

PILLAR III

Public disclosures

FOR THE QUARTER ENDED 31 MARCH 2025

Discovery Bank Limited and
Discovery Bank Holdings Limited Group



Contents

Quantitative tables	3
Quantitative Tables and Templates	4
Overview of Risk Management and Risk-Weighted Assets	5
1.1 KM1: Key metrics (at consolidated Group level)	5
1.2 OV1: Overview of Risk-Weighted Assets (RWA)	8
Leverage Ratio	10
LR1: Summary comparison of accounting assets versus leverage ratio exposure measure (simple consolidated without change)	10
LR2: Leverage ratio disclosure template (simple consolidation without change)	10
Liquidity	13
LIQ1: Liquidity Coverage Ratio (LCR)	13
LIQ2: Net Stable Funding Ratio (NSFR)	16
Abbreviation	18



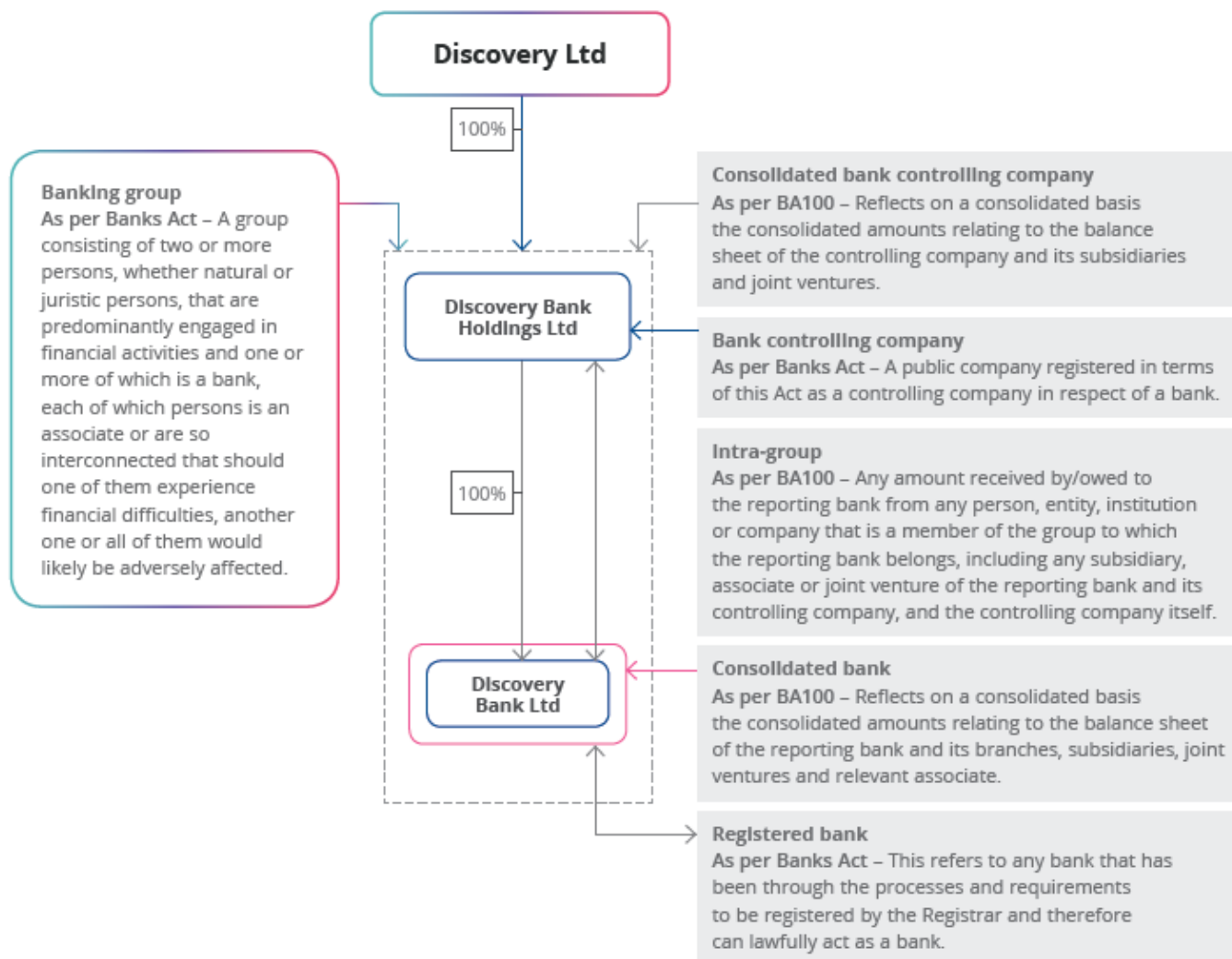
01

Quantitative tables

Quantitative Tables and Templates

During the review period, Discovery Bank's liquidity position continued to show strong growth in retail deposits. In the lending portfolio, Home Loans emerged as the leading contributor to this growth, demonstrating remarkable momentum less than a year after its launch.

The legal entity structure of Discovery Bank



Overview of Risk Management and Risk-Weighted Assets

1.1 KM1: Key metrics (at consolidated Group level)

This section provides information on Discovery's prudential regulatory metrics. Metrics include Discovery Bank's available capital and ratios, risk-weighted assets, leverage ratio, liquidity coverage ratios and net stable funding ratios. These metrics are presented at a Discovery Bank Holdings Limited Group level.

R'000		As at 31 March 2025	As at 31 December 2024	As at 30 September 2024	As at 30 June 2024	As at 31 March 2024
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1,642,912	1,628,648	1,403,509	1,473,702	1,228,551
1a	Fully loaded ECL accounting model	0	0	0	0	0
2	Tier 1	1,642,912	1,628,648	1,403,509	1,473,702	1,228,551
2a	Fully loaded ECL accounting model Tier 1	0	0	0	0	0
3	Total capital	1,716,516	1697323	1,467,548	1,535,391	1,285,437
3a	Fully loaded ECL accounting model total capital	0	0	0	0	0
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	9,841,479	9,753,736	8,476,437	8,341,034	7,155,225
4a	Total risk-weighted assets (pre-floor)	9,841,479	9,753,736	8,476,437	8,341,034	7,155,225
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	16.69%	16.70%	16.56%	17.67%	17.17%
5a	Fully loaded ECL accounting model Common Equity Tier 1(%)	.000%	0.00%	0	0	0

R'000		As at 31 March 2025	As at 31 December 2024	As at 30 September 2024	As at 30 June 2024	As at 31 March 2024
5b	CET1 ratio (%) (pre-floor)	.000%	0.00%	0	0	0
6	Tier 1 ratio (%)	16.69%	16.70%	16.56%	17.67%	17.17%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	.000%	0.00%	0	0	0
6b	Tier 1 ratio (5)(pre-floor ratio)	.000%	0.00%	0	0	0
7	Total capital ratio (%)	17.44%	17.40%	17.31%	18.41%	17.96%
7a	Fully loaded ECL accounting model total capital ratio (%)	0.00%	0.00%	0.00%	0.00%	0.00%
7b	Total capital ratio (%) (pre-floor ratio)	0.00%	0.00%	0.00%	0.00%	0.00%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.500%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.19%	5.20%	5.06%	6.17%	5.67%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	25,336,203	24,483,576	22,743,496	21,386,625	20,231,051
14	Basel III leverage ratio (%) (row 2; row 13)	6.48%	6.650%	6.17%	6.89%	6.07%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a; row13)	0	0	0	0	0

R'000		As at 31 March 2025	As at 31 December 2024	As at 30 September 2024	As at 30 June 2024	As at 31 March 2024
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	6.65%	6.65%	6.17%	6.89%	6.07%
Liquidity Coverage Ratio						
15	Total HQLA	12,196,343	12,699,162	12,062,293	10,402,819	9,955,025
16	Total net cash outflow	834,980	798,098	560,630	367,151	354,895
17	LCR ratio (%)	1462.92%	1597.23%	2191.00%	2927.00%	2817.00%
Net Stable Funding Ratio						
18	Total available stable funding	30,484,159	29,643,234	28,080,332	26,700,780	25,557,843
19	Total required stable funding	16,669,453	16,656,139	14,978,751	14,555,316	13,908,448
20	NSFR ratio	183.00%	178.00%	187.00%	183.00%	184.00%

Risk-weighted assets are calculated according to the Basel Framework, and Discovery Bank applies the following capital measurement approaches:

- Credit risk: The Standardised Approach
- Operational risk: The Basic Indicator Approach
- Market risk: The Standardised Approach

All regulatory ratios continue to exceed minimum requirements.

1.2 OV1: Overview of Risk-Weighted Assets (RWA)

This section provides an overview of the Risk-Weighted Assets of Discovery Bank Limited and Discovery Bank Holdings Limited Group

R'000		DISCOVERY BANK LIMITED			DISCOVERY BANK HOLDINGS LIMITED		
		RWA		Minimum capital requirement	RWA		Minimum capital requirement
		As at 31 March 2025	As at 31 December 2024	As at 31 March 2025	As at 31 March 2025	As at 31 December 2024	As at 31 March 2025
1	Credit risk (excluding counterparty credit risk) (CCR)	6,990,774	6,911,550	803,939	6,991,189	6,911,951	803,987
2	Of which standardised approach (SA)	6,990,774	6,911,550	803,939	6,991,189	6,911,951	803,987
3	Of which: foundation internal ratings-based (F-IRB) approach	0	0	0	0	0	0
4	Of which: supervisory slotting approach	0	0	0	0	0	0
5	Of which: advanced internal ratings-based (A-IRB) approach	0	0	0	0	0	0
6	Counterparty credit risk (CCR)	0	0	0	0	0	0
7	Of which standardised approach for counterparty credit risk (SA-CCR)	0	0	0	0	0	0
8	Of which internal model method (IMM)	0	0	0	0	0	0
9	Of which: other CCR	0	0	0	0	0	0
10	Credit valuation adjustment (CVA)	0	0	0	0	0	0
11	Equity positions under the simple risk weight approach	0	0	0	0	0	0
12	Equity investments in funds – look-through approach	0	0	0	0	0	0
13	Equity investments in funds – mandate-based approach	0	0	0	0	0	0
14	Equity investments in funds – fall-back approach	0	0	0	0	0	0
15	Settlement risk	0	0	0	0	0	0

		DISCOVERY BANK LIMITED		DISCOVERY BANK HOLDINGS LIMITED		
		RWA	Minimum capital requirement	RWA	Minimum capital requirement	
R'000		As at 31 March 2025	As at 31 December 2024	As at 31 March 2025	As at 31 December 2024	As at 31 March 2025
16	Securitisation exposures in banking book	0	0	0	0	0
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	0	0	0	0	0
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	0	0	0	0	0
19	Of which: securitisation standardised approach (SEC-SA)	0	0	0	0	0
20	Market risk	99,131	98,614	11,400	99,131	11,400
21	Of which standardised approach (SA)	99,131	98,614	11,400	99,131	11,400
22	Of which internal model approaches (IMA)	0	0	0	0	0
23	Capital charge for switch between trading book and banking book	0	0	0	0	0
24	Operational risk	2,332,514	2,332,514	268,239	2,332,514	268,239
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	417,895	409,593	48,058	418,645	48,144
26	Aggregate capital floor applied	0	0	0	0	0
27	Floor adjustment (before application of transitional cap)	0	0	0	0	0
28	Floor adjustment (after application of transitional cap)	0	0	0	0	0
29	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)	9,840,314	9,752,271	1,131,636	9,841,479	1,131,770

Minimum capital required is calculated using the SARB mandated minimum for a South African local bank.

Leverage Ratio

LR1: Summary comparison of accounting assets versus leverage ratio exposure measure (simple consolidated without change)

This table reconciles the total assets as presented in the financial statements to the leverage ratio exposure measure as reported at 31 March 2025.

R'000		As at 31 March 2025
1	Total consolidated assets as per published financial statements	29,144,056
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	0
4	Adjustments for temporary exemption of central bank reserves (if applicable)	0
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the Leverage ratio exposure measure	0
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustments for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	0
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,046,932
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	0
12	Other adjustments	(4,858,222)
13	Leverage ratio exposure measure	25,332,766

LR2: Leverage ratio disclosure template (simple consolidation without change)

The purpose of the leverage ratio disclosure is to provide a detailed breakdown of the components of the leverage ratio denominator.

R'000		As at 31 March 2025	As at 31 December 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs))	28,816,199	27,989,000
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	0	0
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	0	0
6	(Asset amounts deducted in determining Basel III Tier 1 capital)	(4,530,365)	(4,498,704)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)	24,285,834	23,490,296
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	0	0
9	Add-on amounts for PFE associated with all derivatives transactions	0	0
10	(Exempted CCP leg of client-cleared trade exposures)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	Total derivative exposures (sum of rows 4 to 10)	0	0
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting) after adjusting for asle accounting transactions	0	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	CCR exposure for SFT assets	0	0
17	Agent transaction exposures	0	0
18	Total securities financing transaction exposures (sum of rows 12 to 15)	0	0
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	10,469,320	9,899,110
20	(Adjustments for conversion to credit equivalent amounts)	(9,422,388)	(8,909,199)
21	"(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)"		
22	Off-balance sheet items (sum of row 19 and 20)	1,046,932	989,911
Capital and total exposures			
23	Tier 1 capital	1,639,612	1,625,415
24	Total exposures (sum of rows 3,11,16 and 19)	25,332,766	24,480,207
Leverage ratio			
25	Basel III Leverage ratio	6.46%	6.63%

R'000		As at 31 March 2025	As at 31 December 2024
25a	Basel III Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.46%	6.63%
26	National minimum leverage ratio requirement	4.00%	4.00%
27	Applicable leverage buffers	2.46%	2.63%

Liquidity

LIQ1: Liquidity Coverage Ratio (LCR)

Table LIQ1 shows the breakdown of Discovery Bank's expected cash outflows and cash inflows, as well as its available High-quality Liquid Assets (HQLA), as measured and defined according to the LCR standard.

		Current reporting period		Previous reporting period
		Total unweighted (average)	Total weighted (average)	Total weighted (average)
As at 31 March 2025 R'000				
High-quality liquid assets				
1	Total HQLA	0	12,196,343	12,699,162
Cash outflows				
2	Retail deposits and deposits from small business customers, of which:	12,667,203	1,266,720	1,237,097
3	Stable deposits	0	0	0
4	Less stable deposits	12,667,203	1,266,720	1,237,097
5	Unsecured wholesale funding, of which:	0	0	0
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0
7	Non-operational deposits (all counterparties)	0	0	0
8	Unsecured debt	0	0	0
9	Secured wholesale funding	0	0	0
10	Additional requirements, of which:	0	0	0

		Current reporting period		Previous reporting period
		Total unweighted (average)	Total weighted (average)	Total weighted (average)
As at 31 March 2025				
R'000				
11	Outflows related to derivative exposures and other collateral requirements	2	0	0
12	Outflows related to loss of funding on debt products	0	0	0
13	Credit and liquidity facilities	9,258,091	231,565	225,583
14	Other contractual funding obligations	0	0	0
15	Other contingent funding obligations	0	0	0
16	TOTAL CASH OUTFLOWS	21,925,294	1,498,285	1,462,680
Cash inflows				
17	Secured lending (eg reverse repos)	1,613	0	0
18	Inflows from fully performing exposures	1,090,652	902,294	891,814
19	Other cash inflows	0	0	0
20	TOTAL CASH INFLOWS	1,092,266	902,294	891,814
Total Adjusted value		Total Adjusted value		
21	Total HQLA		12,196,343	12,699,162
22	Total net cash outflows		834,980	798,098
23	Liquidity Coverage Ratio (%)		1463%	1597%

The Liquidity Coverage Ratio (LCR) measures whether a bank has sufficient High-quality Liquid Assets (HQLA) to survive a significant stress scenario lasting 30 calendar days.

The LIQ1 table complies with the Pillar 3 requirements as stipulated by BCBS D400 (March 2017) and Directive D8. The values in the table are calculated as the average of the 90-day calendar daily values over the period January to March 2025 for Discovery Bank Limited. Discovery Bank's weighted values are based on business days (excluding public holidays and weekends).

Deposits within the 30-day window are the key drivers of LCR. The weighted outflow is determined by the liabilities falling into the 30-day contractual bucket. The required HQLAs to be held are based on the characteristics of the liabilities within the 30-day bucket to set-off modelled stressed outflows.

THE COMPOSITION OF THE HIGH-QUALITY LIQUID ASSETS (HQLA):

The HQLA's held by Discovery Bank are Treasury Bills and SA Government Bonds with a maturity profile, spread up to 10 years as well as the surplus balance within the SAMOS account, based on the new Monetary Policy Implementation Framework (MPIF) model.

LIQ2: Net Stable Funding Ratio (NSFR)

This section provides information pertaining to Discovery Bank's Net Stable Funding Ratio (NSFR) and details of some of its components.

As at 31 March 2025 R'000		Items subject to				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	>= 1 year	
1	Capital:	10,570,586	0	0	0	10,570,586
2	Regulatory capital	10,570,586	0	0	0	10,570,586
3	Other capital instruments	0	0	0	0	0
4	Retail deposits and deposits from small business customers:	0	19,707,587	785,285	1,469,988	19,913,573
5	Stable deposits	0	0	0	0	0
6	Less stable deposits	0	19,707,587	785,285	1,469,988	19,913,573
7	Wholesale funding:	0	0	0	0	0
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	0	0	0	0	0
10	Liabilities with matching interdependent assets	0	384,171	0	0	0
11	Other liabilities:	0	0	0	0	0
12	NSFR derivative liabilities	0	0	0	0	0
13	All other liabilities and equity not included in the above categories	0	384,171	0	0	0
14	Total ASF	0	0	0	0	30,484,159
15	Total NSFR high-quality liquid assets (HQLA)	0	6,882,111	2,338,147	4,160,135	483,723
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	2,732,551	1,274,285	3,752,145	4,867,799

As at 31 March 2025 R'000		Items subject to				Weighted value	
		No Maturity	< 6 months	6 months to < 1 year	>= 1 year		
18	Performing loans to financial institutions secured by Level 1 HQLA	0	209,474	0	0	31,421	
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	718,932	0	0	107,840	
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	0	1,804,145	1,274,285	3,752,145	4,728,538	
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	0	0	0	0	0	
22	Performing residential mortgages, of which:	0	23,091	13,445	1,260,188	837,390	
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	0	23,091	13,445	1,260,188	837,390	
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0	0	0	0	0	
25	Assets with matching interdependent liabilities	0	0	0	0	0	
26	Other assets:	9,978,441	0	0	0	9,978,441	
27	Physical traded commodities, including gold	0	0	0	0	0	
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	0	0	0	0	0	
29	NSFR derivative assets	0	0	0	0	0	
30	NSFR derivative liabilities before deduction of variation margin posted	0	0	0	0	0	
31	All other assets not included in the above categories	9,978,441	0	0	0	9,978,441	
32	Off-balance sheet items	10,041,976	0	0	0	502,099	
33	Total RSF	0	0	0	0	16,669,453	
34	Net Stable Funding Ratio (%)						183

The NSFR determines if an institution can maintain their stable funding profile when looking at their assets and off-balance sheet commitments on an ongoing basis. This ratio calculates the proportion Available Stable Funding (AFS) in liabilities over the Required Stable Funding (RFS) for the assets. Sources of available funding for Discovery Bank include share capital and client deposits.

Abbreviation

ABBREVIATION	DEFINITION
ASF	Available Stable Funding
AT1	Additional Tier 1
BA	Banks Act
BASA	Banking Association of South Africa
BCBS	Basel Committee on Banking Supervision
CCR	Counterparty Credit Risk
CEM	Credit Exposure Method
CET1	Common Equity Tier 1
CRM	Credit Risk Mitigation
CSR	Corporate Social Responsibility
CVA	Credit Valuation adjustment
D-SIB	Domestic Systemically Important Banks
ECL	Expected Credit Loss
G-SIB	Global Systemically Important Banks
HQLA	High-Quality Liquid Assets
LCR	Liquidity Coverage Ratio
MPIF	Monetary Policy Implementation Framework
NSFR	Net stable funding ratio
PA	Prudential Authority of South Africa
RWA	Risk-Weighted Assets
SA	Standardised Approach
SA-CCR	Standardised Approach for Counterparty Credit Risk
TLAC	Total Loss-absorbing Capacity