2026

DISCOVERY BANK

Pillar III Public Disclosures

for the year ended
30 June 2026



Contents

- Building scale, delivering results

1. Strategy and business model

- The intersection of business, purpose and social good
- Shared value in banking
- A full-service shared-value bank

2. Risk management philosophy

3. Remuneration

4. Quantitative tables and templates

The legal entity structure of Discovery Bank

Overview of risk management and risk-weighted assets

- **KM1:** Key metrics (at consolidated Group level)
- **OV1:** Overview of RWA

Composition of capital and total loss absorbing capacity (TLAC) disclosure

- **CC1:** Composition of regulatory capital
- **CC2:** Reconciliation of regulatory capital to balance sheet
- **CCA:** Main features of regulatory capital instruments, for G-SIBs and other TLAC-eligible instruments
- **LI1:** Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories
- **LI2:** Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Interest rate risk in the banking book

- Quantitative information on IRRBB

Leverage ratio

- **LR1:** Summary comparison of accounting assets versus leverage ratio exposure measure (simple consolidation without change)
- **LR2:** Leverage ratio common disclosure template

Liquidity

- **LIQ1:** Liquidity coverage ratio
- **LIQ2:** Net stable funding ratio

Credit risk

- **CR1:** Credit quality of assets
- **CR2:** Changes in stock of defaulted loans and debt securities
- **CR3:** Credit risk mitigation techniques – overview
- **CR4:** Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects
- **CR5:** Standardised approach – exposures by asset classes and risk weights
  - Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures
- **CRB-A:** Performing and non-performing exposures

Counterparty credit risk

- **CCR1:** Analysis of counterparty credit risk (CCR) exposure by approach
- **CCR3:** Standardised approach to CCR exposures by regulatory portfolio and risk weights

Credit valuation adjustment risk

- **CVA1:** The reduced basic approach for CVA (BA-CVA)
- **CVA2:** The full basic approach for CVA (BA-CVA)
- **CVA3:** The standardised approach for CVA (SA-CVA)
- **CVA4:** RWA flow statements of CVA risk exposures under SA-CVA
- **ENC**

Market risk

- **MR1:** Market risk under the standardised approach
- **MR3:** Market risk under the simplified standardised approach

Operational risk

- **OR2:** Business indicator and subcomponents
- **OR3:** Minimum required operational risk capital

Remuneration

- **REM1:** Remuneration awarded during the financial year
- **REM2:** Special payments
- **REM3:** Deferred remuneration

5. Qualitative tables

- **OVA:** Bank risk management approach
- **LIA:** Explanation of differences between accounting and regulatory exposure amounts
- **LIQA:** Liquidity risk management
- **CRA:** General qualitative information about credit risk
- **CRB-A:** Qualitative disclosures
- **CRB-A:** Additional disclosure related to the credit quality of assets
- **CRC:** Qualitative disclosure requirements related to credit risk mitigation techniques
- **CRD:** Qualitative disclosures on the bank's use of external credit ratings under the standardised approach for credit risk
- **CCRA:** Qualitative disclosure related to CCR
- **CVAA:** General qualitative disclosure requirements related to CVA
- **CVAB:** Qualitative disclosures for banks using the SA-CVA
- **MRA:** Qualitative disclosure requirements related to market risk
- **ORA:** General qualitative information about operational risk management
- **IRRBBA – IRRBB** risk management objective and policies
- **REMA:** Remuneration

6. Abbreviations

NAVIGATING OUR REPORTING SUITE

This is an interactive report. Navigation tools at the bottom right of each page and within the report are indicated here.

Contents | Previous page | Back | Next page

Our reporting suite is best viewed in Adobe Acrobat for desktop, smartphone or tablet.
Click to download or update to the latest Adobe Acrobat Reader

Building scale, delivering results

Discovery Bank continued to grow its clients, funding base and lending portfolio. The 2026 performance demonstrates a business that is scaling successfully and broadening its retail banking proposition.

A stronger, more diversified banking franchise

Scale and customer growth

Clients increased by 26% to 1.57 million, while total accounts grew by 26% to 3.8m. This broadening customer base strengthens the Bank's ability to grow engagement and deepen primary banking relationships.

Funding and balance sheet growth

Deposits increased by 17% to R27.2bn, providing a growing funding base. Gross retail advances increased by 40% to R12.8bn, supported by expansion across home loans, personal lending and revolving credit products.

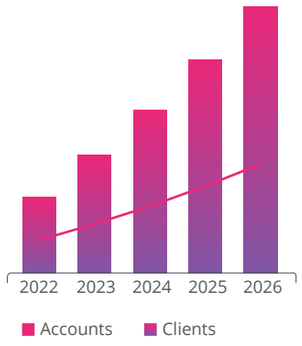
Revenue momentum

Revenue, comprising net interest income and non-interest revenue, increased by 31% to R3.1bn. NII reached approximately R1.3bn and NIR approximately R1.8bn, demonstrating growth across both lending and transactional income.

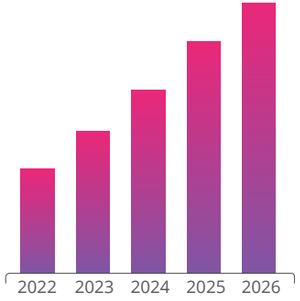
Performance at a glance

Total clients
+26%
to 1.57m

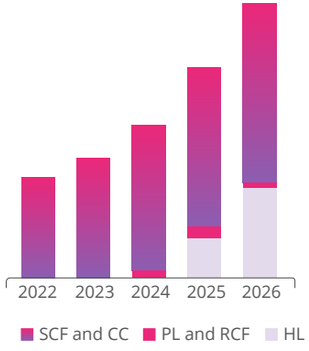
Total accounts
+26%
to 3.8m



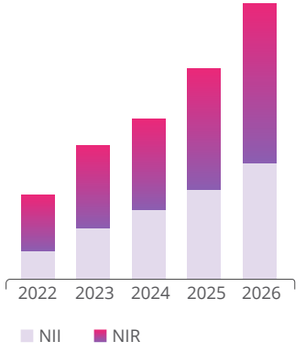
Deposits
+17%
to R27.2bn



Gross retail advances[1]
+40%
to R12.8bn



Revenue[2] (NII+NIR)
+31%
to R3.1bn



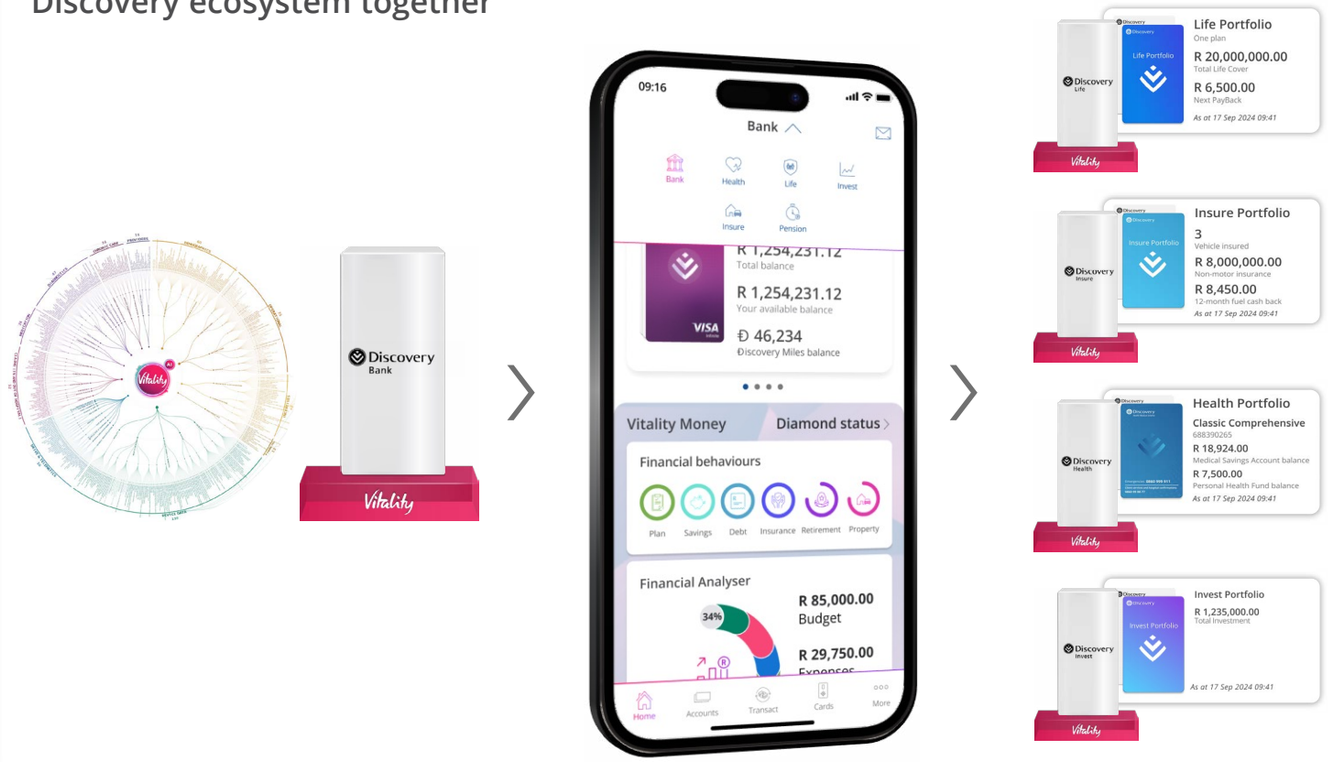
1 HL: Home loans, PL: Personal loans, CC: Credit Card, SCF: Standard Credit Facility, RCF: Revolving Credit Facility.
2 NII includes the allocation of interest earned on Treasury Bills (recognised at fair value gains in the income statement).

Building scale, delivering results
Superbank: scaling innovation across the ecosystem
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Superbank: scaling innovation across the ecosystem

The Superbank strategy builds on this financial momentum by creating a consistent digital architecture that brings the wider Discovery ecosystem together. The aim is not simply to add more products, but to create a connected platform that increases functionality, customer value and ecosystem participation.

The Superbank strategy – a consistent digital architecture bringing the full Discovery ecosystem together



How Superbank creates value

1 Super functionality

A unified digital experience brings banking and Discovery services into a consistent architecture. This gives customers access to a broader set of capabilities through a more integrated engagement layer.

2 Rails of the Group

Common rails for payments, security, service and rewards support product houses and ecosystems. Shared infrastructure can improve consistency and enable capabilities to be used more broadly across the Group.

3 Super shared value

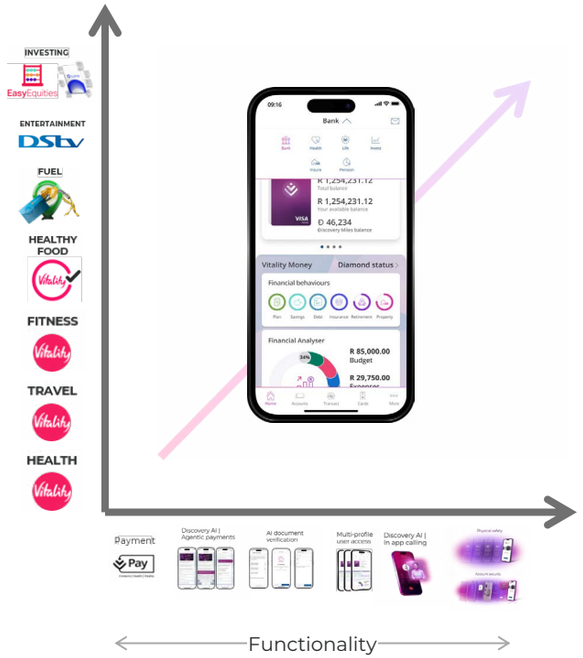
Vitality Health, Vitality Money and Vitality Drive connect verified behaviour change to tangible value. The strategy positions the Bank as an integrative control layer across customers' financial, health and lifestyle ecosystems.

Building scale, delivering results
- Superbank: scaling innovation across the ecosystem

Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

The Superbank strategy – unlocking exponential value across the ecosystem

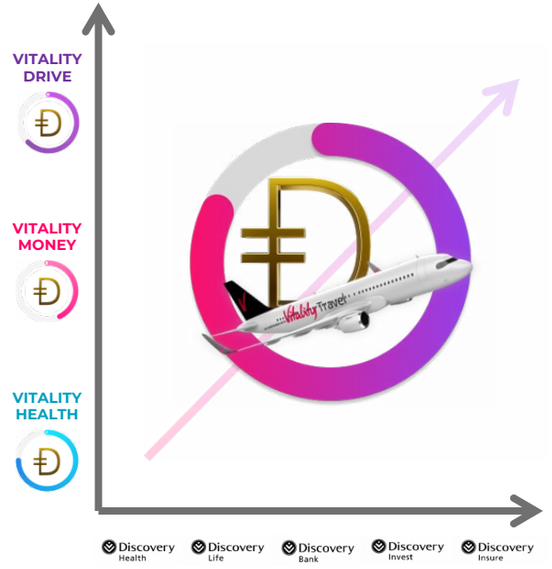
Super functionality



Rails of the Group



Super shared value



An integrative control layer for a customer's entire economic life – orchestrating their financial, health, and lifestyle ecosystems, and converting verified behaviour change into a single currency of real value

The launch of the Superbank represents a significant strategic milestone for Discovery Bank, positioning the Bank as the integrated platform through which clients can access and engage with Discovery's broader ecosystem of banking, insurance, investment, health and lifestyle solutions. By combining digital innovation, data-driven personalisation and the shared-value model within a single client experience, the Superbank strengthens client engagement, enhances value creation and supports the Bank's long-term growth and differentiation strategy.

Building scale, delivering results
- Superbank: scaling innovation across the ecosystem

Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

01

Strategy and business model



Building scale, delivering results

Strategy and business model

Shared value in banking

A full-service shared-value bank

Risk management philosophy

Remuneration

Quantitative tables and templates

Qualitative tables

Abbreviations

Strategy and business model

Discovery Bank combines innovative technology, behavioural insights and a purpose-led business model to create sustainable value for both clients and shareholders. Built on Discovery's proven shared-value model, the Bank uses data and advanced analytics to encourage positive financial behaviours, rewarding clients for making sound financial decisions that improve their long-term financial wellbeing.

WHY

Make people healthier and enhance and protect their lives

HOW

Improved wealth, better value through improved price and benefits



- Reduced healthcare burden
- Improved productivity
- Healthier society

- 20% improved Life claims
- 60% lower motor-loss ratio
- 96% lower arrears rates
- ±60% lower healthcare costs

WHAT

- Life insurance
- Health insurance
- Short-term insurance
- Long-term savings
- Banking

Discovery Health, Life, Insure, Invest and Vitality use Discovery Bank's architecture to serve their clients better.

The strategic objectives support business targets, so we can measure our success by how well we meet these objectives.

2029
Discovery Bank Ambition

Discovery Bank will be the **leading retail and business bank** in South Africa, recognised for its product innovation, robust digital banking infrastructure and client impact.

Discovery Bank must define the category of a Superbank, providing the single interface for the Discovery SA composite with seamless product integration, ecosystems, consistent rewards and advanced security and AI embedded across the Bank.

2 million
Clients

R3 billion
Operating profit

Discovery Bank's ambition is to become South Africa's leading retail and business bank, recognised for product innovation, a robust digital banking platform and meaningful client impact. The Bank's strategy is underpinned by the Shared-value Banking Model, which aligns improved client financial outcomes with sustainable business performance.

As part of its long-term strategy, Discovery Bank aims to strengthen its position as the primary banking interface within the broader Discovery ecosystem through deeper integration of banking, rewards, security and wellness services. The Bank continues to invest in digital capabilities, artificial intelligence and advanced security features to enhance client experience, operational efficiency and service delivery.

The Bank's 2029 strategic targets include reaching two million clients and generating approximately R3 billion in operating profit (before new business cost). These targets reflect the scalability of the Bank's operating model and its ability to create sustainable long-term value.

Building scale, delivering results
Strategy and business model
Shared value in banking
A full-service shared-value bank
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Shared value in banking

The Bank's approach is founded on the principle that positive financial behaviours create value for both clients and the business. Through the Vitality Money programme, clients are encouraged to adopt behaviours that support long-term financial wellbeing, including effective budgeting, responsible borrowing, prudent saving and long-term financial planning.

Financial health is assessed using behavioural measures, rather than income alone, with clients receiving a Vitality Money status ranging from Blue to Diamond. Higher status levels are associated with stronger financial behaviours and lower levels of financial risk.

By aligning incentives with behaviour, Discovery Bank shares the value created through lower risk and improved financial outcomes. Clients can benefit through lower borrowing costs, enhanced savings returns and increased rewards for positive financial behaviours. At the same time, the Bank benefits from improved risk outcomes, stronger client engagement and deeper customer relationships.

To support clients in improving their financial wellbeing, the Bank provides a range of tools, including financial education resources, retirement planning capabilities, debt management tools, personalised goals and the Vitality Money Financial Analyser. Together, these help clients make informed financial decisions and build long-term financial resilience.

The five key financial behaviours

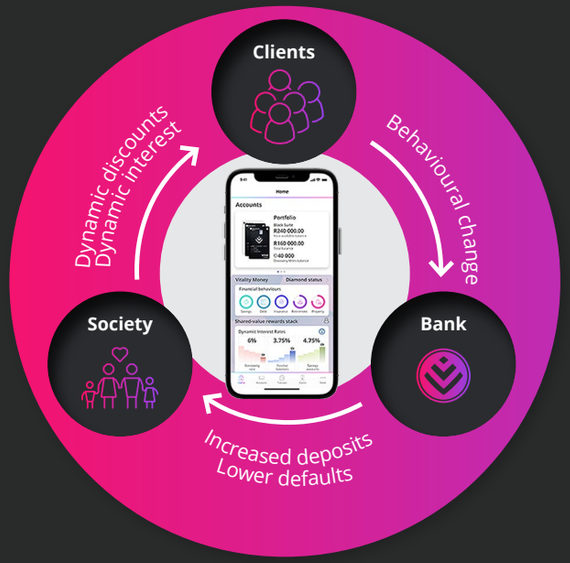
01 Spend less than you earn

02 Insure for adverse events

03 Save regularly

04 Pay off your property

05 Invest for the long term





Building scale, delivering results

Strategy and business model

- Shared value in banking
  A full-service shared-value bank

Risk management philosophy

Remuneration

Quantitative tables and templates

Qualitative tables

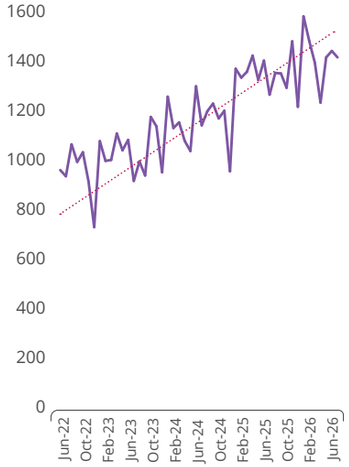
Abbreviations

Maintaining disciplined credit quality

Scaling the bank while maintaining disciplined credit quality

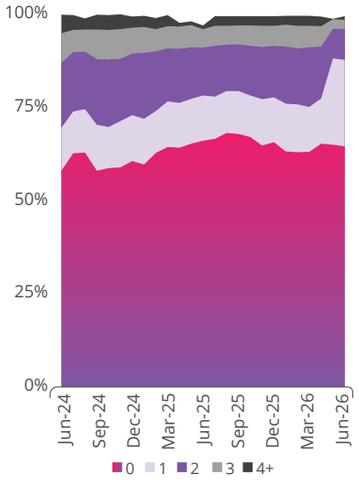
Daily sales

Average sales per workday *(calendar month)*

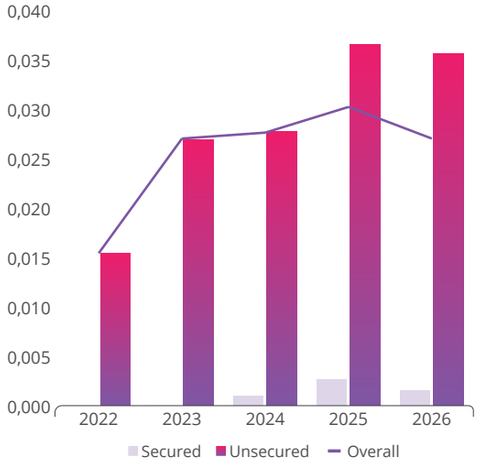


Expanding reach

New business by number of existing Discovery products

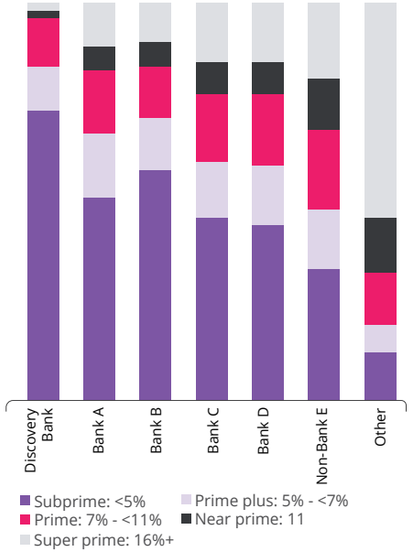


Credit loss ratio[1]



Home loan quality[2]

Risk split based on HLS issued



1 *Unsecured credit loss ratio excludes personal loans which were launched recently and do not yet have a comparable prior-year history*
2 *TransUnion Report, View 11: Market Share of new bookings in Mortgage Bond Industry, including banks A to E, other banks, and other non-banks. *Q1 2026*

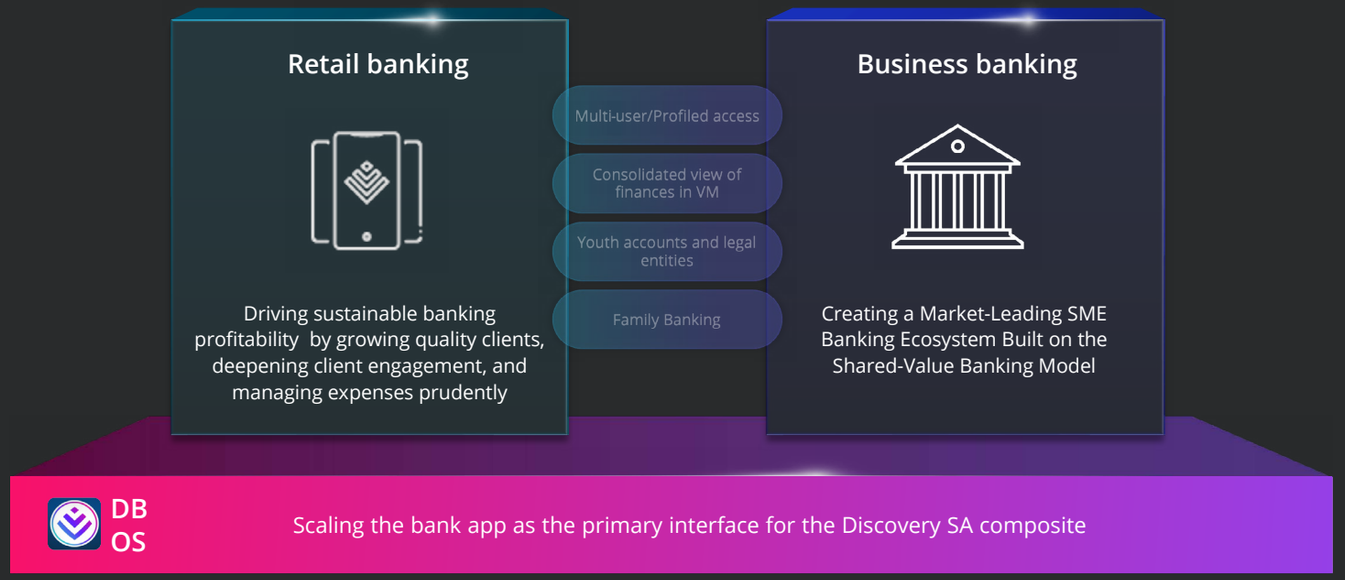
As Discovery Bank continues to scale, maintaining sound credit quality remains a strategic priority. Growth in lending activity is supported by disciplined underwriting standards, ongoing portfolio monitoring and data-driven risk assessment capabilities. Sales volumes continued to increase during the reporting period, reflecting growing market penetration and strong demand for the Bank's products.

A significant proportion of new business is generated from clients who already take part in the broader Discovery ecosystem, providing deeper behavioural insights that support risk management and client engagement. Credit performance remained well controlled despite strong advances growth, while the home loan portfolio continues to be concentrated in lower-risk borrower segments. These factors support a resilient credit portfolio and sustainable balance-sheet growth.

Building scale, delivering results
Strategy and business model
Shared value in banking
A full-service shared-value bank
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

A **full-service shared-value** bank

Strategic focus areas | 2026 - 2029



Discovery Bank's strategy is to expand both its retail and business banking franchises through a digital-first operating model. In retail banking, the focus remains on attracting high-quality clients, increasing product use, deepening engagement and improving operational efficiency.

Business banking represents a significant growth opportunity. The Bank aims to build a differentiated small- and medium-enterprise banking ecosystem by extending the Shared-value Banking Model to business clients. Focus areas include multi-user access functionality, enhanced financial visibility, support for legal entities and family banking capabilities.

A key enabler of this strategy is the continued evolution of the Discovery Bank app as an integrated digital platform through which clients can access banking, rewards and other Discovery services. This supports deeper client engagement, strengthens ecosystem participation and provides a foundation for sustainable long-term growth.

Building scale, delivering results
Strategy and business model
Shared value in banking
A full-service shared-value bank
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

02

Risk management philosophy



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Risk management philosophy

Discovery Bank's risk management philosophy is founded on maintaining an appropriate balance between risk and reward, enabling informed decision-making that supports strategic objectives, sustainable growth and value creation. The Bank seeks to maximise opportunities while minimising potential losses and maintaining operational resilience within its approved risk appetite.

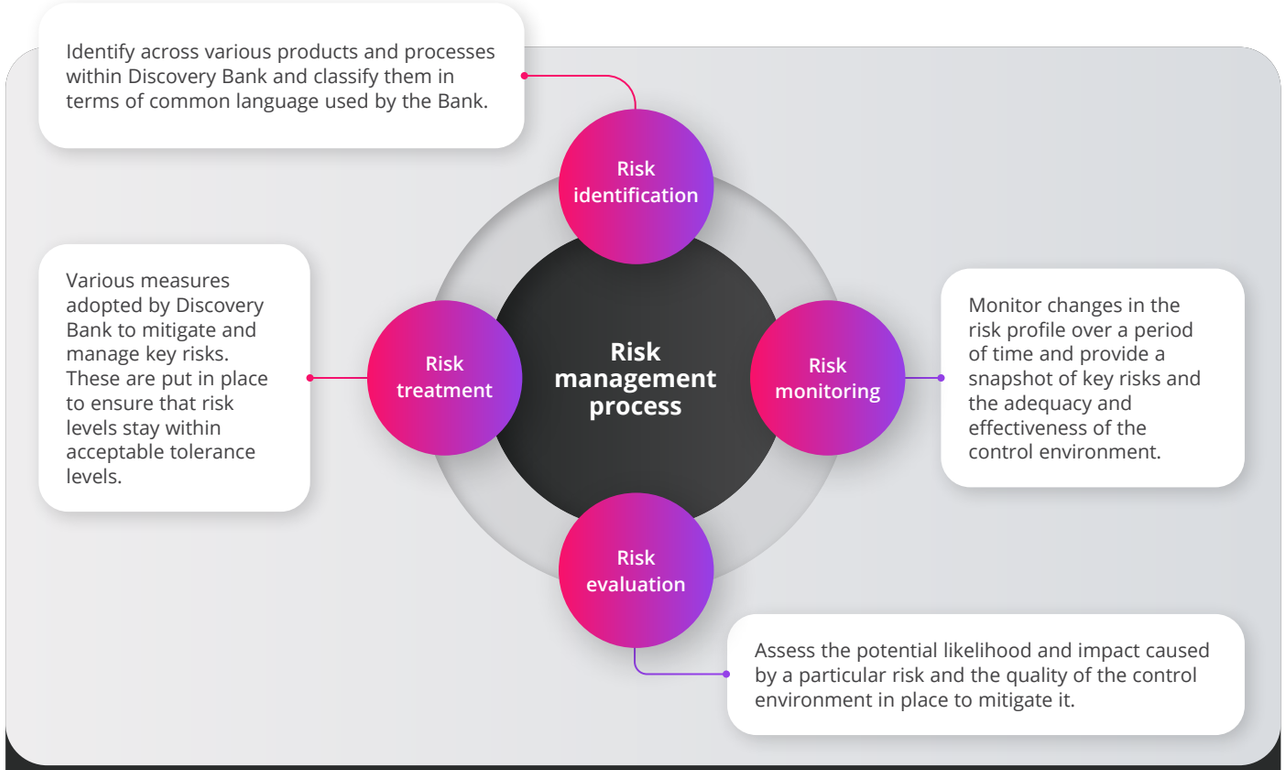
The Bank's risk management framework provides a structured and disciplined approach to identifying, assessing, monitoring and managing risks and opportunities that may affect the achievement of its objectives. This includes evaluating the potential effect and likelihood of events, implementing appropriate mitigation measures and continuously monitoring the effectiveness of controls and risk responses.

Discovery Bank defines risk as the possibility of an event occurring that may have either a negative or positive effect on the achievement of its objectives. As such, the Bank promotes a risk-aware culture that supports sound, risk-based decision-making at all levels of the organisation.

RISK MANAGEMENT AT DISCOVERY BANK IS:

- An ongoing and integral part of business operations and decision-making
- The responsibility of all employees across the organisation
- Applied consistently across all business units, functions and activities
- Designed to identify, assess and respond to both threats and opportunities
- Focused on managing risk within approved risk appetite and tolerance levels
- Embedded within the Bank's governance, strategy, planning and performance management processes.

Through this approach, Discovery Bank aims to strengthen resilience, protect stakeholder value and support the achievement of its strategic and business objectives.



Risk universe and risk management framework

Discovery Bank maintains dedicated risk management frameworks, supported by policies, standards and procedures, for each material risk type within its risk universe. These frameworks provide a structured approach to identifying, assessing, monitoring and managing risk, supporting effective decision-making and the achievement of the Bank's strategic objectives.

THE BANK'S PRINCIPAL RISK TYPES INCLUDE:

1. Strategic risk
2. Business risk
3. Reputational risk
4. Operational risk
5. Technology risk
6. Regulatory risk
7. Credit risk
8. Market risk
9. Liquidity, funding and capital risk

Risks are monitored through established governance structures and management oversight processes. Emerging risks, adverse trends and potential risk appetite breaches are escalated promptly, with remediation actions tracked through to completion to ensure effective risk management and operational resilience.

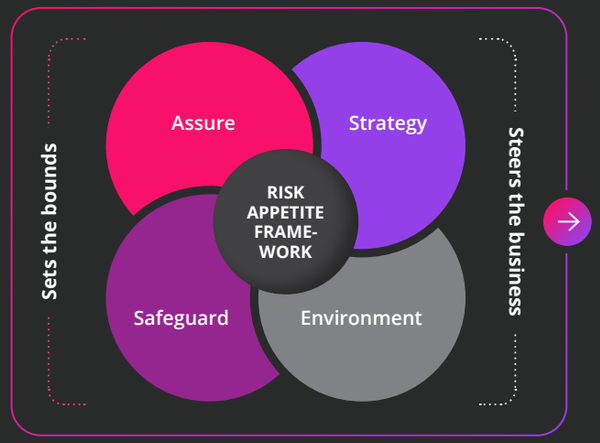
Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Risk appetite framework

The risk appetite framework defines the level and type of risk that Discovery Bank is willing to accept in pursuit of its strategic objectives. The framework enables informed decision-making and supports sustainable growth while preserving the Bank's financial strength and resilience.

In applying the framework, Discovery Bank:

- Maintains a strong capital, funding and liquidity position
- Avoids exposures that could threaten its sustainability or financial resilience
- Accepts risks only where there is an appropriate balance between risk and reward
- Focuses on risks that are well understood and can be effectively managed
- Supports products and initiatives that improve clients' financial wellbeing while creating long-term value for stakeholders.



Risk appetite governance and oversight

The risk appetite framework is reviewed regularly and presented to the Risk and Capital Management Committee twice-yearly to ensure continued alignment with the Bank's strategy, operating environment and risk profile. Key considerations include:

- Current and emerging risk exposures
- Risks required to achieve strategic objectives
- Risks that are outside of appetite
- The extent of risk the Bank is willing to accept
- The capabilities, controls and resources required to manage risk effectively.

Risk appetite measures, limits and triggers are documented within the risk appetite statement and monitored through established governance and reporting structures. Performance against these measures is monitored daily and reported to management weekly, supporting effective oversight and challenge.

During the 2025/2026 financial year, Discovery Bank remained within its approved risk appetite while successfully executing its shared-value strategy. Oversight was supported by the Bank's governance structures and combined assurance framework.



'THREE LINES OF DEFENCE' MODEL

Discovery Bank manages risk through a 'three lines of defence' model that provides clear accountability for risk ownership, oversight and assurance. The model establishes an appropriate separation between business management, independent risk oversight and assurance activities, supporting effective governance and risk management across the organisation.

I LINE OF DEFENCE	II LINE OF DEFENCE	III LINE OF DEFENCE
Ownership and management of risk is the responsibility of the business	Comprises the ERM and compliance functions	The Bank's internal audit and external audit
Identify, assess and manage the risk on a daily basis	Provides a level of assurance to the Board regarding the adequacy and effectiveness of the overall risk management system	Independent assurance functions
Develop and implement policies and procedures	Report to Group Functions for reporting purposes	Provides feedback and recommendations for improvement to senior management and executive committees
Ensure that activities are consistent with organisational goals		
Implement internal controls		

Additionally, emphasis has been placed on fostering collaboration between the Group and Bank Chief Risk Officers (CROs), ensuring that insights from the highly regulated banking environment inform and align with the governance processes of the broader Discovery Group.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Governance structure

Discovery Bank Limited/Discovery Bank Holdings Limited

Board sub-committees
Quarterly IR as per committee requirements

- Board Information Technology Committee (BITCO)
- Risk and Capital Management Committee (RCMC)
- Large Exposure Committee (LEX)
- Directors Affairs Committee (DAC) — *Incorporating matters pertaining to Nominations*
- Remuneration Committee (REMCO) — *Incorporating matters pertaining to people and transformation*
- Audit and Compliance Committee (ACC)
- Management Committee (ManCo)

Executive Management Committees
Aligned to Board sub-committees

Bank Executive Management Committee – monthly and weekly (where required)

- Information Technology Committee (ITCO)
- Asset and Liability Committee (ALCO)
- Credit Risk Review Committee (CRRC)
- Regulatory Affairs Committee (RAC)
- Marketing and Distribution Committee
- Product and Research and Development Committee

Enterprise Risk Committee (ERCO)

Management steering committees, working groups, forums and executive committees
Weekly or monthly

- Architecture Review Board
- IT Operations Committee
- Security Committee
- Private Cloud Services Committee
- Monetary Policy Committee
- Model risk Committee
- Impairments Sign-off Committee
- Home Loan Review Committee
- Data Governance Committee
- Fraud Risk Committee
- Business Continuity and Disaster Recovery Committee
- Combined Assurance Forum
- Technology Risk Committee
- Operational Risk Committee
- Employment Equity Forum
- Market Conduct Committee
- Financial Crime and Compliance Committee
- BA Regulatory Reporting Committee
- Design Authority

SERVICE AND OPERATIONS

IMPLEMENTATION

1 First line of defence

2 Second line of defence

3 Third line of defence

THREE LINES OF DEFENCE

Underpinned by

Systems, data and infrastructure | Risk management, Human resources | Risks, culture and values

Building scale, delivering results
Strategy and business model
Risk management philosophy
- Governance structure
- Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
- Key risks
- Capital management
- Climate-related initiatives

Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

FIRST LINE OF DEFENCE
BUSINESS MANAGEMENT

Business units, supported by management committees, steering committees, working groups, forums and the Executive Committee, form the first line of defence.

They are responsible for:

Owning and managing risks arising from their day-to-day activities

Designing, implementing and maintaining effective controls within their operations

Identifying, assessing, monitoring and mitigating risks within approved risk appetite

Executing the Bank's strategy and achieving business objectives while managing risk appropriately.

SECOND LINE OF DEFENCE
RISK AND COMPLIANCE FUNCTIONS

The second line of defence comprises the independent risk management and compliance functions. These control functions provide oversight, challenge, guidance and limited assurance regarding the effectiveness of the Bank's risk management and compliance frameworks. They have unrestricted access to information and personnel necessary to fulfil their responsibilities.

Risk management is independent of business operations and is responsible for designing, maintaining and overseeing the effectiveness of the enterprise risk management framework across all material risk types. This centralised function operates under the leadership of the chief risk officer.

Compliance oversees the Bank's regulatory compliance obligations, promotes a culture of integrity and ethical conduct and provides independent oversight of the compliance management framework.

THIRD LINE OF DEFENCE
INDEPENDENT ASSURANCE

The third line of defence consists of the Bank's independent assurance functions, including internal audit and external audit. These functions provide objective assurance on the effectiveness of governance, risk management and internal controls across both the first and second lines of defence.

Internal audit performs independent reviews of the Bank's control environment through a risk-based audit plan and other targeted reviews as required.

Findings and recommendations from assurance activities are reported to the Audit and Compliance Committee and relevant governance structures, supporting continuous improvement in the Bank's control environment.

Through the 'three lines of defence' model, Discovery Bank ensures that risks are effectively identified, managed, monitored, challenged and independently assessed, strengthening governance, accountability and operational resilience across the organisation.

Combined assurance

Discovery Bank's combined assurance framework promotes coordination across assurance providers to deliver comprehensive coverage of material risks and key controls. The framework aligns assurance activities, improves visibility of risk coverage and reduces unnecessary duplication across the organisation.

Within the 'three lines of defence' model, Discovery Bank maintains independent risk management, compliance and internal audit functions. While each function retains its independence and defined responsibilities, they work together through the combined assurance framework to:

- Align risk management, oversight and assurance activities through an integrated, risk-based assurance plan
- Identify assurance gaps and areas of overlap to improve assurance coverage and avoid duplication of effort
- Promote a strong and effective control environment that supports the Bank's approved risk appetite and strategic objectives
- Enhance the quality, consistency and integrity of risk-related reporting to support informed decision-making and effective governance.

Discovery Bank's strategic objectives form the foundation of its risk management and assurance activities. Risks and associated controls are continuously assessed to make sure they are relevant, effective and in line with the evolving operating environment. Control effectiveness is regularly reviewed, with enhancements implemented where necessary to strengthen the Bank's risk management framework, support operational resilience and protect stakeholder value.

Building scale, delivering results
Strategy and business model
Risk management philosophy
- Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)

The Prudential Authority confirmed Discovery Bank's compliance with the RDARR principles in October 2023. Since then, RDARR has been embedded within the Bank's business-as-usual risk management, governance and reporting processes. The Bank performs a yearly self-assessment of RDARR compliance across relevant business units, with no material gaps identified to date.

To further strengthen compliance and reinforce accountability, Discovery Bank conducts periodic RDARR fire drills across business units. These fire drills comprise unannounced data requests issued by the enterprise risk management (ERM) function to assess the accuracy, completeness, timeliness and accessibility of risk data and reporting. The results are reported to the relevant data governance forums and are used to identify improvement opportunities, reinforce ownership of risk data and support ongoing compliance with RDARR requirements.

Independent assurance over RDARR compliance is provided through the Bank's internal audit function, which periodically includes RDARR reviews within its risk-based audit plan. This provides independent validation of the effectiveness of the Bank's risk data aggregation and reporting capabilities as part of the third line of defence.

Discovery Bank continues to assess the adequacy and effectiveness of its RDARR programme so that it aligns with the Board-approved risk appetite framework. RDARR metrics and monitoring requirements are reviewed on an ongoing basis and are updated, where necessary, to reflect changes in the Bank's risk profile, business activities and risk appetite.

Through this approach, Discovery Bank maintains a strong focus on risk data quality, reporting accuracy, governance and risk-informed decision-making, supporting effective risk management and regulatory compliance.

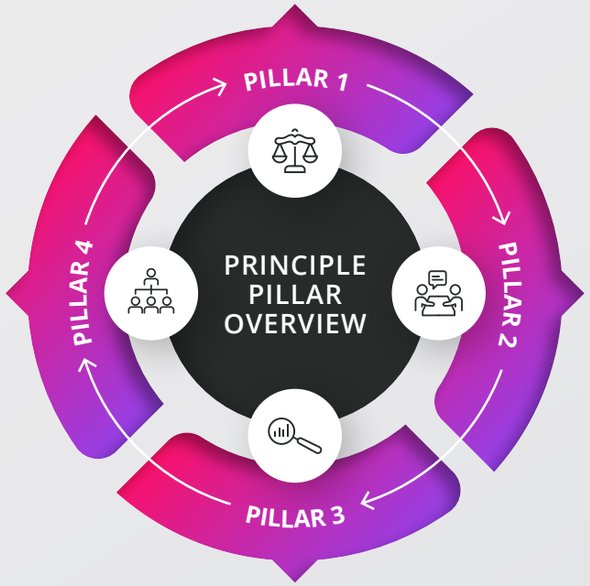
Overarching governance and infrastructure

Build strong governance arrangements consistent with other principles and guidance established by the Basel Committee

The design, build and maintenance of data architecture and IT infrastructure must be in line with RDARR practices

Supervisory review

Supervisory review, tools and cooperation



Risk data aggregation capabilities

Generating accurate and reliable risk data to meet normal and stress or crisis reporting

Generating aggregate and up-to-date risk data in a timely manner while meeting a broad range of on-demand, ad hoc risk management reporting requests

Risk reporting practices

Risk management reports must accurately and precisely convey aggregated risk data. Reports need to be reconciled and validated

Reports must communicate information in a clear and concise manner

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Compliance with these principles demonstrate that Discovery Bank is fully compliant and that business areas continue to be fully compliant.

Fully compliant | Largely compliant | Materially non-compliant | Not implemented

RDARR Capabilities and Practices

Governance and architecture	●	**Principle 1:** Governance	We have developed a governance committee structure underpinned by clear risk data ownership and responsibilities, as well as relevant frameworks and policies.
	●	**Principle 2:** Data architecture and IT infrastructure	Real-time and accurate access to a single trustworthy golden source of record exists for most of our risk data. Asset change (enhancement or fix) is centralised and in real time.
Risk data aggregation capabilities	●	**Principle 3:** Accuracy and integrity	Our ability to consume, validate the accuracy and monitor the integrity of data in real time throughout the reporting and information landscape is operational.
	●	**Principle 4: Completeness**	We have a sufficient level of control in our single enterprise warehouse, across our reporting landscape, and supporting our business operations and analytics.
	●	**Principle 5:** Timeliness	Our capability to produce risk data on a timely basis, including the production of rapid risk data to assess critical risk in stress or crisis, is treated the same way as with normal situations.
	●	**Principle 6: Adaptability**	The design and configuration of risk reports is predominately a business task, with additional support from IT. The Bank's approach to self-service reporting enables the capability for quick decision-making and supports data customisations (such as dashboards and weekly risk reports).
Risk reporting practices	●	**Principle 7:** Reporting accuracy	Where critical reports are concerned, an independent validation process exists, which includes an appropriate sign-off process (regulatory reporting). As we continue to develop this capability across the Bank's risk taxonomy, we are continuously assessing and documenting controls.
	●	**Principle 8:** Comprehensiveness	The Enterprise Risk Committee (ERCO) and other committees are in place and provide comprehensive reports that allow management to make informed decisions across all in-scope risk areas (credit, market, operational, liquidity, business and strategic risks).
	●	**Principle 9:** Clarity and usefulness	Discovery Bank maintains an appropriate balance between risk data, analysis and interpretation, and qualitative explanation. A higher degree of qualitative interpretation is evident in committee packs that are distributed to senior management and higher.
	●	**Principle 10:** Reporting frequency	The purpose and frequency of risk reports are routinely assessed against the mandates and information requirements of the relevant governance committees. Reporting frequencies are considered appropriate and can be increased where required, including during periods of stress.
	●	**Principle 11:** Reporting distribution	Discovery Bank ensures that reports are distributed to the relevant parties while consciously ensuring that confidentiality is maintained through committee distribution lists.



Following the implementation of the Corporation for Deposit Insurance (CODI) on 1 April 2024, Discovery Bank enhanced its RDARR programme to incorporate CODI-related data, reporting and governance requirements. The Bank applies this approach to all new products, services and strategic initiatives to make sure that risk data aggregation and reporting capabilities are considered from the outset. This includes recent initiatives such as personal loans, where RDARR principles have been embedded into the design, implementation and ongoing monitoring processes to support robust risk management, regulatory compliance and effective decision-making.

Building scale, delivering results
Strategy and business model
Risk management philosophy
- Governance structure
- Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
- Key risks
- Capital management
- Climate-related initiatives

Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Key risks

1 Strategic risk

Strategic risk refers to the risk that Discovery Bank's strategy, business model or strategic decisions do not achieve the intended outcomes or fail to deliver sustainable value over the long term. This includes risks arising from changes in the competitive landscape, client expectations, technological disruption, regulatory developments, product innovation, partnerships, distribution channels and the successful execution of strategic initiatives.

As a digitally enabled bank founded on a differentiated Shared-value Banking Model, Discovery Bank continually evaluates its strategic direction to make sure it remains relevant, competitive and in line with the evolving needs of its clients and stakeholders.

Strategic risk is managed through robust strategic planning processes, regular performance monitoring and governance oversight so that strategic objectives remain achievable and in line with the Bank's long-term ambitions.

Discovery Bank's Shared-value Banking Model remains a key differentiator and has demonstrated its effectiveness in driving positive financial behaviours and improving client outcomes through programmes such as Vitality Money. By aligning strategic objectives with behavioural insights, data-driven decision-making and innovation, the Bank seeks to mitigate strategic risk while creating sustainable value for clients, shareholders and society.

Risk appetite is closely aligned with the Bank's strategy, supported by a dedicated Board Management Committee that provides ongoing challenge and oversight.



2 Business risk

Business risk refers to the risk that Discovery Bank may not generate sustainable earnings or achieve its financial objectives because of adverse changes in business performance, market conditions, client behaviour or operational factors. It reflects the potential for earnings volatility and reduced profitability resulting from changes in revenue generation, cost structures or business volumes.

Business risk is primarily driven by financial performance across three key areas:

Net interest income

The Bank's ability to generate sustainable interest income depends on loan and deposit growth, funding costs, margin management and prevailing economic conditions

Non-interest revenue

Fee and commission income may be affected by client activity levels, product utilisation, economic cycles and changing market dynamics

Operating expenses

Effective management of both fixed and variable costs is essential to maintaining profitability and operational efficiency, particularly during periods of economic uncertainty or slower growth

In addition to financial performance, business risk management includes maintaining critical organisational capabilities and ensuring sufficient capacity to execute the Bank's strategy. This includes attracting, developing and retaining key talent, while fostering a healthy and sustainable working environment. Discovery Bank continues to implement initiatives aimed at supporting employee wellbeing, managing workload pressures and promoting long-term organisational resilience.

Key business risk indicators are monitored through the Bank's risk appetite framework and reported through established governance structures. This enables emerging risks to be identified early and addressed proactively, ensuring business performance remains in line with the Bank's strategic objectives and long-term sustainability.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

3 Reputational risk

Reputational risk is the risk of loss arising from negative perceptions of Discovery Bank by clients, regulators, shareholders, business partners, employees or the broader public. Reputational risk may result from internal actions, failures in systems or processes, non-compliance with laws and regulations, cyber incidents, conduct-related matters or external events. As reputational risk is typically a consequence of other risk types materialising, it is managed through the Bank's overall risk management framework rather than as a standalone risk category.

Discovery Bank's reputation is essential to maintaining stakeholder trust, retaining and attracting clients, protecting franchise value and ensuring continued access to funding and liquidity.

The Bank therefore maintains a low tolerance for reputational risk and seeks to uphold the highest standards of conduct, governance, transparency and client service.

The Bank manages reputational risk through established governance structures, risk management processes and internal controls designed to identify, assess, monitor and mitigate potential threats to its reputation. Key sources of reputational risk include regulatory non-compliance, cyber and information security incidents, operational failures, conduct-related matters, ethical breaches, weak governance practices and adverse financial performance.

As a digital-first bank, Discovery Bank places significant emphasis on maintaining the security, resilience and integrity of its technology platforms and client data. The Bank continuously monitors operational, conduct, cyber and regulatory risks that could adversely affect stakeholder confidence and the Discovery brand.

Client feedback, complaints and service experiences are actively monitored and managed through established escalation and resolution processes. In addition, the Bank monitors traditional and social media channels to identify emerging issues that may affect its reputation. Where significant reputational events occur, they are investigated and managed through the Bank's governance and incident management processes, including escalation through the crisis management framework where appropriate.

Through its risk management practices, governance framework and commitment to delivering fair client outcomes, Discovery Bank seeks to protect and enhance its reputation while supporting the sustainable achievement of its strategic objectives.



4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Discovery Bank manages operational risk through a comprehensive governance and control framework designed to support a secure, resilient and client-centric banking environment.

Operational risk is managed through a Board-approved operational risk management framework, supported by policies, standards and procedures that govern the identification, assessment, monitoring, reporting and mitigation of operational risk across the Bank. The framework is in line with the Bank's risk appetite framework and is embedded within a 'three lines of defence' model. Operational risk management covers key risk areas, including, fraud, third-party and outsourcing.

The Board retains ultimate responsibility for the oversight of operational risk, supported by the Risk and Capital Management Committee and other governance forums. Business units are responsible for managing operational risks within their areas of accountability, while the enterprise risk management function provides independent oversight, challenge and monitoring. Internal audit provides independent assurance on the effectiveness of the operational risk management framework and control environment.

Operational risk exposures are identified, assessed and monitored through risk and control self-assessments, key risk indicators, operational loss event monitoring, and control assessments. Discovery Bank applies the standardised approach for calculating regulatory operational risk capital, while operational loss data and risk metrics are used to monitor trends, assess control effectiveness and support risk-based decision making.

Operational risk reporting is provided regularly to executive management and the Board through established governance forums. Reporting includes material risk exposures, operational loss events, key risk indicators, and fraud risks, third-party and outsourcing risks, and the status of remediation actions. Significant incidents, emerging risks and breaches of approved risk appetite thresholds are escalated in accordance with established governance processes.

Operational risk is mitigated through a combination of governance, policy requirements and embedded controls, including risk appetite limits, segregation of duties, access controls, change management processes. Residual risks are managed within approved risk appetite levels and, where appropriate, mitigated through insurance and other risk transfer arrangements. These practices support the effective management of operational risk and the Bank.

Fraud risk is managed through a comprehensive framework that seeks to prevent, detect, respond to and recover from fraud events while balancing effective risk management with a frictionless client experience. The framework is supported by governance committees, fraud risk policies, defined risk appetite measures, data-driven monitoring, advanced analytics and ongoing awareness initiatives for employees and clients.

Discovery Bank continuously reviews emerging fraud trends and enhances its fraud management capabilities through proactive monitoring, rule optimisation, industry collaboration, investigative capabilities and remediation processes to minimise potential losses and protect clients and stakeholders.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

The strategy aims to develop effective mitigation controls that will protect the Bank and our stakeholders from the risks of fraud.

OBJECTIVE

To prevent, detect and respond appropriately to fraud threats, through timely remedial action.

To identify client activities that could give rise to risk with the aim of achieving a frictionless experience and prevent fraud through the support of frameworks, policies, operating protocol and fraud prevention tools.

Protect all stakeholders and minimise the impact from any compromise, intentionally or unintentionally, in real time.

Ecosystem	**Fraud strategy, frameworks, policy and processes**	■ Management of fraud risk-appetite measures ■ Policies (internal anti-fraud culture measures and controls, ie financial crime risk management and anti-fraud policies) ■ Standards and procedures – protocol
Governance	**Fraud oversight through the Enterprise Risk – Fraud governance committees**	■ Regular Fraud Risk Committee ■ Monthly Industry Fraud Committees and working groups: SABRIC, PASA, SAFPS ■ VISA monthly fraud insights sharing
Anticipate	**Fraud trends, fraud rule environment optimisation**	■ Weekly fraud rule performance assessment measuring rule effectiveness ■ Global and local trend analysis (Bank and industry data) ■ Projects and initiatives to support the fraud strategy
Prevent	**Fraud systems and tools**	■ Fraud Engine VISA, Actimize, SAFPS ■ Advanced fraud data analytics ■ Ad hoc fraud trend and case investigations ■ Consultation with business on new products or product enhancements
Respond and recover	**Fraud operations**	■ Client satisfaction and data management ■ Management of quality within acceptable levels ■ Real-time fraud response and client support ■ Fraud resolution rates and loss management
Resilience	**Fraud awareness – stakeholders, clients and staff**	■ Monthly newsletter and ad hoc fraud and security awareness campaigns ■ Dedicated fraud notification through the banking app

Discovery Bank developed a fraud detection model called TRUST, which assesses payment risk in real time against each client's historical transaction behaviour. Where potentially suspicious activity is identified, clients receive an in-app alert prompting them to review the transaction before proceeding, while high-certainty threats may be blocked through Defence Mode. The model applies across various payment types and forms part of the Bank's broader approach to strengthening fraud prevention while limiting unnecessary disruption to legitimate transactions (I have also copied potential pic to use with it.

5 Technology risk

Technology risk and cyber risk arise from inadequate or failed technology systems, processes, governance or cybersecurity controls that could impair the Bank's ability to execute its strategy, serve clients, protect information assets or maintain operational resilience. Discovery Bank's highly digital operating model relies on secure, resilient and scalable technology and information systems to support client service delivery, operational efficiency and ongoing innovation.

The Bank maintains a strong governance framework over technology, information management and cybersecurity, supported by appropriate oversight structures, policies, standards and monitoring processes. This framework is designed to ensure the confidentiality, integrity and availability of information assets while supporting the Bank's strategic objectives and regulatory obligations.

Given the digital nature of the Bank's business model, technology and cyber threats remain an inherent risk. The Bank maintains a low-risk appetite for security-related incidents and mitigates these risks through layered security controls, continuous monitoring, vulnerability management, system patching, security testing, incident response capabilities and ongoing investment in cyber resilience.

To support the management and reporting of cybersecurity risk, the Bank uses elements of the NIST Cybersecurity Framework as a reference framework to assess and communicate cyber-resilience priorities across the organisation. While the framework informs the Bank's cybersecurity practices and reporting, the Bank is not required to formally attest compliance with the NIST Cybersecurity Framework.

Discovery Bank manages AI through a risk-based governance framework with oversight through established Bank governance structures and controls spanning data science, data privacy, security, systems, risk and PMO. AI use cases are subject to assessment defined human accountability and ongoing monitoring to support responsible, ethical and compliant AI adoption.

Discovery Bank manages third-party risk through a risk-based governance and oversight framework with due diligence, contractual requirements and ongoing monitoring applied proportionately to the nature and criticality of the service. Accountability remains with the Bank with material risks and dependencies managed through established risk and governance structures and policies.

6 Regulatory risk

Discovery Bank operates within a highly regulated environment and maintains a very low appetite for regulatory compliance risk. The Bank is committed to complying with all applicable laws, regulations, prudential standards and industry requirements. During the reporting period, the Bank continued to strengthen its compliance framework and governance processes, including maintaining compliance with the Protection of Personal Information Act (POPIA) and supporting the responsible management and protection of client information.

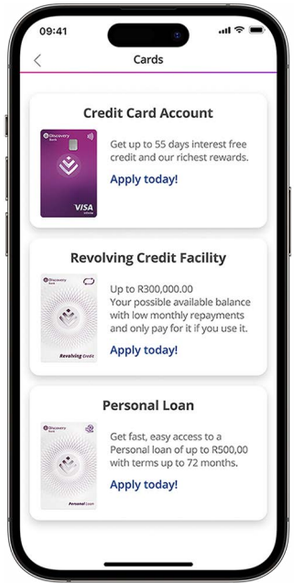
The Bank's regulatory reporting processes are supported by automated systems, established controls and appropriate review and approval mechanisms to promote the completeness, accuracy and timely submission of regulatory returns. The Bank remained compliant with all applicable regulatory requirements and maintained all key regulatory ratios within prescribed limits.

Regulatory compliance and financial crime risk are closely monitored through the Bank's governance and oversight structures and are regularly reported to the Audit and Compliance Committee. Throughout the reporting period, these risks remained within the Bank's approved risk appetite. This reflects the effectiveness of the Bank's governance framework, internal controls, compliance monitoring activities and financial crime risk management practices in supporting ongoing regulatory compliance and protecting the Bank from financial crime exposure.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

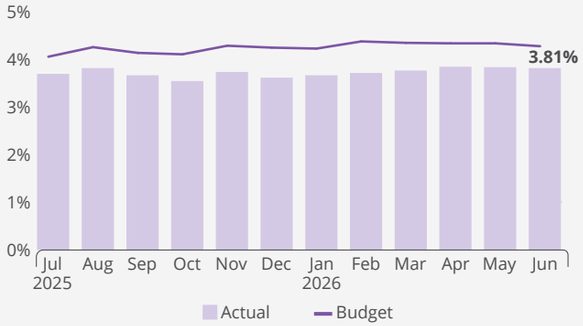
7 Credit risk

The Bank's credit strategy remains focused on achieving high-quality growth in advances through a diversified product offering and operational improvements, while maintaining prudent underwriting and disciplined risk management. During the financial year, the Bank further diversified its lending portfolio through the broader rollout of personal loans in July 2025. Personal loans give clients access to a fixed amount repayable over an agreed term.

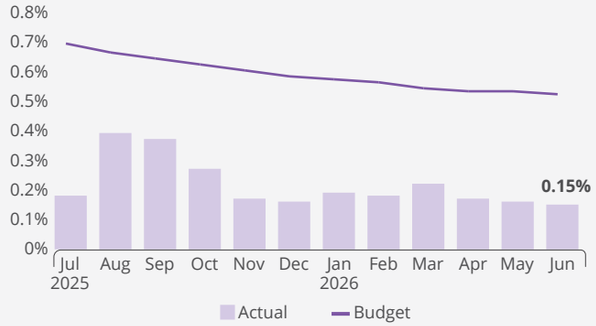


Despite continued macroeconomic pressure on consumers, the Bank recorded strong growth in advances during the financial year, while credit losses remained below expectation. The performance of the secured and unsecured retail portfolios reflects prudent risk management and the resilience of the lending portfolio. Secured and unsecured credit loss ratios are monitored separately to support effective portfolio oversight and targeted risk management.

Unsecured credit loss ratio



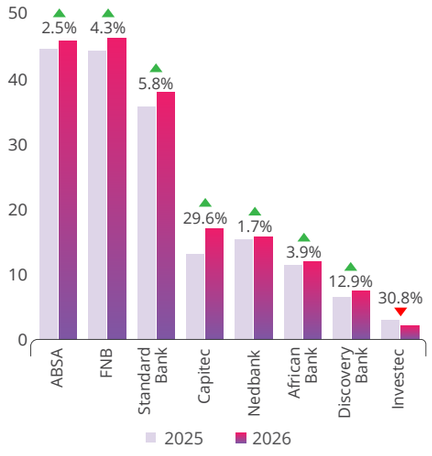
Secured credit loss ratio



Retail advances increased by 40% to R12.8 billion at 30 June 2026, primarily driven by growth in the home loans portfolio.

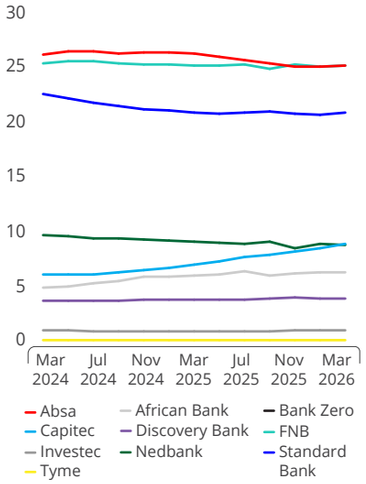
The credit portfolio remains well diversified by risk grade, with most accounts concentrated in the super-prime and prime risk bands. The risk distribution remained broadly stable during the year, with limited migration to higher-risk segments despite ongoing economic pressure. This reflects disciplined underwriting and effective portfolio management.

Credit card balances (R million)



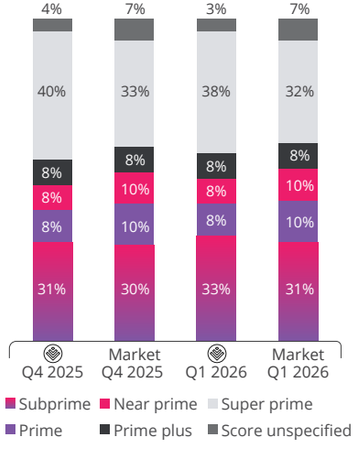
Market share movement (%)

Credit cards market share movement



Risk profile distribution*

Volume distribution of total existing accounts



Source: BA900, June 2026; TransUnion Report June 2026, View 4: Total Existing Credit Card Market, including banks A to G, and other non-bank.

**Note analysis based on TransUnion market data may vary from previous reports due to a change in methodology.*

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Growth in advances was supported by:

- Higher application volumes across all product lines, supported by risk controls designed to promote responsible client onboarding
- The approval of new credit limits and strong client uptake
- Ongoing process optimisation to improve operational efficiency and client experience.

In accordance with IFRS 9, the Bank incorporates forward-looking macroeconomic information into its expected credit loss (ECL) models. Statistical analysis is used to assess the relationship between key macroeconomic variables, including the prime interest rate and consumer price inflation and observed credit losses. The identified relationships between default rates, inflation and interest rates are reflected in the expected credit loss estimates.

The Bank remains cautious in light of domestic and global geopolitical uncertainty, including potential disruptions in the Strait of Hormuz. These developments may result in higher energy prices, increased inflationary pressure and lower client disposable income. Uncertainty regarding the timing and extent of future interest rate reductions may further affect affordability and credit performance. To reflect the risk of credit losses exceeding modelled outcomes, the Bank has applied an additional management overlay.

EXPECTED CREDIT LOSSES

The Bank recognises impairment provisions in accordance with IFRS 9 financial instruments. The expected credit loss assessment incorporates forward-looking macroeconomic information and the relationship between relevant economic variables and key model drivers.

For regulatory reporting under the standardised approach, the Bank applies the following definitions:

- Past due: A facility is regarded as past due when a material amount is between 1 and 90 days in arrears.
- Default or credit-impaired: Default is assessed at facility level using quantitative and qualitative criteria in line with the Basel Capital Framework and Regulation 67 of the Regulations relating to Banks.

Qualitative indicators of default include the following:

- The borrower is under debt counselling or debt review
- The borrower is deceased
- The facility has been subject to a distressed restructure or special arrangement
- The facility has been transferred to charge-off or legal status
- The client is insolvent
- The facility has been written off.

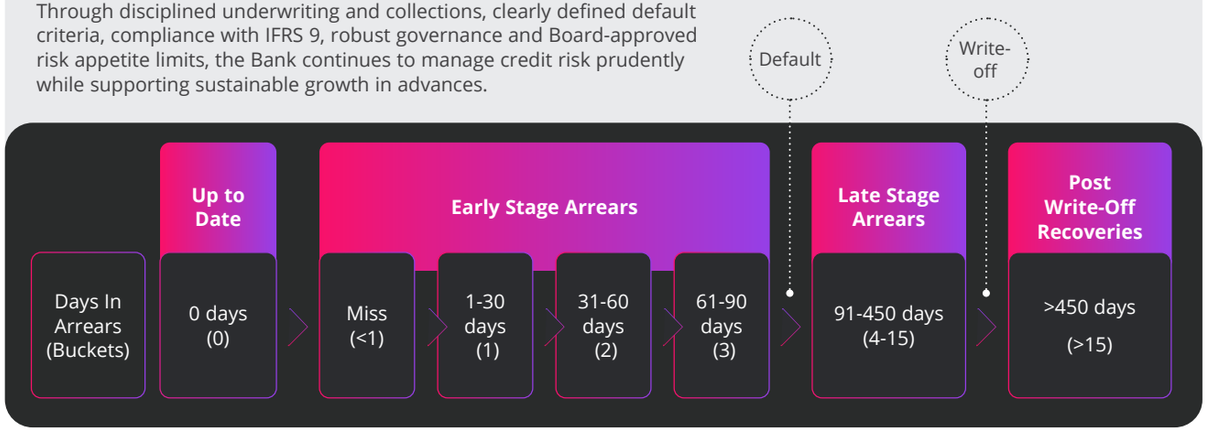
The quantitative indicator of default is:

- A material amount on the facility is 90 days or more in arrears.

Credit risk is managed within the Board-approved risk appetite framework, which establishes metrics and limits in line with the Bank's strategy. Credit exposures and loss tolerances are monitored daily, with breaches and emerging risks escalated in accordance with approved governance processes. Credit risk is also reported monthly or quarterly, as applicable, to the Credit Risk Review Committee and the Risk and Capital Management Committee.



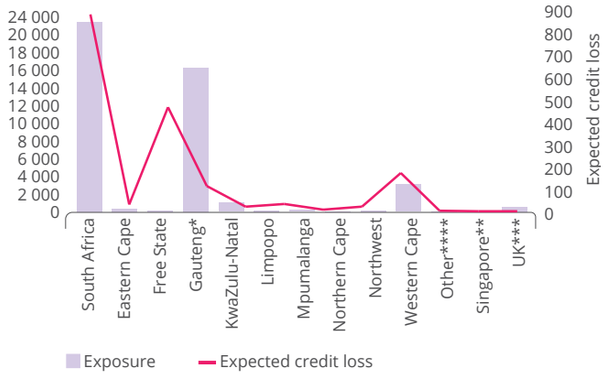
Through disciplined underwriting and collections, clearly defined default criteria, compliance with IFRS 9, robust governance and Board-approved risk appetite limits, the Bank continues to manage credit risk prudently while supporting sustainable growth in advances.



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

The following tables present credit exposures and extended credit loss by geographical area and industry, together with an ageing analysis of accounting past-due exposures, at 30 June 2026.

Geographic exposure (R'm)



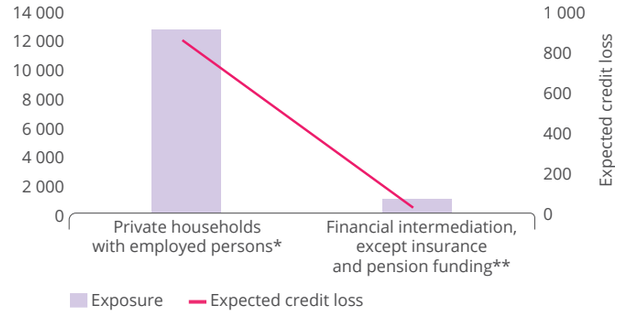
* *Includes corporate exposures in South Africa (interbank loans, bonds, debentures and treasury bills).*

** *Bank exposure in Singapore (collateral placements).*

*** *Bank exposure in UK, including FNB UK (Nostro balances).*

**** *Includes clients whose KYC information reflects a foreign address. These clients remain financial residents of South Africa.*

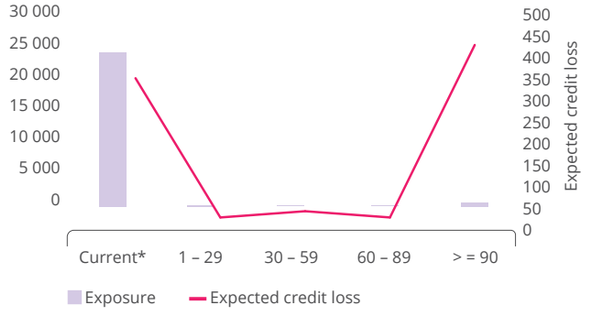
Exposure per industry (R'm)



* *Retail exposure.*

** *Includes corporate exposures in South Africa (interbank loans debentures, bonds and treasury bills) and bank exposure in Singapore and UK (collateral placements).*

Age analysis (R'm)

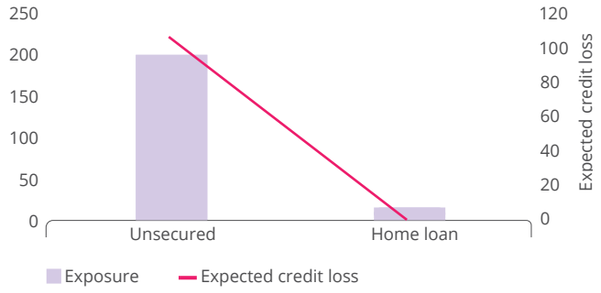


Exposure and expected credit loss at 30 June 2026 Exposure includes accrued interest.

* *Includes corporate exposures in South Africa (interbank loans and treasury bills) and bank exposure in Singapore and UK (collateral placements).*

Restructured loans (R'm)

The Bank has restructured several credit exposures in accordance with Directive D7 of 2015.



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

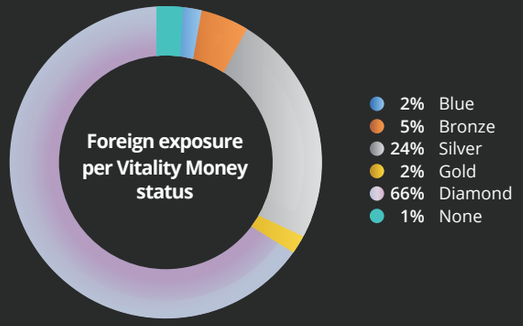
8 Market risk

Market risk arises from adverse movements in market variables, including interest rates, foreign exchange rates and market liquidity, which may affect the value of the Bank's assets, liabilities, earnings or capital. Discovery Bank maintains a conservative appetite for market risk, consistent with its retail-focused business model and does not undertake proprietary trading or speculative activities. Market risk exposures arise primarily through the provision of banking products and services to clients and are monitored within approved risk appetite and risk limits.



Discovery Bank's foreign exchange risk originates primarily from its multicurrency banking offering, which lets clients hold foreign currencies, make international payments, receive foreign funds and conduct foreign exchange transactions. Treasury manages the associated foreign exchange exposures as part of its role in supporting client activity and maintaining market liquidity.

Foreign exchange exposures are actively monitored and managed within approved net open foreign position limits. The Bank does not assume foreign exchange risk for speculative purposes and exposures are maintained at levels appropriate to support client activity. Throughout the reporting period, foreign currency exposures remained well within approved risk limits and below regulatory materiality thresholds.



INTEREST RATE RISK IN THE BANKING BOOK

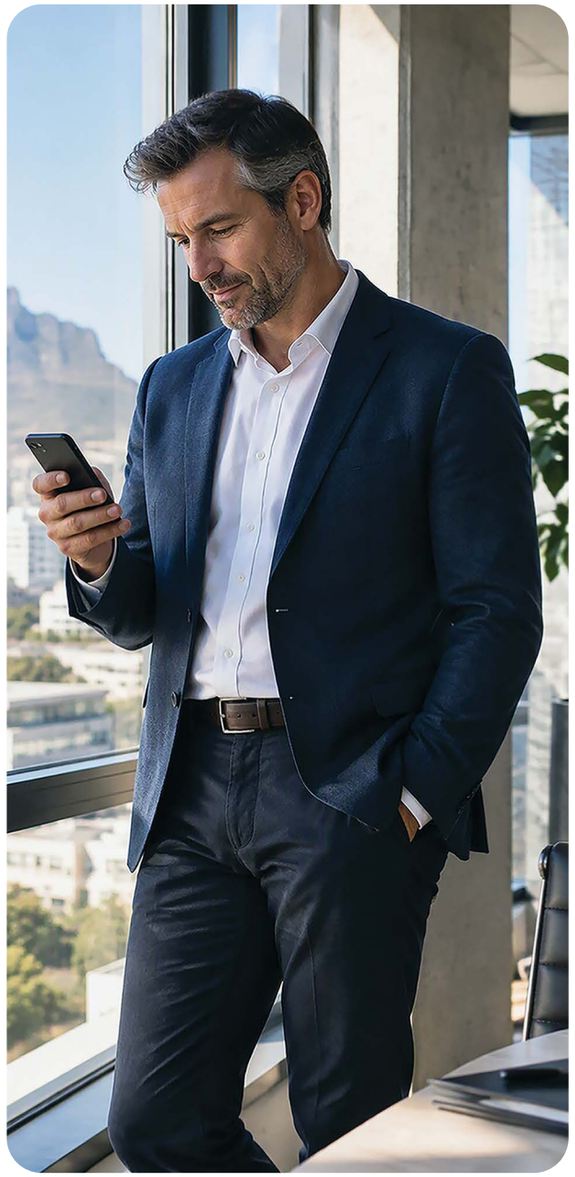
Interest rate risk in the banking book (IRRBB) refers to the risk that changes in market interest rates may adversely affect the Bank's earnings and economic value. Given the nature of banking activities, IRRBB is an inherent risk that arises from the repricing characteristics of assets, liabilities and off-balance-sheet positions.

Discovery Bank measures and monitors IRRBB through both earnings-based and economic value-based metrics, including net interest income (NII), economic value of equity (EVE) and the supervisory outlier test (SOT). The Bank assesses IRRBB using the prescribed regulatory interest rate shock scenarios, including parallel upward and downward rate shocks, steepener, flattener and short-rate and long-rate shock scenarios.

The Bank's primary sources of IRRBB include repricing mismatches between assets and liabilities, basis risk arising from differences between reference rates and behavioural risks associated with client product features such as non-maturing deposits and early settlement options. Discovery Bank manages IRRBB through its asset and liability management framework, which establishes governance, measurement methodologies, limits and escalation processes.



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations



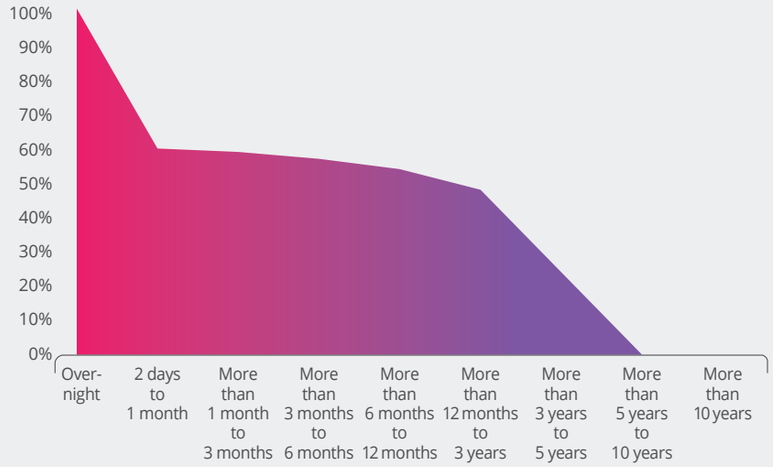
NON-MATURING DEPOSITS

Non-maturing deposits represent an important source of funding for the Bank and exhibit behavioural characteristics that differ from their contractual terms. Discovery Bank continues to monitor client behaviour and deposit stability to assess the sensitivity of these balances to changes in interest rates and market conditions. Behavioural assumptions are reviewed through the Bank's governance processes and are subject to ongoing monitoring and refinement as the Bank's deposit base matures.

The Bank has developed and independently validated a non-maturity deposit (NMD) model. Assumptions were based on historical observations, statistical analysis, expert judgement and ongoing monitoring of customer behaviour.

At a 99% confidence level, the model estimates a weighted average life of approximately 3.3 years for transactional and credit card deposits. Under the prescribed 325 basis point interest rate shock, the weighted average life reduces to approximately 2.8 years for transactional deposits and 1.7 years for credit card deposits. Longest repricing is capped at the 5-year prescribed limit. Although a non-maturity deposit model has been developed and validated, final confirmation from the Prudential Authority is still pending before full implementation. The Bank does not currently hedge IRRBB.

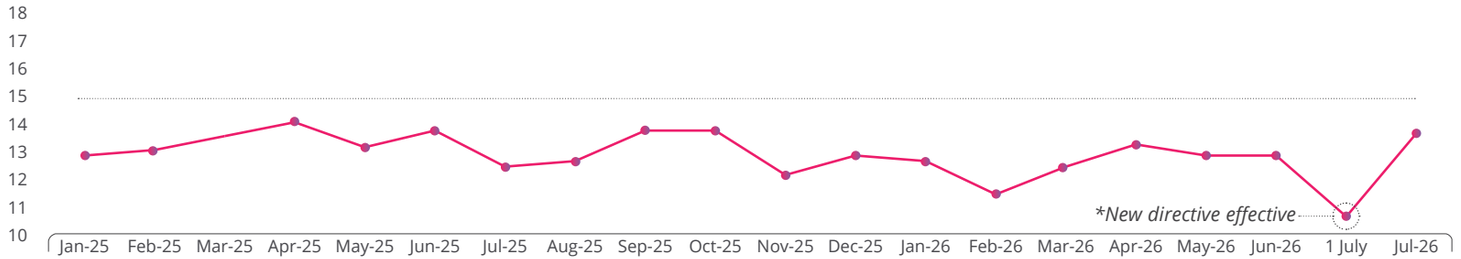
Core deposit term structure



The Bank's core deposits exhibit a high degree of behavioural stability, with a substantial proportion of balances expected to remain for periods beyond their contractual maturity. This stickiness supports the Bank's funding profile and is incorporated into the Bank's non-maturing deposit modelling and interest rate risk management framework.

SUPERVISORY OUTLIER TEST

The supervisory outlier test (SOT) is a regulatory measure used to assess the effect of prescribed interest rate shocks on the Bank's economic value of equity. Discovery Bank monitors the supervisory outlier test daily as part of its IRRBB framework and maintains exposures within approved risk limits and regulatory requirements. Throughout the reporting period, the Bank remained comfortably below the regulatory outlier threshold, reflecting its prudent approach to balance sheet risk management.

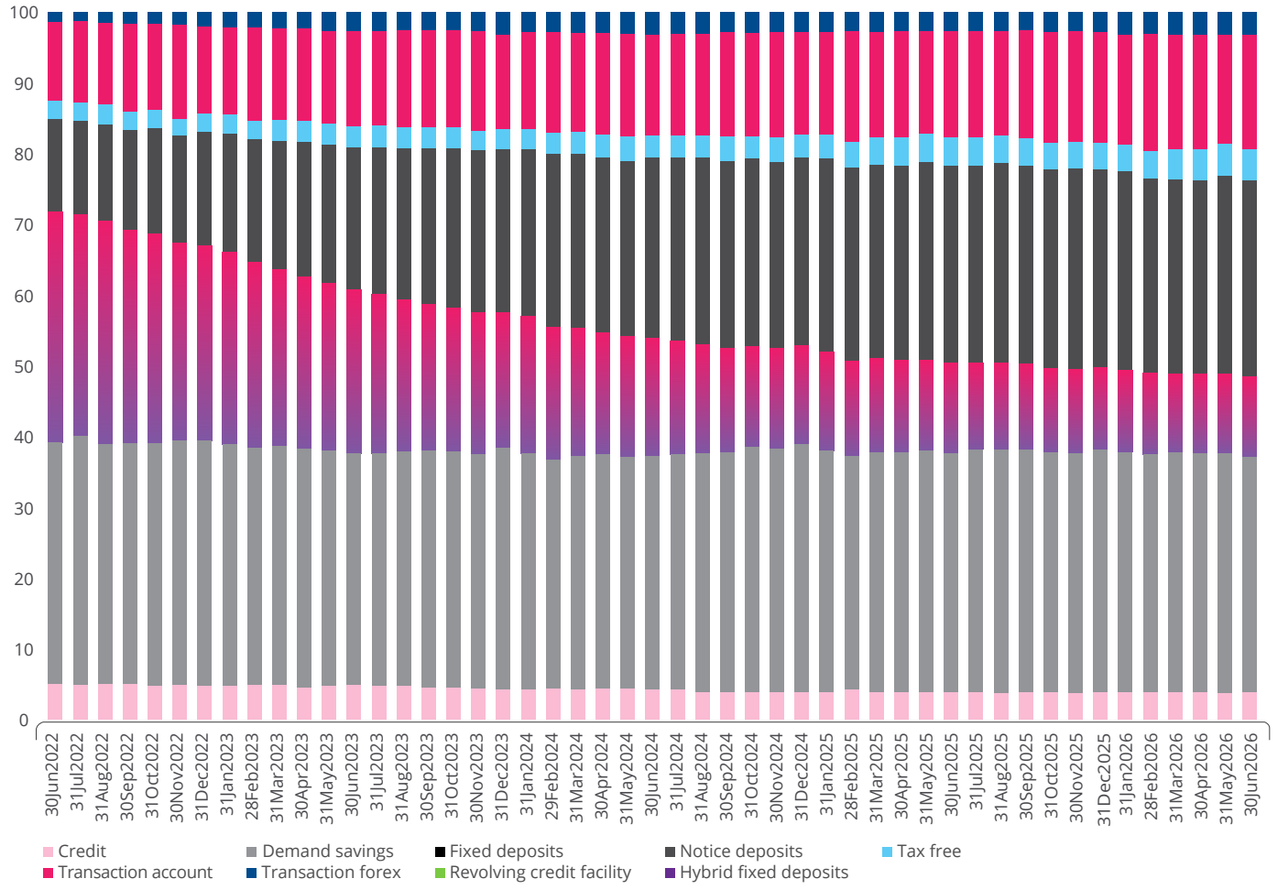


Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

9 Liquidity and funding and capital

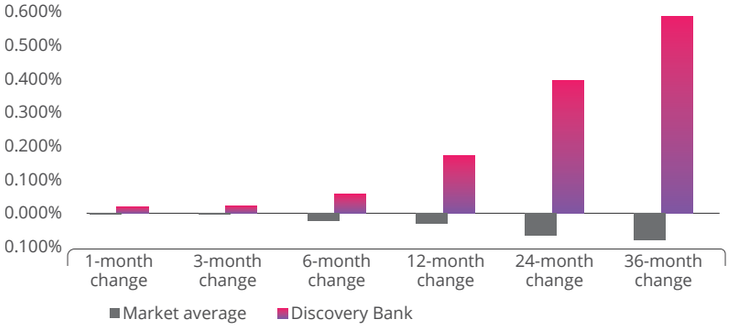
Liquidity risk is the risk that the Bank may be unable to meet its current or future cash flow and collateral obligations as they fall due, without incurring unacceptable losses or disrupting normal business operations. Discovery Bank maintains a prudent approach to liquidity risk management, supported by a strong retail funding base, conservative liquidity buffers and robust governance processes.

As at 30 June 2026, the Bank maintained a strong liquidity position, underpinned by continued growth in retail deposits and a strategy focused on stable, diversified retail funding. Retail deposits remain the primary source of funding and provide a resilient funding base to support lending growth and withstand periods of market stress. The Bank continues to broaden its retail deposit offering to further strengthen funding diversification and stability.



Discovery Bank's retail deposit growth continued to exceed broader market growth across key maturity segments during the reporting period, supporting the Bank's strategy of building a stable and sustainable funding profile.

Household deposit growth



Liquidity risk is actively monitored through a range of internal and regulatory measures, including liquidity stress testing, survival horizon analysis, product behavioural modelling, the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). These measures let the Bank assess its ability to meet obligations under both normal and stressed market conditions.

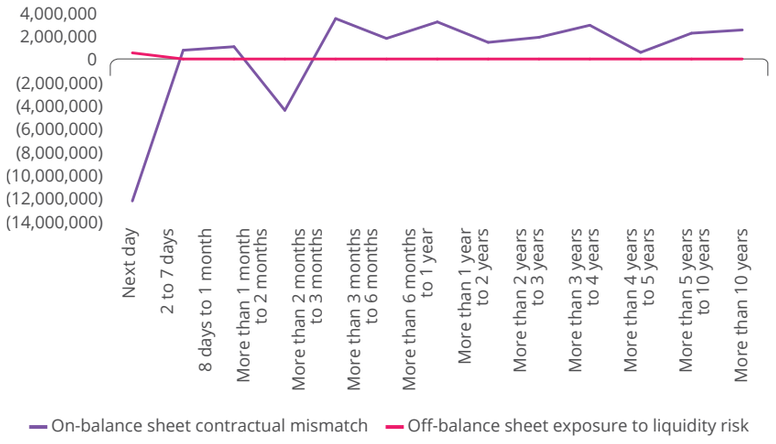
The Bank's balance sheet remains conservatively positioned, supported by a combination of liquid assets, regulatory buffers and surplus funding. Treasury and balance sheet management regularly perform stress-testing and scenario analysis to assess this.

As at 30 June 2026, the Bank reported a liquidity coverage ratio of 1,770% and a net stable funding ratio of 179%, significantly exceeding the applicable regulatory minimum requirements and demonstrating the strength of the Bank's liquidity and funding position.

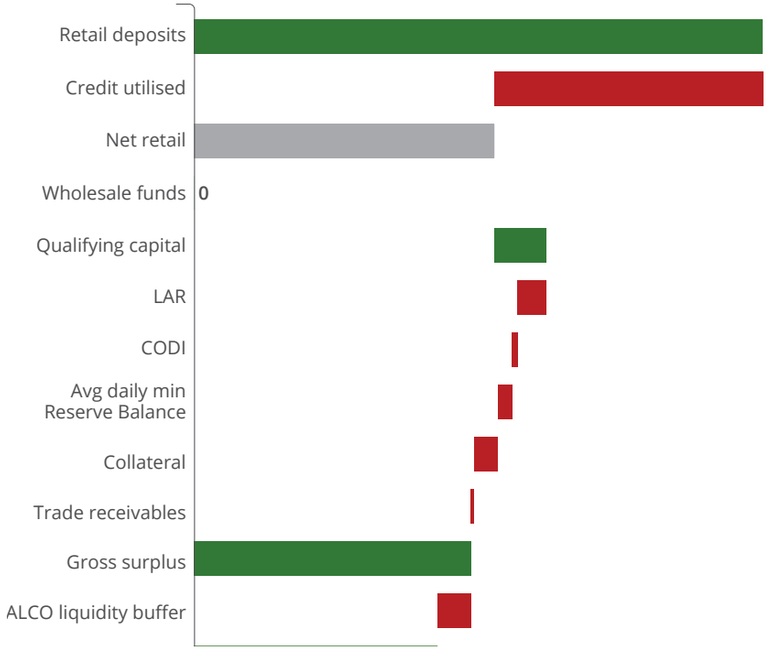
The Bank also monitors the contractual mismatches as per the Regulatory BA 300 form. For the Bank, these mismatches are driven primarily by on-balance sheet positions, with a significant contractual outflow in the shortest time bucket and positive mismatches across most longer-dated buckets. Off-balance sheet liquidity risk exposures remain immaterial relative to on-balance sheet positions.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Contractual mismatches



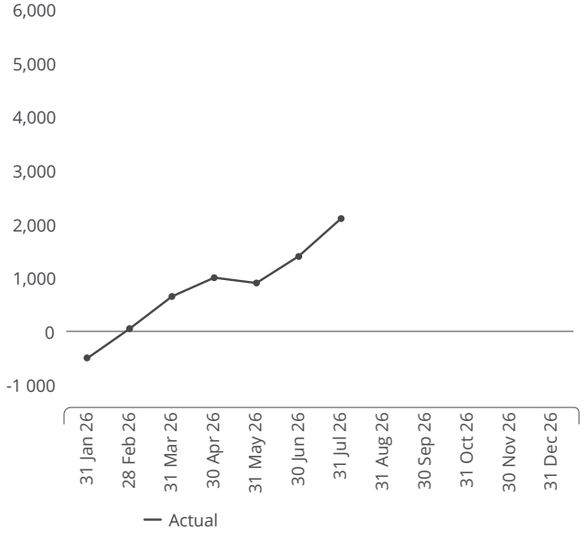
Funding position (R'm)



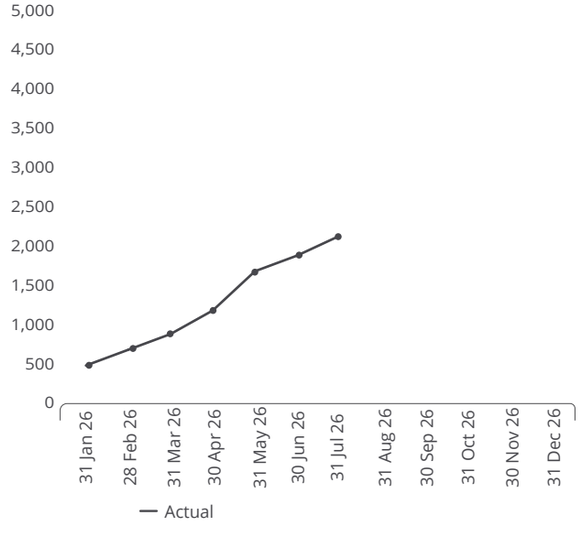


As at 30 June 2026, Discovery Bank maintained a strong liquidity position, supported by R27 billion in retail deposits and R2.5 billion in qualifying capital. After accounting for credit utilisation and regulatory and operational liquidity requirements, the Bank held a net liquidity surplus of R14 billion, reflecting a prudent liquidity risk management approach and a stable funding profile.

Deposits plan (R'm)



Advances plan (R'm)



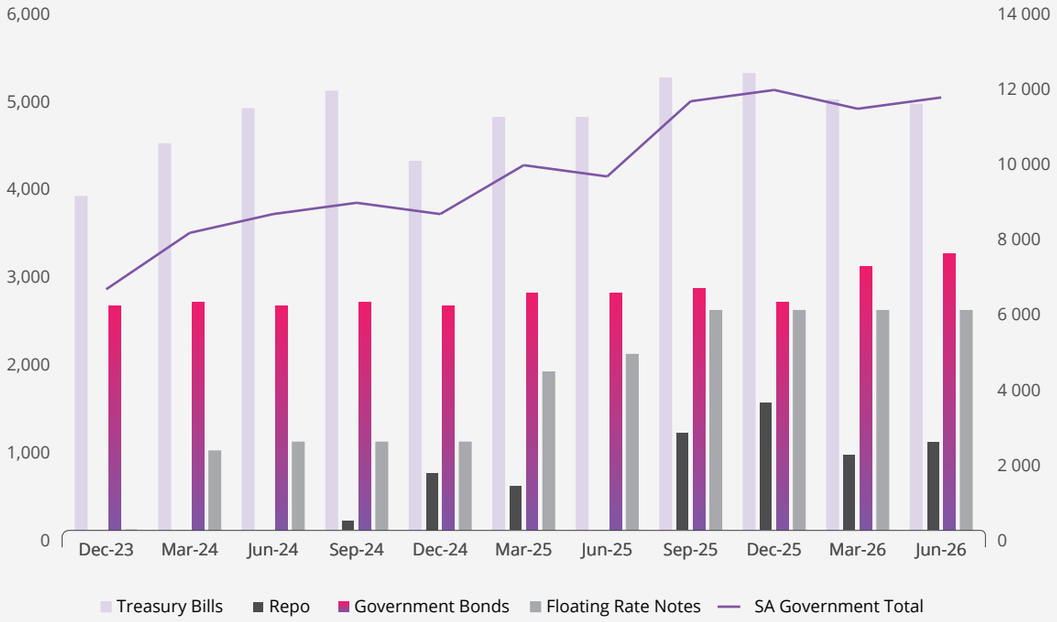
In addition to regulatory liquidity metrics, Discovery Bank uses a range of internal liquidity risk measures to assess the resilience of its funding profile under both normal and stressed conditions, as well as funding projections as illustrated above.

The continued expansion of the retail deposit base aligns with the Bank's broader strategic objectives, including sustainable balance sheet growth and prudent liquidity risk management. By focusing on high-quality, rate-inelastic retail funding, the Bank is well-positioned to support its lending activities and absorb potential liquidity shocks without compromising operational continuity.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

The Bank maintains a high-quality liquid asset portfolio consisting primarily of South African government securities, treasury bills and other qualifying liquid assets. These holdings support regulatory liquidity requirements and provide an additional source of liquidity during periods of stress.

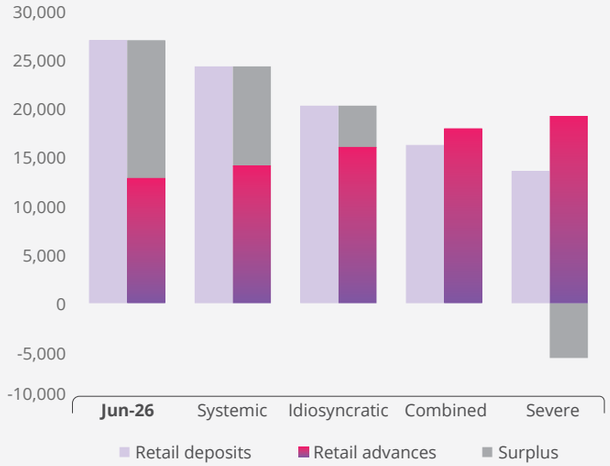
Government assets (R'000)



Liquidity and funding risk are overseen through the Bank's governance framework, with regular monitoring by the Asset and Liability Committee. The Bank's Contingency Funding Plan sets out management actions and escalation processes for a range of liquidity stress scenarios and supports the Bank's ability to respond effectively to unexpected funding or liquidity events.

Stress-testing performed during the reporting period indicated that the Bank remained resilient under a range of severe but plausible liquidity stress scenarios, reflecting its conservative liquidity management approach and strong funding profile.

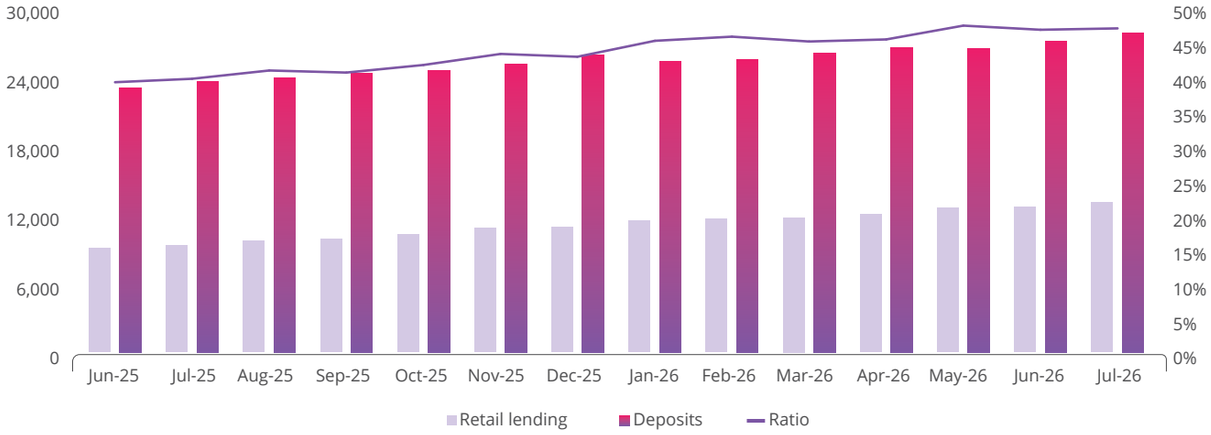
Liquidity stresses – 30 June 2026



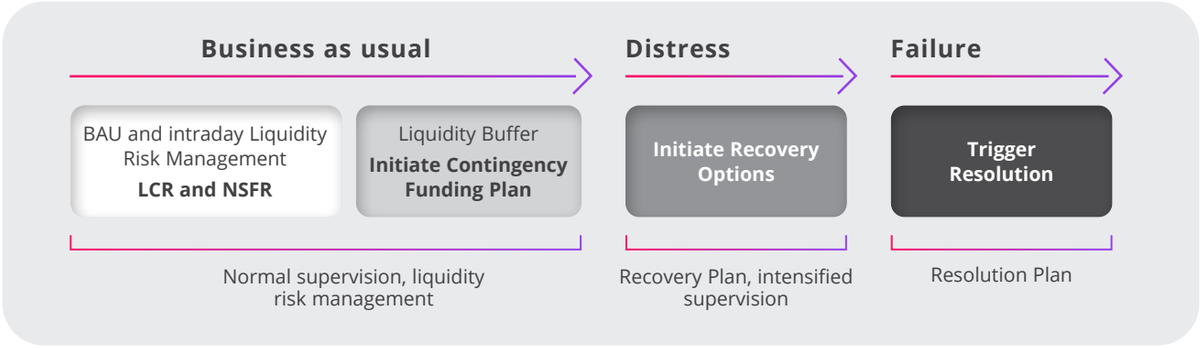
Discovery Bank applies a range of liquidity stress scenarios, including idiosyncratic, market-wide systemic, combined idiosyncratic and systemic, and severe stress scenarios, to assess the resilience of its balance sheet and determine the potential funding outflows that could arise under stressed conditions. The results inform liquidity planning and risk management actions.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

The graph illustrates continued growth in both retail lending and customer deposits over the forecast period, with deposit growth consistently exceeding lending growth. Retail deposits increased from approximately R23.5 billion in June 2025 to R27.5 billion by July 2026, while retail lending grew from approximately R9 billion to R13 billion over the same period. As a result, the deposit-to-loan ratio remained strong and improved from approximately 40% to 47%, demonstrating the Bank's ability to fund lending growth through a stable and growing retail deposit base. This trend supports Discovery Bank's strategy of maintaining a predominantly retail-funded balance sheet, strengthening funding resilience and contributing positively to the Bank's overall liquidity and funding profile.



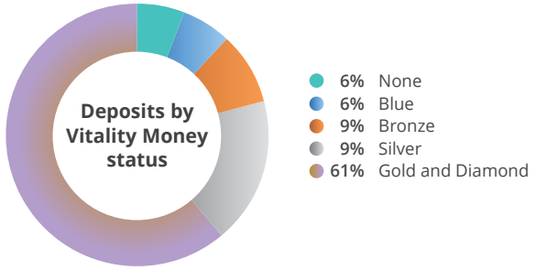
Discovery Bank manages liquidity centrally at the legal entity level. The Bank has no foreign branches and no material foreign subsidiaries and therefore does not face significant restrictions relating to the transferability of liquidity across jurisdictions.



The Bank's Contingency Funding Plan (CFP) forms a key component of its liquidity risk management framework and sets out the processes for identifying emerging liquidity stress through early warning indicators, assessing the severity of stress events, coordinating management actions and utilising available liquidity buffers and alternative funding sources to maintain liquidity resilience.

Discovery Bank manages liquidity through a graduated framework designed to support financial resilience across varying operating conditions. Under normal conditions, liquidity risk is managed through ongoing monitoring of regulatory metrics, including the liquidity coverage ratio and net stable funding ratio and the maintenance of prudent liquidity buffers. Should liquidity stress emerge, the Bank may activate its Contingency Funding Plan and recovery options to restore its liquidity position. In an extreme failure scenario, resolution actions would be implemented in accordance with the Bank's resolution planning framework and applicable regulatory requirements.

A large proportion of Discovery Bank's deposits are held by higher-engagement clients, with Gold and Diamond Vitality Money members contributing 61% of total deposits, followed by Silver members at 19%. Lower status tiers, including Bronze (9%), Blue (6%) and clients with no status (6%), account for a smaller share of the deposit base. The concentration of deposits within the higher Vitality Money status tiers is a positive indicator of funding stability, as these clients typically demonstrate deeper engagement with the Bank's ecosystem, stronger product use and greater behavioural loyalty. This contributes to a more resilient and sticky deposit base, supporting the Bank's funding profile and liquidity management objectives.



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Model risk

HIGH-LEVEL OVERVIEW

Discovery Bank has built out a model governance process that is fit for purpose, controlled and independently assured

Model Policy

A formal Model Risk Policy has been established to define the governance, development, validation, monitoring, and oversight requirements for all models across Discovery Bank.

Model Inventory

A centralised model inventory is maintained to provide a complete record of all models, including ownership, risk ratings, validation status, and review schedules.

Model Risk Governance Committee

The Model Risk Committee meets quarterly to oversee model risk management activities, review key model matters, and ensure appropriate governance and accountability.

Model Assurance

Model assurance is achieved through a combination of independent validation, internal review processes, and annual KPMG audits.

Validation Summaries

Concise one-page validation summaries are prepared to communicate key findings, risks, recommendations, and validation outcomes to stakeholders and governance forums.

Controls and Monitoring

A RACM has been implemented to document key model risk controls and ensure that relevant monitoring, testing, and reporting activities are consistently performed. An independent Internal Audit review is currently underway to assess the effectiveness of the model risk governance framework, controls, and compliance with established requirements.

Discovery Bank maintains a comprehensive model risk management framework to ensure that models are developed, implemented, used, monitored and validated in a controlled and consistent manner. The framework is underpinned by a formal Model Risk Policy, which defines governance requirements, roles and responsibilities and minimum standards across the model lifecycle.

The Bank maintains a centralised model inventory to support effective oversight of model ownership, materiality, risk ratings, validation status and review schedules. During the reporting period, Discovery Bank completed a comprehensive model inventory and assigned model risk ratings across its model landscape. Ongoing efforts are focused on maintaining the inventory, ensuring it remains current and progressing the validation and risk assessment of models in line with the Bank's risk-based model risk management framework.

Independent model assurance is achieved through a risk-based validation programme, supported by internal review processes and periodic independent assurance activities. Validation outcomes, key findings and remediation actions are communicated to management and relevant governance committees through concise validation summaries, promoting transparent decision-making and effective model risk oversight.

The effectiveness of the model risk management framework is further supported through documented controls, ongoing monitoring and regular reporting processes designed to ensure compliance with established standards and the continued appropriateness of models used across the Bank.



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Capital management

Discovery Bank is committed to maintaining a strong capital position to absorb unexpected losses, protect depositors, support business growth and meet regulatory requirements. Capital is managed to ensure an appropriate balance between risk and return while supporting the Bank's strategic objectives.

Risk and capital management

Discovery Bank maintains a comprehensive risk management framework that supports the identification, assessment, monitoring and management of material risks across the business. Capital requirements are assessed against the Bank's risk profile, regulatory requirements and strategic plans so that sufficient capital is maintained under both normal and stressed operating conditions. The Bank complies with the Prudential Authority's minimum capital requirements and conducts a yearly Internal Capital Adequacy Assessment Process (ICAAP) to evaluate capital adequacy relative to its risk profile.

As at 30 June 2026, Discovery Bank's internal capital target comprised the minimum Basel capital requirement of 8.0%, a Pillar 2A systemic add-on of 1.0%, the 2.5% capital conservation buffer and additional Common Equity Tier 1 (CET1) capital held as a management buffer, resulting in a total capital target of 17.0%.

	June 26 (%)
Basel Minimum	8.00%
Systematic add-on (Pillar 2A)	1.00%
Conversation Buffer	2.50%
Additional CET1 Capital	5.50%
Total Capital Ratio (CAR)	**17.00%**

Capital planning

Capital planning is integrated into the Bank's strategic and financial planning processes. The Bank performs regular capital forecasting to assess available capital against projected capital requirements over a multi-year horizon. Forecasts are updated periodically to reflect changes in business growth expectations, risk-weighted asset projections, operating performance and economic conditions.

Capital support and raising

Discovery Bank's capital requirements have historically been supported by its sole shareholder, Discovery Group. Capital injections are in line with the approved business plan and forecast capital requirements, taking into account expected business growth, regulatory capital needs and stress-testing outcomes. Capital adequacy is monitored regularly to make sure that capital resources are sufficient to support the Bank's activities and growth objectives.

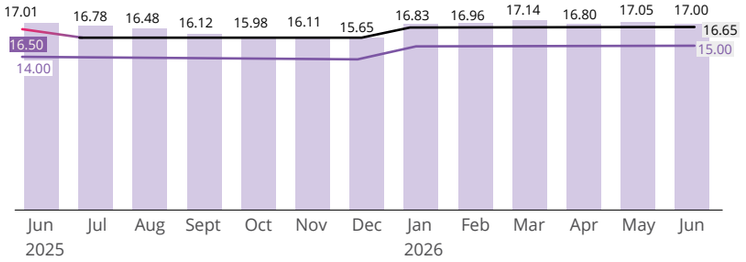
Capital quality

Discovery Bank maintains a conservative capital structure with a strong focus on Common Equity Tier 1 capital, which represents the highest quality form of regulatory capital. The Bank's capital composition supports loss-absorbing capacity and financial resilience while providing flexibility to consider alternative forms of capital as the business matures.

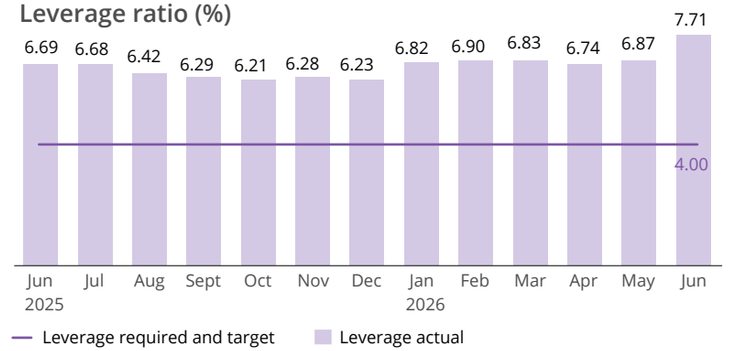
Capital buffers

In addition to meeting regulatory capital requirements, Discovery Bank maintains management capital buffers to provide resilience against unexpected growth, volatility in risk-weighted assets, model uncertainty and forecasting variability. These buffers support the Bank's ability to remain adequately capitalised across a range of operating environments and stress scenarios.

Capital Adequacy ratio (%)



Leverage ratio (%)



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

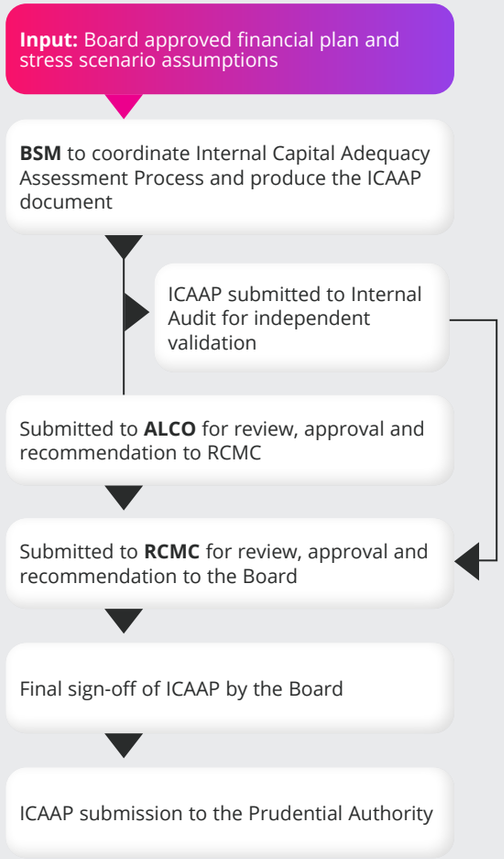
ICAAP

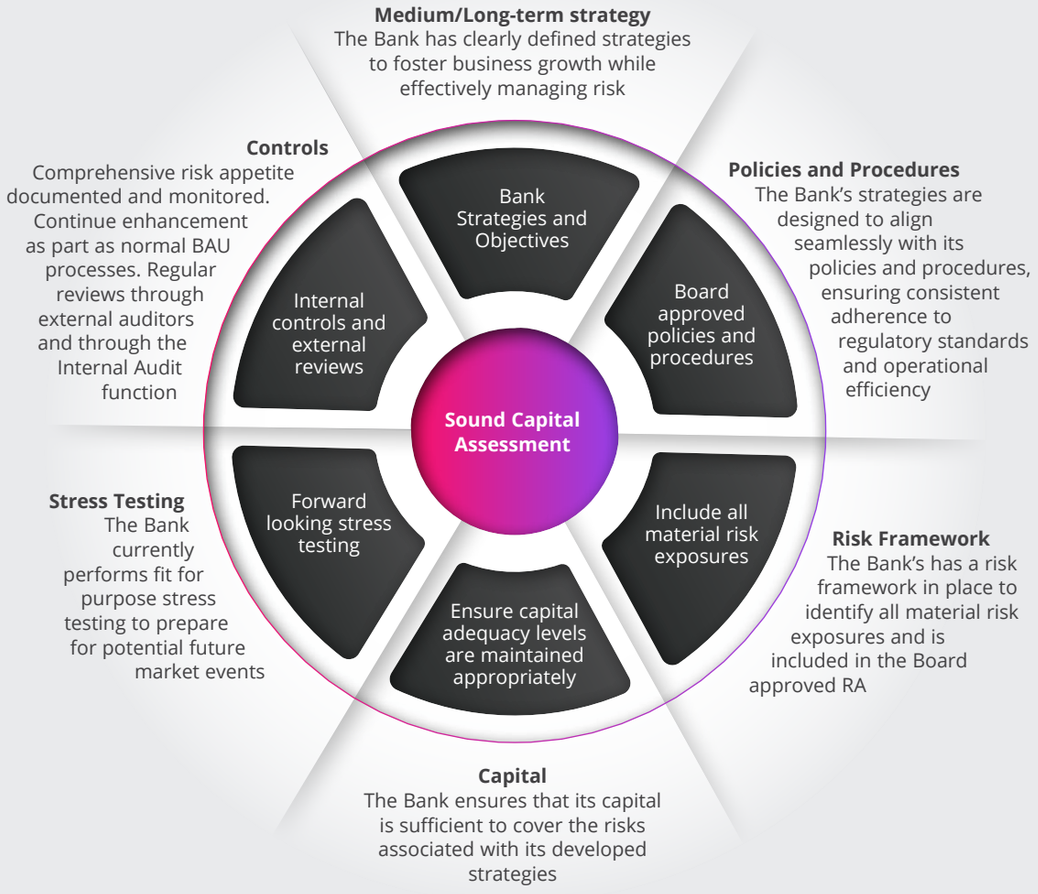
Discovery Bank maintains an Internal Capital Adequacy Assessment Process (ICAAP) to assess the adequacy of its capital relative to its risk profile, strategic objectives and operating environment. The ICAAP supports the Bank's capital planning and risk management processes by ensuring that capital resources remain sufficient to absorb unexpected losses and support sustainable business growth under both normal and stressed conditions.

The ICAAP is underpinned by the Bank's risk management framework, capital management policies, stress-testing capabilities and governance processes. The assessment considers all material risks facing the Bank and is supported by forward-looking capital projections, stress-testing and management actions so that capital remains in line with the Bank's risk appetite and strategic objectives.

The ICAAP is reviewed yearly through a robust governance process and is subject to independent review. Oversight is provided by management and Board governance committees, including the Asset and Liability Committee (ALCO), the Risk and Capital Management Committee (RCMC) and the Board, prior to submission to the Prudential Authority.

The ICAAP framework is illustrated below and demonstrates how strategic planning, risk management, capital assessment, stress-testing and governance processes are integrated to support sound capital management.





Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Stress-testing

Discovery Bank maintains a comprehensive stress-testing framework to assess the potential effect of adverse economic, market and idiosyncratic events on its capital and liquidity positions. Stress scenarios are designed to reflect the Bank's size, complexity and risk profile and include a range of severe but plausible conditions, as well as less severe stressed environments. This approach provides management with a forward-looking assessment of the Bank's resilience under varying levels of stress.

ST 1 Stress-testing frameworks should have clearly articulated and formally adopted objectives.

ST 2 Stress-testing frameworks should include an effective governance structure.

ST 3 Stress-testing should be used as a risk management tool and to inform business decisions.

ST 4 Frameworks should capture material and relevant risks and apply stresses that are sufficiently severe.

ST 5 Resources and organisational structures should be adequate to meet stress-testing objectives.

ST 6 Stress tests should be supported by accurate and sufficiently granular data, and by robust IT systems.

ST 7 Models and methodologies to assess the impacts of scenarios and sensitivities should be fit for purpose.

ST 8 Stress-testing models, results and frameworks should be subject to challenge and regular review.

ST 9 Stress-testing practices and findings should be communicated within and across jurisdictions.

The stress-testing framework supports risk management, capital planning and recovery preparedness by identifying potential vulnerabilities and evaluating the effectiveness of management actions. Stress-testing outcomes are assessed against established risk appetite measures and capital thresholds, with appropriate corrective actions considered where required.

Capital and liquidity stress-testing are integral components of the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and liquidity risk management framework. The results are used to inform capital planning, liquidity management, strategic decision-making and recovery planning, ensuring that the Bank maintains sufficient financial resources under both normal and stressed operating conditions.

Discovery Bank's stress-testing framework is in line with the Basel Committee on Banking Supervision's Stress-Testing Principles and is subject to ongoing review to ensure continued relevance and effectiveness as the Bank evolves.



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Recovery plan

Recovery planning forms an integral part of Discovery Bank's risk management framework and supports the Bank's ability to respond effectively to severe capital, liquidity or operational stress events while maintaining its viability as a going concern. The recovery plan sets out a range of credible management actions that may be implemented to restore financial resilience and preserve critical operations during periods of significant stress.

The recovery plan is integrated with the Bank's broader risk management framework, including the Internal Capital Adequacy Assessment Process (ICAAP), Contingency Funding Plan (CFP), risk appetite framework, stress testing programme and key risk indicators. This integration supports the timely identification, escalation and management of emerging risks while ensuring consistency across risk, capital and liquidity management practices.

Discovery Bank applies a graduated approach to stress management. Under normal operating conditions, key risk indicators and early warning indicators are monitored against approved thresholds. As conditions deteriorate, the Bank may activate elements of its Contingency Funding Plan and other management actions to address emerging risks and maintain financial resilience. Should conditions worsen further, recovery actions may be implemented to restore the Bank's capital, liquidity and operational position before resolution measures become necessary.

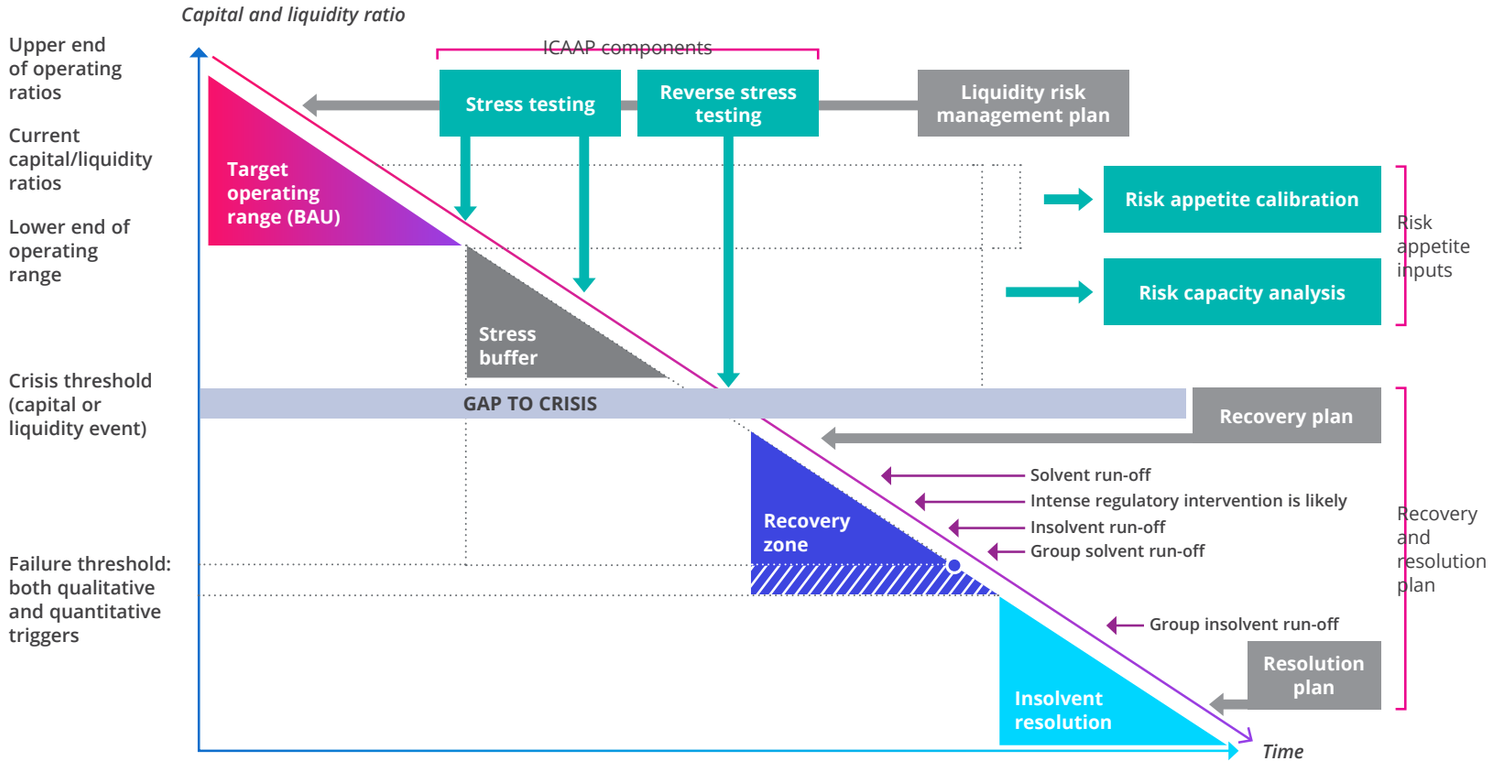
The recovery plan is supported by a structured framework that links predefined recovery triggers to severe but plausible stress scenarios. For each scenario, the Bank assesses the potential effect on capital, liquidity and operations and evaluates recovery options aimed at restoring financial resilience. These options are assessed for feasibility and sustainability so that they remain credible, executable and effective under stressed conditions.

Stress-testing is an important component of this process, and recovery triggers are in line with the Bank's risk appetite framework to provide sufficient time for management intervention before viability is threatened.

The effectiveness and relevance of the Recovery Plan are reviewed regularly through the Bank's governance processes, including periodic testing, yearly updates and independent assurance activities. This helps ensure that the framework remains appropriate for the Bank's size, complexity and risk profile and continues to support financial resilience under stressed conditions.

This integration is illustrated in the 'slippery slope' diagram below.

Positioning the recovery zone of a financial institution



Recovery zone graph provided by EY

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Governance and oversight of climate-related strategy and risk

Oversight of climate-related strategy, developments, risks and opportunities is maintained at Discovery Group Board level, with the Group Chief Executive serving as the primary champion. The Board has delegated specific responsibilities to relevant Board committees, which oversee climate-related risk management, performance, information and decision-making.

Discovery Bank manages climate-related and broader sustainability risks through Discovery Group's enterprise risk management framework. The framework supports a consistent approach to identifying, assessing, treating, monitoring and reporting risk across the Group. The Bank applies this framework, where relevant, using the same risk management disciplines applied to other material risks.

Climate-related risk assessments are considered against approved risk appetite and tolerance levels. Mitigating actions are embedded in relevant business processes, controls and governance structures. Material risks, changes in exposure and progress against treatment actions are monitored through established risk governance processes and escalated to executive and Board forums where required.

Committee responsibilities

Group Risk and Compliance Committee

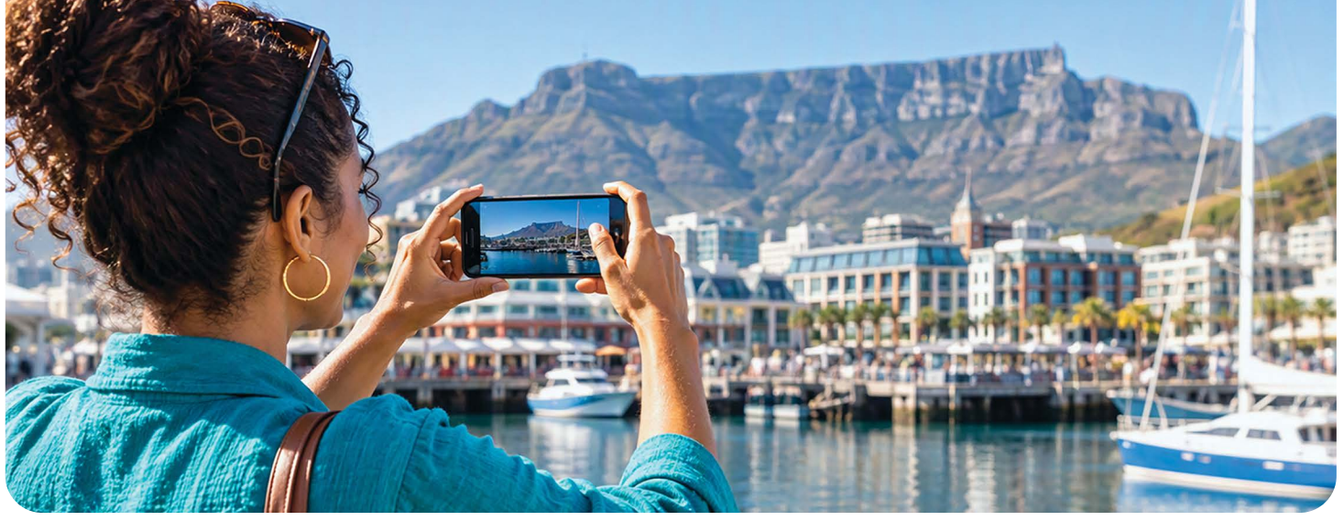
Oversees the management of climate-related risks and opportunities, including relevant disclosures. The committee is supported by the Group Chief Risk Officer, who ensures that risk management policies and frameworks appropriately address climate-related risks. These risks are monitored across the business and the Group and are incorporated into regulatory reporting.

Social and Ethics Committee

Monitors performance against the Group Climate Change Strategy, including progress against relevant energy, water, waste and climate programme metrics, targets and action plans.

Remuneration Committee

Oversees the Group scorecard, which incorporates financial and sustainability performance measures linked to executive remuneration.



Climate-related risk management

Climate-related risks and opportunities are considered over short-, medium- and long-term horizons in line with Group strategic and planning timeframes. Given uncertainty regarding the timing and effect of these risks, the Bank considers both transition and physical risks across relevant planning horizons and business activities.

Potential impacts include operational resilience, the credit performance and collateral value of retail lending portfolios, customer behaviour, funding and capital considerations, regulatory expectations and the Bank's operational emissions profile.

TRANSITION RISK

Transition risk arises from the shift to a lower-carbon and climate-resilient economy and includes changes in policy, regulation, technology, markets and stakeholder expectations. These developments may create financial, legal, operational and reputational risks as the Bank responds to an evolving climate landscape.

PHYSICAL RISK

Physical risk arises from the acute and chronic effects of climate change, including extreme weather events, high rainfall and flooding, high temperatures, drought and rising sea levels. These risks may affect operations, critical infrastructure, service continuity, suppliers, customer affordability, collateral values and credit risk exposures.

Strategy, risk profile and management actions

The Group Climate Change Strategy and Net-zero Transition Plan set out the Group's commitment to achieving net zero by 2050 or sooner. Based on the latest assessments, climate-related risks remain within appetite, supported by ongoing management actions to strengthen the response to transition and physical risks.

- Implementing and monitoring delivery of the Group Climate Change Strategy and Net-zero Transition Plan
- Strengthening procurement and third-party engagement processes
- Improving climate-related public disclosures
- Enhancing climate-related data, monitoring and assessment capabilities
- Further integrating climate-related considerations into governance, risk management, strategic planning and operational resilience processes

Transition risks are expected to emerge sooner for Discovery Bank through evolving policy, regulatory and stakeholder expectations. Physical risks are not currently considered material but may become more relevant over time through potential effects on operations, customers and financed residential property exposures.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

PRINCIPAL TRANSITION RISK CATEGORIES

Policy and regulatory risk: Evolving climate-related policy, regulatory and disclosure requirements, increasing stakeholder expectations and broader sustainability developments may influence strategy, governance, reporting, operations and longer-term decision-making.

Legal risk: Climate-related litigation and regulatory scrutiny are increasing globally, with a focus on corporate accountability, environmental claims, greenwashing, climate commitments and the accuracy of sustainability-related disclosures. Risk may arise where statements, commitments or disclosures are perceived to be misleading, incomplete or unsupported.

Reputational risk: Stakeholder expectations for responsible business action and transparent progress continue to increase. A perceived gap between climate-related commitments, reported progress and stakeholder communications may affect confidence and reputation. Local energy constraints and reliance on broader sectoral decarbonisation may also influence delivery against emissions-related objectives.

Market risk: Changing customer, investor and stakeholder expectations may create risk where products, services or strategic responses do not keep pace with transition-related developments. Transition pressures may also affect economic activity, customer affordability, funding conditions, investment valuations and demand for products or solutions supporting resilience and decarbonisation.

Technology risk: The use of digital infrastructure, cloud computing, data centres and AI-enabled technologies may increase energy demand and emissions across financial services. This is relevant to a digital bank, although decarbonisation progress is partly dependent on key technology providers. The Group monitors this risk through its climate transition, procurement, third-party risk management and operational resilience processes.

PHYSICAL RISK EXPOSURE

Physical climate risks may affect Discovery's primary markets through acute events, including flooding, hailstorms and heatwaves, and chronic changes, including rising temperatures, drought and water scarcity. For Discovery Bank, these risks are most relevant where they may disrupt operations, premises, critical infrastructure, utilities, telecommunications, transport, data centres and key service providers, with potential implications for operational resilience, business continuity, crisis management and recovery planning.

The Bank's direct credit exposure remains limited. Physical risk may, however, become more relevant as the home loan portfolio grows, particularly where extreme weather events could affect financed residential properties, collateral values or customer affordability. This exposure is mitigated through compulsory building insurance and will continue to be monitored, including in higher-risk geographic areas.

Climate-related initiatives

Discovery Green

Discovery Green, launched in September 2023, is a renewable energy platform that enables electricity wheeling and supports business access to clean and affordable power. The platform provides greater electricity price certainty and supports businesses seeking to reduce their carbon footprint and strengthen energy resilience.

Discovery Bank and Vitality

Discovery Bank's predominantly digital operating model supports environmentally responsible practices by limiting the environmental effect associated with a physical branch network. The Bank has also surveyed home loan clients to assess awareness of and interest in sustainable home solutions, including renewable energy products and to identify opportunities for value-added services.

Vitality, the Group's behaviour-change platform, uses insights from behavioural economics, clinical science, driving behaviour and personal financial management to encourage positive behaviour change. Its interventions are intended to improve long-term risk outcomes, including those related to climate change.



Building scale, delivering results
Strategy and business model
Risk management philosophy
Governance structure
Compliance with the principles for effective risk data aggregation and risk reporting (RDARR)
Key risks
Capital management
Climate-related initiatives
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

03

Remuneration



Building scale, delivering results

Strategy and business model

Risk management philosophy

Remuneration

- Remuneration principles
- Remuneration goverancnce
- Remuneration elements

Quantitative tables and templates

Qualitative tables

Abbreviations

Remuneration

Material risk takers:
Material risk-takers are employees whose professional actions have a material impact on the Bank's overall risk exposure. Discovery Bank defines material risk takers as the members of the Discovery Bank Executive Management team who are also Executive Directors of Discovery Bank.

Senior management:
Discovery Bank defines senior management as the CEO's direct reports who are members of the Executive committee, excluding the Executive Directors of Discovery Bank.

At Discovery Bank, we recognise that our people are central to our success. We foster a culture of innovation, exceptional client service, integrity, continuous learning and purposeful work. By empowering our employees to realise their full potential, we strengthen our ability to achieve our ambition of building South Africa's best bank, globally recognised for its shared-value banking model that improves financial wellbeing, and enhances and protects lives.

We are committed to offering competitive total rewards that enable us to:

Attract, retain and motivate high-calibre people from diverse backgrounds who have the right mix of skills, experience and knowledge to deliver on the strategy

Encourage and incentivise performance and reward employees who exceed their objectives

Align the financial wellbeing of our employees with the economic interest of our shareholders and the needs of our clients to deliver sustained long-term value guided by our shared-value model

Provide an environment that encourages innovative thinking and extraordinary performance

Bring consistency, transparency, fairness and equity to pay principles, which will increase trust and employee engagement

Recognise differences in individual performance, value and contribution through a flexible approach that ensures fair pay levels and defensible decisions

Align with good corporate and reward governance and our risk management framework

Strengthen our desired owner-manager culture that is consistent with our core purpose and values.

We balance a flexible approach that recognises differences in individual performance, contribution and value creation, with a consistent remuneration framework that promotes fairness, equity, and informed pay decisions.

Remuneration principles

- To succeed, we must have talented people in the right roles. We strive to offer pay packages that are competitive in the market.
- 'Pay-for-performance' is at the heart of our remuneration philosophy. We encourage all employees to set and achieve ambitious goals that match the objectives of the company – exceptional performance is recognised and rewarded.
- We believe in pay that is right and fair – we conduct regular salary surveys, both internally and externally, to ensure fairness and consistency across the business.
- We recognise that pay is not the only reason why employees join and stay at Discovery Bank, but it is of significant concern if it is not right or equitable.
- We are non-discriminatory – all remuneration policies and practices are free from unfair discrimination based on race, gender, age, religion, marital status, sexual orientation and ethnic or social origin.
- We employ a total cost-to-company (CTC) approach to remuneration, which includes both financial and non-financial components.
- Our short-term incentive schemes are designed to encourage, recognise and reward performance and are based on rigorous objective setting and measurement, while allowing sufficient flexibility to respond to different business needs.
- Our long-term incentive schemes create a sense of ownership in the company, and specific schemes are designed for start-ups to encourage an entrepreneurial mindset and retention.
- Our remuneration policy empowers managers to make educated and defensible pay decisions.
- The Bank Remuneration Committee (REMCO) governs all reward policies and practices.
- We align with the Discovery Group on remuneration matters, except where there is a justifiable reason for taking a different approach.
- We have no contractual commitments to provide any payment to the executives due to change of control or termination of employment, beyond compliance with the applicable statutory requirements, and any amounts due in terms of the applicable conditions of Discovery's share plan.
- The remuneration of heads of control functions is not predominantly linked to the financial performance of Discovery Bank and is consistent with the long-term strategy and the financial soundness of Discovery Bank.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Remuneration principles
Remuneration goverancnce
Remuneration elements
Quantitative tables and templates
Qualitative tables
Abbreviations

Remuneration governance

The Discovery Bank Board is ultimately responsible for the remuneration policy and has mandated the Bank's Remuneration Committee (REMCO), a Board committee consisting of Non-executive Directors, to assist in fulfilling its responsibilities for making sure that total rewards are fair and responsible.

The purpose of the REMCO is to consider, agree on and recommend an overall reward policy and framework for Discovery Bank to the Board. This framework recognises the interests of all relevant stakeholders and is aligned with the regulatory environment, long-term business strategy, risk appetite and organisational values. In discharging this purpose, the key responsibilities of the REMCO are to:

- Approve and monitor adherence to the reward policy.
- Ensure alignment with the latest governance standards and risk appetite.
- Review and approve all short- and long-term incentive structures and monitor overall liability.
- Approve targets for short-term incentives to ensure alignment with Discovery Bank's business plan.
- Regularly review incentive schemes to ensure alignment with and continued contribution towards shareholder value.
- Approve and report to the Board all reward elements for the CEO and other directors.
- Review total reward packages for executive management on an annual basis.
- Review and approve the annual salary increase parameters.
- Achieve a balance between alignment with the Discovery Group and alignment with the banking sector, understanding where differences are required and why.
- If appropriate, amend the performance criteria for variable remuneration should extraordinary circumstances arise, in consultation with the Discovery External Remuneration Committee (D-ERC).
- Recommend the base for Non-executive Directors' fees to the Board for approval.

The REMCO receives input and recommendations from the CEO of the Bank and takes into consideration recommendations from the Discovery Internal Remuneration Committee (D-IRC) (comprising the executive directors and business unit CEOs). The D-IRC is responsible for:

- Providing detailed analysis and research-based recommendations to the REMCO.
- Ensuring the remuneration packages of management and employees in general (except for directors) are in line with the policy.
- Implementing the increase and incentive processes and reporting any anomalies to D-ERC and the REMCO.
- Recommending new Group-wide schemes and scheme restructures to the D-ERC and REMCO.

The REMCO uses the services of several advisors to assist in tracking market trends related to all levels of employees. The following advisers or companies are used for benchmarking purposes:

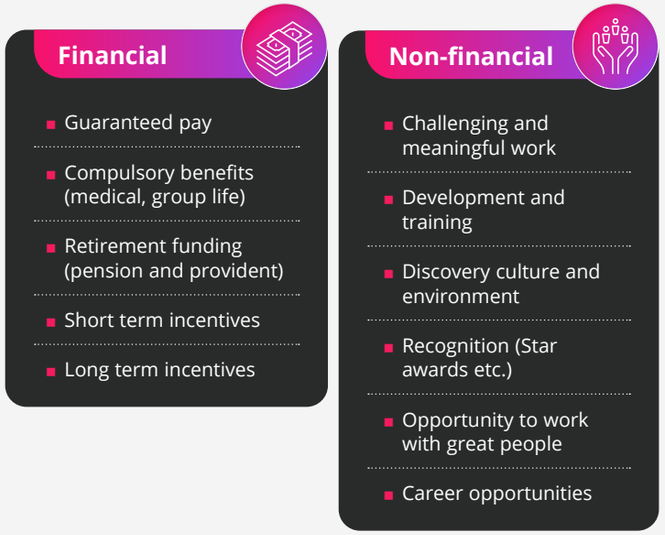
- Remchannel – used for external market benchmarks on an ongoing basis.
- Bowman Gilfillan – used for benchmarking Director and Executive remuneration.

The Discovery Bank Remuneration Policy applies to all employees and directors of Discovery Bank, subject to the specific eligibility requirements of the relevant remuneration arrangements. The Bank operates in South Africa and does not have foreign branches or subsidiaries to which the policy must be applied.

Total value proposition

Our total rewards approach encompasses both financial and non-financial elements. The financial elements are explained in the sections that follow.

Value proposition categories:



Our reward philosophy reflects an appropriate balance between fixed and variable remuneration, with the proportion of pay linked to performance increasing at more senior organisational levels. We provide competitive guaranteed remuneration aligned to market benchmarks, while offering opportunities for employees to earn additional performance-based incentives. This approach recognises and rewards strong performance, enabling top performers to achieve total reward outcomes above market levels.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Remuneration principles
Remuneration goverancnce
Remuneration elements
Quantitative tables and templates
Qualitative tables
Abbreviations

Remuneration elements

The remuneration policy covers four Remuneration elements, although not all employees participate in all elements



1 Guaranteed monthly salary

Our total cost-to-company approach is designed to provide employees with flexibility and choice when it comes to compulsory benefits. All permanent non-sales employees, regardless of level, receive a guaranteed component of remuneration, consisting of:

- Basic salary.
- Compulsory benefits (medical aid, provident and pension funds, group life cover).

Employees choose:

- The Discovery medical aid plan that best suits them (Discovery membership is compulsory for all employees unless they are a dependant on their spouse's scheme).
- Their contribution level to the provident fund, ranging from 7.5% to 22.5% of their guaranteed package or base pay. Their compulsory pension fund contribution is set at 5%.
- The structure of their provident fund portfolio, with a choice of conservative, moderate and aggressive funds.
- Employees who work in sales environments typically receive a variable monthly remuneration linked directly to their sales productivity relative to target. The expected monthly salary or 'deemed salary' is used to calculate benefits.

Discovery uses independent external service providers to benchmark salaries paid to employees against salaries paid by other financial services companies in South Africa. Benchmarking exercises are completed at least annually to keep track of market movements. They consider factors such as industry, company size (revenue, profit, number of employees), and availability of skills. Discovery does not differentiate pay on arbitrary grounds and strives to make sure that employment processes do not result in unfair pay differentials.

Discovery targets the market-median guaranteed pay level per role. However guaranteed pay can be:

- Above the median to attract top talent, particularly in scarce and critical skill areas, and to retain top talent
- Below the median for people who are part-qualified or new to their role and still need to grow fully into the role.

Annual salary review process

The annual salary review process provides an opportunity to adjust salaries in line with the market and takes place from April to June each year, with salary increases effective from 1 July. D-ERC recommends the overall percentage increase to the salary bill, taking into account benchmarking to understand market trends, particularly scarce and critical skills, changes to the national cost of living, and business performance and affordability. Performance is primarily rewarded through incentive structures, not through the salary increase process. An employee must be employed for a minimum of three months to be part of the review process. Any increase may be moderated for length of service and time in the role. This three-month exclusion may not apply in certain instances.

The REMCO approves the annual increase parameters for Bank employees, taking cognisance of any specific trends in the banking sector as well as the D-ERC decision.

Interim increases may be awarded during the year at the discretion of senior management under the following circumstances:

- Successful internal recruitment into a higher-paying role.
- Achieving a higher qualification for certain skills.
- Promotion to a higher level.
- Equity considerations to correct unjustifiable income differentials.
- Retention of key individuals.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Remuneration principles
Remuneration goverancnce
Remuneration elements
Quantitative tables and templates
Qualitative tables
Abbreviations

2 Monthly performance-based pay

'Pay-for-performance' is at the heart of our pay philosophy and, as a result, most permanent employees also have an opportunity to earn performance-based pay. Employees are encouraged to strive to exceed their objectives while having regard for good regulatory practices and appropriate risk management.

In many of the operational areas of the business where performance is highly measurable, monthly pay is made up of:

- Guaranteed monthly salary.
- Performance-based pay.

The performance element ensures alignment between company goals and individual performance and allows top performers to significantly enhance their earnings. Targets are reviewed and adjusted as required at the discretion of management to drive continuous improvement in the areas concerned.

Using this model, top-performers earn well above the market benchmark for the role and are retained and motivated in this way to keep performing.

3 Short-term incentive schemes

Short-term incentive schemes are designed to encourage and reward performance at every level. Different business areas run different schemes based on business priorities, and, therefore, scheme structures (pay out percentages, pay periods, and calculations) vary by scheme. Typically, short-term schemes span 6 to 12 months. To receive payment, an employee must have been employed for a minimum of three months in the period and have not left at the time of payout. All schemes are performance-based and reward delivery against pre-agreed stretch targets, which may be at an individual, team, Bank or Group level:

- At staff and team-leader levels, payments may be twice-yearly or yearly, depending on the scheme. Measures are set by management and aligned with business goals and continuous improvement.
- Sales teams participate in production-related incentives that apply to their roles.
- At Manager, Divisional Manager and equivalent specialist levels, employees participate in the twice-yearly management incentive scheme, which considers both personal and business performance against objectives and pays a cash award (short-term incentive) on a twice-yearly basis.
- Based on talent retention considerations, some managers and divisional managers may receive a deferred award (long-term incentive).

4 Long-term incentive schemes

SINGLE INCENTIVE PLAN

The Single Incentive Plan (SIP) applies to Deputy General Manager and levels above. The scheme rewards the delivery of key financial and non-financial objectives consistent with the Discovery Group and Bank strategy, measured over the short and long term. The Single Incentive Plan pays out in a combination of cash and deferred shares.

The Single Incentive Plan is based on annual performance at Group, Bank and individual level, assessed against financial (quantitative), and non-financial (qualitative), measures. D-ERC sets the Group short and long-term performance measures, targets and weightings annually to reflect Discovery's key financial, operational and strategic priorities. The Group scorecard includes:

- 70% financial measures (Profit, HEPS, ROE and Revenue) – increased from 65% in FY2025.
- 30% non-financial measures (Customers, ESG, Strategy and People).

The Group financial measures will be measured on a three-year trailing basis from FY2024 onwards. The threshold and stretch performance levels are generally set symmetrically to the target. A score of 100% is provided for target performance for each measure, with 0% for performance below threshold, 50% at threshold, and 150% at stretch and above, with linear interpolation between these levels.

The Bank performance scorecard is approved by the REMCO on a twice-yearly basis. Typically, the scorecard includes the following elements:

- Profit/loss.
- Business growth (new business).
- Client service perception.
- Innovation and product development.
- Employment equity.

Each measure has a weighting which is applied to the score. If a score of less than 50% is achieved for any individual measure, then the weighted outcome for that measure will be zero. The sum of the weighted scores results in the overall Bank score.

D-ERC retains the discretion to consider performance holistically and, if needed, adjust any formulaic outcomes to ensure that final remuneration awards align with Discovery's sustainable performance and core purpose. Also, the Single Incentive Plan enhances Executive Directors' alignment with shareholder expectations.

Award outcomes are assessed annually after year-end based on the following formula: Annual SIP Value = Annual CTC x SIP % x Performance Multiplier (Group, individual and Bank).

The 'Annual SIP Value' is then split between a cash portion and a deferred portion with the mix determined by level of management. The deferred portion vests in the third, fourth and fifth years for Group Directors and the first, second and third years for other participants, without further performance conditions and based on continued employment, subject to malus and clawback provisions. Deferred awards are implemented using group deferred shares and are governed by the rules of the Long-term Incentive Plan scheme, settled by delivery of Discovery shares on the vesting date. A cash drawdown is paid in March of each year based on H1 business and individual performance.

Once the proposed Single Incentive Plan methodology is applied to determine the single incentive pool for the year, it is tested against the following safeguards (at a Discovery Group level):

- 'Clip-rate' safeguard: The total cost of the year's Single Incentive Plan – including the value of the cash portion and the at-grant value of the deferred share awards – as a percentage of the normalised operating profit, pre-tax and incentive expenses attributable to the year, should not exceed 12% of normalised profits, except in exceptional circumstances approved by D ERC.
- 'Burn-rate' safeguard: The total number of Discovery share awards included in the deferred awards should not exceed 1% of Discovery issued shares, except in circumstances approved by D-ERC.
- Should either of these safeguards be breached, D-ERC will apply discretion to adjust the cash or deferred share awards of the annual Single Incentive Plan award to address these breaches.

In addition to the Single Incentive Plan , the Bank CEO and a small number of key executives participate in an outperformance Single Incentive Plan (OPSI). This plan runs over four years and is linked to achievement of the Bank's ambitious goals. It is intended to motivate and incentivise these key executives to drive for outperformance. The scheme is aligned with the principles of the SIP, is self-funding and is share-settled, with shares vesting over three years. The CEO does not participate in the Bank Start-Up Incentive Plan.

In FY2026, D-ERC and the REMCO approved the implementation of a governance moderator to be used in instances where there has been an error, issue or control failure with a material financial and/or reputational impact on the Group or Bank. Only senior employees' performance scores will be affected by the moderator, which could include South African Group Executive Committee members only or Bank Executive Committee members.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Remuneration principles
Remuneration goverancnce
Remuneration elements
Quantitative tables and templates
Qualitative tables
Abbreviations

4 Long-term incentive schemes continued

BANK START-UP LONG-TERM INCENTIVE PLAN (EQUITY SETTLED)

Discovery created a bank-specific Long-term Incentive Plan (Bank-LTIP) to enable members of the executive team and other key individuals to share in the success of the business while ensuring their long-term retention. Participants will share in the 'value created', which references the growth in the value of Discovery Bank's business after capital invested and interest, thereby ensuring alignment of participants' interests with the longer-term strategic goals of Bank. The value created will be settled in Discovery Limited shares. This scheme finishes in FY2026 with payments in 2026, 2027 and 2028.

HISTORICAL LTIP AWARDS (MADE UP TO 2021): VESTING AND VESTING CONDITIONS

The LTIP allocations up to and including 2021 will continue to vest as per the rules of each award. Vesting is subject to performance conditions which are measured on a compound basis over the full life of the award.

A portion of the LTIP awards to General Managers, Deputy General Managers, Divisional Managers and Managers is not subject to performance conditions but is largely aimed at retention and remaining aligned with the market from a total pay perspective. These awards remain subject to share price increases and decreases. Awards to Directors and Sub-Directors depend fully on the performance measures for vesting and share price movement for value. The Discovery Group LTIP performance conditions that apply for grants up to and including 2021, are aligned to the organic growth methodology.

Vesting of allocated awards is capped at 100%. Where the performance criteria are not fully met, vesting of the percentage not achieved will lapse in the respective years. As the overall vesting is capped at 100%, outperformance in one measure may only contribute towards mitigating underperformance in another measurement category. Any outperformance 'subsidy' must be approved by D-ERC.

All bonus schemes are non-contractual and discretionary and may be changed by the REMCO with input from the Discovery remuneration committees. To qualify for payment for any incentive, a participant must be employed on the date of payment.

5 Malus and clawback

In accordance with the malus and clawback policy, subject to a trigger event, Discovery has the right to clawback the incentive remuneration amount from a participant for a period of three years from the date of payment or vesting, as applicable.

Trigger events can include:

- A material misstatement of the financial results resulting in an adjustment in the audited consolidated accounts of Discovery Bank or Discovery Bank Limited.
- In the case of awards which are subject to the achievement of performance conditions, the assessment of any performance metric or condition for an award or payment which was based on error, or inaccurate or misleading information.
- The fact that any information used to determine the quantum of an incentive remuneration amount was based on error, or inaccurate or misleading information.
- The action or conduct of a participant which, in the reasonable opinion of the Board, amounts to serious misconduct or gross negligence.
- Any events or behaviour of a participant or the existence of events attributable to a participant which led to the censure of Discovery, Discovery Bank or a member of the Group, by a regulatory authority or which have had a significant detrimental effect on the reputation of Discovery or Discovery Bank.

6 Vesting after termination of employment

Following an employee's termination of employment, the following vesting criteria will apply:

- Retirement at 65 or above and disability: the unvested shares will continue to vest on the original vesting dates and are not prorated for time served.
- Early retirement between 60 and 65 and good leavers: The vesting for good leavers and for early retirement between the age of 60 and 65 will be discretionary based on tenure and performance, subject to approval by D-ERC for General Managers and above, and by the REMCO for employees below General Manager.
- Resignation: the unvested shares will be forfeited.
- Death: the unvested shares will immediately vest at 100% performance, where applicable.

7 Contract terms for executive directors and prescribed officers

All executive directors and prescribed officers are employed under employment contracts. Employment contracts can be cancelled with between one- and three-months' notice by either the executive or Discovery.

8 Guaranteed bonuses, sign-ons, buy-outs, retention and restraint of trade payments

The Bank remuneration policy provides for additional payments which could be made to employees. All additional payments are made when deemed necessary to attract and retain critical employees. These are approved by the Bank Executive Committee, and for Executives, by the REMCO and are disclosed appropriately.

9 Non-executive Directors

Bank independent Non-executive Directors receive a combination of fixed and meeting attendance fees for their participation on the Bank Board and Board Committees. Independent Non-executive Directors do not receive annual incentive awards. The REMCO reviews the fees paid to Non-executive Directors annually. On a three-yearly cycle, fees are benchmarked to other local financial services companies with similar market capitalisations to make sure the fees are competitive. Recommendations are made to the Bank Board for consideration and recommendation to shareholders.

The Chairperson of the Board receives an all-inclusive retainer and does not receive any other fees or retainer for attending at Board or Committee meetings.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Remuneration principles
Remuneration goverancnce
Remuneration elements
Quantitative tables and templates
Qualitative tables
Abbreviations

04

Quantitative tables and templates



Building scale, delivering results

Strategy and business model

Risk management philosophy

Remuneration

Quantitative tables and templates

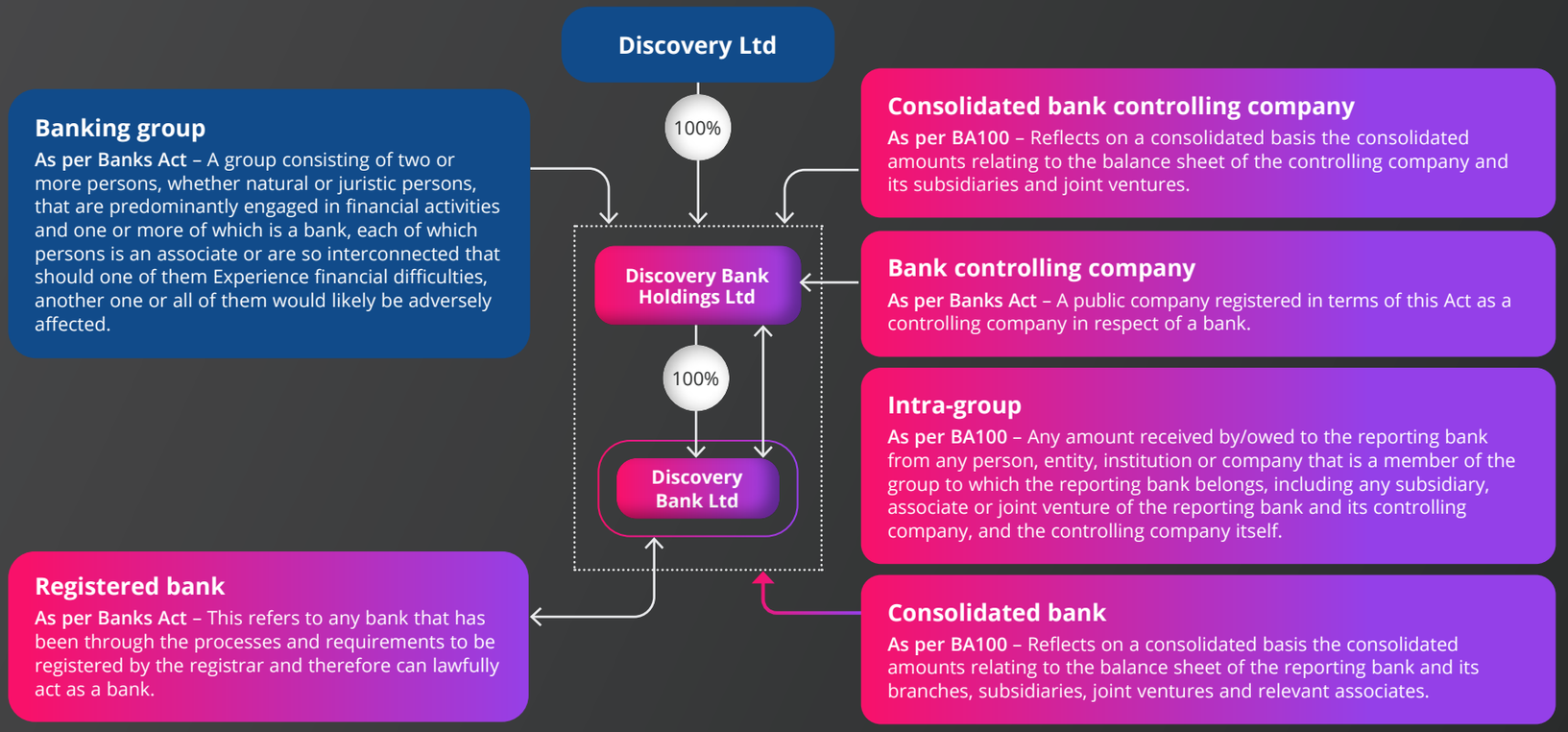
Qualitative tables

Abbreviations

Quantitative **tables and templates**

Over the past year, Discovery Bank has continued to innovate, introducing new products that move us closer to our vision of becoming the leading bank in the country. Our liquidity position remains robust, and the growth in our retail assets book reflects the impact of recent product enhancements. The team's exceptional efforts are clearly demonstrated in the performance figures shown in the tables.

The legal entity structure of Discovery Bank



Banking group
As per Banks Act – A group consisting of two or more persons, whether natural or juristic persons, that are predominantly engaged in financial activities and one or more of which is a bank, each of which persons is an associate or are so interconnected that should one of them Experience financial difficulties, another one or all of them would likely be adversely affected.

Consolidated bank controlling company
As per BA100 – Reflects on a consolidated basis the consolidated amounts relating to the balance sheet of the controlling company and its subsidiaries and joint ventures.

Bank controlling company
As per Banks Act – A public company registered in terms of this Act as a controlling company in respect of a bank.

Intra-group
As per BA100 – Any amount received by/owed to the reporting bank from any person, entity, institution or company that is a member of the group to which the reporting bank belongs, including any subsidiary, associate or joint venture of the reporting bank and its controlling company, and the controlling company itself.

Consolidated bank
As per BA100 – Reflects on a consolidated basis the consolidated amounts relating to the balance sheet of the reporting bank and its branches, subsidiaries, joint ventures and relevant associates.

Registered bank
As per Banks Act – This refers to any bank that has been through the processes and requirements to be registered by the registrar and therefore can lawfully act as a bank.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

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 30 June 2026	As at 31 March 2026	As at 31 December 2025	As at 30 September 2025	As at 30 June 2025
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	2,468,234	2,108,854	1,871,016	1,789,025	1,815,676
2	Tier 1	2,468,234	2,108,854	1,871,016	1,789,025	1,815,676
3	Total capital	2,574,803	2,208,499	1,964,444	1,876,993	1,894,100
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	15,127,960	12,863,810	12,531,356	11,620,139	11,115,004
4a	Total risk-weighted assets (pre-floor)	15,127,960	12,863,810	12,531,356	11,620,139	11,115,004
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	16.32%	16.39%	14.93%	15.40%	16.34%
5a	CET1 ratio (%) (pre-floor)	16.32%	16.39%	14.93%	15.40%	16.34%
6	Tier 1 ratio (%)	16.32%	16.39%	14.93%	15.40%	16.34%
6a	Tier 1 ratio (%) (pre-floor ratio)	16.32%	16.39%	14.93%	15.40%	16.34%
7	Total capital ratio (%)	17.02%	17.17%	15.68%	16.15%	17.04%
7a	Total capital ratio (%) (pre-floor ratio)	17.02%	17.17%	15.68%	16.15%	17.04%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	1.00%	1.00%	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)	3.50%	3.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.82%	4.89%	3.43%	3.90%	4.84%

Overview of risk management and risk-weighted assets / continued

1.1 KM1: Key metrics (at consolidated Group level) / continued

R'000		As at 30 June 2026	As at 31 March 2026	As at 31 December 2025	As at 30 September 2025	As at 30 June 2025
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	31,964,386	30,850,497	29,883,561	28,390,806	27,083,406
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	7.72%	6.84%	6.26%	6.30%	6.70%
14a	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	7.72%	6.84%	6.26%	6.30%	6.70%
14b	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	7.72%	6.84%	6.26%	6.30%	6.70%
14c	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	7.72%	6.84%	6.26%	6.30%	6.70%
Liquidity coverage ratio						
15	Total HQLA	14,540,947	14,361,864	14,648,141	14,267,182	13,105,967
16	Total net cash outflow	803,850	790,553	816,869	734,217	774,139
17	LCR ratio (%)	1,813%	1,820%	1,799%	1,979%	1,734%
Net stable funding ratio						
18	Total available stable funding	36,796,354	35,652,134	34,727,937	33,461,164	32,324,797
19	Total required stable funding	20,578,083	19,144,438	18,721,284	17,709,449	17,137,576
20	NSFR ratio	179%	186%	185%	189%	189%

All regulatory ratios continue to comply with the minimum requirements set by the Prudential Authority.

Commentary

Capital remained broadly stable year-on-year, with CET1 and total capital increasing by 36%, in line with the 36% increase in RWA.

Liquidity remained strong, with the LCR improving from 1,734% to 1,813%, while the NSFR decreased from 189.0% to 178.8%, but still remaining well above regulatory requirements.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Overview of risk management and risk-weighted assets / continued

1.2 OV1: Overview of RWA (2026/2025)

This section provides on overview of the risk-weighted assets of Discovery Bank Limited and Discovery Bank Holdings Limited Group.

		DISCOVERY BANK LIMITED			DISCOVERY BANK HOLDINGS LIMITED		
		RWA		Minimum capital requirement	RWA		Minimum capital requirement
	R'000	As at 30 June 2026	As at 31 March 2026	As at 30 June 2026	As at 30 June 2026	As at 31 March 2026	As at 30 June 2026
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**9,769,807**	**8,553,818**	**1,123,528**	**9,770,249**	**8,554,266**	**1,123,579**
2	Of which: standardised approach (SA)	9,769,807	8,553,818	1,123,528	9,770,249	8,554,266	1,123,579
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**	**1,273**	**0**	**0**	**1,273**	**0**
7	Of which: standardised approach for counterparty credit risk (SA-CCR)	0	1,273	0	0	1,273	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 and the internal model method during the five-year linear phase-in period	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

Overview of risk management and risk-weighted assets / continued

1.2 OV1: Overview of RWA (2026/2025) / continued

		DISCOVERY BANK LIMITED			DISCOVERY BANK HOLDINGS LIMITED		
		RWA		Minimum capital requirement	RWA		Minimum capital requirement
	R'000	As at 30 June 2026	As at 31 March 2026	As at 30 June 2026	As at 30 June 2026	As at 31 March 2026	As at 30 June 2026
15	**Settlement risk**	**0**	**0**	**0**	**0**	**0**	**0**
16	Securitisation exposures in banking book	0	0	0	0	0	0
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	0	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	0
19	Of which: securitisation standardised approach (SEC-SA)	0	0	0	0	0	0
20	**Market risk**	**166,262**	**171,928**	**19,120**	**166,262**	**171,928**	**19,120**
21	Of which standardised approach (SA)	166,262	171,928	19,120	166,262	171,928	19,120
22	Of which internal model approaches (IMA)	0	0	0	0	0	0
23	Capital charge for switch between trading book and banking book	0	0	0	0	0	0
24	**Operational risk**	**4,570,425**	**3,601,983**	**525,599**	**4,570,888**	**3,602,348**	**525,652**
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	619,784	533,225	71,275	620,561	533,995	71,365
26	Output floor applied	0	0	0	0	0	0
27	Floor adjustment (before application of transitional cap)	0	0	0	0	0	0
28	Floor adjustment (after application of transitional cap)	0	0	0	0	0	0
29	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)**	**15,126,278**	**12,862,227**	**1,739,522**	**15,127,960**	**12,863,810**	**1,739,715**

Commentary

Total RWA increased from R12.9bn in March to R15.1bn in June, mainly driven by growth in credit risk and operational risk RWA. Market risk RWA decreased slightly.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Overview of risk management and risk-weighted assets / continued

1.2 OV1: Overview of RWA (2026/2025) / continued

This section provides on overview of the risk-weighted assets of Discovery Bank Limited and Discovery Bank Holdings Limited Group.

		DISCOVERY BANK LIMITED			DISCOVERY BANK HOLDINGS LIMITED		
		RWA		Minimum capital requirement	RWA		Minimum capital requirement
R'000		As at 30 June 2025	As at 31 March 2025	As at 30 June 2025	As at 30 June 2025	As at 31 March 2025	As at 30 June 2025
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**7,199,621**	**6,990,774**	**827,956**	**7,200,013**	**6,991,189**	**828,001**
2	Of which: standardised approach (SA)	7,199,621	6,990,774	827,956	7,200,013	6,991,189	828,001
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

Overview of risk management and risk-weighted assets / continued

1.2 OV1: Overview of RWA (2026/2025) / continued

		DISCOVERY BANK LIMITED			DISCOVERY BANK HOLDINGS LIMITED		
		RWA		Minimum capital requirement	RWA		Minimum capital requirement
	R'000	As at 30 June 2025	As at 31 March 2025	As at 30 June 2025	As at 30 June 2025	As at 31 March 2025	As at 30 June 2025
15	**Settlement risk**	**0**	**0**	**0**	**0**	**0**	**0**
16	Securitisation exposures in banking book	0	0	0	0	0	0
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	0	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	0
19	Of which: securitisation standardised approach (SEC-SA)	0	0	0	0	0	0
20	**Market risk**	**84,030**	**99,131**	**9,663**	**84,030**	**99,131**	**9,663**
21	Of which standardised approach (SA)	84,030	99,131	9,663	84,030	99,131	9,663
22	Of which internal model approaches (IMA)	0	0	0	0	0	0
23	Capital charge for switch between trading book and banking book	0	0	0	0	0	0
24	**Operational risk**	**3,369,618**	**2,332,514**	**387,506**	**3,369,618**	**2,332,514**	**387,506**
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	460,585	417,895	52,967	461,343	418,645	53,054
26	Aggregate capital floor applied	0	0	0	0	0	0
27	Floor adjustment (before application of transitional cap)	0	0	0	0	0	0
28	Floor adjustment (after application of transitional cap)	0	0	0	0	0	0
29	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)**	**11,113,854**	**9,840,314**	**1,278,093**	**11,115,004**	**9,841,479**	**1,278,225**

Composition of capital and total loss absorbing capacity (TLAC) disclosure

CC1: Composition of regulatory capital (2026/2025)

The composition of regulatory capital table provides detailed information about Discovery Bank's capital structure. It includes:

- **Common Equity Tier 1 (CET1) Capital:** This is the highest quality of regulatory capital, consisting primarily of common shares and retained earnings.
- **Additional Tier 1 (AT1) Capital:** This includes instruments that are subordinated to depositors, general creditors, and subordinated debt of the bank.
- **Tier 2 Capital:** This consists of subordinated debt and other instruments that provide a buffer against losses.

	R'000	As at 30 June 2026
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	11,331,989
2	Retained earnings	(4,706,083)
3	Accumulated other comprehensive income (and other reserves)	453,770
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0
6	**Common Equity Tier 1 capital before regulatory adjustments**	**7,079,676**
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	0
8	Goodwill (net of related tax liability)	2,416,821
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	705,745
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,477,976
11	Cash-flow hedge reserve	0
12	Shortfall of provisions to expected losses	0
13	Securitisation gain on sale	0
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0
15	Defined-benefit pension fund net assets	0
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0
17	Reciprocal cross-holdings in common equity	0
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0
20	Mortgage servicing rights (amount above 10% threshold)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	14,321
22	Amount exceeding the 15% threshold	0
23	of which: significant investments in the common stock of financials	0
24	of which: mortgage servicing rights	0
25	of which: deferred tax assets arising from temporary differences	0
26	National specific regulatory adjustments	0
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0
28	**Total regulatory adjustments to Common Equity Tier 1**	**4,614,863**
29	**Common Equity Tier 1 capital (CET1)**	**2,464,813**
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	0
31	of which: classified as equity under applicable accounting standards	0
32	of which: classified as liabilities under applicable accounting standards	0
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0
34	Additional Tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0
35	of which: instruments issued by subsidiaries subject to phase out	0
36	**Additional Tier 1 capital before regulatory adjustments**	**0**

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

CC1: Composition of regulatory capital (2026/2025) / continued

	R'000	As at 30 June 2026
Additional Tier 1 capital: regulatory adjustments / continued		
37	Investments in own Additional Tier 1 instruments	0
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
41	National specific regulatory adjustments	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	**Total regulatory adjustments to Additional Tier 1 capital**	
44	**Additional Tier 1 capital (AT1)**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	
Tier 2 capital: instrument and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	Directly issued capital instruments subject to phase out from Tier 2	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions	
51	**Tier 2 capital before regulatory adjustments**	
52	Investments in own Tier 2 instruments	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	0
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0
56	**National specific regulatory adjustments**	**0**
57	**Total regulatory adjustments to Tier 2 capital**	**0**
58	**Tier 2 capital (T2)**	**106,560**
59	**Total capital (TC = T1 + T2)**	**2,571,373**
60	**Total risk-weighted assets**	**15,126,278**
Capital adequacy ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**16.29%**
62	**Tier 1 (as a percentage of risk-weighted assets)**	**16.29%**
63	**Total capital (as a percentage of risk-weighted assets)**	**17.00%**
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	**8.00%**
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical buffer requirement	1.00%
67	**Of which: higher loss absorbency requirement**	**0.00%**
68	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	**4.79%**
National Minima (if different from Basel 3)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	5.00%
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	6.75%
71	National total capital minimum ratio (if different from Basel 3 minimum)	9.00%

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

CC1: Composition of regulatory capital (2026/2025) / continued

R'000		As at 30 June 2026
Amounts below the threshold for deductions (before risk weighting)		
72	Non-significant investments in the capital of other TLAC liabilities of other financial entities	0
73	Significant investments in the common stock of financial entities	0
74	Mortgage servicing rights (net of related tax liability)	0
75	Deferred tax assets arising from temporary differences (net of related tax liability)	247,913
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	367,477
77	Cap on inclusion of provisions in Tier 2 under standardised approach	106,560
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to the internal ratings-based approach, prior to the application of the cap	0
79	Cap for inclusion of provisions or credit impairments in Tier 2 under internal ratings-based approach	0
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)		
80	*Current cap on CET1 instruments subject to phase out arrangements*	*0*
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	*0*
82	*Current cap on AT1 instruments subject to phase out arrangements*	*0*
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	*0*
84	*Current cap on T2 instruments subject to phase out arrangements*	*0*
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	*0*

Commentary

Tier 1 capital increased to support growth in the book

R'000		As at 30 June 2025
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	10,431,489
2	Retained earnings	(4,415,484)
3	Accumulated other comprehensive income (and other reserves)	367,137
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	0
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0
6	**Common Equity Tier 1 capital before regulatory adjustments**	**6,383,142**
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	0
8	Goodwill (net of related tax liability)	2,416,821
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	633,804
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	1,490,177
11	Cash-flow hedge reserve	0
12	Shortfall of provisions to expected losses	0
13	Securitisation gain on sale	0
14	Gains and losses due to changes in own credit risk on fair-valued liabilities	0
15	Defined-benefit pension fund net assets	0
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0
17	Reciprocal cross-holdings in common equity	0
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	0
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

CC1: Composition of regulatory capital (2026/2025) / continued

R'000		As at 30 June 2025
Common Equity Tier 1 capital: regulatory adjustments / continued		
20	Mortgage servicing rights (amount above 10% threshold)	0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	29,995
22	Amount exceeding the 15% threshold	0
23	of which: significant investments in the common stock of financials	0
24	of which: mortgage servicing rights	0
25	of which: deferred tax assets arising from temporary differences	184,234
26	National-specific regulatory adjustments	0
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0
28	**Total regulatory adjustments to Common equity Tier 1**	**4,570,797**
29	**Common Equity Tier 1 capital (CET1)**	**1,812,345**
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	0
31	of which: classified as equity under applicable accounting standards	0
32	of which: classified as liabilities under applicable accounting standards	0
33	Directly issued capital instruments, subject to phase-out from Additional Tier 1	0
34	Additional Tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0
35	of which: instruments issued by subsidiaries subject to phase-out	0
36	**Additional Tier 1 capital before regulatory adjustments**	**0**
Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	0
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the10% threshold)	0

R'000		As at 30 June 2025
Additional Tier 1 capital: regulatory adjustments / continued		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0
41	National-specific regulatory adjustments	0
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0
43	**Total regulatory adjustments to Additional Tier 1 capital**	**0**
44	**Additional Tier 1 capital (AT1)**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,812,345**
Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0
47	Directly issued capital instruments subject to phase out from Tier 2	0
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0
49	of which: instruments issued by subsidiaries subject to phase-out	0
50	Provisions	78,424
51	**Tier 2 capital before regulatory adjustments**	**78,424**
Tier 2 capital : regulatory adjustments		
52	Investments in own Tier 2 instruments	0
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	0
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	0
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0
56	**National-specific regulatory adjustments**	**0**
57	**Total regulatory adjustments to Tier 2 capital**	**0**
58	**Tier 2 capital (T2)**	**78,424**
59	**Total capital (TC = T1 + T2)**	**1,890,769**
60	**Total risk-weighted exposure**	**11,113,854**

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

CC1: Composition of regulatory capital (2026/2025) / continued

	R'000	As at 30 June 2025
Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**16.31%**
62	**Tier 1 (as a percentage of risk-weighted assets)**	**16.31%**
63	**Total capital (as a percentage of risk-weighted assets)**	**17.01%**
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk-weighted assets)**	**7.00%**
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank-specific countercyclical buffer requirement	0
67	**of which: G-SIB buffer requirement**	**0**
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements**	**4.81%**
National Minima (if different from Basel 3)		
69	National Common Equity Tier 1 minimum ratio (if different from the Basel 3 minimum)	5.00%
70	National Tier 1 minimum ratio (if different from the Basel 3 minimum)	6.75%
71	National total capital minimum ratio (if different from the Basel 3 minimum)	9.00%
Amounts below the threshold for deductions (before risk weighting)		
72	Non-significant investments in the capital of other TLAC liabilities of other financial entities	0
73	Significant investments in the common stock of financial entities	0
74	Mortgage servicing rights (net of related tax liability)	0
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0
Applicable caps on the inclusion of provisions in Tier 2		**184,234**
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to a standardised approach (prior to application of cap)	307,806
77	Cap on inclusion of provisions in Tier 2 under standardised approach	78,424
78	Provisions or credit impairments eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0
79	Cap for inclusion of provisions or credit impairments in Tier 2 under the internal ratings-based approach	0

	R'000	As at 30 June 2025
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0
82	Current cap on AT1 instruments subject to phase out arrangements	0
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0
84	Current cap on T2 instruments subject to phase out arrangements	0
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0

CC2: Reconciliation of regulatory capital to balance sheet (2026/2025)

Table CC2 provides a detailed comparison between the Bank's regulatory capital and its balance sheet as reported in the financial statements to provide stakeholders a clearer picture of the financial health and regulatory compliance of the Bank.

R'000		Balance sheet as in published financial statements As at 30 June 2026	Balance sheet under regulatory scope of consolidation As at 30 June 2026
Assets			
1	Cash and balances at central banks	4,869,473	4,017,487
2	Short-term negotiable securities	4,837,455	4,837,455
3	Derivative assets	0	0
4	Loans and advances to customers	11,975,525	12,221,505
5	Loans and advances to banks	1,023,719	2,004,774
6	Available for sale financial assets	0	0
7	Interest in subsidiaries	0	0
8	Interest in associate	0	0
9	Intangible assets	3,199,994	3,199,994
10	Investment and trading securities	5,630,958	5,630,958
11	Current income tax assets	0	0
12	Deferred income tax assets	1,662,782	1,662,782
13	Property and equipment	0	0
14	Other assets	1,653,972	1,245,030
15	**Total assets**	**34,853,878**	**34,819,985**
Liabilities			
16	Deposits and current accounts	27,201,723	27,201,724
17	Derivative financial instruments	0	0
18	Provisions and other liabilities	572,478	538,585
19	Current income tax liabilities	0	0
20	Deferred income tax assets	0	0
21	**Total liabilities**	**27,774,201**	**27,740,309**
Equity			
22	Share capital and premium	11,331,989	11,331,989
23	Accumulated profit / (loss)	(4,706,083)	(4,706,083)
24	Other reserves	453,770	453,770
25	**Total equity**	**7,079,676**	**7,079,676**

Commentary

Interbank operational deposits are treated as cash and cash equivalents where they meet the IFRS definition.

These deposits are reported under loans and advances (to banks) in the Banks Act (BA) returns.

Commentary

Deposits placed with institutions as collateral or liquidity tiers are treated as other receivables in terms of IFRS on the Annual Financial Statements.

Commentary

Intercompany balances are disclosed on a gross basis on the Annual Financial Statements despite the legal right to set-off, and the net presentation on the Banks Act returns.

Table 1	**30 June 2026**
Common Equity Tier 1 Capital	0
Share capital and premium	11,331,989
Adjusted retained earnings	(4,706,083)
Retained earnings	(4,706,083)
Unappropriated profits	0
Total	**6,625,906**
Share based payment reserve	453,770
Other reserves	0
Total	**7,079,676**

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

CC2: Reconciliation of regulatory capital to balance sheet (2026/2025) / continued

R'000		Balance sheet as in published financial statements As at 30 June 2025	Balance sheet under regulatory scope of consolidation As at 30 June 2025
Assets			
1	Cash and balances at central banks	6,322,362	5,650,929
2	Short-term negotiable securities	9,411,561	4,721,508
3	Derivative assets	0	0
4	Loans and advances to customers	8,512,796	8,512,795
5	Loans and advances to banks	0	984,187
6	Available for sale financial assets	0	0
7	Interest in subsidiaries	0	0
8	Interest in associate	0	0
9	Intangible assets	3,124,902	3,124,902
10	Investment and trading securities	0	4,690,053
11	Current income tax assets	0	0
12	Deferred income tax assets	1,630,129	1,630,129
13	Property and equipment	0	0
14	Other assets	1,281,731	925,677
15	**Total assets**	**30,283,481**	**30,240,180**
Liabilities			
16	Deposits and current accounts	23,325,558	23,325,558
17	Derivative financial instruments	0	
18	Provisions and other liabilities	574,781	531,480
19	Current income tax liabilities	0	0
20	Deferred income tax assets	0	0
21	**Total liabilities**	**23,900,339**	**23,857,038**
Equity			
22	Share capital and premium	10,431,489	10,431,489
23	Accumulated profit/(loss)	(4,415,484)	(4,415,484)
24	Other reserves	367,137	367,137
25	**Total equity**	**6,383,142**	**6,383,142**

Table 1	30 June 2025
Common Equity Tier 1 Capital	0
Share capital and premium	10,431,489
Adjusted retained earnings	(4,415,484)
Retained earnings	(4,415,484)
Unappropriated profits	0
Total	**6,016,005**
Share-based payment reserve	367,137
Other reserves	0
Total	**6,383,142**

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

CCA: Main features of regulatory capital instruments, and for G-SIBs and other TLAC-eligible instruments (2026/2025)

Table CCA provides detailed information about the characteristics of the Bank's regulatory capital instruments.

	As at 30 June 2026	Ordinary shares (including share premium)
1	Issuer	Discovery Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	n/a
3	Governing law(s) of the instrument	South Africa
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a
4	Transitional Basel III rules	CET 1
5	Post-transitional Basel III rules	CET 1
6	Eligible at solo/group/group and solo	Group and solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	R11,332m
9	Par value of instrument	R1.00 per share
10	Accounting classification	IFRS: Equity
11	Original date of issuance	Thursday, May 19, 2016
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No maturity
15	Optional call date, contingent call dates and redemption amount	n/a
16	Subsequent call dates, if applicable	n/a

	As at 30 June 2026	Ordinary shares (including share premium)
Coupons/dividends		
17	Fixed or floating dividend/coupon	n/a
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	n/a
24	If convertible, conversion trigger(s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, mandatory or optional conversion	n/a
28	If convertible, specify instrument type convertible into	n/a
29	If convertible, specify issuer of instrument it converts into	n/a
30	Writedown feature	n/a
31	If writedown, writedown trigger(s)	n/a
32	If writedown, full or partial	n/a
33	If writedown, permanent or temporary	n/a
34	If temporary writedown, description of writeup mechanism	n/a
34a	Type of subordination	0
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Any amounts due and payable to creditors
36	Non-compliant transitioned features	n/a
37	If yes, specify non-compliant features	n/a

Commentary

The amount recognised in regulatory capital increased by 8.6% year-on-year, from R10,431m in 2025 to R11,332m in 2026, reflecting a stronger regulatory capital position.

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

CCA: Main features of regulatory capital instruments, and for G-SIBs and other TLAC-eligible instruments (2026/2025) / continued

	As at 30 June 2025	Ordinary shares (including share premium)
1	Issuer	Discovery Bank Limited
2	Unique identifier (for example, CUSIP, ISIN or Bloomberg identifier for private placement)	n/a
3	Governing law(s) of the instrument	South Africa
3a	Means by which the enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a
4	Transitional Basel III rules	CET 1
5	Post-transitional Basel III rules	CET 1
6	Eligible at solo/group/group and solo	Group and Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as at most recent reporting date)	R10,431m
9	Par value of instrument	R1.00 per share
10	Accounting classification	IFRS: Equity
11	Original date of issuance	Thursday, 19 May 2016
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No maturity
15	Optional call date, contingent call dates and redemption amount	n/a
16	Subsequent call dates, if applicable	n/a

	As at 30 June 2025	Ordinary shares (including share premium)
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	n/a
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	n/a
24	If convertible, conversion trigger(s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, mandatory or optional conversion	n/a
28	If convertible, specify instrument type convertible into	n/a
29	If convertible, specify issuer of instrument it converts into	n/a
30	Writedown feature	n/a
31	If writedown, writedown trigger(s)	n/a
32	If writedown, full or partial	n/a
33	If writedown, permanent or temporary	n/a
34	If temporary write-own, description of write-up mechanism	n/a
34a	Type of subordination	0
35	Position in the subordination hierarchy in liquidation (specify instrument type immediately senior to the instrument in the insolvency creditor hierarchy of the legal entity concerned).	Any amounts due and payable to creditors
36	Non-compliant transitioned features	n/a
37	If yes, specify non-compliant features	n/a

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories (2026/2025)

As at 30 June 2026 R'000		Carrying values as reported in published financial statements and under the scope of regulatory consolidation	Carrying values under scope of regulator consolidation	Carrying values of items: Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Subject to the other risk framework	Not subject to capital requirements or subject to deduction from capital
1	Cash and balances at central banks	4,869,473	4,017,487	4,017,487	0	0	0	0	0
2	Short-term negotiable securities	10,468,412	10,468,413	10,468,413	0	0	0	0	0
3	Derivative assets	0	0	0	0	0	0	0	0
4	Loans and advances to customers	12,999,244	14,226,279	14,226,279	0	0	939,951	0	0
5	Available for sale financial assets	0	0	0	0	0	0	0	0
6	Interest in subsidiaries	0	0	0	0	0	0	0	0
7	Interest in associate	0	0	0	0	0	0	0	0
8	Intangible assets	3,199,994	3,199,994	0	0	0	0	0	3,199,994
9	Current income tax assets	0	0	0	0	0	0	0	0
10	Deferred income tax assets	1,662,782	1,662,782	0	0	0	0	247,913	1,414,869
11	Property and equipment	0	0	0	0	0	0	0	0
12	Other assets	1,653,972	1,245,030					1,245,030	
13	**Total assets**	**34,853,878**	**34,819,985**	**28,712,179**	**0**	**0**	**939,951**	**1,492,943**	**4,614,863**
Liabilities									
14	Deposits and current accounts	27,201,723	27,201,724	0	0	0	802,721	0	0
15	Derivative financial instruments	0	0	0	0	0	0	0	0
16	Provisions and other liabilities	572,478	538,585	0	0	0	0	0	0
17	Current income tax liabilities	0	0	0	0	0	0	0	0
18	Deferred income tax assets	0	0	0	0	0	0	0	0
19	**Total liabilities**	**27,774,201**	**27,740,309**	**0**	**0**	**0**	**802,721**	**0**	**0**
Equity									
20	Share capital and premium	11,331,989	11,331,989	0	0	0	0	0	0
21	Accumulated profit / (loss)	(4,706,083)	(4,706,083)	0	0	0	0	0	(4,706,083)
22	Other reserves	453,770	453,770	0	0	0	0	0	0
23	**Total equity**	**7,079,676**	**7,079,676**	**0**	**0**	**0**	**0**	**0**	**(4,706,083)**

Commentary for deltas

Interbank operational deposits are treated as cash and cash equivalents where they meet the IFRS definition.

These deposits are reported under loans and advances (to banks) in the Banks Act (BA) returns.

Deposits placed with institutions as collateral or liquidity tiers are treated as other receivables in terms of IFRS on the Annual Financial Statements.

Intercompany balances are disclosed on a gross basis on the Annual Financial Statements despite the legal right to set-off, and the net presentation on the Banks Act returns.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories (2026/2025) / continued

	As at 30 June 2025 R'000	Carrying values as reported in published financial statements and under the scope of regulatory consolidation	Carrying values under the scope of regulator consolidation	Carrying values of items: Subject to the credit risk framework	Subject to the counterparty credit risk framework	Subject to the securitisation framework	Subject to the market-risk framework	Subject to the other risk frameworks	Not subject to capital requirements or subject to deduction from capital
1	Cash and balances at central banks	6,322,362	5,650,929	5,650,929	0	0	0	0	0
2	Short-term negotiable securities	9,411,561	9,411,561	4,721,508	0	0	0	0	0
3	Derivative assets	0	0	0	0	0	0	0	0
4	Loans and advances to customers	8,512,796	9,496,982	9,496,982	0	0	674,591	0	0
5	Available for sale financial assets	0	0	0	0	0	0	0	0
6	Interest in subsidiaries	0	0	0	0	0	0	0	0
7	Interest in associate	0	0	0	0	0	0	0	0
8	Intangible assets	3,124,902	3,124,902	0	0	0	0	0	3,124,902
9	Current income tax assets	0	0	0	0	0	0	0	0
10	Deferred income tax assets	1,630,129	1,630,129	214,229	0	0	0	0	1,341,328
11	Property and equipment	0	0	0	0	0	0	0	0
12	Other assets	1,281,731	925,677	0	0	0	0	925,677	0
13	**Total assets**	**30,283,481**	**30,240,180**	**20,083,648**	**0**	**0**	**674,591**	**925,677**	**4,466,230**
Liabilities									
14	Deposits and current accounts	23,325,558	23,325,558	0	0	0	601,431	0	0
15	Derivative financial instruments	0	0	0	0	0	0	0	0
16	Provisions and other liabilities	574,781	531,480	0	0	0	0	0	0
17	Current income tax liabilities	0	0	0	0	0	0	0	0
18	Deferred income tax assets	0	0	0	0	0	0	0	0
19	**Total liabilities**	**23,900,339**	**23,857,038**	**0**	**0**	**0**	**601,431**	**0**	**0**
Equity									
20	Share capital and premium	10,431,489	10,431,489	0	0	0	0	0	0
21	Accumulated profit/(loss)	(4,415,484)	(4,415,484)	0	0	0	0	0	(4,415,484)
22	Other reserves	367,137	367,137	0	0	0	0	0	0
23	**Total equity**	**6,383,142**	**6,383,142**	**0**	**0**	**0**	**0**	**0**	**(4,415,484)**

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Composition of capital and total loss absorbing capacity (TLAC) disclosure / continued

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (2026/2025)

As at 30 June 2026 R'000	Total	Items subject to				
		Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework	Other
Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	34,819,985	28,712,179	0	0	939,951	1,492,943
Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	27,740,309	0	0	0	802,721	0
Total net amount under regulatory scope of consolidation	7,079,676	28,712,179	0	0	137,230	1,492,943
Off-balance sheet amounts	12,332,496	1,391,480	0	0	0	0
Exposure amounts considered for regulatory purposes	19,412,172	30,103,659	0	0	137,230	1,492,943
As at 30 June 2025						
Asset carrying value amount under the scope of regulatory consolidation (as per template LI1)	30,240,180	20,083,648	0	0	674,591	925,677
Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	23,857,038	0	0	0	601,431	0
Total net amount under the regulatory scope of consolidation	6,383,142	20,083,648	0	0	73,160	925,677
Off-balance sheet amounts	10,268,157	1,004,883	0	0	0	0
Exposure amounts considered for regulatory purposes	6,383,142	21,088,531	0	0	73,160	925,677

Commentary

Exposure amounts considered for regulatory purposes increased materially during 2026, driven primarily by growth in credit risk exposures and continued balance sheet expansion. Off-balance sheet exposures also increased year-on-year, reflecting the overall growth of the Bank's operations.

Interest rate risk in the banking book

Quantitative information on IRRBB

In reporting currency	EVE		NII	
Period	30 June 2026	30 June 2025	30 June 2026	30 June 2025
Parallel up	(276,459)	(219,442)	(98,514)	(44,810)
Parallel down	323,708	267,124	98,514	44,810
Steepener	19,015	(22,620)	0	0
Flattener	(77,824)	(24,266)	0	0
Short rate up	(178,733)	(113,028)	0	0
Short rate down	189,175	117,432	0	0
Maximum	**(276,458)**	**(219,441)**	**(98,514)**	**(44,810)**
Tier 1 capital	**2,464,813**	**1,812,345**		

Commentary

The NII calculations were enhanced by moving from a total basis per maturity bucket approach to instrument-level calculations, resulting in a more granular and sophisticated methodology. The Bank continues to be well within the SOT requirement. The higher EVE sensitivity in 2026 is primarily driven by balance sheet growth in the shorter-dated repricing buckets.

Leverage ratio

LR1: Summary comparison of accounting assets vs leverage ratio exposure (2026/2025)

This table reconciles the total assets as presented in the financial statements to the leverage ratio exposure measure as reported at 30 June 2025.

R'000		As at 30 June 2026
1	Total consolidated assets as per published financial statements	35,711,503
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 (in other words, repos and similar secured lending)	0
10	Adjustment for off-balance sheet items (in other words, conversion to credit equivalent amounts of off-balance sheet exposures)	1,391,480
11	Adjustments for prudent valuation adjustments, and specific and general provisions which have reduced Tier 1 capital	(524,046)
12	Other adjustments	(4,614,862)
13	**Leverage ratio exposure measure**	**31,964,075**

Commentary

The leverage ratio exposure measure increased from R27.1bn to R32.0bn year-on-year, driven by growth in total assets and off-balance sheet exposures. The increase was partially offset by higher regulatory deductions, while the leverage ratio remained comfortably above regulatory requirements.

R'000		As at 30 June 2025
1	Total consolidated assets as per published financial statements	30,283,481
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 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)	1,098,177
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	0
12	Other adjustments	(4,301,721)
13	**Leverage ratio exposure measure**	**27,079,937**

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Leverage ratio / continued

LR2: Leverage ratio common disclosure template (2026/2025)

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 30 June 2026	As at 31 March 2026
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions [SFTs])	35,711,503	34,669,409
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)	(524,046)	(505,355)
6	(Asset amounts deducted in determining Basel III Tier 1 capital)	(4,614,862)	(4,642,640)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 to 6)**	**30,572,595**	**29,521,414**
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 8 to 12)**	**0**	**0**
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting) after adjusting for sale 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	6,366
17	Agent transaction exposures	0	0
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**0**	**6,366**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	12,332,496	11,869,317
20	(Adjustments for conversion to credit equivalent amounts)	(10,941,016)	(10,550,272)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0	0
22	**Off-balance sheet items (sum of row 19 to 21)**	**1,391,480**	**1,319,046**

R'000		As at 30 June 2026	As at 31 March 2026
Capital and total exposures			
23	Tier 1 capital	2,464,813	2,105,466
24	**Total exposures (sum of rows 7,13,18 and 22)**	**31,964,075**	**30,846,826**
Leverage ratio			
25	Basel III leverage ratio	7.71%	6.83%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.71%	6.83%
26	National minimum leverage ratio requirement	4.00%	4.00%
27	Applicable leverage buffers	3.71%	2.83%
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	0
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	0
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	0	0
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	0	0
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	0	0
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.71%	6.83%

Leverage ratio / continued

LR2: Leverage ratio common disclosure template (2026/2025)

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 30 June 2025	As at 31 March 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs))	30,552,557	28,816,199
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)	(4,570,797)	(4,530,365)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	**25,981,760**	**24,285,834**
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**

	R'000	As at 30 June 2025	As at 31 March 2025
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting) after adjusting for sale 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	10,981,770	10,469,320
20	(Adjustments for conversion to credit equivalent amounts)	(9,883,593)	(9,422,388)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0	0
22	**Off-balance sheet items (sum of row 17 and 18)**	**1,098,177**	**1,046,932**
Capital and total exposures			
23	Tier 1 capital	1,812,345	1,639,612
24	**Total exposures (sum of rows 3, 11, 16 and 19)**	**27,079,937**	**25,332,766**
Leverage ratio			
25	Basel III leverage ratio	6.69%	6.46%
25a	Basel III Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.69%	6.46%
26	National minimum leverage ratio requirement	4.00%	4.00%
27	Applicable leverage buffers	2.69%	2.46%

Liquidity

LIQ1: Liquidity coverage ratio (LCR) (2026/2025)

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.

As at 30 June 2026 R'000		Current reporting period		Previous reporting period
		Total unweighted (average)	Total weighted (average)	Total weighted (average)
High-quality liquid assets				
1	Total HQLA		14,540,947	14,361,864
Cash outflows				
2	**Retail deposits and deposits from small business customers, of which:**	**16,027,264**	**1,304,077**	**1,258,252**
3	Stable deposits	5,972,981	298,649	286,834
4	Less stable deposits	10,054,283	1,005,428	971,418
5	**Unsecured wholesale funding, of which:**	**63,508**	**63,508**	**65,065**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0
7	Non-operational deposits (all counterparties)	63,508	63,508	65,065
8	Unsecured debt	0	0	0
9	**Secured wholesale funding**	**0**	**0**	**0**
10	**Additional requirements, of which:**	**0**	**0**	**0**
11	Outflows related to derivative exposures and other collateral requirements	0	0	0
12	Outflows related to loss of funding on debt products	0	0	0
13	Credit and liquidity facilities	11,529,994	288,787	276,530
14	**Other contractual funding obligations**	**0**	**0**	**0**
15	**Other contingent funding obligations**	**0**	**0**	**0**
16	**Total cash outflows**	**27,620,767**	**1,656,373**	**1,599,847**
Cash inflows				
17	Secured lending (e.g., reverse repos)	0	0	0
18	Inflows from fully performing exposures	1,371,630	1,141,458	1,087,561
19	Other cash inflows	0	0	0
20	**Total cash inflows**	**1,371,630**	**1,141,458**	**1,087,561**
Total adjusted value				
21	Total HQLA		14,540,947	14,361,864
22	Total net cash outflows		803,850	790,553
23	**Liquidity coverage ratio (%)**		**1,813%**	**1,820%**

Commentary

The Bank's average LCR increased from 1,734% at 30 June 2025 to 1,813% at 30 June 2026. This was primarily attributable to an increase in HQLA holdings from R13.1bn to R14.5bn, reflecting balance sheet growth and the maintenance of a strong liquidity buffer. Net cash outflows increased modestly from R774m to R804m due to growth in retail deposits and committed facilities; however, this increase was more than offset by the growth in HQLA, resulting in the higher LCR to set off modelled stressed outflows.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Liquidity / continued

LIQ1: Liquidity coverage ratio (LCR) (2026/2025) / continued

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
	As at 30 June 2025 R'000	**Total unweighted (average)**	**Total weighted (average)**	**Total weighted (average)**
High-quality liquid assets				
1	Total HQLA	0	13,105,967	12,196,343
Cash outflows				
2	**Retail deposits and deposits from small business customers, of which:**	**13,394,348**	**1,210,122**	**1,266,720**
3	Stable deposits	2,586,264	129,313	0
4	Less stable deposits	10,808,084	1,080,808	1,266,720
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**
11	Outflows related to derivative exposures and other collateral requirements	0	0	0
12	Outflows related to loss of funding on debt products	0	0	0
13	Credit and liquidity facilities	9,710,037	242,751	231,565
14	**Other contractual funding obligations**	**0**	**0**	**0**
15	**Other contingent funding obligations**	**0**	**0**	**0**
16	**Total cash outflows**	**23,104,385**	**1,452,873**	**1,498,285**
Cash inflows				
17	Secured lending (for example, reverse repos)	0	0	0
18	Inflows from fully performing exposures	1,133,857	934,115	902,294
19	Other cash inflows	0	0	0
20	**Total cash inflows**	**1,133,857**	**934,115**	**902,294**
Total adjusted value				
21	Total HQLA	0	13,105,967	12,196,343
22	Total net cash outflows	0	774,139	834,980
23	**Liquidity Coverage Ratio (%)**	0	**1,734%**	**1,463%**

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

LIQ2: Net stable funding ratio (NSFR) (2026/2025)

This section provides information pertaining to Discovery Bank's net stable funding ratio (NSFR) and details of some of its components.

As at 30 June 2026 R'000		Items subject to				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	>= 1 year	
1	**Capital:**	**11,785,759**	**0**	**0**	**0**	**11,785,759**
2	Regulatory capital	11,785,759	0	0	0	11,785,759
3	Other capital instruments	0	0	0	0	0
4	**Retail deposits and deposits from small business customers:**	**0**	**24,743,608**	**791,048**	**1,586,152**	**25,002,503**
5	Stable deposits	0	8,623,204	80,014	226,425	8,494,482
6	Less stable deposits	0	16,120,404	711,034	1,359,727	16,508,021
7	**Wholesale funding:**	**0**	**80,916**	**0**	**0**	**8,092**
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	0	80,916	0	0	8,092
10	Liabilities with matching interdependent assets	0	538,585	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	538,585	0	0	0
14	**Total ASF**	**0**	**0**	**0**	**0**	**36,796,354**
15	Total NSFR high-quality liquid assets (HQLA)	0	4,675,557	2,205,632	4,610,943	574,607
16	Deposits held at other financial institutions for operational purposes	0	1,255,405	0	0	188,311
17	**Performing loans and securities:**	**0**	**2,149,754**	**1,531,508**	**6,220,952**	**7,128,440**
18	Performing loans to financial institutions secured by Level 1 HQLA	0	0	0	0	0
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	0	0	0	0
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	2,149,754	1,531,508	6,220,952	7,128,440
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	0	2,149,754	1,531,508	6,220,952	7,128,440
22	Performing residential mortgages, of which:	0	47,316	31,678	2,235,050	1,492,280
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	0	47,316	31,678	2,235,050	1,492,280
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:**	**9,306,625**	**0**	**0**	**0**	**9,306,625**
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	9,306,625	0	0	0	9,306,625
32	Off-balance sheet items	1,238,161	0	0	0	1,238,161
33	**Total RSF**	**0**	**0**	**0**	**0**	**20,578,083**
34	Net Stable Funding Ratio (%)					179

Commentary

The NSFR decreased from 189% in June 2025 to 179% in June 2026, as required stable funding grew faster than available stable funding. Despite the decline, the ratio remains well above the 100% regulatory minimum, indicating a strong and stable funding position.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Liquidity / continued

LIQ2: Net stable funding ratio (NSFR) (2026/2025) / continued

This section provides information pertaining to Discovery Bank's net stable funding ratio (NSFR) and details of some of its components.

As at 30 June 2025 R'000		Items subject to: No Maturity	< 6 months	6 months to < 1 year	>= 1 year	Weighted value
1	**Capital:**	**10,798,626**	**0**	**0**	**0**	**10,798,626**
2	Regulatory capital	10,798,626	0	0	0	10,798,626
3	Other capital instruments	0	0	0	0	0
4	**Retail deposits and deposits from small business customers:**	**0**	**21,088,599**	**665,063**	**1,571,895**	**21,526,172**
5	Stable deposits	0	7,414,674	104,935	235,976	7,379,605
6	Less stable deposits	0	13,673,925	560,128	1,335,919	14,146,567
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	531,480	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	531,480	0	0	0
14	**Total ASF**	**0**	**0**	**0**	**0**	**32,324,798**
15	Total NSFR high-quality liquid assets (HQLA)	0	8,798,487	1,888,866	4,375,138	498,024
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	**Performing loans and securities:**	**0**	**2,847,541**	**1,318,578**	**4,559,819**	**5,614,440**
18	Performing loans to financial institutions secured by Level 1 HQLA	0	225,944	0	0	33,892
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	758,243	0	0	113,736
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	1,863,354	1,318,578	4,559,819	5,466,812
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	19,047	11,984	971,478	646,976
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	0	19,047	11,984	971,478	646,976
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:**	**9,864,727**	**0**	**0**	**0**	**9,864,727**
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	9,864,727	0	0	0	9,864,727
32	Off-balance sheet items	10,268,157	0	0	0	513,408
33	**Total RSF**	**0**	**0**	**0**	**0**	**17,137,576**
34	**Net Stable Funding Ratio (%)**					189

The NSFR determines if an institution can maintain its stable funding profile when looking at its assets and (RFS) for the assets. Sources of available funding for Discovery Bank include share capital and client deposits.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Credit risk

CR1: Credit quality of assets (2026/2025)

The following tables show the credit quality of both on- and off-balance sheet assets and the impact of impairments as at financial year-end, as well as exposures per asset class, pre- and post-credit conversion factors and credit risk mitigation.

		Gross carrying values			Of which: ECL accounting provisions for credit losses on SA exposure			
As at 30 June 2026 R'000		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments**	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which: ECL accounting provisions for credit losses on IRB exposure	Net values (a+b-c)
Regulatory portfolio/risk weight								
1	Loans*	617,489	24,834,953	891,524	524,046	367,478	0	24,560,918
(a)	Sovereign (including central government and central bank)	0	10,468,413	0	0	0	0	10,468,413
(b)	Banks	0	1,985,574	34	0	34	0	1,985,540
(c)	Corporate	0	0	0	0	0	0	0
(d)	SME Corporate	0	0	0	0	0	0	0
(e)	Specialised Lending: Real estate (SL)	0	0	0	0	0	0	0
e(1)	SL: Project finance	0	0	0	0	0	0	0
e(2)	SL: Object and commodity finance	0	0	0	0	0	0	0
(f)	Of which: Purchased receivables – corporate	0	0	0	0	0	0	0
(g)	Of which: Retail residential mortgage advances	10,175	3,861,493	10,991	2,130	8,861	0	3,860,677
(h)	Of which: Retail qualifying revolving (QRRE)	593,698	8,130,763	843,167	511,718	331,449	0	7,881,294
(i)	Of which: Retail SME	0	0	0	0	0	0	0
(j)	Retail other	13,615	388,711	37,332	10,198	27,134	0	364,994
j(1)	Of which: Unsecured lending	13,615	388,711	37,332	10,198	27,134	0	364,994
(k)	Of which: Purchased receivables – retail	0	0	0	0	0	0	0
2	Debt securities	0	0	0	0	0	0	0
3	Off-balance sheet exposures	0	527,434	0	0	0	0	527,434
4	**Total**	**617,489**	**25,362,387**	**891,524**	**524,046**	**367,478**		**25,088,352**

** Loans include advances to clients and interbank advances and sovereign exposures, and excludes exposure to Public Sector Entities (CODI).*
*** Off-balance sheet exposures are reported gross of CRM, CCF and impairments, and exclude revocable commitments.*

Commentary

Total net exposures amounted to R25.1bn after recognising R891.5m in expected credit loss provisions. Credit impairments remain concentrated in the qualifying revolving retail portfolio, while the residential mortgage portfolio continues to exhibit strong credit quality with low levels of default and impairment.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

As at 30 June 2025 R'000	Gross carrying values		Allowances/ impairments**	Of which: ECL accounting provisions for credit losses on SA exposure		Of which: ECL accounting provisions for credit losses on IRB exposure	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
Regulatory portfolio/risk weight							
1 Loans*	439,005	9,907,747	667,068	359,262	307,806	0	9,679,684
2 Debt securities	0	0	0	0	0	0	0
3 Off-balance sheet exposures	0	219,327	0	0	0	0	219,327
4 **Total**	**439,005**	**10,127,074**	**667,068**	**359,262**	**307,806**	**0**	**9,899,011**

** Loans include advances to clients and interbank advances and sovereign exposures, and excludes exposure to Public Sector Entities (CODI).*
*** Off-balance sheet exposures are reported gross of CRM, CCF and impairments, and exclude revocable commitment*

CR2: Changes in stock of defaulted loans and debt securities (2026/2025)

R'000	As at 30 June 2026
1 **Defaulted loans and debt securities at end of the previous reporting period**	**524,869**
2 Loans and debt securities that have defaulted since the last reporting period	237,849
3 Returned to non-defaulted status	44,152
4 Amounts written off	133,432
5 Other changes	32,355
6 **Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)**	**617,489**

R'000	As at 30 June 2025
1 **Defaulted loans and debt securities at the end of the previous reporting period**	**384,250**
2 Loans and debt securities that have defaulted since the last reporting period	207,768
3 Returned to non-defaulted status	50,474
4 Amounts written off	121,522
5 Other changes	18,983
6 **Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	**439,005**

Commentary

Defaulted exposures increased from R439m to R617.5m year-on-year, primarily driven by higher levels of new defaults during the reporting period. The increase was partially offset by write-offs and exposures returning to performing status.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CR3: Credit risk mitigation techniques – overview (2026/2025)

As at 30 June 2026 R'000		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposure secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposure secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposure secured by credit derivatives, of which: secured amount
1	Loans	19,676,507	4,884,410	4,884,039	274,316	274,316	0	0
(a)	Sovereign (including central government and central bank)	10,468,413	0	0	0	0	0	0
(b)	Public sector entities	0	0	0	274,316	274,316	0	0
(c)	Banks	961,806	1,023,733	1,023,733	0	0	0	0
(d)	Corporate	0	0	0	0	0	0	0
(e)	SME Corporate	0	0	0	0	0	0	0
(f)	Specialised Lending: Real Estate (SL)	0	0	0	0	0	0	0
1	SL: Project finance	0	0	0	0	0	0	0
2	SL: Object and commodity finance	0	0	0	0	0	0	0
(g)	Purchased receivables – corporate	0	0	0	0	0	0	0
(h)	Retail residential mortgage advances*	0	3,860,677	3,860,305	0	0	0	0
(i)	Retail qualifying revolving (QRRE)	7,881,295	0	0	0	0	0	0
(j)	Retail SME	0	0	0	0	0	0	0
(k)	Retail other	364,994	0	0	0	0	0	0
1	Of which: Unsecured lending	364,994	0	0	0	0	0	0
(l)	Purchased receivables – retail	0	0	0	0	0	0	0
2	Debt securities	0	0	0	0	0	0	0
3	**Total**	19,676,507	4,884,410	4,884,039	274,316	274,316	0	0
4	**of which: defaulted**	**85,398**	**8,045**	**8,045**	**0**	**0**	**0**	**0**

As at 30 June 2025 R'000		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposure secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposure secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposure secured by credit derivatives, of which: secured amount
1	Loans	7,768,530	1,911,153	1,911,125	0	0	0	0
2	Debt securities	0	0	0	0	0	0	0
3	**Total**	7,768,530	1,911,153	1,911,125	0	0	0	0
4	**of which: defaulted**	**79,743**	**0**	**0**	**0**	**0**	**0**	**0**

* *Retail residential mortgages are secured by their underlying property; however, these are not considered as a form of CRM in the context of BA200 credit returns.*

Commentary

Credit risk mitigation increased materially during 2026, with collateralised exposures rising from R1.9bn to R4.9bn, driven primarily by growth in residential mortgage and bank exposures. Total loan exposures also increased significantly, reflecting continued growth in the Bank's lending portfolio.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects (2026/2025)

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
As at 30 June 2026 R'000		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	**Sovereign (including central government and central bank)**	10,468,413	0	10,468,413	0	0	0%
2	Multilateral development banks	0	0	0	0	0	0%
(a)	Securities firms and other financial institutions	0	0	0	0	0	0%
3	Banks: of which	1,985,574	0	961,840	0	192,368	20%
(a)	Securities firms and other financial institutions	0	0	0	0	0	0%
(b)	Public sector entities	274,316	0	0	0	0	0%
4	Covered bonds	0	0	0	0	0	0%
5	Corporates (excluding corporate real estate as per line 8): of which	0	0	0	0	0	0%
(a)	SME Corporate	0	0	0	0	0	0%
(b)	Securities firms and other financial institutions	0	0	0	0	0	0%
(c)	Specialised lending (excluding IPRRE, IPCRE and HVCRE)	0	0	0	0	0	0%
6	Subordinated debt, equity and other capital	0	0	0	0	0	0%
7	Retail: of which	12,380,967	12,038,574	12,380,967	1,362,087	8,268,876	60%
(a)	Retail residential mortgage advances	3,861,493	527,434	3,861,493	210,973	1,393,734	34%
(b)	Retail qualifying revolving (QRRE)	8,130,763	11,498,791	8,130,763	1,149,879	6,580,207	71%
(c)	SME retail	0	0	0	0	0	0%
(d)	Retail other	388,711	12,349	388,711	1,235	294,935	76%
8	Real estate: Corporate: of which	0	0	0	0	0	0%
(a)	Commercial real estate	0	0	0	0	0	0%
(b)	Income producing real estate	0	0	0	0	0	0%
(c)	HVCRE including land acquisition, development and construction	0	0	0	0	0	0%
9	Defaulted exposures	617,489	124,061	94,716	12,406	63,533	59%
10	Other assets	8,462,511	0	8,462,511	0	1,245,030	15%
11	**Total**	**34,189,270**	**12,162,635**	**32,368,447**	**1,374,493**	**9,769,807**	**29%**

Commentary

The portfolio continued to benefit from a significant proportion of low-risk sovereign and residential mortgage exposures, resulting in an overall RWA density of 29%.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects (2026/2025)

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	As at 30 June 2025 R'000	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	**Sovereigns and their central banks**	9,411,561	0	9,411,561	0	0	0
2	Non-central government public sector entities	225,944	0	0	0	0	0
3	Multilateral development banks	0	0	0	0	0	0
4	Banks	756,957	0	756,957	0	151,391	20
	of which: securities firms and other financial institutions	0	0	0	0	0	0
5	Covered Bonds	0	0	0	0	0	0
6	Corporates	0	0	0	0	0	0
	of which: securities firms and other financial institutions	0	0	0	0	0	0
	of which: specialised lending	0	0	0	0	0	0
7	Subordinated debt, equity and other capital	0	0	0	0	0	0
8	Retail	7,235,045	9,926,495	7,235,045	0	5,426,284	75
9	Real estate	1,689,800	219,327	1,689,800	93,294	654,103	37
	of which: general RRE	1,689,800	219,327	1,689,800	93,294	654,103	37
	of which: IPRRE	0	0	0	0	0	0
	of which: CRE	0	0	0	0	0	0
	of which: IPCRE	0	0	0	0	0	0
	of which: land acquisition, development and construction	0	0	0	0	0	0
10	Defaulted exposures/Past due exposures	439,005	122,335	80,370	0	42,166	52
11	Other assets	9,701,508	0	9,701,508	0	925,677	10
12	**Total**	**29,459,820**	**10,268,157**	**28,875,241**	**93,294**	**7,199,621**	**25**

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CR5: Standardised approach – exposures by asset classes and risk weights (2026/2025)

As at 30 June 2026 R'000	Risk weight													
	0%	10%	20%	25%	30%	40%	45%	50%	70%	75%	100%	150%	Others	Total credit exposure amount (post CCF and post-CRM)
1 **Sovereign (including central government and central bank)**	10,468,413	0	0	0	0	0	0	0	0	0	0	0	0	10,468,413
2 Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Multilateral development banks (MDBs)														0
4 Banks	0	0	961,840	0	0	0	0	0	0	0	0	0	0	961,840
(a) of which: securities firms and other financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Corporates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(a) Of which: SME	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b) Of which: securities firms and other financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) Of which: specialised lending (excluding IPRRE, IPCRE and HVCRE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Subordinated debt, equity and other capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Retail (excluding retail residential mortgage advances as per line 9): of which	0	0	0	0	0	0	1,267,580	0	0	8,393,104	9,903	0	0	9,670,587
(a) Retail qualifying revolving (QRRE)	0	0	0	0	0	0	1,267,580	0	0	8,013,062	0	0	0	9,280,642
(b) SME retail														0
(c) Retail other	0	0	0	0	0	0	0	0	0	380,042	9,903	0	0	389,945
9 Real estate	0	0	694,080	448,278	1,350,050	793,120	0	651,356	135,582	0	0	0	0	4,072,466
(a) general RRE retail residential mortgage advances	0	0	694,080	448,278	1,350,050	793,120	0	651,356	135,582	0	0	0	0	4,072,466
(b) no loan splitting applied	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) loan splitting applied (secured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d) loan splitting applied (unsecured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e) IPRRE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(f) general CRE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(g) no loan splitting applied	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(h) loan splitting applied (secured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(i) Of which: loan splitting applied (unsecured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(j) Of which: IPCRE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(k) Of which: HVCRE including land acquisition, development and construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Defaulted exposures	0	0	0	0	0	0	0	92,742	0	0	8,816	5,564	0	107,122
Total														**25,280,428**

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CR5: Standardised approach – exposures by asset classes and risk weights (2026/2025) / continued

As at 30 June 2026 R'000	Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures			
	On-balance sheet exposure	Off-balance sheet exposure	Weighted average CCF*	Exposure (post CCF and post CRM)
Risk weight				
1 Less than 40%	19,034,044	510,385	40%	17,940,149
2 40 – 70%	3,013,131	4,422,889	10%	2,940,380
3 75%	7,674,731	7,183,732	10%	8,393,104
4 85%	0	0	0%	0
5 90 – 100%	1,264,884	13,878	10%	1,263,749
6 105 – 130%	0	0	0%	0
7 150%	2,484	31,751	10%	5,564
8 250%	0	0	0%	0
9 400%	0	0	0%	0
10 1,250%	0	0	0%	0
11 **Total exposures**	**30,989,274**	**12,162,635**	**11%**	**30,542,946**

Commentary

Total credit exposures increased to R25.3bn, driven primarily by sovereign, retail and residential mortgage portfolios. The portfolio remains weighted towards lower-risk asset classes, with sovereign exposures attracting a 0% risk weight and residential mortgages predominantly allocated to lower risk-weight buckets.

As at 30 June 2025 R'000	Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures			
	a	b	c	d
	On-balance sheet exposure	Off-balance sheet exposure	Weighted average CCF*	Exposure (post-CCF and post-CRM)
Risk weight				
1 Less than 40%	17,663,515	212,767	42.3%	17,527,584
2 40 – 70%	2,054,648	96,481	0	78,184
3 75%	7,306,572	9,933,056	0	7,309,852
4 85%	0	0	0	0
5 90 – 100%	926,501	1,785	0	926,236
6 105 – 130%	0	0	0	0
7 150%	1,806	24,069	0	1,776
8 250%	0	0	0	0
9 400%	0	0	0	0
10 1,250%	0	0	0	0
11 **Total exposures**	**27,953,042**	**10,268,158**	**0.9%**	**25,843,632**

* *Weighting is based on off-balance sheet exposure (pre-CCF).*

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CR5: Standardised approach – exposures by asset classes and risk weights (2026/2025) / continued

As at 30 June 2025 R'000		Risk weight									
		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post CCF and post-CRM)
1	**Sovereigns and their central banks**	9,411,561	0	0	0	0	0	0	0	0	9,411,561
2	Non-central government public sector entities (PSEs)	0	0	0	0	0	0	0	0	0	0
3	Multilateral development banks (MDBs)	0	0	0	0	0	0	0	0	0	0
4	Banks	0	0	756,957	0	0	0	0	0	0	756,957
	of which: securities firms and other financial institutions	0	0	0	0	0	0	0	0	0	0
5	Covered bonds	0	0	0	0	0	0	0	0	0	0
6	Corporates	0	0	0	0	0	0	0	0	0	0
	of which: securities firms and other financial institutions	0	0	0	0	0	0	0	0	0	0
	of which: specialised lending	0	0	0	0	0	0	0	0	0	0
7	Subordinated debt, equity and other capital	0	0	0	0	0	0	0	0	0	0
8	Retail	0	0	0	0	0	7,235,045	0	0	0	7,235,045
9	Real estate	0	0	0	1,100,164	0	641,746	41,184	0	0	1,783,094
	of which: general RRE	0	0	0	1,100,164	0	641,746	41,184	0	0	1,783,094
	of which: no loan splitting applied	0	0	0	0	0	0	0	0	0	0
	of which: loan splitting applied (secured)	0	0	0	0	0	0	0	0	0	0
	of which: loan splitting	0	0	0	0	0	0	0	0	0	0
	of which: IPRRE	0	0	0	0	0	0	0	0	0	0
	of which: general CRE	0	0	0	0	0	0	0	0	0	0
	of which: no loan splitting applied	0	0	0	0	0	0	0	0	0	0
	of which: loan splitting applied (secured)	0	0	0	0	0	0	0	0	0	0
	of which: loan splitting applied (unsecured)	0	0	0	0	0	0	0	0	0	0
	of which: IPCRE	0	0	0	0	0	0	0	0	0	0
	of which: land acquisition, development and construction	0	0	0	0	0	0	0	0	0	0
10	Past-due loans/defaulted exposures	0	0	0	0	78,184	0	410	1,776	0	80,370
11	Other assets	5,650,929	0	0	0	0	0	925,677		3,124,902	9,701,508

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CRB-A: Performing and non-performing exposures (2026/2025)

Exposure category*	Performing	NPE: defaulted or impaired	NPE: >90 DPD, not defaulted/ impaired	NPE: other unlikely-to-pay	Total NPE	Total exposure	NPE provisions: specific impairments
Debt securities	0	0	0	0	0	0	0
Loans – Corporate (Total)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Corporate – Large corporate	0	0	0	0	0	0	0
Corporate – SME	0	0	0	0	0	0	0
Loans – Retail (Total)	**12,908,401**	**617,488**	**0**	**0**	**617,488**	**13,525,889**	**524,046**
Retail – Residential mortgages	4,388,927	10,175	0	0	10,175	4,399,102	2,130
Retail – Revolving exposures	8,130,763	593,698	0	0	593,698	8,724,461	511,718
Retail – Other retail	388,711	13,615	0	0	13,615	402,326	10,198
Loans – Total	**12,908,401**	**617,488**	**0**	**0**	**617,488**	**13,525,889**	**524,046**
Total	**12,908,401**	**617,488**	**0**	**0**	**617,488**	**13,525,889**	**524,046**

The gross exposure amounts ('000s) have been reported. Revocable off-balance sheet exposures have been excluded.

* *Exposure category as per the BA200 asset classification.*

Commentary

The retail portfolio remained resilient during 2026, with performing exposures comprising the majority of total exposures. Non-performing exposures and associated impairments were primarily driven by the revolving retail portfolio, while residential mortgage performance remained relatively strong.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Counterparty credit risk

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach (2026/2025)

As at 30 June 2026 R'000		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)				1.4		
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)					0	0
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	**Total**						

As at 30 June 2025 R'000		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)				1.4		
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)					0	0
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	**Total**						

Counterparty credit risk / continued

CCR3: Standardised approach to CCR exposures by regulatory portfolio and risk weights (2026/2025)

As at 30 June 2026 R'000	Risk weight								
	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post-CRM)
Regulatory portfolio									
1 Sovereign	0	0	0	0	0	0	0	0	0
2 Non-central government public sector entities	0	0	0	0	0	0	0	0	0
3 Multi-lateral development banks	0	0	0	0	0	0	0	0	0
4 Banks	0	0	0	0	0	0	0	0	0
5 Securities firms	0	0	0	0	0	0	0	0	0
6 Corporates	0	0	0	0	0	0	0	0	0
7 Regulatory retail portfolio	0	0	0	0	0	0	0	0	0
8 Other assets	0	0	0	0	0	0	0	0	0
9 **Total**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

As at 30 June 2025 R'000	Risk weight								
	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post-CRM)
Regulatory portfolio									
1 Sovereign	0	0	0	0	0	0	0	0	0
2 Non-central government public sector entities	0	0	0	0	0	0	0	0	0
3 Multilateral development banks	0	0	0	0	0	0	0	0	0
4 Banks	0	0	756,957	0	0	0	0	0	756,957
5 Securities firms	0	0	0	0	0	0	0	0	0
6 Corporates	0	0	0	0	0	0	0	0	0
7 Regulatory retail portfolio	0	0	0	0	0	0	0	0	0
8 Other assets	0	0	0	0	0	0	0	0	0
9 **Total**	**0**	**0**	**756,957**	**0**	**0**	**0**	**0**	**0**	**756,957**

Commentary

CCR exposures under the Standardised Approach decreased from R757.0m in 2025 to nil in 2026, driven by the absence of exposures to bank counterparties at the reporting date. Consequently, the Bank's counterparty credit risk profile reduced materially year-on-year.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Credit valuation adjustment risk

CVA1: The reduced basic approach for CVA (BA-CVA)

To provide the components used for the computation of RWA under the reduced BA-CVA for CVA risk.

		a	b
30 June 2026		Components	BA-CVA RWA
1	Aggregation of systematic components of CVA risk	0	0
2	Aggregation of idiosyncratic components of CVA risk	0	0
3	**Total**	**0**	**0**

CVA2: The full basic approach for CVA (BA-CVA)

To provide the components used for the computation of RWA under the full BA-CVA for CVA risk.

		a
30 June 2026		BA-CVA RWA
1	K Reduced	0
2	K Hedged	0
3	**Total**	0

CVA3: The standardised approach for CVA (SA-CVA)

To provide the components used for the computation of RWA under the SA-CVA for CVA risk.

		a	b
30 June 2026		SA-CVA RWA	Number of counterparties
1	Interest rate risk	0	0
2	Foreign exchange risk	0	0
3	Reference credit spread risk	0	0
4	Equity risk	0	0
5	Commodity risk	0	0
6	Counterparty credit spread risk	0	0
7	**Total (sum of rows 1 to 6)**	**0**	**0**

CVA4: RWA flow statements of CVA risk exposures under SA-CVA

Flow statement explaining variations in RWA for CVA risk determined under the SA-CVA.

	30 June 2026	a
1	**Total RWA for CVA at previous quarter-end**	**0**
2	**Total RWA for CVA at end of reporting period**	**0**

ENC

	a	b	c	d
As at 30 June 2026 R'000	Encumbered assets	Central bank facilities	Unencumbered assets	Total
	1,023,719	**4,017,487**	**24,562,491**	**29,603,697**

Commentary

The Bank is currently not exposed to CVA risk, as it does not engage in derivative transactions that give rise to counterparty credit valuation adjustments. The Bank's activities are primarily retail banking focused, and its exposures are limited to traditional banking products and interbank placements, which do not attract CVA capital requirements. Accordingly, no CVA risk capital charge is applicable at this time.

Market risk

MR1: Market risk under the standardised approach (2026/2025)

	As at 30 June 2026 R'000	Capital requirement in the standardised approach
1	General interest rate risk	0
2	Equity risk	0
3	Commodity risk	0
4	Foreign exchange risk	19,120
5	Credit spread risk – non securitisations	0
6	Credit spread risk – securitisations (non-correlation trading portfolio)	0
7	Credit spread risk – securitisations (correlation trading portfolio)	0
8	Default risk – non securitisation	0
9	Default risk – securitisations (non-correlation trading portfolio)	0
10	Default risk – securitisation (correlation trading portfolio)	0
11	Residual risk add-on	0
12	**Total**	**19,120**

	As at 30 June 2025 R'000	Capital requirement in the standardised approach
1	General interest rate risk	0
2	Equity risk	0
3	Commodity risk	0
4	Foreign exchange risk	9,663
5	Credit spread risk – non securitisations	0
6	Credit spread risk – securitisations (non-correlation trading portfolio)	0
7	Credit spread risk – securitisations (correlation trading portfolio)	0
8	Default risk – non securitisation	0
9	Default risk – securitisations (non-correlation trading portfolio)	0
10	Default risk – securitisation (correlation trading portfolio)	0
11	Residual risk add-on	0
12	**Total**	**9,663**

MR3: Market risk under the simplified standardised approach

Provide the components of the capital requirement under the simplified standardised approach for market risk.

	As at 30 June 2026 R'000	Outright products	Options		
			Simplified approach	Delta-plus method	Scenario approach
1	Interest rate risk	0	0	0	0
2	Equity risk	0	0	0	0
3	Commodity risk	0	0	0	0
4	Foreign exchange risk	24,939	0	0	0
5	Securitisations	0	0	0	0
6	**Total**	**24,939**	**0**	**0**	**0**

Commentary

No significant movement YoY, just normal growth of the foreign exchange product offering.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Operational risk

OR2: Business indicator and subcomponents

To disclose the business indicator (BI) and its subcomponents, which inform the operational risk capital calculation.

		a	b	c
BI and its subcomponents		**30 June 2026**	**30 June 2025**	**30 June 2024**
1	Interest, lease and dividend component	545,494		
1a	Interest and lease income	2,631,115	2,255,638	1,839,828
1b	Interest and lease expense	1,316,951	1,238,026	1,061,334
1c	Interest earning assets	28,712,179	24,559,472	19,460,825
1d	Dividend income	0	0	0
2	Services component	2,269,340		
2a	Fee and commission income	2,781,692	2,246,425	1,729,615
2b	Fee and commission expense	969,209	865,191	732,630
2c	Other operating income	0	0	0
2d	Other operating expense	27,089	16,974	6,224
3	Financial component	17,560		
3a	Net P&L on the trading book	0	0	0
3b	Net P&L on the banking book	(8,502)	(11,985)	32,194
4	Business indicator	2,832,394		
5	Business indicator component (BIC)	339,887		

Disclosure on the BI:

		a
6a	BI gross of excluded divested activities	2,832,394
6b	Reduction in BI due to excluded divested activities	0

OR3: Minimum required operational risk capital

To disclose operational risk regulatory capital requirements.

	30 June 2026	**a**
1	Business indicator component (BIC)	339,887
2	Internal loss multiplier (ILM)	1.00
3	Minimum required operational risk capital (ORC)	339,887
4	Operational risk RWA	4,248,588
4a	Operational risk RWA including add on	4,570,425

Commentary

This disclosure has been introduced as part of the revised Pillar 3 reporting templates and provides the Business Indicator (BI) inputs used in the calculation of the operational risk capital requirement under the Standardised Measurement Approach. The increase in the Business Indicator Component reflects growth in the Bank's balance sheet, net interest income and fee-based income over the reporting period, consistent with the continued expansion of the Bank's operations.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Remuneration

REM 1: Remuneration awarded during the financial year (2026/2025)

As at end of June 2026			Senior management	Other material risk-takers
Remuneration amount				
1	Fixed Remuneration	Number of employees	5	3
2		**Total fixed remuneration (3+5+7)**	**23,783,045.16**	**20,788,511.03**
3		Of which: cash-based	19,563,106.20	19,131,555.82
4		Of which: deferred		
5		Of which: shares or other share-linked instruments		
6		Of which - deferred		
7		Of which: other forms*	4,219,938.96	1,656,955.21
8		Of which: deferred		
9	Variable Remuneration	Number of employees	5	3
10		**Total variable remuneration (11+13+15)**	**49,657,059.22**	**89,159,041.73**
11		Of which: cash based	25,374,617.00	37,474,989.00
12		Of which: deferred		
13		Of which: shares or other share-linked instruments	24,282,442.22	51,684,052.73
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	****Total remuneration (2+10)**		**73,440,104.38**	**109,947,552.76**

* *Provident funds. medical aid contributions.*
** *For material risk-takers, total as stated in the annual financial statements.*

Commentary

During the financial year, a member of senior management retired from the Bank so is not included in the above disclosed numbers as at the reporting date.

REM 2: Special payments

	Guaranteed bonuses		Sign on awards		Severance payments	
Special payments	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management	0	0	0	0	0	0
Other material risk-takers	0	0	0	0	0	0

Commentary

No special payments were made to material risk-takers/ senior management during the period under review.

Remuneration / continued

REM 1: Remuneration awarded during the financial year (2026/2025)

As at end of June 2025			Senior management	Other material risk-takers
Remuneration amount				
1	Fixed Remuneration	Number of employees	6	3
2		**Total fixed remuneration (3+5+7)**	**27,315,386.52**	**19,299,683.96**
3		Of which: cash-based	22,742,182.92	18,154,407.57
4		Of which: deferred		
5		Of which: shares or other share-linked instruments		
6		Of which: deferred		
7		*Of which: other forms	4,573,203.60	1,145,276.39
8		Of which: deferred		
9	Variable Remuneration	Number of employees	6	3
10		**Total variable remuneration (11+13+15)**	**51,497,267.60**	**56,086,459.64**
11		Of which: cash-based	25,600,088.00	33,830,243.00
12		Of which: deferred		
13		Of which: shares or other share-linked instruments	25,897,179.60	22,256,216.64
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	****Total remuneration (2 +10)**		**78,812,654.12**	**75,386,143.60**

* *Provident funds, medical aid contributions.*
** *Total as stated in the Annual Financial Statements.*

REM 2: Special payments

	Guaranteed bonuses		Sign-on awards		Severance payments	
Special payments	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management	0	0	0	0	0	0
Other material risk-takers	0	0	0	0	0	0

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

REM 3: Deferred remuneration (2026/2025)

Deferred and retained remuneration As at end of June 2026 R'000	a Total amount of outstanding deferred remuneration	b Of which: total amount of outstanding deferred and retained remuneration exposed to ex-post explicit and/ or implicit adjustment	c Total amount of amendment during the year due to ex-post explicit adjustments	d Total amount of amendment during the year due to ex-post implicit adjustments	e Total amount of deferred remuneration paid out in the financial year
Senior management					
Cash	0	0	0	0	0
Shares	0	0	0	0	0
Cash-linked instruments	0	0	0	0	0
Other	39,057,685.91	39,057,685.91	0	4,252,166.32	(24,282,442.22)
Other material risk-takers					
Cash	0	0	0	0	0
Shares	0	0	0	0	0
Cash-linked instruments	0	0	0	0	0
Other	109,867,890.92	109,867,890.92	0	12,589,326.70	(51,684,052.73)
Total	**148,925,576.83**	**148,925,576.83**	**0**	**16,841,493.02**	**(75,966,494.95)**

Definitions

Outstanding exposed to ex-post adjustment of the deferred and retained remuneration: This is subject to direct adjustment clauses (for instance, subject to malus, clawbacks or similar reversals or downward revaluations of awards).

Outstanding exposed to ex-post implicit adjustment: Part of the deferred and retained remuneration that is subject to adjustment clauses that could change the remuneration, due to the fact that they are linked to the performance of other indicators (for instance, fluctuations in the value of shares performance or performance units).

In columns A and B, the amounts at the reporting date (accumulated over the last years) are expected. In columns C to E, movements during the financial year are expected. While columns C and D show the movements specifically related to column B, column E shows payments that have affected column A.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

Deferred and retained remuneration As at end of June 2025 R'000	a Total amount of outstanding deferred remuneration	b Of which: total amount of outstanding deferred and retained remuneration exposed to ex-post explicit and/ or implicit adjustment	c Total amount of amendment during the year due to ex-post explicit adjustments	d Total amount of amendment during the year due to ex-post implicit adjustments	e Total amount of deferred remuneration paid out in the financial year
Senior management					
Cash					
Shares					
Cash-linked instruments					
Other	54,679,488.00	54,679,488.00	(97,919.63)	14,750,333.86	25,897,179.60
Other material risk-takers					
Cash					
Shares					
Cash-linked instruments					
Other	97,888,870.80	97,888,870.80	(135,094.07)	21,238,042.21	22,256,216.64
Total	**152,568,358.80**	**152,568,358.80**	**(233,013.70)**	**35,988,376.07**	**48,153,396.24**

Building scale, delivering results

Strategy and business model

Risk management philosophy

Remuneration

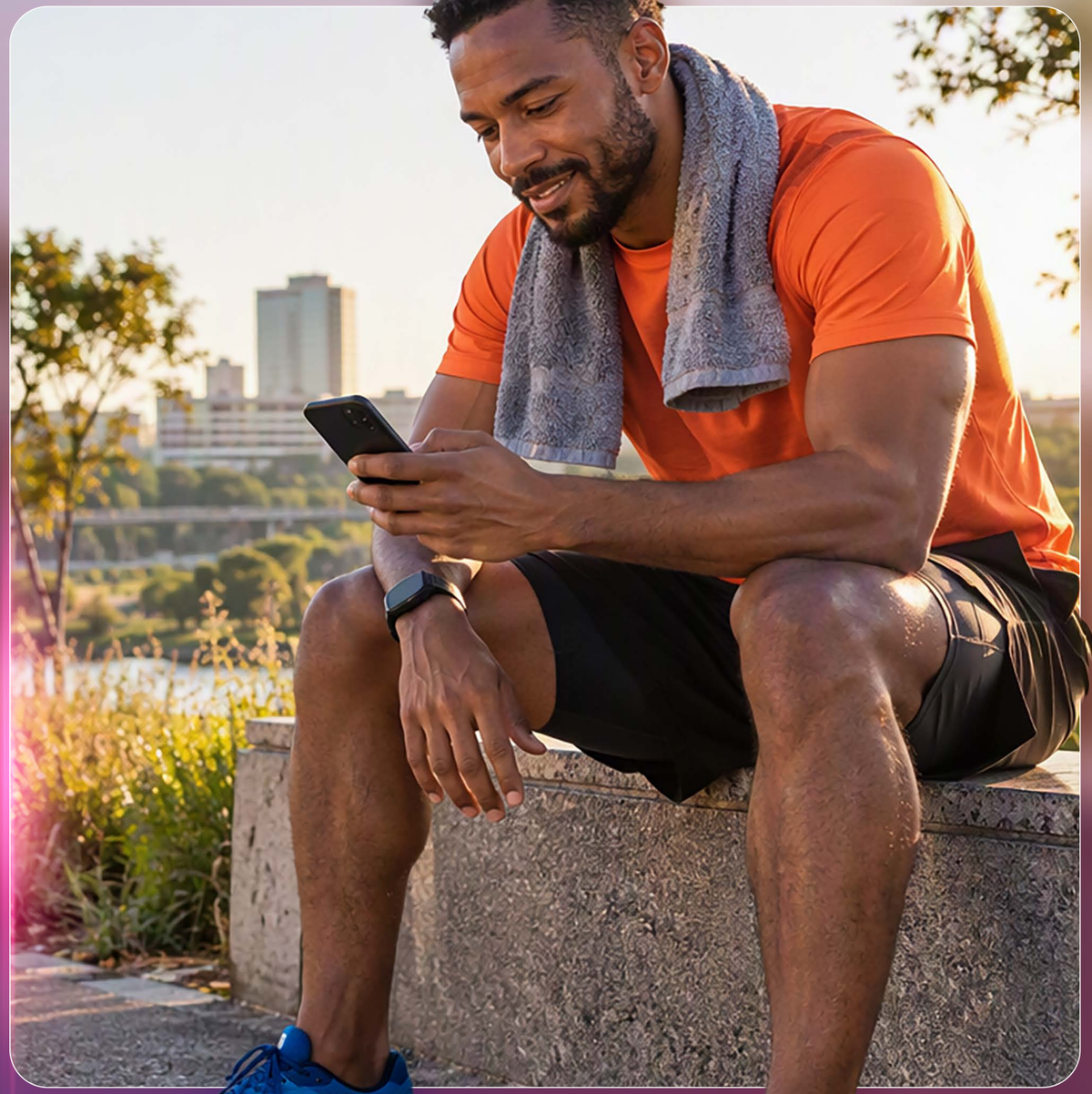
Quantitative tables and templates

Qualitative tables

Abbreviations

05

Qualitative tables



Building scale, delivering results

Strategy and business model

Risk management philosophy

Remuneration

Quantitative tables and templates

Qualitative tables

Abbreviations

OVA: Bank risk management approach

	Description	Key risk	Section in document	Page reference
(a)	How the business model determines and interacts with the overall risk profile (for example, the key risks related to the business model and how each of these risks is reflected and described in the risk disclosures) and how the risk profile of the bank interacts with the risk tolerance approved by the board	Risk appetite Credit risk Market risk Liqudity and funding risk Reputational risk Strategic risk Business risk Capital management Regulatory risk Model risk Operational risk	Risk management approach and key risks	Risk Management Philosophy (pages 10 - 35)
(b)	The risk governance structure: responsibilities attributed throughout the bank (for example, oversight and delegation of authority; breakdown of responsibilities by type of risk and business unit); relationships between the structures involved in risk management processes (for example, board of directors, executive management, separate risk committee, risk management structure, compliance function, internal audit function)	All risk	Risk management approach	
(c)	Channels to communicate, decline and enforce the risk culture within the bank (for example, code of conduct; manuals containing operating limits or procedures to treat violations or breaches of risk thresholds; procedures to raise and share risk issues between business lines and risk functions)	All risk	Risk management: channels to communicate risk	
(d)	The scope and main features of risk measurement systems	All risk	Risk management	
(e)	Description of the process of risk information reporting provided to the board and senior management, in particular the scope and main content of reporting on risk exposure	All risk	Risk management	
(f)	Qualitative information on stress testing (for example, portfolios subject to stress testing, scenarios adopted and methodologies used, and use of stress testing in risk management)	Stress testing	Key risks: stress testing	
(g)	The strategies and processes to manage, hedge and mitigate risks that arise from the bank's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants	ICAAP Risk appetite Credit risk Market risk Liqudity and funding risk Reputational risk Strategic and business risk Capital management risk Operational risk	Key risks: ICAAP Risk management approach and key risks	

LIA: Explanations of differences between accounting and regulatory exposure amounts

	Description	Section in document	Page reference
(a)	Banks must explain the origins of any significant differences between amounts in columns (a) and (b) in LI1	Refer to table LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk	59
(b)	Banks must explain the origins of differences between carrying values and amounts considered for regulatory purposes shown in LI2	Refer to table LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements	61
(c)	In accordance with the implementation of the guidance on prudent valuation, banks must describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include: • Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used • Description of the independent price verification process • Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument)	Prudent Valuation Adjustment (PVA) is a regulatory requirement that ensures fair values of financial instruments reflect valuation uncertainty, particularly in illiquid or complex markets. It is especially relevant for instruments like interest rate swaps (IRS), where market inputs and pricing models can introduce risk. During the reporting period, Discovery Bank did not hold any interest rate swaps, and as a result, no PVA was required or applied.	n/a

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

LIQA: Liquidity risk management

Description		Key risk	Section in document	Page reference
(a)	Governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the board of directors.	Liquidity and Funding Risk	Risk management and key risks	Risk Management Philosophy (pages 10 - 35)
(b)	Funding strategy, including policies on diversification in the sources and tenor of funding, and whether the funding strategy is centralised or decentralised	Liquidity and Funding Risk		
(c)	Liquidity risk mitigation techniques	Liquidity and Funding Risk		
(d)	An explanation of how stress testing is used	Liquidity and Funding Risk		
(e)	An outline of the bank's contingency funding plans	Liquidity and Funding Risk		

CRA: General qualitative information about credit risk

Description		Discovery Bank disclosure	Page reference
(a)	How the business model translates into the components of the bank's credit risk profile	Discovery Bank's business model is focused on retail banking and the provision of secured and unsecured lending products. Credit risk arises mainly from home loans, the Single Credit Facility, revolving credit facilities and personal loans. The Bank's behavioural shared-value model, digital distribution and use of data and analytics support client selection, pricing and ongoing risk management. The lending strategy is implemented through eligibility rules, credit scoring, affordability assessments, exposure and limit frameworks, and product-level or risk-based pricing. Portfolio risk is monitored through measures including credit loss ratios, arrears, indebtedness, risk distribution, employment type, limit concentration, loan-to-value ratios and probability of default. The Bank seeks an appropriate balance between risk and reward and operates within Board-approved risk appetite and tolerance levels.	Risk Management Philosophy (pages 10 - 35)
(b)	Criteria and approach used for defining credit risk management policy and for setting credit risk limits	Credit risk is managed through approved credit policies, lending mandates, risk appetite metrics and detailed operational limits. The credit assessment process considers target-market and high-risk exclusions, willingness to pay through quantitative scoring, ability to pay through affordability and debt-serviceability assessments, the amount of credit granted through limit frameworks, and credit pricing. Risk appetite is reviewed with reference to prior-year performance, budget outcomes, portfolio strategy and new or changing products. Proposed metrics and thresholds are considered by the Credit Risk Review Committee, with Board-level metrics submitted to the Risk and Capital Management Committee and the Board. Performance is monitored monthly against approved thresholds, with predefined management actions where metrics approach or exceed appetite.	
(c)	Structure and organisation of the credit risk management and control function	The credit risk governance structure operates across the three lines of defence. Credit business and operations perform first-line credit activities, including acquisitions, account management, collections, management information and modelling. The Head of Credit Risk reports to the Chief Risk Officer and provides independent second-line oversight, challenge and monitoring of the Credit function. Oversight is supported by specialist governance forums, including the Credit Risk Review Committee, Home Loans Credit Risk Review Committee, Impairment Committee, Model Risk Committee, Large Exposure Committee and Risk and Capital Management Committee. Internal Audit provides independent third-line assurance.	
(d)	Relationships between the credit risk management, risk control, compliance and internal audit functions	Credit business and operations own and manage credit risk in the first line. The independent Risk function, led through the Chief Risk Officer and Head of Credit Risk, provides second-line oversight, monitoring and challenge. Compliance and Legal are organisationally separate from Credit Risk and provide regulatory and legal oversight. Internal Audit provides independent third-line assurance over the effectiveness of the governance, risk management and control environment. Compliance and Internal Audit have reporting access to the Board through the governance structure.	
(e)	Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors	Credit risk reporting covers the secured and unsecured portfolios and includes performance against Board and management risk appetite, credit loss ratios, arrears vintages, default and non-performing loan trends, portfolio composition and concentration, risk distribution, affordability and indebtedness, employment type, limits, loan-to-value ratios, probability of default, impairments, overlays, collections, write-offs, recoveries, debt review, emerging risks and stress outcomes. Credit risk appetite is tracked monthly and escalated through the Credit Risk Review Committee and executive governance, while Board-level metrics are reported to the Risk and Capital Management Committee and the Board. Breaches are subject to predefined escalation and remediation actions.	

CRB-A: Qualitative disclosures

Unsecured portfolio		
No.	**Required disclosure**	**Bank response**
(1)	State the Bank's definition of a non-performing exposure.	For the unsecured credit portfolio, a facility is flagged for default if one or more of the following rules are triggered: 1. The facility is 90 days past due which is equivalent to three instalments past due. 2. The borrower was placed in debt counselling/debt review or is deceased. 3. The facility has undergone restructuring/a special arrangement. 4. The facility has been placed in a charge-off/legal status or has been declared insolvent. 5. The facility has been written off. Defaulted exposures are placed in Stage 3 and are credit-impaired under IFRS9.
(2)	Describe the NPE exit/ cure criteria.	A facility is deemed as cured when it has not been in default for a period of six months after defaulting. This implies that when a facility goes into default, it will be kept in default for a period of six months from the point of coming out of default.
(3)	Explain the relationship and material differences between prudential NPE, regulatory default and IFRS 9 credit-impaired/ Stage 3 classifications.	Non-performing exposures will include facilities which have defaulted under the Basel regulatory definition and facilities which are credit-impaired under the IFRS9 standards. For the unsecured portfolio, regulatory defaulted exposures will be placed in Stage 3 and credit-impaired under IFRS9. The Bank does not have facilities where it has neither defaulted nor credit-impaired but a material amount is more than 90 days past due.
(4)	State the Bank's definition of a forborne/ restructured exposure.	The Bank currently does not grant forbearance on its unsecured facilities. The only form of restructure done is debt counselling/ debt review.
(5)	Describe the forbearance/restructure exit criteria, cure criteria and any probation period.	For new restructures, facilities are kept in a minimum probation period of six months as per D7 of 2015. To cure from a distressed restructure status, clients need to keep to their restructure agreements (not in arrears) for the previous six months and the current month. Upon curing, the facility will move from Stage 3 to Stage 2; missing any repayments will result in a return to Stage 3. Clients will exit from restructures once their debt review agreements have terminated.

Home loan portfolio		
No.	**Required disclosure**	**Bank response**
(1)	State the Bank's definition of a non-performing exposure.	For the home loans portfolio, a facility is flagged for default if one or more of the following rules trigger: 1. The facility is three or more instalments in arrears. 2. The facility is under foreclosure or sequestration. 3. The facility has a default judgement/administration order. 4. The facility has been written off. 5. There is a shortfall between the guarantee following the closure of the facility and the outstanding balance.
(2)	Describe the NPE exit/ cure criteria.	The facility is deemed as cured when it no longer meets the above described default criteria. In the case of restructures from a non-performing position, the facility is flagged as default for at least six months from the point of restructure.
(3)	Explain the relationship and material differences between prudential NPE, regulatory default and IFRS 9 credit-impaired/ Stage 3 classifications.	All facilities which meet the criteria for prudential NPE or regulatory default are classified as credit-impaired and held in Stage 3 under IFRS 9.
(4)	State the Bank's definition of a forborne/ restructured exposure.	Restructures are arrangements used to assist borrowers experiencing financial difficulty. Evidence of financial difficulty must be submitted by the client and in the case of non-debt review restructures, the financial difficulty should be short term in nature. Debt review restructures: Shortfalls to contractual instalments and existing arrears are rescheduled as part of an approved debt review repayment plan. Reduced instalment arrangements: A temporary arrangement allowing the borrower to pay less than the contractual instalment, with the shortfall rescheduled and capitalised to the loan balance. Arrears Reschedules: Used for cases where clients are able to maintain future instalments but are not able to settle their current arrears balance. Existing arrears are capitalised to the loan balance and repaid over the remaining loan term.
(5)	Describe the forbearance/restructure exit criteria, cure criteria and any probation period.	Following the restructure of a facility in a non-performing state, the facility will remain non-performing for a probation period of at least six months. For debt review restructures, loans will remain in Stage 2 under IFRS 9 for the duration of the restructure period.

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CRB-A: Additional disclosure related to prudential treatment of problem assets

Qualitative disclosures		Discovery Bank disclosure	Page reference
(a)	The bank's own definition of non-performing exposures. The bank should specify in particular if it is using the definition provided in the guidelines on prudential treatment of problem assets (hereafter in this table referred to as the "Guidelines") and provide a discussion on the implementation of its definition, including the materiality threshold used to categorise exposures as past due, the exit criteria of the non-performing category (providing information on a probation period, if relevant), together with any useful information for users' understanding of this categorisation. This would include a discussion of any differences or unique processes for the categorisation of corporate and retail loans.	To align with regulatory reporting standards, and in addition to the adopted "Standardised Approach," Discovery Bank applies the following definitions: • Past Due Loans: A facility is considered past due when a material amount is between 1 and 90 days in arrears. • Default/Credit-Impaired: Default is assessed at the facility level and incorporates both quantitative and qualitative criteria, as outlined in the Basel capital framework and Regulation 67 of the Banks Act. This dual approach ensures early identification of credit deterioration. Qualitative indicators of default include: • The borrower is under debt counselling or review • The borrower is deceased • The facility has undergone a distressed restructure or special arrangement • The facility has been transferred to charge-off or legal status • The client is insolvent • The facility has been written off Quantitative indicator of default: • A material amount on the facility is 90 days or more in arrears	Risk Management Philosophy (pages 10 - 35)
(b)	The bank's own definition of a forborne exposure. The bank should specify in particular if it is using the definition provided in the Guidelines and provide a discussion on the implementation of its definition, including the exit criteria of the restructured or forborne category (providing information on the probation period, if relevant), together with any useful information for users' understanding of this categorisation. This would include a discussion of any differences or unique processes for the categorisation of corporate and retail loans.	Debt Review is a statutory relief process provided for by the National Credit Act 34 of 2005 and the National Credit Amendment Act 19 of 2014. The National Credit Act offers debt relief to over-indebted consumers through the debt review process. Debt Review provides relief in the form of negotiating repayment arrangement terms on credit agreements in respect of a consumer's debt obligations. These arrangements may include a change to the instalment, term, fees, and interest rate. All the Debt Review applications that have been received from debt counsellors on behalf of financially distressed consumers will be handled by a specialised team within the bank, in line with rules set out in the Act and the strategy defined by Credit Management team. DEBT REVIEW TERMINATION Should the following terms not be met, the client's debt review status will be terminated, and normal collection processes will apply. • No debt re-arrangement proposal from the Debt Counsellor within 60 days from application • If a client missed two of the re-negotiated debt review payments. It is a restructure but not initiated by the bank but rather a relief process available to consumers governed by the NCA.	

CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

Description	Discovery Bank disclosure	Page reference
(a) Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting.	Not applicable to Discovery Bank	n/a
(b) Core features of policies and processes for collateral evaluation and management.	A portion of client deposits benefits from protection under the Corporation for Deposit Insurance (CODI) scheme, subject to the prescribed coverage limits.	n/a
(c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e., by guarantor type, collateral and credit derivative providers). Banks should disclose a meaningful breakdown of their credit derivative providers, and set the level of granularity of this breakdown, and an appropriate balance between disclosure and protection of confidential and proprietary information must be striked. For instance, banks are not required to identify their derivative counterparties nominally if the name of the counterparty is considered to be confidential information. Instead, the credit derivative exposure can be broken down by rating class or by type of counterparty (eg banks, other financial institutions, non-financial institutions).	Not applicable to Discovery Bank	n/a

CRB: Additional disclosure related to the credit quality of assets

Description	Discovery Bank disclosure	Page reference
(a) The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes. When the accounting framework is IFRS 9, "impaired exposures" are those that are considered "credit-impaired" in the meaning of IFRS 9 Appendix A.	Past-due loans: A facility is considered past due when a material amount is between 1 and 90 days in arrears. Default/ credit-impaired: Default is assessed at the facility level and incorporates both quantitative and qualitative criteria, as outlined in the Basel capital framework and Regulation 67 of the Banks Act. This dual approach ensures early identification of credit deterioration.	Risk Management Philosophy (pages 10 - 35)
(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.	As per the reporting period, the bank does not have exposures that are past 90 days and not impaired.	
(c) Description of methods used for determining accounting provisions for credit losses. In addition, banks that have adopted an ECL accounting model must provide information on the rationale for categorisation of ECL accounting provisions in general and specific categories for standardised approach exposures.	The bank is guided by the impairment/ provisioning requirements as identified in the IFRS 9 Financial Instruments ("IFRS 9", or "the standard") issued by the International Accounting Standards Board (IASB).	
(d) The bank's own definition of a restructured exposure. Banks should disclose the definition of restructured exposures they use (which may be a definition from the local accounting or regulatory framework)	The bank had granted some restructures, under Directive 3 of 020 as part of the COVID-19 relief strategy, which are now being treated as distressed restructures under Directive 7 of 2015. The remainder of the restructures reported are related to exposures being under debt review.	

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CRD: Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk

Description	Discovery Bank disclosure	Page reference
(a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period.	In assessing the creditworthiness of legal entities, the Bank considers the letter grade ratings as provided by recognised external rating agencies for sovereigns, parastatals, banks and corporates. In respect of sovereigns, parastatals, banks and corporates, the Bank utilises the letter grade ratings as issued by eligible External Credit Assessment Institutions (ECAI). This includes Moody's, Standard and Poor and Global Credit Ratings. The rating is determined on the international scale, or the national scale rating mapped to the international scale. In respect of multiple issuer assessments, the higher of the two risk weights (for 2 ratings) or the higher of the lower two risk weights (for 3 or more ratings) will apply. Any new banks and counterparties will be reviewed based on these criteria and reviewed by the ALCO.	n/a
(b) The asset classes for which each ECAI or ECA is used.	Under the International Coverage of Capital Measurement and Capital Standards defined by the Basel Committee for Banking Supervision (BCBS) and incorporated under the Regulations related to South African Banks, each exposure is mapped to an asset class as per asset classification rules, which vary for different asset classes. The Bank adopted the asset classification rules defined by the SARB for credit risk measurement under the standardised approach. Asset classification is used to determine the regulatory treatment of an asset and to assign risk weights. There are two levels of classification: • Counterparty level, for example, Retail, Bank, Corporate or Sovereign. • Product level, for example, Retail Revolving Credit Card or Retail Other. Assets in the banking book are split between the retail book and wholesale book based on the turnover amount. The wholesale book consists of five main assets, namely Sovereign, Public Sector Entities, Banks, Securities Firms and Corporate Entities.	n/a
(c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book.	Discovery Bank is a retail focused bank and currently does not trade in financial instruments that might give rise to issuer risk.	n/a
(d) The alignment of the alphanumerical scale of each agency used with risk buckets (except where the PA publishes a standard mapping with which the bank has to comply).	Discovery Bank is using the standard asset class mapping table as prescribed by the SARB.	n/a

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

CCRA: Qualitative disclosure related to CCR

Description	Key risk	Section in document	Page reference
Banks must provide risk management objectives and policies related to counterparty credit risk, including:			
(a) The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures	Credit risk	Discovery Bank does not have exposure to counterparty credit risk, as it does not engage in derivative, securities financing, or other transactions that give rise to counterparty credit risk exposures.	n/a
(b) Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs	Credit risk	Not applicable	
(c) Policies for wrong-way risk exposures	Credit risk	Not applicable	
(d) The impact of the amount of collateral that the bank would be required to provide, given a credit rating downgrade.	Credit risk	Not applicable	

CVAA: General qualitative disclosure requirements related to CVA

Description	Key risk	Section in document	Page reference
Banks must describe their risk management objectives and policies for CVA risk as follows:			
(a) An explanation and/or a description of the bank's processes implemented to identify, measure, monitor and control the bank's CVA risks, including policies for hedging CVA risk and the processes for monitoring the continuing effectiveness of hedges.	Market risk	For the period under review Discovery Bank did not have CVA risk, or undertake transactions that gave rise to exposure CVA risk.	n/a
(b) Whether the bank is eligible and has chosen to set its capital requirement for CVA at 100% of the bank's capital requirement for counterparty credit risk as applicable under [MAR40].	Market risk	Not applicable	

CVAB: Qualitative disclosures for banks using the SA-CVA

To provide the main characteristics of the bank's CVA risk management framework.

Description	Discovery Bank disclosure	Page reference
(a) A description of the bank's CVA risk management framework.	Discovery Bank is not currently exposed to Credit Valuation Adjustment (CVA) risk, as the Bank does not undertake over-the-counter derivative transactions that give rise to CVA capital requirements. Accordingly, a dedicated CVA risk management framework has not been established.	n/a
(b) A description of how senior management is involved in the CVA risk management framework.	As the Bank is not exposed to CVA risk, no specific CVA risk management oversight arrangements are currently required. Any future activities that could give rise to CVA risk would be subject to the Bank's existing risk governance and approval processes.	n/a
(c) An overview of the governance of the CVA risk management framework (e.g. documentation, independent control unit, independent review, independence of the data acquisition from the lines of business).	The Bank does not currently maintain a dedicated CVA risk governance framework as it has no exposures subject to CVA risk. Should such exposures arise in future, appropriate governance, policies, independent oversight, review processes and reporting arrangements would be implemented in line with the Bank's broader risk management framework.	n/a

MRA: Qualitative disclosure requirements related to market risk

Description	Key risk	Section in document	Page reference
Banks must describe their risk management objectives and policies for market risk according to the framework below (the granularity of the information should support the provision of meaningful information to users):			
(a) Strategies and processes of the bank: this must include an explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the bank's market risks, including policies for hedging risk and strategies/ processes for monitoring the continuing effectiveness of hedges Policies for determining whether a position is designated as trading, including the definition of stale positions and the risk management policies for monitoring those positions. In addition, banks should describe cases where instruments are assigned to the trading or banking book contrary to the general presumptions of their instrument category and the market and gross fair value of such cases, as well as cases where instruments have been moved from one book to the other since the last reporting period, including the gross fair value of such cases and the reason for the move Description of internal risk transfer activities, including the types of internal risk transfer desk (RBC25)	Market risk	Risk management and key risks	Risk Management Philosophy (pages 10 - 35)
(b) Structure and organisation of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management	Market risk	Risk management and key risks	
(c) Scope and nature of risk reporting and/or measurement systems	Market risk	Risk management and key risks	

ORA: General qualitative information about operational risk management

Description	Key risk	Section in document	Page reference
(a) Their policies, frameworks and guidelines for the management of operational risk	Operational risk	Risk management and key risks	Risk Management Philosophy (pages 10 - 35)
(b) The structure and organisation of their operational risk management and control function	Operational risk	Risk management and key risks	
(c) Their operational risk measurement system (meaning the systems and data used to measure operational risk to estimate the operational risk capital charge)	Operational risk	Risk management and key risks	
(d) The scope and main context of their reporting framework on operational risk to executive management and to the board of directors	Operational risk	Risk management and key risks	
(e) The risk mitigation and risk transfer used in the management of operational risk. This includes mitigation by policy (such as the policies on risk culture, risk appetite, and outsourcing), by divesting from high-risk businesses, and by the establishment of controls. The remaining exposure can then be absorbed by the bank or transferred. For instance, the impact of operational losses can be mitigated with insurance	Operational risk	Risk management and key risks	

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

IRRBBA: IRRBB risk management objectives and policies

	Description	Key risk	Section in document	Page reference
(a)	A description of how the bank defines IRRBB for purposes of risk control and measurement	Market Risk	Risk management and key risks	Risk Management Philosophy (pages 10 - 35)
(b)	A description of the bank's overall IRRBB management and mitigation strategies. Examples are: monitoring of economic value of equity (EVE) and net interest income (NII) in relation to established limits, hedging practices, conduct of stress testing, outcome analysis, the role of independent audit, the role and practices of the ALCO, the bank's practices to ensure appropriate model validation, and timely updates in response to changing market conditions.	Market Risk	Risk management and key risks	
(c)	The periodicity of the calculation of the bank's IRRBB measures, and a description of the specific measures that the bank uses to gauge its sensitivity to IRRBB	Market Risk	Risk management and key risks	
(d)	A description of the interest rate shock and stress scenarios that the bank uses to estimate changes in the economic value and in earnings.	Market Risk	Risk management and key risks	
(e)	Where significant modelling assumptions used in the bank's internal measurement systems (IMS) (meaning the EVE metric generated by the bank for purposes other than disclosure, for example, for internal assessment of capital adequacy) are different from the modelling assumptions prescribed for the disclosure in Template IRRBB1, the bank should provide a description of those assumptions and their directional implications and explain its rationale for making those assumptions (for example, historical data, published research, management judgment and analysis).	Market Risk	Risk management and key risks	
(f)	A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment	Market Risk	Risk management and key risks	
(g)	A high-level description of key modelling and parametric assumptions used in calculating ΔEVE and ΔNII in Table B, which includes: • For ΔEVE, whether commercial margins and other spread components have been included in the cash flows used in the computation and discount rate used • How the average repricing maturity of non-maturity deposits has been determined (including any unique product characteristics that affect assessment of repricing behaviour) • The methodology used to estimate the prepayment rates of customer loans, and/or the early withdrawal rates for time deposits, and other significant assumptions • Any other assumptions (including for instruments with behavioural optionalities that have been excluded) that have a material impact on the disclosed ΔEVE and ΔNII in Table B, including an explanation of why these are material • Any methods of aggregation across currencies and any significant interest rate correlations between different currencies	Market Risk	Risk management and key risks	
(h)	(Optional) Any other information which the bank wishes to disclose regarding its interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures	Market Risk		
	Quantitative disclosures		Risk management and key risks	
1	Average repricing maturity assigned to NMDs	Market Risk		
2	Longest repricing maturity assigned to NMDs	Market Risk		

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

REMA: Remuneration

Description	Section in document	Page reference
Information relating to the bodies that oversee remuneration. Disclosures should include: • Name, composition and mandate of the main body overseeing remuneration • External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process • A description of the scope of the bank's remuneration policy (for example, by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches • A description of the types of employees considered as material risk-takers and as senior managers.	Material risk-takers are employees whose professional actions have a material impact on the bank's overall risk exposure. Discovery Bank defines material risk-takers as the members of the Discovery Bank Executive Management team who are also Executive Directors of the bank. Discovery Bank defines senior management as the CEO's direct reports who are members of the Executive committee, excluding the Executive Directors of the bank.	n/a
Information relating to the design and structure of remuneration processes. Disclosures should include: • An overview of the key features and objectives of remuneration policy • Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration • A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	Remuneration	Remuneration (pages 36 - 41)
Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include an overview of the key risks, their measurement and how these measures affect remuneration.		
Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include: • An overview of main performance metrics for bank, top-level business lines and individuals • A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance • A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the bank's criteria for determining 'weak' performance metrics.		
Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. Disclosures should include: • A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance • A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.		
Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include: • An overview of the forms of variable remuneration offered (meaning cash, shares and share-linked instruments and other forms) • A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description the factors that determine the mix and their relative importance.		

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

06

Abbreviations



Building scale, delivering results

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Risk management philosophy

Remuneration

Quantitative tables and templates

Qualitative tables

Abbreviations

Abbreviations

A-IRBA	Advanced Internal Ratings-based Approach
ASF	Available Stable Funding
AT1	Additional Tier 1
BSM	Balance Sheet Management
CCF	Credit Conversion Factor
CCPs	Central Counterparties
CCR	Counterparty Credit Risk
CEM	Credit Exposure Method
CET1	Common Equity Tier 1
CFT	Countering Financing of Terrorism
CRM	Credit Risk Mitigation
CSR	Corporate Social Responsibility
CVA	Credit Valuation adjustment
DAC	Directors Affairs Committee
DBOS	Discovery Bank Operating System
D-SIB	Domestic Systemically Important Banks
ECL	Expected Credit Loss
ERC	External Remuneration Committee
ERMF	Enterprise Risk Management Framework
ESG	Environmental, social and governance
EVE	Expected Value of Equity
F-IRB	Foundation internal ratings-based approach
FX	Foreign Exchange
G-SIB	Global Systemically Important Banks
HQLA	High-Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IRB	Internal Ratings Based
IRC	Internal Remuneration Committee
LCR	Liquidity Coverage Ratio
LTIPs	Long-term Incentive Plans
MDB	Multilateral development banks
MRM	Model Risk Management
NII	Net Interest Income
NIST	National Institute of technology and standards
NSFR	Net stable funding ratio
ORSA	Own Risk and Solvency Assessment
PA	Prudential Authority of South Africa
PSE	Public Sector entities
POR	Point of resolution
RACM	Risk and Control Matrix
R&D	Research and Development
RP	Recovery Plan
RSF	Required Stable Funding
RWA	Risk-Weighted Assets
SA	Standardised Approach
SA-CCR	Standardised Approach for Counterparty Credit Risk
SAMOS	South African Multiple Option Settlement
SARB	South African Reserve Bank
SEC-ERBA	Securitisation external ratings-based approach
SEC-IRBA	Securitisation internal ratings-based approach
STIs	Short-term Incentive Schemes
T1	Tier 1
T2	Tier 2
TC	Total Capital
TLAC	Total Loss-absorbing Capacity
VAR	Value at Risk
VAS	Value added services
VISA	Visa International Service Association
VM	Vitality Money

Building scale, delivering results
Strategy and business model
Risk management philosophy
Remuneration
Quantitative tables and templates
Qualitative tables
Abbreviations

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