



The Future of Banking. **Now.**

Discovery **Bank**
Hylton Kallner | April 2024

Discovery Group Operating Performance



Normalised operating profit

+13%

to R5 622m

New business

+28%

to R14 197m

Headline earnings

+0%

to R3 260m

Normalised headline earnings

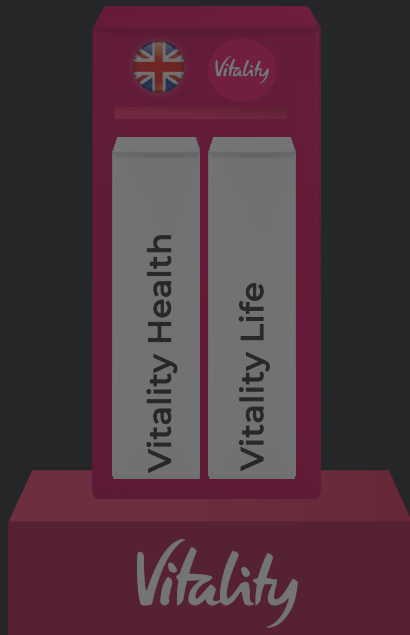
+11%

to R3 320m

Discovery Bank as a **key contributor** to the success of the Discovery Group



Vitality **UK**



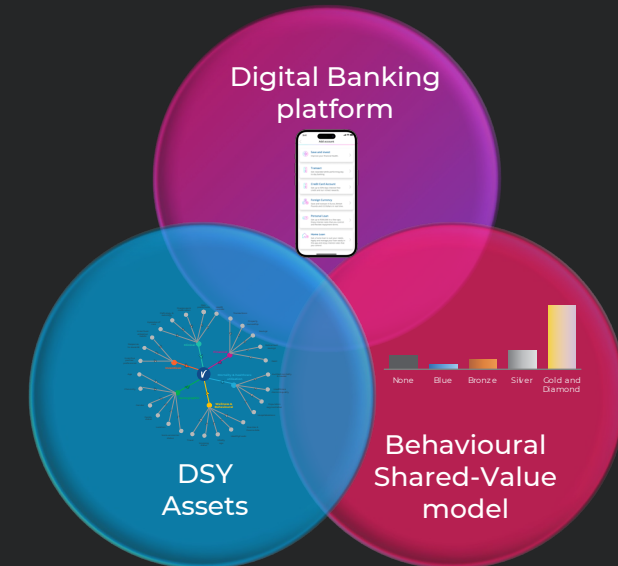
Vitality **Global**



Discovery **South Africa**



Hypotheses for the success of the Bank



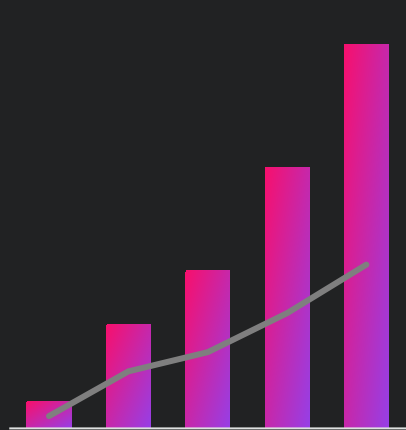
Discovery Bank **Operating Performance**



Clients

+42%

to 825k

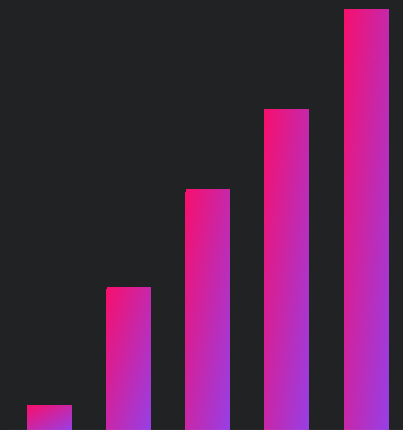


H1 2020 H1 2021 H1 2022 H1 2023 H1 2024
 ■ Accounts — Clients

Deposits

+31%

to R16.67bn

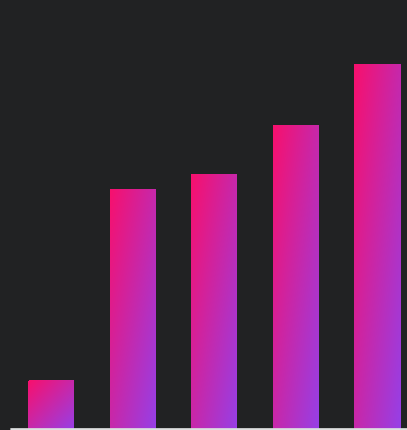


H1 2020 H1 2021 H1 2022 H1 2023 H1 2024

Advances

+20%

to R5.75bn

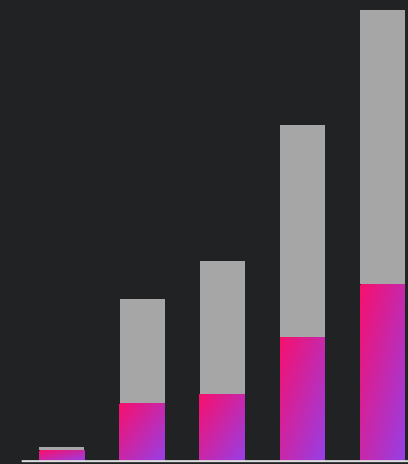


H1 2020 H1 2021 H1 2022 H1 2023 H1 2024

NII + NIR

+32%

to R933m



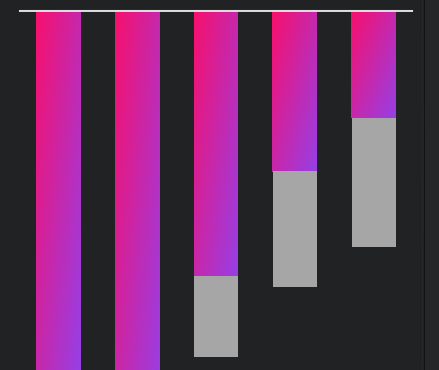
H1 2020 H1 2021 H1 2022 H1 2023 H1 2024
 ■ NII ■ NIR

Operating result

-15% -40%

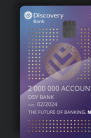
to (R339m) to (R154m)
 Before NBAC

H1 2020 H1 2021 H1 2022 H1 2023 H1 2024

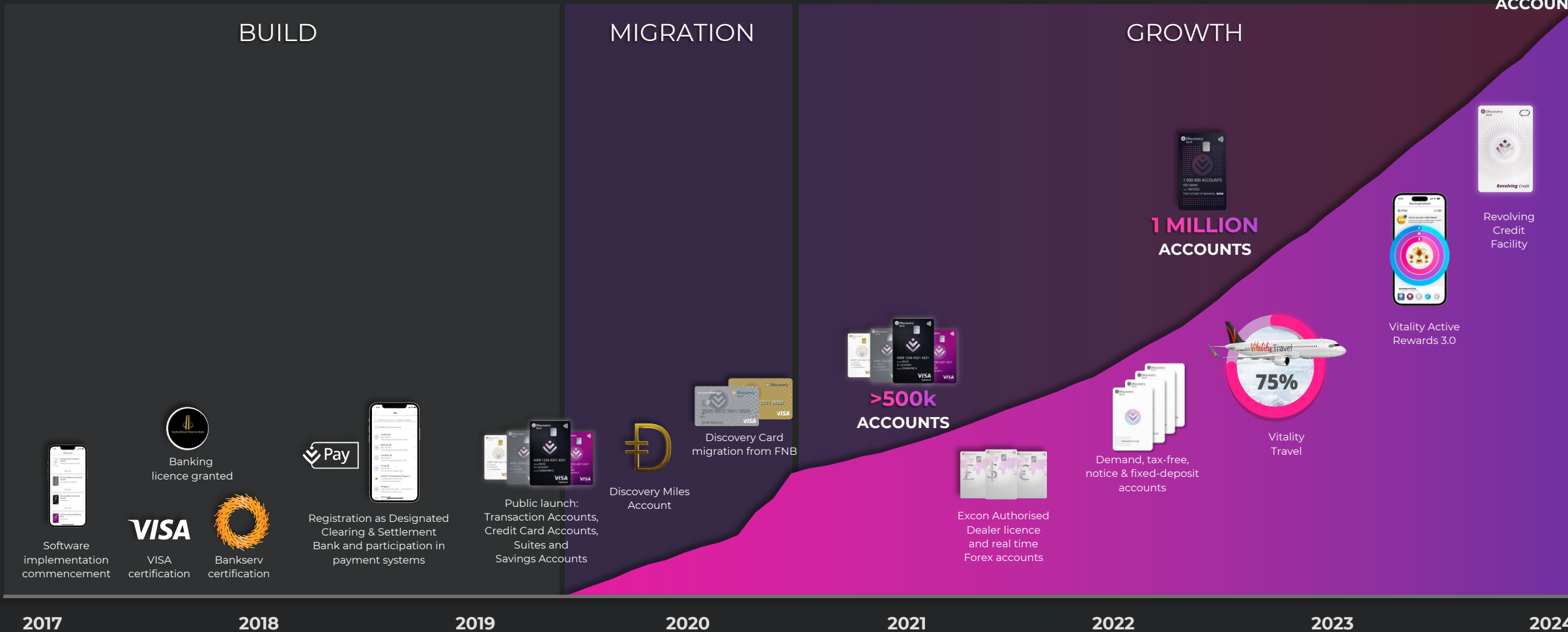


■ NBAC ■ Loss before NBAC

Evolution of Discovery Bank | 3 Distinct Phases



2 MILLION ACCOUNTS



2017

2018

2019

2020

2021

2022

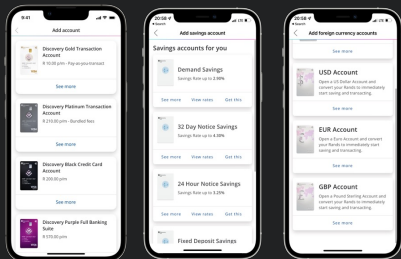
2023

2024

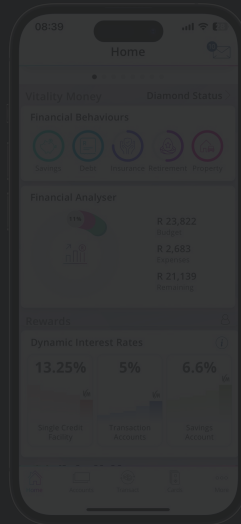
Key attributes of the Bank



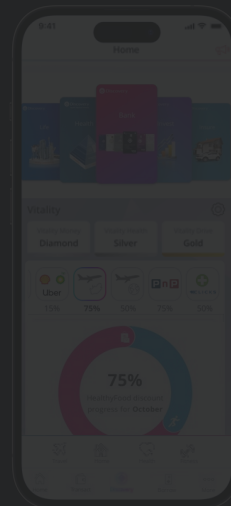
Full-service Digital Bank



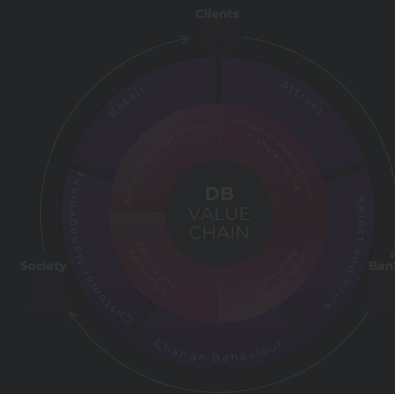
Shared-value Behavioural Banking Model



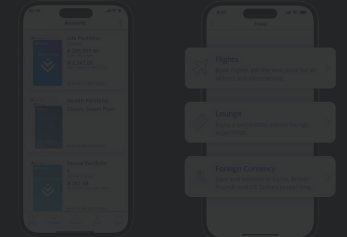
Digital Banking Platform



Unique Data Assets and AI Capabilities

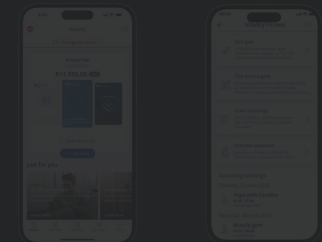


Ecosystems



Discovery Group

Travel



Health

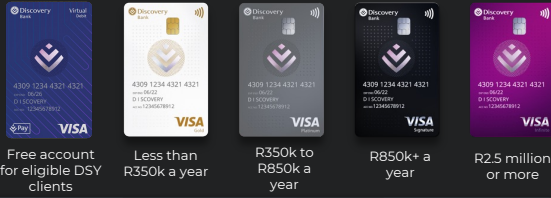
Fitness

Comprehensive Product Suite



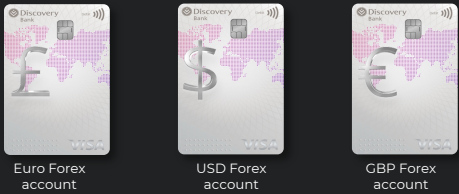
TRANSACTION

Access to a **credit card** and a superior **transaction account**
A full banking experience with access to exclusive benefits, lifestyle rewards and more



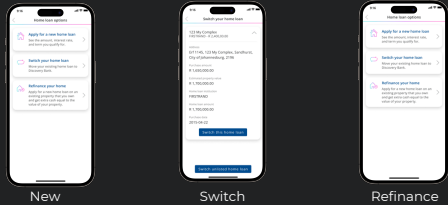
FOREIGN CURRENCY

Real-time Forex account available on the bank app allowing clients to **convert** currency, **save** and **pay** in foreign currency within seconds



HOME LOAN

Shared-value home loan with a full ecosystem of benefits to purchase a home, protect it, power it and furnish the home



9:41

Add account



Transact

Get rewarded while performing day to day banking



Save and invest

Improve your financial health.



Credit Card Account

Get up to 55% days interest free credit and our richest rewards.



Foreign Currency

Save and transact in Euros, British Pounds and US Dollars in real time.



Revolving Credit Facility

Get instant funds when you need it and repay it your way.

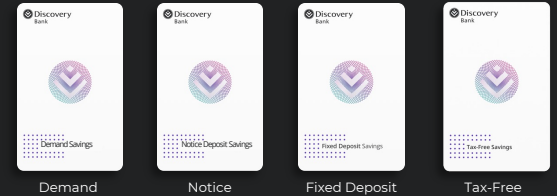


Home Loan

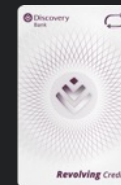
Get a home loan to suit your needs. Apply and manage your loan easily in the app and enjoy interest rates that you control.

SAVE AND INVEST

Wide-range of savings accounts from demand deposits, notice deposits and fixed deposits with market-leading and **personalised rates**

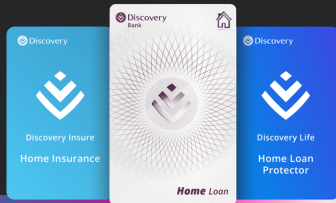


REVOLVING CREDIT



Flexible credit facility that is available immediately once approved with minimal repayments

Discovery Bank Home Loan | **Purchase. Power. Protect. Live.**



Interest Rate Discount

Up to **1.0%** discount

- Bank
- Insure
- Life
- Vitality Money

Up to **100% home financing** with a seamless digital application process and personalised rates
Up to **50% off initiation fees**

Comprehensive building and contents cover, and **home loan protection** in the event of death or defined medical conditions

A market-first interest rate **discount of up to 1%** that rewards clients for managing their money well and protecting their investment

Energy Solutions

Revolving Credit Facilities

Access to **alternative energy solutions** for back-up power needs, and **additional credit** to cover home expenses

15% - 30%

Discounted **premium home furnishing and accessories** in the Home Retail Partner Network

Digital banking features

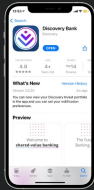
- Digital payments
- Live Assist
- Smart Vault
- Prepaid utilities
- Smart Servicing
- Digital onboarding

Access to state-of-the-art digital banking features and servicing to **apply, switch and refinance** through the Bank app and receive a **preliminary offer in under 10 minutes**

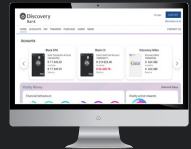
Full-service digital banking model



Full-service offering



Full-service app & website with all functionalities of a bank branch

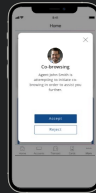


Unique digital banking features e.g., Smart Vault



24/7/365
Call centre

High-touch service



Live Assist



4.9 CBR score

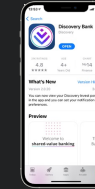


Personalisation with smart notifications and next best actions



Relationship bankers

Exceptional service levels



4.8

Mobile app ratings (iStore and Google Play Store)



4.9 CBR score

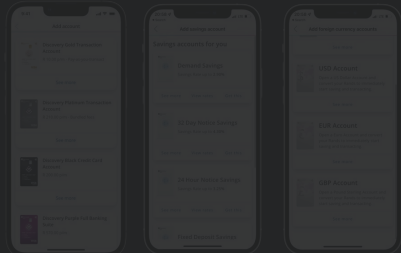
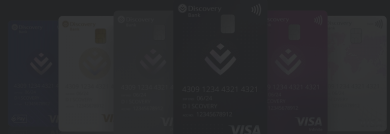


Award winning app and client service

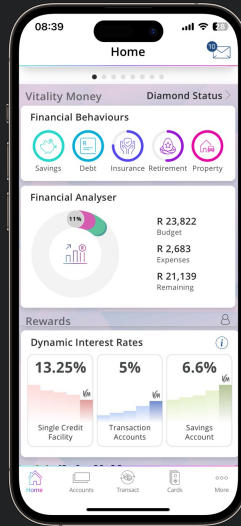
Key attributes of the Bank



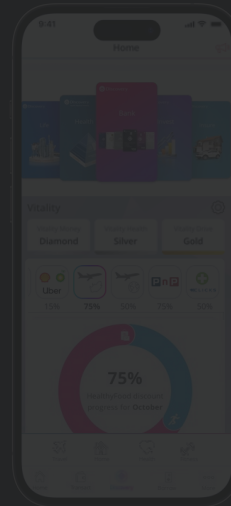
Full-service
Digital Bank



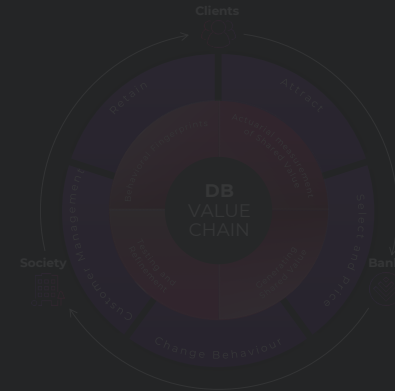
Shared-value
Behavioural
Banking Model



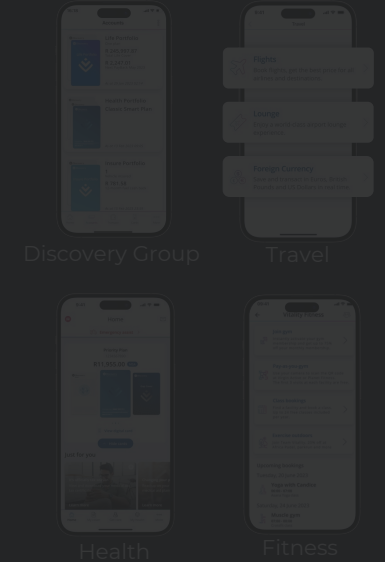
Digital
Banking
Platform



Unique Data
Assets and
AI Capabilities



Ecosystems



Shared-Value correlations



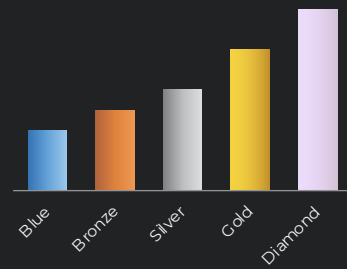
Customer Value

Vitality money interest rate boosts and discounts

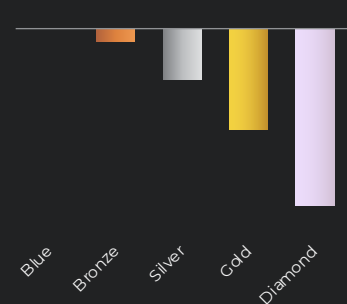
>R90m

In interest rate boosts and discounts

Deposits



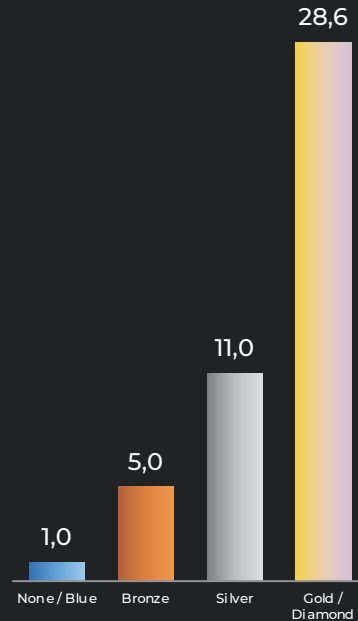
Credit



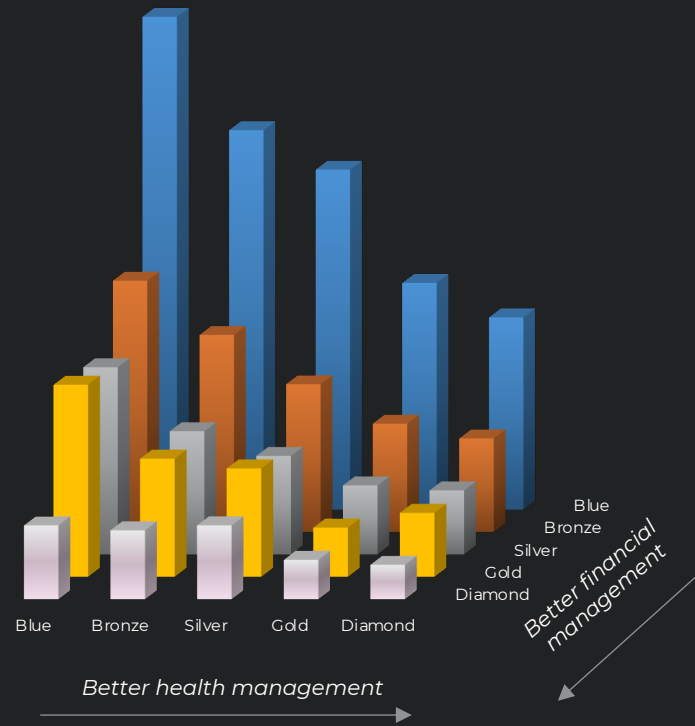
Value received per client

>28x

higher value received



Correlations in healthy behaviours

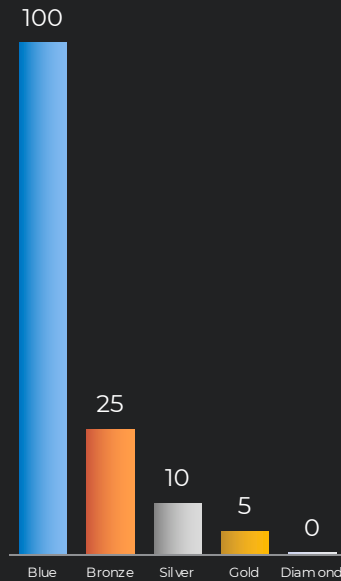


Business Value

Credit loss ratio

>99%

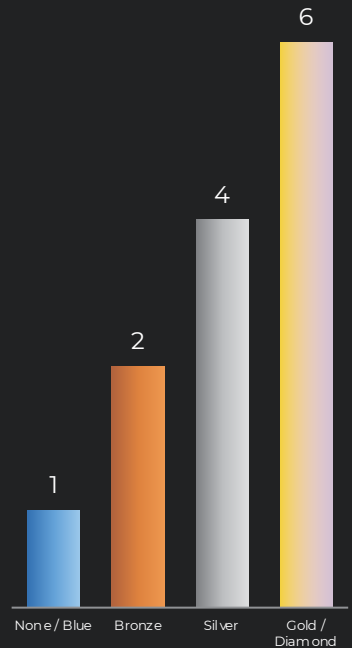
lower credit loss ratios



Lifetime value per client

>5x

Higher LTV



Discovery Miles | Universal Shared-Value Rewards Currency



Best in category

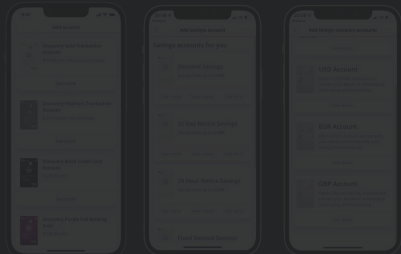
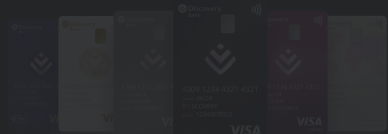
	How to earn rewards					How to spend rewards				
	Groceries	Personal care	Baby essentials	Fuel	General card spend	Retail	Travel	Prepaid	Cash out	Transfer
	Up to 75%	Up to 50%	Up to 50%	Up to 20%	Up to 0.67%	Yes, up to 30% off	Yes	Yes, up to 15% off	Yes	Yes
Bank 1	Up to 30%	Up to 30%	Up to 30%	Up to 30%	Up to 1.15%	n/a				
Bank 2	-	2%	2%	Up to 0.9%	Up to 1.5%	n/a				
Bank 3	Up to 15%	Up to 15%	-	Up to 17%	Up to 4%	Yes*	Yes	Yes*	No	Yes
Bank 4	-	-	-	-	Up to 1.25%	Yes	Yes	Yes	Yes	Yes
Bank 5	-	-	-	Up to 1.1%	Up to 1.11%	Yes	Yes	Yes	Yes	No
Bank 6	Up to 20%	Up to 20%	Up to 5%	Up to 21%	Up to 1%	Yes	Yes	Yes	Pay loans, redeem as savings only	-
Bank 7	Up to 2%	-	-	Up to 0.4%	Up to 0.1%	Pick n Pay only	-	-	-	-

* Discounts on select products only and for limited periods

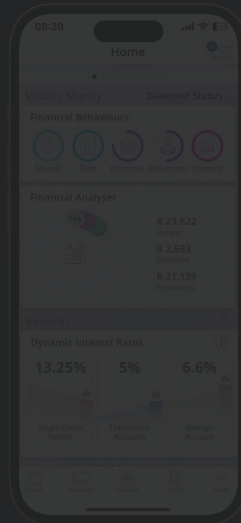
Key attributes of the Bank



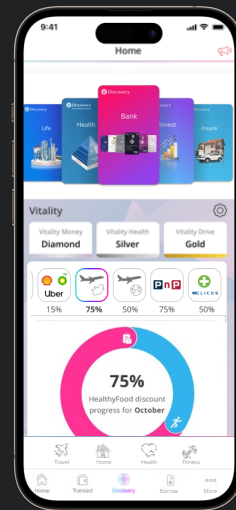
Full-service Digital Bank



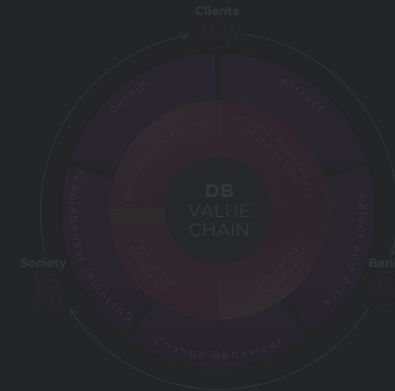
Shared-value Behavioural Banking Model



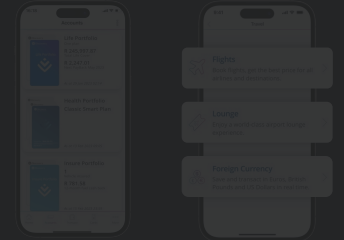
Digital Banking Platform



Unique Data Assets and AI Capabilities

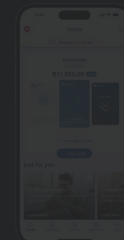


Ecosystems

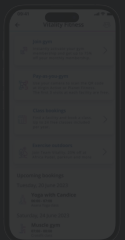


Discovery Group

Travel

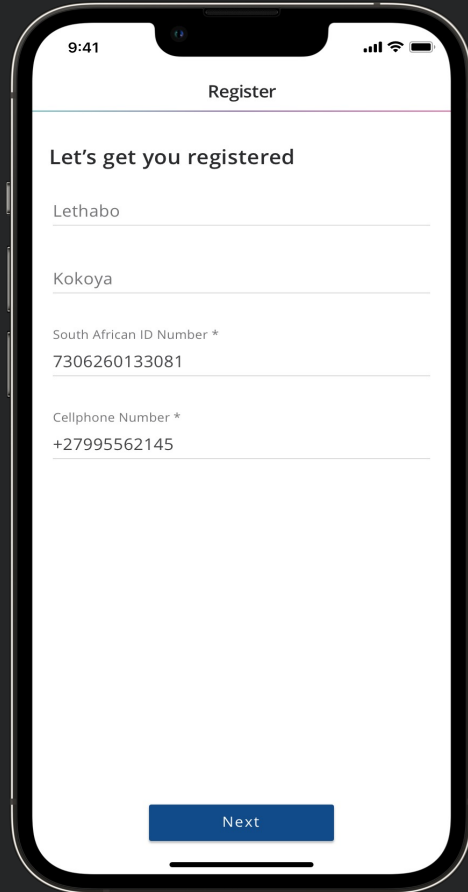


Health

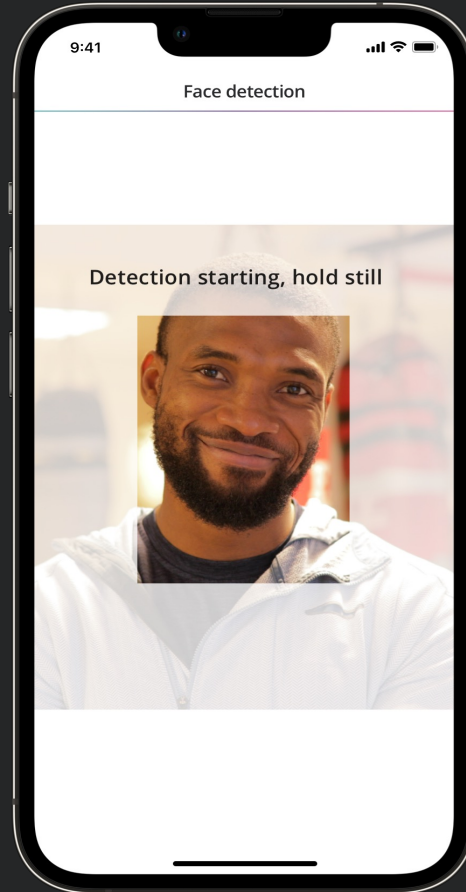


Fitness

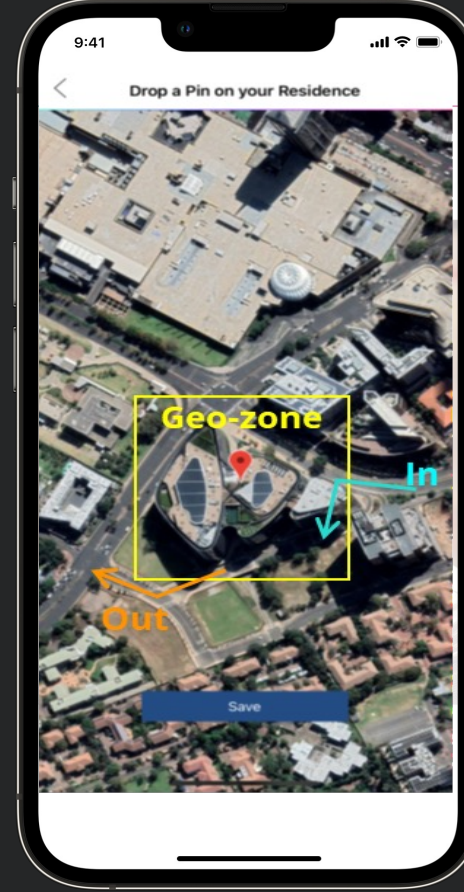
Seamless onboarding in **under five minutes**



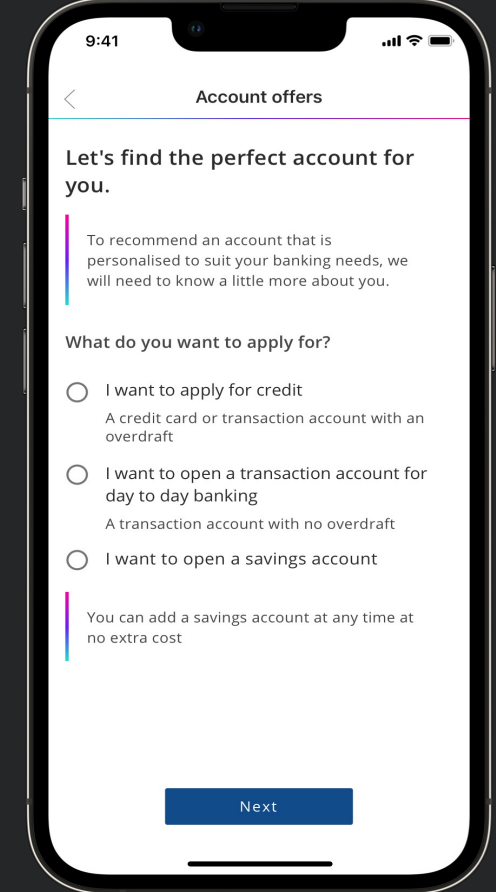
Register your name, ID number and cell phone number



Take a selfie for ID verification through the Department of Home Affairs



Drop a pin on your address for address verification using geolocation



Select the most suitable product and card colour for the client's need

Digital Banking and **Payment Capabilities**



Peer to Peer



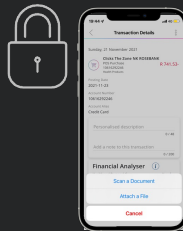
Vitality Pay



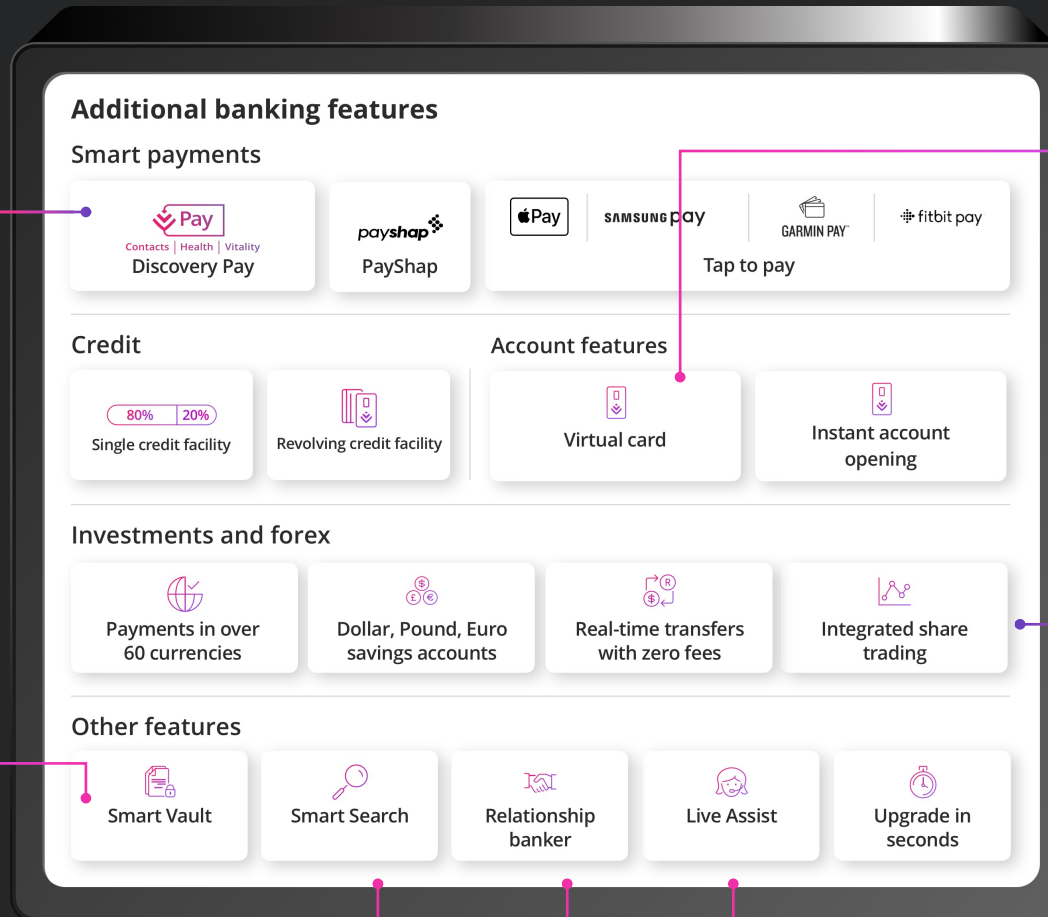
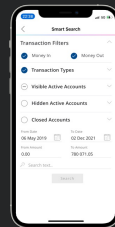
Health Pay



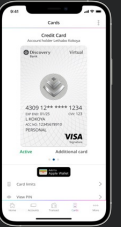
Secure storage



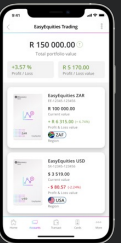
Smart search



Unlimited virtual cards



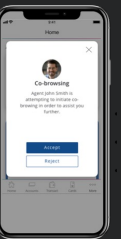
EasyEquities



Invest backed credit



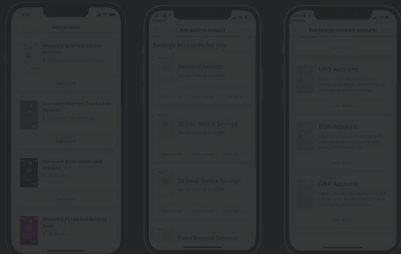
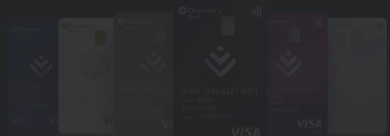
Full service 24/7 offering



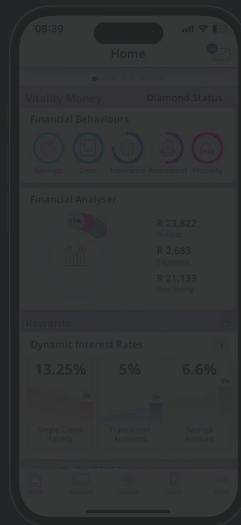
Key attributes of the Bank



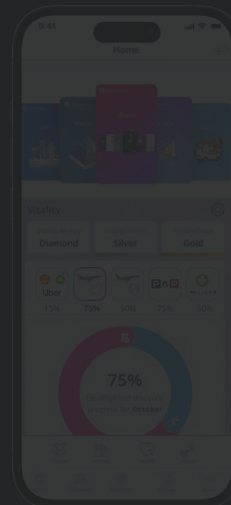
Full-service Digital Bank



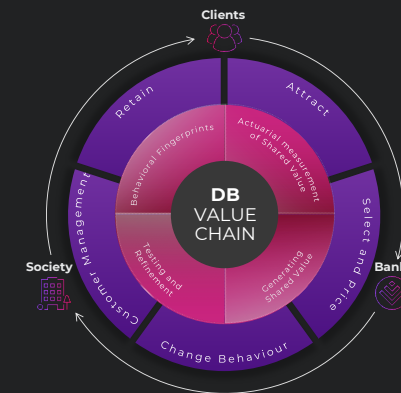
Shared-value Behavioural Banking Model



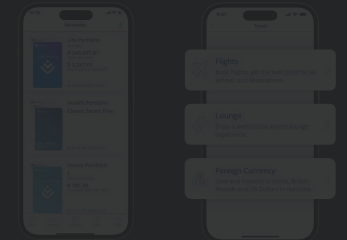
Digital Banking Platform



Unique Data Assets and AI Capabilities

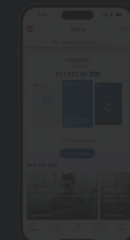


Ecosystems

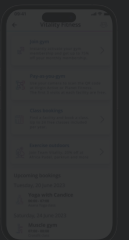


Discovery Group

Travel

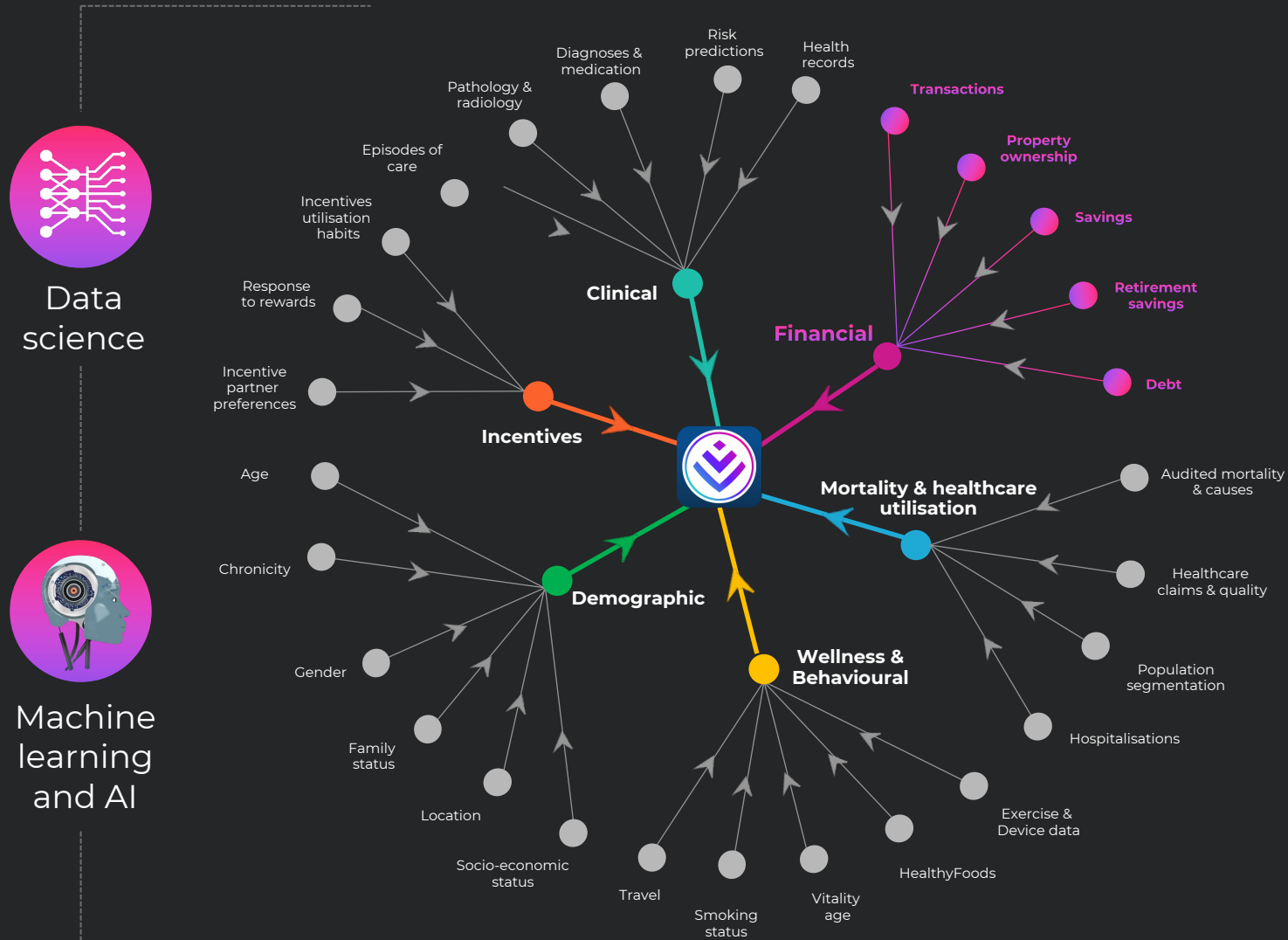


Health



Fitness

Rich and comprehensive dataset allows for a sophisticated understanding of behaviour



Enriched transaction data

What do clients spend on

Types and categories

Spend types (ATM, debit orders, transfers, payments, ...)
Categories, sub-categories and brands

Partner spend

Reward spend

Percentage of spend at partners by category
Reward maximisers and reward earning opportunities, Healthy spend

How do clients spend

Methods of spend

Online vs instore
Discovery Miles, Digital wallet, virtual cards, physical cards
Type of card (debit, credit, primary, secondary,...)

Where do clients spend

Geography

Geolocation and regions
Work hours, after work, weekends
Domestic vs international

Spending Traits and segments

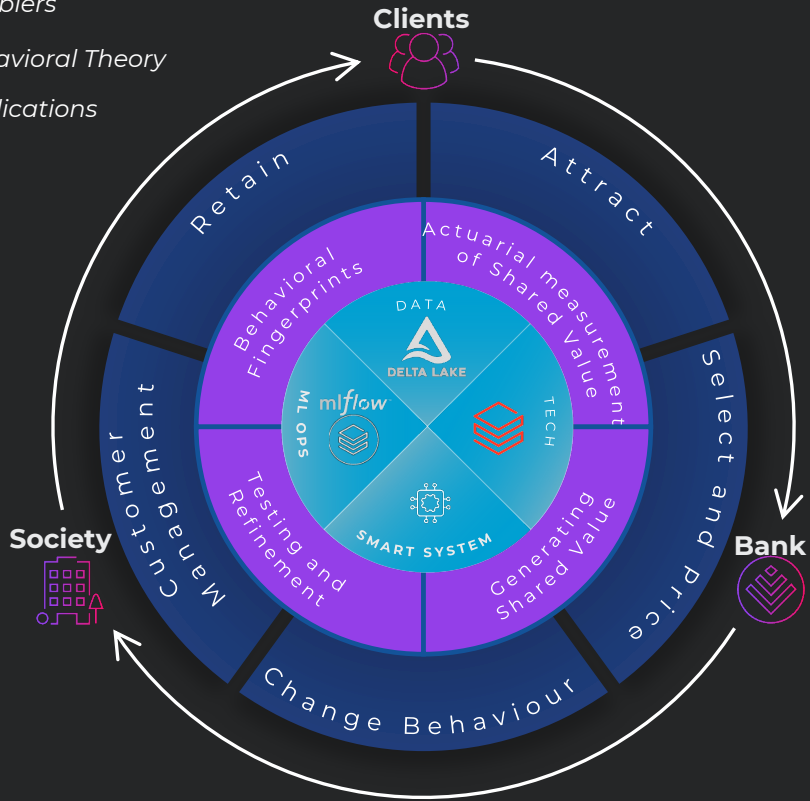
Implied segmentation

Luxuries vs Necessities, Affluence, Loyalty, Digital preferences
"Jetsetters", "Tech savvy", "Partner loyalists"....

Data and AI short-term strategy and applications



- Enablers
- Behavioral Theory
- Applications



Behavioural fingerprints

HYPER PERSONALISATION
ACTIONS AND INDICES
QUANTILE REGRESSION AND SIMILARITY SEARCH
PROMPT

- Document store
- Next best actions
- Vector search

Generating personalised messaging through optimal channels and timing

FRAUD AND SECURITY

Fraud Protection

Using the geo data as well as personalised transaction environment and behavioural profiles for clients

SERVING AND OPERATIONS

Proactive servicing to drive further engagement

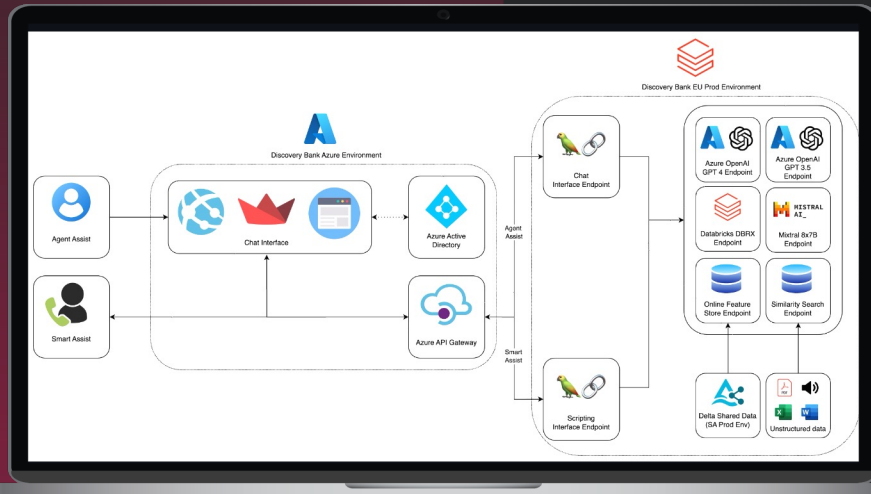
Agent assist for ease of service

Streamlining operations and creating efficient business processes informed by data

Discovery Bank client servicing **Agent Assist**



Discovery Bank's AI call centre co-pilot



Client context and data used to provide accurate and verifiable responses

I am traveling to Scotland, which account should I use to make payments when I am away?

While traveling to Scotland, the ideal account for you to use to make payments is the multicurrency Discovery Bank Card associated with your full banking suite. With the multicurrency card, you can pay for anything using money from your US dollar, British pound, or euro account. This feature is particularly useful as it allows you to make payments in the local currency (British pounds for Scotland) and potentially avoid exchange rate fluctuations and additional fees associated with currency conversion.

Context retention and personalised messaging based on client preferences

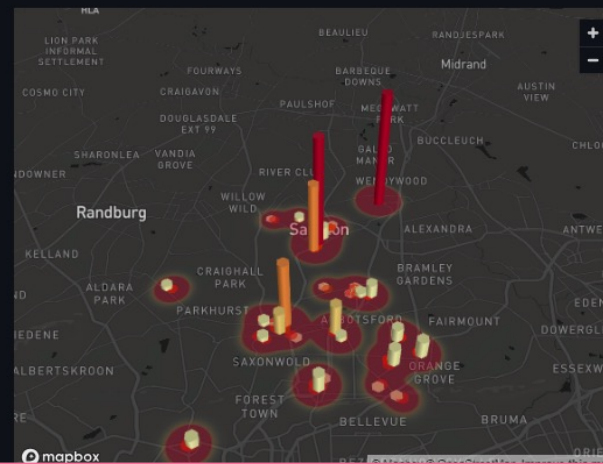
what are the card colour options that Discovery Bank offers?

Discovery Bank offers a variety of card colors corresponding to their suite of banking products. The card colors typically represent different product tiers and are associated with various benefits and rewards. Based on the information provided, here are the card color options that Discovery Bank offers along with their related products:

- Discovery Bank Gold Suite/Card:** A level that includes both transaction and credit card accounts with benefits and rewards suitable for this tier.
- Discovery Bank Platinum Suite/Card:** A tier above Gold, offering better interest rates and additional rewards.

Unique client insights available at the click of a button

Here is a heatmap of where you typically spend:



what card colour should I choose if I earn R500k a year?

Based on your annual gross income of R500,000, the most appropriate Discovery Bank Collection for you is the Platinum Collection. According to the income requirements provided in the documentation:

- The Gold Collection is for those earning less than R350,000 a year.
- The Platinum Collection is for those earning between R350,000 to R850,000 a year.
- The Black Collection is for those earning more than R850,000 to R2.5 million a year.
- The Purple Account is for those earning more than R2.5 million a year.

Since your income falls within the Platinum Collection range, this collection's card and associated accounts are tailored to meet the financial needs and rewards structure suitable for your income level. If you wish to upgrade your card color to reflect the Platinum Collection, you can do so through the Discovery Bank app by following the instructions provided in the documentation for changing account color. Remember to enter your gross monthly income accurately when prompted in the app to see the products you qualify for and to complete the upgrade process if you desire.

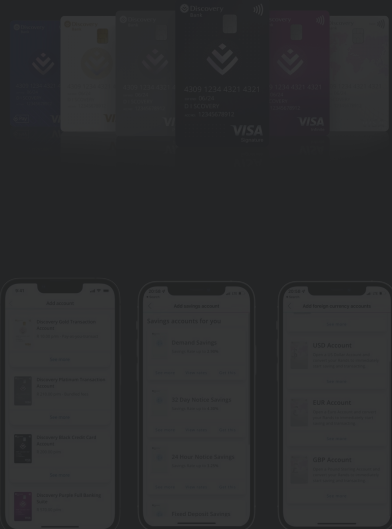


Supported by a sophisticated data and modelling infrastructure enabled by key integrations

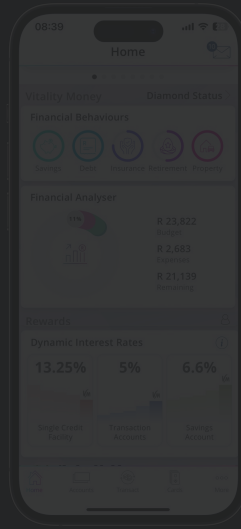
Key attributes of the Bank



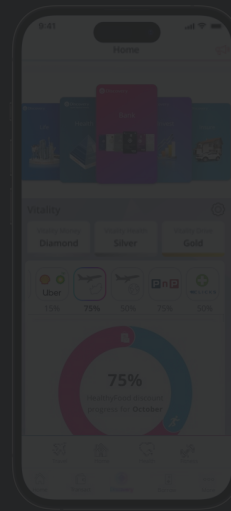
Full-service Digital Bank



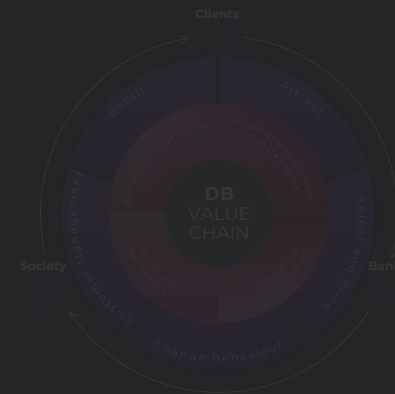
Shared-value Behavioural Banking Model



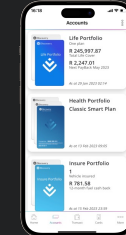
Digital Banking Platform



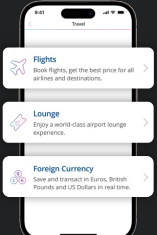
Unique Data Assets and AI Capabilities



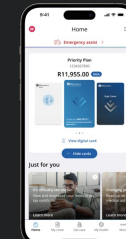
Ecosystems



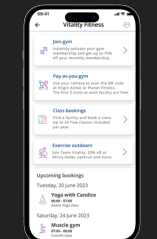
Discovery Group



Travel

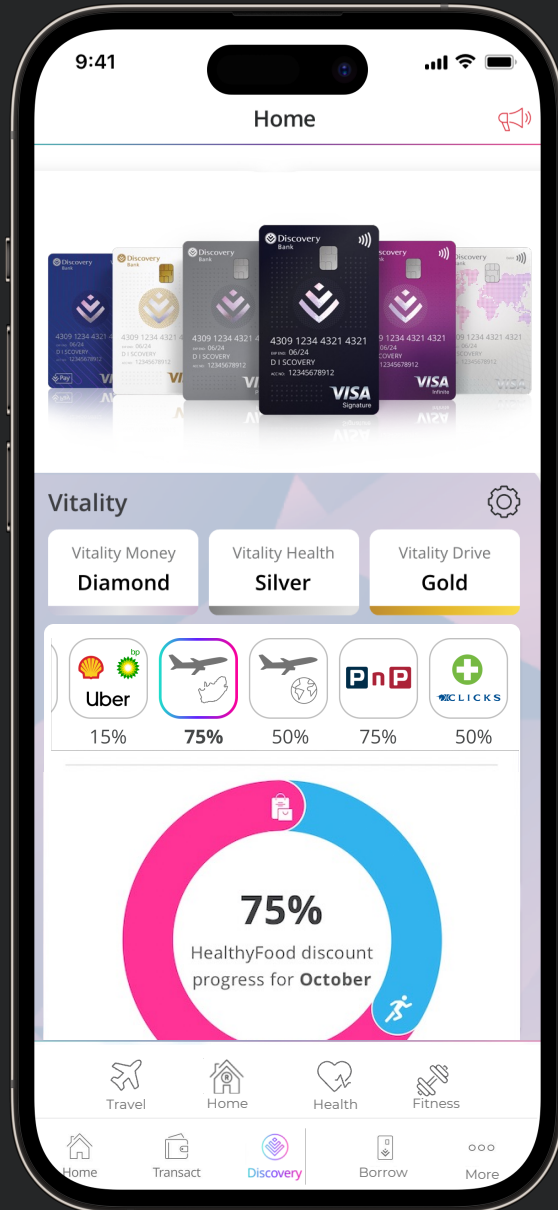


Health



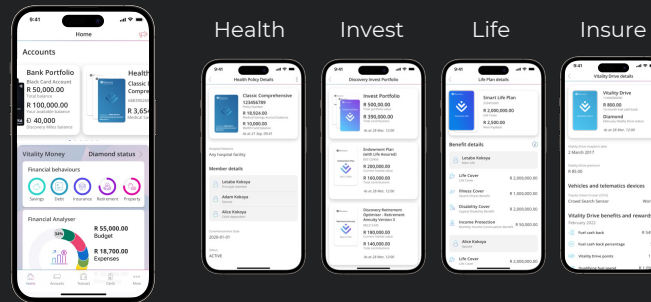
Fitness

Ecosystems accessible through the **Discovery Bank App**



Bank app ecosystems

Discovery Group Product Suite

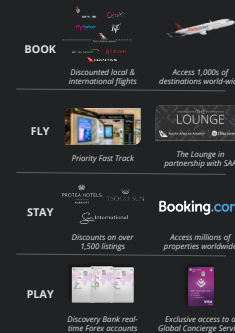
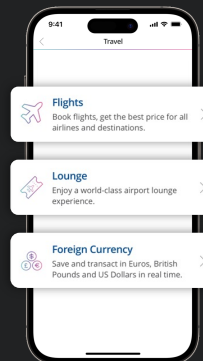


Home Ecosystem



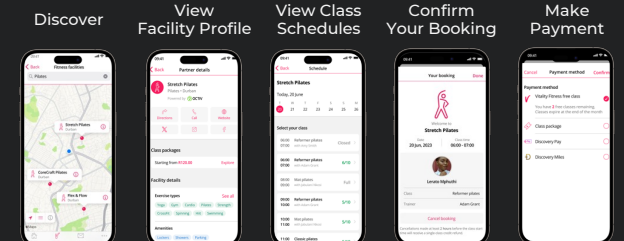
PURCHASE.
PROTECT.
POWER.
LIVE.

Vitality Travel



Vitality Fitness

COMING SOON

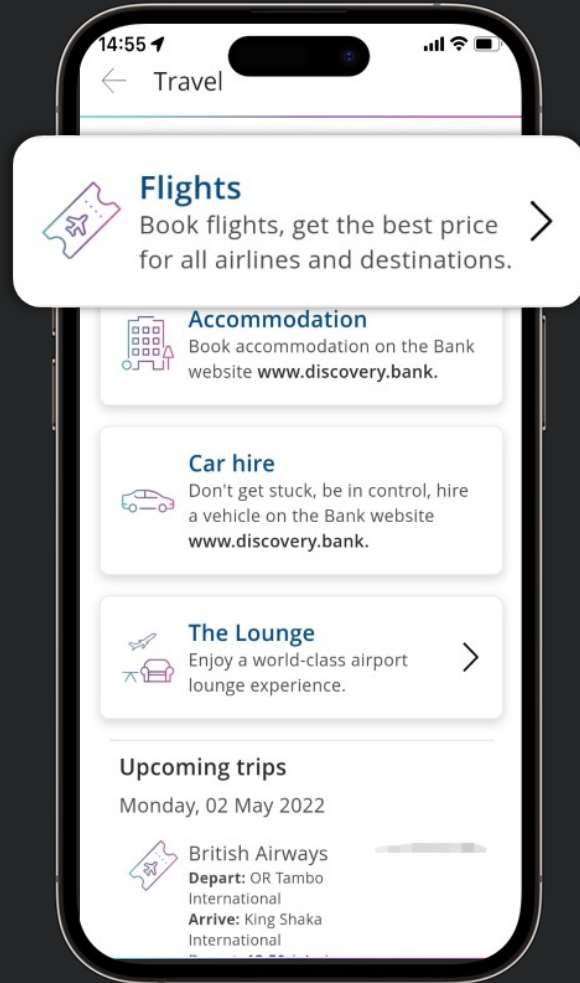


Significant engagement with **Vitality Travel**



VITALITY TRAVEL

VITALITY FITNESS



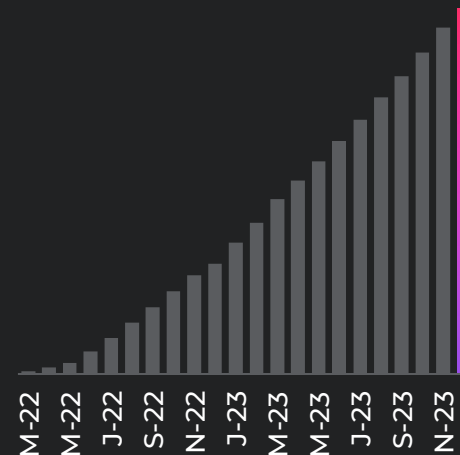
>2,000 members flying per day with Vitality Travel

Seamlessly **book a flight** at a discounted rate from our wide partner network

Flights booked

>1.4m

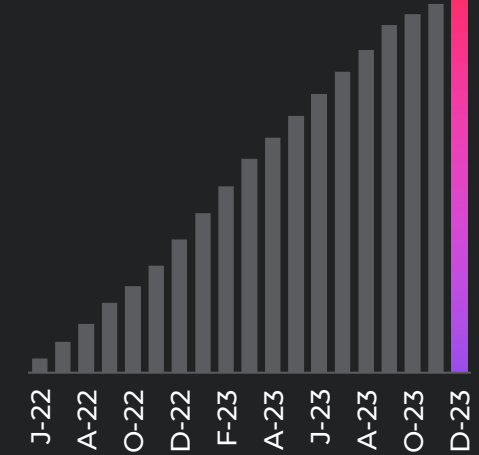
Cumulative flights since the launch of Vitality Travel



Lounge visits

>170k

Cumulative lounge visits since the launch of the lounge



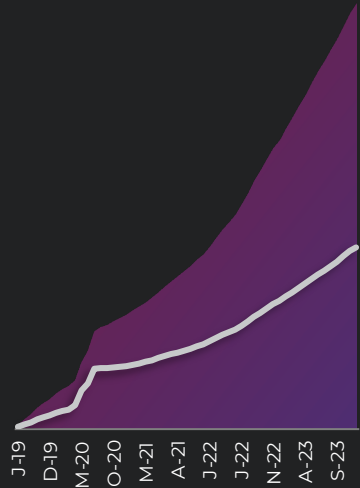
Discovery Bank | Key Performance Outputs



Growth across all segments and high client satisfaction

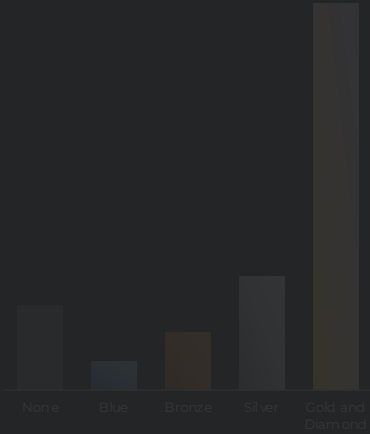
Client and account growth

Accounts Clients



Excellent quality of risk

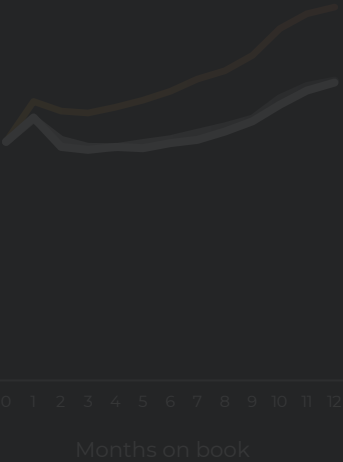
Value generated by Vitality Money Status



High engagement levels and resultant revenue

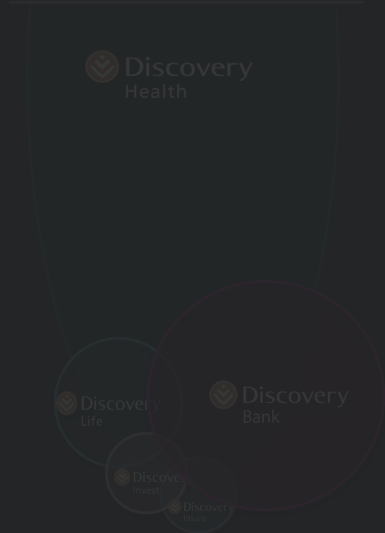
Client engagement over time

Gold Platinum Black



Discovery SA operating system

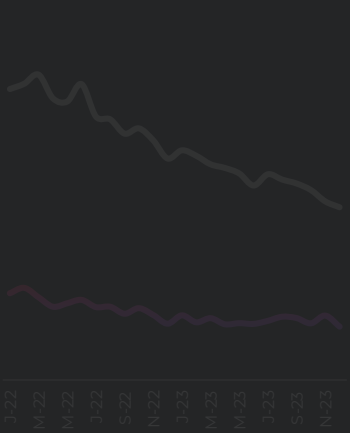
Integration and growth



Sustainable funding model, scalability and profitability

Cost to serve

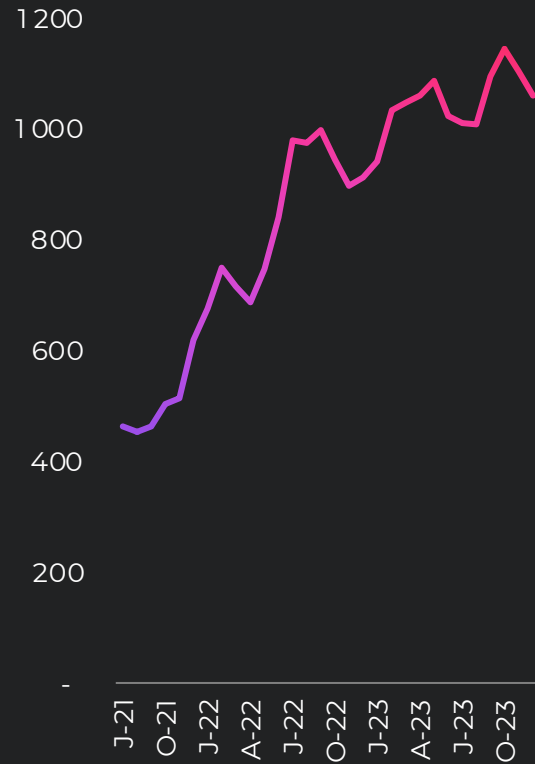
Fixed costs per client Variable costs per client



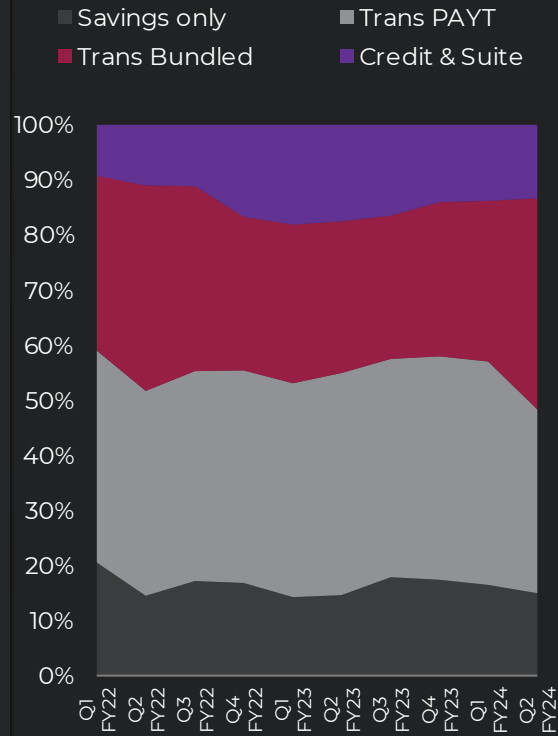
High-quality Growth



Average Daily Sales

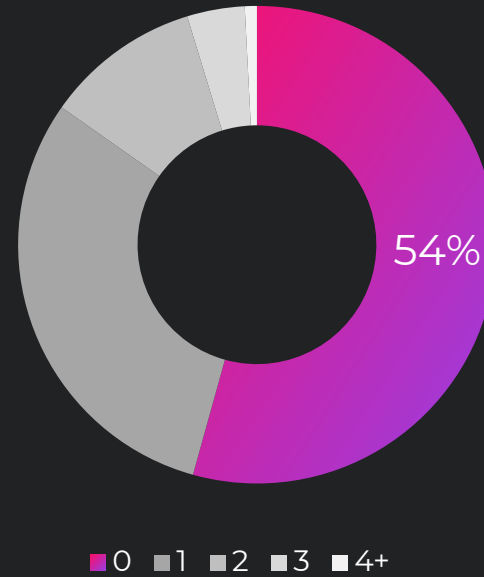


New Business Product Mix

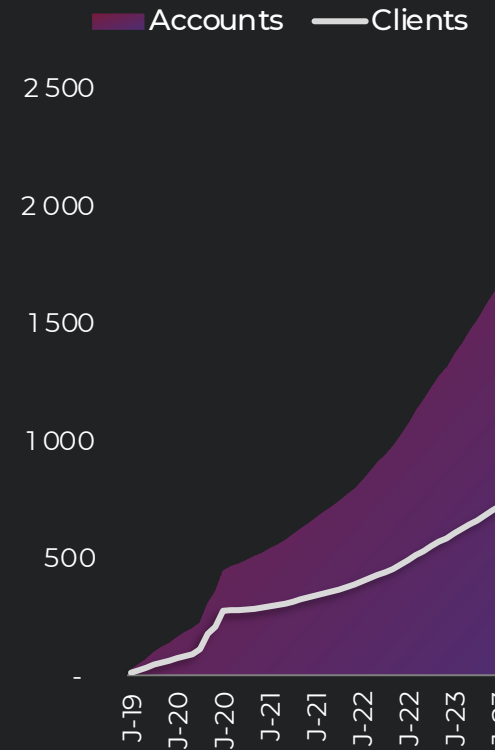


Source of New Business

New business by number of Discovery products
July 2023 – December 2023



Clients and Accounts ('000)



The product suite is relevant across **all channels and segments**



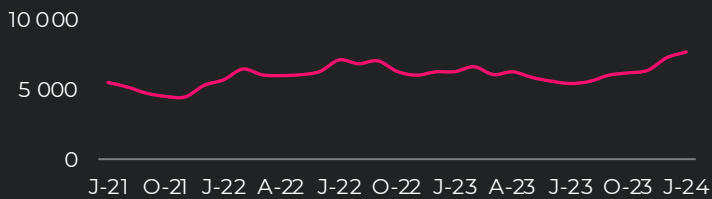
Distribution Channel

Discovery Bank growth in monthly sales has been sustained across **all channels**

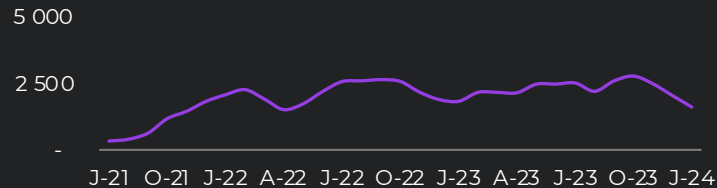
Discovery Connect



Self-Assisted

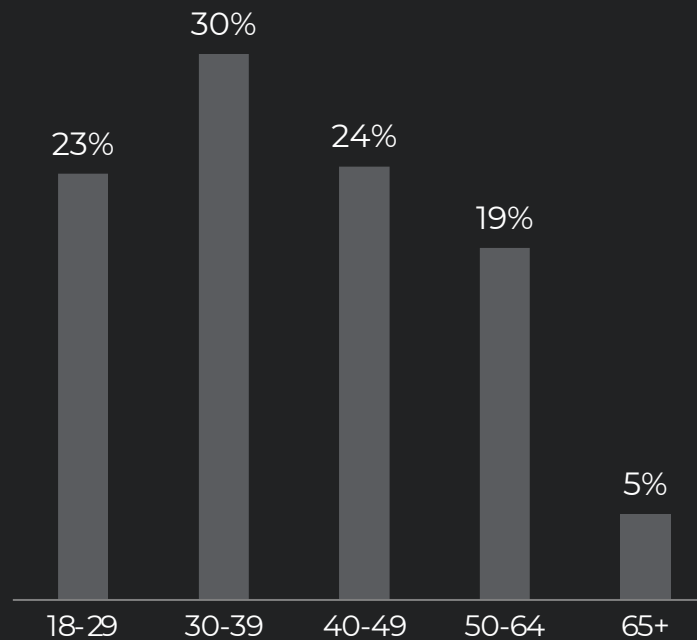


Intermediated



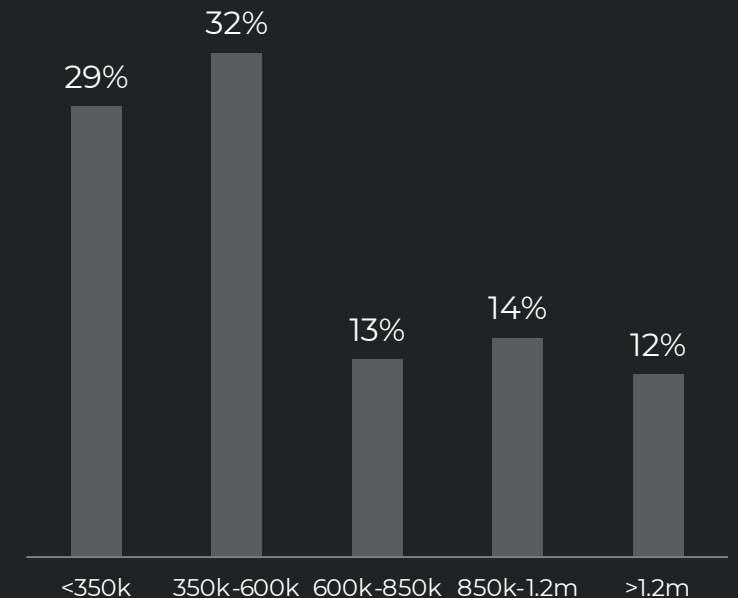
Client Age

Discovery Bank appeals to **all age groups** while slightly skewed towards younger clients



Personal Income

Discovery Banking products and features are relevant **across income levels**



Discovery Bank | Key Performance Outputs



Growth across all segments and high client satisfaction

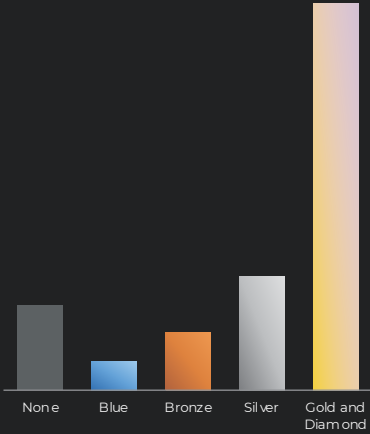
Client and account growth

Accounts Clients



Excellent quality of risk

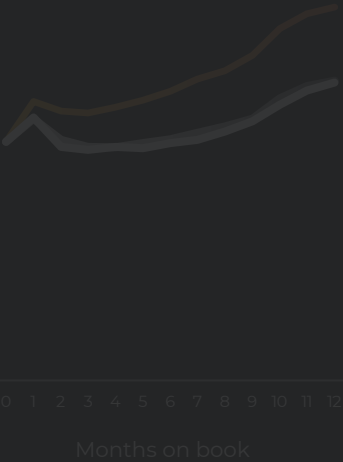
Value generated by Vitality Money Status



High engagement levels and resultant revenue

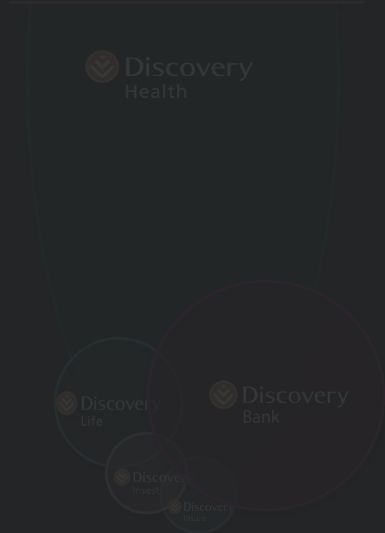
Client engagement over time

Gold Platinum Black



Discovery SA operating system

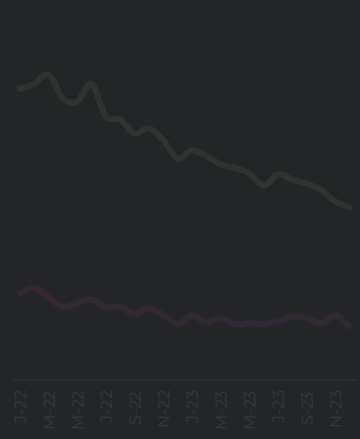
Integration and growth



Sustainable funding model, scalability and profitability

Cost to serve

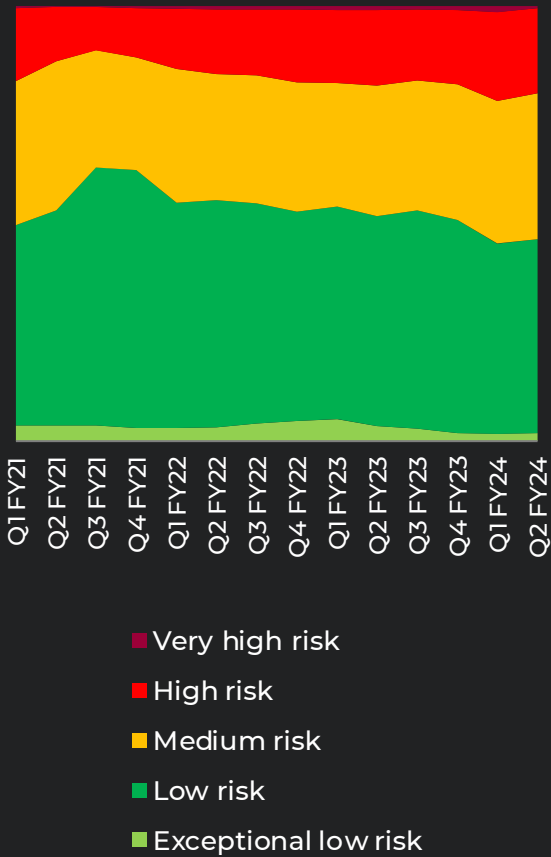
Fixed costs per client Variable costs per client



High-quality risk profile attracted by leveraging integration and Shared-Value

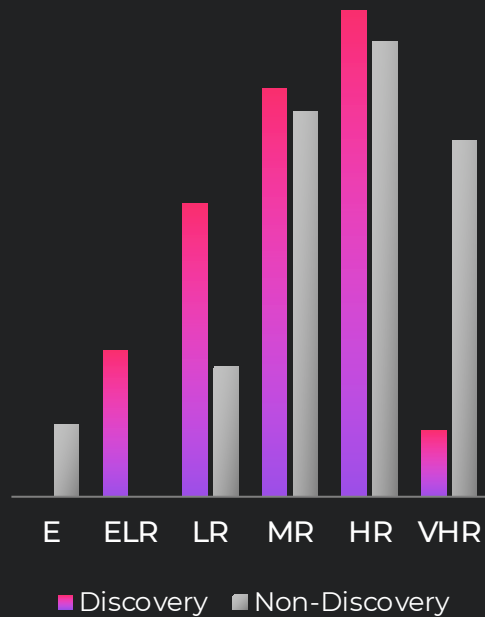


New Business Risk Profile

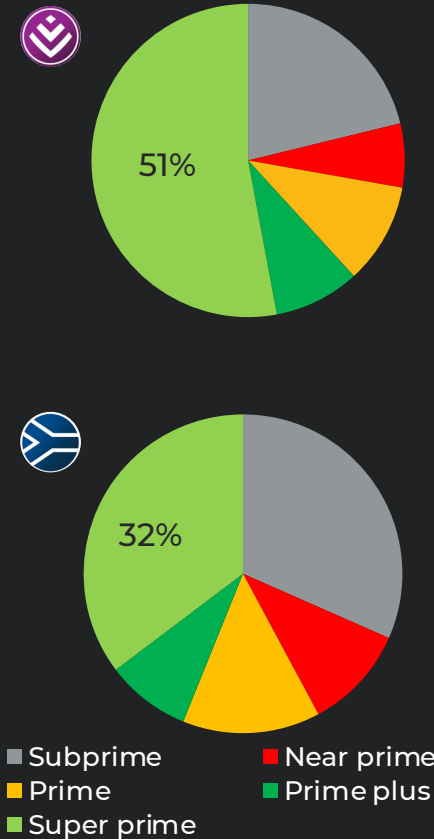


Value of integration

Risk distribution by DSY vs non-DSY clients

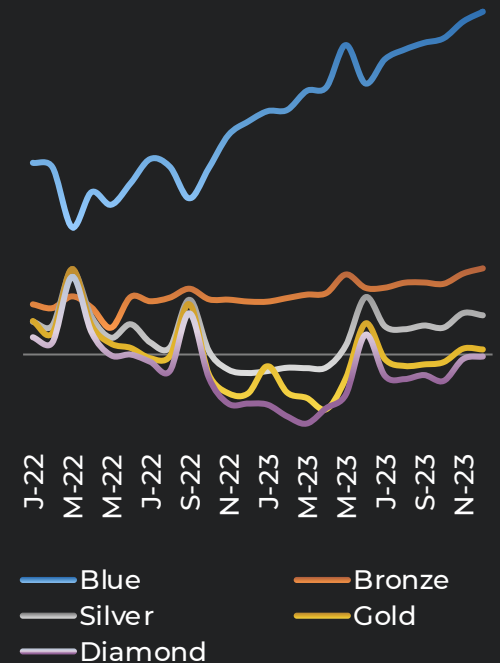


Credit quality



Shared-Value risk stratification

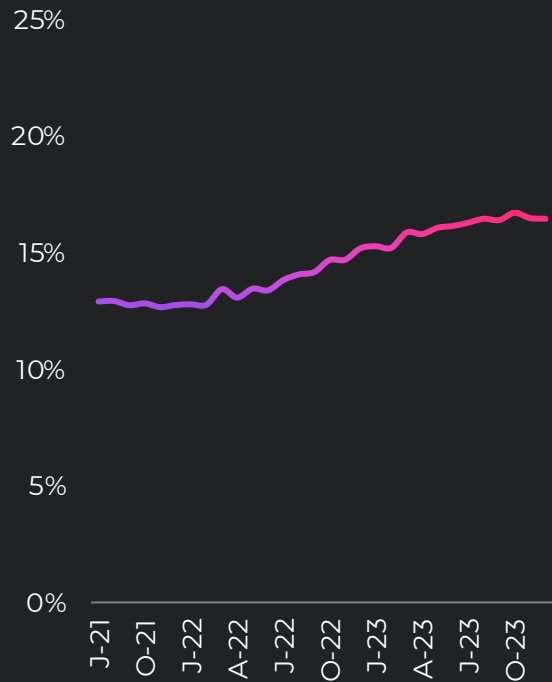
Credit loss ratio by Vitality Money status



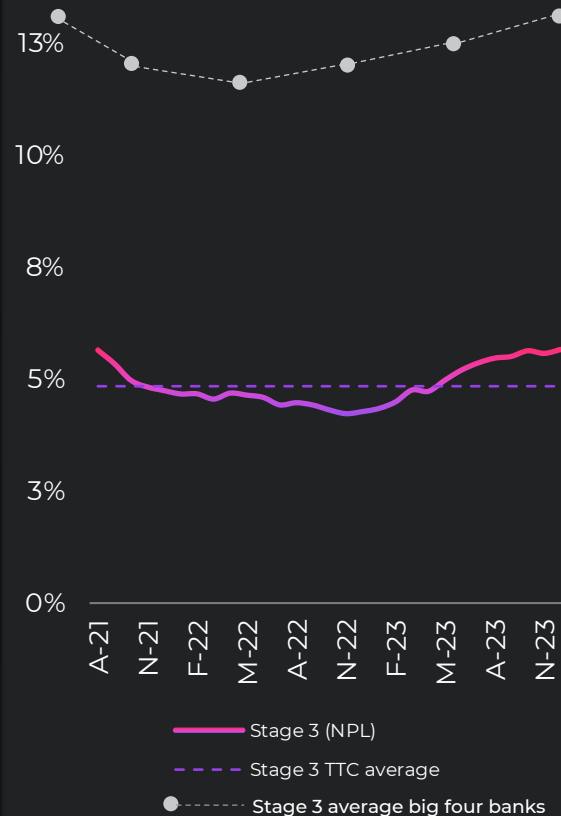
Shared-Value model has driven increasing net interest margin



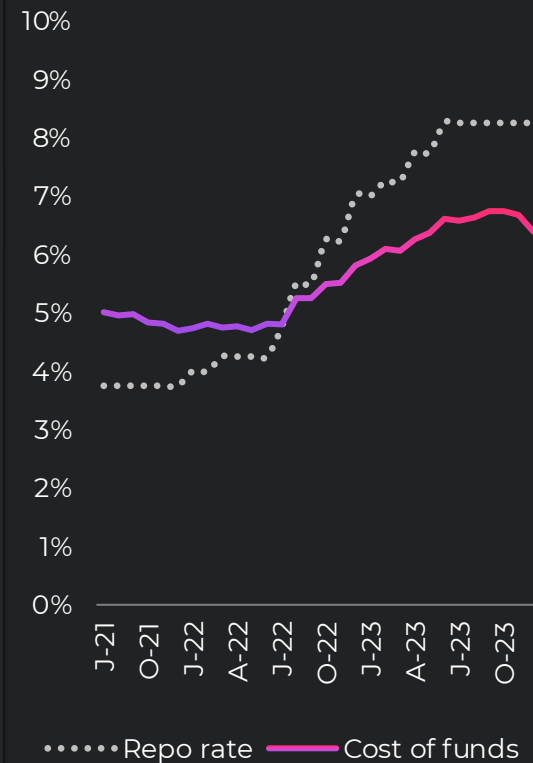
Growing advances yield



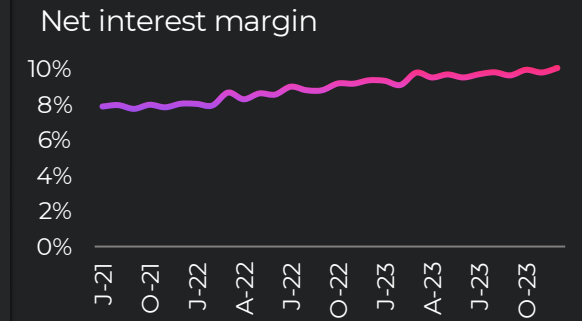
Increasing but below market arrears rates



Cost of funds managed below the repo rate



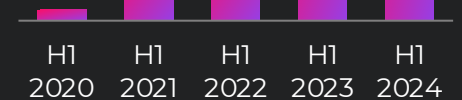
Growing net interest margin and income



Net interest income

45%

3-year CAGR



Discovery Bank | Key Performance Outputs



Growth across all segments and high client satisfaction

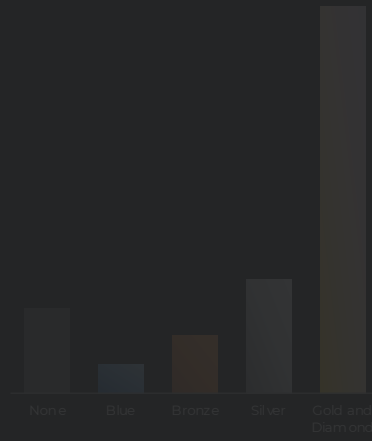
Client and account growth

Accounts Clients



Excellent quality of risk

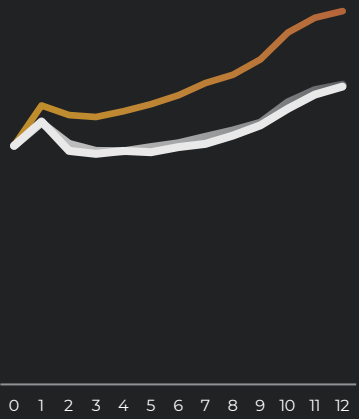
Value generated by Vitality Money Status



High engagement levels and resultant revenue

Client engagement over time

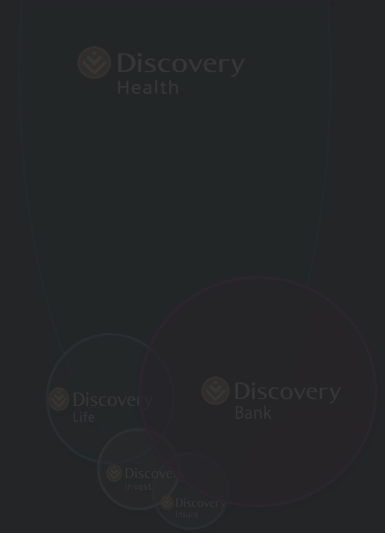
Gold Platinum Black



Months on book

Discovery SA operating system

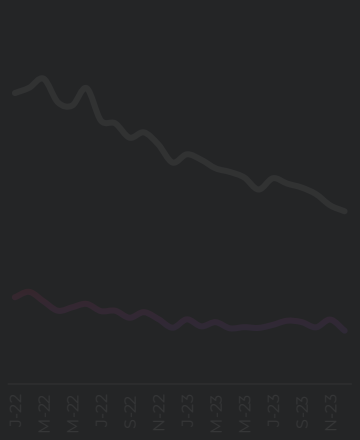
Integration and growth



Sustainable funding model, scalability and profitability

Cost to serve

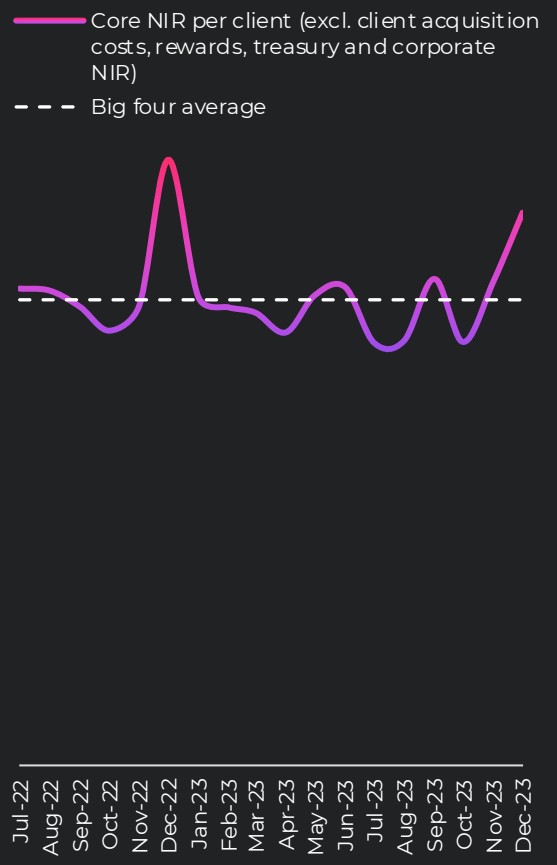
Fixed costs per client Variable costs per client



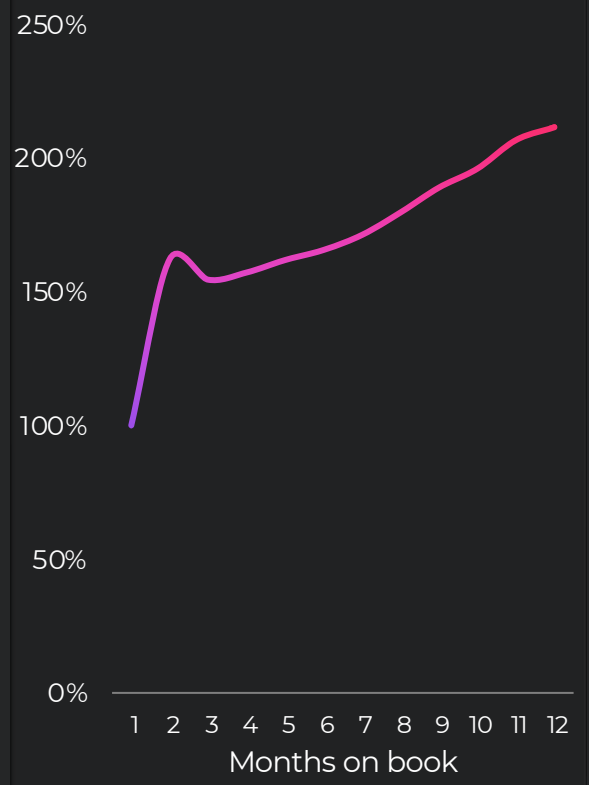
NIR growth driven by **increasing activity**



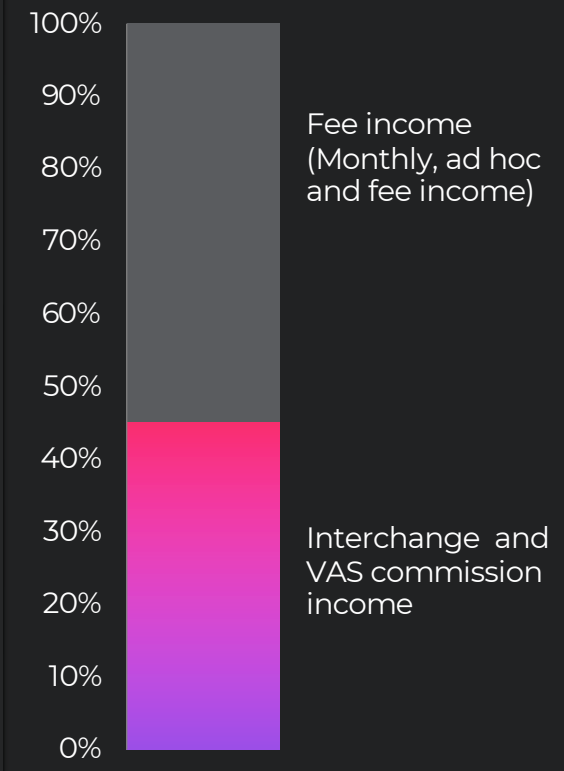
NIR per client for Discovery vs other banks



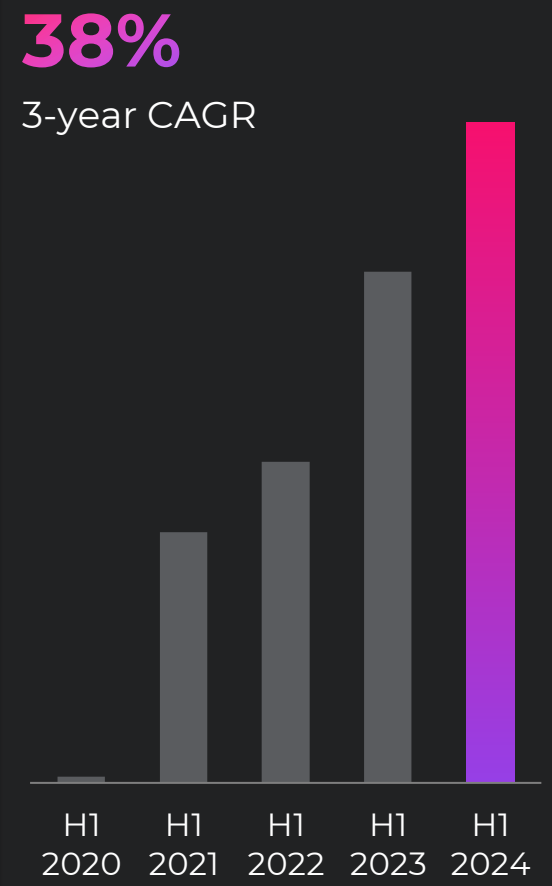
NIR per client by duration



NIR composition



Total NIR growth



Discovery Bank | Key Performance Outputs



Growth across all segments and high client satisfaction

Client and account growth



Excellent quality of risk

Value generated by Vitality Money Status



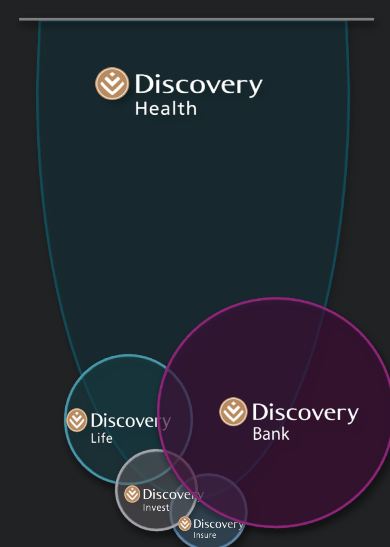
High engagement levels and resultant revenue

Client engagement over time



Discovery SA operating system

Integration and growth



Sustainable funding model, scalability and profitability

Cost to serve

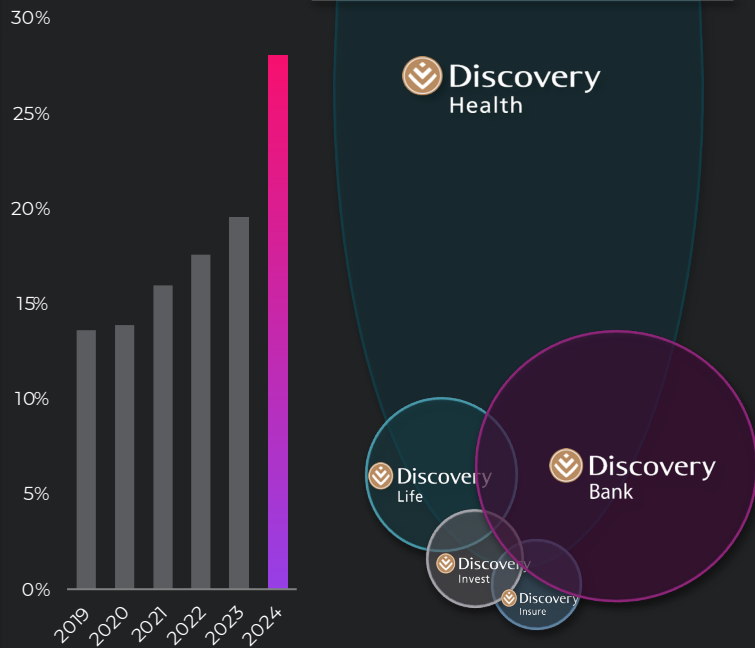


Value of the Bank as the operating system for the Composite

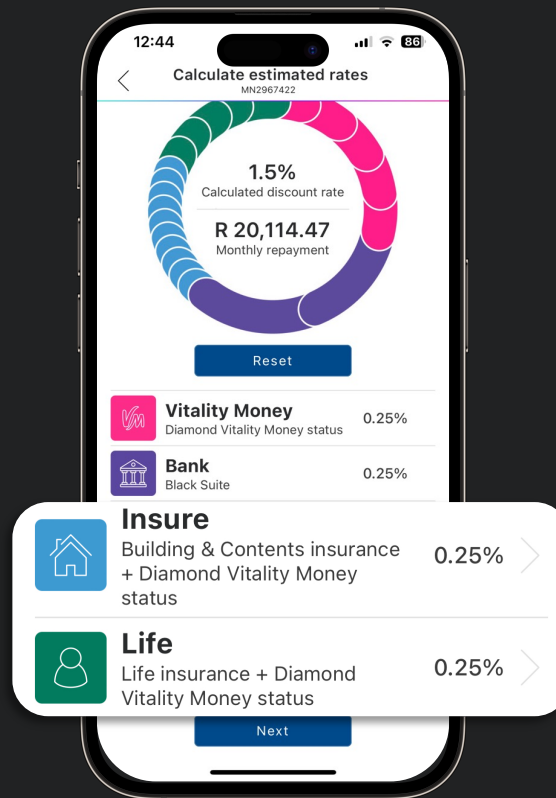


Integration opportunity remains high

Proportion of clients with more than one Discovery product

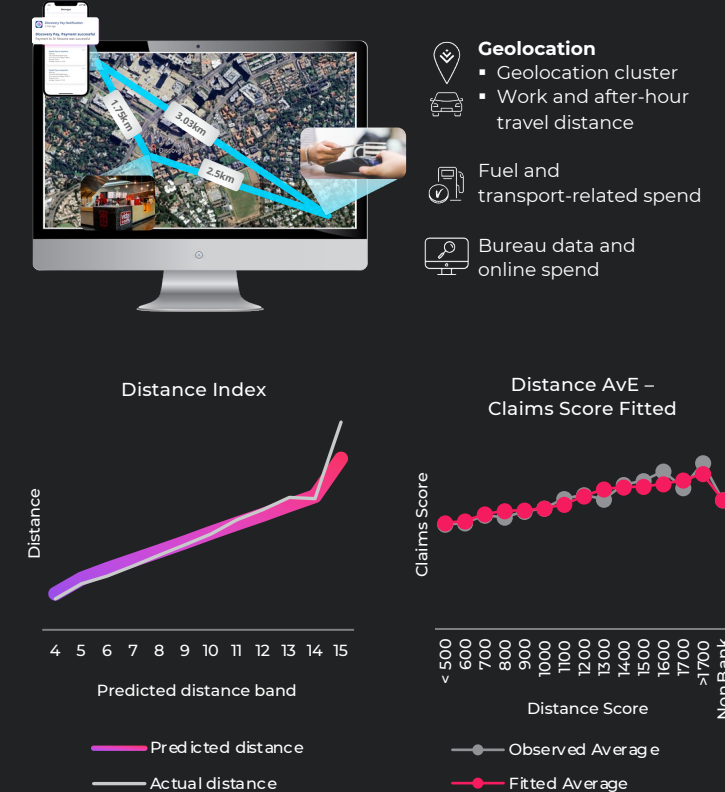


New distribution channels for Group Products



Enriched indices for pricing

Discovery Insure case study



Discovery Bank | Key Performance Outputs



Growth across all segments and high client satisfaction

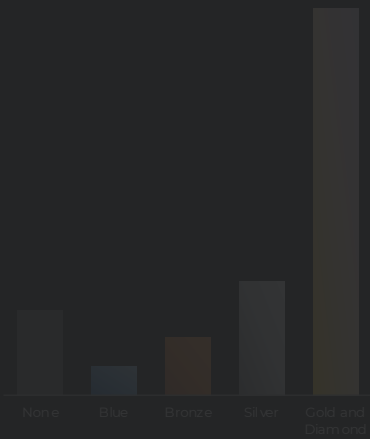
Client and account growth

Accounts Clients



Excellent quality of risk

Value generated by Vitality Money Status



High engagement levels and resultant revenue

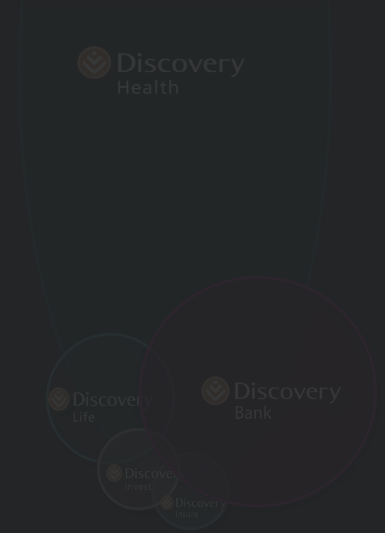
Client engagement over time

Gold Platinum Black



Discovery SA operating system

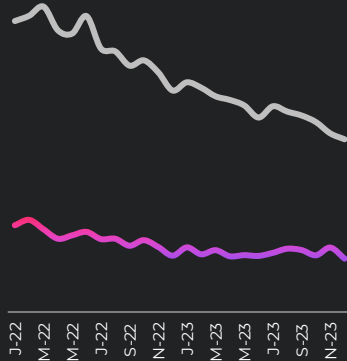
Integration and growth



Sustainable funding model, scalability and profitability

Cost to serve

Fixed costs per client
Variable costs per client



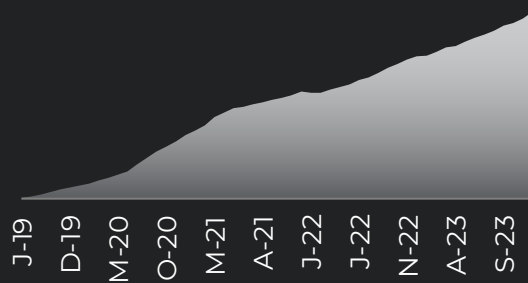
The Bank is **well funded** for the launch of new lending products



High growth in deposit and advances

Deposits

43% 3-year CAGR

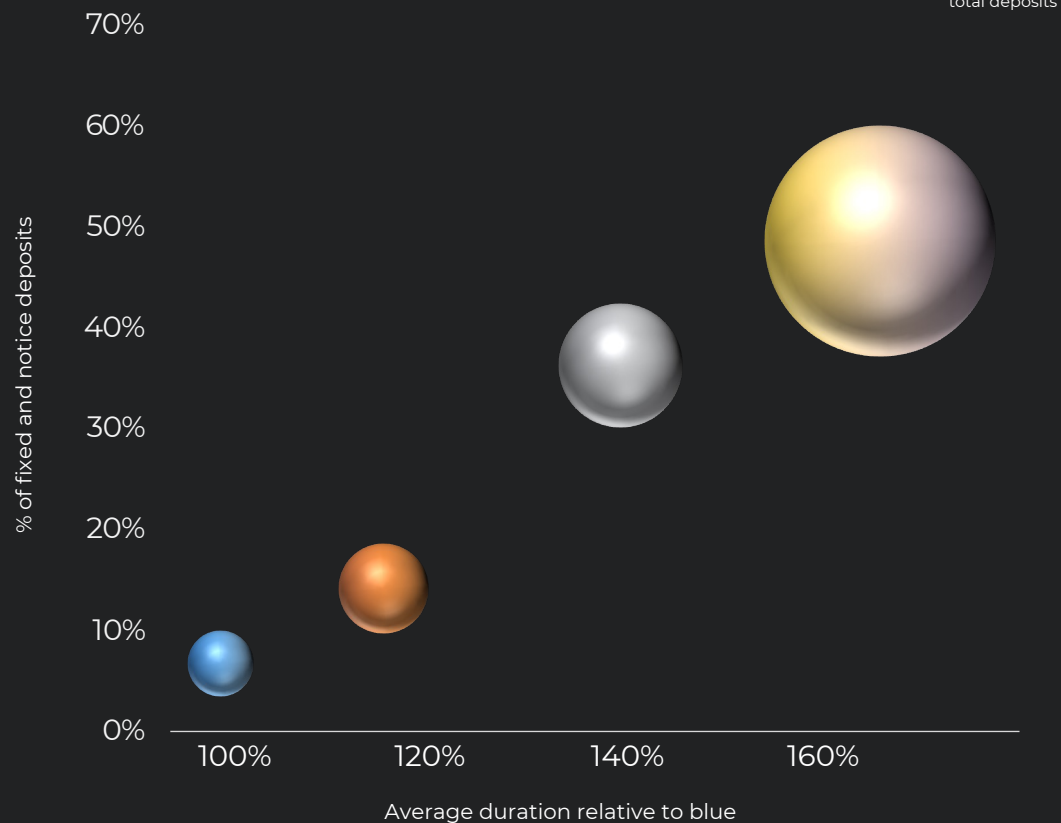


Advances

15% 3-year CAGR

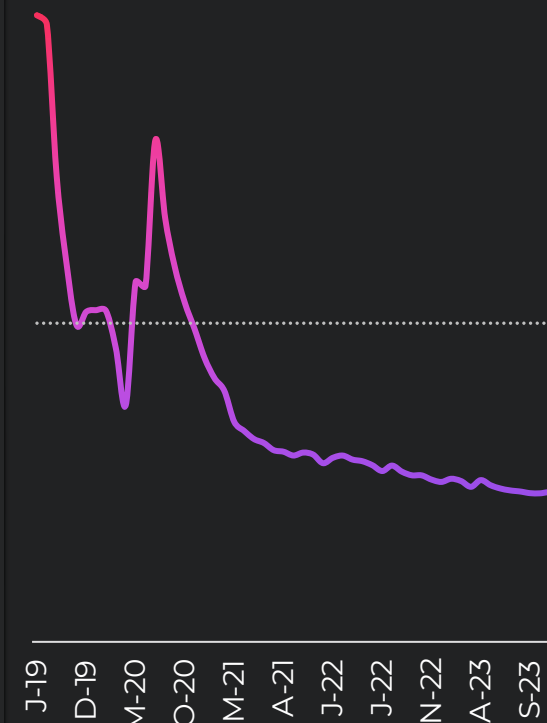


High-quality deposit profile



Strong funding position

Advances to deposits ratio



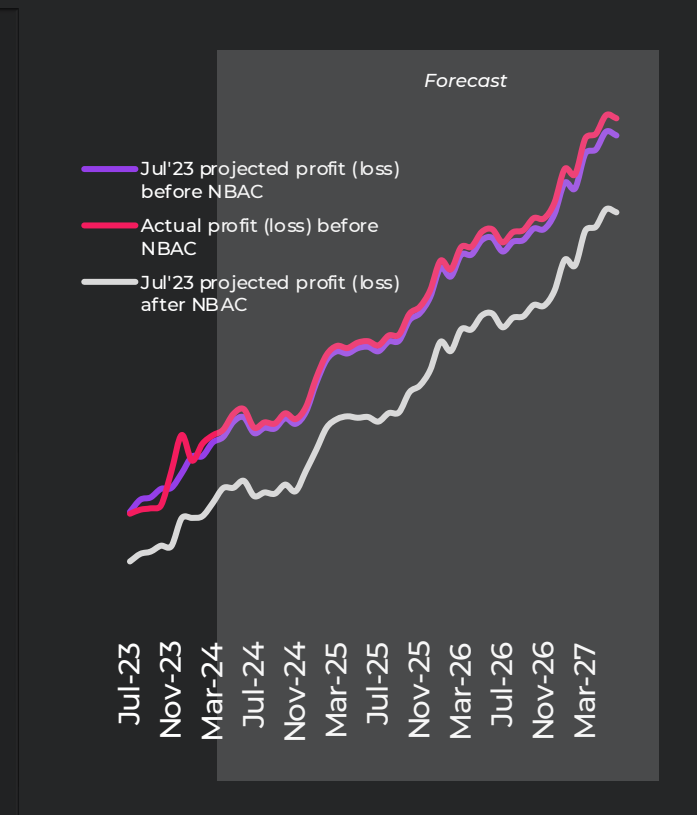
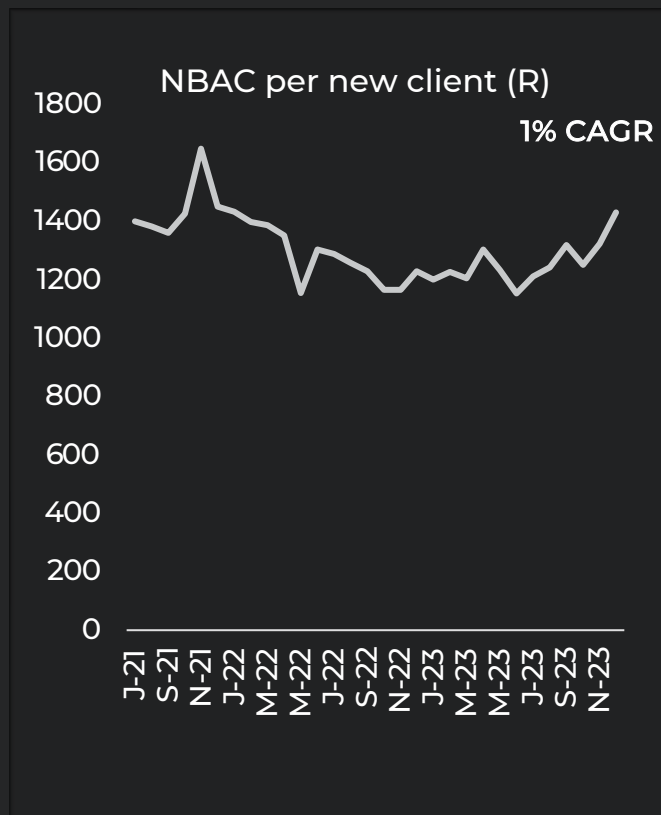
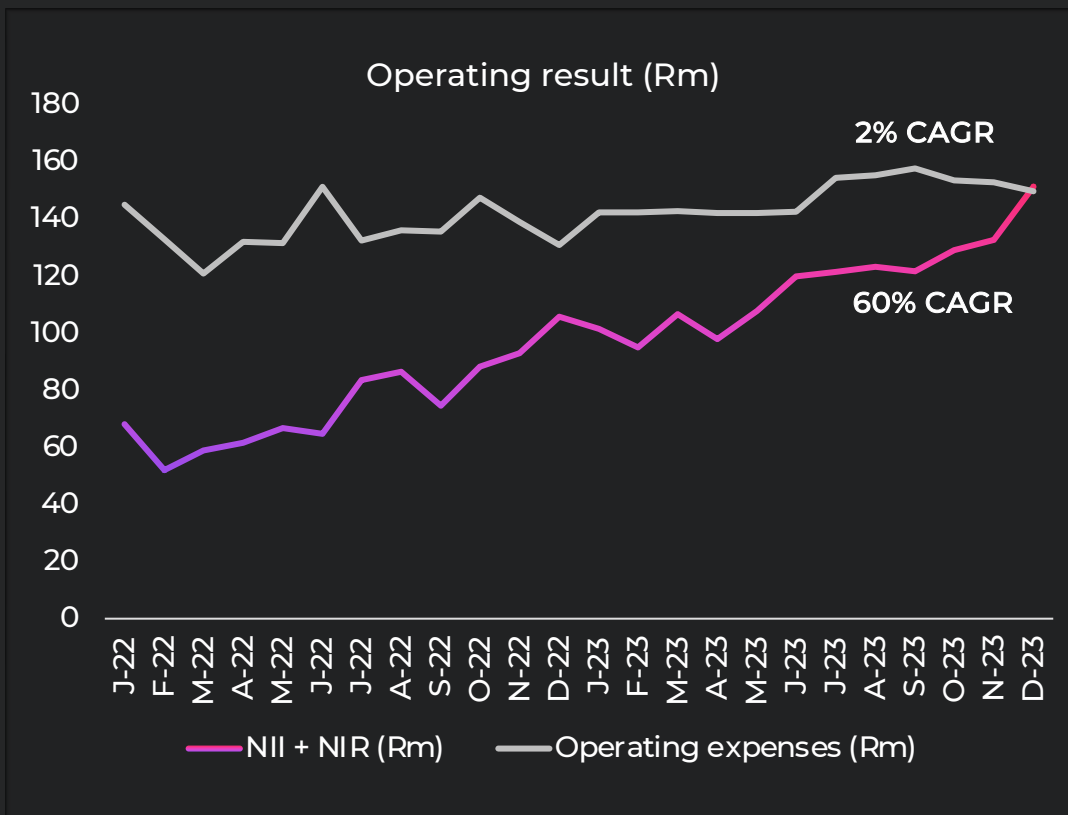
Bringing the Bank to **profitability and scale**



Operating income — Expenses

New business acquisition costs

= Profit / (loss) before tax



Medium-term real growth targets

NII + NIR

15% to 20%

Operating expenses

-10% to 0%

New business acquisition costs

-5% to 5%

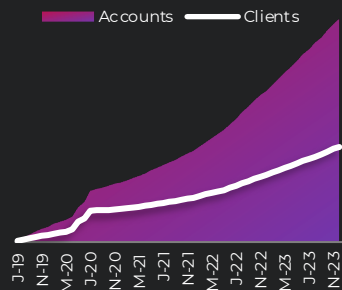
Profit before tax

65% to 75%



Growth

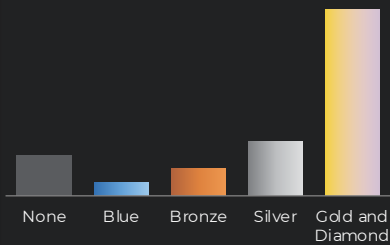
Full-service digital bank generates growth across all segments with high client satisfaction



1 million clients by FY26

Shared-Value behavioural banking model

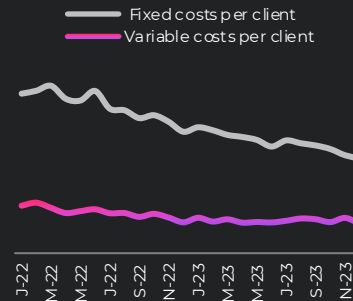
Shared-Value behavioural banking model attracts the highest quality risks and improves financial behaviour



Market-leading CLR and advances growth

Digital banking platform

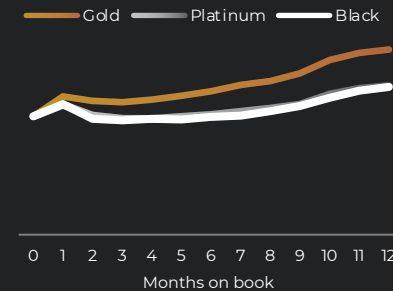
Digital banking platform creates scalability and opportunity for market-leading cost-to-income and ROC ratios



20%+ Return on equity

Data and AI assets

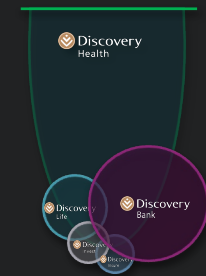
Unique data assets and AI capabilities enable hyper-personalisation to increase engagement and client experience



Democratising **private banking**

Discovery SA operating system

Ecosystems and platforms solidify the Bank's capabilities as the operating system for the SA Composite and increase integration



Accelerating growth and **Profitability** across Discovery Group