



An Industry Point of View

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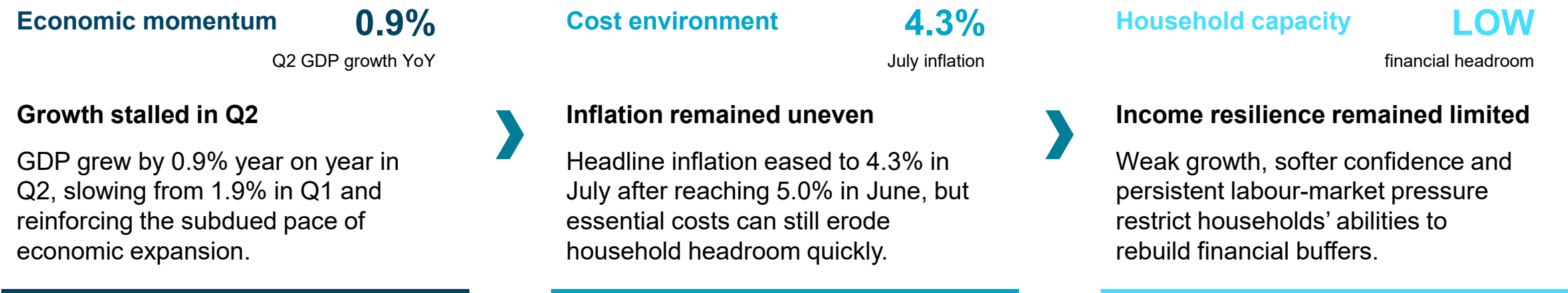
Agenda

- Provide an overview of consumer financial and credit health
- Discuss the overarching themes driving market dynamics for key credit products

An Overview of Consumer Financial and Credit Health

Economic pressure is narrowing the room households have to absorb financial shocks

The Q2 backdrop was characterised by weaker momentum, constrained income growth and limited household buffers. More recently, higher borrowing costs have added further pressure to household affordability.

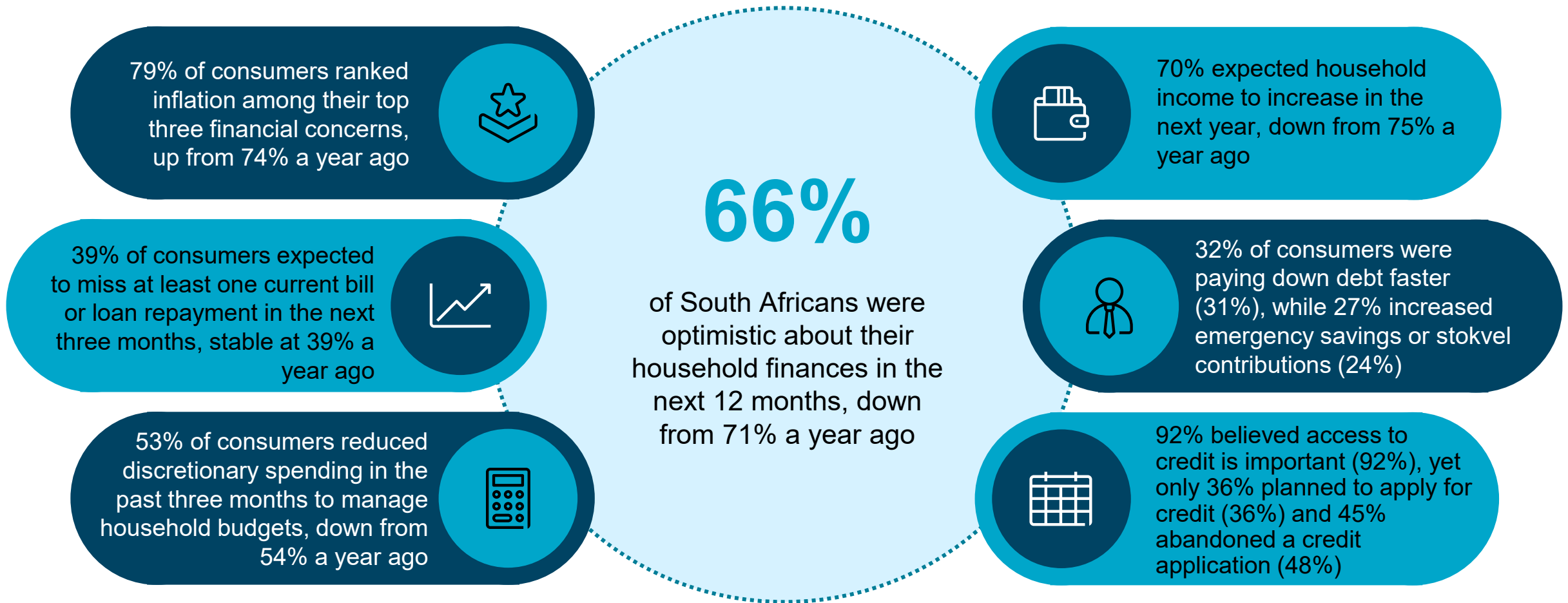


The question for the credit data

How are consumers and lenders responding when demand persists, but affordability and repayment capacity are becoming increasingly constrained?

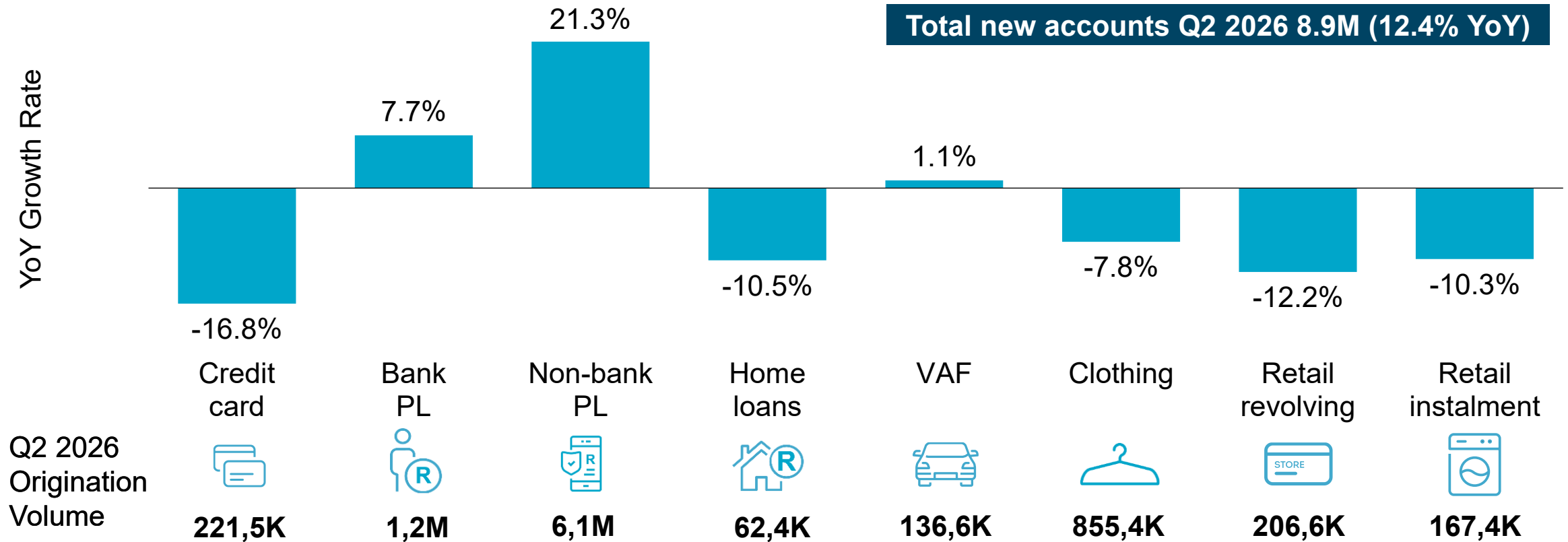
We now examine this through originations, balances, access and delinquency across products.

Persistent affordability pressures are weighing on consumer confidence, driving payment stress and cautious credit participation



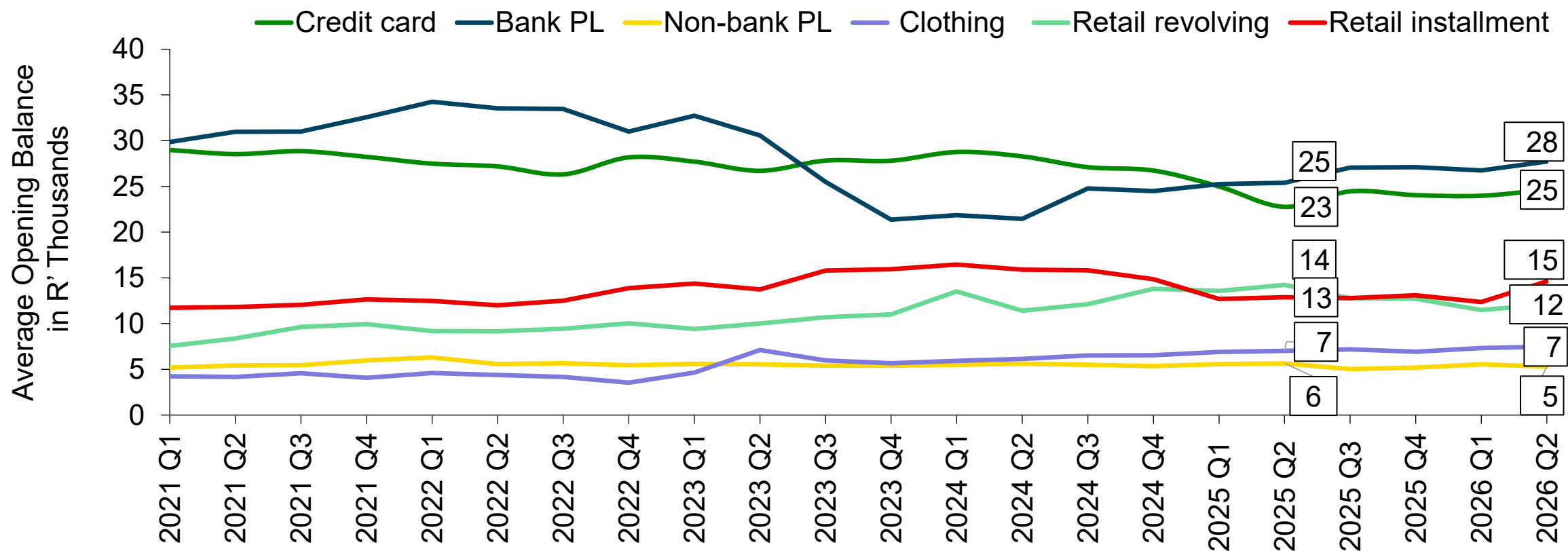
Credit demand is becoming more need-driven, favouring personal loans over discretionary credit products

Q2 2026 YoY Origination Volume Growth



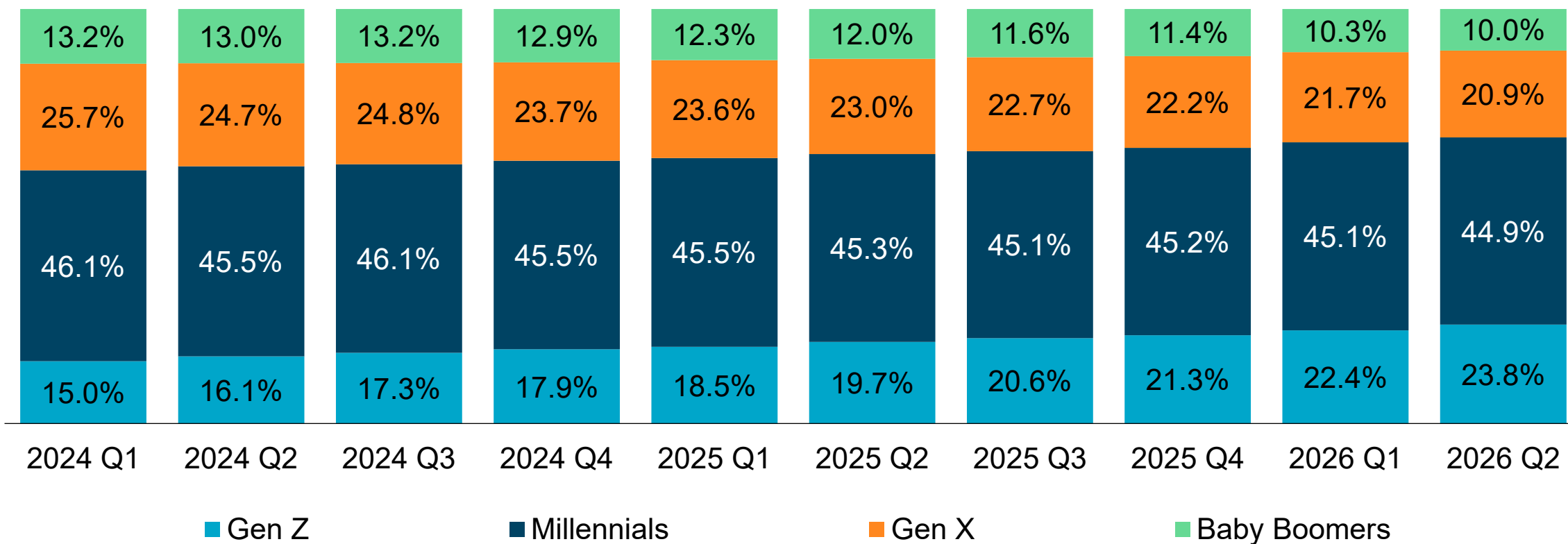
Unsecured loan amounts edged higher year on year, but remain conservative relative to earlier peaks

Average New Loan Amount for Unsecured Products



The origination mix is shifting toward younger consumers, signalling the emergence of a new borrowing cohort

Origination Distribution by Age

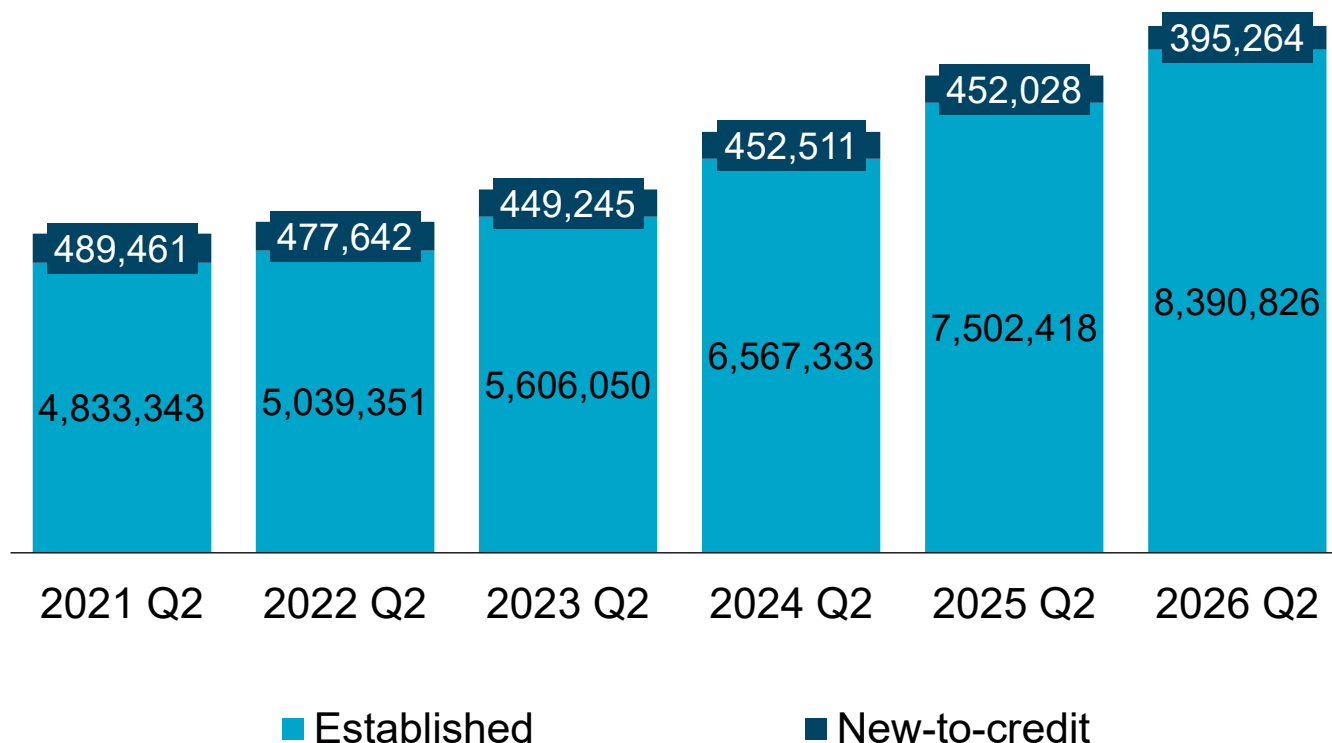


TransUnion age distribution: Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964)

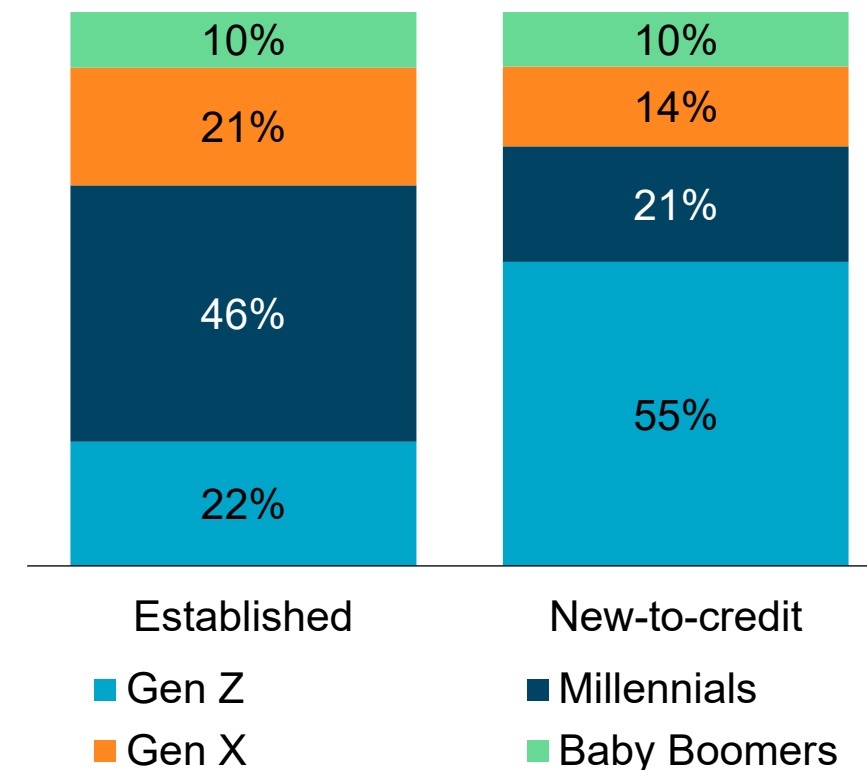


Future growth will depend on turning first-time Gen Z borrowers into established credit consumers

Origination Distribution: New-to-Credit vs. Established



2026 Q2 Originations by Generation



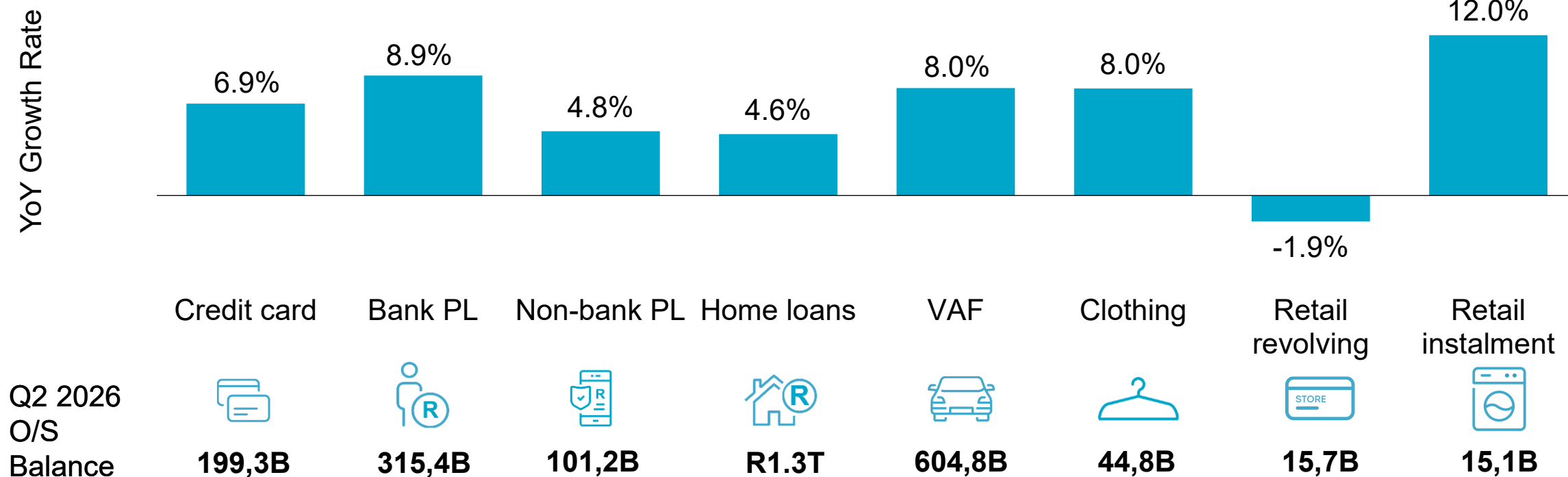
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Credit balances continue to expand despite slower originations, signalling deeper utilisation among existing consumers

Q2 2026 YoY Balance Growth

Total consumer debt Q2 2026 R 2.6T (up 6.1% YoY)

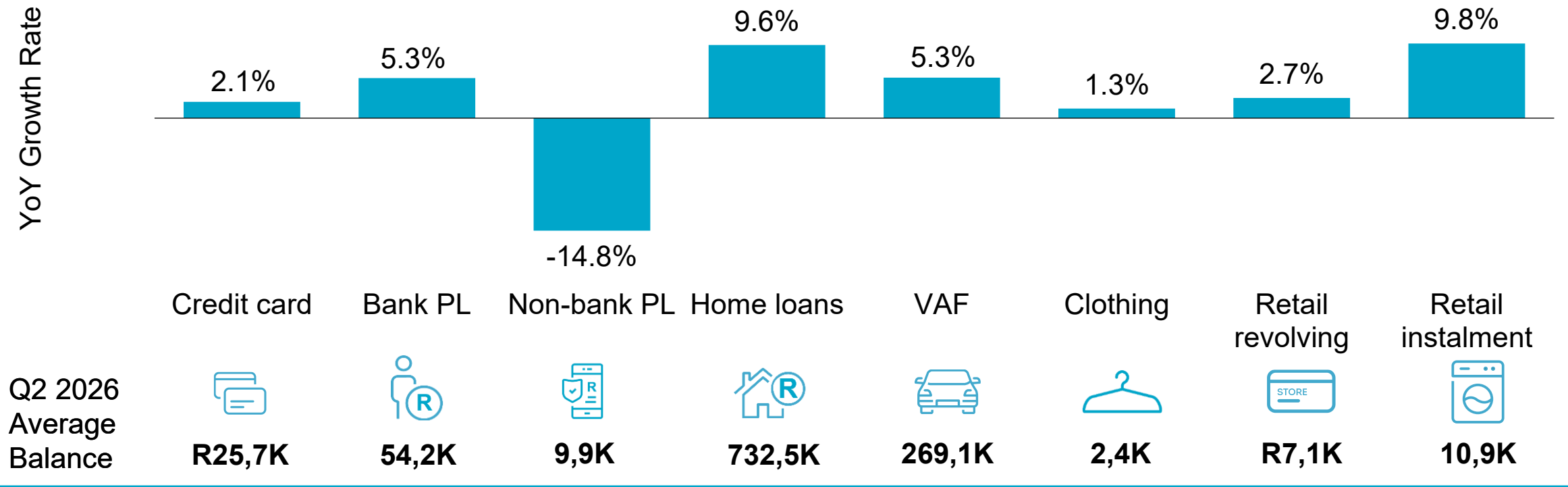


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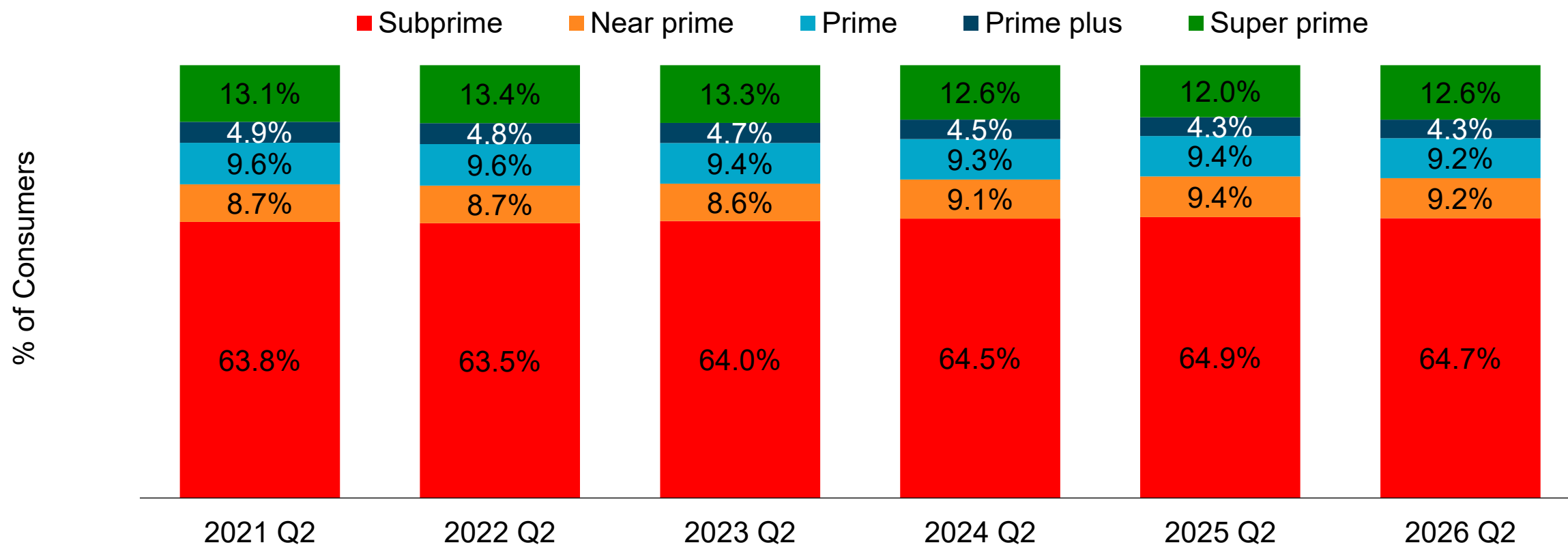
Growing balances mean a larger share of household income is being allocated to servicing existing debt obligations

Q2 2026 YoY Average Balance Growth



Credit market growth hasn't materially changed the underlying consumer risk mix

Risk Distribution of South African Credit-Active Population



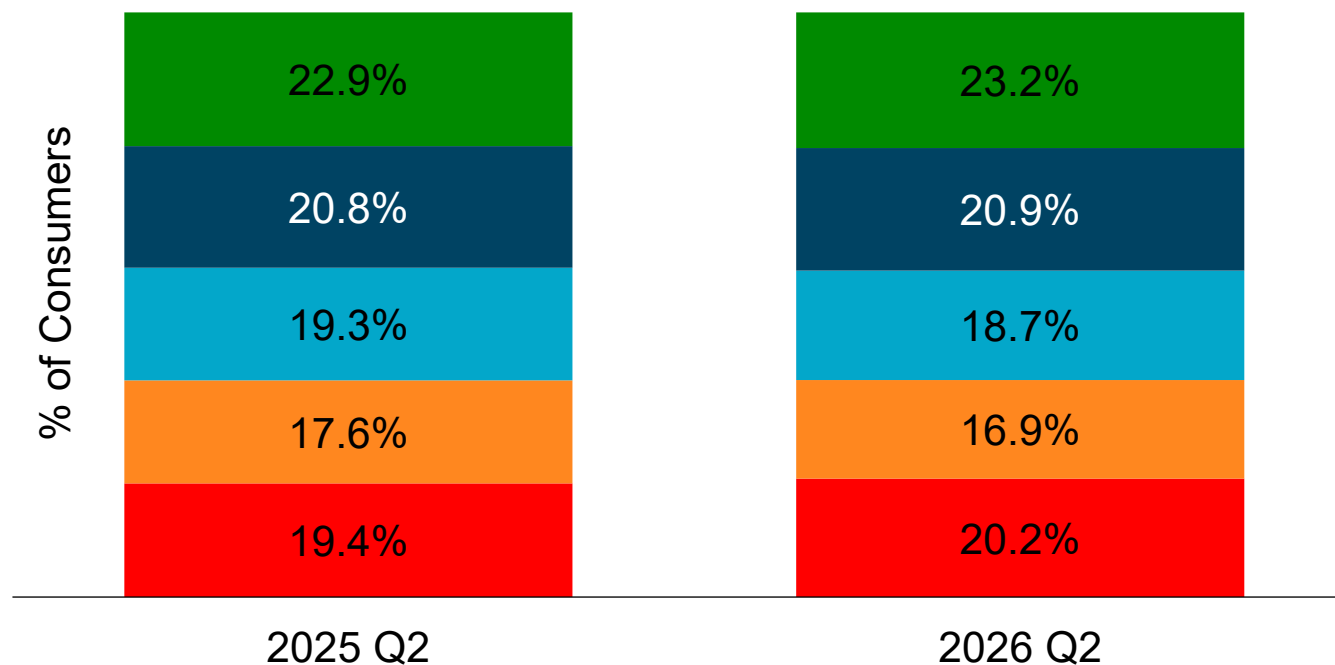
CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999



Understanding risk within subprime is becoming more important than the subprime label itself

Subprime Distribution of South African Credit-Active Population

■ SubPrime5: 0–516 ■ SubPrime4: 517–537 ■ SubPrime3: 538–559
■ SubPrime2: 560–587 ■ SubPrime1: 588–625



Category - PD: SubPrime5 - 45%+, SubPrime4 - 39%-<45%, SubPrime3 - 32%-<39%, SubPrime2 - 24%-<32%, SubPrime1 - 16%-<24%

Consumers using credit to manage cash-flow pressures are showing some of the highest levels of financial strain

	Credit card	Bank PL	Nonbank PL	Home loans	VAF	Clothing	Retail revolving	Retail instalment
Account-Level Delinquency Rate (3+ MIA)	13,1%	26,5%	48,3%	7,2%	6,4%	26,5%	16,0%	27,3%
								
YoY change (BPS)	22	-194	32	-52	-115	-8	-135	146

Growth remains available, but the route to it is becoming more selective

The Q2 picture points to a younger market, deeper use of existing credit and a need for more precise risk differentiation

Entry and Participation

Win the next-generation relationship

Gen Z is taking a growing share of originations and represents most new-to-credit consumers. With new-to-credit volumes contracting, future growth will depend not only on acquisition but on successfully entrenching first-time borrowers and growing the relationship over time.

Usage and Balance Growth

Grow through relevance, not reach alone

Balances continue to expand even where new-account growth has softened, pointing to deeper use by existing borrowers. The opportunity is to meet changing liquidity and affordability needs with products that remain relevant, manageable and sustainable.

Risk and Performance

Differentiate risk more precisely

The credit-active population remains concentrated in subprime, but subprime is not a single risk profile. Meaningful variation within the segment creates opportunity, while broadly stable delinquency shows the value of disciplined, targeted growth rather than blanket risk exclusion.

The strategic priority

Build durable consumer relationships by combining relevant credit propositions with granular affordability and risk insight



Overarching Themes Driving Market Dynamics for Key Credit Products



Credit Cards

Credit card growth is shifting from new account acquisition to deeper engagement with existing consumers

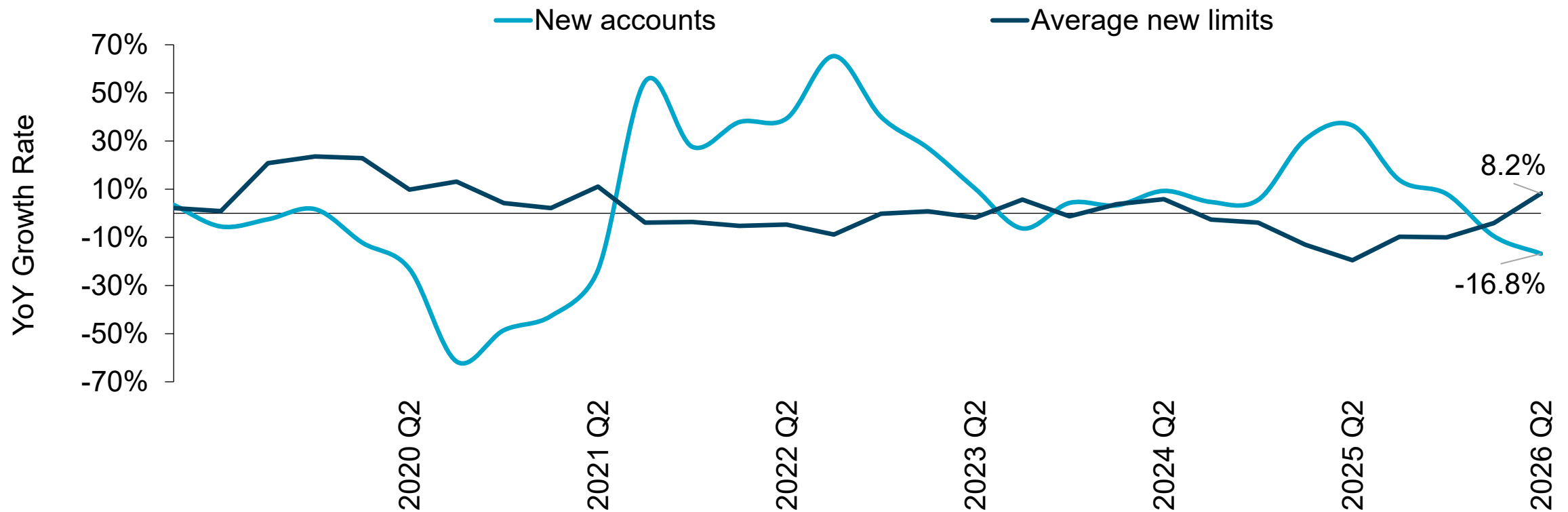


Credit Card

	Q2 2026	YoY Growth
Origination value	R5.5B	-9,2%
Origination volume	221,5K	-16,8%
Average opening loan amount	R 24,641	8,2%
Average balances	R25 732	2,1%
No. of consumers	5,0M	5,1%
Performance 3+ MIA accounts	13,1%	+22 bps
Performance 3+ MIA balance	19,8%	+59 bps

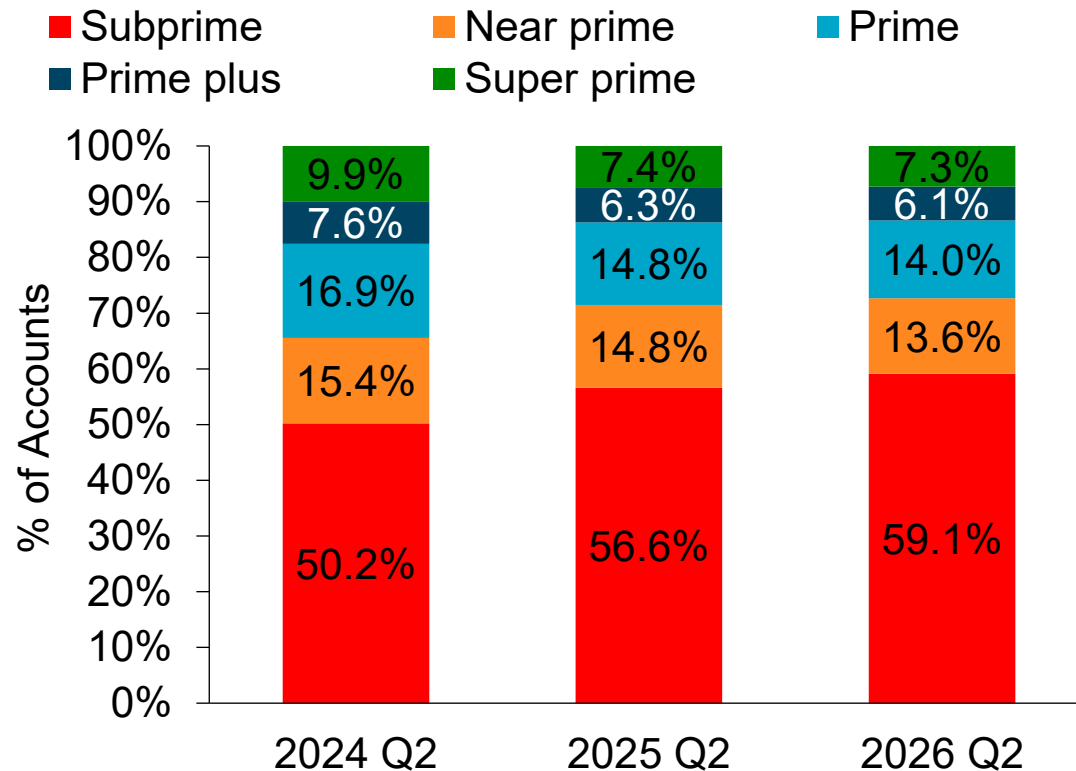
Fewer card openings and higher initial limits point to more selective acquisition

New Credit Card Accounts & Average Limits Assignment (YoY change)

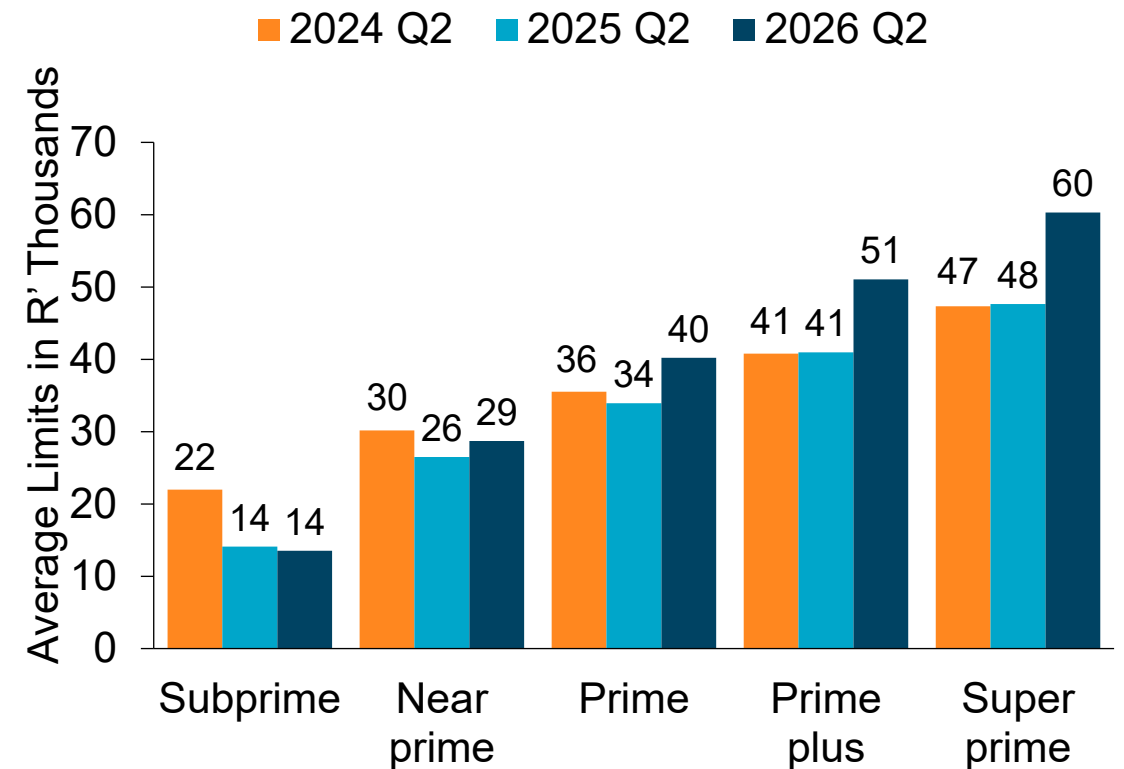


Growth in card originations is increasingly concentrated in subprime, supported by targeted limit expansion across risk tiers

New Credit Card Accounts by Risk



New Average Credit Limits by Risk

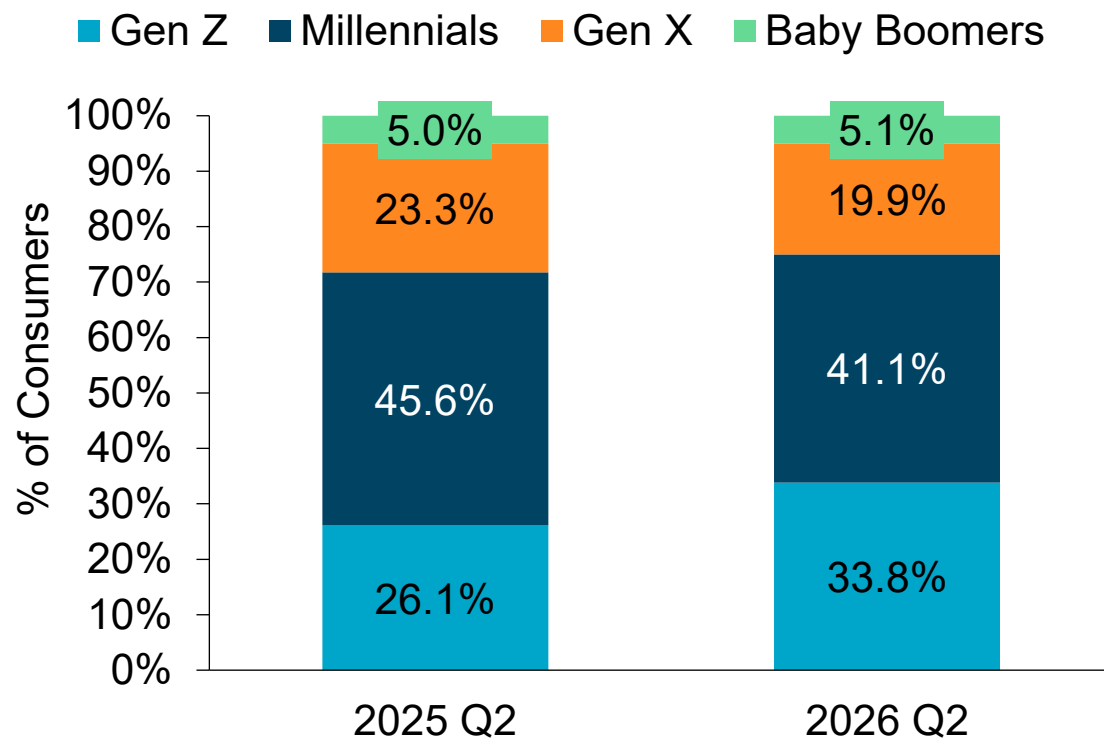


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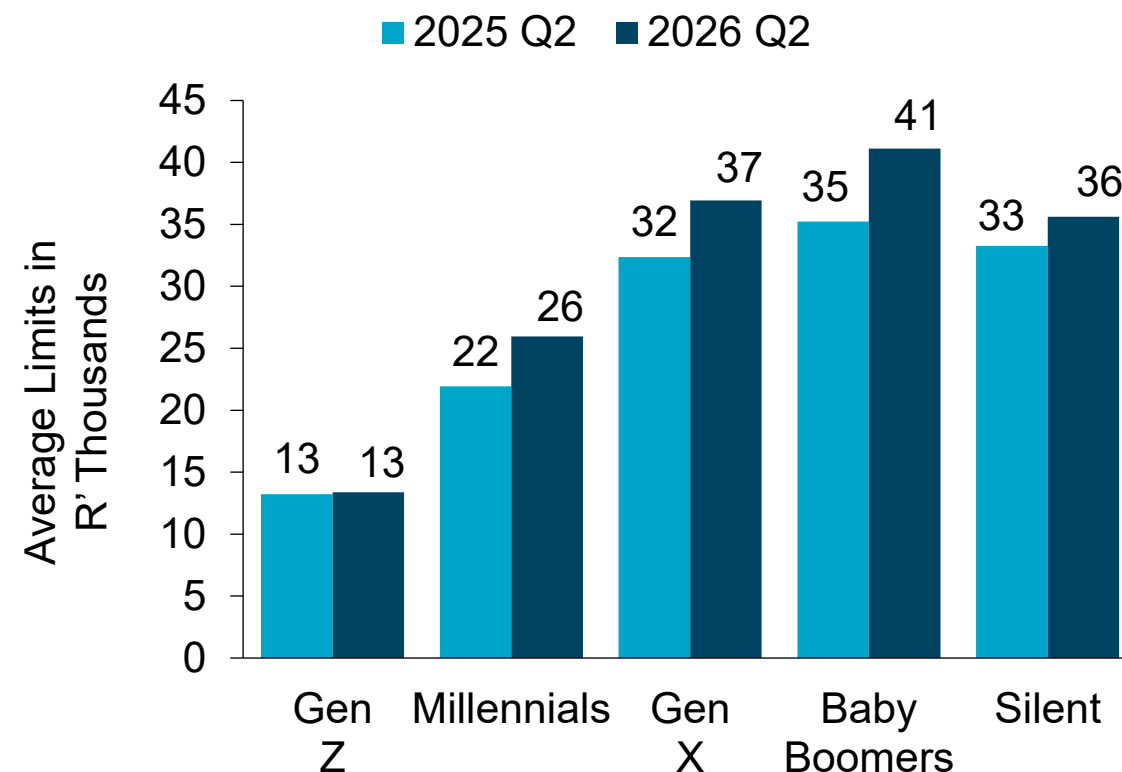


Card issuers are expanding access to Gen Z while reserving larger limits for established consumers

Credit Card Origination by Generation



New Average Credit Limits by Generation

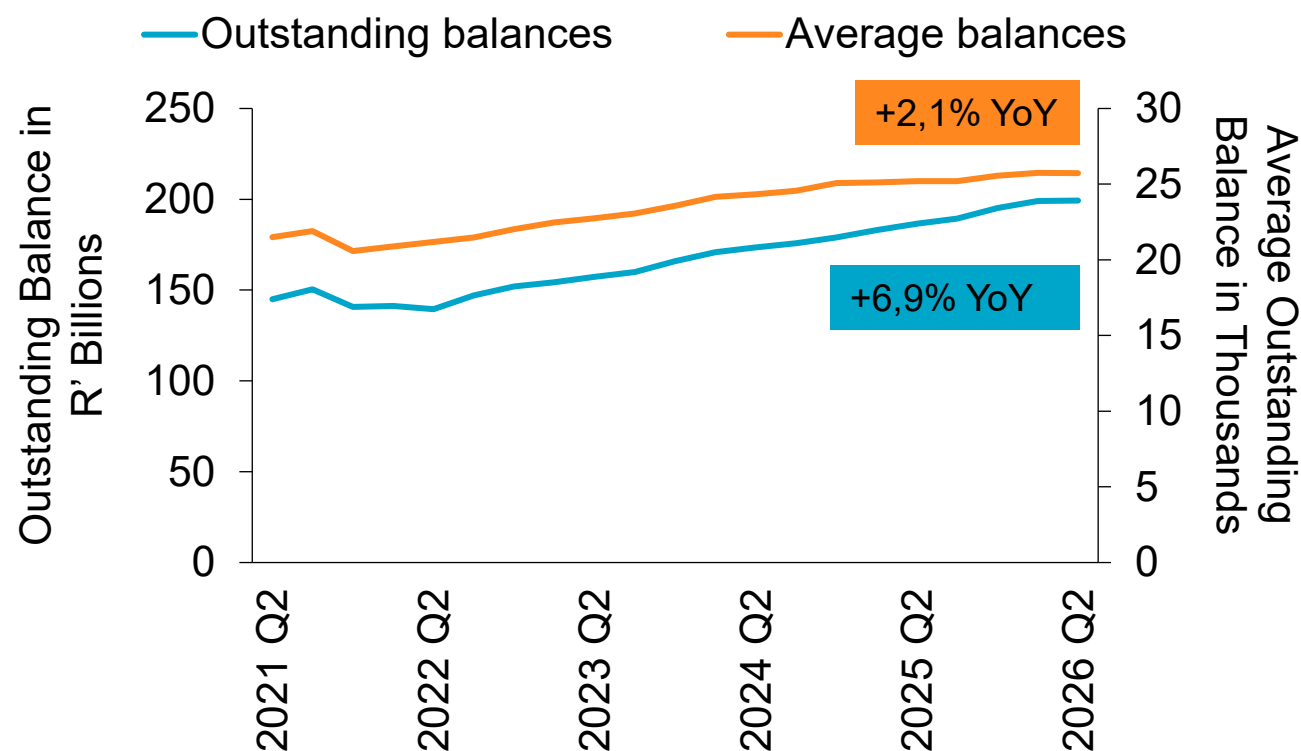


TransUnion age distribution: Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964)

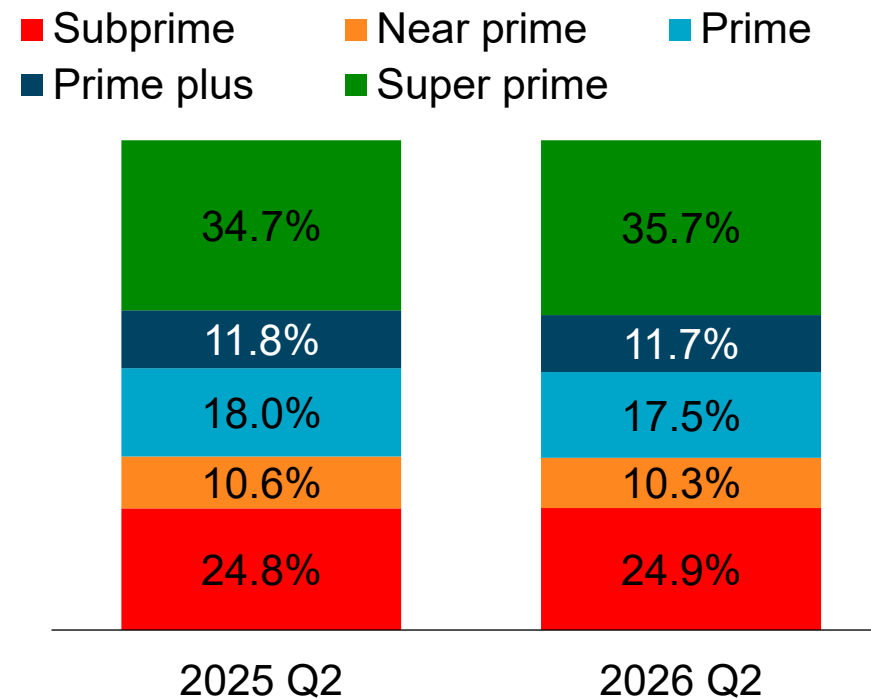


Credit card balances continued to grow, supported by more active borrowers and stable risk distribution

Outstanding Balances of Credit Card Borrowers



Share of Outstanding Balances by Risk Tier

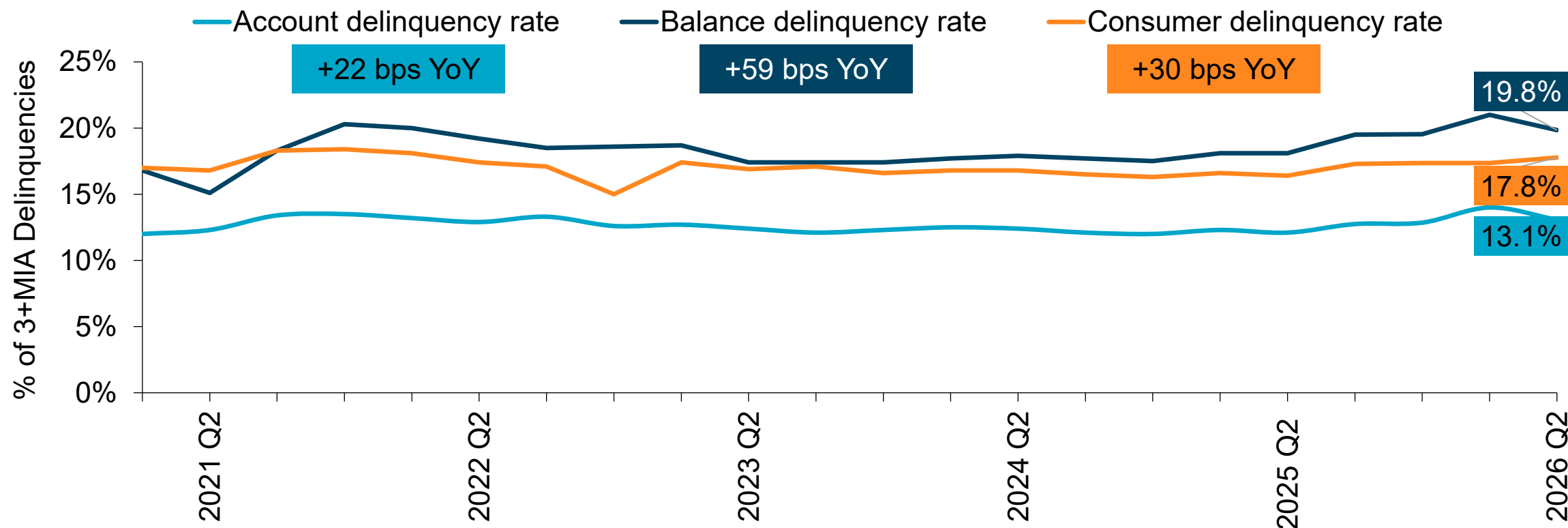


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Credit card delinquency has been stable for several years, with recent increases reflecting deeper stress among a subset of revolvers

Credit Card Delinquency Rate





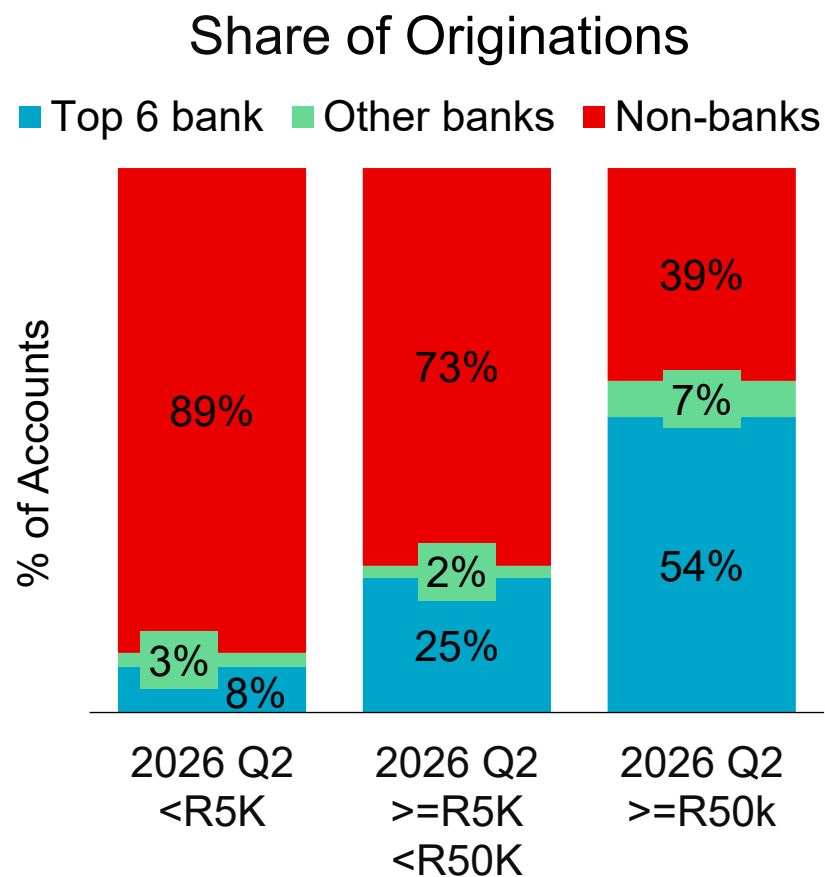
Unsecured Personal Loans

Two personal-loan markets are emerging: one focused on scale, the other on affordability and performance

	Bank Issued		Non-Bank Issued	
	Q2 2026	YoY Growth	Q2 2026	YoY Growth
Origination value	R32,8B	17,6%	R32,7B	15,2%
Origination volume	1,2M	7,7%	6,1M	21,3%
Average opening loan value	27 720	9,2%	R5 305	-5,9%
Average balances	R54 227	5,3%	R9 936	-14,8%
Performance 3+ MIA accounts	26,5%	-194 bps	48,3%	32 bps
Performance 3+ MIA balance	29,3%	-342 bps	54,6%	636 bps

Small-ticket loans now dominate personal lending, with non-banks serving most of the demand

	<5K Loan Amount	>=5K < 50K Loan Amount	>=50K Loan Amount
Share of Active Loans	7.4M	5.5M	3.1M
Total loan originations Q2	5.6M	1.4M	291.7K
Share of originations Q2	76%	20%	4%
*Number of consumers Q2	2.4M	903.8K	231.8K
*Share of consumers Q2	68%	25%	7%
*Borrowers age <30 Q2	76%	21%	3%
*Share of score <=655 Q2	71%	24%	5%

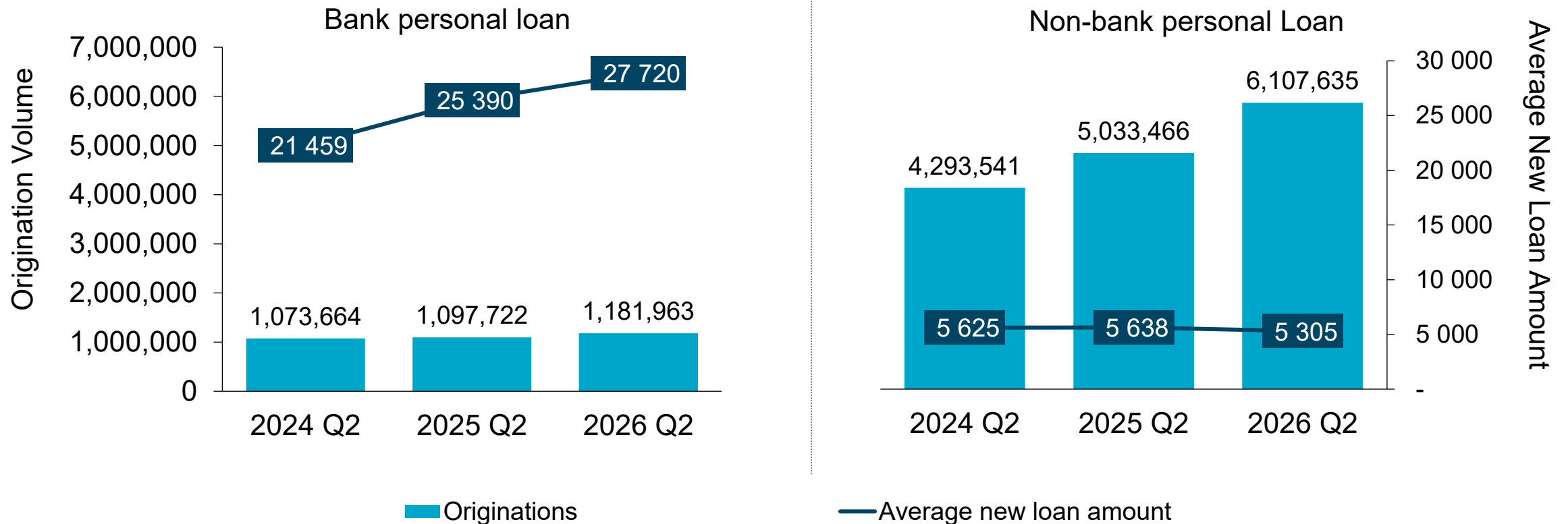


* Originations



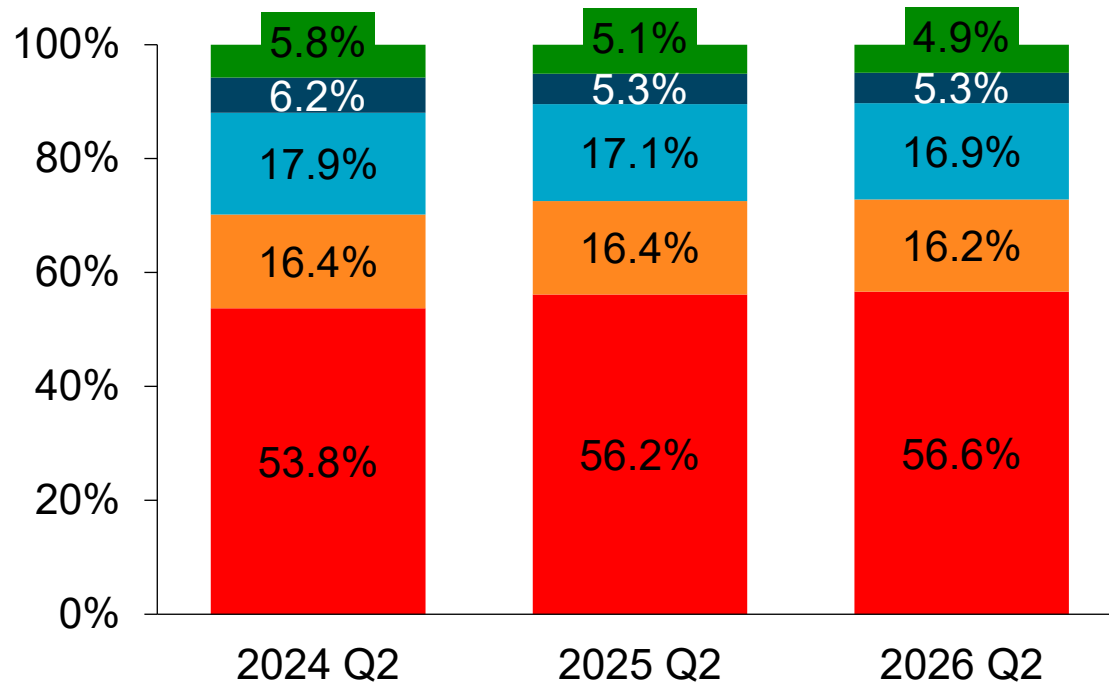
Banks are growing through larger loans, while non-banks are growing through greater reach

Personal Loans Originations and Average New Loan Amount Growth Rates

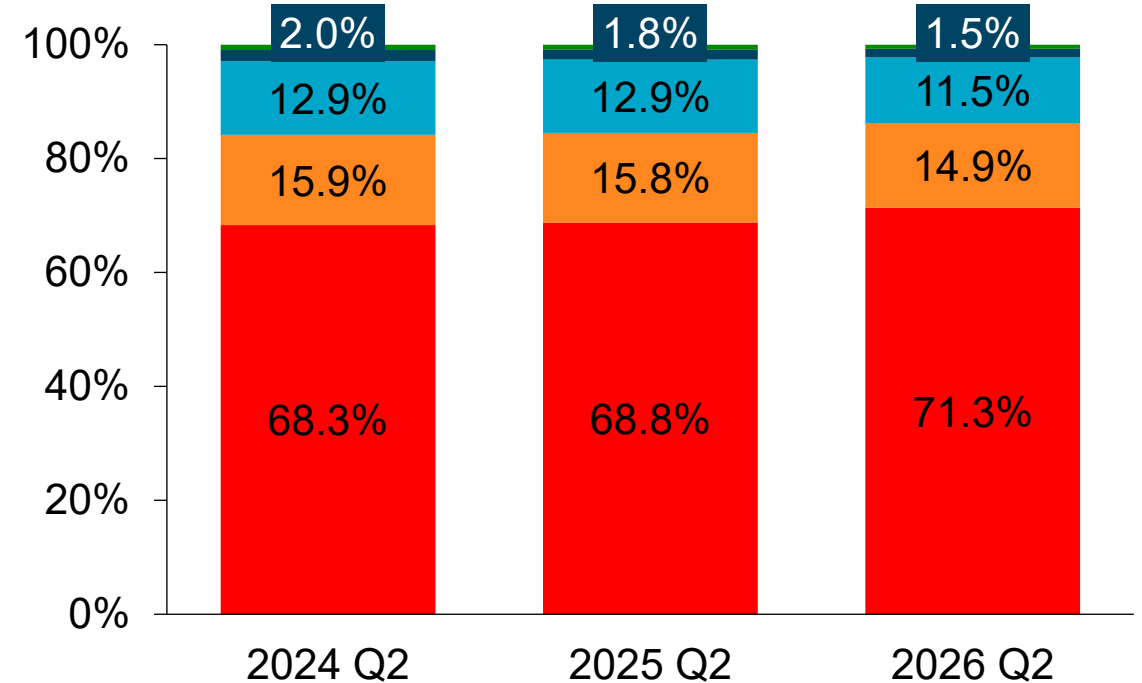


Personal loan growth is increasingly concentrated in subprime, particularly among non-bank lenders

Bank PL Originations by Risk Tier



Non-Bank PL Originations by Risk Tier



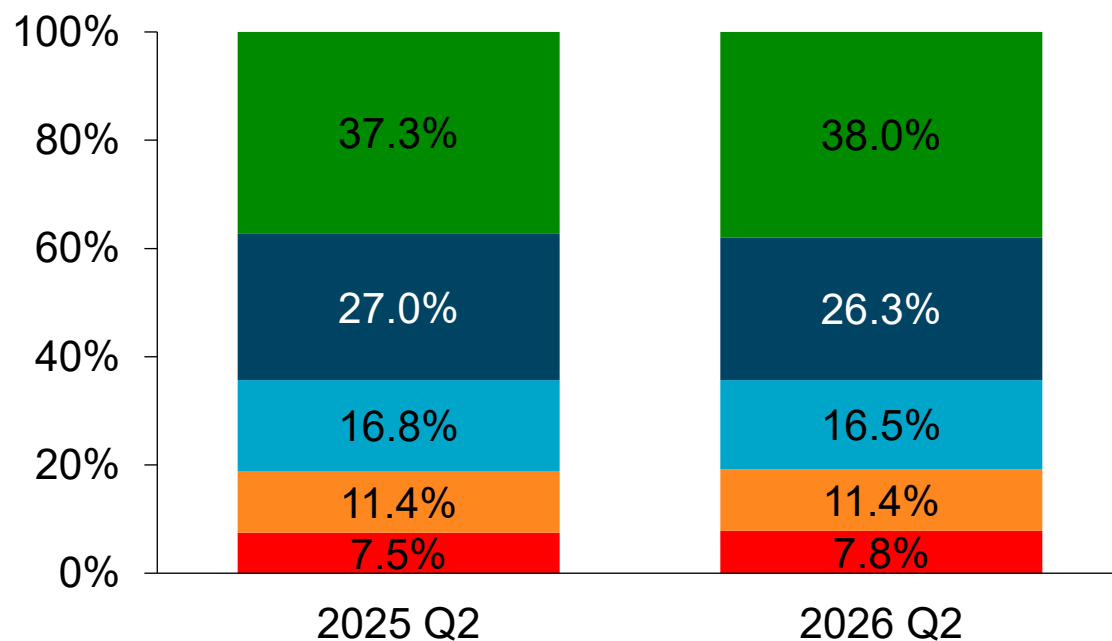
■ Subprime
 ■ Near prime
 ■ Prime
 ■ Prime plus
 ■ Super prime

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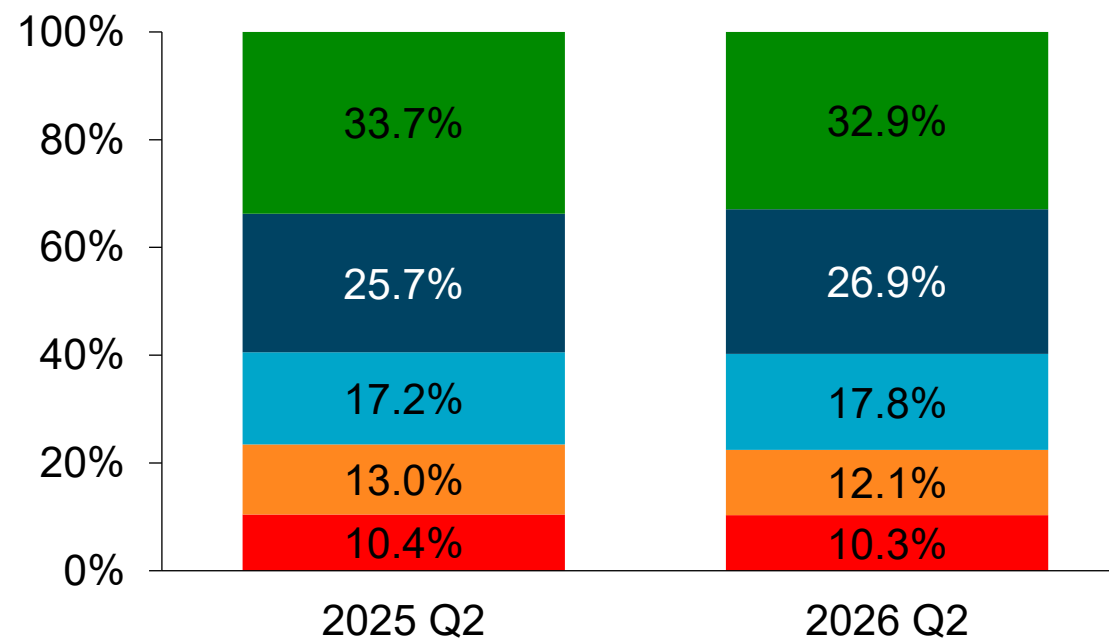


The subprime opportunity extends well beyond the highest-risk borrowers

Bank PL Originations by Risk Tier, Subprime



Non-Bank PL Originations by Risk Tier, Subprime

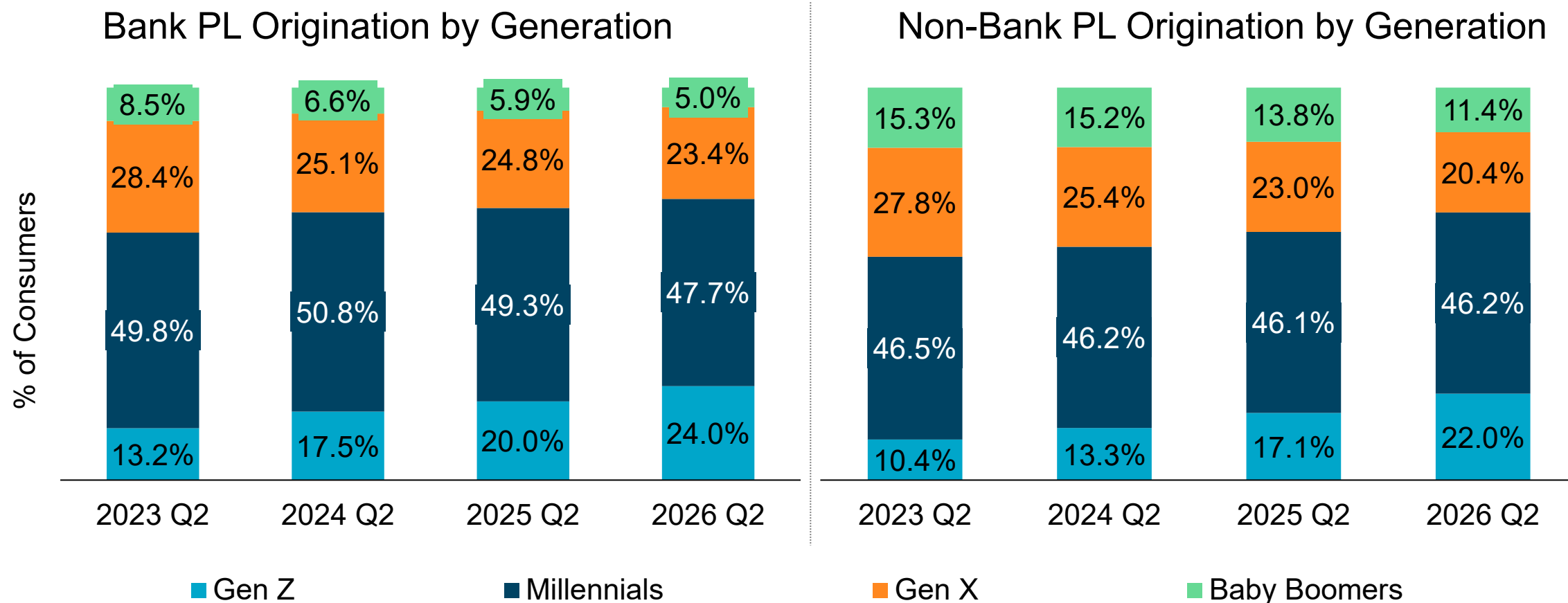


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Category - PD: SubPrime5 - 45%+, SubPrime4 - 39%-<45%, SubPrime3 - 32%-<39%, SubPrime2 - 24%-<32%, SubPrime1 - 16%-<24%



Gen Z's participation has nearly doubled, reshaping the personal loan borrower mix

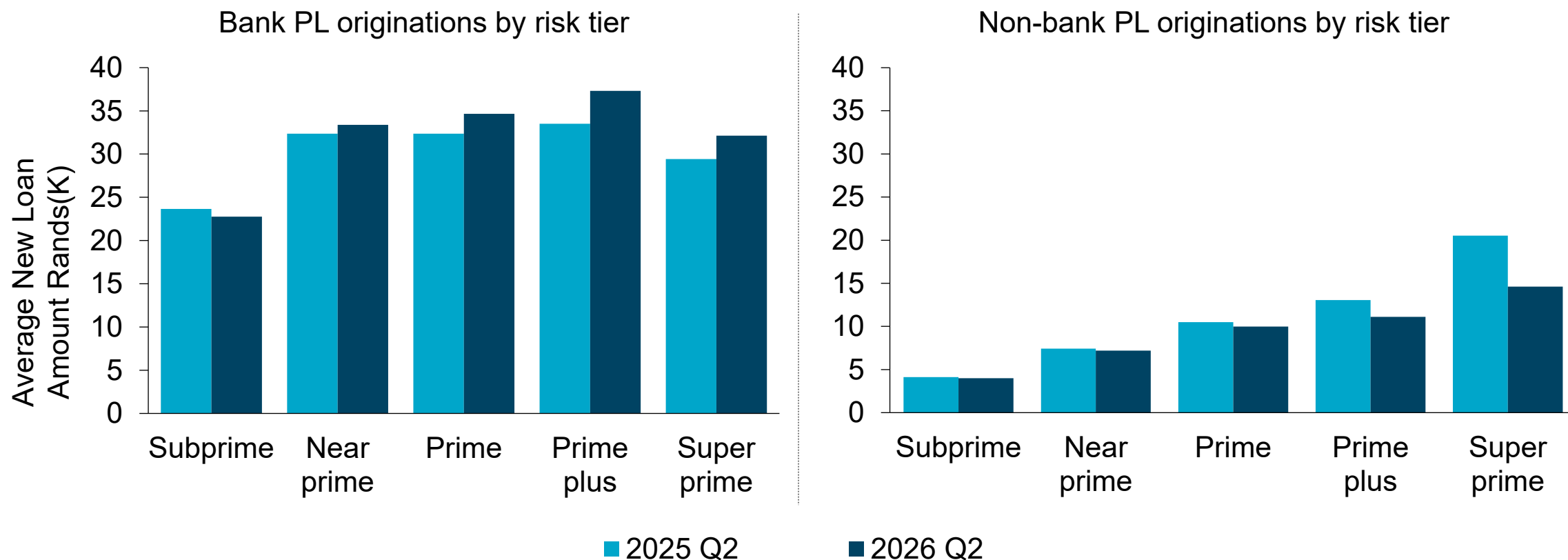


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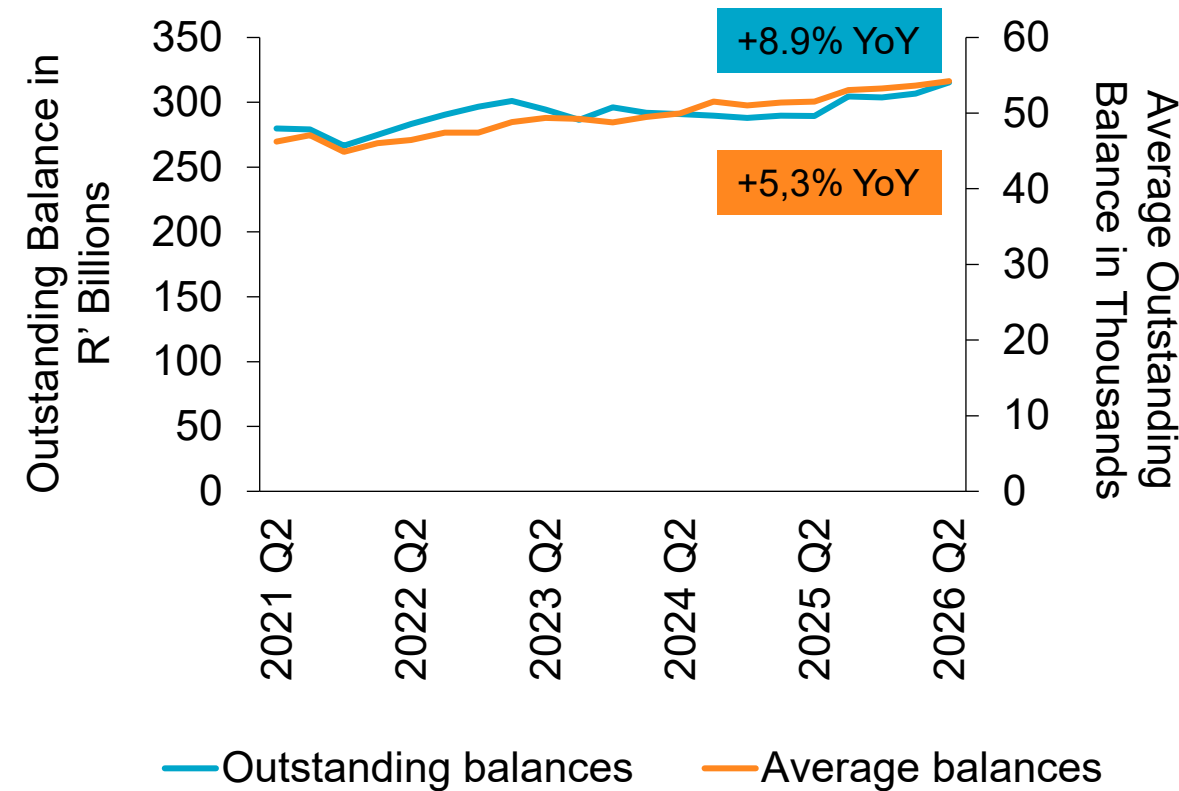
Banks differentiate loan size by risk, while non-banks maintain a small-ticket lending model across segments

Average New Loan Amount per Account, by Risk Tier

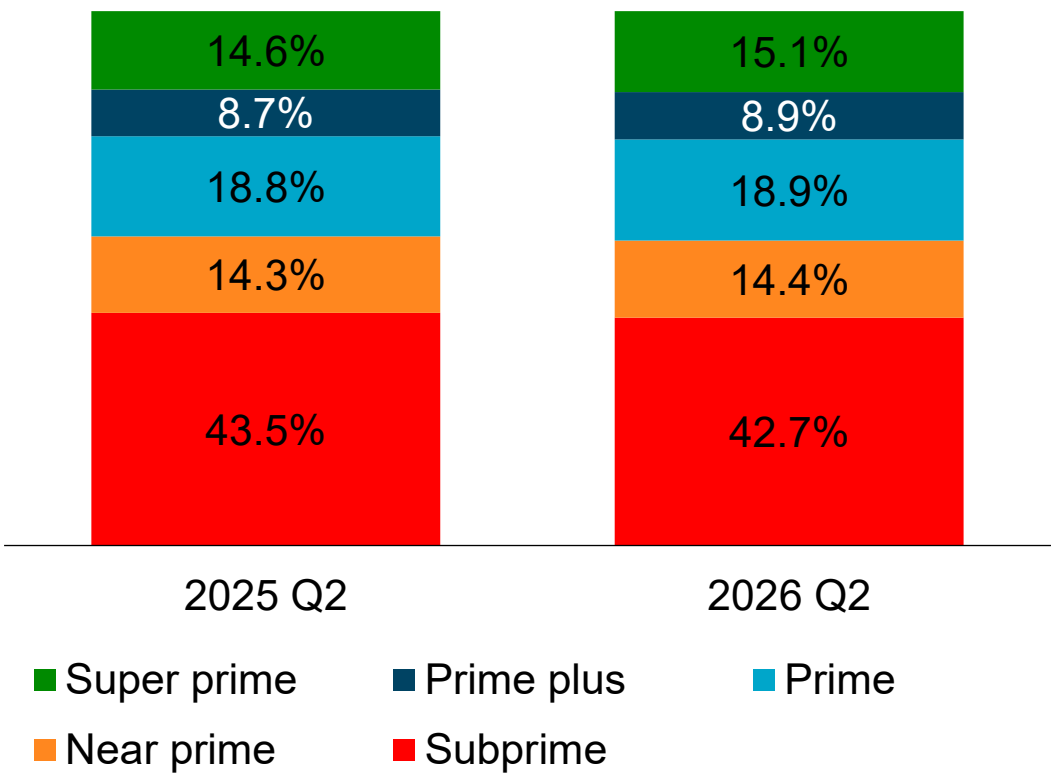


Bank personal loan balances continue to grow, supported by higher balances per borrower and a stable risk mix

Outstanding Balances of Clothing Borrowers



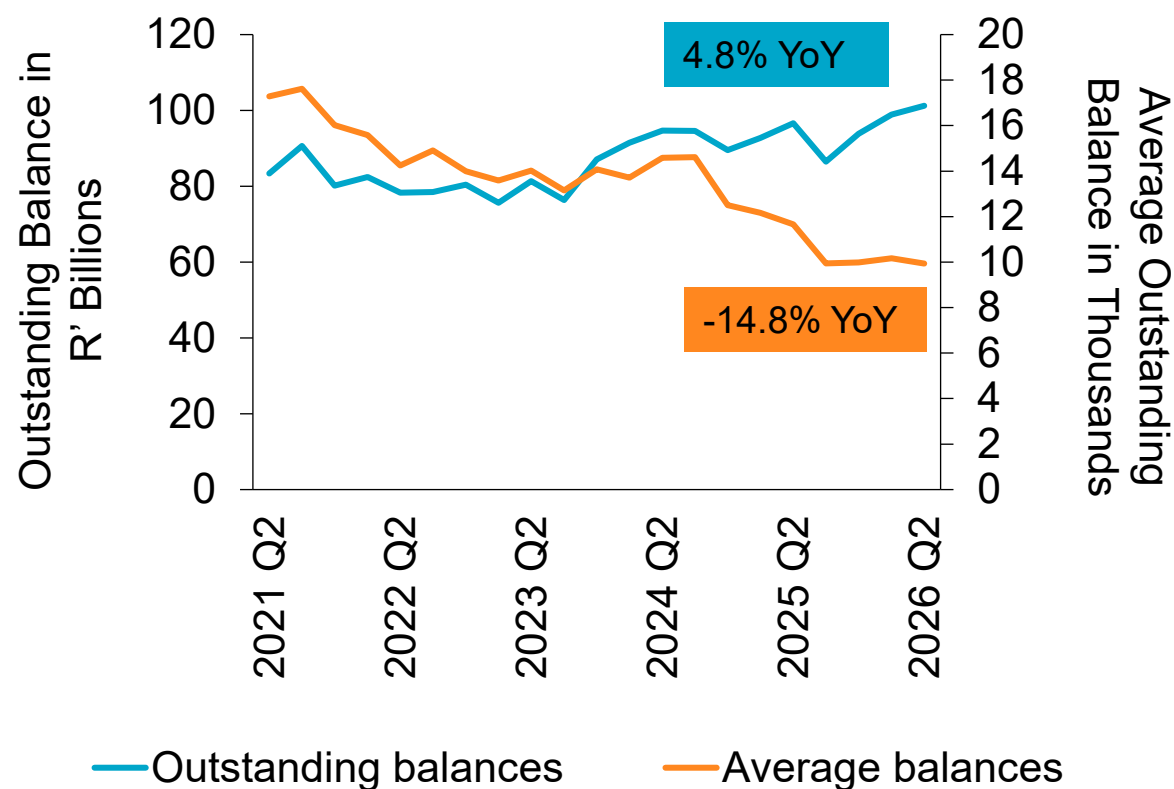
Share of Outstanding Balances by Risk Tier



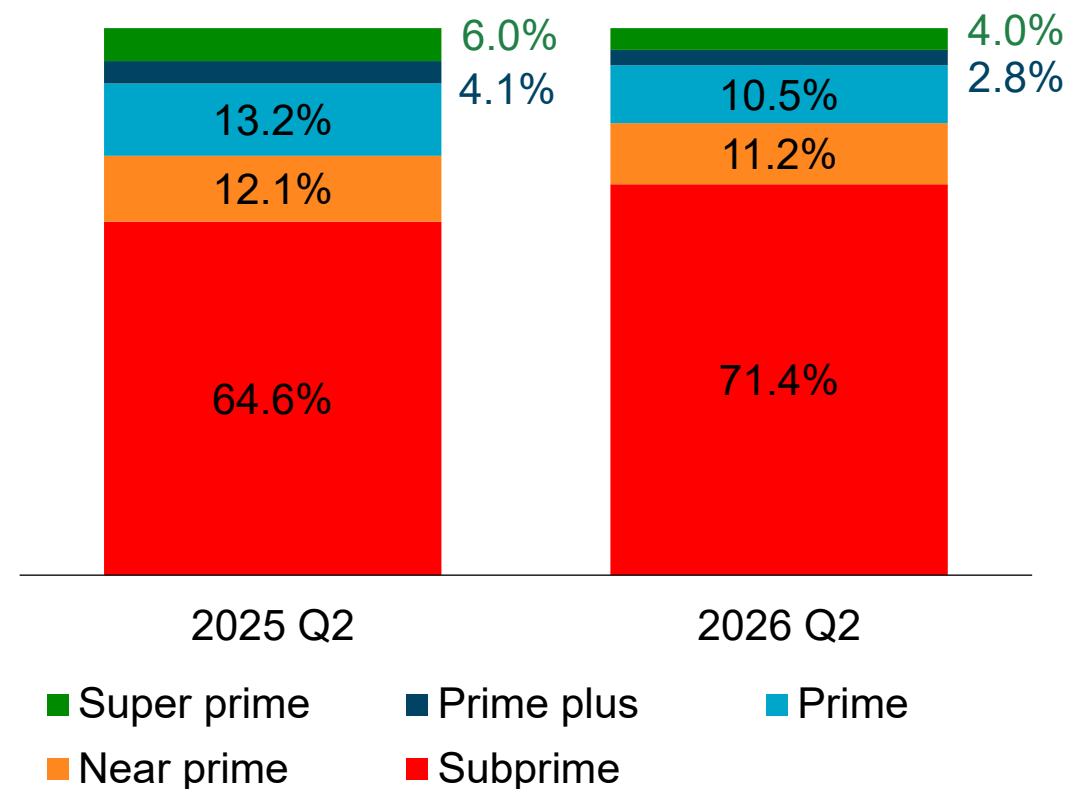
CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999

Non-bank growth is being driven by scale rather than larger borrower exposures

Outstanding Balances of Clothing Borrowers



Share of Outstanding Balances by Risk Tier

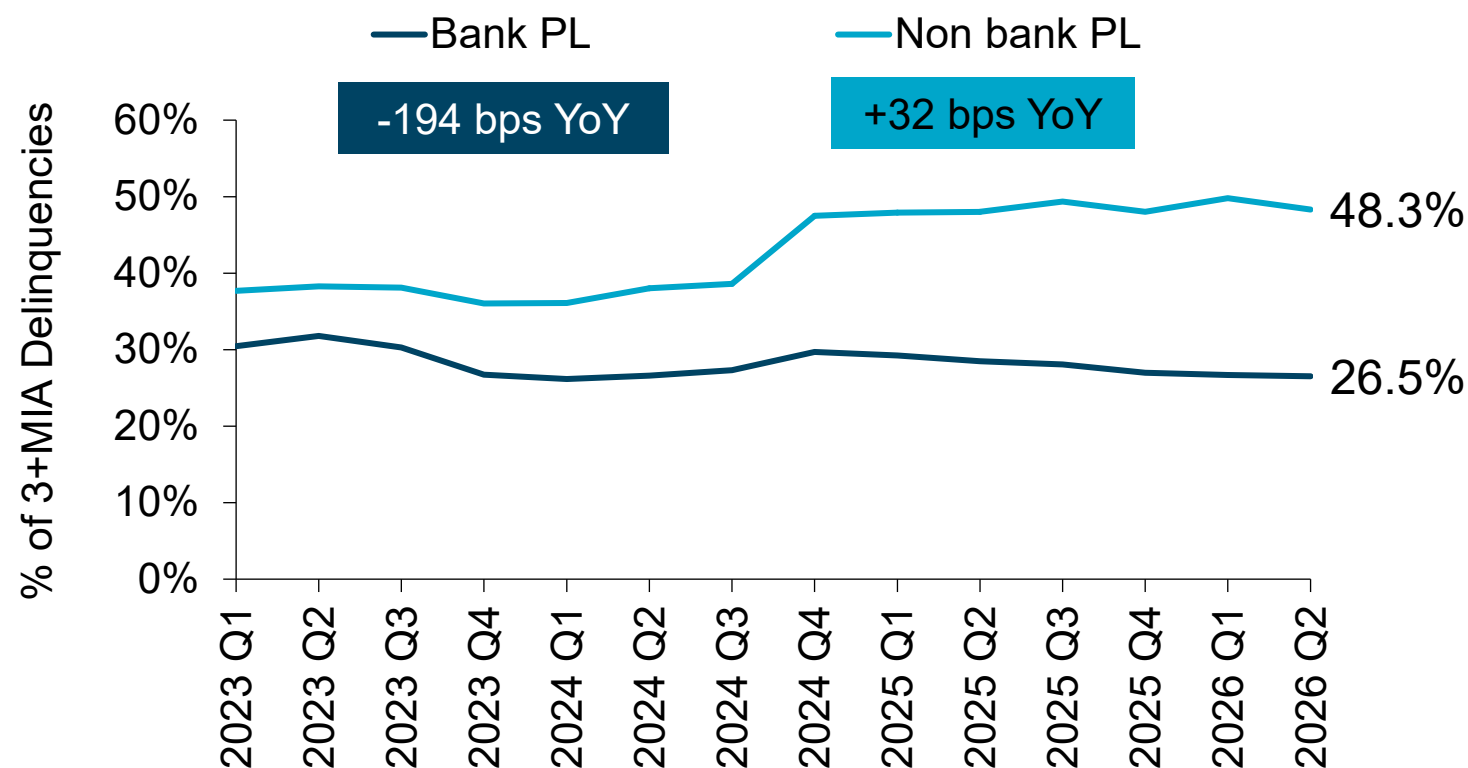


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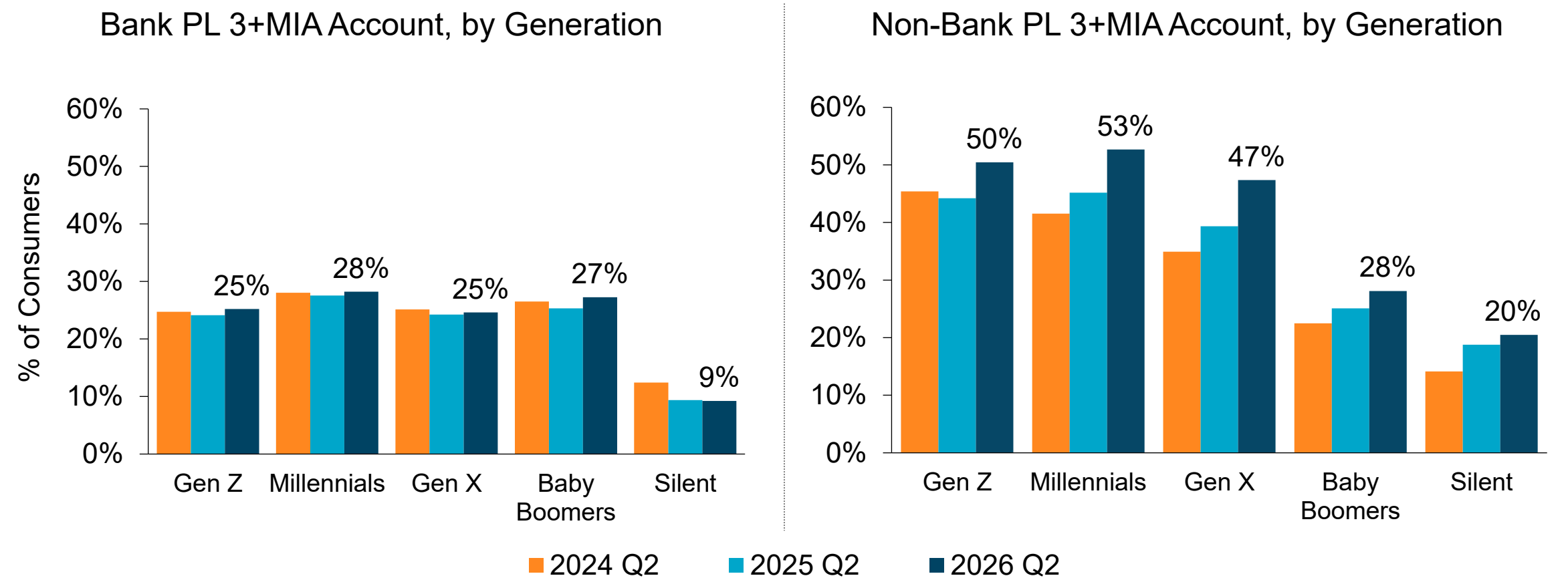
Different growth models are producing markedly different performance outcomes

Bank Personal Delinquency Rate



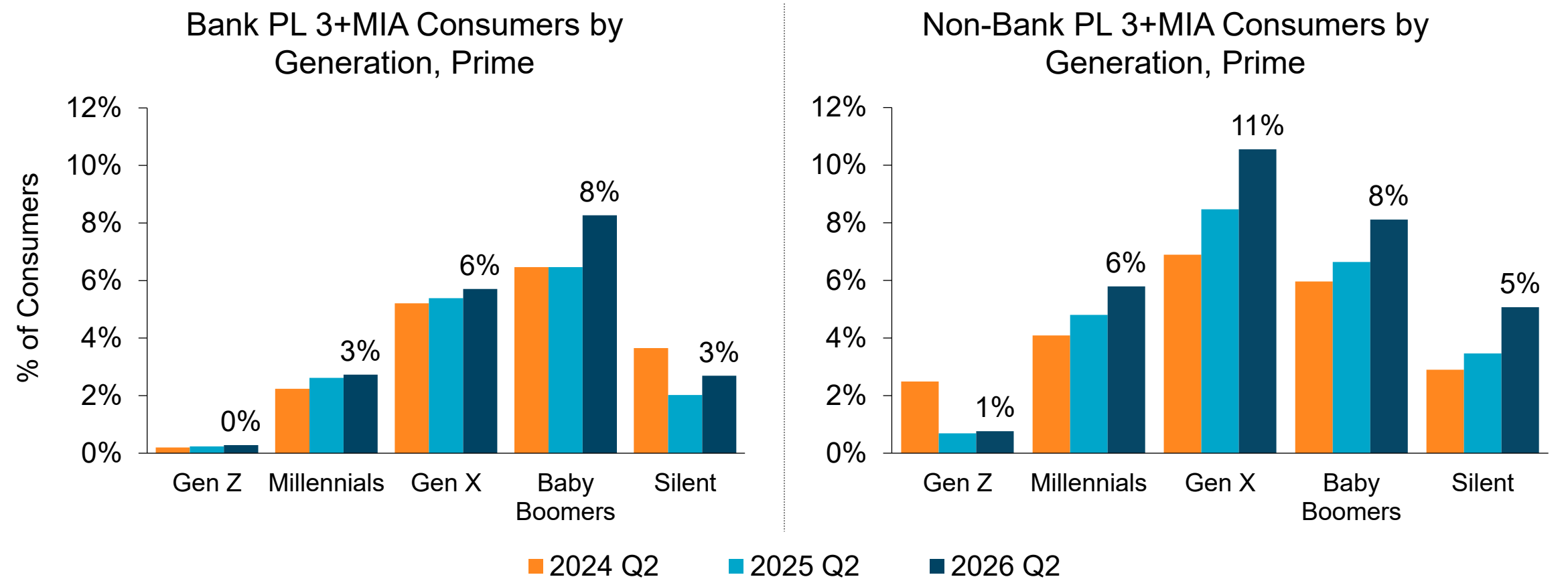
% Balance DQ (3+MIA)	Q2 2026	YoY bps
Bank PL	29.3%	-342
Non bank PL	54.6%	636

Bank PL arrears remain contained across generations, while non-bank PL delinquency climbs across young, middle-aged and older consumers alike



TransUnion age distribution: Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964)

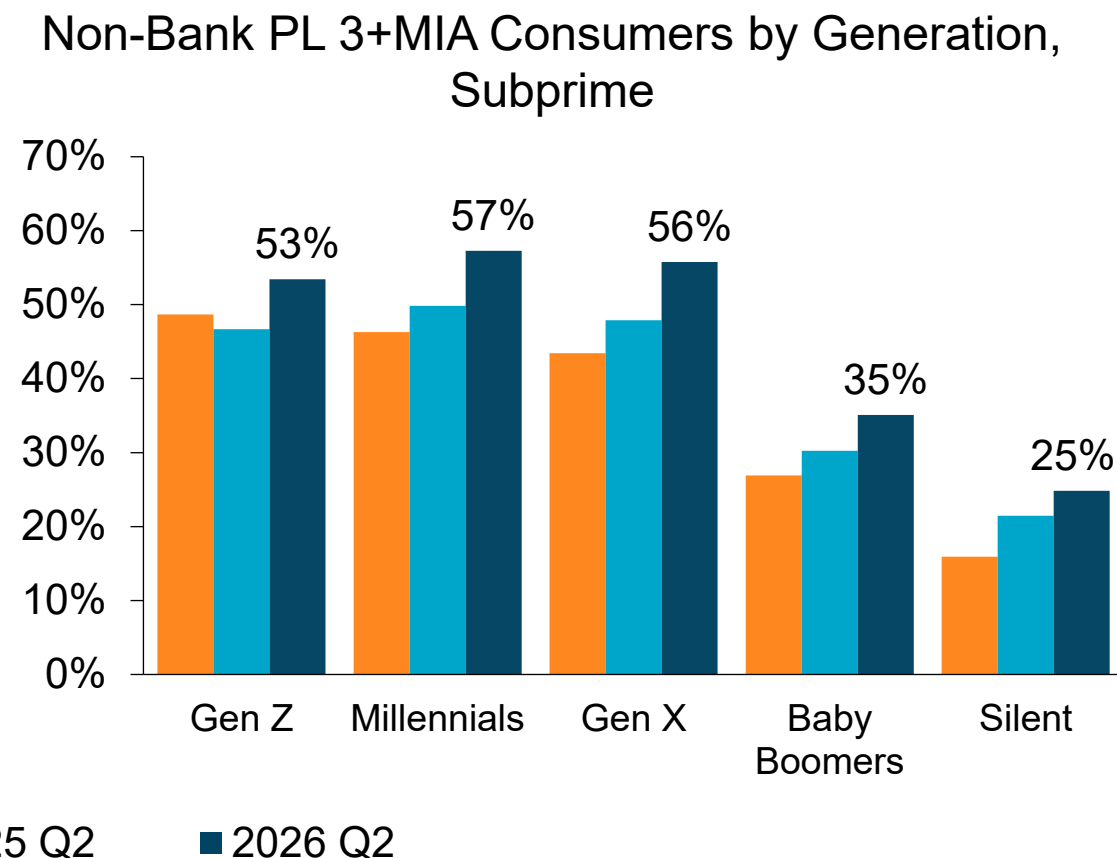
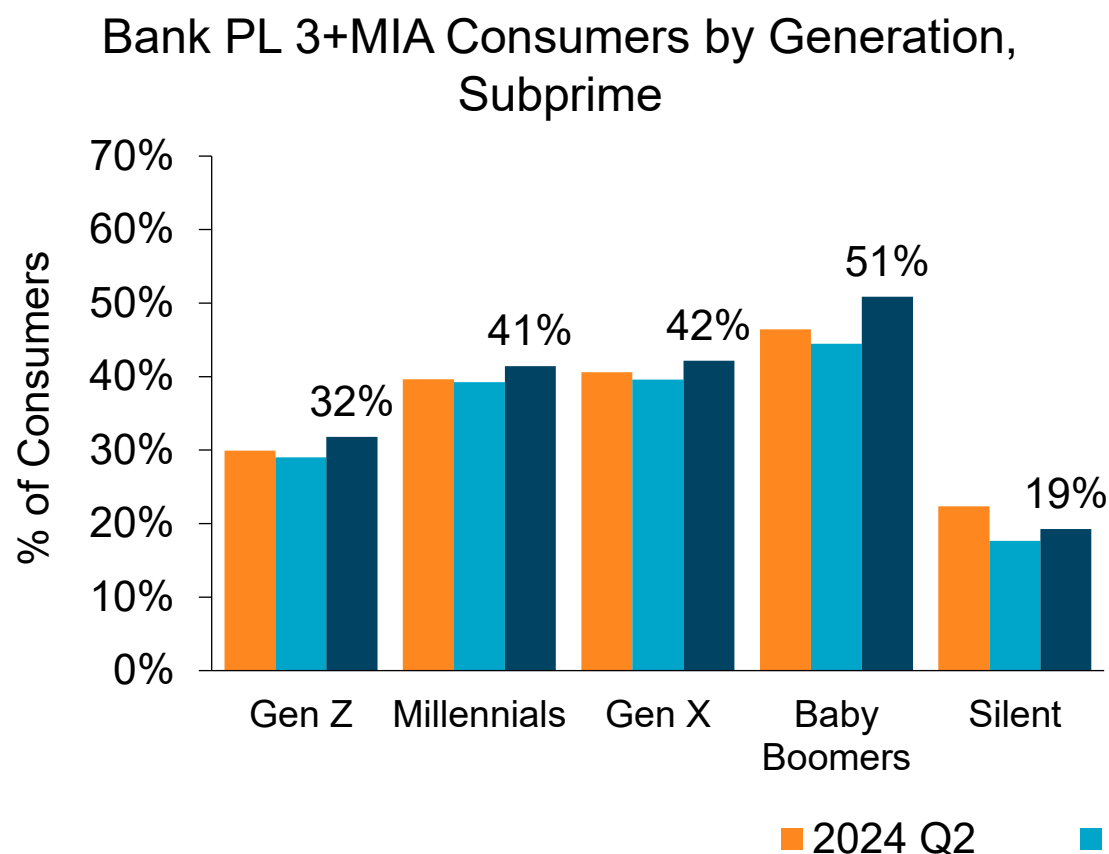
Personal loan delinquency climbs across young, middle-aged and older consumers for prime risk tier



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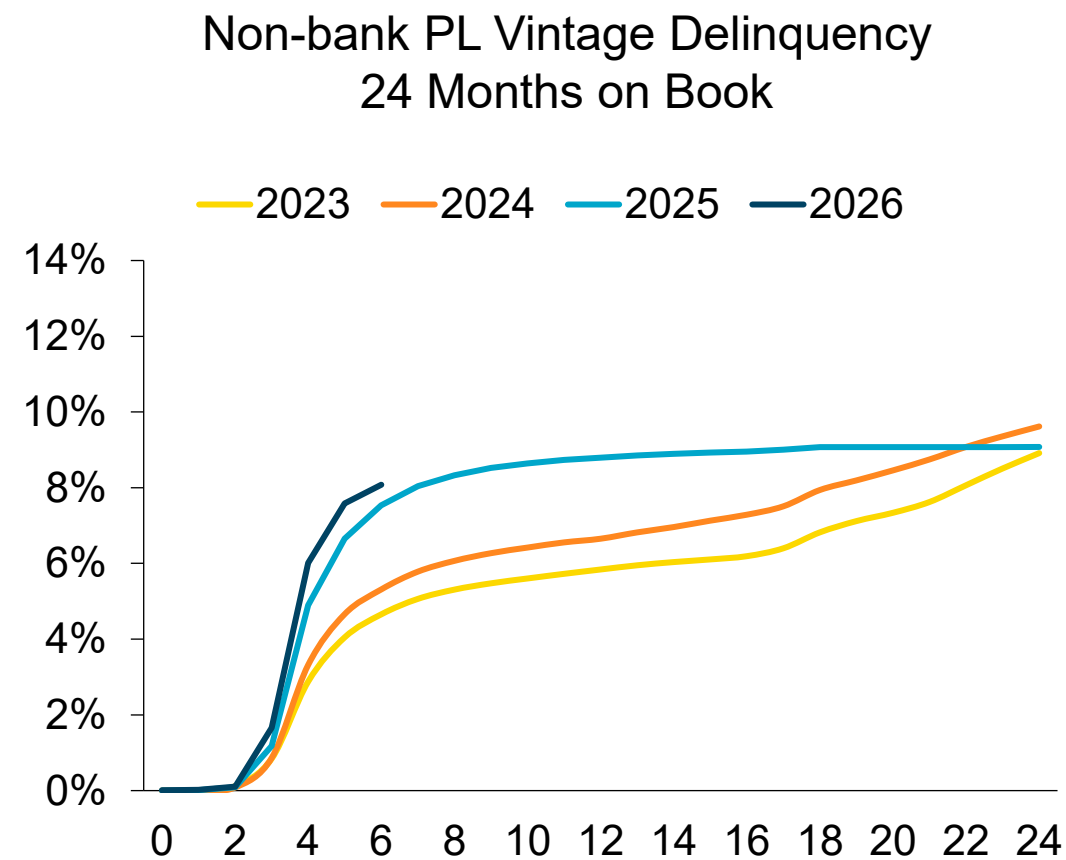
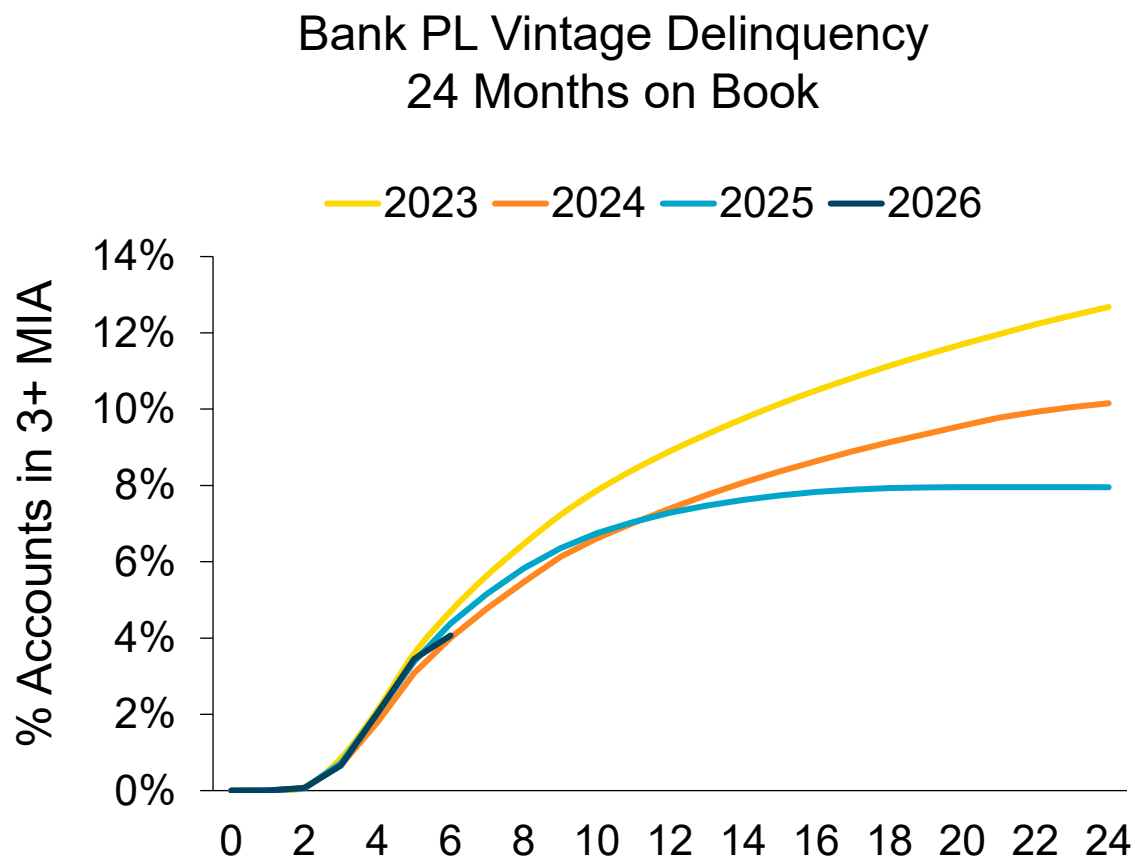
Bank PL arrears remain contained across generations, while non-bank PL arrears modestly climbs across generations for subprime risk tier



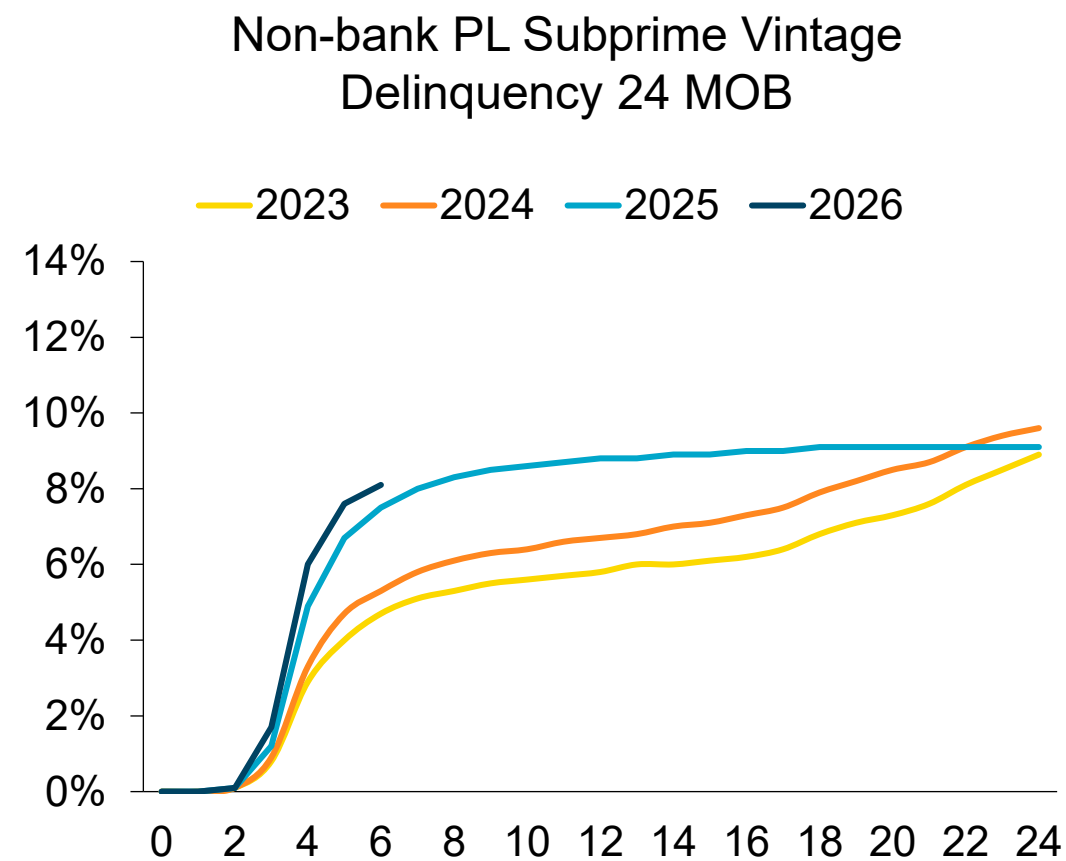
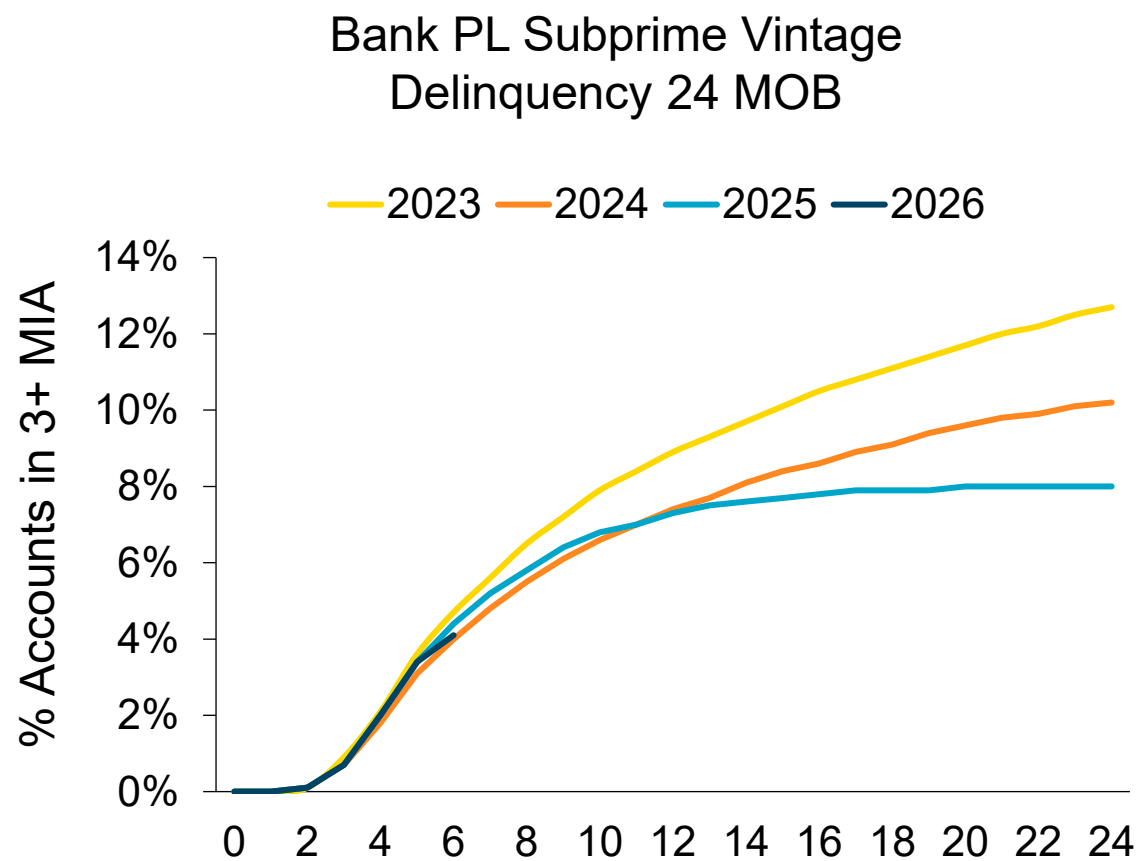
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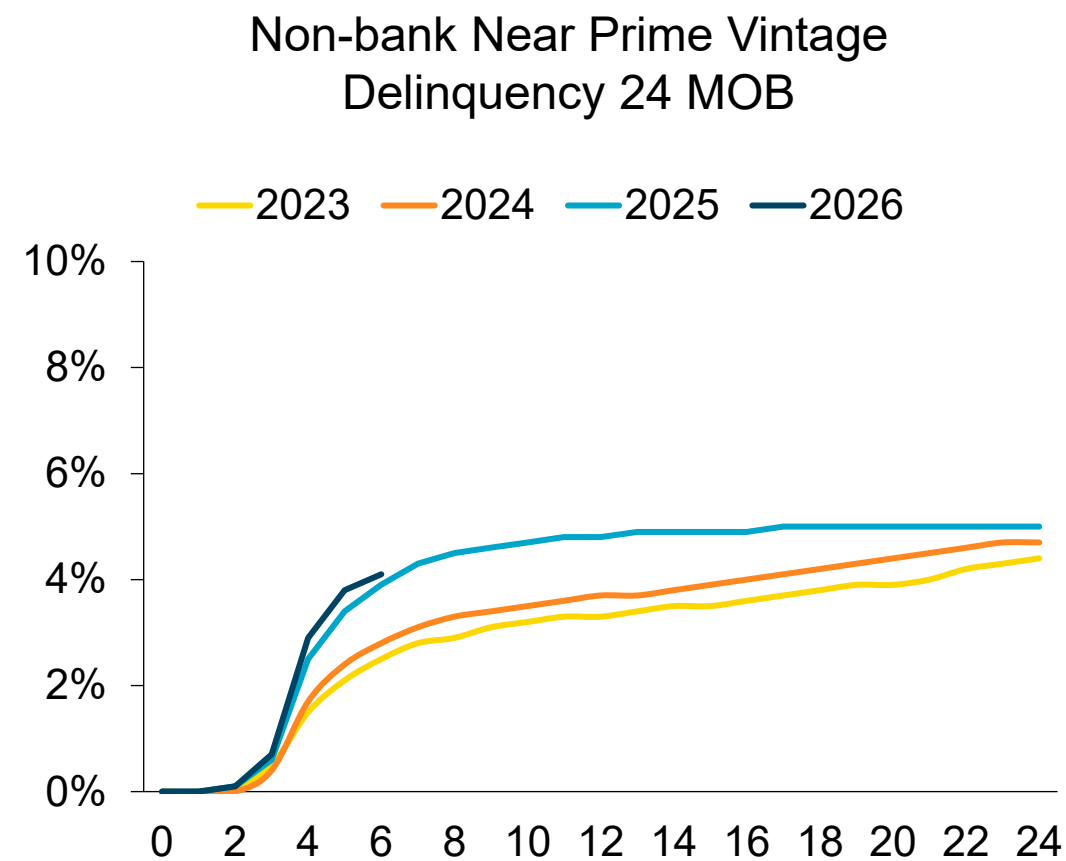
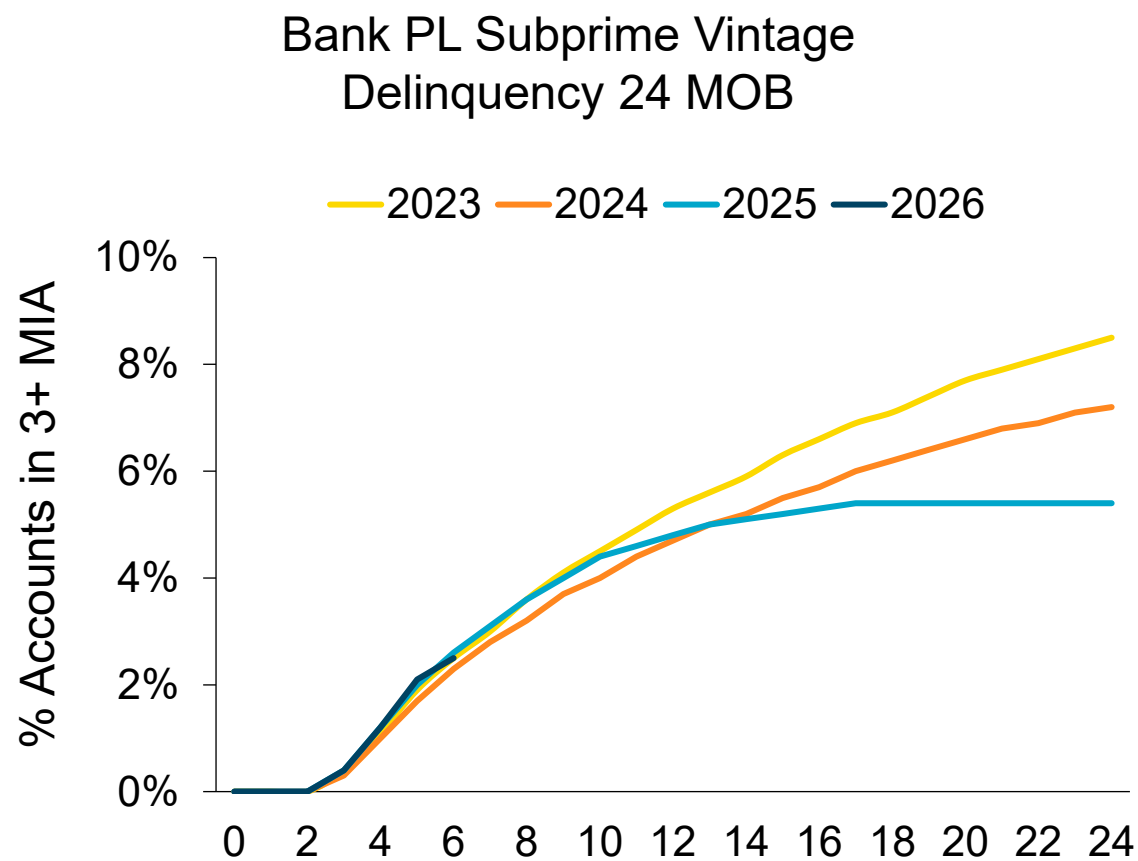
Recent bank vintages continue to improve, while non-bank vintages show earlier signs of repayment stress



Even within subprime, bank and non-bank vintages are producing distinctly different performance outcomes



Near-prime vintages reinforce the widening performance gap between bank and non-bank lenders





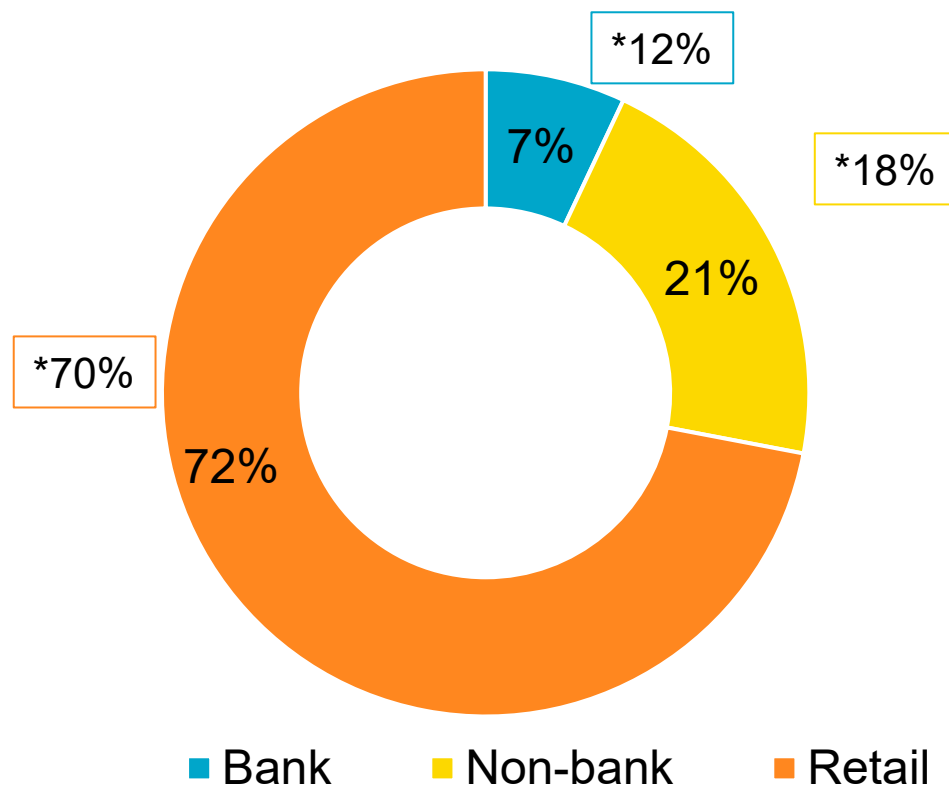
Retail Credit

Value is replacing volume in retail credit as consumers become more deliberate in their borrowing choices

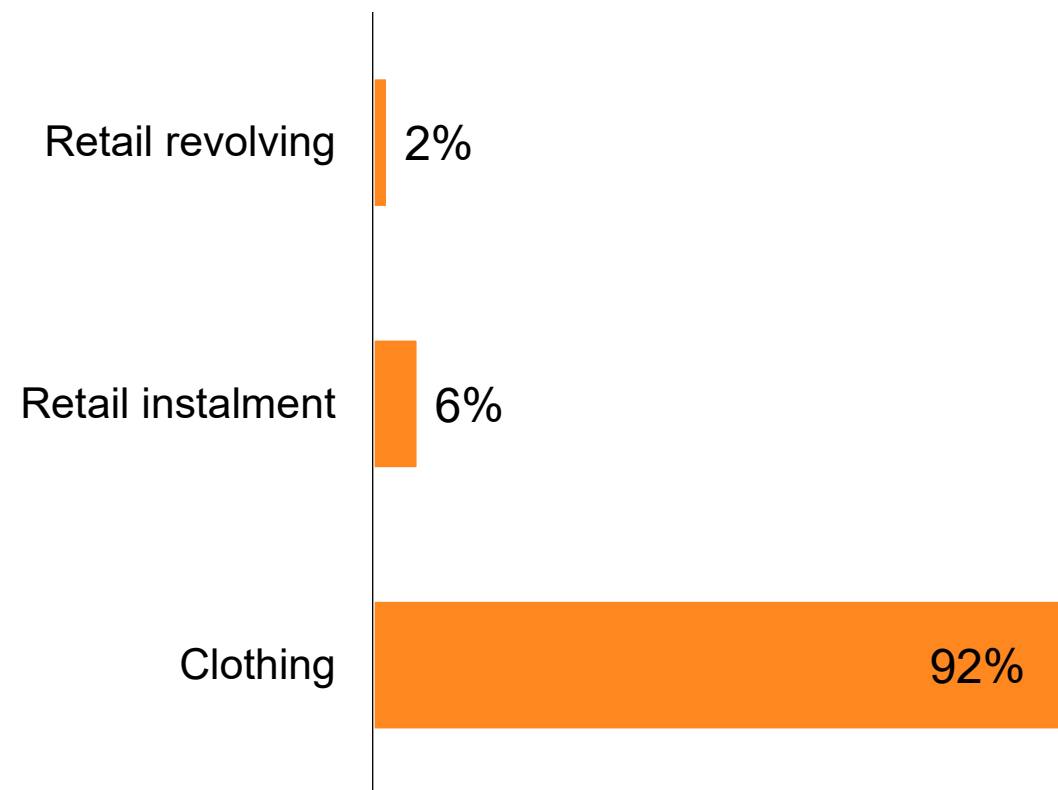
	Clothing Account		Retail Revolving		Retail Instalment	
	Q2 2026	YoY growth	Q2 2026	YoY growth	Q2 2026	YoY growth
Origination value	R6,4B	-1,7%	R2,5B	-25,3%	R2,4B	1,7%
Origination volume	855,4K	-7,8%	206,6K	-12,2%	167,4K	-10,3%
Average opening loan value	R7 484	6,6%	R12 104	-15,0%	R 14 613	13,4%
Average balances	R2 397	+1,3%	R7 113	2,7%	R10 859	9,8%
Performance 3+ MIA accounts	26,5%	-8 bps	16,0%	-135 bps	27,3%	146 bps
Performance 3+ MIA balance	29,7%	67 bps	16,6%	-126 bps	31,9%	150 bps

Retailers continue to shape the future credit market by introducing most first-time borrowers through clothing accounts

Share of NTC Consumers by Lender, Q2 2026



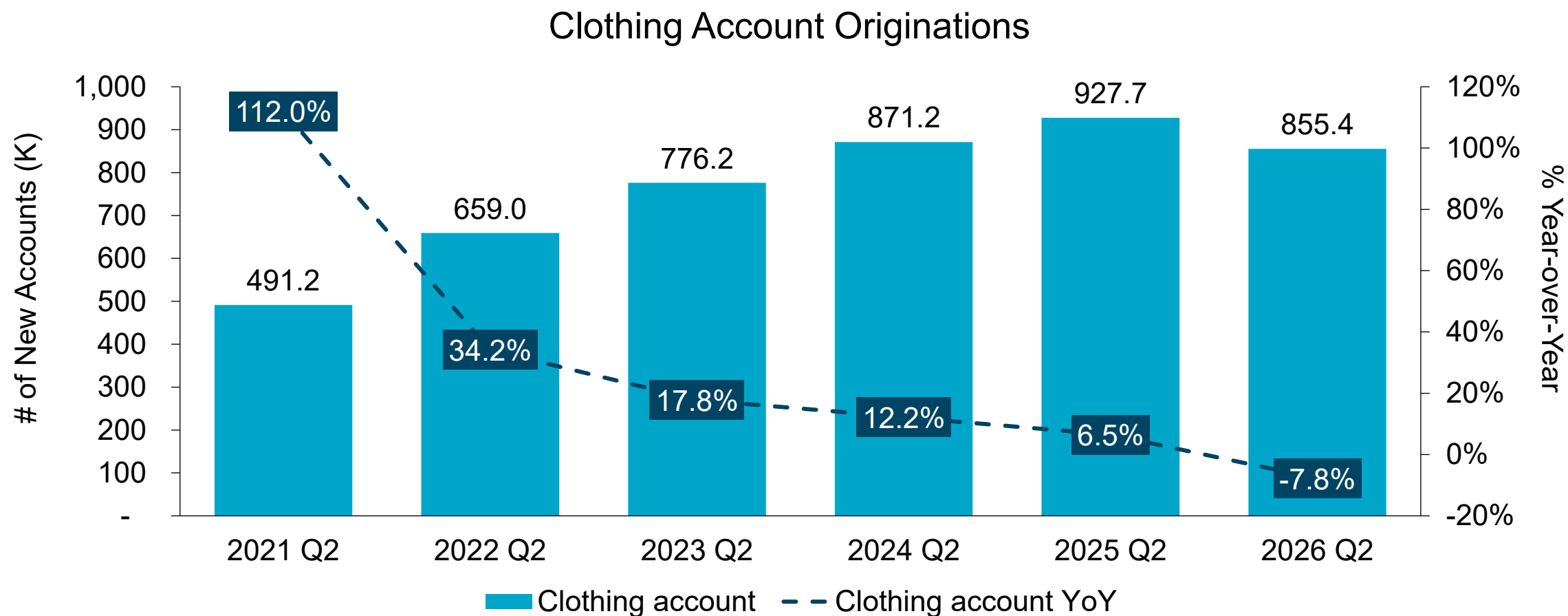
Retail Product Split Q2 2026



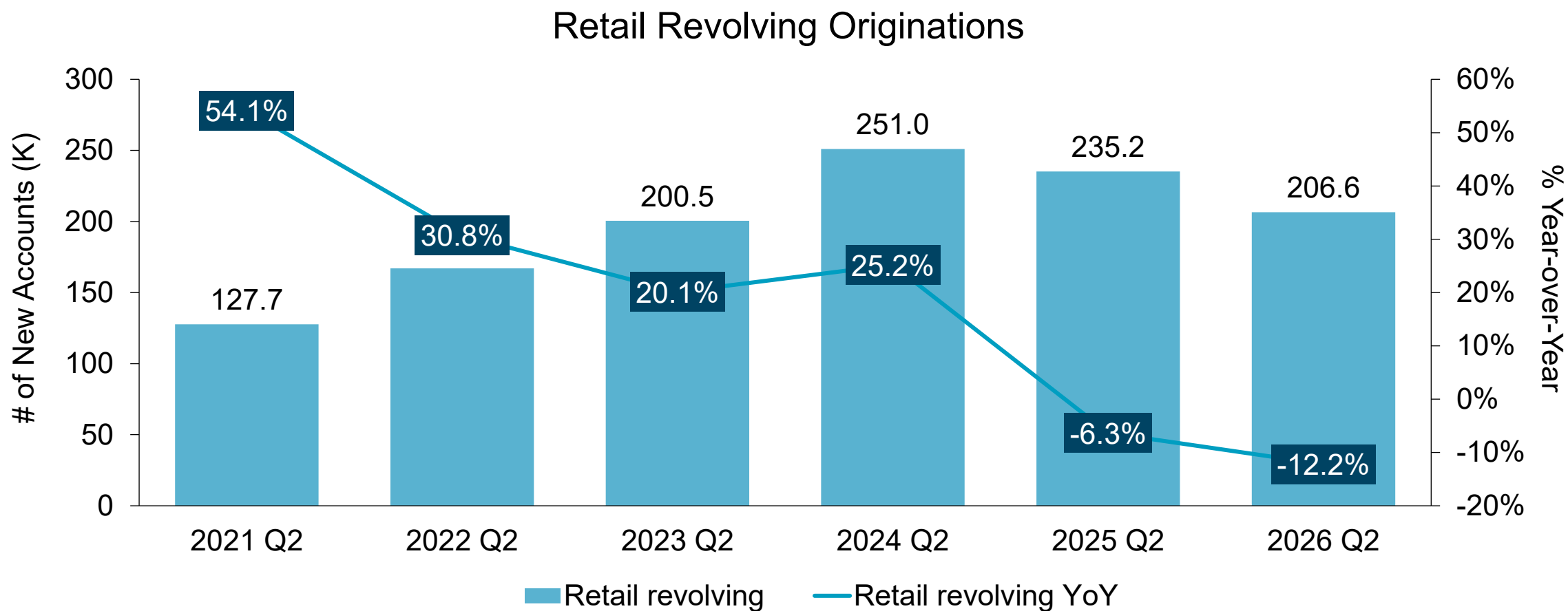
* Represents 2025 Q2



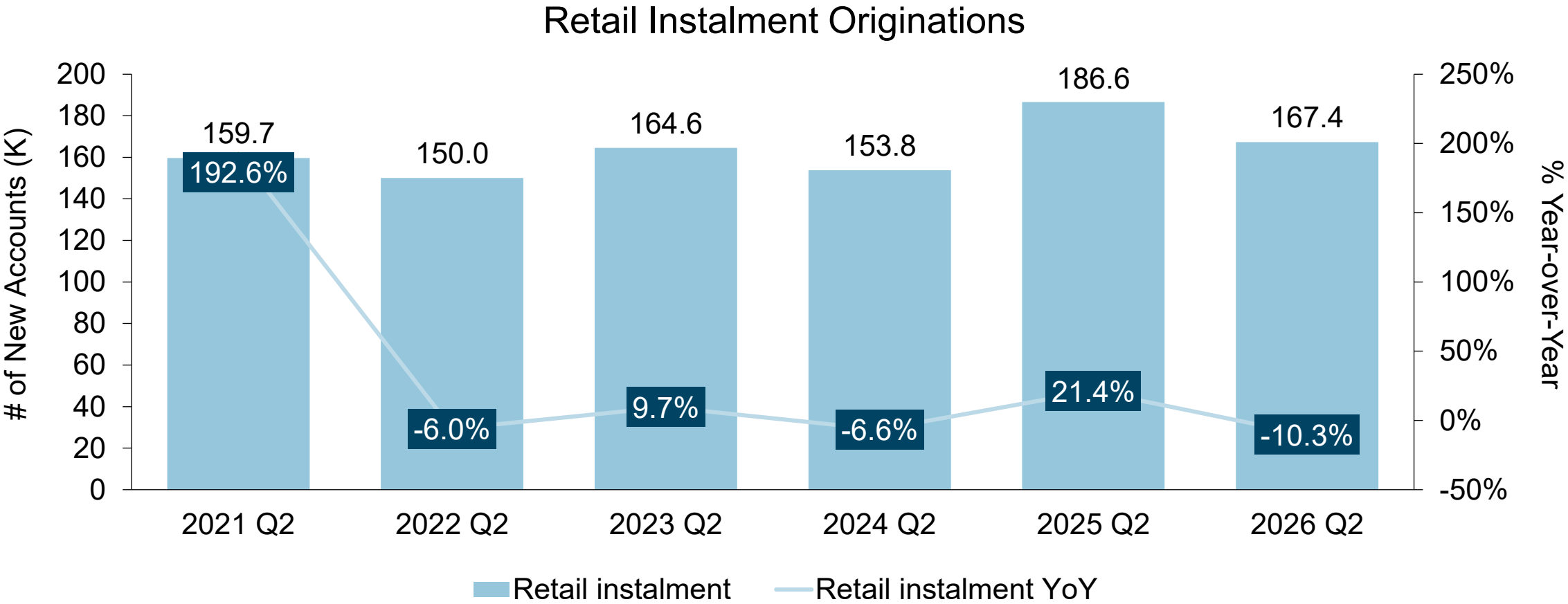
Clothing account acquisition momentum has softened following a sustained period of growth



Originations have fallen for a second consecutive year, signalling softer demand for revolving credit

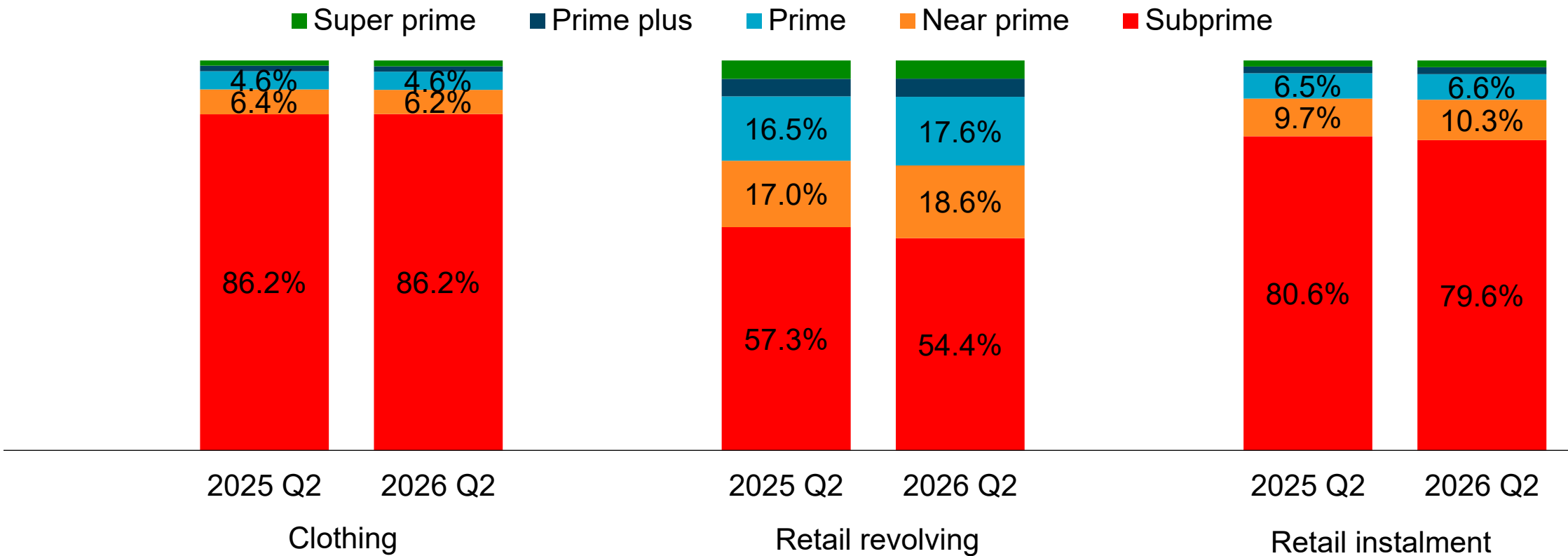


A strong 2025 expansion gave way to softer instalment account acquisition in Q2 2026



Risk composition remains broadly stable across retail products, though revolving credit is gradually improving

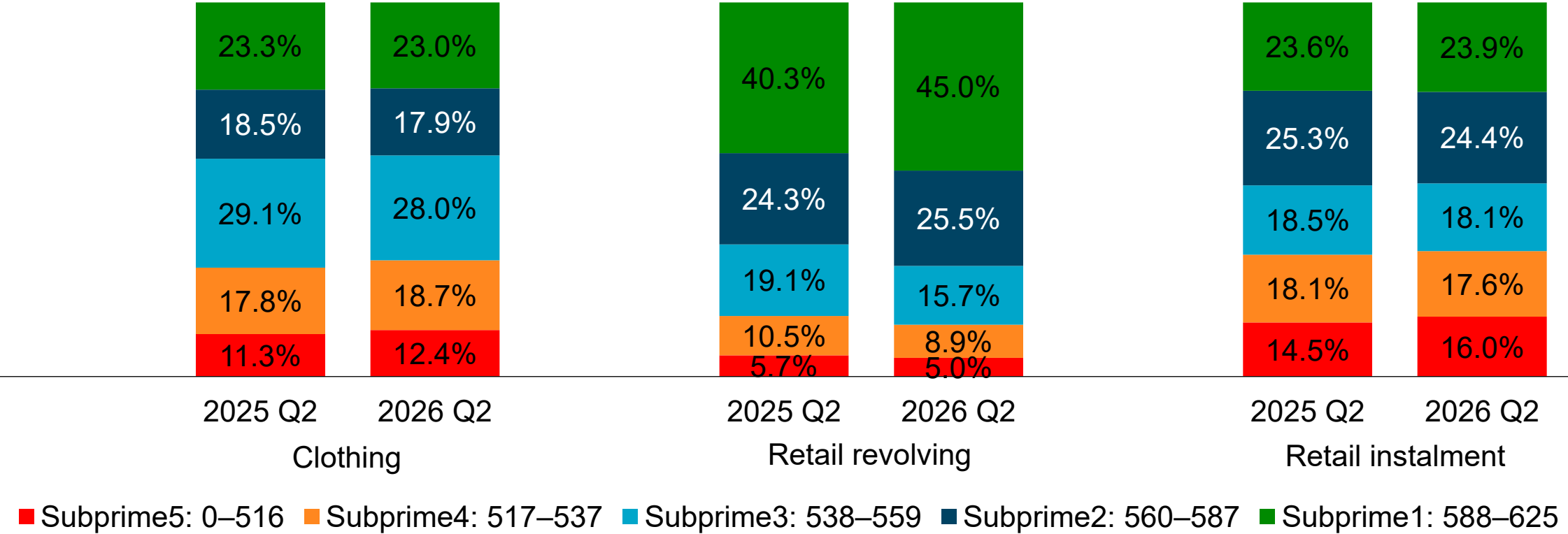
Risk Distribution of Total Originations Across Retail Products



CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721–999

Lower-risk subprime consumers continue to drive retail originations across products

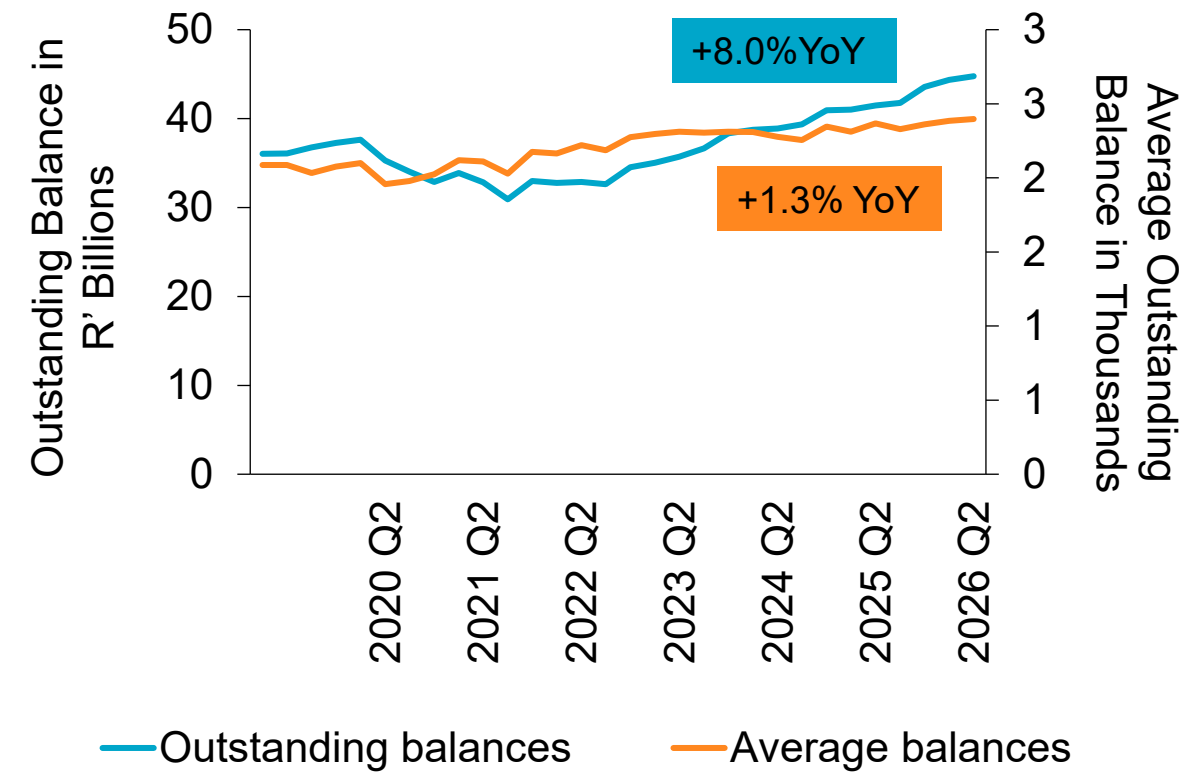
Risk Distribution of Total Originations Across Retail Products, Subprime



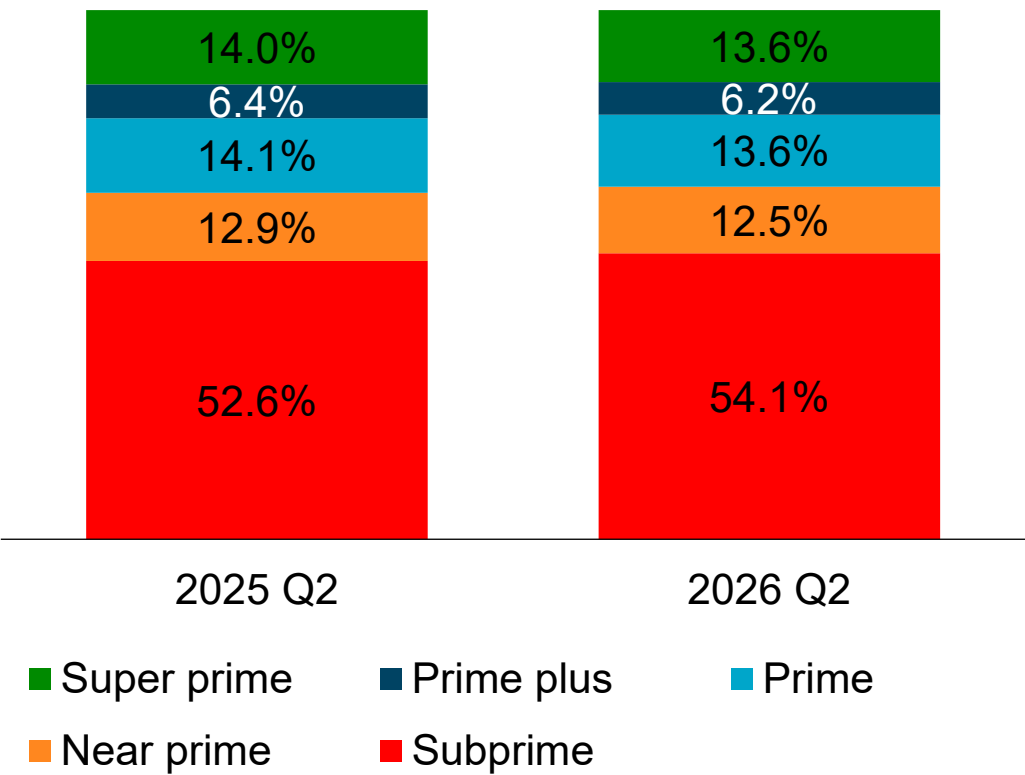
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Clothing balance growth reflects portfolio expansion rather than materially higher balances per borrower

Outstanding Balances of Clothing Borrowers



Share of Outstanding Balances by Risk Tier

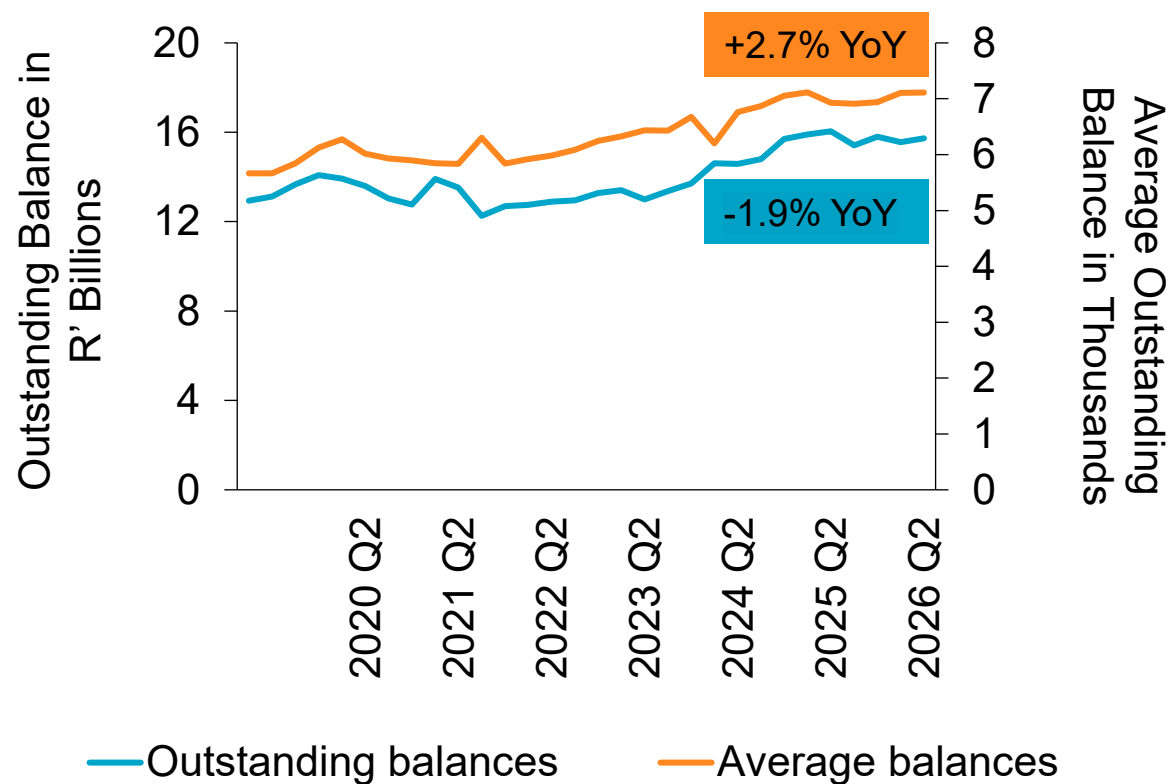


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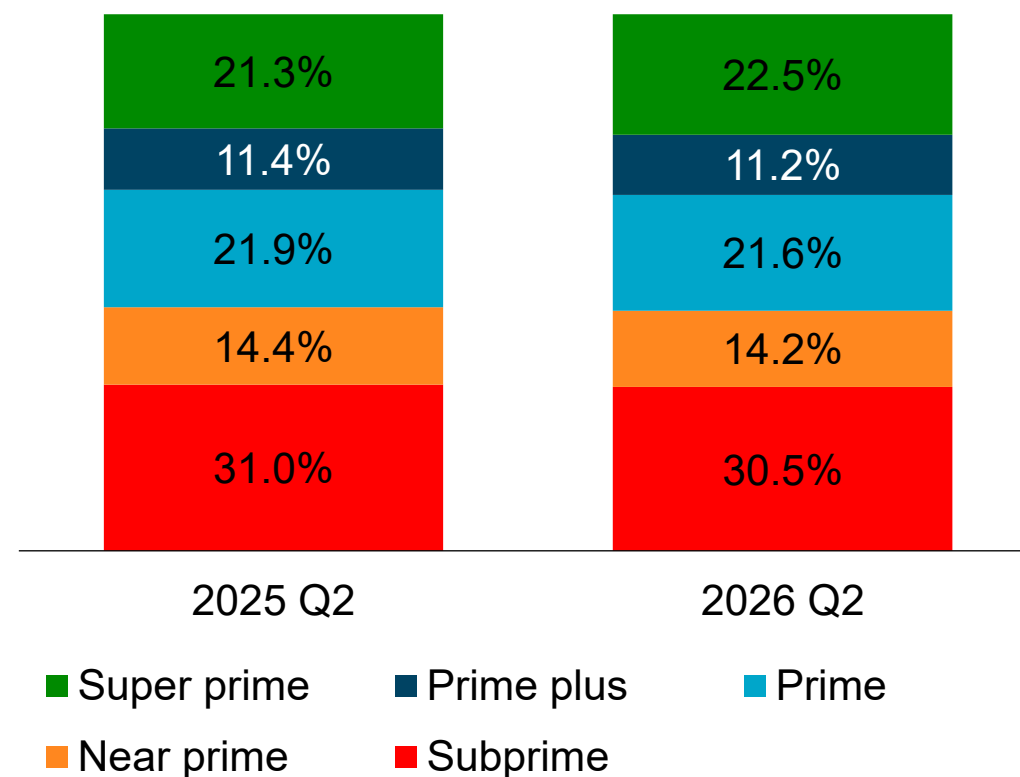


Retail revolving continues to consolidate around a smaller, slightly stronger borrower base

Outstanding Balances of RR Borrowers



Share of Outstanding Balances by Risk Tier

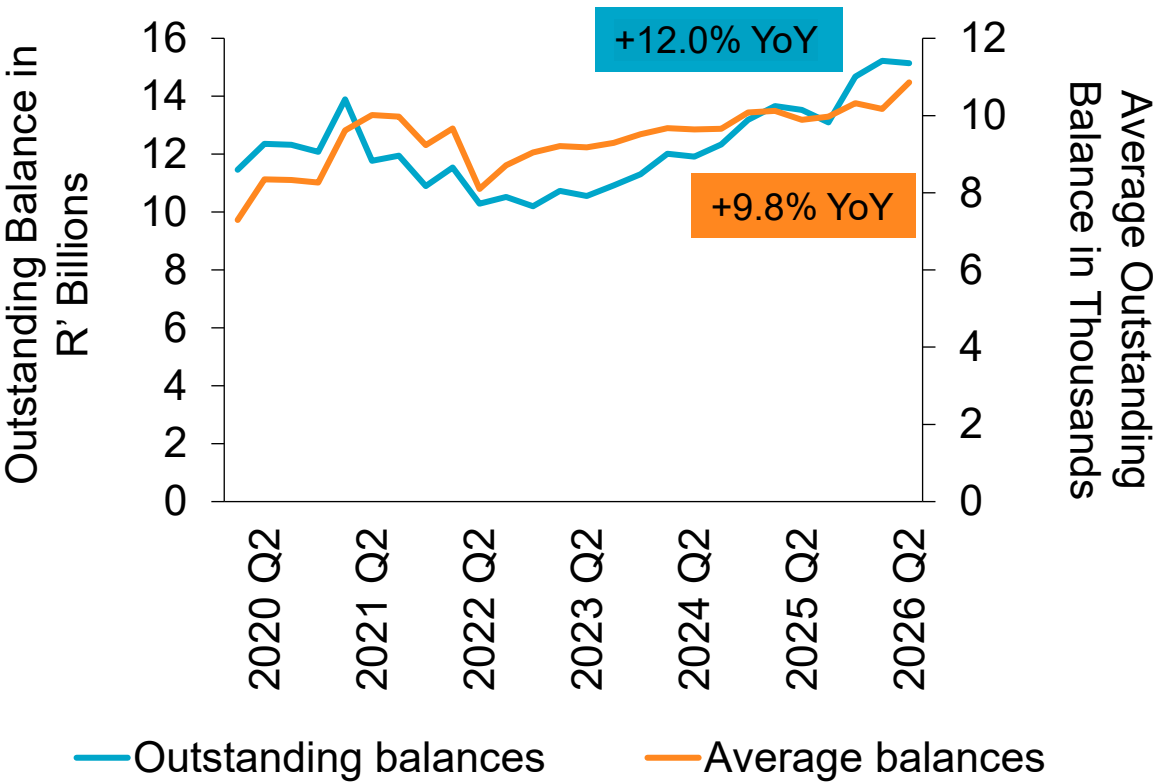


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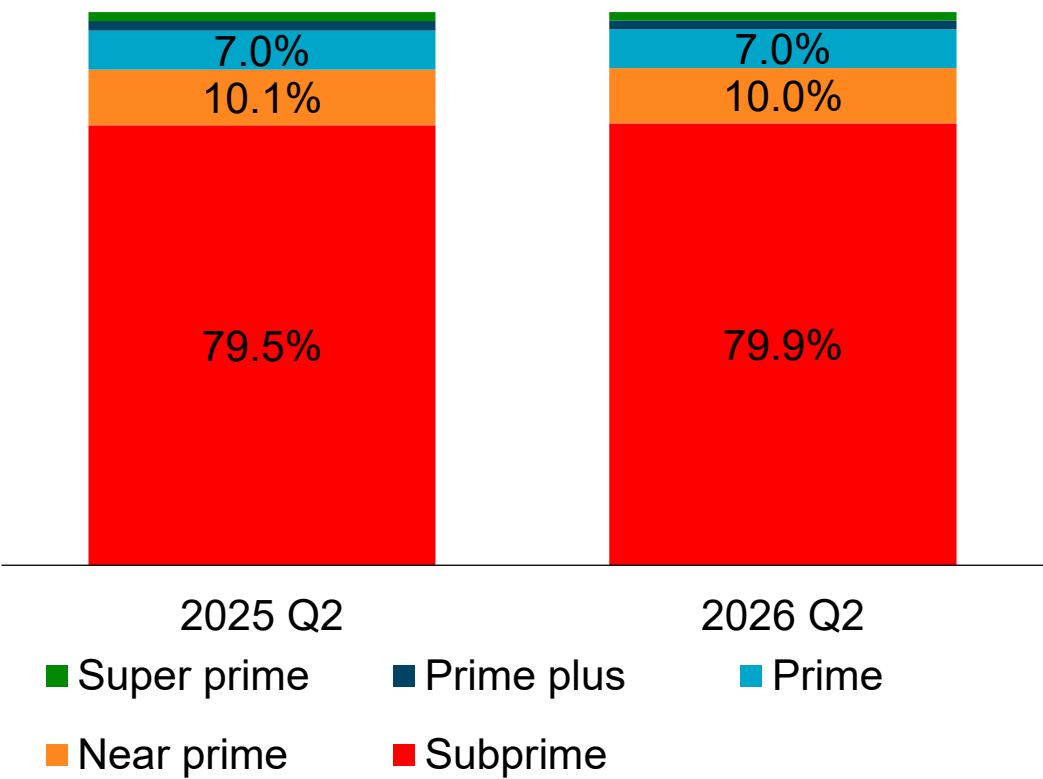


Retail instalment borrowers are carrying larger balances, supporting double-digit portfolio growth

Outstanding Balances of RI Borrowers



Share of Outstanding Balances by Risk Tier

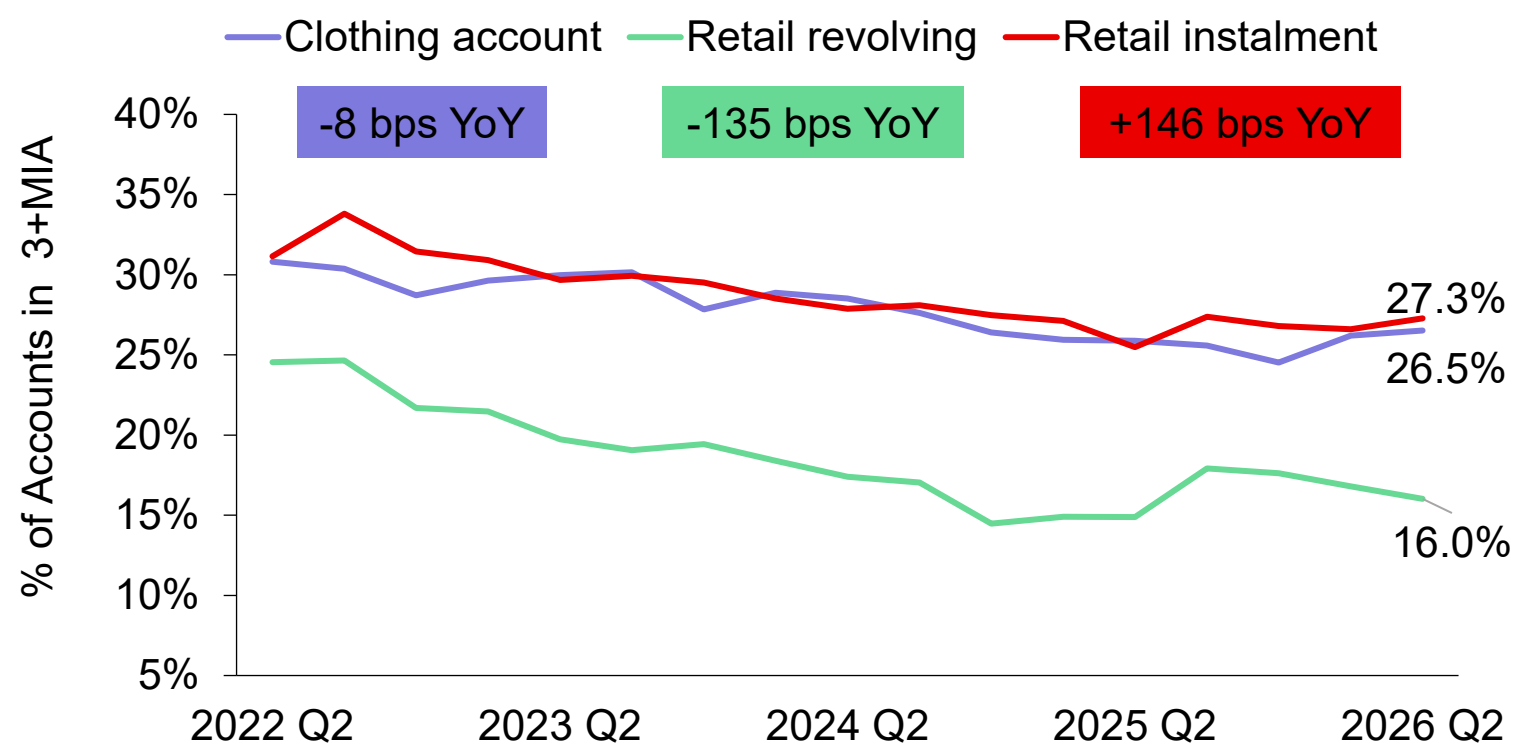


CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999



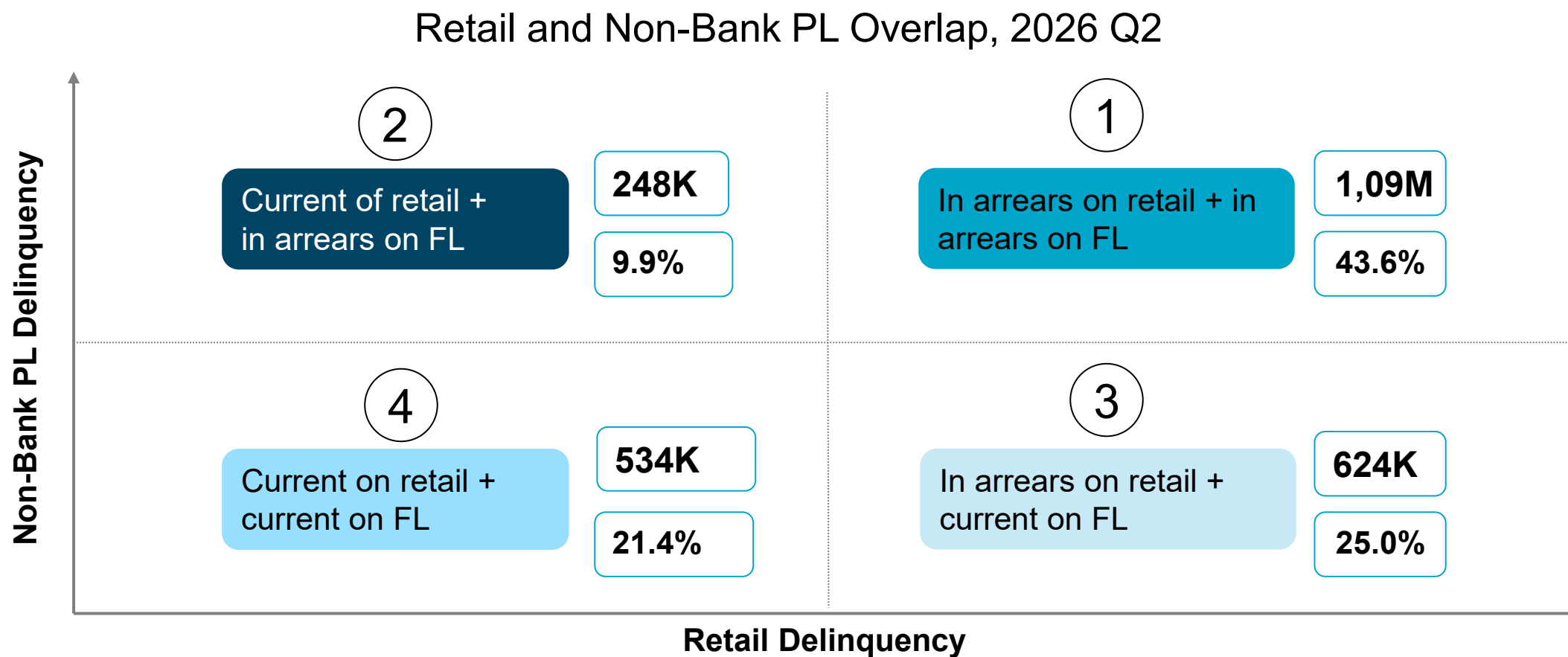
Retail credit performance remains mixed, with instalment portfolios weakening while revolving credit strengthens

Q2 2026 Delinquency Rates (3+MIA)



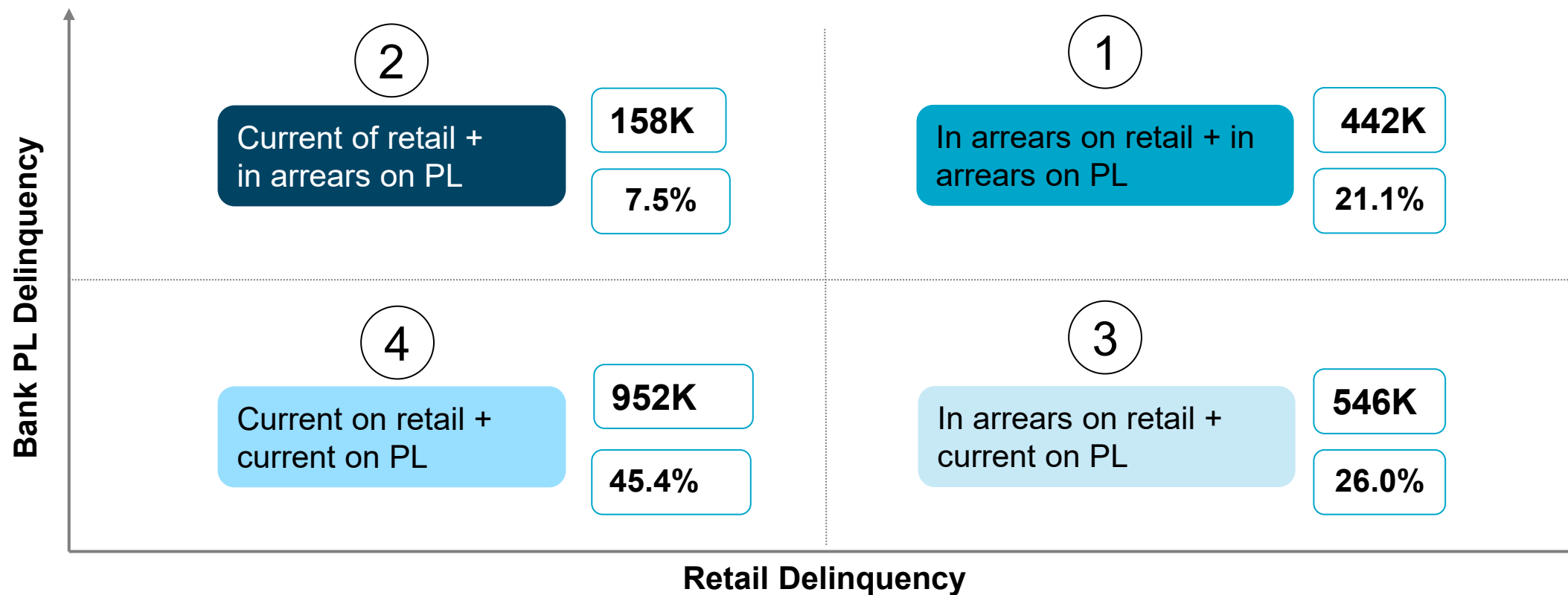
% Balance DQ(3+MIA)	Q2 2026	YoY bps
Clothing account	29.7%	67 bps
Retail revolving	16.6%	-126 bps
Retail instalment	31.9%	150 bps

Customer risk extends beyond individual products, with 43.6% of overlap customers in arrears on both facilities



Customers with bank personal loans exhibit significantly stronger repayment behaviour across their credit wallets

Retail and Bank PL Overlap, 2026 Q2





Vehicle Asset Finance

Vehicle finance continued its momentum in Q2, with modest origination growth, rising balances and improving delinquency across all measures



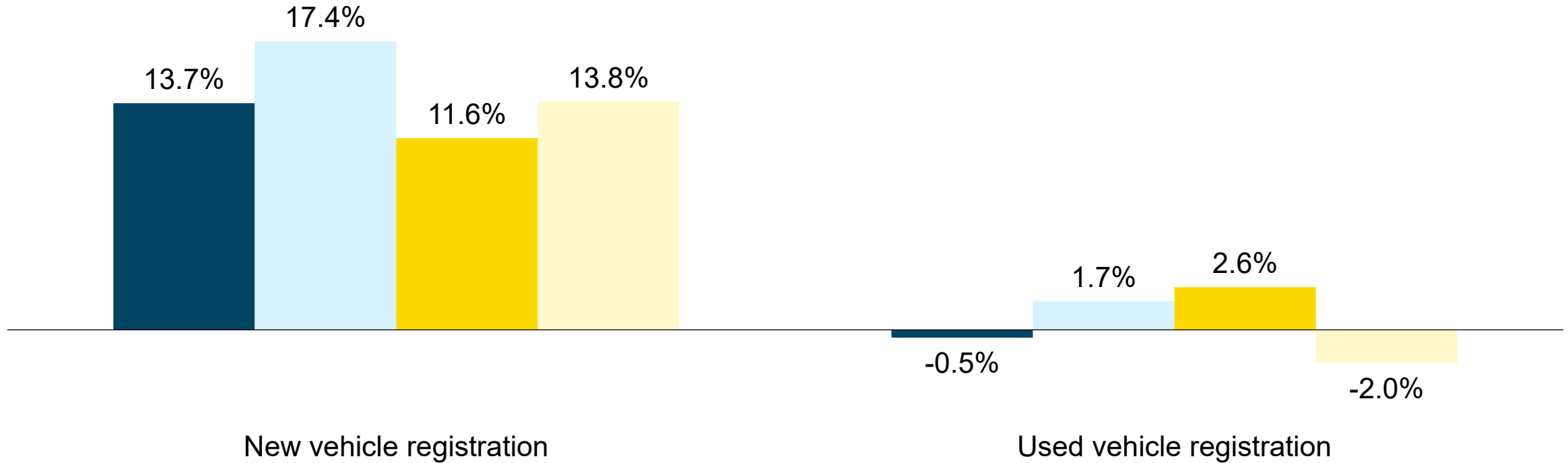
Vehicle asset finance

	Q2 2026	YoY Growth
Origination value	R58,9B	6,7%
Origination volume	136,6K	1,1%
Average opening loan amount	R431 313	5,5%
Average balances	R269 116	5,3%
No. of consumers	2,0M	1,1%
Performance 3+ MIA accounts	6,4%	-115 bps
Performance 3+ MIA balance	6,4%	-113 bps

New vehicle demand remains resilient while used vehicle growth loses momentum

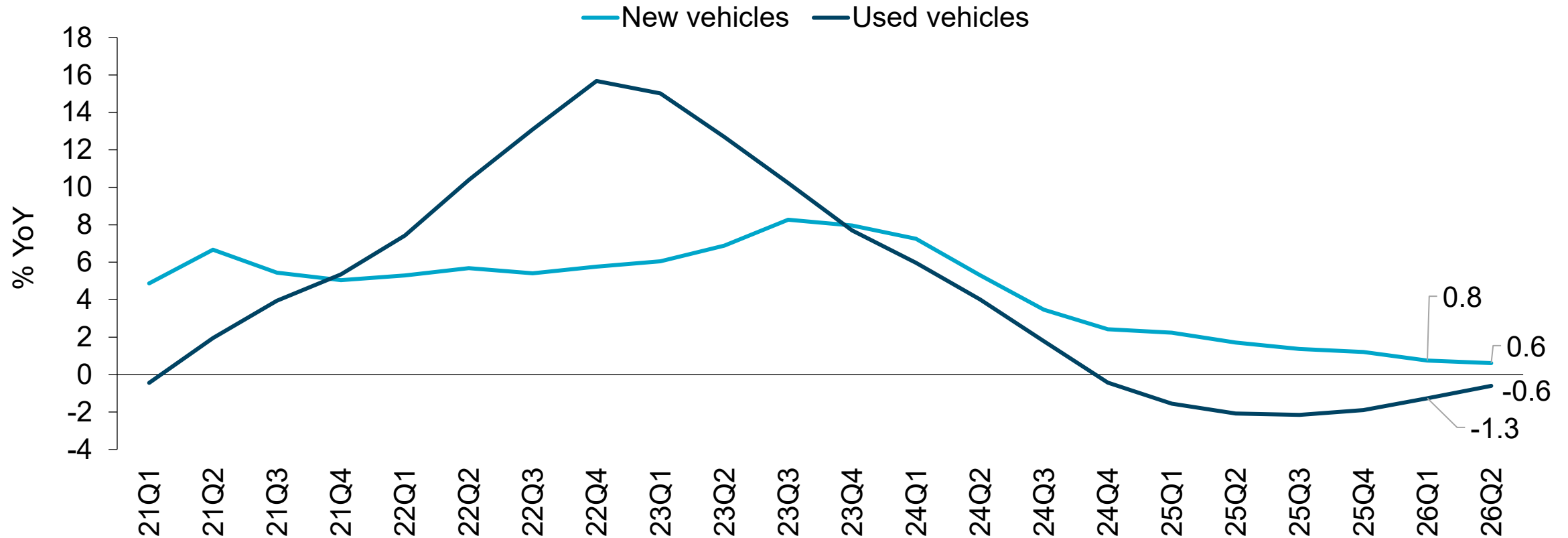
New and Used Vehicle Registrations: YoY growth

■ 2025 Q3 ■ 2025 Q4 ■ 2026 Q1 ■ 2026 Q2



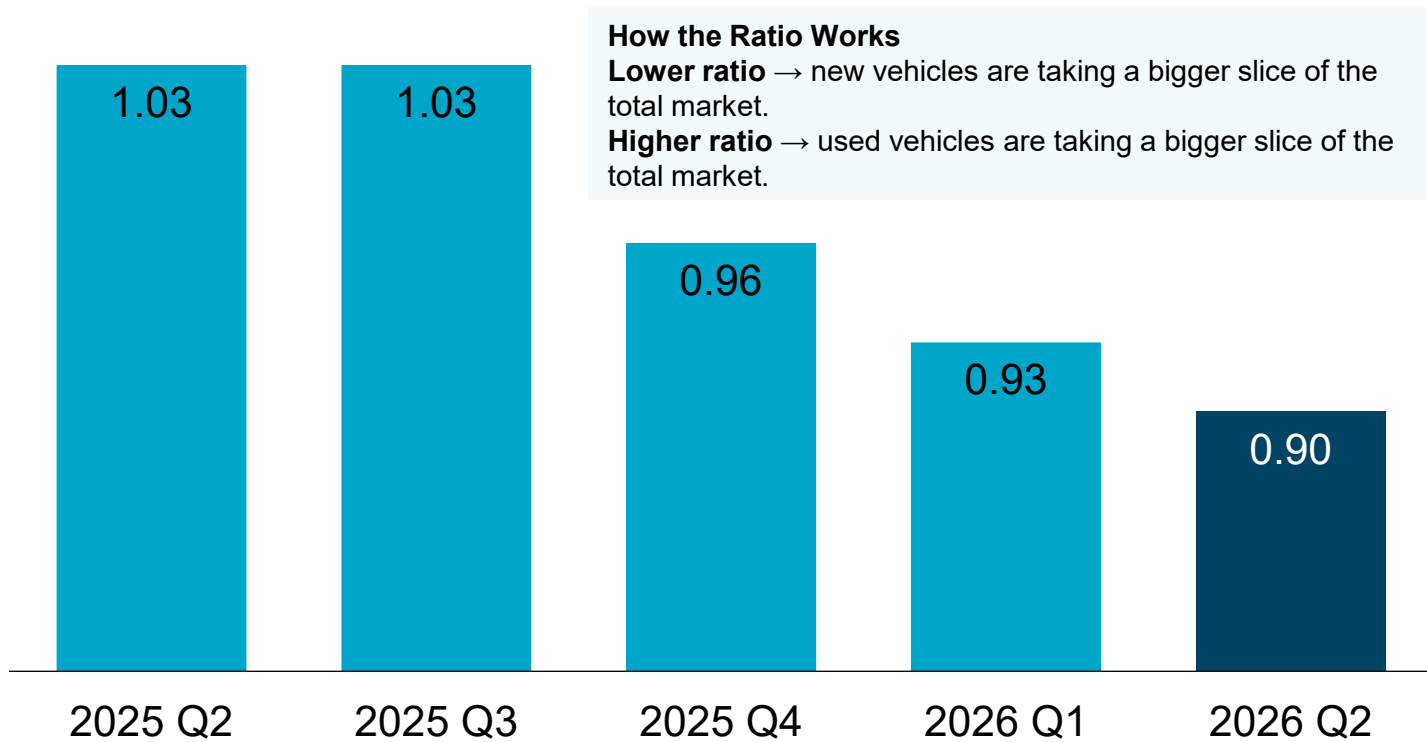
Vehicle pricing pressures have largely subsided, improving affordability across the market

CPI Inflation: New and Used Vehicles

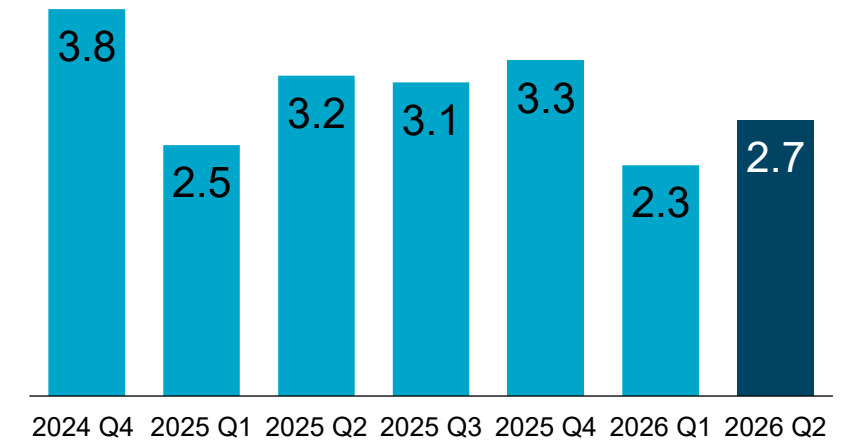


The vehicle finance market is becoming more new-vehicle-centric despite continued demand for used vehicles

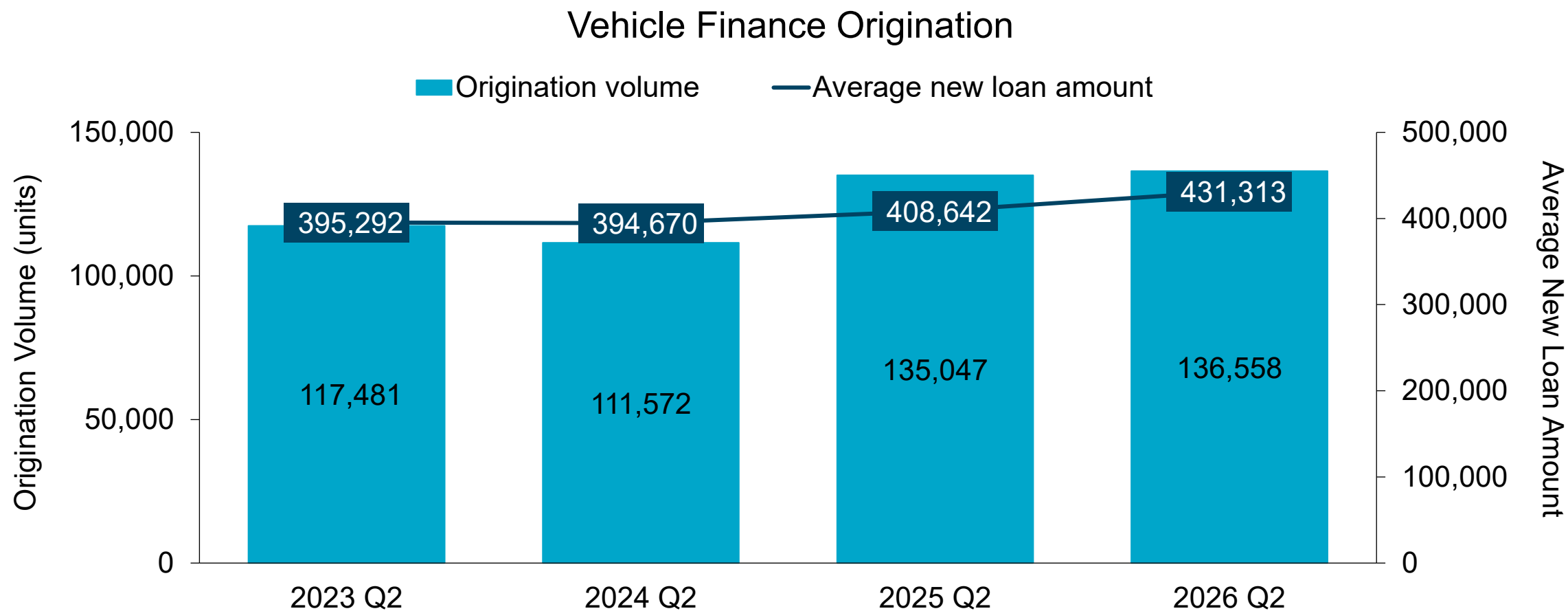
Used-to-New Vehicle Finance Ratio



Used-to-New Vehicle Registration Ratio

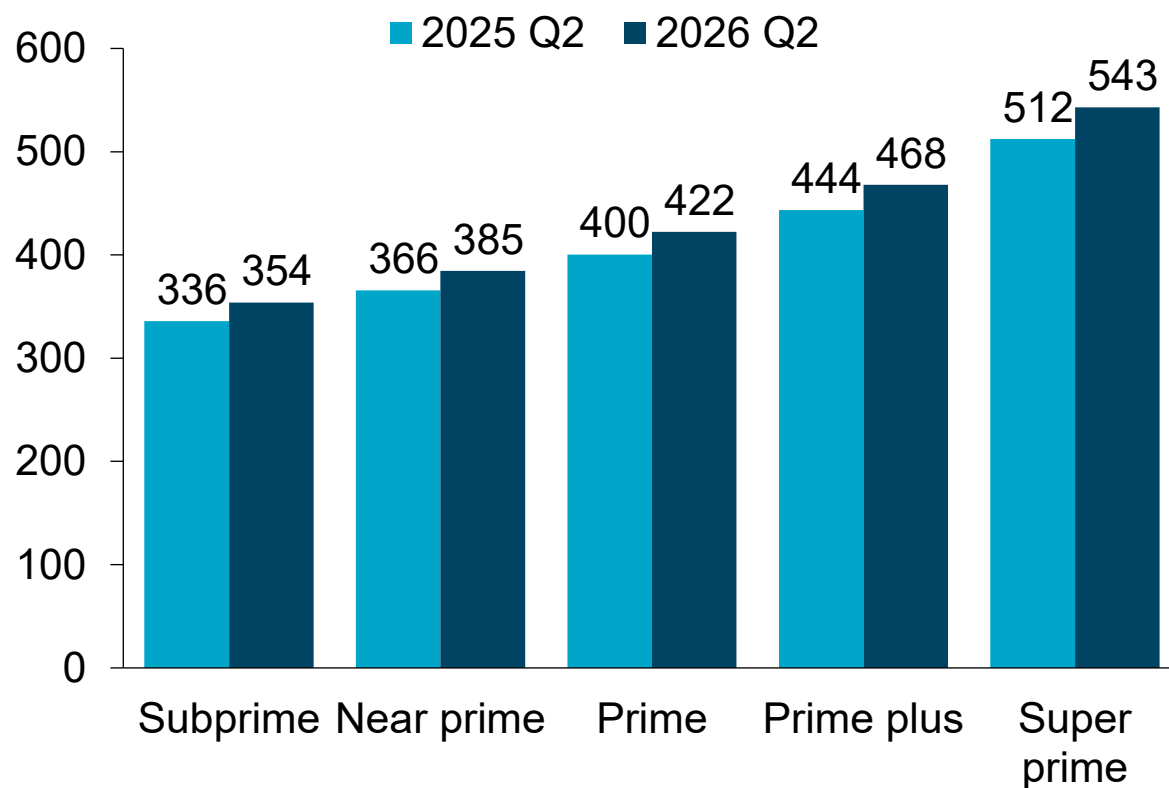


Higher loan amounts reflect a shift to new vehicles, with affordability supported by smarter deal structures

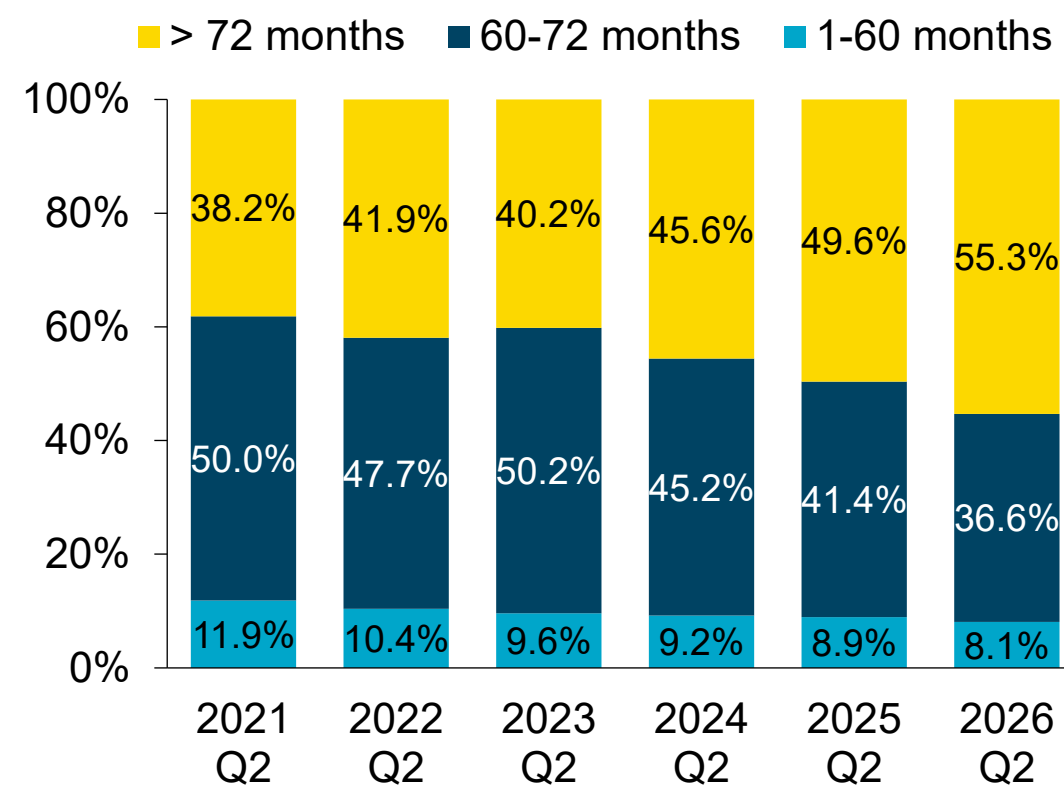


Opening balances rose across all risk tiers as consumers stretched affordability through longer loan terms, now dominated by >72-month deals

Originations Average Opening Balance by Risk

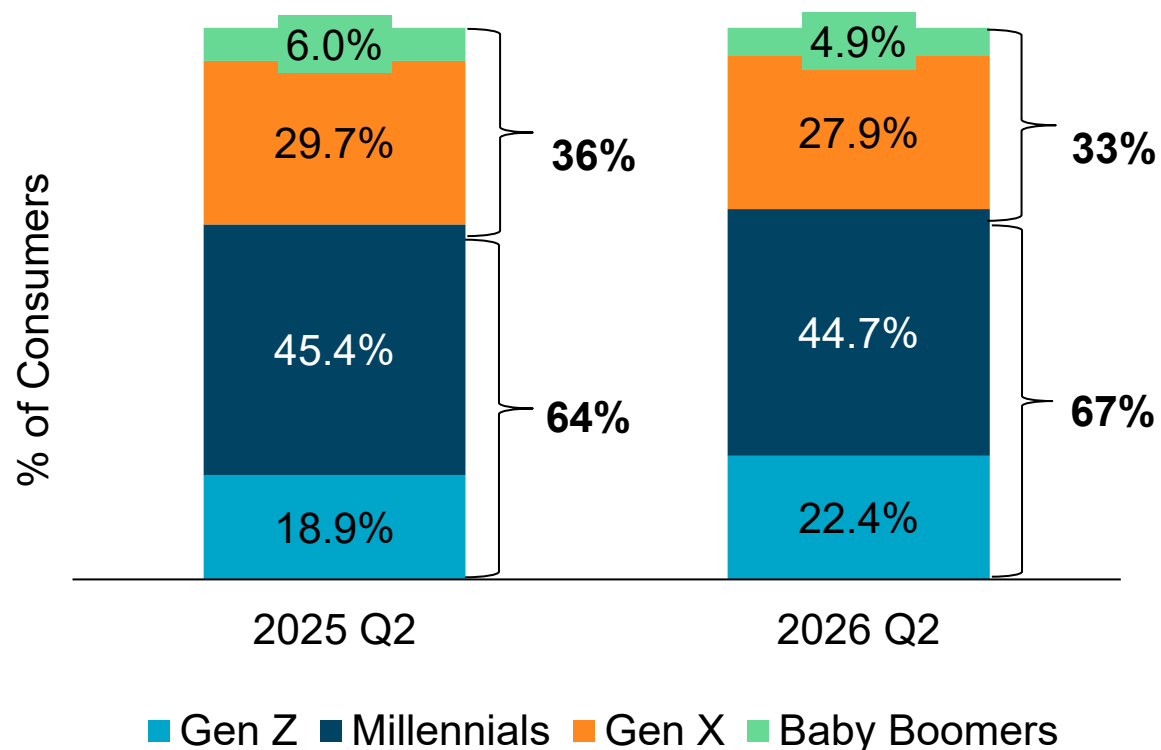


Originations by Term

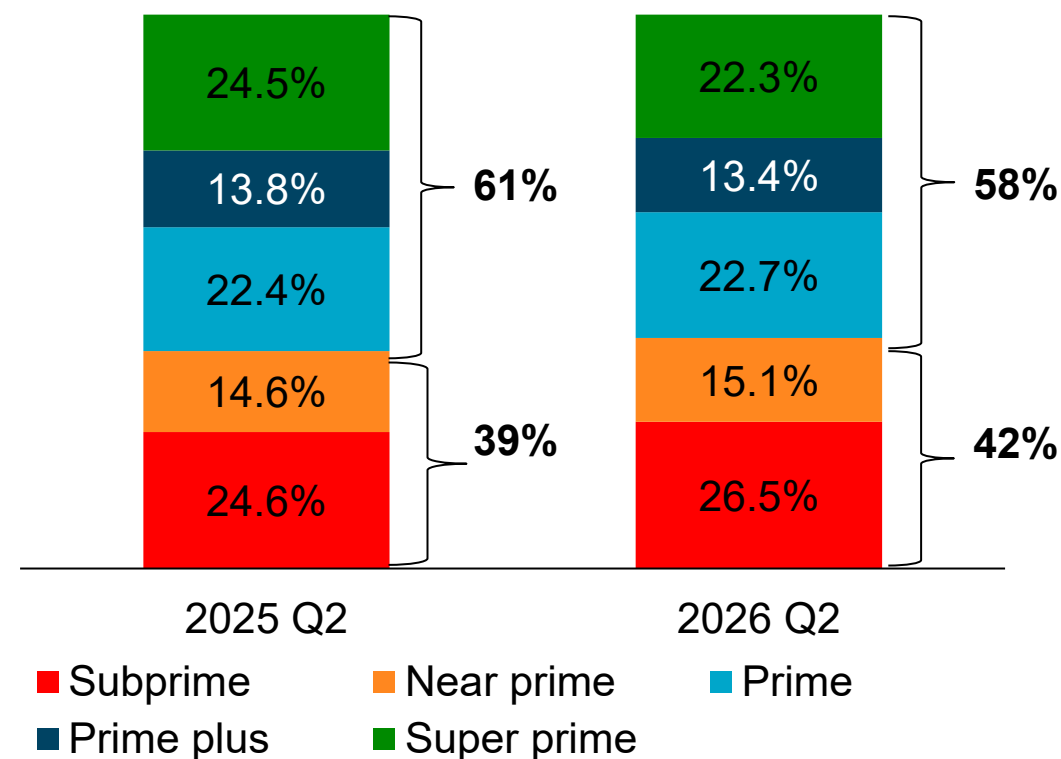


Millennials and Gen X dominate VAF originations — while risk distribution remains broad but steady

Vehicle Finance Origination by Generation



Vehicle Finance Origination by Risk

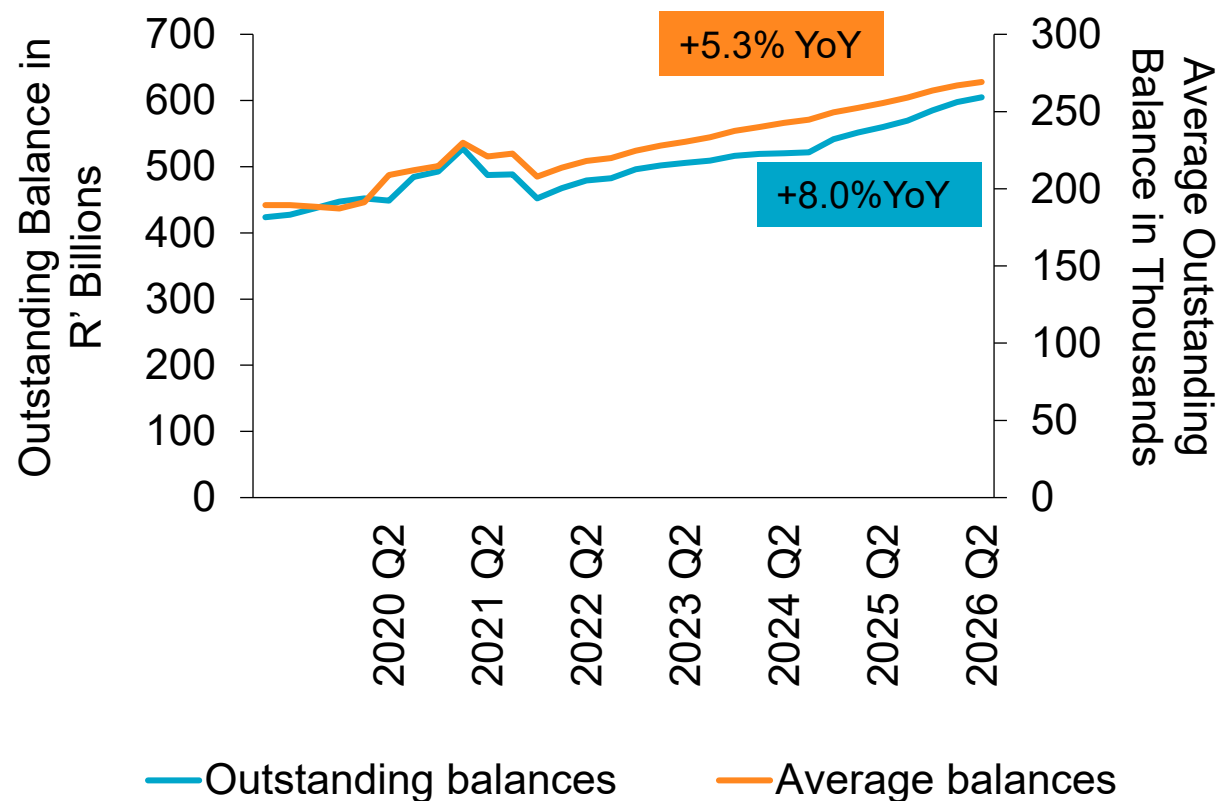


TransUnion age distribution: Gen Z (Born 1995 – 2010); Millennials (Born 1980-1994); Gen X (Born 1965-1979); Baby Boomers (Born 1946-1964); CreditVision™ risk score: Subprime 0-625; Near prime 626-655; Prime 656-695; Prime plus 696-720; Super prime 721-999

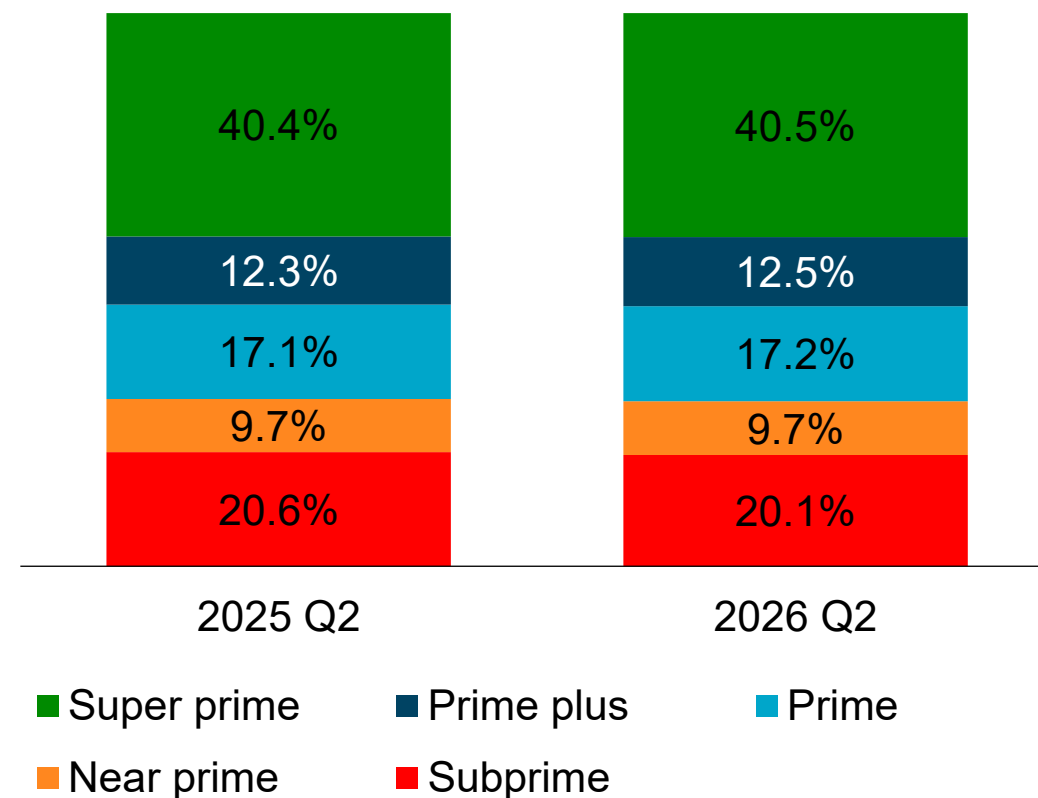


VAF growth remains broad-based, supported by higher balances and stable credit quality

Outstanding Balances of VAF Borrowers



Share of Outstanding Balances by Risk Tier

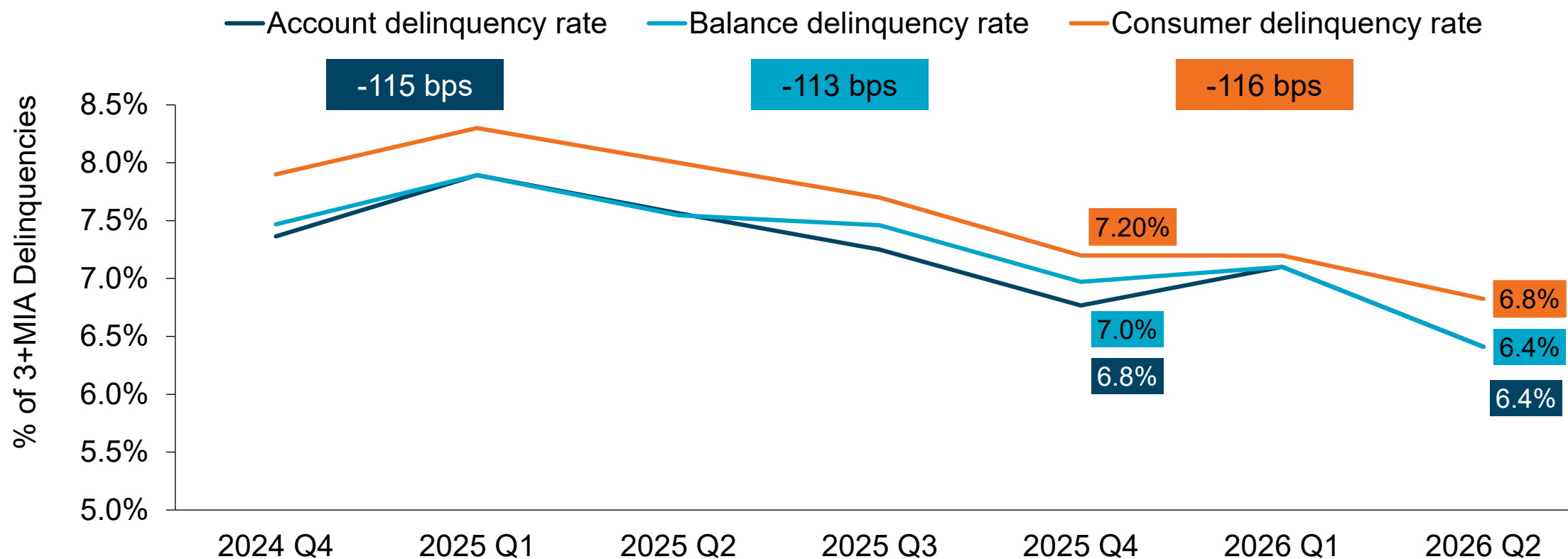


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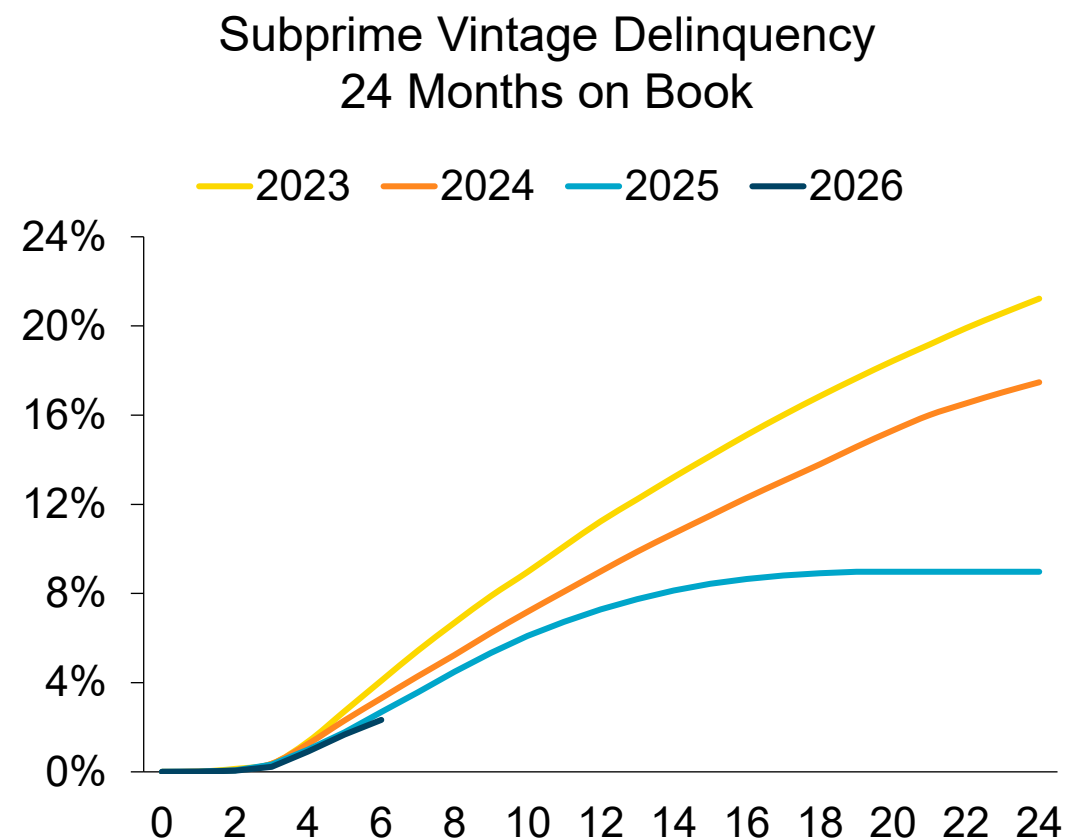
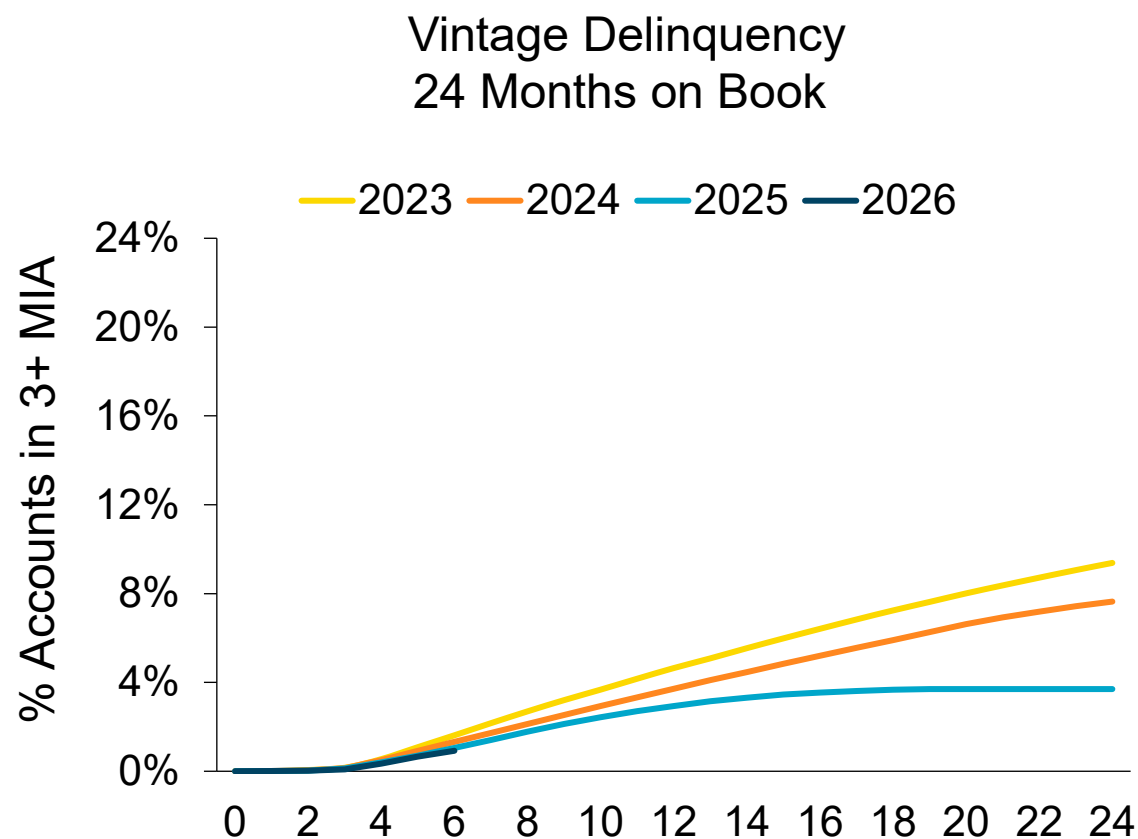


Vehicle finance portfolios are becoming healthier, even as balances continue to grow

VAF Delinquency Rate



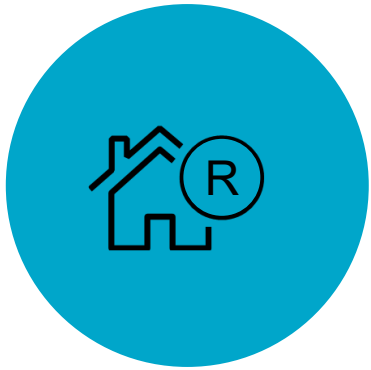
Newer VAF cohorts are seasoning more favourably across both the overall and subprime portfolios





Home Loans

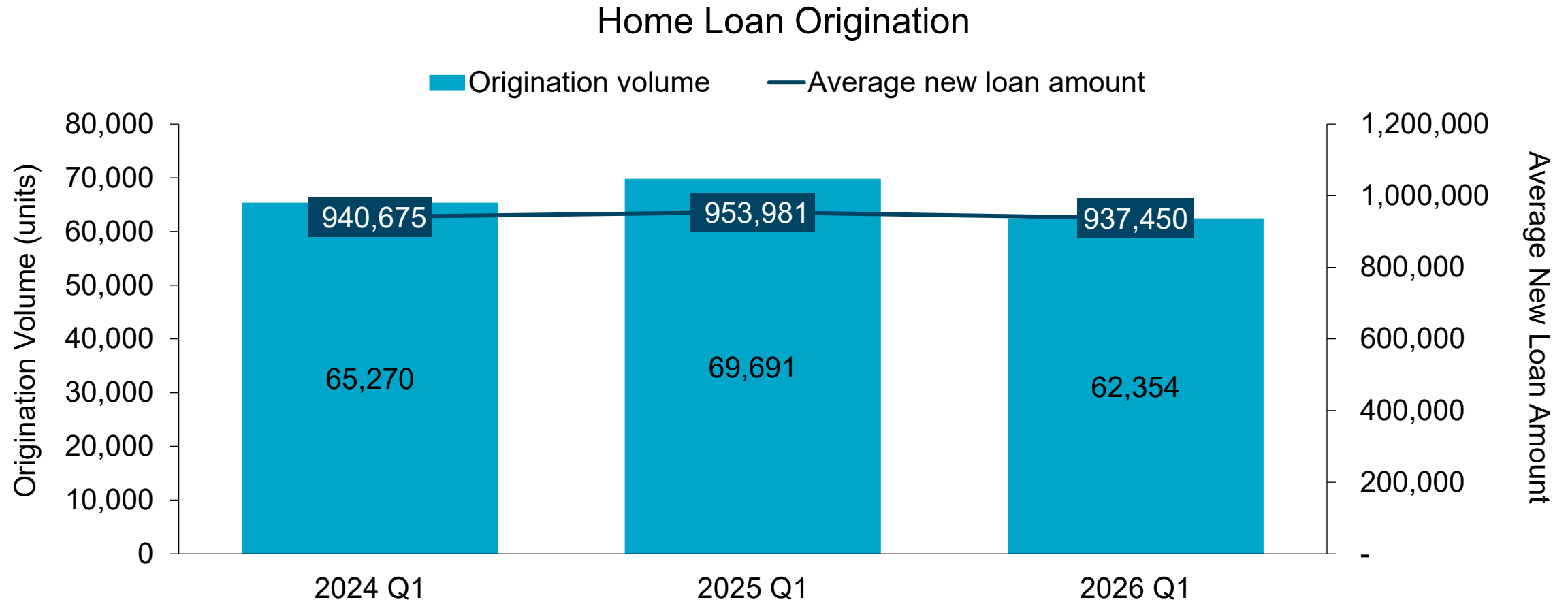
Home loan demand remains subdued, but portfolio performance continues to improve



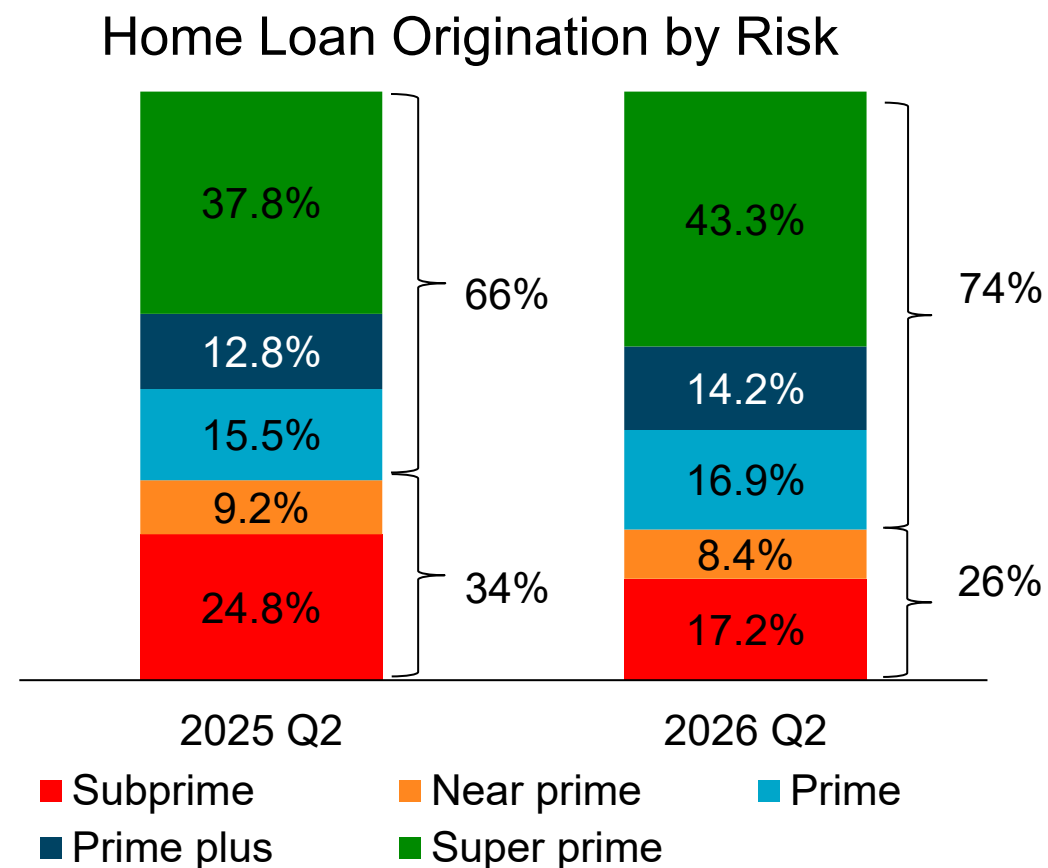
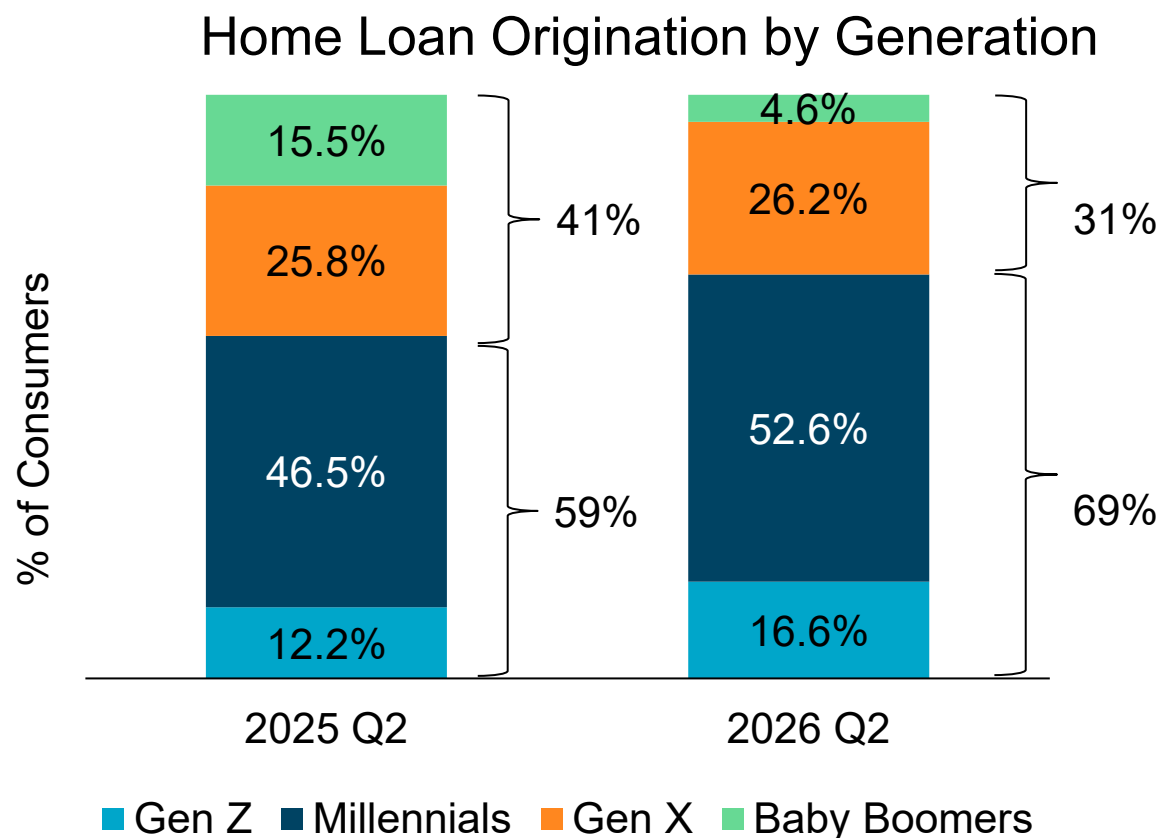
Home loans

	Q2 2026	YoY Growth
Origination value	R59,3B	-10,8%
Origination volume	62,4K	-10,5%
Average opening loan amount	R937 450	-1,7%
Average balances	732 532	9.6%
No. of consumers	2,1M	-7,5%
Performance 3+ MIA accounts	7,2%	-52 bps
Performance 3+ MIA balance	7,0%	-14 bps

Home-loan demand softened, while average loan values remained broadly stable



Younger borrowers are driving home-loan originations, supported by stronger credit quality

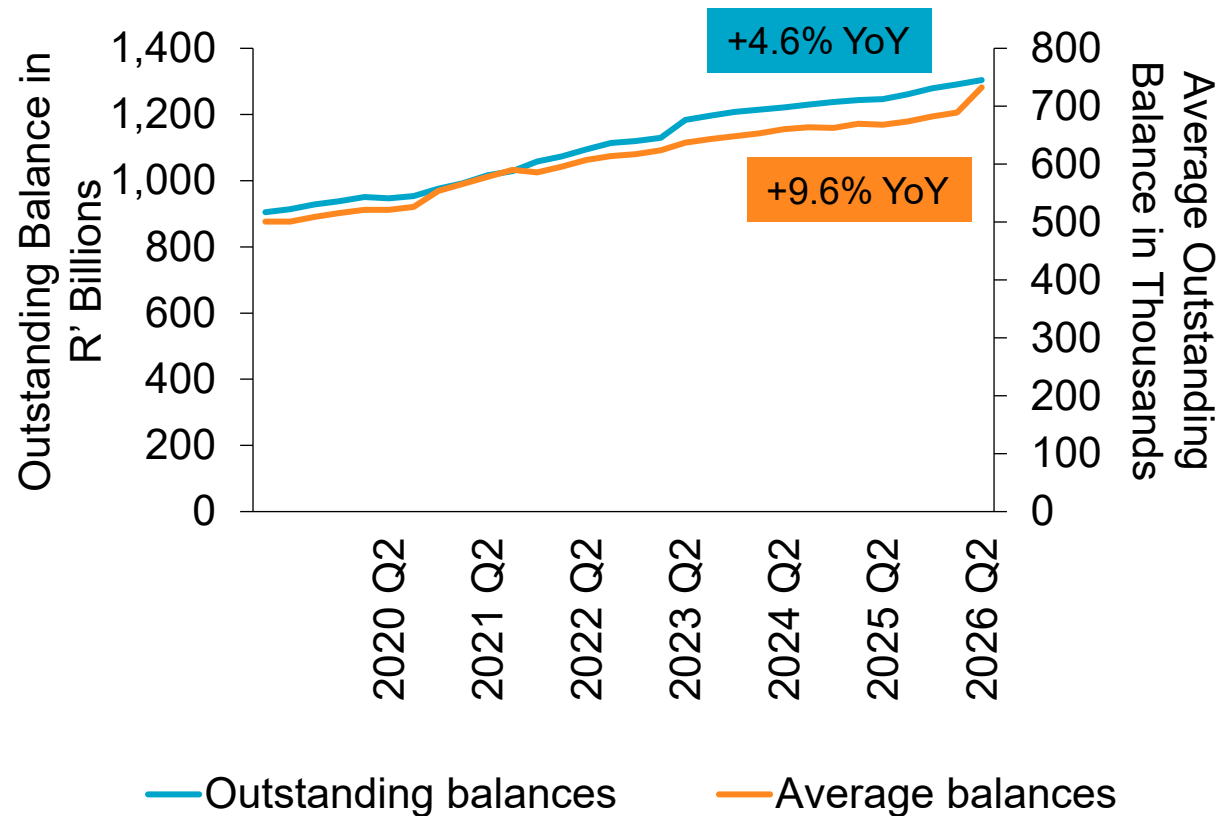


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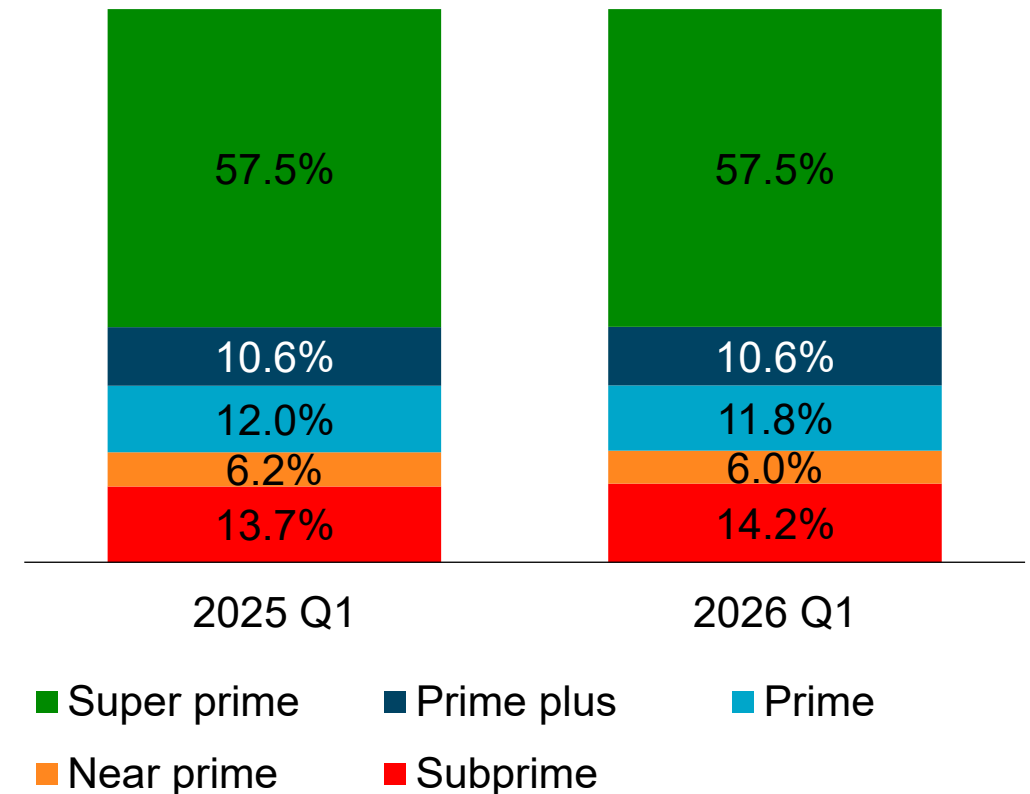


Balance growth remains steady, supported by higher average balances across a stable portfolio

Outstanding Balances of HL Borrowers



Share of Outstanding Balances by Risk Tier

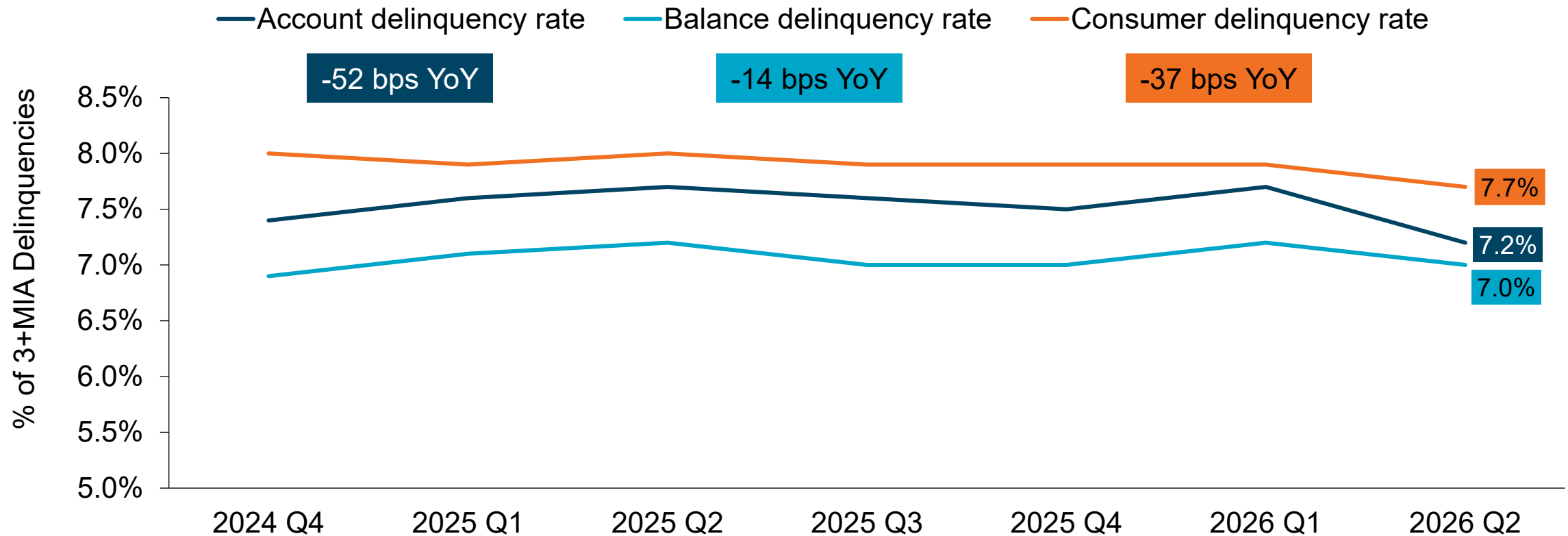


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Home loan performance improved across all delinquency measures despite subdued market activity

Home Loan Delinquency Rate



Growth remains available, but the route to it is becoming more selective and uneven

The Q2 market is defined by different paths to growth and increasingly different performance outcomes.

Market Participation

A younger credit market is taking shape

Gen Z is gaining share across originations and dominates the new-to-credit pipeline. The opportunity now extends beyond acquisition to building durable, long-term credit relationships.

Growth Models

Different needs are producing different paths to growth

Banks, non-banks and retailers are growing through distinct combinations of value, reach and product use, reflecting liquidity needs, planned purchases and structured commitments.

Market Momentum

Growth is increasingly concentrated

Momentum sits in selected products, consumer segments and lender models rather than across the market. Expansion and repayment performance are not always moving together.

Risk Opportunity

Granular risk insights create opportunities for more targeted growth

Broad risk categories provide direction, but deeper segmentation can reveal material differences in affordability, performance and growth potential.

Sustainable growth will depend on greater precision across the customer lifecycle

01	CONVERT	Turn acquisition into durable relationships	Use starter limits, onboarding and clear progression pathways to help younger and new-to-credit consumers establish positive behaviour and graduate into broader relationships.
02	MATCH	Align the product to the underlying need	Differentiate liquidity-led borrowing, small-ticket access, planned purchases and structured commitments through appropriate pricing, terms and repayment design.
03	SEGMENT	Look beyond the conventional risk tier	Use granular risk and affordability indicators to identify viable opportunities within subprime and near-prime populations rather than relying on broad labels alone.
04	MANAGE	Adjust exposure as behaviour evolves	Set initial limits and loan amounts to demonstrated capacity, then re-line or adjust exposure as repayment behaviour and affordability become established.
05	MEASURE	Judge growth by performance, not volume alone	Track acquisition and balance growth alongside vintages, account and balance delinquency, loan structure and total customer exposure across the credit wallet.

The competitive advantage will come from identifying the right consumer, serving the right need and adjusting exposure as affordability and behaviour evolve.

Thank You

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