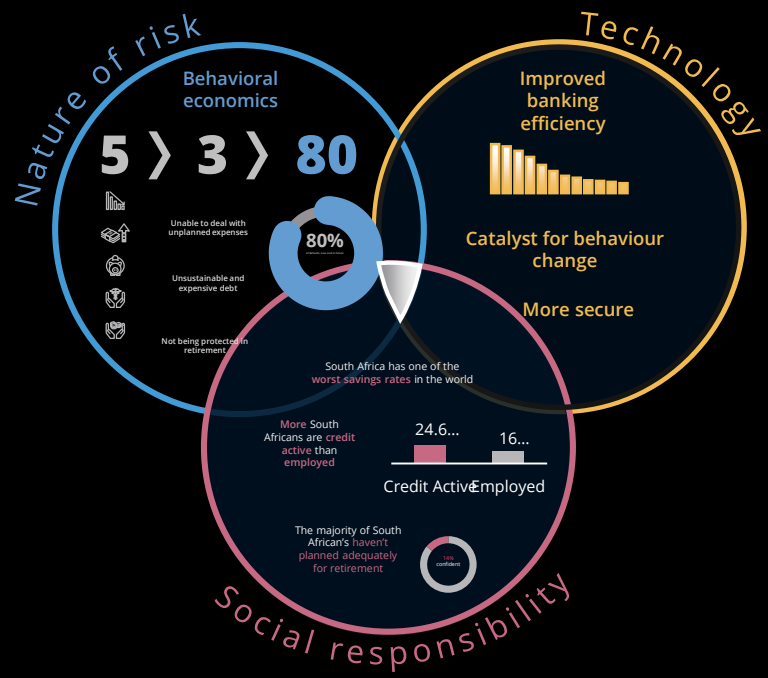


Discovery Bank Update

Global trends and shared-value → Behavioural Bank



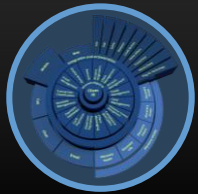
Early onboarding phase helped test 4 hypotheses



Discovery Ecosystem

The targeted client is characterised by the following attributes: LSM 8-10, with high savings and borrowings and levels of engagement.

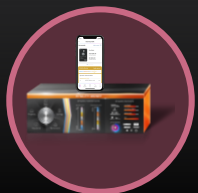
Could we develop a fully functional leading edge retail bank that meets the unique needs of the Discovery client?



Technology Fintech, Infrastructure

The scale of the bank - bringing together traditional bank and digital system capabilities, with Vitality Rewards and Discovery Health systems – took over 1.5m hours to build >120 systems.

Could this architecture be built robustly and manifest in consumer journeys that are intuitive and on the face of the mobile?



Behavioural bank

The bank is premised critically on behavioural tools, nudges and rewards that work.

Could Vitality Money create the correct segmentation and will clients engage; and will incentives and rewards structures create the requisite change in behaviour?



Migration

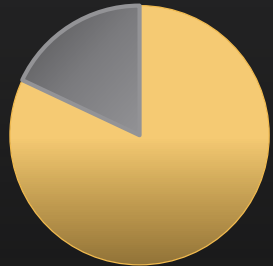
Over 300,000 cards have to be migrated onto the new chassis.

Could pathways be built that meet the needs of card clients, ensuring no slippage?

Unique attributes of Discovery client base

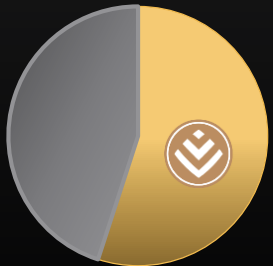
Demographic

LSM breakdown of Discovery base



>80%
clients LSM 8-10

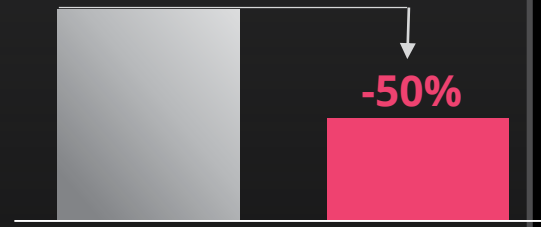
Share of LSM 8-10 in a Discovery administered scheme



~55%
of LSM 8-10 are Discovery clients

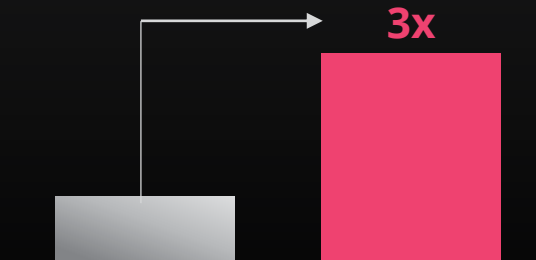
Behaviour

Credit Loss Ratio



Market Default risk Discovery Card default risk

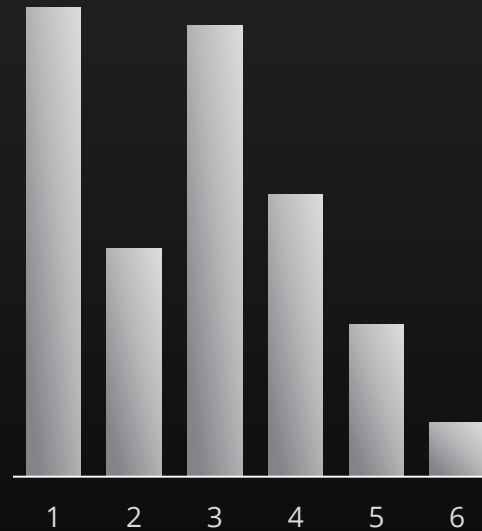
Average Monthly spend on card



Average Card spend Discovery Card average spend

Integration

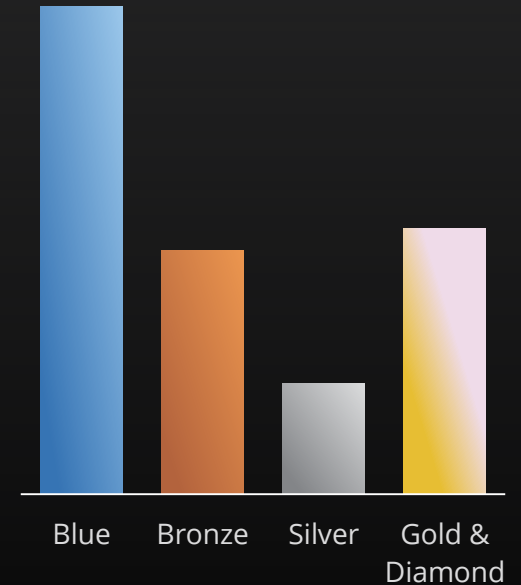
Average of **2.75** Discovery products for Discovery Card clients



>300,000
Discovery Card clients

Engagement

Vitality Status distribution (1.5m clients)

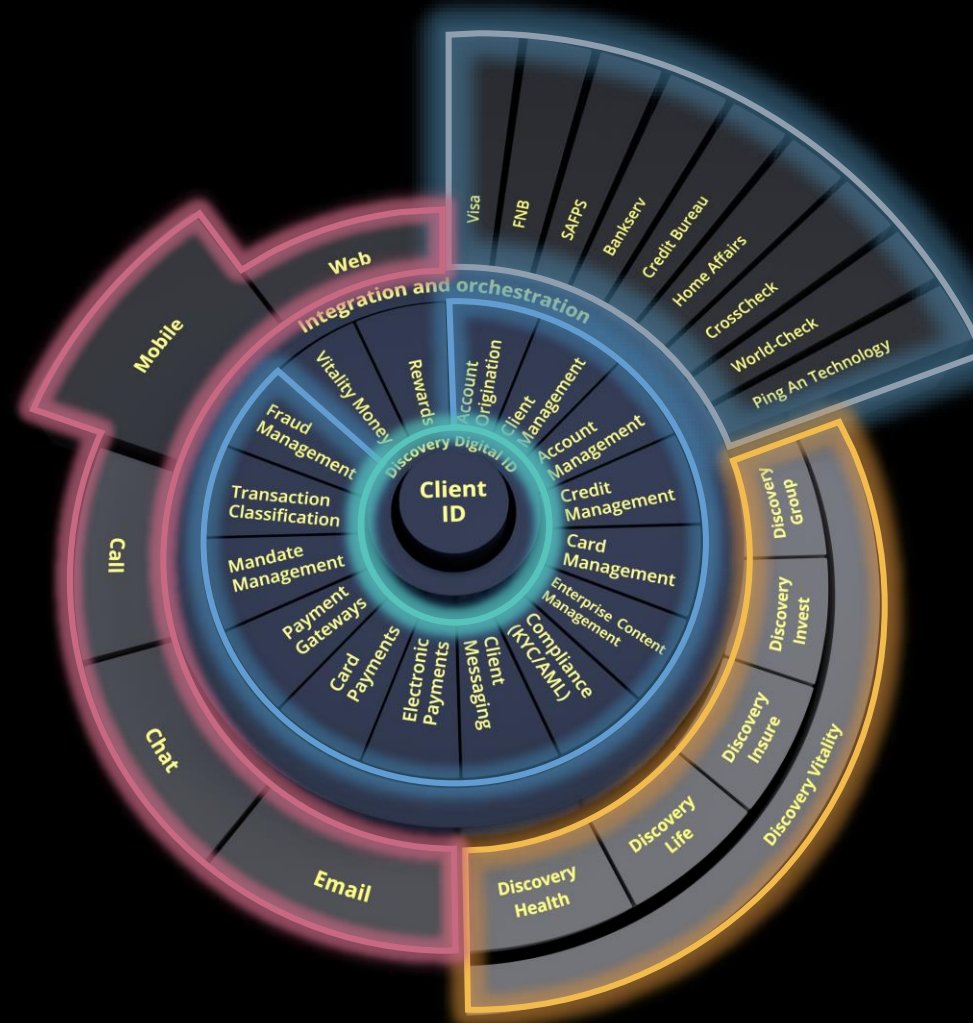


>50%
clients above Blue

Discovery client base demands a fully functional leading-edge retail bank

Could this complex system architecture be intuitive and simple to the user?

- Core Banking system
- Integration with Discovery ecosystem
- Omni-channel
- Single view of the client
- 3rd Party interfaces




>1,500,000
Manhours

>120
Connected systems


“Not more than 3 clicks for any task”

Smart Onboarding


5 Principles

 Full onboarding **<5 minutes**

 **Digitally fulfilled** FICA, AML and KYC

 **Immediate transaction** capability

 **Instant balance** transfer

 **Next day card** delivery



Science behind Vitality Money

Data sources



Behaviours



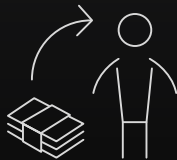
Debt Management



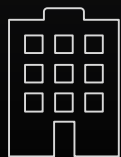
Insurance



Savings



Retirement



Property

Financial Ratios

$$1 - \frac{\text{Minimum debt repayments}}{\text{Income}}$$

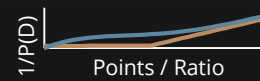
$$\frac{\text{Types of cover}}{\text{Required types of cover}}$$

$$\frac{\text{Savings}}{3 * \text{Income}}$$

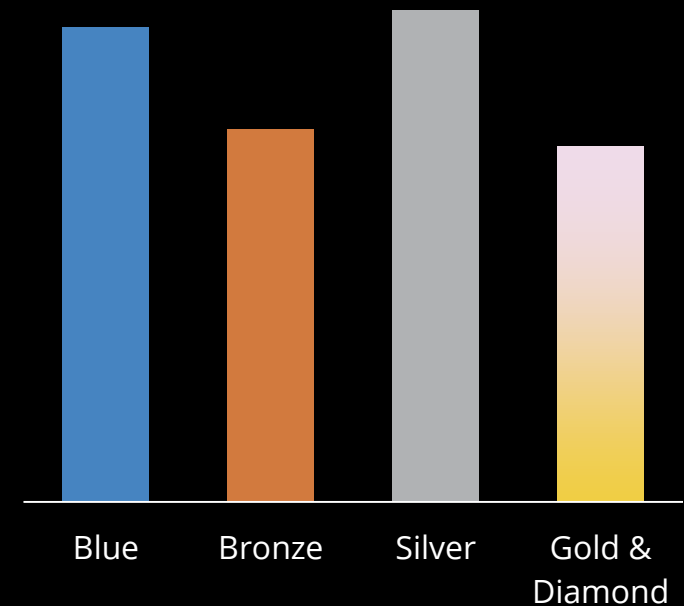
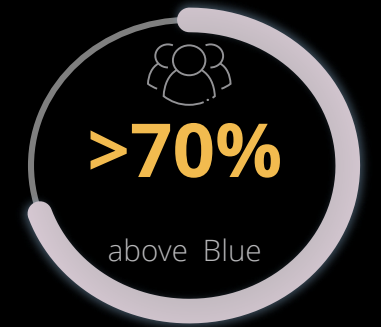
$$\frac{\text{Target retirement age}}{\text{Predicted retirement age}}$$

$$\frac{\text{Asset value} - \text{Secured debt}}{\text{Age based target}}$$

Points

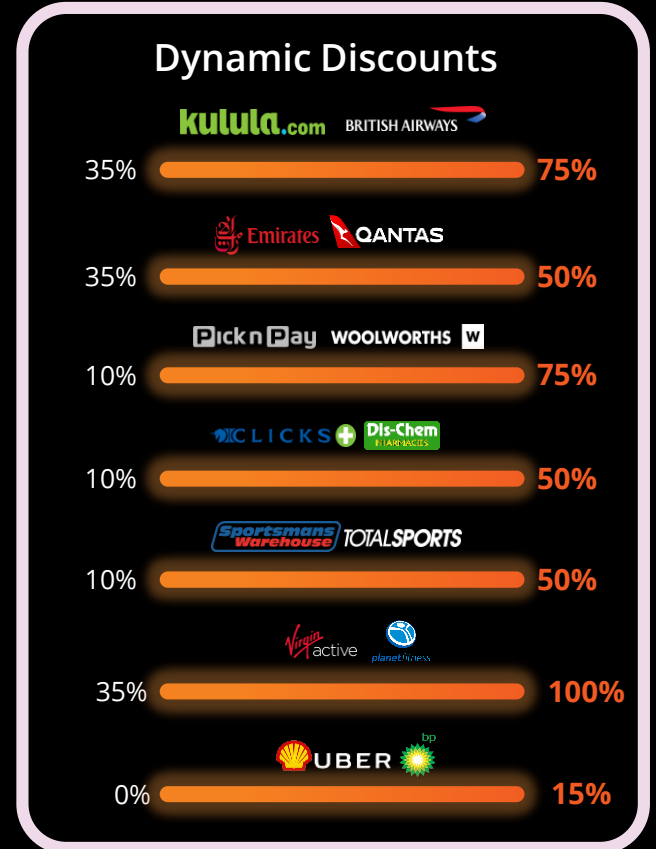
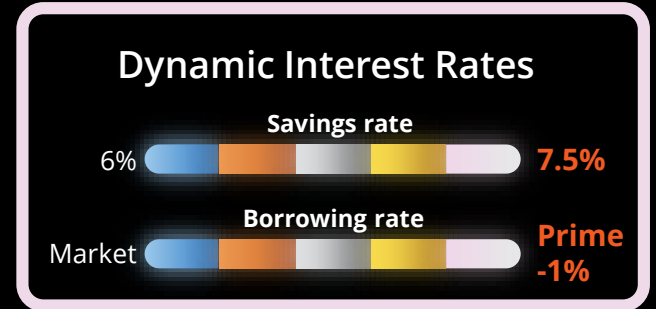
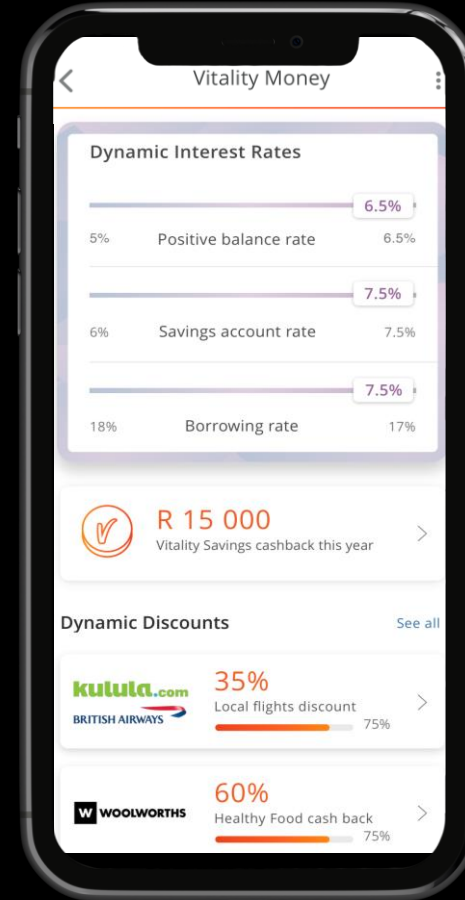
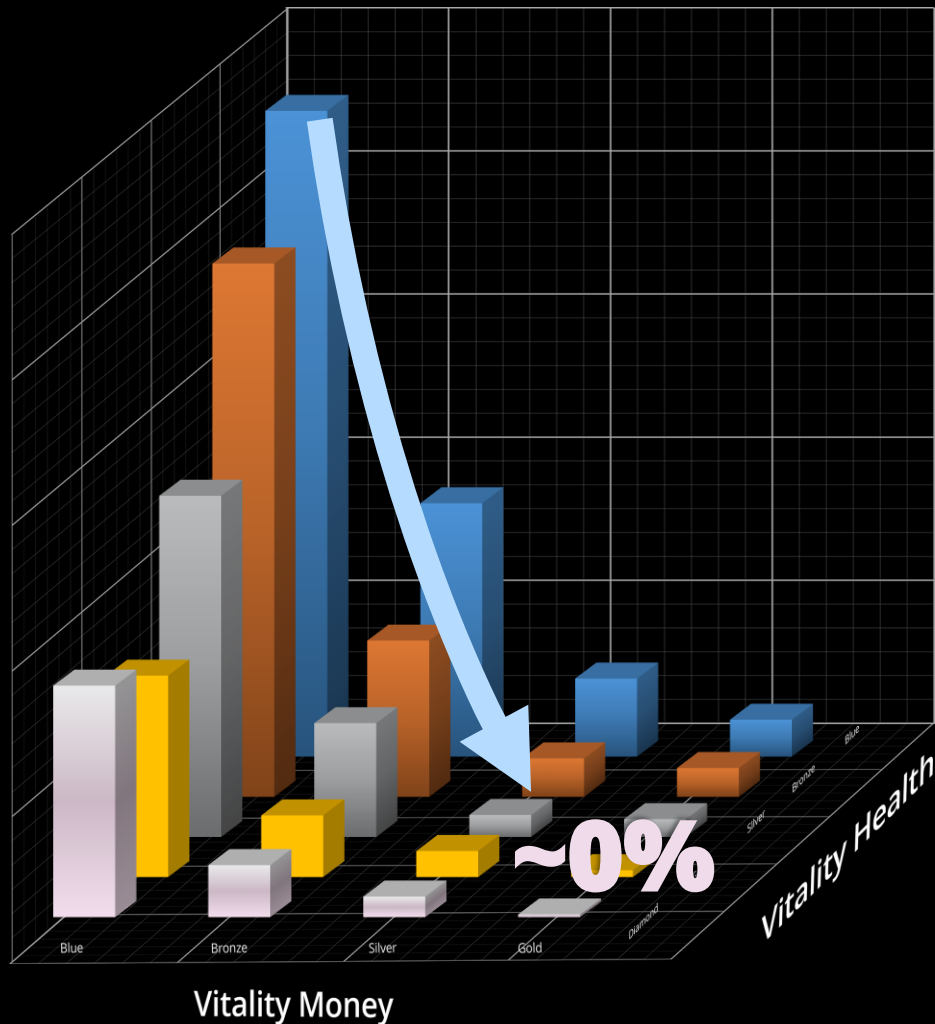


Vitality Money distribution



Could Vitality Money create the correct segmentation and will clients engage?

Correlation of physical activity and financial health



Gold Suite

Vitality Money

Sam is a 28 year old accountant who has recently joined Discovery bank

Black Suite

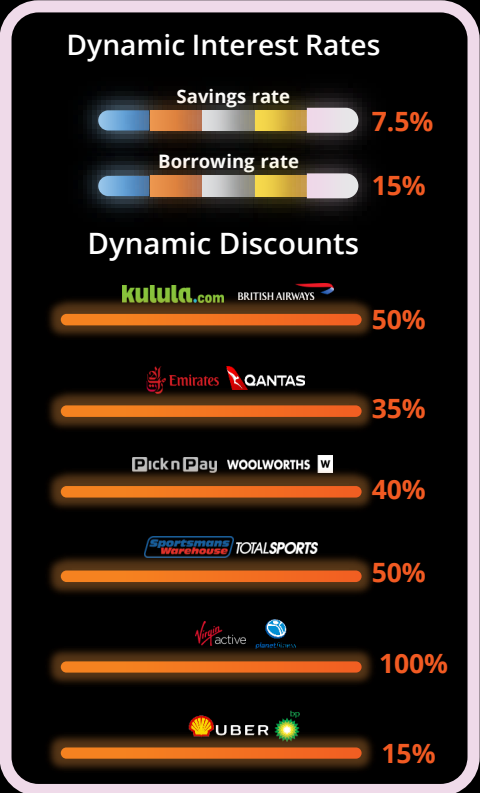
Vitality Money

Khaya is a 40 year old lawyer who has recently upgraded his Discovery Card to a Discovery Bank credit card

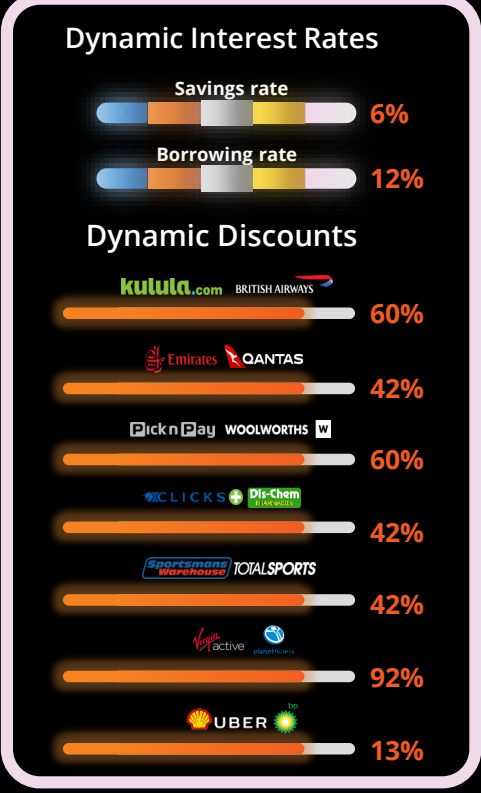
Black suite

Vitality Money

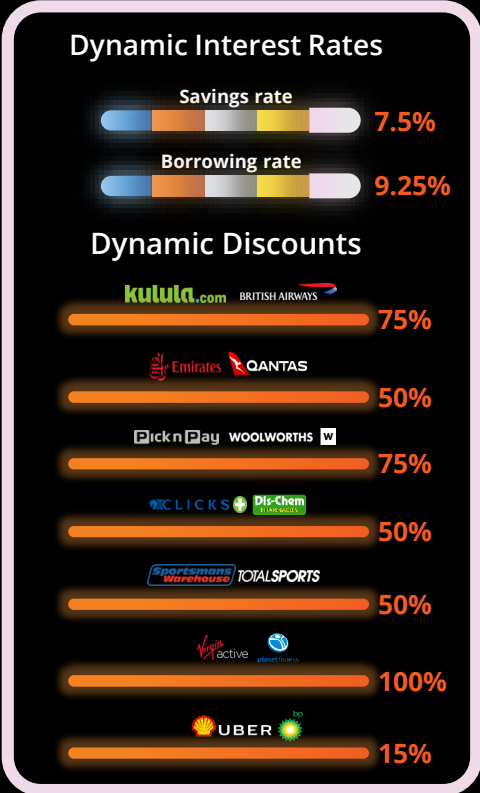
Kate is a 35 year old executive who has over 4 products with Discovery



R19 200 annual cash backs



R25 600 annual cash backs



R30 800 annual cash backs

Discovery Miles → e-money for the Discovery Ecosystem



Integration and Vitality Status for each program delivers cash back rewards paid in Discovery Miles

$$\text{Discovery Mile} = f(\text{Health}; \text{Driving}; \text{Money})$$

Discovery Miles as e-money



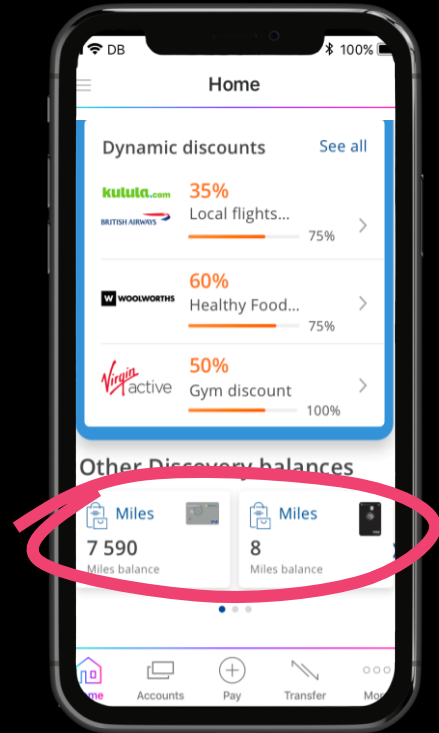
Discovery Miles can be used within the Discovery Eco-system instead of cash



Can readily convert Discovery Miles for cash



Discovery Miles can be used at partner stores



- 2,1bn Discovery Miles being transferred to Discovery Bank
- Discovery Bank clients earn Discovery Miles at up to R15/mile

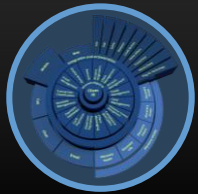
Conclusions from early client onboarding



Discovery Ecosystem

The targeted client is characterised by the following attributes: LSM 8-10, with high savings and borrowings and levels of engagement.

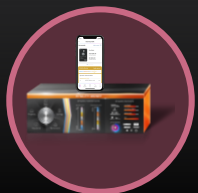
We have developed a full service Bank that has the capacity to offer credit up-front to meet the needs of the Discovery clients.



Technology Fintech, Infrastructure

The scale of the bank - bringing together traditional bank and digital system capabilities, with Vitality Rewards and Discovery Health systems – took over 1.5m manhours to build >120 systems.

The architecture is complex and much more sophisticated than a “normal bank” however it manifests in a simple and intuitive user experience.



Behavioural bank

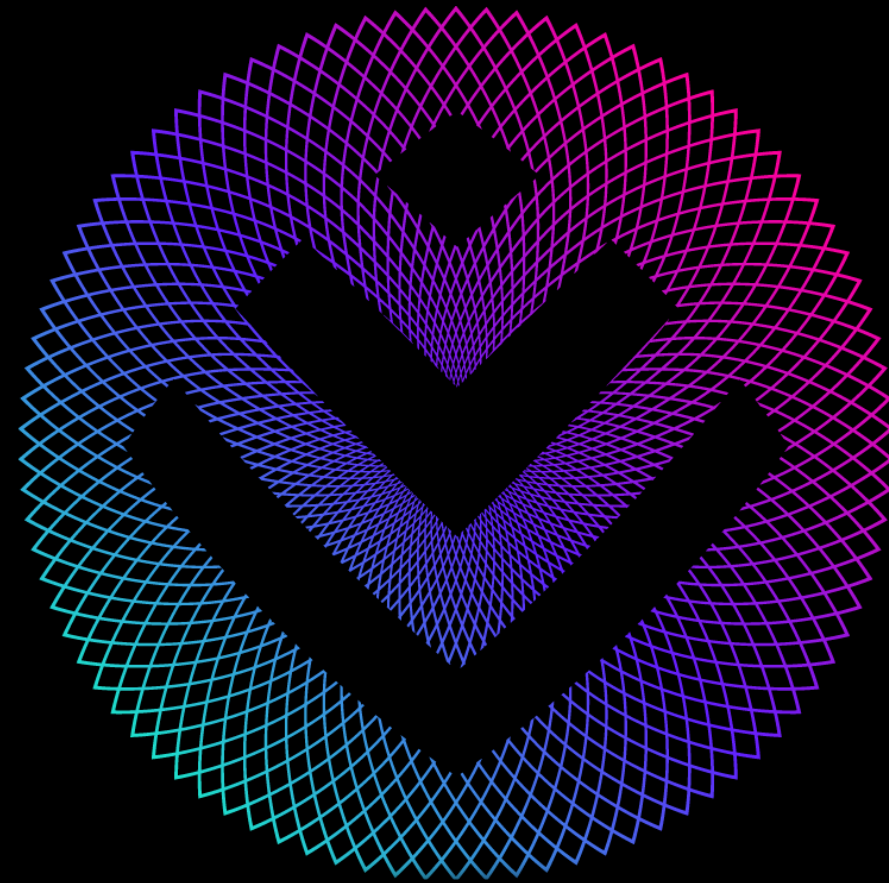
The bank is premised critically on behavioural tools, nudges and rewards that work.

Early indications are positive. Vitality Money is working effectively as a segmentation tool, and we believe the tools, nudges and rewards are compelling.



Migration

Ramp up onboarding to **1,000 per day** by August 2019



Discovery Bank Update