	776	(845)	(2)	(71)



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.10 Movement in reinsurance contract balances: PAA *continued*

C.2.3.10.3 UK HEALTH (RISK)

ANALYSIS BY REMAINING COVERAGE AND INCURRED CLAIMS

Group R million (Assets)/Liabilities	Navigation	2024				2023			
		Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	Total	Asset for Remaining Coverage	Estimates of PVFCF	RA for non-financial risk	Total
Opening assets arising from reinsurance contracts held		8	(9)	(3)	(4)	6	(5)	(2)	(1)
Net balance at beginning of the year	A	8	(9)	(3)	(4)	6	(5)	(2)	(1)
Changes in the statement of profit or loss and OCI									
Reinsurance premiums expense		(2)	-	-	(2)	1 847	-	-	1 847
Claims recovered from reinsurer		-	2	1	3	-	(1 837)	(1)	(1 838)
Net changes to statement of profit or loss and OCI	B	(2)	2	1	1	1 847	(1 837)	(1)	9
Cash Flows									
Premiums paid net of commissions and other attributable expenses		(10)	-	-	(10)	(1 845)	-	-	(1 845)
Reinsurance recoveries		-	-	-	-	-	1 833	-	1 833
Total cash flows	C	(10)	-	-	(10)	(1 845)	1 833	-	(12)
Effect of movements in exchange rates	D	-	-	-	-	-	-	-	-
Net balance at end of the year	E = A + B + C + D	(4)	(7)	(2)	(13)	8	(9)	(3)	(4)
Closing assets arising from reinsurance contracts held		(4)	(7)	(2)	(13)	8	(9)	(3)	(4)
Net balance at end of the year		(4)	(7)	(2)	(13)	8	(9)	(3)	(4)



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.11 Insurance revenue

The following tables present an analysis of the insurance revenue recognised in the period.

Group	SA Life and Invest Risk (GMM)	SA Life and Invest Participating (VFA)	SA Life and Invest: Group Life and other (PAA)	SA Insure and other immaterial (PAA)	UK Life Risk (GMM) ¹	UK Health (PAA)	Total
R million							
Income/(expense)							
Year ended 30 June 2024							
Contracts not measured under the PAA							
Amounts relating to changes in liabilities for remaining coverage	12 630	2 572	-	-	4 294	-	19 496
- CSM recognised for services provided	1 858	1 222	-	-	1 241	-	4 321
- Change in risk adjustment for non-financial risk for risk expired	611	201	-	-	201	-	1 013
- Expected incurred claims and other insurance service expenses	10 214	1 074	-	-	3 146	-	14 434
- Experience adjustments	(53)	75	-	-	(294)	-	(272)
Recovery of insurance acquisition cash flows	2 142	757	-	-	2 610	-	5 509
Contracts not measured under the PAA	14 772	3 329	-	-	6 904	-	25 005
Contracts measured under the PAA	-	-	3 517	6 861	-	16 474	26 852
Total insurance revenue	14 772	3 329	3 517	6 861	6 904	16 474	51 857
Year ended 30 June 2023							
Contracts not measured under the PAA							
Amounts relating to changes in liabilities for remaining coverage	12 124	2 168	-	-	3 531	-	17 823
- CSM recognised for services provided	1 836	1 101	-	-	1 102	-	4 039
- Change in risk adjustment for non-financial risk for risk expired	595	148	-	-	213	-	956
- Expected incurred claims and other insurance service expenses	9 653	927	-	-	2 397	-	12 977
- Experience adjustments	40	(8)	-	-	(181)	-	(149)
Recovery of insurance acquisition cash flows	1 713	694	-	-	2 047	-	4 454
Contracts not measured under the PAA	13 837	2 862	-	-	5 578	-	22 277
Contracts measured under the PAA	-	-	3 307	6 000	-	13 670	22 977
Total insurance revenue	13 837	2 862	3 307	6 000	5 578	13 670	45 254

¹ The UK Life (Risk) column been restated from the reconciliation of the revenue published in the unaudited Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.12 Net investment result

The following table analyses the Group's net investment result in profit or loss and OCI.

Group R million Income/(expense)	SA Life and Invest Risk (GMM)	SA Life and Invest Participating (VFA)	SA Life and Invest: Group Life and other (PAA)	SA Insure and other (PAA)	UK Life Risk (GMM)	UK Health (PAA)	Other businesses	Total
Year ended 30 June 2024								
Investment return								
Interest revenue from financial assets not measured at FVTPL	22	-	-	234	58	160	386	860
Net gains on FVTPL investments	2 243	7 843	506	1	-	60	5 592	16 245
Total investment return	2 265	7 843	506	235	58	220	5 978	17 105
Finance income/(expenses) from insurance contracts								
Changes in fair value of underlying items of direct participation contracts	-	(7 789)	-	-	-	-	-	(7 789)
Interest accreted to the CSM	(2 512)	(1 112)	-	-	(239)	-	-	(3 863)
Interest on FCF and other finance (income)/expenses ¹	2 320	1 091	(381)	-	1 643	-	-	4 673
Effect of changes in interest rates and other financial assumptions	(4)	-	40	-	1 403	-	-	1 439
Effect of changing FCF at current rates when adjusting the CSM at rates on initial recognition	2 323	-	-	-	(44)	-	-	2 279
Effect of movements in exchange rates	(51)	-	5	-	-	-	-	(46)
Net finance expenses from insurance contracts	2 076	(7 810)	(336)	-	2 763	-	-	(3 307)
Finance income/(expenses) from reinsurance contracts								
Interest accreted	(129)	-	53	-	119	-	-	43
Other	63	-	(4)	-	(735)	-	-	(676)
Net finance income from reinsurance contracts	(66)	-	49	-	(616)	-	-	(633)
Movement in investment contract liabilities	-	-	-	-	-	-	(2 142)	(2 142)
Movement in third party interests in consolidated funds	-	-	-	-	-	-	(2 873)	(2 873)
Represented by:								
Amounts recognised in statement of profit or loss	727	(7 810)	(394)	-	232	-	-	(7 245)
Amounts recognised in OCI	1 283	-	107	-	1 915	-	-	3 305
	2 010	(7 810)	(287)	-	2 147	-	-	(3 940)
Insurance finance income and expenses								
Amounts recognised in statement of profit or loss	986	(7 810)	(458)	-	380	-	-	(6 902)
Amounts recognised in OCI	1 090	-	122	-	2 383	-	-	3 595
	2 076	(7 810)	(336)	-	2 763	-	-	(3 307)
Net finance income from reinsurance contracts								
Amounts recognised in statement of profit or loss	(259)	-	64	-	(148)	-	-	(343)
Amounts recognised in OCI	193	-	(15)	-	(469)	-	-	(290)
	(66)	-	49	-	(616)	-	-	(633)

¹ For SA Life and Invest GMM Risk, the interest accreted on FCF and other finance (income)/expense includes for Individual life finance income of R4 195 million, and guaranteed endowments finance expense of R1 875 million.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.12 Net investment result *continued*

The following table analyses the Group's net investment result in profit or loss and OCI.

The table has been restated from the previously published information in the unaudited interest results for the six months ended 31 December 2023. The restated information includes the following changes:

- Changes which affect total net investment results
 - Correction of prior period errors as per note D.1.4 item 5.
- Changes which do not affect total net investment results
 - Allocation of the net gains on FVTPL investments have been corrected between the portfolios SA Life and Invest Risk (GMM), SA Life and Group Risk (PAA) and Other - which includes umbrella funds.
 - The net finance expenses from insurance contracts have been reassessed, in line with June 2024 analysis, reallocated the items to correctly reflect the driver for the change

Group R million Income/(expense)	SA Life and Invest Risk (GMM)	SA Life and Invest Participating (VFA)	SA Life Group Risk (PAA)	SA Insure and other immaterial (PAA)	UK Life Risk (GMM)	UK Health (PAA)	Other businesses	Total
Year ended 30 June 2023								
Investment return								
Interest revenue from financial assets not measured at FVTPL	6	-	-	181	54	90	285	616
Net gains on FVTPL investments	1 465	8 326	228	-	311	1	6 901	17 232
Total investment return	1 471	8 326	228	181	365	91	7 186	17 848
Finance income/(expenses) from insurance contracts								
Changes in fair value of underlying items of direct participation contracts	-	(8 252)	-	-	-	-	-	(8 252)
Interest accreted to the CSM	(2 281)	(568)	-	-	(145)	-	-	(2 994)
Interest on FCF and other finance (income)/expenses ¹	1 478	537	(266)	-	672	-	-	2 421
Effect of changes in interest rates and other financial assumptions	(3 005)	-	84	-	(64)	-	-	(2 985)
Effect of changing FCF at current rates when adjusting the CSM at rates on initial recognition	446	-	-	-	-	-	-	446
Effect of movements in exchange rates	96	-	(19)	-	817	-	-	894
Net finance expenses from insurance contracts	(3 266)	(8 283)	(201)	-	1 280	-	-	(10 470)
Finance income/(expenses) from reinsurance contracts								
Interest accreted	(25)	-	43	-	55	-	-	73
Other	195	-	(12)	-	55	-	-	238
Net finance income from reinsurance contracts	170	-	31	-	110	-	-	311
Movement in investment contract liabilities	-	-	-	-	-	-	(3 099)	(3 099)
Movement in third party interests in consolidated funds	-	-	-	-	-	-	(2 978)	(2 978)
Represented by:								
Amounts recognised in statement of profit or loss	1 267	(8 283)	(355)	-	(24)	-	-	(7 395)
Amounts recognised in OCI	(4 363)	-	185	-	1 414	-	-	(2 764)
	(3 096)	(8 283)	(170)	-	1 390	-	-	(10 159)
Insurance finance income and expenses								
Net finance expenses from insurance contracts								
Amounts recognised in statement of profit or loss	1 553	(8 283)	(415)	-	56	-	-	(7 089)
Amounts recognised in OCI	(4 819)	-	214	-	1 224	-	-	(3 381)
	(3 266)	(8 283)	(201)	-	1 280	-	-	(10 470)
Net finance income from reinsurance contracts								
Amounts recognised in statement of profit or loss	(286)	-	60	-	(80)	-	-	(306)
Amounts recognised in OCI	456	-	(29)	-	190	-	-	617
	170	-	31	-	110	-	-	311

¹ For SA Life and Invest GMM Risk, the interest accreted on FCF and other finance (income)/expense includes for Individual life finance income of R2 284 million, and guaranteed endowments finance expense of R1 293 million.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.13 Effect of contracts initially recognised in the year

C.2.3.13.1 INSURANCE CONTRACTS

Group R million Assets/(Liabilities)	Profitable contracts issued			Onerous contracts issued			Total
	SA Life and Invest Risk (GMM)	SA Life and Invest Participating (VFA)	UK Life Risk (GMM)	SA Life and Invest Risk (GMM)	SA Life and Invest Participating (VFA)	UK Life Risk (GMM)	
Year ended 30 June 2024							
Insurance acquisition cash flows	(1 482)	(421)	(3 766)	(127)	(113)	(1 022)	(6 931)
Claims and other insurance service expenses payable	(7 216)	(5 973)	(4 994)	(645)	(1 834)	(2 090)	(22 752)
Estimates of present value of cash outflows	(8 698)	(6 394)	(8 760)	(772)	(1 947)	(3 112)	(29 683)
Estimates of present value of cash inflows	10 984	6 940	10 549	743	1 911	2 897	34 024
Risk adjustment for non-financial risk	(398)	(56)	(307)	(32)	(14)	(62)	(868)
CSM	(1 888)	(490)	(1 482)	-	-	-	(3 860)
Losses recognised on initial recognition	-	-	-	(61)	(50)	(277)	(387)
Year ended 30 June 2023							
Insurance acquisition cash flows	(1 380)	(437)	(3 077)	(156)	(66)	(827)	(5 943)
Claims and other insurance service expenses payable	(5 845)	(6 733)	(4 330)	(630)	(1 232)	(1 915)	(20 685)
Estimates of present value of cash outflows	(7 225)	(7 170)	(7 407)	(786)	(1 298)	(2 742)	(26 628)
Estimates of present value of cash inflows	9 474	8 019	8 846	740	1 280	2 529	30 890
Risk adjustment for non-financial risk	(413)	(67)	(271)	(37)	(3)	(59)	(851)
CSM	(1 836)	(782)	(1 167)	-	-	-	(3 785)
Losses recognised on initial recognition	-	-	-	(83)	(21)	(271)	(375)

C.2.3.13.2 REINSURANCE CONTRACTS

Group R million Assets/(Liabilities)	Group of contracts with a net cost on initial recognition ¹		
	SA Life and Invest Risk (GMM)	UK Life Risk (GMM) ²	Total
Year ended 30 June 2024			
Estimates of present value of cash outflows	(1 134)	(9 103)	(10 237)
Estimates of present value of cash inflows	932	7 910	8 842
Risk adjustment for non-financial Risk	22	65	87
Income recognised on initial recognition (for offset)	(6)	(190)	(196)
CSM	(186)	(1 318)	(1 504)
Year ended 30 June 2023			
Estimates of present value of cash outflows	(1 241)	(6 331)	(7 572)
Estimates of present value of cash inflows	1 020	5 682	6 702
Risk adjustment for non-financial Risk	25	56	81
Income recognised on initial recognition (for offset)	(13)	(184)	(197)
CSM	(209)	(777)	(986)

¹ Group of contracts with a net cost on initial recognition refers to those reinsurance contracts with a CSM on initial recognition, that will reflect as a future cost relative to the insurance contract CSM that will release as future revenue.

² The UK Life (Risk) column been restated from the reconciliation published in the unaudited Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.14 Contractual service margin – expected recognition profile

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

Group R million (Assets)/Liabilities	Year of expected release of the CSM						Total
	< 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years	
Assets arising from insurance contract issued							
Year ended 30 June 2024							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	25 307	25 597	26 186	29 469	39 435	71 632	25 307
Accretion of interest	2 378	2 527	8 718	19 559	63 082	344 304	440 568
Recognised in income statement	(2 088)	(1 938)	(5 435)	(9 593)	(30 885)	(415 936)	(465 875)
Balance at end of the period	25 597	26 186	29 469	39 435	71 632	-	-
SA Life and Invest Risk (VFA)							
Balance at beginning of the period	6 306	6 377	6 031	5 756	6 263	5 074	6 306
Accretion of interest	1 058	1 088	3 920	8 350	16 006	1 660	32 082
Recognised in income statement	(987)	(1 434)	(4 195)	(7 843)	(17 195)	(6 734)	(38 388)
Balance at end of the period	6 377	6 031	5 756	6 263	5 074	-	-
UK Life Risk (GMM)							
Balance at beginning of the period	13 312	12 347	11 471	9 232	6 276	2 367	13 312
Accretion of interest	249	227	586	749	827	411	3 049
Recognised in income statement	(1 214)	(1 103)	(2 825)	(3 705)	(4 736)	(2 778)	(16 361)
Balance at end of the period	12 347	11 471	9 232	6 276	2 367	-	-
Total balance at beginning of year	44 925						
Year ended 30 June 2023							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	28 252	28 532	29 081	31 775	41 229	73 004	28 252
Accretion of interest	2 440	2 622	9 067	19 946	63 837	327 204	425 116
Recognised in income statement	(2 160)	(2 073)	(6 373)	(10 492)	(32 062)	(400 208)	(453 368)
Balance at end of the period	28 532	29 081	31 775	41 229	73 004	-	-
SA Life and Invest Risk (VFA)							
Balance at beginning of the period	6 068	5 881	5 686	5 596	6 460	5 644	6 068
Accretion of interest	1 077	1 120	3 926	8 699	18 170	5 344	38 336
Recognised in income statement	(1 264)	(1 315)	(4 016)	(7 835)	(18 986)	(10 988)	(44 404)
Balance at end of the period	5 881	5 686	5 596	6 460	5 644	-	-
UK Life Risk (GMM)							
Balance at beginning of the period	13 806	12 734	11 781	9 395	6 312	2 295	13 806
Accretion of interest	206	191	498	641	671	281	2 488
Recognised in income statement	(1 276)	(1 146)	(2 884)	(3 724)	(4 688)	(2 576)	(16 294)
Balance at end of the period	12 736	11 779	9 395	6 312	2 295	-	-
Total balance at beginning of year	48 126						

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.14 Contractual service margin – expected recognition profile *continued*

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

Group R million Assets/(Liabilities)	Year of expected release of the CSM						Total
	< 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years	
Liabilities arising from reinsurance contracts held							
Year ended 30 June 2024							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	5 070	5 169	5 298	5 861	7 051	10 273	5 070
Accretion of interest	457	480	1 601	3 269	8 974	40 606	55 387
Recognised in income statement	(358)	(351)	(1 038)	(2 079)	(5 752)	(50 879)	(60 457)
Balance at end of the year	5 169	5 298	5 861	7 051	10 273	-	-
UK Life Risk (GMM)							
Balance at beginning of the period	5 719	5 337	4 986	4 084	2 882	1 193	5 719
Accretion of interest	141	126	317	408	489	268	1 749
Recognised in income statement	(523)	(477)	(1 219)	(1 610)	(2 178)	(1 461)	(7 46)
Balance at end of the year	5 337	4 986	4 084	2 882	1 193	-	-
Total balance at beginning of year	10 789						
Year ended 30 June 2023							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	4 829	4 907	5 002	5 467	6 506	9 478	4 829
Accretion of interest	423	445	1 478	3 009	8 206	37 711	51 272
Recognised in income statement	(345)	(350)	(1 013)	(1 970)	(5 234)	(47 189)	(56 102)
Balance at end of the year	4 907	5 002	5 467	6 506	9 478	-	-
UK Life Risk (GMM)							
Balance at beginning of the period	5 020	4 643	4 304	3 454	2 355	881	5 020
Accretion of interest	88	80	200	252	277	113	1 010
Recognised in income statement	(465)	(419)	(1 050)	(1 351)	(1 751)	(994)	(6 030)
Balance at end of the year	4 643	4 304	3 454	2 355	881	-	-
Total balance at beginning of year	9 849						



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.15 Insurance finance income and expenses reserve – expected run-off profile

The following table sets out when the Group expects to recognise the remaining insurance finance income and expense reserve the reporting date for contracts not measured under the PAA and the long-term claims in the Group Life business.

Group R million Income/(Expense)	Year of expected run-off of the IFIE reserve						Total
	< 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years	
Assets arising from insurance contract issued							
Year ended 30 June 2024							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	5 532	7 268	9 167	13 662	14 612	18 519	5 532
Movement in IFIE reserve	1 736	1 899	4 495	950	(33 131)	(18 519)	(5 532)
Balance at end of the period	7 268	9 167	13 662	14 612	18 519	-	-
SA Life and Invest: Group Life and other (PAA)							
Balance at beginning of the period	(337)	(466)	(601)	(935)	(1 229)	(46)	(337)
Movement in IFIE reserve	(129)	(135)	(334)	(294)	1 183	46	337
Balance at end of the period	(466)	(601)	(935)	(1 229)	(46)	-	-
UK Life Risk (GMM)							
Balance at beginning of the period	(2 385)	(3 010)	(3 378)	(3 877)	(4 145)	(3 276)	(2 385)
Movement in IFIE reserve	(625)	(368)	(499)	(268)	869	3 276	2 385
Balance at end of the period	(3 010)	(3 378)	(3 877)	(4 145)	(3 276)	-	-
Total balance at beginning of year	2 810						
Year ended 30 June 2023							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	6 622	8 282	10 194	16 025	22 128	14 283	6 622
Movement in IFIE reserve	1 660	1 912	5 831	6 103	(7 845)	(14 283)	(6 622)
Balance at end of the period	8 282	10 194	16 025	22 128	14 283	-	-
SA Life and Invest: Group Life and other (PAA)							
Balance at beginning of the period	(214)	(318)	(429)	(743)	(1 054)	(610)	(214)
Movement in IFIE reserve	(104)	(111)	(314)	(311)	444	610	214
Balance at end of the period	(318)	(429)	(743)	(1 054)	(610)	-	-
UK Life Risk (GMM)							
Balance at beginning of the period	(53)	(1 035)	(1 878)	(3 183)	(3 737)	(3 043)	(53)
Movement in IFIE reserve	(982)	(843)	(1 305)	(554)	694	3 043	53
Balance at end of the period	(1 035)	(1 878)	(3 183)	(3 737)	(3 043)	-	-
Total balance at beginning of year	6 355						

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.15 Insurance finance income and expenses reserve – expected run-off profile *continued*

The following table sets out when the Group expects to recognise the remaining insurance finance income and expense reserve the reporting date for contracts not measured under the PAA and the long-term claims in the Group Life business.

Group R million (Income)/Expense	Year of expected run-off of the IFIE reserve						Total
	< 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years	
Liabilities arising from reinsurance contracts from reinsurance contracts held							
Year ended 30 June 2024							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	1 552	1 739	1 935	2 350	2 452	66	1 552
Movement in IFIE reserve Recognised in income statement	187	196	415	102	(2 386)	(66)	(1 552)
	-	-	-	-	-	-	-
Balance at end of the year	1 739	1 935	2 350	2 452	66		-
SA Life Group Risk (PAA)							
Balance at beginning of the period	(44)	(61)	(79)	(123)	(162)	(7)	(44)
Movement in IFIE reserve	(17)	(18)	(44)	(39)	155	7	44
Balance at end of the period	(61)	(79)	(123)	(162)	(7)		-
UK Life Risk (GMM)							
Balance at beginning of the period	187	6	(64)	(103)	(143)	(153)	187
Movement in IFIE reserve Recognised in income statement	(181)	(70)	(39)	(39)	(10)	153	(187)
	-	-	-	-	-	-	-
Balance at end of the year	6	(64)	(103)	(143)	(153)	-	(0)
Total balance at beginning of year	1 695						
Year ended 30 June 2023							
SA Life and Invest Risk (GMM)							
Balance at beginning of the period	1 358	1 519	1 693	2 138	2 432	1 588	1 358
Movement in IFIE reserve Recognised in income statement	161	174	445	294	(844)	(1 588)	(1 358)
	-	-	-	-	-	-	-
Balance at end of the year	1 519	1 693	2 138	2 432	1 588	-	-
SA Life Group Risk (PAA)							
Balance at beginning of the period	(30)	(44)	(59)	(103)	(146)	(84)	(30)
Movement in IFIE reserve	(14)	(15)	(43)	(43)	61	84	30
Balance at end of the year	(44)	(59)	(102)	(146)	(85)	-	-
UK Life Risk (GMM)							
Balance at beginning of the period	672	352	125	(100)	(156)	(136)	672
Movement in IFIE reserve Recognised in income statement	(320)	(227)	(225)	(56)	20	136	(672)
	-	-	-	-	-	-	-
Balance at end of the year	352	125	(100)	(156)	(136)	-	-
Total balance at beginning of year	2 000						



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.16 Claims development

The following table outlines the expected runoff of the in-claims liabilities reconciled with the aggregate carrying amount of the groups of insurance contracts. The comparison between actual in-period claims and previous estimates of the claims amount are shown below the table.

Group R million	Estimate of cumulative claims gross of reinsurance	
	Expected gross of reinsurance claim payments	Expected net of reinsurance claim payments
Year ended 30 June 2024		
< 1 year	1 702	1 368
1 – 2 years	1 461	1 175
2 – 3 years	1 317	1 062
3 – 4 years	1 209	979
4 – 5 years	1 129	914
6 – 10 years	4 726	3 838
10 – 20 years	5 648	4 565
> 20 years	1 648	1 368
Total income disability liability for incurred claims	18 840	15 269
Effect of discounting	(9 920)	(8 062)
Risk adjustment	121	94
Other claims settled within 1 year	4 608	3 149
Total liabilities for incurred claims in the Statement of financial position	13 649	10 450
Included in the LIC balance for the following portfolios:		
SA Life and Invest (Risk) GMM	7 619	5 264
SA Life and Invest: Group Life and Other PAA	6 030	5 186
Total actual recurring benefit liability claims payments made in the period 01 July to 30 June	1 707	1 341

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.16 Claims development *continued*

Group R million	Estimate of cumulative claims net of reinsurance	
	Expected gross of reinsurance claim payments	Expected gross of reinsurance claim payments
Year ended 30 June 2023		
< 1 year	1 445	1 167
1 – 2 years	1 275	1 001
2 – 3 years	1 171	924
3 – 4 years	1 090	868
4 – 5 years	1 007	800
6 – 10 years	4 240	3 380
10 – 20 years	5 232	4 164
> 20 years	2 069	1 785
Total income disability liability for incurred claims	17 529	14 089
Effect of discounting	(9 677)	(7 700)
Risk adjustment	140	111
Creditors and debtors included in LIC	3 901	2 209
Total liabilities for incurred claims in the Statement of financial position	11 893	8 709
Included in the LIC balance for the following portfolios:		
SA Life and Invest (Risk) GMM	6 621	4 364
SA Life and Invest: Group Life and Other PAA	5 272	4 345
Total actual recurring benefit liability claims payments made in the period 01 July to 30 June	1 529	1 173



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.17 Significant accounting estimates and judgements in applying accounting policies

In preparing these results, estimates, assumptions, and judgements are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Accounting estimates and judgements are regularly reviewed and are based on historical experience, current best estimates, and expectations of future outcomes as well as anticipated changes in the environment. The following represents the most material key assumptions applied by management in preparing these results.

I. INSURANCE CONTRACTS SCOPE AND GROUPING

DEFINITION AND CLASSIFICATION

a. Definition

IFRS 17 does not specify what significant insurance risk is. Discovery's policy defines significant insurance risk as follows: The possibility that the present value of losses arising on the insurance contract exceeds 10% of the present value of income and receipts collected when applying a worst-case scenario upon the inception of the insurance contract.

b. Classification

Eligibility for VFA

Within Discovery, the unit-linked products offered by Discovery Life are examples of insurance contracts with direct participation features. The VFA is used to measure insurance contracts with direct participating features.

Discovery exercises judgement in determining whether the VFA eligibility criteria are met at initial recognition. Judgement is applied for the following eligibility criteria to use VFA:

- Discovery expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items and
- Discovery expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Within Discovery, a "substantial share" and "substantial proportion" is deemed to represent a proportion that exceeds 50% as a rebuttable presumption.

UNIT OF ACCOUNT, AGGREGATION AND RECOGNITION OF INSURANCE AND REINSURANCE CONTRACTS

Discovery uses judgement to determine at what level of granularity Discovery has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Discovery performs stress testing on portfolios measured using GMM/VFA. The stresses are modelled at the policy inception date and may differ between portfolios but will correspond to the most significant non-financial stresses currently run as part of the risk appetite work. If any policy that was originally determined to be profitable becomes onerous under any of the three additional stresses calculated, that policy is classified as profitable-at-risk.

II. CONTRACTS MEASURED UNDER THE GMM AND VFA

Discovery provides detailed qualitative information about the inputs, assumptions, and estimation techniques that are considered significant and material for measuring insurance and reinsurance contracts. Where applicable, Discovery also provides quantitative information. However, detailed disclosure of quantitative information is not provided when it is impracticable to do so. This impracticability may arise due to one or a combination of the following reasons:

- The assumptions are set at a highly granular level to support the unique dynamic underwriting approach used in the product design. The quantitative inputs are therefore extensive.
- The dynamic underwriting approach leads to assumptions which are interdependent therefore the quantitative inputs in one category may be misleading or misinterpreted if not considered together with other assumptions and inputs.
- The assumptions are partly derived from internal data which is commercially sensitive and impacts Discovery's competitive position.

III. EXPECTED FULFILMENT CASH FLOWS (EFCF)

In line with the requirements of IFRS 17, Discovery applies judgement to determine which cash flows within the boundary of insurance contracts relate directly to the fulfilment of the contracts, including the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.17 Significant accounting estimates and judgements in applying accounting policies *continued*

Discovery primarily uses deterministic projections to estimate the present value of future cash flows. The following assumptions were used when estimating future cash flows:

The assumptions used are best estimate assumptions, with the addition of a margin for risk in the assumption being allowed for in the risk adjustment.

A. MORTALITY AND MORBIDITY

Assumptions of future mortality and morbidity experience are derived from reinsurers and industry data and compared to actual past experience. Where appropriate, the assumptions are adjusted to reflect actual past experience or for expected changes in future experience.

The assumptions are modified for each policy based on actual data from underwriting performed on the policy and compared against standard industry tables for reasonability. The key mortality and morbidity assumptions are reviewed and benchmarked against the industry to ensure the reasonability of assumptions for Discovery Life. An adjustment to the standard mortality and morbidity assumptions is made to reflect the expected impact of engagement in the Vitality programme. It has been observed that higher rates of engagement result in lower mortality and morbidity claims.

For VitalityLife the mortality assumptions are set using mortality tables published by the Continuous Mortality Investigation (CMI), a subsidiary of the Institute and Faculty of Actuaries, and using the CMI projection model to allow for future mortality improvements. Where appropriate, the assumptions are adjusted to reflect actual past experience or for expected changes in future experience. Morbidity assumptions are derived from reinsurer and industry data where available and adjusted for actual past experience where appropriate. An adjustment to the standard mortality and morbidity assumptions is made to reflect the expected impact of engagement in the Vitality programme.

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM. For a sensitivity analysis, refer to Section C.2.4.1.

The sensitivity of the policyholder liabilities due to changes in mortality and morbidity assumptions are set out in section C.2.4.3.1 and C.2.4.3.2.

B. SURRENDER AND LAPSE RATES

Lapse rates are based on actual past experience where available. The lapse analysis is done by considering the in-force duration of policies. For durations longer than actual data, lapse rates are set based on expectations of future experience based on internal and external expert advice as well as available industry benchmarking. The lapse experience investigation covers at least the last two years of lapse experience to identify trends.

Lapse assumptions are varied between different types of policies where the lapse experience is expected to differ significantly. Allowance is made for the estimated impact of the economic environment. For Discovery Life and VitalityLife, an adjustment is made to the lapse assumptions to reflect the expected impact of engagement in the Vitality programme because it has been observed that higher rates of engagement result in lower lapses.

For Discovery Life, the surrender rates are also based on actual past experience where available.

Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM, depending on the product specifics.

The sensitivity of the policyholder assets and liabilities due to changes in lapse rate assumptions are set out in section C.2.4.3.1 and C.2.4.3.2.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.17 Significant accounting estimates and judgements in applying accounting policies *continued*

C. DISCOUNT RATES AND INVESTMENT RETURNS

Discount rate

The bottom-up approach was used to derive the discount rate for the cash flows of portfolios with no tangible asset backing. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics of the insurance contracts sold, where applicable.

The adjustment for the liquidity should reflect the contract's liquidity from the policyholder's perspective, i.e., it should consider both the explicit and implicit impediments for the policyholder to terminate the contract.

From Discovery's perspective, there is an immaterial liquidity risk on the whole of life insurance portfolio given that the products:

- do not charge a surrender penalty on lapse. There is no direct impediment for the policyholder to lapse their contract.
- most policyholders select age-based premium escalation patterns - this provides a broad match between the increase in premium and the escalating risk over time, leading to a significantly lower implicit impediment to lapse their contract as value does not accumulate to the extent it would in a level-premium contract for example.

For Discovery, the risk-free yield curve will be 'current' and reflect the risk-free yield curve derived on the last day of the reporting period. The nominal risk-free yield curve is used to discount nominal cash flows, while real cash flows are discounted using the real risk-free yield curve.

Risk-free rates are determined by reference to the market interest rates in the currency of the underlying cash flows for the groups of contracts.

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

R million	< 1 year	1 to 2 years	3 to 5 years	6 to 10 years	10 to 20 years	>20 years
30 June 2024						
Insurance contract cash flows						
SA Life and Invest (Risk) GMM	8.5%	8.6%	9.5%	11.3%	13.4%	12.6%
SA Life and Invest (Participating) VFA	8.5%	8.6%	9.5%	11.3%	13.4%	12.6%
UK Life (Risk) GMM	4.9%	4.7%	4.2%	3.9%	4.0%	3.6%
SA Life and Invest: Group Life PAA	8.5%	8.6%	9.5%	11.3%	13.4%	12.6%
Reinsurance contract cash flows						
SA Life and Invest (Risk) GMM	8.5%	8.6%	9.5%	11.3%	13.4%	12.6%
SA Life and Invest (Participating) VFA	8.5%	8.6%	9.5%	11.3%	13.4%	12.6%
UK Life (Risk) GMM	4.9%	4.7%	4.2%	3.9%	4.0%	3.6%
SA Life and Invest: Group Life PAA	8.5%	8.6%	9.5%	11.3%	13.4%	12.6%
30 June 2023						
Insurance contract cash flows						
SA Life and Invest (Risk) GMM	9.1%	9.2%	9.7%	11.7%	13.9%	13.4%
SA Life and Invest (Participating) VFA	9.1%	9.2%	9.7%	11.7%	13.9%	13.4%
UK Life (Risk) GMM	6.1%	6.0%	5.5%	4.6%	4.0%	3.3%
SA Life and Invest: Group Life PAA	9.1%	9.2%	9.7%	11.7%	13.9%	13.4%
Reinsurance contract cash flows						
SA Life and Invest (Risk) GMM	9.1%	9.2%	9.7%	11.7%	13.9%	13.4%
SA Life and Invest (Participating) VFA	9.1%	9.2%	9.7%	11.7%	13.9%	13.4%
UK Life (Risk) GMM	6.1%	6.0%	5.5%	4.6%	4.0%	3.3%
SA Life and Invest: Group Life PAA	9.1%	9.2%	9.7%	11.7%	13.9%	13.4%

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.17 Significant accounting estimates and judgements in applying accounting policies *continued*

Discovery Life

To determine the risk-free rate in South Africa, the daily nominal and real yield curves produced and published daily by the Discovery Bank Treasury function. These curves are consistent with the current market value of South African Government Bond issuances, and consistent with observable current market prices.

Discovery Life considers for inclusion all bonds included in the GOVI index while applying exclusion criteria designed to only include homogeneous bonds within the curve construction. Negotiable Certificates of Deposit are also used making appropriate adjustments to allow for credit risk.

The South African Government does not issue bonds across all maturities which implicitly creates the need to interpolate between various securities and extrapolate beyond the last liquid bond used in the construction of the yield curve.

The sensitivity of the policyholder liabilities due to changes in real curve assumptions are set out in section C.2.4.3.1 and C.2.4.3.2.

Vitality Life

To determine the risk-free rate in South Africa, the daily nominal and real yield curves produced and published daily by the Discovery Bank Treasury function. These curves are consistent with the current market value of South African Government Bond issuances, and consistent with observable current market prices.

D. EXPENSE ASSUMPTIONS

IFRS 17 does not specify a methodology for attributing directly attributable fixed overhead expenses to the respective groups of insurance contracts and to individual policies. It requires that the methods used be systematic and rational. Discovery has applied judgement in developing its methodology and has consistently applied this methodology period-to-period, except as noted below.

Estimates of future expenses relating to fulfilment of contracts in the scope of IFRS 17 are based on the results of the latest expense and budget information. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads.

Expenses are considered non-recurring when they relate to the start-up of a new business area or when they are material and are specific to an event that is not expected to occur in the future.

The allocation of expenses between initial and renewal is based on the latest expense analysis, where expenses are directly allocated based on the function performed. Where an expense could relate to both initial and renewal functions, the expenses are allocated proportionately based on estimates of the functions performed.

Per Discovery's policy, expenses are projected to increase in line with consumer price inflation. Non-recurring expenses are excluded from the expense analysis used to derive the assumption.

From 1 July 2023, Discovery Life has further refined its methodology for allocating directly attributable renewal expenses by allowing for the effort required to maintain the policy as well as the size of the policy's premium relative to the rest of the in-force book. As the change in methodology is a change in estimate, this change has been applied prospectively and therefore differs from the estimate used prior to 1 July 2023 given practicality and availability of historical information. The new methodology better reflects the drivers of renewal expense costs.

Given the diversified product range in UK Life, from 1 July 2022, UK Life has further refined its methodology used for allocating the directly attributable fixed overhead expenses related to new business activities (i.e. directly attributable but fixed initial expenses). As the change in methodology is a change in estimate, this change has been applied prospectively and therefore differs from the estimate used in performing the fully retrospective approach used with the initial transition to IFRS 17 given practicality and availability of historical information. The new methodology better reflects the drivers of fixed initial expenses given the core strategy and mix of business written by UK Life as well as the related effort to underwrite and administer the various products. This change in estimate has been implemented from 1 July 2022.

The sensitivity of the policyholder liabilities due to changes in expense assumptions are set out in section C.2.4.3.1 and C.2.4.3.2.



C: Insurance and reinsurance contracts related disclosure *continued*

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.17 Significant accounting estimates and judgements in applying accounting policies *continued*

CONTRACTUAL SERVICE MARGIN

The CSM is a component of the asset or liability for the group of insurance contracts that represents the future unearned profit. The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year.

The determination of coverage units require significant judgements due to consideration of the quantity of the benefits provided, the expected coverage period and time value of money for each contract. The coverage units are reviewed and updated at each reporting date.

The quantity of services provided by insurance contracts may include insurance coverage, investment-return services and investment-related services, as applicable. Discovery determines the quantity of the benefits provided under each contract as follows:

Portfolio	Benefit type	Measurement model	Risk Management
Insurance contracts			
SA Life and Invest (Risk) and UK life (Risk)	Lump sum benefits paid on death, disability or disablement and survival	GMM	For contracts where coverage for an insured event is provided, the quantity of benefits is considered to be the maximum amount payable under each insurance contract at each point in time. For contracts where the company provides investment-return services on insurance contracts in Invest without direct participation features, it is assumed that the company provides an equal service to all policyholders in the generation of an investment return for each policyholder.
	Annuity-type payment on death of disability		The expected maximum amount at risk at each point in time.
SA Life and Invest (Participating)	Investment linked insurance contracts.	VFA	The coverage unit should allow for the coverage provided for the insured event as well as the management of the underlying items on behalf of the policyholder. On VFA contracts, the determination of the coverage unit is primarily dependent on the investment services provided under the contract given this constitutes the majority of the service provided to policyholders over the lifetime of the contract.
Reinsurance contracts			
SA Life and Invest (Risk) and UK life (Risk)	Quota share reinsurance	GMM	Same basis as underlying insurance contract
	Excess of loss and stop loss reinsurance		Expected amount of underlying claims to be covered in each period

C.2.3 INSURANCE AND REINSURANCE CONTRACT DISCLOSURES AND RECONCILIATIONS *continued*

C.2.3.17 Significant accounting estimates and judgements in applying accounting policies *continued*

For GMM contracts, Discovery has elected to allow for the real time value of money in the equal allocation of CSM to coverage units:

- For Discovery Life and VitalityLife's life insurance policies this is allowed for implicitly by assuming that the same coverage is provided in real terms over time. Practically this is achieved by projecting benefits with a 0% CPI rate solely for the determination of the coverage units.
- For Discovery Life's guaranteed endowment and annuity business modelled using the GMM approach, this is allowed for by explicitly discounting the coverage units at the real rate of return.

For VFA contracts, Discovery's chosen approach is to allow for the nominal time value of money in the equal allocation of CSM to coverage units.

RISK ADJUSTMENT

When applying a confidence level technique, the first step in the process is to calculate the best estimate reserve, where there is an equal chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The risk adjustment is then calculated such that there is a specified percentage probability that the reserves will be sufficient to cover future claims. For Discovery, the determination of specified percentage is set out in C.12.2. and C.12.3.3.

III. CONTRACTS MEASURED UNDER THE PAA

INSURANCE ACQUISITION CASH FLOWS

Discovery uses judgement in determining the initial and renewal periods for which the insurance acquisition cash flows are attributed to groups. For VitalityHealth, the initial and subsequent renewal period is set at ten years.

In the current and prior year, Discovery did not identify any facts and circumstances indicating that the assets for insurance acquisition cash flows may be impaired.

RISK ADJUSTMENT

For contracts measured under the PAA, the explicit risk adjustment for non-financial risk is estimated to measure the LIC. The risk adjustment will be determined by applying a confidence level technique. For Discovery, the determination of specified percentage is set out in C.12.2. and C.12.4.1.

REINSURANCE

All prospective liabilities are valued gross of reinsurance and then adjusted for the expected effect of reinsurance. For outstanding reported claims and IBNR, a specific allowance is made for reinsurance recoveries.

The Global Linkage Benefit is fully reinsured. The cost of the future reinsurance is dependent on the cost at which the reinsurer can buy assets to match the liability under this benefit. Assumptions are made around the cost at which the reinsurer can purchase these benefits based on the current and historical costs of these assets.



SECTION D

ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RESTATEMENTS

D.1.1 Adoption of new standards and interpretations and restatements >

D.1.2 Impact of restatements on the Group statement of financial position >

D.1.3 Adoption of IFRS 17 Insurance Contracts >

D.1.4 Restatements as result of prior period errors >

D.1.5 Changes in presentation of specified items in the primary statements and associated restatements for prior period corrections >



D.1. Adoption of new standards and interpretations and restatements

D.1.1 ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RESTATEMENTS

Introduction and overview

The section provides information on the material new standards, amendments and interpretations that became effective for Discovery for its financial year commencing 1 July 2023. In addition, the section sets out the correction of prior period errors and the changes in presentation of specified line items.

Overview

The financial year ended 30 June 2024 has been marked as a year of significant changes to the measurement and presentation of items in the primary financial statements, namely the Group statement of financial position, the Group income statement, the Group statement of other comprehensive income, Group statement of changes in equity and Group statement of cash flows. The notes to the financial statements, including the accounting policies which accompany the Group financial statements have also consequently been amended.

The changes to the financial statements have arisen from the following key events:

- Change 1: Adoption of IFRS 17 *Insurance Contracts*
- Change 2: Restatements as result of prior period errors identified
- Change 3: Changes in presentation of specified items in the primary statements and associated restatements for prior period corrections

CHANGE 1: ADOPTION OF IFRS 17 INSURANCE CONTRACTS

IFRS 17 became effective for the Discovery Group 1 July 2023, with a required restatement of the comparative preceding year, namely the financial year ended 30 June 2023, including a restatement of the opening Group statement of financial position as at 1 July 2022.

IFRS 17 is a new accounting standard for insurance contracts that provides guidelines on recognising, measuring, presenting, and disclosing insurance contracts. IFRS 17 replaces the previous standard, IFRS 4 *Insurance Contracts*.

The framework established by IFRS 17 outlines the specific requirements that companies must adhere to when reporting information related to both the insurance contracts they issue and the reinsurance contracts they hold.

The summary of the impact of the adoption of IFRS 17 on the Group statement of financial position as at 1 July 2022 and 30 June 2023 is set out in section D.1.2.

For further details on the adoption of IFRS 17 Insurance Contracts also refer section D.1.3.



D. Adoption of new standards and interpretations and restatements *continued*

D.1.1 ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RESTATEMENTS *continued*

Overview *continued*

CHANGE 2: RESTATEMENT AS RESULT OF PRIOR PERIOD ERRORS IDENTIFIED

During the preparation of financial statements management may identify prior period errors that could have arisen due to miscalculations, oversights or misapplication of information that was available at the time. Errors can affect the recognition, measurement, presentation and disclosure of accounting transactions. Under IFRS Accounting Standards, management is required to restate information for material prior period errors. Immaterial prior period errors are corrected in the current financial period.

During the financial year ended 30 June 2024, management has identified prior period errors that required correction and accordingly restated the prior period information.

The summary of the impact of the restatement on the Group statement of financial position as at 1 July 2022 and 30 June 2023 is set out in section D.1.2.

For further details on the prior period errors, also refer section D.1.4.

CHANGE 3: CHANGES IN PRESENTATION OF SPECIFIED ITEMS IN THE PRIMARY STATEMENTS AND ASSOCIATED RESTATEMENTS FOR PRIOR PERIOD CORRECTIONS

Discovery continually evaluates its presentation and disclosures to developing market practices, changes in IFRS Accounting Standards and changes in its business composition that may indicate a need for change in presentation or disclosures in order to enhance the relevant and understanding gained by users of the financial statements.

With the adoption of IFRS 17 and the developments within IFRS Accounting Standards on presentation of financial statements, Discovery has enhanced its presentation of the primary financial statements. Changes in addition to those as a result of adoption of IFRS 17 are further discussed in section D.1.5.

The summary of the impact of the presentation on the Group statement of financial position as at 1 July 2022 and 30 June 2023 is set out in section D.1.2.

D.1.2 IMPACT OF RESTATEMENTS ON THE GROUP STATEMENT OF FINANCIAL POSITION

Introduction

The section provides summary information on the impact of the restatements as a result of the adoption of IFRS 17, the correction of prior period errors and presentation changes on the Group statement of financial position for 1 July 2022 and 30 June 2023.

The information is set out to reconcile for the user the information as previously published for the year end 30 June 2023 under IFRS 4 basis to the new restated results, setting out the respective adjustments to the final restated balances in the Group statement of financial position as at 1 July 2022 and 30 June 2023.

RECONCILIATION OF THE RESTATED GROUP STATEMENT OF FINANCIAL POSITION 1 JULY 2022

Group R million	30 June 2022 As previously reported under IFRS 4 ⁵	D.1.3. Restated IFRS 17 remeasurement and reclassification ⁶	D.1.4. Other restatements	D.1.5. Other presentation changes	1 July 2022 Restated under IFRS 17
Assets					
Goodwill	4 912	-	-	-	4 912
Intangible assets	6 539	-	45	-	6 584
Property and equipment	3 811	-	-	-	3 811
Assets arising from insurance contracts issued	56 645	(26 884)	-	-	29 761
Assets arising from reinsurance contracts held	511	362	-	-	873
Deferred tax asset	4 455	1 357	(95)	-	5 717
Deferred acquisition costs ¹	640	(623)	-	(17)	-
Assets arising from contracts with customers	1 692	-	-	17	1 709
Investment in equity-accounted investees	6 008	330	-	-	6 338
Financial assets					
- Loans and advances to customers at amortised cost	3 944	-	-	-	3 944
- Investments at amortised cost	7 161	-	-	-	7 161
- Investments at fair value through profit or loss	141 494	-	(3 399)	-	138 095
- Derivative financial instruments at fair value through profit or loss	276	-	-	-	276
Contract receivables and other receivables ²	13 113	(7 848)	(41)	-	5 224
Non-current assets held for sale	171	-	-	-	171
Current tax asset	220	-	(37)	-	183
Cash and cash equivalents ³	19 775	(5 988)	3 399	-	17 186
TOTAL ASSETS	271 367	(39 294)	(128)	-	231 945
Equity					
Capital and reserves					
Ordinary share capital and share premium	10 178	-	-	-	10 178
Perpetual preference share capital	779	-	-	-	779
Other reserves ⁴	3 621	(1 208)	42	-	2 455
Retained earnings	38 972	(11 373)	(197)	-	27 402
Equity attributable to equity holders of the Company	53 550	(12 581)	(155)	-	40 814
Non-controlling interest	5	-	-	-	5
TOTAL EQUITY	53 555	(12 581)	(155)	-	40 819

1 The deferred acquisition costs for insurance contracts will no longer be presented separately in the Group statement of financial position under IFRS 17 as all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

2 Previously named Insurance receivables, contract receivables and other receivables. The line item description has been updated to exclude the insurance receivables as under IFRS 17 all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

3 The treatment of the Prudential Assurance Company Limited (PAC) arrangement under IFRS 17 has resulted in a fundamental change in the way Discovery is required to reflect the underlying assets and liabilities within the PAC arrangement. Under IFRS 17, the entire PAC arrangement is reflected as an overarching insurance contract. Discovery is treated as the reinsurer for those VitalityLife policies underwritten on the PAC life insurance license (up to 31 December 2015). One key difference is the manner in which the cash and cash equivalents, which are held as the required capital backing for the policies, are reflected. Under IFRS 17, the cash backing the capital requirement and reserves are presented and measured as a non-distinct loan to policyholder. This differs from IFRS 4, where the cash and cash equivalents of the capital backing the arrangement were treated as separable components and accordingly disclosed separately. In addition to the resultant change in cash and cash equivalents on 1 July 2022 of R5 988 million.

4 Included in the Other reserves line item is the new IFRS 17 reserve for the cumulative IFE recognised in OCI.

5 The previously reported values relate to the IFRS 4 Group statement of financial position for the year-ended 30 June 2023 as was published in September 2023.

6 The IFRS 17 remeasurement and reclassification column has been restated from the reconciliation of restated Group statement of financial position published in the Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



D. Adoption of new standards and interpretations and restatements *continued*

D.1.2 IMPACT OF RESTATEMENTS ON THE GROUP STATEMENT OF FINANCIAL POSITION *continued*

Group R million	30 June 2022	D.1.3 Restated IFRS 17	D.1.4 Other restatements	D.1.5 Other presentation changes	1 July 2022
	As previously reported under IFRS 4 ⁵	remeasurement and reclassification ⁶			Restated under IFRS 17
Liabilities					
Liabilities arising from insurance contracts issued	108 067	(24 143)	-	-	83 924
Liabilities arising from reinsurance contracts held	13 192	(7 940)	-	-	5 252
Deferred tax liability	9 335	(3 008)	-	-	6 327
Contract liabilities to customers	944	-	-	-	944
Third-party interest in consolidated funds	-	-	-	24 320	24 320
Financial liabilities					
- Borrowings at amortised cost	20 584	-	-	-	20 584
- Other financial payables at amortised cost	15 123	(6 280)	65	(833)	8 075
- Deposits from customers	10 881	-	-	-	10 881
- Investment contracts at fair value through profit or loss	38 637	14 638	-	(24 320)	28 955
- Derivative financial instruments at fair value through profit or loss	202	-	-	-	202
Provisions	-	20	-	150	170
Other payables	-	-	-	1 003	1 003
Employee benefits	320	-	-	(320)	-
Current tax liability	527	-	(38)	-	489
TOTAL LIABILITIES	217 812	(26 713)	27	-	191 126
TOTAL EQUITY AND LIABILITIES	271 367	(39 294)	(128)	-	231 945

1 The deferred acquisition costs for insurance contracts will no longer be presented separately in the Group statement of financial position under IFRS 17 as all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

2 Previously named Insurance receivables, contract receivables and other receivables. The line item description has been updated to exclude the insurance receivables as under IFRS 17 all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

3 The treatment of the Prudential Assurance Company Limited (PAC) arrangement under IFRS 17 has resulted in a fundamental change in the way Discovery is required to reflect the underlying assets and liabilities within the PAC arrangement. Under IFRS 17, the entire PAC arrangement is reflected as an overarching insurance contract. Discovery is treated as the reinsurer for those VitalityLife policies underwritten on the PAC life insurance license (up to 31 December 2015). One key difference is the manner in which the cash and cash equivalents, which are held as the required capital backing for the policies, are reflected. Under IFRS 17, the cash backing the capital requirement and reserves are presented and measured as a non-distinct loan to policyholder. This differs from IFRS 4, where the cash and cash equivalents of the capital backing the arrangement were treated as separable components and accordingly disclosed separately. In addition to the resultant change in cash and cash equivalents on 1 July 2022 of R5 988 million.

4 Included in the Other reserves line item is the new IFRS 17 reserve for the cumulative FIE recognised in OCI.

5 The previously reported values relate to the IFRS 4 Group statement of financial position for the year-ended 30 June 2023 as was published in September 2023.

6 The IFRS 17 remeasurement and reclassification column has been restated from the reconciliation of restated Group statement of financial position published in the Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.

D.1.2 IMPACT OF RESTATEMENTS ON THE GROUP STATEMENT OF FINANCIAL POSITION *continued*

Reconciliation of the restated Group statement of financial position 30 June 2023

Group R million	30 June 2023	D.1.2 Restated IFRS 17	D.1.3 Other restatements	D.1.4 Other presentation changes	30 June 2023 Restated under IFRS 17
	As previously reported under IFRS 4 ⁵	remeasurement and reclassification ⁶			
Assets					
Goodwill	5 406	-	-	-	5 406
Intangible assets	6 982	-	82	-	7 064
Property and equipment	3 910	-	-	-	3 910
Assets arising from insurance contracts issued	63 865	(30 241)	-	-	33 624
Assets arising from reinsurance contracts held	709	(105)	-	-	604
Deferred tax asset	4 404	2 085	(119)	-	6 370
Deferred acquisition costs ¹	799	(779)	-	(20)	-
Assets arising from contracts with customers	2 201	-	-	20	2 221
Investment in equity-accounted investees	7 024	374	-	-	7 398
Financial assets					
- Loans and advances to customers at amortised cost	4 702	-	-	-	4 702
- Investments at amortised cost	9 910	-	-	-	9 910
- Investments at fair value through profit or loss	155 426	-	(2 911)	-	152 515
- Derivative financial instruments at fair value through profit or loss	119	-	-	-	119
Contract receivables and other receivables ²	16 059	(10 333)	(42)	-	5 684
Current tax asset	41	-	-	-	41
Cash and cash equivalents ³	20 370	(4 110)	2 911	-	19 171
TOTAL ASSETS	301 927	(43 109)	(79)	-	258 739
Equity					
Capital and reserves					
Ordinary share capital and share premium	10 351	-	-	-	10 351
Perpetual preference share capital	779	-	-	-	779
Other reserves ⁴	8 622	(3 982)	50	-	4 690
Retained earnings	44 218	(10 124)	(194)	-	33 900
Equity attributable to equity holders of the Company	63 970	(14 106)	(144)	-	49 720
Non-controlling interest	4	-	-	-	4
TOTAL EQUITY	63 974	(14 106)	(144)	-	49 724

1 The deferred acquisition costs for insurance contracts will no longer be presented separately in the Group statement of financial position under IFRS 17 as all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

2 Previously named Insurance receivables, contract receivables and other receivables. The line item description has been updated to exclude the insurance receivables as under IFRS 17 all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

3 The treatment of the Prudential Assurance Company Limited (PAC) arrangement under IFRS 17 has resulted in a fundamental change in the way Discovery is required to reflect the underlying assets and liabilities within the PAC arrangement. Under IFRS 17, the entire PAC arrangement is reflected as an overarching insurance contract. Discovery is treated as the reinsurer for those VitalityLife policies underwritten on the PAC life insurance license (up to 31 December 2015). One key difference is the manner in which the cash and cash equivalents, which are held as the required capital backing the policies, are reflected. Under IFRS 17, the cash backing the capital requirement and reserves are presented and measured as a non-distinct loan to policyholder. This differs from IFRS 4, where the cash and cash equivalents of the capital backing the arrangement were treated as separable components and accordingly disclosed separately. In addition to the resultant change in cash and cash equivalents 30 on June 2023 R4 110 million, it also resulted in a change in cash utilized and generated by operations of R2 744 million for the year ended 30 June 2023.

4 Included in the Other reserves line item is the new IFRS 17 reserve for the cumulative IFRS 17 recognised in OCI.

5 The previously reported values relate to the IFRS 4 Group statement of financial position for the year-ended 30 June 2023 as was published in September 2023.

6 The IFRS 17 remeasurement and reclassification column has been restated from the reconciliation of restated Group statement of financial position published in the Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.



D. Adoption of new standards and interpretations and restatements

continued

D.1.2 IMPACT OF RESTATEMENTS ON THE GROUP STATEMENT OF FINANCIAL POSITION *continued*

Reconciliation of the restated Group statement of financial position 30 June 2023 *continued*

Group R million	30 June 2023 As previously reported ⁵	Restated IFRS 17 remeasurement and reclassification ⁶	Other restatements	Other presentation changes	30 June 2023 Restated
Liabilities					
Liabilities arising from insurance contracts issued	114 807	(20 147)	-	-	94 660
Liabilities arising from reinsurance contracts held	14 669	(9 850)	-	-	4 819
Deferred tax liability	9 559	(2 851)	(2)	-	6 706
Contract liabilities to customers	656	-	-	-	656
Third-party interest in consolidated funds	-	-	-	28 346	28 346
Financial liabilities					
- Borrowings at amortised cost	20 586	-	-	-	20 586
- Other financial payables at amortised cost	14 780	(5 375)	67	(904)	8 568
- Deposits from customers	14 333	-	-	-	14 333
- Investment contracts at fair value through profit or loss	48 044	9 205	-	(28 346)	28 903
- Derivative financial instruments at fair value through profit or loss	20	-	-	-	20
Provisions	-	15	-	172	187
Other payables	-	-	-	1 066	1 066
Employee benefits	334	-	-	(334)	-
Current tax liability	165	-	-	-	165
TOTAL LIABILITIES	237 953	(29 003)	65	-	209 015
TOTAL EQUITY AND LIABILITIES	301 927	(43 109)	(79)	-	258 739

¹ The deferred acquisition costs for insurance contracts will no longer be presented separately in the Group statement of financial position under IFRS 17 as all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

² Previously named Insurance receivables, contract receivables and other receivables. The line item description has been updated to exclude the insurance receivables as under IFRS 17 all insurance cash flows, payables and receivables are presented on a net basis, as part of the liability or an asset arising from insurance contract issued.

³ The treatment of the Prudential Assurance Company Limited (PAC) arrangement, under IFRS 17, has resulted in a fundamental change in the way Discovery is required to reflect the underlying assets and liabilities within the PAC arrangement. Under IFRS 17, the entire PAC arrangement is reflected as an overarching insurance contract. Discovery is treated as the reinsurer for those VitalityLife policies underwritten on the PAC life insurance license (up to 31 December 2015). One key difference is the manner in which the cash and cash equivalents, which are held as the required capital backing for the policies, are reflected. Under IFRS 17, the cash backing the capital requirement and reserves are presented and measured as a non-distinct loan to policyholder. This differs from IFRS 4, where the cash and cash equivalents of the capital backing the arrangement were treated as separable components and accordingly disclosed separately. In addition to the resultant change in cash and cash equivalents 30 June 2023 R4 110 million, it also resulted in a change in cash utilized and generated by operations of R2 744 million for the year ended 30 June 2023.

⁴ Included in the Other reserves line item is the new IFRS 17 reserve for the cumulative FIE recognised in OCI.

⁵ The previously reported values relate to the IFRS 4 Group statement of financial position for the year-ended 30 June 2023 as was published in September 2023.

⁶ The IFRS 17 remeasurement and reclassification column has been restated from the reconciliation of restated Group statement of financial position published in the Discovery Group interim disclosures for the six-month period ended 31 December 2023. The effect of these changes are noted in item 5 of D.1.4.

D.1.3 ADOPTION OF IFRS 17 INSURANCE CONTRACTS

Introduction

As noted above, IFRS 17 *Insurance Contracts* became effective for the Discovery Group from 1 July 2023, with comparative restatement of the preceding year, namely the financial year ended 30 June 2023, including a restatement of the opening Group statement of financial position as at 1 July 2022. IFRS 17 replaces the previous standard, IFRS 4 *Insurance Contracts*.

IFRS 17 is not limited to insurance companies but also those companies that issue any contract that results in the transfer of significant insurance risk. For Discovery, the contracts within the scope of IFRS 17 are almost entirely aligned with those recognised in IFRS 4.

Whilst the underlying contractual terms and economic risks and rewards of each insurance contract remain unaltered, IFRS 17 impacts the accounting treatment of insurance contracts and, most notably, the timing of recognition of insurance-related profits and losses for accounting purposes. Importantly, it also separates the insurance-related profit or losses between those arising from insurance service results and those arising from financial results. IFRS 17 does not result in a change in the underlying business value of contracts, including:

- No direct change to cash flows or underlying risk and reward of contracts. Future tax cash flow impacts are expected to be immaterial.
- Immaterial impact on regulatory or economic solvency, capital position and capital management.
- The ability to pay dividends unaffected as cash flows and solvency remain unchanged.
- Immaterial impact on Embedded Value.

Adoption of IFRS 17

Upon first-time adoption, IFRS 17 requires the IFRS Accounting Standard to be applied fully retrospectively as if the IFRS Accounting Standard always applied unless impracticable. If impracticable to do so, the entity can elect to either apply a modified retrospective approach or use the fair value approach. Discovery applied a fully retrospective restatement from inception for all material groups of insurance contracts. Discovery did not measure any of its portfolios using the fair value approach.

The fully retrospective approach requires that Discovery identify, recognise, and measure groups of insurance contracts as if IFRS 17 had always applied. Based on the work completed, the restatement is much more pronounced for the long-term insurance business of Discovery Life in SA and VitalityLife in the UK. In contrast, the impact of the retrospective restatement is limited for the short-term businesses except for VitalityHealth where the impact is more significant due to change in the treatment of insurance acquisition costs.

The changes resulting from the transition to IFRS 17 can be summarised as follows:

- Those changes that result in differences between the IFRS 17 margins relative to the IFRS 4 margins. These changes result in concomitant temporary changes in equity. For example, to the extent that changes resulted in the strengthening of contractual service margins that will release to profit in future periods, such changes are mirrored by a reduction in shareholders' equity upon transition.
- Other changes, such as remeasurement basis of the expected future cash flows or recognised assets and liabilities from short-term insurance, e.g., deferred acquisition costs. These remeasurements would result in a change in equity on transition without a visible offset of insurance margins but similarly will indirectly result in higher or lower net profits in future periods (for a reduction or increase in equity respectively).

In the case of Discovery, increases in insurance margins, most notably contractual service margin (CSM), have a far more material impact. Such resulting increases of additional IFRS 17 margins on transition will be available as future profit. The main cause for this significant increase in CSM is that Discovery has a more recent and rapidly growing history compared to very long-standing insurers.



D. Adoption of new standards and interpretations and restatements

continued

D.1.3 ADOPTION OF IFRS 17 INSURANCE CONTRACTS *continued*

The most significant changes that result in an increase in IFRS 17 margins relative to margins under IFRS 4 can be summarised as follows:

- The measurement under IFRS 17 includes only those cash inflows and outflows relating directly to the fulfilment of the group of insurance contracts, termed directly attributable expenses. In addition to claims and benefits, these may include certain directly attributable overhead expenses. However, non-directly attributable expenses such as general marketing and sponsorships, allocated group executive and group function costs and research and development activities of new products, are not included in the initial recognition value of the contract. Under IFRS 17, these non-directly attributable expenses are immediately expensed and are therefore not considered when determining the expected fulfilment cash flows (EFCF) of the insurance contracts being measured. The immediate expensing of such non-directly attributable expenses increases the available margin on the portfolio compared to the IFRS 4 treatment where such expenses were brought into account when determining the available margins. It should be noted that such expenses are brought into consideration when determining the pricing of products and these increased IFRS 17 margins are therefore similarly available for recognition as profits in future or to absorb adverse changes.
- Contracts are measured at a more granular level where portfolios are established and as a minimum with annual business cohorts of no more than twelve months apart. Each of these cohorts is further categorised into separate groups based on expected profitability being profitable, profitable at risk, and onerous groups. Losses are immediately expensed when they arise on onerous contracts, effectively eliminating any cross-subsidisation or set-off applied within a portfolio. This immediate write-off of shortfalls on contracts effectively increases the available margin on the remainder of the portfolio, which will be recognised to profit in future.
- Other items, including, amongst others, the different treatment of certain basis changes and variances through the margin, the different rates at which interest is accreted on the margins, and small differences in the run-off of the margins over time are less material in the case of Discovery. Unlike IFRS 4, IFRS 17 separately recognises the finance-related consequences of insurance contracts from the underlying insurance activities. Finance income and expense related to insurance contracts and the changes in the measurement of finance-related items are recognised as insurance finance income and expense (IFIE) either immediately in profit or loss or disaggregated and allocated using a systematic allocation to profit or loss with variances being recognised through OCI.
- Discovery has elected to apply the OCI option to certain long-term insurance contracts. The exclusion of certain elements of IFIE from the profit or loss is largely aligned to Discovery's treatment under IFRS 4 where it excluded the impact of economic assumptions, net of associated derivatives, from its normalised profit and normalised headline earnings. The use of OCI removes the need for this normalisation after the adoption of IFRS 17.

Tax changes

To transition to and implement IFRS 17, amendments in tax legislation in both South Africa (Section 28 and 29A of the South African Income Tax Act) and the United Kingdom (The Insurance Contracts (Tax) Change in Accounting Standards Regulations 2022, 2022. No. 1165). The amendments legislated phasing-in periods of the impact, which were 3 years for Discovery Insure, 6 years for Discovery Life Limited, and 10 years for Vitality Life Limited. The main impact on the consolidated group at transition was the recognition and remeasurement of the related deferred tax assets and liabilities on the respective reduction in equity on transition, reflecting the change in the timing of income tax.

Other changes

Other changes, resulting in a change in equity on transition without a visible offset of insurance margins:

- The remeasurement of best estimates of the future fulfilment cash flows and measurement and accounting treatment of insurance acquisition cash flows, i.e., deferred acquisition costs, on the short-term business lines and
- Associated deferred tax and future tax impacts of the changes noted above.

D.1.3 ADOPTION OF IFRS 17 INSURANCE CONTRACTS *continued*

Impact on adoption

With finalisation of the adoption of IFRS 17, the transition change is primarily a result of the increased IFRS 17 margins, as represented by the CSM plus the risk adjustment. Other factors contributing to the change in equity include alterations in the methodology used to determine fulfilment cash flows, difference in short-term business lines such as risk adjustment for non-financial risks, and the tax effects of changes in the measurement of insurance contracts. The concomitant net impact of transition adjustments (after tax) to the balance of the Group's shareholders' equity were as follows:

	R million
Group total equity 30 June 2022	53 555
IFRS 17 adjustments, net of tax	
Retained earnings R11 373 million and IFIE OCI of R1 208 million	(12 581)
Group total equity 1 July 2022	
Post IFRS 17 but pre restatement for prior period errors	40 974

The impact of the above reduction in equity is effectively offset by a significant increase in insurance margins, most notably CSM, that is available for release to profit in future years or to absorb any adverse changes. On this basis, the total value created through the insurance activities of the Group remains largely unchanged, however, the timing of recognition of insurance related profits has been deferred. The strengthened IFRS 17 margins result in higher future release of profits and in less volatility due to its ability to absorb negative variances, while the election of OCI results in less volatility as a result of its ability to manage variances in financial risks.

For detail summary of the IFRS 17 accounting policies, refer to the Group Annual Financial Statements for the year ended 30 June 2024, Annexure B – note 12, which will be issued at a future date.

D.1.4 RESTATEMENTS AS RESULT OF PRIOR PERIOD ERRORS

Introduction

As mentioned earlier, management identified prior period errors which require that Discovery restate period information. The section sets out a summary of the prior period corrections made.

Below is a summary of the impact of the restatements as a result of the correction of prior period errors on the Group Statement of financial position for 1 July 2022 and 30 June 2023.

The information is set out to reconcile the information as previously published for the year end 30 June 2023 under IFRS 4 basis, setting out the respective adjustments to the final restated balances in the Group statement of financial position as at 1 July 2022 and 30 June 2023.

Details on the corrections are provided after the tables.

Group statement of financial position 1 July 2022

R million	Group 30 June 2022 (previously reported) ²	Item 1 Correction Increase (decrease) ³	Item 2 Correction Increase (decrease)	Item 3 Correction Increase (decrease)	Item 4 Correction Increase (decrease)	Group 1 July 2022 Restated
Intangible assets	6 539	-	-	45	-	6 584
Deferred tax asset	4 455	-	(95)	-	-	4 360
Financial assets						
- Investments at fair value through profit or loss	141 494	-	-	-	(3 399)	138 095
Insurance receivables, contract receivables and other receivables	13 113	(41)	-	-	-	13 072
Current tax asset	220	-	(37)	-	-	183
Cash and cash equivalents	20 370	-	-	-	3 399	23 769
Other reserves ¹	3 621	-	-	42	-	3 663
Retained earnings	38 972	(106)	(94)	3	-	38 775
Other financial payables at amortised cost	15 123	65	-	-	-	15 188
Current tax liability	527	-	(38)	-	-	489

¹ Other reserves reflect the impact on foreign currency translation reserve (FCTR).

² The previously reported values relate to the IFRS 4 Group statement of financial position for the year-ended 30 June 2023 as was published in September 2023.

³ Differences in the restatement note from the note published in the interim results for the six months ended 31 December 2023 booklet are due to rounding.



D. Adoption of new standards and interpretations and restatements *continued*

D.1.4 RESTATEMENTS AS RESULT OF PRIOR PERIOD ERRORS *continued*

Group statement of financial position 30 June 2023

R million	Group 30 June 2023 (previously reported) ²	Item 1 Correction Increase (decrease) ³	Item 2 Correction Increase (decrease)	Item 3 Correction Increase (decrease)	Item 4 Correction Increase (decrease)	Group 30 June 2023 Restated
Intangible assets	6 982	-	-	82	-	7 064
Deferred tax asset	4 404	-	(119)	-	-	4 285
Financial assets						
- Investments at fair value through profit or loss	155 426	-	-	-	(2 911)	152 515
Insurance receivables, contract receivables and other receivables	16 059	(42)	-	-	-	16 017
Cash and cash equivalents	20 370	-	-	-	2 911	23 281
Other reserves ¹	8 622	(7)	(22)	79	-	8 672
Retained earnings	44 218	(102)	(95)	3	-	44 024
Deferred tax liability	9 559	-	(2)	-	-	9 557
Other financial payables at amortised cost	14 780	67	-	-	-	14 847

¹ Other reserves reflect the impact on foreign currency translation reserve (FCTR).

² The previously reported values relate to the IFRS 4 Group statement of financial position for the year-ended 30 June 2023 as was published in September 2023.

³ Differences in the restatement note from the note published in the interim results for the six months ended 31 December 2023 booklet are due to rounding.

ITEM 1: MEASUREMENT OF THE PRE-EXISTING RELATIONSHIP OF RECEIVABLES AND PAYABLES

During the year ended 30 June 2024, Discovery identified that it had incorrectly adjusted specified debtors and creditors that were reflective of pre-existing relationships in its business acquisition of Standard Life Healthcare in July 2010 and the DiscoveryCard acquisition in March 2019. The incorrect treatment did not affect the goodwill at acquisition. It did, however, result in an overstatement of debtors and understatement of creditors as well as an overstatement of profit in the periods to 30 June 2022. Discovery corrected the errors in the earliest period presented, 1 July 2022.

The restatement has had no change to operating, investing, and financing cash flows. The correction does not impact the prior or current reported period Group income statement, basic or diluted earnings per share.

D.1.4 RESTATEMENTS AS RESULT OF PRIOR PERIOD ERRORS *continued*

ITEM 2: CALCULATION OF DEFERRED TAX ASSET

During the year ended 30 June 2024, Discovery reviewed the interest expense deductions in its UK business lines with the assistance of external specialists and identified restrictions that impacted income tax in a prior period. This resulted in the overstatement of the deferred tax asset as at 30 June 2022. Discovery corrected the error in the earliest period presented, being 1 July 2022.

The finalised value of the correction is different to the value communicated during the interim disclosures for the six-month period ended 31 December 2023. The finalised values are stated below, with the previously reported numbers for 1 July 2022 being a deferred tax asset decrease of R105 million (30 June 2023: R126 million) with an equal decrease in Retained earnings of R105 million (30 June 2023: Retained earnings decrease R105 million and FCTR R21 million).

The restatement has had no change to operating, investing, and financing cash flows. The correction does not impact the prior or current reported period Group income statement, basic or diluted earnings per share.

ITEM 3: CALCULATION OF FOREIGN CURRENCY TRANSLATION RESERVE

During the year ended 30 June 2024, Discovery identified that it had incorrectly calculated the foreign currency translation reserve (FCTR), a component of equity, for specified assets and liabilities. In this transaction, balances arising from an intergroup transaction for the year ended 30 June 2019 were incorrectly eliminated. This treatment resulted in certain foreign-denominated intangible assets not being revalued. Discovery corrected the error in the earliest period presented, being 1 July 2022.

The restatement has had no change to operating, investing, and financing cash flows. The correction does not impact the prior or current reported period Group income statement, basic or diluted earnings per share.

D. Adoption of new standards and interpretations and restatements

continued

D.1.4 RESTATEMENTS AS RESULT OF PRIOR PERIOD ERRORS *continued*

ITEM 4: CASH AND CASH EQUIVALENTS

During the year ended 30 June 2024, Discovery identified that in its UK business it had incorrectly presented specified highly liquid investments held for short-term cash commitments as investments at fair value through profit or loss, instead of cash equivalents. The treatment resulted in the understatement of the cash and cash equivalents and an overstatement of the investments at fair value through profit or loss in prior periods. Discovery corrected the error in the earliest period presented, which was 1 July 2022.

The restatement resulted in a change to investing cash flows of R1 038 million for the year ended 30 June 2024, and increase in cash and cash equivalent balances. The correction does not impact the prior or current reported period Group income statement, basic or diluted earnings per share.

For the impact in the Group statement of cash flows, please refer to section D.1.5.

ITEM 5: CORRECTION OF IFRS 17 TRANSITION AND RESTATED RESULTS AS PUBLISHED IN THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

As noted earlier, IFRS 17 became effective for Discovery from 1 July 2023. In its unaudited interim results for the six months ended 31 December 2023, Discovery included in its results the impact of adoption of IFRS 17 as well as provided the restated information. During the finalisation of its annual results for the year ended 30 June 2024, Discovery identified corrections to the previously published information. The below summarises the corrections to the previously published IFRS 17 information.

Details on the corrections are provided after the tables.

Group statement of financial position

R million	1 July 2022					30 June 2023			
	IFRS 17 remeasurement and reclassification previously reported ¹	Item 5A Adjustment: Increase (decrease) in equity	Item 5B Adjustment: Increase (decrease) in equity	IFRS 17 remeasurement and reclassification as reported in these results		IFRS 17 remeasurement and reclassification previously reported ¹	Item 5A Adjustment: Increase (decrease) in equity	Item 5B Adjustment: Increase (decrease) in equity	IFRS 17 remeasurement and reclassification as reported in these results
Assets arising from insurance contracts issued	(25 782)	29	(1 131)	(26 884)	(30 951)	1 745	(1 035)	(30 241)	
Deferred tax asset	1 338	19	-	1 357	2 042	43	-	2 085	
TOTAL ASSETS	(38 211)	48	(1 131)	(39 294)	(43 862)	1 788	(1 035)	(43 109)	
Other reserves	(1 420)	212	-	(1 208)	(5 628)	1 646	-	(3 982)	
Retained earnings	(11 150)	(223)	-	(11 373)	(9 804)	(320)	-	(10 124)	
TOTAL EQUITY	(12 570)	(11)	-	(12 581)	(15 432)	1 326	-	(14 106)	
Liabilities arising from insurance contracts held	(23 012)	-	(1 131)	(24 143)	(19 112)	-	(1 035)	(20 147)	
Liabilities arising from reinsurance contracts held	(7 985)	45	-	(7 940)	(9 826)	(24)	-	(9 850)	
Deferred tax liability	(3 022)	14	-	(3 008)	(3 337)	486	-	(2 851)	
TOTAL LIABILITIES	(25 641)	59	(1 131)	(26 713)	(28 430)	462	(1 035)	(29 003)	
TOTAL EQUITY AND LIABILITIES	(38 211)	48	(1 131)	(39 294)	(43 862)	1 788	(1 035)	(43 109)	

¹ The previously reported values relate to the Restated IFRS 17 Group statement of financial position for the year ended 30 June 2023 published in the unaudited interim results for the six months ended 31 December 2023.



D. Adoption of new standards and interpretations and restatements

continued

D.1.4 RESTATEMENTS AS RESULT OF PRIOR PERIOD ERRORS *continued*

Group income statement for the year ended 30 June 2023

R million	30 June 2023			
	Group (previously reported) ¹	Item 5A: Adjustment	Item 5C: Adjustment	Group Restated
Insurance revenue	47 208	(1 954)	-	45 254
Insurance service expenses	(41 634)	1 707	101	(39 826)
Net expenses from reinsurance contracts	(188)	62	-	(126)
Insurance service result	5 386	(185)	101	5 302
Net financial result from insurance finance income and expense	(7 458)	63	-	(7 395)
- Net finance income/(expenses) from insurance contracts	(7 172)	83	-	(7 089)
- Net finance income/(expenses) from reinsurance contracts	(286)	(20)	-	(306)
Net fair value (losses)/gains on financial assets at fair value through profit or loss	16 726	-	506	17 232
Fair value adjustments to liabilities under investment contracts	(2 593)	-	(506)	(3 099)
Net insurance and investment results	9 699	(122)	101	9 678
Net income	29 897	(122)	101	29 876
Marketing and administration expense	(18 439)	-	(101)	(18 540)
Operating profit	10 430	(122)	-	10 308
Profit before financing and income tax	10 950	(122)	-	10 828
Foreign exchange gains/(losses)	151	(2)	-	149
Profit before income tax	9 182	(124)	-	9 058
Income tax expense	(2 516)	30	-	(2 486)
Profit for the year	6 666	(94)	-	6 572

¹ The previously reported values relate to the Restated IFRS 17 Group income statement for the full year ended 30 June 2023 published in the unaudited interim results for the six months ended 31 December 2023.

D.1.4 RESTATEMENTS AS RESULT OF PRIOR PERIOD ERRORS *continued*

Group statement of other comprehensive income

R million	30 June 2023		
	Group (previously reported) ¹	Item 5A Adjustment	Group Restated
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences	3 287	144	3 431
- unrealised gains	3 287	144	3 431
Net finance income/(expense) from insurance contracts issued	(3 712)	1 268	(2 444)
- unrealised income/(expense)	(5 072)	1 691	(3 381)
- tax on unrealised (income)/expense	1 360	(423)	937
Net finance (expense)/income from reinsurance contracts held	433	21	454
- unrealised income/(expense)	589	28	617
- tax on unrealised expense/(income)	(156)	(7)	(163)
Other comprehensive income/(losses) for the period, net of tax	410	1 433	1 843
Total comprehensive income for the period	7 076	1 339	8 415

¹ The previously reported values relate to the Restated IFRS 17 Group statement of other comprehensive income for the full year ended 30 June 2023 published in the unaudited interim results for the six months ended 31 December 2023.



D. Adoption of new standards and interpretations and restatements

continued

D.1.4 RESTATEMENTS AS RESULT OF PRIOR PERIOD ERRORS *continued*

ITEM 5A: CORRECTION OF UK LIFE INSURANCE BUSINESS LINE

Consistent with the unaudited interim results for the six months ended 31 December 2023, including the restated comparative information, the arrangement with the Prudential Assurance Company Limited (PAC arrangement) is accounted for as an insurance contract. Included within the PAC arrangement are specified cash flows that are akin to collateral and loan movements. Under IFRS 17, these cash flows are accounted for as a 'non-distinct loan to policyholders', resulting in the cash flows not being presented within insurance revenue and insurance service expenses, and variances recognised in the contractual service margin.

After the completion of the reviewed IFRS 17 unaudited interim results for the six months ended 31 December 2023, management identified that certain of these cash flows were incorrectly modelled and presented in the results previously published. Further, a model change was made to reflect the hedged position of the PAC arrangement as a result of the transfer of interest rate hedges to the PAC balance sheet towards the end of June 2022. This has resulted in an uplift in the carrying value of the insurance contract assets (specifically the present value of fulfilment cash flows) with an equal and opposite change recognised as insurance finance income and expenses in the Group statement of other comprehensive income, and ultimately equity.

The restatement has had no change to operating, investing, and financing cash flows.

ITEM 5B: CORRECTION OF UK HEALTH PRESENTATION OF PRE-ACQUISITION INSURANCE ACQUISITION CASH FLOWS

IFRS 17 requires that pre-acquisition insurance acquisition cash flows for UK Health Private Medical Insurance (PMI) portfolio be presented together with the recognised groups of insurance contracts that form the UK Health (PAA) portfolio. As previously communicated, the UK Health (PAA) portfolio consists solely of the PMI portfolio. The pre-acquisition insurance acquisition cash flows therefore relate solely to those recognised PMI contracts. At the interim reporting period, the pre-acquisition insurance acquisition cash flows which are assets, were presented separately from those recognised PMI contracts which was presented as insurance contract liability. These balances should instead be presented together as a single asset or liability arising from insurance contracts.

The correction does not impact the prior or current reported period Group income statement, basic or diluted earnings per share. The restatement has had no change to operating, investing, and financing cash flows.

ITEM 5C: CORRECTION OF DISCOVERY INSURE AND VITALITY INVEST

Discovery identified incorrect presentation of items within the Group income statements as a result of incorrect presentation when it released its unaudited interim results. The correction and restatement do not impact the basic or diluted earnings per share and has had no change to operating, investing, and financing cash flows. The corrections are as follows:

- Discovery Insure had incorrectly presented marketing and administration expenses as insurance service expenses. This resulted in an overstatement of the insurance service expenses for the affected period, offset with understatement of the marketing and administration expenses.
- Vitality Invest incorrectly presented the fair value remeasurement of liabilities under investments contracts within the net fair value gains on financial assets at fair value through profit or loss. This resulted in an understatement of the gains on financial assets at fair value through profit or loss and understatement of fair value adjustments to liabilities under investment contracts.

D.1.5 CHANGES IN PRESENTATION OF SPECIFIED ITEMS IN PRIMARY STATEMENTS AND ASSOCIATED RESTATEMENTS FOR PRIOR PERIOD CORRECTIONS

Introduction

Discovery continually evaluates its presentation and disclosures to developing market practices, changes in IFRS Accounting standards and changes in its business composition that may indicate a need for change in presentation or disclosures. During the year under review, in addition to those changes necessitated from the adoption of IFRS 17 *Insurance Contracts*, Discovery has made the following enhancements in its financial statements.

Group statement of financial position

Discovery has enhanced the presentation of certain transactions within the Group statement of financial position by introducing new line items. While these changes do not impact the total value of liabilities, they provide users with a clearer understanding of the financial information. The key adjustments are as follows:

- A new line item, *Third-party interest in consolidated funds*, has been introduced to separately reflect the interests of third parties in consolidated unit funds. Previously, these interests were included under *Investment contracts at fair value through profit or loss*.
- Two new line items have been introduced.
 - *Provisions*, which was previously included within the *Other payables* line item in the Group statement of financial position, is now separately presented.
 - *Other payables*, which includes, *Employee benefits* that was previously disclosed separately in the Group statement of financial position, as well as non-financial payables that was previously included within *Other payables*.
 - The line item formerly known as *Other payables* has been renamed *Other financial payables at amortised cost*.

Additionally, the order of line items within the Group statement of financial position has been amended to better represent their liquidity, arranging them, where possible, from least to most liquid. For instance, *Assets from reinsurance contracts held* has been moved from above *Cash and cash equivalents* to above *Deferred tax asset*. Apart from the changes noted above, no reclassifications or restatements of values between line items have been made.



D. Adoption of new standards and interpretations and restatements

continued

D.1.5 CHANGES IN PRESENTATION OF SPECIFIED ITEMS IN PRIMARY STATEMENTS AND ASSOCIATED RESTATEMENTS FOR PRIOR PERIOD CORRECTIONS

continued

Group statement of cash flows

Discovery has implemented changes to its Group statement of cash flows to enhance the understandability, correct for prior period errors and to accommodate the growth of Discovery Bank within the Group and to align with best practices in the market. In implementing changes, Discovery also identified some items that were previously incorrectly presented. The changes have been incorporated into the Group statement of cash flows for the year ended 30 June 2024, and the prior period has been restated accordingly.

The information is set out to reconcile the information as previously published for the year ended 30 June 2023 under IFRS 4 basis, setting out the respective adjustments to the final restated balances in the Group statement of cash flows.

Details on the changes are provided after the reconciliation.

Group R million	30 June 2023 As previously reported under IFRS 4 ¹	Item 1	Item 2	Item 3	Item 4	Item 5	Group 30 June 2023 Restated
Cash flows from operating activities	2 549	2 744	-	-	(1 072)	-	4 221
Cash generated by operations	8 308	2 899	-	(574)	-	(9 550)	1 083
Purchase of investments held to back policyholder liabilities	(62 773)	-	-	-	-	62 773	-
Proceeds from disposal of investments held to back policyholder liabilities	55 908	-	-	-	-	(55 908)	-
Dividends received	728	-	-	-	-	(728)	-
Interest received	3 718	(155)	-	1 318	-	(3 056)	1 825
Interest paid	(1 501)	-	-	(744)	-	-	(2 245)
Taxation paid	(1 839)	-	-	-	-	-	(1 839)
Net movement in operating assets and liabilities	-	-	-	-	(1 072)	6 469	5 397
- Increase in operating assets	-	-	-	-	(1 072)	(4 225)	(5 297)
- Increase in operating liabilities	-	-	-	-	-	10 694	10 694
Cash flows from investing activities	(2 236)	-	(1 038)	-	1 072	-	(2 202)
- Purchase of financial assets	(30 996)	-	8 549	-	22 417	-	-
- Proceeds from disposal of financial assets	30 932	-	(9 587)	-	(21 345)	-	-
Cash flows from financing activities	(1 234)	-	-	-	-	-	(1 234)
Net increase in cash and cash equivalents	(921)	2 744	(1 038)	-	-	-	785
Cash and cash equivalents at beginning of the year	19 619	(5 988)	3 399	-	-	-	17 030
Effects of exchange rate changes on cash and cash equivalents	1 639	(866)	550	-	-	-	1 323
Cash and cash equivalents at end of the year	20 337	(4 110)	2 911	-	-	-	19 138
Reconciliation to statement of financial position							
Cash and cash equivalents	20 370						19 171
Bank overdraft included in borrowings at amortised cost	(33)						(33)
Cash and cash equivalents at end of the year	20 337						19 138

¹ The previously reported values relate to the IFRS4 Group statement of cash flows for the year ended 30 June 2023, as published in September 2023.



D. Adoption of new standards and interpretations and restatements

continued

D.1.5 CHANGES IN PRESENTATION OF SPECIFIED ITEMS IN PRIMARY STATEMENTS AND ASSOCIATED RESTATEMENTS FOR PRIOR PERIOD CORRECTIONS

continued

ITEM 1: ADOPTION OF IFRS 17

Although IFRS 17 did not affect the cash flows arising from insurance contracts, as mentioned in the Group statement of financial position in section D.1.2 (footnote 5), the adoption of IFRS 17 has resulted in a change in the presentation of cash and cash equivalents within the PAC arrangement. Consequently, this has also led to a change in the Group's statement of cash flows.

ITEM 2: UK INVESTMENTS INCORRECTLY CLASSIFIED

As outlined in section D.1.4, Item 4, *Cash and Cash Equivalents*, Discovery identified that it had incorrectly presented certain highly liquid investments held specifically for short-term cash commitments in its UK business as investments at fair value through profit or loss, rather than as cash equivalents. As a result, these investments have been reclassified as cash equivalents, leading to a change in the Group's statement of cash flows.

Please note: Consistent with the significant judgements disclosed in our financial statements, to meet the requirements for cash equivalents, Discovery conducts assessments of its money market investments. These investments will only be classified as cash equivalents if they meet the following criteria (1) The purpose of the investment is to fulfil short-term cash commitments (2) The instrument demonstrates high credit quality within the relevant jurisdiction, as indicated by its credit rating (3) The primary objective of the investment is to protect capital and provide liquidity (4) The investment can be readily converted into known amount of cash, similar to bank balances (5) The fund is invested solely in interest-bearing instruments, similar to deposits, with institutions of high credit quality. Additionally, the investment must not introduce speculative grade or equity-type risks and exposures. This can be demonstrated by the yield returns relative to other deposit-type investments within the same jurisdiction.

ITEM 3: CORRECTION OF PRESENTATION OF BANKING INTEREST RECEIVED AND PAID

Interest received, and interest paid are now separately disclosed in the Group's statement of cash flows. Previously, Discovery Group had presented bank interest income and bank interest expense under cash generated from operations. In line with other presentational changes, Discovery will now present bank interest income under interest received, and bank interest expense under interest paid.

ITEM 4: CHANGE IN PRESENTATION AND CORRECTION OF SPECIFIED ITEMS OF FINANCIAL ASSETS

Previously, Discovery had included the cash flows arising from the purchases and disposals of financial assets within its investing activities. These consisted of purchases and disposals of financial assets not directly linked to policyholder assets and liabilities as well those financial assets purchased and disposed within the Discovery Bank operations.

These activities are now being reclassified under operating activities, as these financial assets are utilised for purposes of managing capital and liquidity as well as increased investment returns, in line with the associated changes to the presentation of operating assets and operating liabilities, as noted in Item 5.

ITEM 5: OPERATING ASSETS AND OPERATING LIABILITIES

Discovery provides insurance and banking services and is classified as a financial institution. Under IAS 7, a financial institution is permitted to present certain movements in operating assets and liabilities on a net basis. Discovery has enhanced its disclosures and introduced changes to align more closely with other diversified financial institutions.

Changes in operating assets and operating liabilities are now presented separately in the Group's statement of cash flows. These changes now include:

- **Working capital changes** with quick turnover and short maturities, which were previously disclosed in the note for cash generated from operations as part of working capital changes arising from operations.
- **Specific activities undertaken by Discovery as a financial institution**, including cash receipts and payments made on behalf of customers, which reflect the activities of the customers rather than those of Discovery. This also includes receipts and payments related to investments, loans, and advances. These were previously disclosed in the note for cash generated from operations as part of working capital changes, with other activities forming part of investments acquired or disposed of as investments held to back policyholder liabilities in the Group's statement of cash flows.
- **Cash flows arising from the purchases and disposals of financial assets**, as noted in Item 4, which were previously disclosed as investing activities.
- **For investments at fair value through profit or loss**, Discovery had previously included interest and dividends received, presented as Net fair value gains and losses on financial assets at fair value through profit or loss in the Group income statement, as part of interest received and dividends received in the Group's statement of cash flows. These will now be included as part of the gains or losses on financial assets at fair value through profit or loss within cash generated from operations.
- **Other operating assets and liabilities**: Discovery has reclassified certain items which are working capital in nature, previously recognised under cash generated from operations as non-cash adjustments to profit before tax, to now be presented as changes in working capital. This includes movements in assets arising from contracts with customers, liabilities related to customers, as well as trading and derivative assets and liabilities.

Discovery has restated the comparative information accordingly. This correction does not affect basic or diluted earnings per share.

SECTION E

ACCOUNTING POLICIES

E.1 New Accounting Standards and amendments to published Accounting Standards not yet effective >

E.2 Normalised headline earnings >

E.3 Basis of preparation >





E. Accounting policies

E.1 NEW ACCOUNTING STANDARDS AND AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS NOT YET EFFECTIVE

- For new Accounting standards and interpretation that became effective for the financial year commencing 1 July 2023, refer to section D New Standards and interpretations and restatements. The section includes the first time adoption of IFRS 17 *Insurance Contracts*.
- Discovery has not early adopted any other IFRS Accounting Standards, amendments or interpretations that have been issued but not yet effective. Discovery does not expect any new IFRS Accounting Standards, amendments or interpretations that have been issued but not yet effective to have a material impact on the recognised amounts.

E.2 NORMALISED HEADLINE EARNINGS

Discovery assesses its performance using normalised headline earnings, an alternative profit measure not under the IFRS Accounting Standards, alongside its IFRS Accounting Standards profit measures. Management considers that Normalised Headline Earnings Per Share (NHEPS) is an appropriate alternative performance measure to enhance the comparability and understanding of the financial performance of the Group.

Measures not in terms of IFRS Accounting Standards are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

Discovery calculates headline earnings in accordance with the latest SAICA circular 'Headline Earnings'. NHEPS is calculated by starting with headline earnings and adjusted to exclude material items that are not considered to be part of Discovery's normal operations as follows:

- Once-off transactions – eg, restructuring costs, transaction costs related to interest rate derivatives and initial deferred tax assets raised on previously unrecognised assessed losses
- Unusual items – the Group considers items to be unusual when they have limited predictive value, or it is reasonable that items of a similar nature would not necessarily arise for several future reporting periods
- Income or expenses not considered to be part of the Group's normal operations – for example, amortisation of intangibles from business combinations and fair value gains or losses on foreign exchange contracts not designated as hedges

Management is responsible for the calculation of NHEPS and determining the inclusions and exclusions in accordance with the policy. The Discovery Limited Audit Committee reviews the normalised headline earnings for transparency and consistency.

E.3 BASIS OF PREPARATION

Statement of compliance

Discovery Limited is a company incorporated in South Africa.

The condensed consolidated financial statements for the year ended 30 June 2024 consolidate the results of Discovery and its subsidiaries (together the Group) and equity account the Group's interest in associates and joint ventures. The annual results comprise the group statement of financial position at 30 June 2024, group income statement, group statement of other comprehensive income, group statement of changes in equity and group statement of cash flows for the year ended 30 June 2024 and selected explanatory notes. The condensed consolidated financial results are prepared in accordance with the JSE Limited Listings and Debt Listings Requirements, framework concepts and the measurement and recognition requirements of IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), including IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa. The accounting policies adopted are consistent with the accounting policies applied in the prior annual financial statements, except as noted in D.1. New accounting standards effective which includes the adoption of IFRS 17 *Insurance Contracts*.

These annual results do not include all the notes typically included in the annual financial statements.

**INDEPENDENT AUDITORS'
REPORT ON REVIEW OF
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**





INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Discovery Limited

We have reviewed the accompanying condensed consolidated financial statements of Discovery Limited and its subsidiaries ("the Group"), included on pages 8 to 116, which comprise the Group statement of financial position as at 30 June 2024, the Group income statement and the Group statements of other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes as included in Sections A, B, C, D and E to the condensed consolidated financial statements.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the JSE Limited Listings and JSE Debt Listings requirements, IFRS Accounting Standards, including IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council as set out in note E.3 to the financial statements, and the requirements of the South African Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditors of the Entity, which applies to a review of historical information performed by the independent auditors of the Group. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of the Group for the year ended 30 June 2024 are not prepared, in all material respects, in accordance with the JSE Limited Listings and JSE Debt Listings requirements, IFRS Accounting Standards, including IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council as set out in note E.3 to the financial statements, and the requirements of the South African Companies Act.

KPMG Inc.

Registered Auditor

Per: Mark Danckwerts
Chartered Accountant (SA)
Registered Auditor
Director

85 Empire Road
Parktown
2193
South Africa

19 September 2024

Deloitte & Touche

Registered Auditors

Per: Stephen Munro
Chartered Accountant (SA)
Registered Auditor
Partner

5 Magwa Crescent
Waterfall City
2090
South Africa

19 September 2024

EMBEDDED VALUE STATEMENT

Table 1: Group embedded value



Table 2: Value of in-force covered business



Table 3: Group embedded value earnings



Table 4: Components of Group
embedded value earnings



Table 5: Experience variances



Table 6: Methodology and assumption changes



Table 7: Embedded value of new business



Table 8: Embedded value economic assumptions



Table 9: Embedded value sensitivity



Table 10: Value of new business sensitivity





EMBEDDED VALUE STATEMENT

Independent auditors' report on the review of the Embedded Value Statement of Discovery Limited and its subsidiaries

TO THE DIRECTORS OF DISCOVERY LIMITED

INTRODUCTION

We have reviewed the Embedded Value Statement of Discovery Limited and its subsidiaries (together "the Discovery Group") for the year ended 30 June 2024 (the Report). The Report is prepared for the purpose of determining the embedded value and performance of the Discovery Group. The directors of Discovery Limited are responsible for the preparation and presentation of the Report in accordance with the embedded value basis set out in the Basis of Preparation section of the Report as set out in Table 8, and for determining that the basis of preparation is acceptable in the circumstances. Our responsibility is to express a conclusion on this Report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Report is not prepared, in all material respects, in accordance with the embedded value basis set out in the Basis of Preparation section of the Report as set out in Table 8.

BASIS OF ACCOUNTING AND RESTRICTION ON USE

Without modifying our conclusion, we draw attention to the Basis of Preparation section of the Report as set out in Table 8, which describes the basis of accounting. The Report is prepared for the purpose of determining the embedded value and performance of the Discovery Group. As a result, the Report may not be suitable for another purpose. Our report is intended solely for the directors of Discovery Limited and should not be used by any other parties. We agree to the publication of our report in the Discovery Reviewed Annual Financial Results and cash dividend declaration and the Discovery Annual Financial Statements for the year ended 30 June 2024, provided it is clearly understood by the recipients of the Discovery Reviewed Annual Financial Results and cash dividend declaration and the Discovery Annual Financial Statements for the year ended 30 June 2024 that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our report.

KPMG Inc.

Registered Auditor

Per: Mark Danckwerts
Chartered Accountant (SA)
Registered Auditor
Director

19 September 2024

Deloitte & Touche

Registered Auditors

Per: Stephen Munro
Chartered Accountant (SA)
Registered Auditor
Partner

19 September 2024

EMBEDDED VALUE STATEMENT *continued*

for the year ended 30 June 2024

The embedded value of the Discovery Group consists of the following components:

- the adjusted net worth attributed to the business at the valuation date;
- plus: the present value of expected future shareholder cash flows from the in-force covered business;
- less: the cost of required capital.

The present value of future shareholder cash flows from the in-force covered business is calculated as the value of projected future after-tax shareholder cash flows of the business in-force at the valuation date, discounted at the risk discount rate.

The required capital are the assets attributed to the covered business above the amount required to back covered business liabilities, whose distribution to shareholders is restricted as they are allocated to cover regulatory and internal capital requirements.

The value of new business is the present value, at the point of sale, of the projected future after-tax shareholder cash flows of the new business written by the Discovery Group, discounted at the risk discount rate, less an allowance for the reserving strain, initial expenses and cost of required capital. The value of new business is calculated using the current reporting date assumptions.

The embedded value includes the insurance and administration profits of the covered business in the Discovery Group. Covered business includes business written in South Africa through Discovery Life ("Life"), Discovery Invest ("Invest"), Discovery Health ("Health") and Discovery Vitality ("Vitality"), and in the United Kingdom through VitalityLife and VitalityHealth. For Vitality Group, Ping An Health Insurance, Discovery Insure, Discovery Bank and Umbrella Funds, no published value has been placed on the current in-force business.

In August 2011, the Discovery Group raised R800 million through the issue of non-cumulative, non-participating, non-convertible preference shares. For embedded value purposes this capital, net of share issue expenses, has been excluded from the adjusted net worth.

IFRS 17 Insurance Contracts became effective for the Discovery Group from 1 July 2023, with comparative restatement of the preceding year, namely the financial year ended 30 June 2023, including a restatement of the opening Group statement of financial position as at 1 July 2022. The change in the accounting standard does not have a material impact on the embedded value for covered businesses, other than second order impacts relating to the modelling of taxable income and minor modelling updates identified as part of the transition. In respect of non-covered businesses which were impacted by the transition to IFRS 17, such as Discovery Insure and Ping An Health Insurance, transitional impacts to the Group's shareholder funds were experienced which would serve to change previously disclosed embedded values. These changes are immaterial in aggregate, and so the disclosure of the prior period in the embedded value statement has not been restated. The cumulative effect of the changes was recognised in the period for the twelve months ended 30 June 2024.

The 30 June 2024 embedded value results and disclosures were subjected to an external review.



EMBEDDED VALUE STATEMENT *continued*

for the year ended 30 June 2024

Table 1: Group embedded value

R million	30 June 2024	30 June 2023	% change
Shareholders' funds ¹	57 719	63 974	(10)
Adjustment to shareholders' funds from published basis ²	(38 431)	(45 688)	(16)
Adjusted net worth ³	19 288	18 286	5
Value of in-force covered business before cost of required capital	94 258	83 906	12
Cost of required capital	(3 192)	(4 016)	(21)
Discovery Group embedded value	110 354	98 176	12
Number of shares (millions)	661.0	658.4	
Embedded value per share	R166.95	R149.11	12
Diluted number of shares (millions)	665.0	661.3	
Diluted embedded value per share ⁴	R165.94	R148.45	12

1 Shareholders' funds and the adjustment to shareholders' funds from the published basis for the year ended 30 June 2024 are on an IFRS 17 basis, whereas for the comparative period they are on an IFRS 4 basis. The key differences in the adjustment to shareholders' funds from the published basis between an IFRS 17 and IFRS 4 basis include the change to the net assets under insurance contracts for Life and VitalityLife and the recapture of the FinRe liability and allowance for a deferred acquisition cost asset for VitalityHealth.

2 A breakdown of the adjustment to shareholders' funds is shown in the table below. Note that where relevant, adjustments have been converted using the closing exchange rate of R23.07/GBP (June 2023: R23.99/GBP).

R million	30 June 2024	30 June 2023
Life net assets under insurance contracts	(19 865)	(25 491)
Vitality Life Limited net assets under insurance contracts	(11 314)	(12 051)
VitalityHealth and Vitality Health Insurance Limited deferred acquisition costs (net of deferred tax)	(4 351)	(5 001)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	(8)	(13)
Goodwill relating to the acquisition of Standard Life Healthcare and the PAC joint venture	(2 855)	(2 969)
Intangible assets (net of deferred tax) in covered businesses	(803)	(893)
Net preference share capital	(779)	(779)
Reversal of 1 Discovery Place IFRS 16 financial lease accounting	1 462	1 333
Equity settled share based payment mark-to-market adjustment	82	176
	(38 431)	(45 688)

In respect to the table directly above:

- Prior to 30 June 2024, the adjustment for "VitalityHealth and Vitality Health Insurance Limited deferred acquisition costs (net of deferred tax)" also included the adjustment for the FinRe liability which has since been recaptured.
- The "equity settled share based payment mark-to-market adjustment" reflects the difference between the provision in the IFRS equity and the mark-to-market value of the equity settled share based payments.

3 The following table sets out the capital position of the covered businesses with the required capital on a consistent basis to that used in the embedded value:

R million	30 June 2024	30 June 2023
Shareholders' funds	57 719	63 974
Adjustment to shareholders' funds	(38 431)	(45 688)
Adjusted net worth	19 288	18 286
Excess of available capital over adjusted net worth	48 318	40 336
Available capital	67 606	58 622
Required capital	44 610	41 987
Excess available capital	22 996	16 635

The excess of available capital over adjusted net worth reflects the difference between the adjusted net worth for embedded value purposes and the available capital on a statutory solvency basis for covered business. This includes:

- The net preference share capital of R779 million which is included as available capital.
- The difference between Vitality Life Limited's Solvency UK Pillar 1 Own Funds and its adjusted net worth.
- The difference between Life's Pillar 1 Own Funds and its adjusted net worth.

The following table sets out the required capital for each of the covered businesses:

R million	30 June 2024	30 June 2023
Health and Vitality	1 238	1 108
Life and Invest	27 935	26 011
VitalityHealth	4 138	4 238
VitalityLife	11 299	10 630
Total required capital	44 610	41 987

- For Health and Vitality, the required capital was set equal to two times the monthly renewal expense and Vitality benefit cost.
 - For Life and Invest, the required capital was set equal to 1.25 times the SAM Pillar 1 Solvency Capital Requirement.
 - For VitalityHealth, prior to 30 June 2024, the required capital was set equal to 1.35 times the Solvency UK Pillar 1 Solvency Capital Requirement. Regulatory approval for the adoption of internally derived risk factors for calculating premium and reserve risk capital was received, and as a consequence the level of risk appetite capital held in excess of the regulatory minimum was recalibrated. From 30 June 2024 the required capital is set equal to 1.55 times the Solvency UK Pillar 1 Solvency Capital Requirement.
 - For the VitalityLife business on the PAC licence, prior to 30 June 2024, the required capital was set equal to 1.5 times the UK Solvency I long-term insurance capital requirement, with an allowance for the diversification of risk, as per the agreement with PAC following the long-term delay of the Part VII transfer. From 30 June 2024 the VitalityLife business on the PAC licence is classified as an insurance contract under IFRS 17. In line with the terms of the contract, the 1.5 times the UK Solvency I long-term insurance capital requirement is now reserved for. As a result, this amount no longer contributes to required capital in the embedded value, reducing the cost of required capital, and the release of the reserve is included in the value of in-force. For the business sold on the Vitality Life Limited licence, the required capital was set equal to 1.4 times the Solvency UK Pillar 1 Solvency Capital Requirement. For the period under review, the increase in the required capital for the business sold on the Vitality Life Limited licence exceeded the removal of the required capital previously held for the VitalityLife business on the PAC licence, and therefore the overall required capital for VitalityLife increased.
- 4 The diluted embedded value per share adjusts for the effect of vested treasury shares, share options exercised, and vesting of share awards where the impact is dilutive. This adjustment has been aligned to the diluted number of shares shown elsewhere in the financial statements. Disclosure of prior periods in the embedded value statement have been restated accordingly.

Table 2: Value of in-force covered business

R million	Value before cost of required capital	Cost of required capital	Value after cost of required capital
at 30 June 2024			
Health and Vitality	27 441	(527)	26 914
Life and Invest ¹	37 570	(1 757)	35 813
VitalityHealth ²	14 353	(449)	13 904
VitalityLife ^{2,3}	14 894	(459)	14 435
Total	94 258	(3 192)	91 066
at 30 June 2023			
Health and Vitality	25 985	(512)	25 473
Life and Invest ¹	33 301	(1 665)	31 636
VitalityHealth ²	12 797	(698)	12 099
VitalityLife ²	11 823	(1 141)	10 682
Total	83 906	(4 016)	79 890

1 Included in the Life and Invest value of in-force covered business is R2 318 million (June 2023: R2 005 million) in respect of investment management services provided on off balance sheet investment business. The net assets of the investment service provider are included in the adjusted net worth.

2 The value of in-force has been converted using the closing exchange rate of R23.07/GBP (June 2023: R23.99/GBP).

3 The reduction in the cost of required capital for VitalityLife is largely driven by the removal of the required capital from the VitalityLife business on the PAC licence, which no longer contributes to the embedded value cost of required capital calculation.



EMBEDDED VALUE STATEMENT *continued*

for the year ended 30 June 2024

Table 3: Group embedded value earnings

R million	Year ended	
	30 June 2024	30 June 2023
Embedded value at end of period	110 354	98 176
Less: embedded value at beginning of period	(98 176)	(86 258)
Increase in embedded value	12 178	11 918
Dividends paid	1 269	69
Employee share option schemes	(683)	(553)
Net change in capital	131	-
Transfer to hedging reserve	61	(76)
Acquisition of subsidiaries with non-controlling interest	(6)	(6)
IFRS 17 impact on non-covered businesses ¹	(2)	-
Embedded value earnings	12 948	11 352
Annualised return on opening embedded value	13.2%	13.2%

¹ The embedded value for prior periods has not been restated for the transition to IFRS 17. This item represents the difference between IFRS 4 and IFRS 17 equity on non-covered business, such as Discovery Insure (decrease in equity at 30 June 2023) and Ping An Health Insurance (increase in equity at 30 June 2023), and an opening IFRS balance sheet restatement as a result of prior period errors (decrease in equity at 30 June 2023). These impacts largely offset as at 30 June 2023. These impacts have not been included in the embedded value earnings and so a minor adjustment is required to reconcile the change from the embedded value at the beginning of the period.

Table 4: Components of Group embedded value earnings

R million	Year ended 30 June 2024				Year ended 30 June 2023
	Net worth	Cost of required capital	Value of in-force covered business	Embedded value	Embedded value
Total profit from new business (at point of sale)	(4 513)	(264)	6 609	1 832	1 440
Profit from existing business					
- Expected return	7 696	(72)	2 716	10 340	8 589
- Change in methodology and assumptions ¹	218	1 117	1 050	2 385	(4 854)
- Experience variances	(485)	-	1 049	564	3 204
Impairment, amortisation and fair value adjustment ²	(60)	-	-	(60)	(67)
Increase in goodwill and intangibles	(308)	-	-	(308)	(263)
Non-covered businesses ³	1 064	-	24	1 088	24
Non-recurring expenses	(96)	-	-	(96)	(193)
Acquisition costs ⁴	(32)	-	(1)	(33)	(48)
Finance costs ⁵	(2 796)	-	-	(2 796)	(2 848)
Foreign exchange rate movements ⁶	(503)	43	(1 095)	(1 555)	5 070
Other ⁷	2	-	-	2	90
Return on shareholders' funds ^{5,8}	1 585	-	-	1 585	1 208
Embedded value earnings	1 772	824	10 352	12 948	11 352

¹ The changes in methodology and assumptions will vary over time to reflect adjustments to the model and assumptions as a result of changes to the operating and economic environment. The current period's changes are described in detail in Table 6 below (for previous periods refer to previous embedded value statements).

² This item reflects the amortisation of the intangible assets reflecting the banking costs, Cambridge Mobile Telematics system spend and capital expenditure in Discovery Group Europe Limited.

³ This item includes the profits of non-covered businesses (including Discovery Insure, Vitality Group and Ping An Health Insurance) and costs of start-up businesses (including Discovery Bank and an Umbrella Fund offering in Invest). Head office costs which relate to non-covered business are included in this item, as well as cR160 million of expenses which are currently incurred by the covered businesses but will be met by non-covered businesses in due course, and hence have not been included in the relevant covered businesses' embedded value expense analysis.

⁴ Acquisition costs relate to commission paid on the Life and Invest business and expenses incurred in writing Health and Vitality business that has been written over the period but will only be activated and on risk after the valuation date. These policies are not included in the embedded value or the value of new business and therefore the costs are not deducted from the value of new business.

⁵ Finance costs and return on shareholders' funds are shown gross of intercompany charges (R1 046 million at 30 June 2024 and R1 198 million at 30 June 2023).

⁶ This item includes foreign exchange gains / (losses) emerging through the income statement, in addition to translation impacts on the cost of required capital and value of in-force.

⁷ This item includes, among other items, the tangible tax impact from movements in covered business intangible assets, which are excluded from the net worth.

⁸ The return on shareholders' funds is shown net of tax and management charges.

Table 5: Experience variances

R million	Health and Vitality		Life and Invest		VitalityHealth		VitalityLife		Year ended 30 June 2024	Year ended 30 June 2023
	Net worth	Value of in-force	Net worth	Value of in-force	Net worth	Value of in-force	Net worth	Value of in-force	Total	Total
Renewal expenses	103	-	(24)	(1)	(160)	-	27	-	(55)	(8)
Lapses and surrenders ^{1,2}	(24)	(296)	50	93	-	673	-	12	508	537
Mortality and morbidity ³	-	-	25	66	(884)	-	112	-	(681)	(8)
Policy alterations ²	-	27	(676)	104	-	-	(41)	(83)	(669)	(387)
Backdated cancellations	-	-	-	-	-	-	-	-	-	-
Premium and fee income ^{3,4}	183	-	(27)	351	389	-	(58)	(84)	754	682
Inflation-linked indexation	-	-	(22)	(214)	-	-	-	84	(152)	745
Economic ⁵	-	-	117	(35)	186	-	1	-	269	606
Commission	-	-	-	-	-	-	-	-	-	(36)
Tax ⁶	115	-	222	(193)	14	-	(11)	-	147	121
Reinsurance ⁷	-	-	-	-	(3)	-	(155)	(26)	(184)	24
Maintain modelling term ⁸	-	325	-	117	-	104	-	-	546	589
Vitality benefits	(181)	-	-	-	-	-	(5)	-	(186)	(37)
Other ⁹	177	-	(41)	48	(14)	-	120	(23)	267	376
Total	373	56	(376)	336	(472)	777	(10)	(120)	564	3 204

- 1 For VitalityHealth, the lapse and surrender experience reflects improved retention rates. For Health and Vitality, the lapse and surrender experience was driven by an increase in the number of employer groups who have widened the eligible schemes that employees can join beyond the Discovery Health Medical Scheme. Better than expected lapse experience has been observed for the other covered businesses.
- 2 For Life and Invest, the policy alterations experience relates mainly to persistent pressures within the economic environment. This is partially offset by positive experience on lapses as well as premium and fee income.
- 3 For VitalityHealth, high claims experience persists in the UK private medical insurance market as the challenges facing the NHS, since late 2022, continue to drive usage of private medical insurance for services previously accessed in the NHS. Higher than expected premium increases were realised in line with this usage and is reflected as a positive variance under premium and fee income.
- 4 Other than higher than expected premium and fee income, this experience variance item includes the impact of positive integration experience for individual life business in Life.
- 5 For VitalityHealth, investment return continued to contribute to profitability as interest rates in the UK remain high.
- 6 The tax variance arises due to the timing difference between the expected tax payments and actual payments.
- 7 For VitalityLife, the reinsurance experience includes an increase in reinsurance premium provisions related to prior periods, and the greater than expected cost of financing reinsurance.
- 8 For Health and Vitality, Life and Invest, and VitalityHealth, the projection term is rebased at each year-end. Therefore, an experience variance arises because the total term of the in-force covered business is effectively increased by twelve months.
- 9 The key Other experience relates to cash flow timing variances in Life and Invest and profits/losses from companies within the Health and VitalityLife segments which are not part of covered business.



EMBEDDED VALUE STATEMENT *continued*

for the year ended 30 June 2024

Table 6: Methodology and assumption changes

R million	Health and Vitality		Life and Invest		VitalityHealth		VitalityLife		Year ended 30 June 2024	Year ended 30 June 2023
	Net worth	Value of in-force	Net worth	Value of in-force	Net worth	Value of in-force	Net worth	Value of in-force	Total	Total
Modelling changes ¹	-	-	46	1 172	-	313	(1 052)	1 810	2 289	(20)
Expenses	-	340	(21)	(353)	-	-	-	-	(34)	(623)
Lapses ²	-	-	17	(297)	-	-	(423)	51	(652)	(1 285)
Mortality and morbidity ³	-	-	(154)	(347)	-	-	-	-	(501)	(138)
Benefit changes	-	(57)	-	-	-	-	-	-	(57)	(18)
Vitality	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	-	-	-	-	-	(13)
Economic assumptions ⁴	-	(1 114)	9	(720)	-	275	47	1 092	(411)	(4 680)
Premium and fee income	-	44	33	121	-	-	-	-	198	1 646
Reinsurance and financing ⁵	-	-	1 476	(1 088)	-	-	(9)	25	404	195
Other ⁶	-	-	228	357	-	-	21	543	1 149	82
Total	-	(787)	1 634	(1 155)	-	588	(1 416)	3 521	2 385	(4 854)

- 1 For Life and Invest, this item includes a refinement to the value of in-force calculation to align the assumed cash flow timing with that assumed in the IFRS reserving calculation. For VitalityHealth, the item represents the combined impact of a reduction in required capital following the adoption of regulatory approved internally derived risk factors for calculating premium and reserve risk capital, an increase in the risk appetite capital held in excess of the regulatory minimum and a methodology update that more accurately reflects those assets that are restricted from distribution in the cost of required capital calculations. For VitalityLife, the item reflects the reduction in cost of required capital due to the implementation of the Solvency UK Risk Margin Reforms, a correction to the modelled investment income on swap collateral assets and a reallocation of the capitalised impact of deferred tax relief on future earnings between adjusted net worth and value of in-force.
- 2 For Life and Invest, the individual life lapse and policy alterations basis was strengthened (including an allowance for lapse and policy alterations experience to remain elevated in the short term) and various management actions were introduced which partially offset the impact. For VitalityLife, the lapse and cancelled-from-inception basis was updated to reflect recent experience.
- 3 For Life, various updates to the mortality and morbidity basis were introduced to bring assumptions in line with updated estimates of future claims.
- 4 For Health and Vitality, and Life and Invest, the item includes the impact of transitioning to internally derived yield curves, which are consistent with the IFRS 17 reporting basis, as at 30 June 2024. However, this impact is minor and the driver for this experience item relates to the cost of updating the underlying real yield curve rate assumptions. For VitalityLife, this item includes the impact of updating the assumptions relative to the Solvency UK yield curves and the IFRS interest rates. Note that for VitalityLife, following the implementation of IFRS 17, the risk-free rate assumption is based on the Solvency UK yield curves instead of a single interest rate derived from the curves, and the inflation assumption is based on a market inflation curve instead of a long-term view of market inflation. For VitalityHealth, the impact of updating the assumptions relative to the Solvency UK yield curves results in an increase to the annuity factor.
- 5 For Life and Invest, the reinsurance and financing item primarily relates to the impact of internal financing arrangements, where the future expected cash flows arising from part of the negative reserves are monetised to match other positive policy liabilities.
- 6 For Life and Invest, this item includes a once-off tax timing gain that will be phased in over several years as a result of the impact of the IFRS 17 transition. For VitalityLife, this once-off item reflects the value of the deferral of tax resulting from the OCI unwind into taxable future earnings.

Table 7: Embedded value of new business

R million	Year ended		
	30 June 2024	30 June 2023	% Change
Health and Vitality			
Gross profit from new business (at point of sale)	1 103	954	
Cost of required capital	(52)	(39)	
Present value of future profits from new business (at point of sale) after cost of required capital	1 051	915	15
New business annualised premium income ¹	7 716	4 959	56
Life and Invest			
Present value of future profits from new business (at point of sale) ²	560	516	
Cost of required capital	(79)	(87)	
Present value of future profits from new business (at point of sale) after cost of required capital	481	429	12
New business annualised premium income ³	3 214	2 965	8
Annualised profit margin ⁴	2.0%	1.8%	
Annualised profit margin excluding Invest business	3.8%	2.5%	
VitalityHealth⁵			
Present value of future profits from new business (at point of sale)	491	269	
Cost of required capital	(63)	(87)	
Present value of future profits from new business (at point of sale) after cost of required capital	428	182	135
New business annualised premium income ⁶	2 443	2 001	22
Annualised profit margin ⁴	2.6%	1.4%	
VitalityLife			
Present value of future profits from new business (at point of sale)	(58)	3	
Cost of required capital	(70)	(89)	
Present value of future profits from new business (at point of sale) after cost of required capital	(128)	(86)	49
New business annualised premium income ⁷	1 462	1 124	30
Annualised profit margin ⁴	(1.3%)	(1.0%)	

1 Health new business annualised premium income is the gross contribution to the medical schemes. The new business annualised premium income shown above excludes premiums in respect of members who join an existing employer where the member has no choice of medical scheme, as well as premiums in respect of new business written during the period but only activated after 30 June 2024. The total Health and Vitality new business annualised premium income written over the period, inclusive of Sasolmed, was R11 481 million (June 2023: R9 133 million).

2 Included in the Life and Invest embedded value of new business is R15 million (June 2023: R21 million) in respect of investment management services provided on off balance sheet investment business. Risk business written prior to the valuation date allows certain Invest business to be written at financially advantageous terms, the impact of which has been recognised in the value of new business.

3 Life new business is defined as Life policies to which Life became contractually bound during the reporting period, including policies whose first premium is due after the valuation date. Invest new business is defined as business where at least one premium has been received and which has not been refunded after receipt. Invest new business also includes Discovery Retirement Optimiser policies to which Life and Invest became contractually bound during the reporting period, including policies whose first premium is due after the valuation date.

The new business annualised premium income of R3 214 million (June 2023: R2 965 million) (single premium APE: R1 545 million (June 2023: R1 430 million)) shown above excludes automatic premium increases and servicing increases in respect of existing business. The total new business annualised premium income written over the period, including automatic premium increases of R2 249 million (June 2023: R2 208 million) and servicing increases of R779 million (June 2023: R716 million), was R6 242 million (June 2023: R5 889 million) (single premium APE: R1 626 million (June 2023: R1 499 million)). Single premium business is included at 10% of the value of the single premium. Policy alterations and internal replacement policies, including Discovery Retirement Optimisers added to existing Life Plans, are shown in Table 5 as experience variances and not included as new business. Term extensions on existing contracts are not included as new business.

4 The annualised profit margin is the value of new business expressed as a percentage of the present value of future premiums.

5 The VitalityHealth value of new business is calculated as the value at point of sale of the new business written premium in-force at the valuation date multiplied by the Margin multiplied by the Annuity Factor less the new business cash flows from point of sale to the valuation date. The assumptions for the Margin and Annuity Factor are shown in Table 8.

6 VitalityHealth new business is defined as individuals and employer groups which inceptioned during the reporting period. The new business annualised premium income shown above has been adjusted to exclude premiums in respect of members who join an existing employer group after the first month, as well as premiums in respect of new business written during the period but only activated after 30 June 2024.

7 VitalityLife new business is defined as policies to which VitalityLife became contractually bound during the reporting period, including policies whose first premium is due after the valuation date.



EMBEDDED VALUE STATEMENT *continued* for the year ended 30 June 2024

BASIS OF PREPARATION

Table 8: Embedded value economic assumptions

	30 June 2024	30 June 2023
Beta coefficient	0.75	0.75
Equity risk premium (%)	3.5	3.5
Risk discount rate (%)		
– Health and Vitality ¹	14.875	15.125
– Life and Invest ¹	15.375	15.875
– VitalityHealth	6.573	7.000
– VitalityLife	6.495	7.042
Rand/GB Pound exchange rate		
– Closing	23.07	23.99
– Average	23.55	21.43
Margin over expense inflation to derive medical inflation (%)		
South Africa	3.00	3.00
Expense inflation (%) ²		
South Africa		
– Health and Vitality	6.87	7.96
– Life and Invest	7.05	8.13
United Kingdom	4.01	3.75
Pre-tax investment return (%)		
South Africa		
– Cash ¹	11.25	11.75
– Life and Invest bonds ³	12.75	13.25
– Health and Vitality bonds ³	12.25	12.50
– Equity	16.25	16.75
United Kingdom		
– VitalityHealth risk-free rate	3.95	4.38
– VitalityLife risk-free rate	3.87	4.42
– VitalityLife IFRS interest rate return	3.87	3.98
– VitalityLife investment return	4.91	4.31
Long-term corporation tax rate (%)		
South Africa	27	27
United Kingdom	25	25
VitalityHealth margin assumptions		
– Margin (net of tax and cost of required capital) (%)	12.35	12.10
– Annuity Factor	6.42	6.28
Projection term		
– Health and Vitality	20 years	20 years
– Life – VIF	40 years	40 years
– Group Life	20 years	20 years
– VitalityLife	No cap	No cap
– VitalityHealth ⁴	20 years	20 years

¹ Derived as a margin over (or below for cash) the respective pre-tax investment return for bonds.

² The inflation assumption is derived as the difference between the nominal and real yield curve at each duration. As an indication, the cash flow weighted average inflation is shown in the table. For the United Kingdom, the expense inflation assumption is aligned with the long-term market view of inflation.

³ As indications, the cash flow weighted averages derived from the relevant yield curve(s) are shown.

⁴ The VitalityHealth projection term of 20 years is used in the derivation of the Annuity Factor.

The Discovery Group embedded value is calculated based on a risk discount rate using the Capital Asset Pricing Model (CAPM) approach with specific reference to the Discovery Group beta coefficient. The assumed beta is fixed at 0.75. This has been set such that the risk discount rate proxies the result of a Weighted Average Cost of Capital approach with reference to the capital structure of the Group and the observed beta calculated using daily returns over a long time period. The observed beta is calculated with reference to the ALSI. The assumed beta will only change if the capital structure of the Group and/or the observed beta calculated using daily returns over a long time period suggest the beta assumption should depart significantly from the assumption at the financial year-end. As beta values reflect the historic performance of share prices relative to the market, they may not allow fully for non-market related and non-financial risk. Investors may want to form their own view on an appropriate allowance for these risks which have not been modelled explicitly.

Life and Invest mortality, morbidity and lapse and surrender assumptions were derived from internal experience, where available, augmented by reinsurance and industry information.

The Health and Vitality lapse assumptions were derived from the results of recent experience investigations.

The VitalityHealth assumptions were derived from internal experience and augmented by future expectations.

VitalityLife assumptions were derived from internal experience, where available, augmented by reinsurance, industry and Discovery Group information.

Renewal expense assumptions were based on the results of the latest expense and budget information.

The initial expenses included in the calculation of the embedded value of new business are the actual costs incurred excluding expenses of an exceptional or non-recurring nature.

The South African investment return assumptions for Life, Invest, Health and Vitality were set relative to an internally derived nominal yield curve, which is consistent with the IFRS 17 reporting basis.

The current and projected tax position of the policyholder funds within the Life company has been taken into account in determining the net investment return assumption.

The risk-free rate assumption for VitalityHealth was based on the single interest rate derived from the Prudential Regulatory Authority yield curve. VitalityLife has transitioned to the use of full yield curves to represent its risk-free rate assumption following the implementation of IFRS 17. For consistency, VitalityLife has also transitioned to the use of a market inflation curve from a long-term market view of inflation.

VitalityHealth calculate the value of in-force at the valuation date as the in-force written premium multiplied by the Margin multiplied by the Annuity Factor, as set out in the table above. The Annuity Factor assumption is derived from assumed future lapse rates and premium increases. The Margin assumption reflects assumed profit margins after tax and the cost of required capital. The assumptions underlying the Annuity Factor and Margin are set taking into account the current experience and future expectations of the business at different durations.

The cost of required capital is calculated using the difference between the risk discount rate and the net of tax asset return on tangible assets. The Vitality Life Limited required capital amount is assumed to earn the investment return assumption, which is set based on the return on a portfolio of government and corporate bonds assumed to back the required capital. The Life and Invest cost of required capital is calculated assuming shareholder cash flow is limited to the cash flow available after having met both the required capital amount and an internally defined liquidity target capital requirement of tangible assets.

The embedded value has been calculated in accordance with the Actuarial Society of South Africa's Advisory Practice Note ("APN") 107: Embedded Value Reporting, except the recommended disclosure of Free Surplus and Required Capital has been adjusted to take into account the nature of the capital requirements in the covered businesses, as can be seen in Table 1 note 2.



EMBEDDED VALUE STATEMENT *continued*

for the year ended 30 June 2024

BASIS OF PREPARATION

The risk discount rate uses the CAPM approach with specific reference to the Discovery Group beta coefficient. As beta values reflect the historic performance of share prices relative to the market, they may not allow fully for non-market related and non-financial risk. Investors may want to form their own view on an appropriate allowance for these risks which have not been modelled explicitly. The sensitivity of the embedded value and the embedded value of new business at 30 June 2024 to changes in the risk discount rate is included in the tables below.

For each sensitivity illustrated below, all other assumptions have been left unchanged. No allowance has been made for management action such as risk premium increases where future experience is worse than the base assumptions.

Table 9: Embedded value sensitivity

R million	Discovery Group	Health and Vitality		Life and Invest		VitalityHealth		VitalityLife		Embedded value	% change
	Adjusted net worth	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital		
Base	19 288	27 441	(527)	37 570	(1 757)	14 353	(449)	14 894	(459)	110 354	
Impact of:											
Risk discount rate + 1%	19 288	25 960	(569)	34 460	(1 853)	13 624	(588)	13 844	(519)	103 647	(6)
Risk discount rate - 1%	19 288	29 076	(479)	41 224	(1 642)	15 159	(293)	16 111	(363)	118 081	7
Lapses - 10%	19 062	28 314	(552)	40 746	(1 851)	16 710	(522)	15 721	(553)	117 075	6
Interest rates - 1% ¹	19 487	27 331	(508)	37 938	(1 729)	15 159	(474)	14 459	(581)	111 082	1
Equity and property market value - 10%	19 239	27 441	(527)	36 769	(1 746)	14 353	(449)	14 894	(459)	109 515	(1)
Equity and property return + 1%	19 288	27 441	(527)	37 967	(1 753)	14 353	(449)	14 894	(459)	110 755	-
Renewal expenses - 10%	19 404	30 074	(488)	38 283	(1 707)	15 526	(449)	15 170	(456)	115 357	5
Mortality and Morbidity - 5%	19 583	27 441	(527)	40 107	(1 610)	16 977	(449)	15 328	(448)	116 402	5
Projection term + 1 year	19 288	27 749	(531)	37 645	(1 760)	14 462	(452)	14 894	(459)	110 836	-

¹ All economic assumptions were reduced by 1%.

The following table shows the effect of using different assumptions on the embedded value of new business.

Table 10: Value of new business sensitivity

R million	Health and Vitality		Life and Invest		VitalityHealth		VitalityLife		Value of new business	% change
	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital		
Base	1 103	(52)	560	(79)	491	(63)	(58)	(70)	1 832	
Impact of:										
Risk discount rate + 1%	1 014	(57)	390	(83)	366	(81)	(156)	(78)	1 315	(28)
Risk discount rate - 1%	1 201	(47)	757	(74)	631	(41)	56	(56)	2 427	32
Lapses - 10%	1 177	(57)	741	(83)	786	(72)	112	(115)	2 489	36
Interest rates - 1% ¹	1 111	(50)	558	(77)	631	(67)	13	(76)	2 043	12
Equity and property return + 1%	1 103	(52)	584	(79)	491	(63)	(58)	(70)	1 856	1
Renewal expense - 10%	1 282	(50)	604	(77)	642	(63)	(20)	(64)	2 254	23
Mortality and morbidity - 5%	1 103	(52)	647	(72)	828	(63)	(25)	(64)	2 302	26
Projection term + 1 year	1 121	(53)	563	(79)	511	(63)	(58)	(70)	1 872	2
Acquisition costs - 10%	1 142	(52)	734	(79)	525	(63)	158	(70)	2 295	25

¹ All economic assumptions were reduced by 1%.



ANNEXURE A

New business annualised premium income



Income from non-insurance business lines



ANNEXURE A

This Annexure does not form part of the IFRS results. Discovery assesses its performance using alternative non-IFRS profit and income measures. These measures enhance the comparability and understanding of the financial performance of the Group.

New business annualised premium income

for the year ended 30 June 2024

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

Core new business API, increased by 18% for the year ended 30 June 2024 when compared to the corresponding prior period.

R million	Group 30 June 2024	Group June 2023	% Change
Discovery Health ¹	11 069	8 761	26%
Discovery Life	2 942	2 838	4%
Individual Life	2 778	2 663	4%
Group Life	164	175	(6%)
Discovery Invest	3 300	3 050	8%
Discovery Insure	1 388	1 249	11%
Discovery Vitality	412	372	11%
Discovery Umbrella	626	382	64%
Core new business API from SA Composite	19 737	16 652	19%
VitalityHealth	2 488	2 064	21%
VitalityLife	1 956	1 721	14%
Core new business API from UK Composite	4 444	3 785	17%
Core new business API from VG Composite: Ping An Health Insurance (PAHI) own license	2 486	2 185	14%
Core new business API of Group, excluding products in run down or discontinued²	26 667	22 622	18%
Total new business API of Group including products in run down or discontinued²	27 157	23 108	18%

1 New business API for Discovery Health includes new business API for all businesses administered by Discovery Health, including DHMS, Closed Schemes and offerings such as GAP cover and FlexiCare cover. The new business API for New Closed Schemes includes contracted new business API and business in the first twelve months of on-boarding. Closed Schemes refer to those restricted to certain employers and industries. In the year under review, Discovery secured the administration of the Sasolmed Medical Scheme. Excluding Sasolmed, core new business API declined 2%.

2 Products in run down or discontinued include Discovery Insure Commercial, VitalityInvest and PAHI reinsurance business.

CALCULATION OF NEW BUSINESS API

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

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

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

Refer to the footnotes to Table 7: Embedded Value of New Business for a more detailed description of the differences in new business disclosures between the embedded value and the table above.



ANNEXURE A *continued*

Income from non-insurance business lines

for the year ended 30 June 2024

The table below includes income from business lines and activities not covered by the new business API definition, as outlined in the previous table. For Discovery Bank, banking fees and commissions are presented net of related expenses. This information differs from that provided in note A.4, which reflects the gross revenue streams for goods or services within the scope of IFRS 15 *Revenue from Contracts with Customers*.

R million	Group June 2024	Group June 2023	Change %
Discovery Health – Income excluded from API measure	1 260	1 205	5%
Discovery Bank	2 102	1 517	39%
Discovery Bank – Net banking fee and commission income (NIR)	1 324	943	40%
Discovery Bank – Net bank interest and similar income (NII)	778	574	36%
Vitality Global income ¹	2 829	2 627	8%
Vitality Network	1 894	1 632	16%
Vitality Health International (excluding PAHI)	935	995	(6%)
Total income from non-insurance business lines	6 191	5 349	16%

¹ Vitality Global income includes gross recurring and lump sum revenues earned by Vitality Group and solution revenue from external clients, while that from internal clients and rewards is specifically excluded.

ANNEXURE B

Impact of corrections on normalised
profit from operations for six-months
ended 31 December 2023





ANNEXURE B

Impact of corrections on normalised profit from operations for six-months ended 31 December 2023

NORMALISED PROFIT FROM OPERATIONS

The following table reflects the estimation of the correction in the treatment of the negative reserves and equity as noted in Section D of the results booklet for the six-months ended 31 December 2023:

R million	Updated	As previously published in March 2024	Change
	Group December 2023 Unaudited	Group December 2023 Unaudited	
Normalised profit from SA composite	4 355	4 355	
Normalised profit from UK Composite*	725	812	(87)
Normalised profit from Vitality Global composite	455	455	-
Normalised profit from operations	5 535	5 622	(87)

* Change related to VitalityLife.

TOTAL EQUITY

R million	Updated	As previously published in March 2024	Change
	Group December 2023 Unaudited	Group December 2023 Unaudited	
Equity attributable to equity holders of the Company	51 827	52 202	(375)
Non-controlling interest	4	4	-
Total equity	51 831	52 206	(375)

ANNEXURE C

Regulatory capital





ANNEXURE C

Regulatory capital

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

Discovery Life and Discovery Insure are regulated under the Insurance Act 18 of 2017 (Insurance Act), and the related Prudential Standards, while VitalityHealth and VitalityLife are regulated under the European Solvency II regulatory regime.

The table below summarises the capital requirements of insurance companies on the statutory basis, across the Group subsidiaries, and the actual solvency capital held in relation to these requirements as at the end of the reporting period.

	June 2024		June 2023	
	Statutory capital requirements	Cover	Statutory capital requirements	Cover
Discovery Life	R22 365 million	1.8 times	R20 814 million	1.9 times
Discovery Insure	R1 222 million	1.6 times	R1 113 million	1.6 times
VitalityHealth	£116 million R2 670 million	1.6 times	£130.8 million R3 139 million	1.4 times
VitalityLife	£350 million R8 070 million	2.0 times	£272.1 million R6 528 million	2.1 times

Discovery Bank's common equity tier 1 (CET1) ratio is 17.63% (FY2023: 16.82%). In addition, the Bank holds an internal management buffer to cater for future unexpected growth and volatility in risk-weighted exposures, as well as an estimation risk buffer.

ADMINISTRATION

Transfer secretaries Computershare Investor Services (Pty) Limited

(Registration number: 2004/003647/07)

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Private Bag X9000, Saxonwold, 2132

Sponsors and debt sponsors Rand Merchant Bank (a division of FirstRand Bank Limited)

Secretary and registered office AC Ceba (FCG)(F.Inst D),

Discovery Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1999/007789/06)

Company tax reference number: 9652/003/71/7

JSE share code: DSY ISIN: ZAE000022331

JSE share code: DSBP ISIN: ZAE000158564

JSE company code: DSYI

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Directors ME Tucker (UK) (Chairperson), A Gore* (Group Chief Executive), LM Chiume¹, R Farber, WM Hlahla, FN Khanyile, D Macready, Dr TV Maphai², TT Mboweni, KC Ramon¹, M Schreuder, B Swartzberg*, BA van Kralingen, DM Viljoen* (Group Chief Financial Officer), SV Zilwa².

* Executive.

¹ Appointed effective 18 September 2023.

² Retired effective 16 November 2023.

Debt officer DM Viljoen

Annual financial results

– prepared by G Pieterse CA(SA), J Symons CA(SA)

– supervised by DM Viljoen CA(SA)

Embedded value statement

– prepared by P Bolink FASSA

– supervised by A Rayner FASSA, FIA

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