

MODEST POSITIVE TREND IN TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX (CCRI)

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

- **Q2 2018 year-on-year rehabilitation outlook 1.2% higher**
- **Marginal quarter-on-quarter improvement of 0.7%**

19 July 2018 - 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 Consumer Credit Rehabilitation Index (CCRI) for Q2 2018.

The CCRI is empirically based, sampling over five million consumers in credit default from TCRS' proprietary database. The index measures consumer credit rehabilitation prospects using an algorithm that estimates their propensity to repay debt and therefore make positive progress towards financial rehabilitation. The CCRI is informed by the collection of accounts receivable across the credit lifecycle, including early stage rehabilitation, late stage collections and legal recoveries, using both call centre and legal collections.

Sequential and year on year improvements

The overall national rehabilitation prospects of delinquent South African consumers improved marginally by 1.2% in Q2 2018 compared to Q2 2017 whilst the sequential quarterly rehabilitation outlook showed a slight improvement of 0.7% from Q1 to Q2 2018.

Favourable political developments associated with new leadership in South Africa and a lower interest rate environment in the first half of 2018 supported the improved rehabilitation prospects measured for Q2 2018. However, looking forward, the consumer outlook remains subdued amid the weakening exchange rate, various headwinds to household spending and the higher fuel price. It is likely that these factors will influence future results.

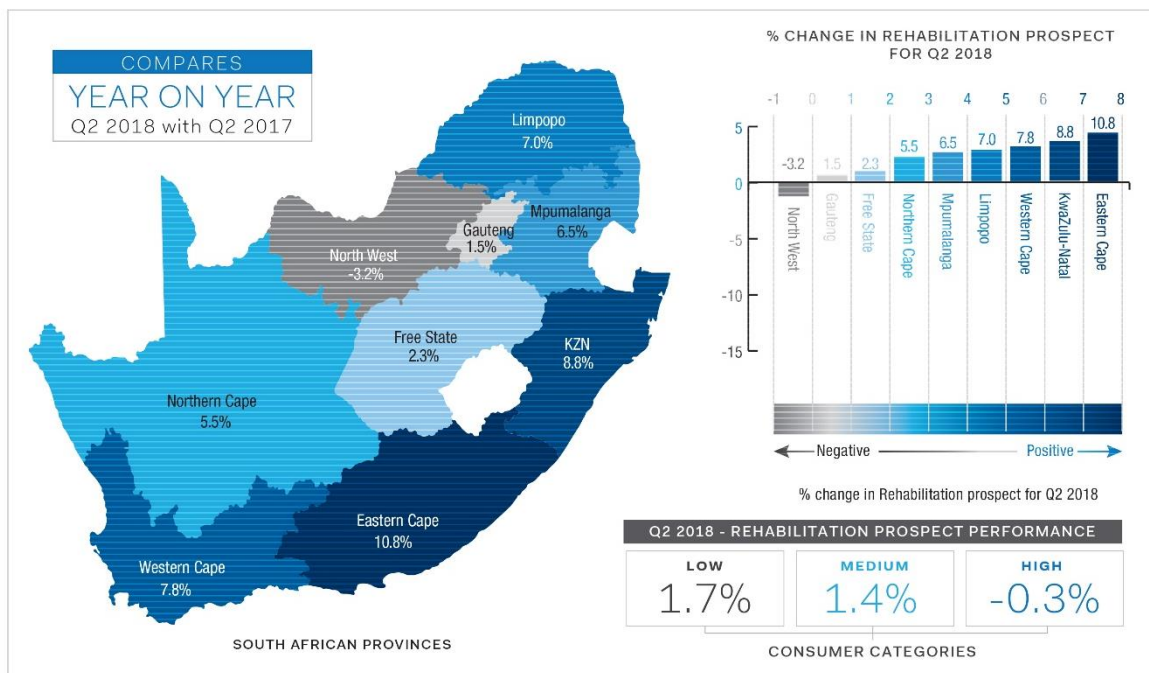
Commenting on the CCRI, David Hurwitz, CEO of Transaction Capital, said: ***"The South African consumer's debt servicing outlook has faced tremendous challenges in the past couple of years amidst a deteriorating economic environment. The marginal improvements in rehabilitation prospects coupled with an improvement in total credit extension to households are encouraging signs, however it is not yet enough to support a sustained recovery in the consumer outlook and rehabilitation prospects in the medium-term."***

"It is clear that consumers are highly indebted and remain vulnerable in the current environment with increasing uncertainty in the country's ability to grow its economy and employment" Hurwitz added.

"Credit rehabilitation remains a crucial element in supporting consumer spending, a significant component of the South African GDP. In our view consumer confidence will remain subdued unless the government implements growth-boosting structural reforms" concluded Hurwitz.

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.

CONSUMER CREDIT REHABILITATION INDEX Q2 2018



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Issued by: Transaction Capital Limited