MEDIA RELEASE

TRANSACTION CAPITAL RELEASES CONSUMER CREDIT REHABILITATION INDEX (CCRI)

New index measures the financial rehabilitation prospects of consumers currently in default.

- ***Consumers' credit rehabilitation outlook deteriorated by 1.1% in Q2 2017 vs Q2 2016***
- ***Western Cape outlook improved by 4.8%***
- ***Free State showed the highest deterioration level of 16%***

16 August 2017 - Transaction Capital Risk Services (TCRS), the technology-led, data-driven provider of credit management solutions in South Africa and Australia, and wholly owned subsidiary of Transaction Capital, today released its new Consumer Credit Rehabilitation Index (CCRI) for Q2 2017. The CCRI is made up of an internal sample of over 5 million consumers in credit default, and uses an algorithm to estimate their propensity to repay debt and therefore make positive progress towards financial rehabilitation.

The national rehabilitation prospects of South African consumers already in a default position deteriorated by 1.1% in Q2 2017 compared to Q2 2016. The Free State showed the highest decrease nationally at 16% compared to the Western Cape as the only province showing an improvement of 4.8% with Gauteng remaining broadly flat at -0.2%.

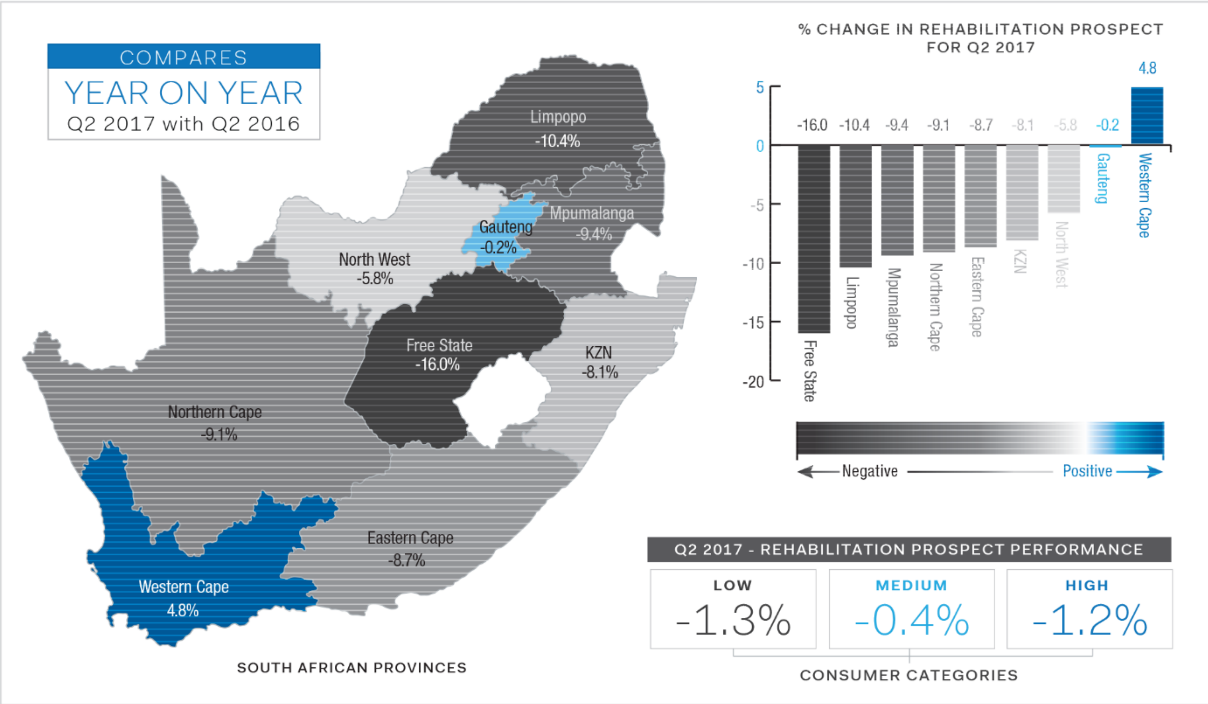
Commenting on the CCRI, David Hurwitz, CEO of Transaction Capital, said: ***"Credit rehabilitation is often overlooked as a crucial element towards growing an inclusive economy as it allows consumers to fully re-enter the mainstream consumer market through access to conventional finance. Simultaneously, it allows lenders to maintain a cleaner balance sheet to continue extending credit at affordable costs.***

"The deterioration across the CCRI categories can be linked to several factors including elevated levels of unemployment (currently at 27.7%), escalating costs of household essentials over the medium-term and continued high-levels of household debt-to-disposable income (recorded at 73.2% in Q1 2017) continue to reduce the amount of money available to repay debt. Whilst household debt-to-disposable income has reduced gradually, this is mainly due to debt growing at a slower pace than income, rather than an absolute decline in household debt.

"The recent 25 basis point rate cut in July 2017 may improve household's debt servicing burden but only moderately. There are currently no longer-term signals that a meaningful correction is on the cards and we believe that a gradual deleveraging of the consumer will prevail."

The CCRI analyses periodical changes in consumers' credit health levels across three rehabilitation prospect categories (Low, Medium and High) for all nine South African provinces. These categories represent the anticipated ability of consumers to improve their creditworthiness status. All consumer categories retreated during the period.

CONSUMER CREDIT REHABILITATION INDEX Q2 2017



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