

ENVIRONMENT & MARKET CONTEXT

CHALLENGING CONSUMER CREDIT ENVIRONMENT

IN SOUTH AFRICA, OF THE 35 MILLION ADULTS¹ THERE ARE:

25 MILLION
CREDIT ACTIVE
CONSUMERS

- ...> **9.7 MILLION** (~40%) NON-PERFORMING CREDIT CONSUMERS²
- ...> **OVER 11 MILLION** SOUTH AFRICANS DESCRIBED AS "OVER-INDEBTED" (UP FROM 5 MILLION IN 2014)
- ...> HOUSEHOLD DEBT TO INCOME REMAINS HIGH AT **72.6%** (DEBT GROWTH < INCOME GROWTH)
- ...> ELEVATED LEVELS OF UNEMPLOYMENT AT **27.7%**
- ...> ESCALATING COSTS OF HOUSEHOLD ESSENTIALS OVER THE MEDIUM-TERM

OUTLOOK ON SA'S CONSUMER

- No longer-term effects signalling any meaningful improvement
- Retail credit extension has tightened
- Gradual deleveraging of the consumer will prevail

MACRO- & SOCIO-ECONOMIC ENVIRONMENT

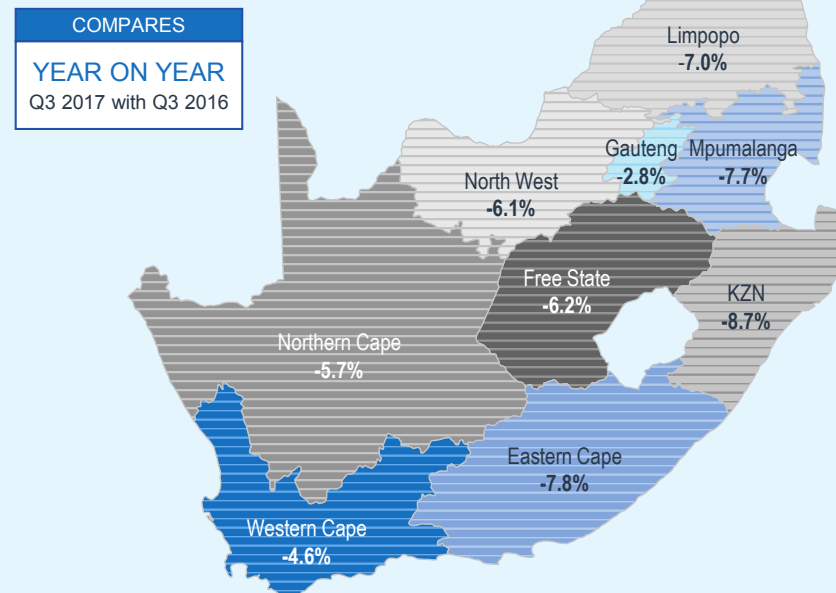
- Increased number & size of NPL portfolios available to acquire from clients preferring immediate recovery from their NPLs
- Consumers' disposable income stressed, negatively affecting their ability to repay debt
- Increased cost & extended time to collect
- Stable regulatory environment

CREDIT REHABILITATION IS A CRUCIAL ELEMENT IN GROWING AN INCLUSIVE ECONOMY

Launched in June 2017

TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX

% CHANGE IN REHABILITATION PROSPECT FOR Q3 2017



- TCRS algorithm to score propensity to repay debt
- Empirically based sample of >5 million SA consumers in credit default
- National rehabilitation prospects:
 - ▼ by 1.1% (Q2 17 vs. Q2 16)
 - ▼ by 0.9% (Q3 17 vs. Q3 16)
 - ▲ by 0.4% (Q3 17 vs. Q2 17)
- Rehabilitation allows:
 - Consumers to access credit & re-enter consumer market
 - Lenders to maintain cleaner B/S to continue extending credit at affordable costs

TCRS MARKET POSITIONING

DATA, ANALYTICS & SCALABLE TECHNOLOGY PLATFORM

