



Credit Risk Management

Presented to: Analysts, Investors & Fund Managers
September 2007



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Differentiation between New & Repeat Customers

New Customers



Application Processing System



Application Risk Scorecards



75% Strength from Bureau Data

Repeat Customers



Monthly Account Management System



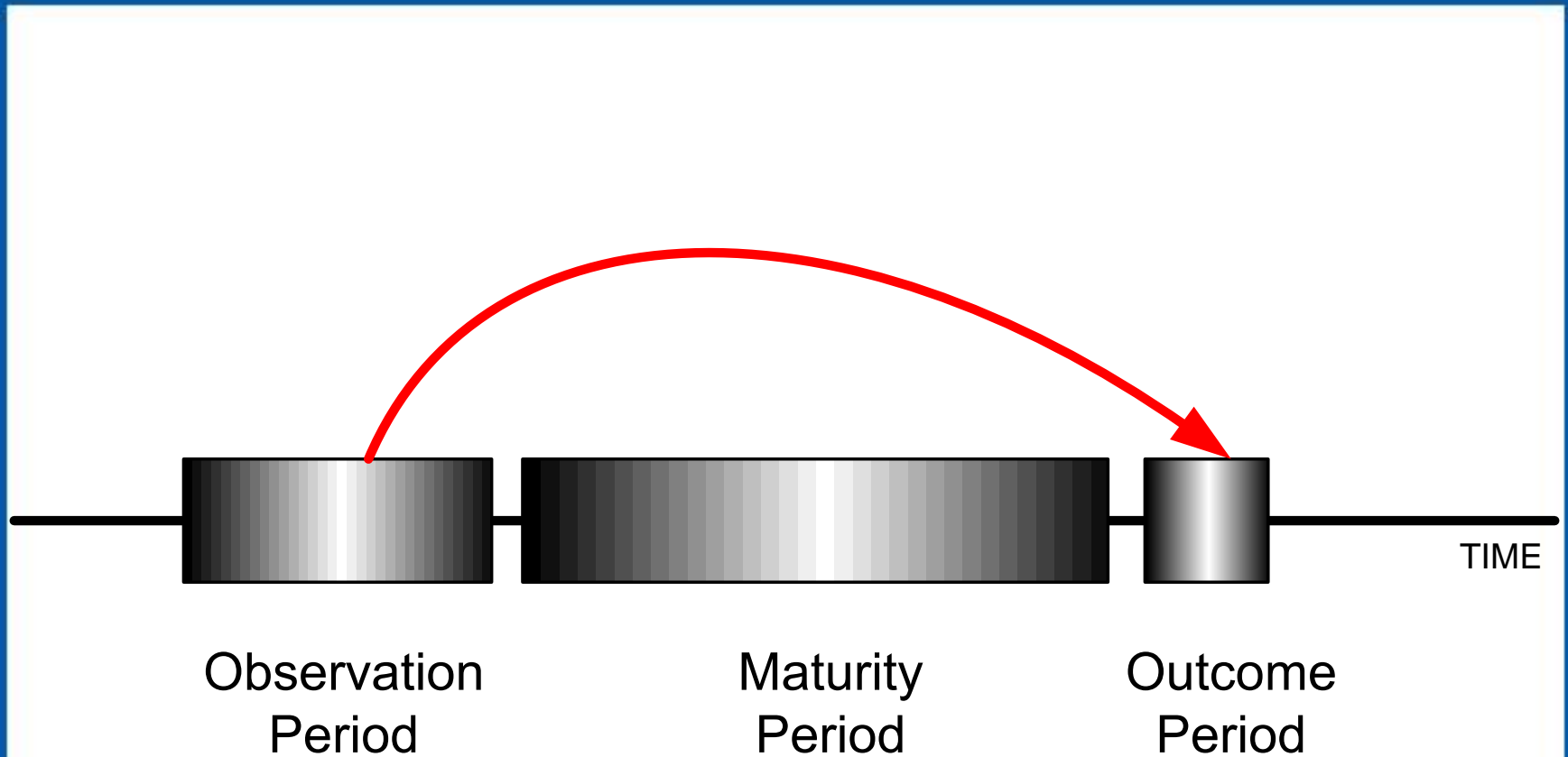
Behavioural Risk Scorecards



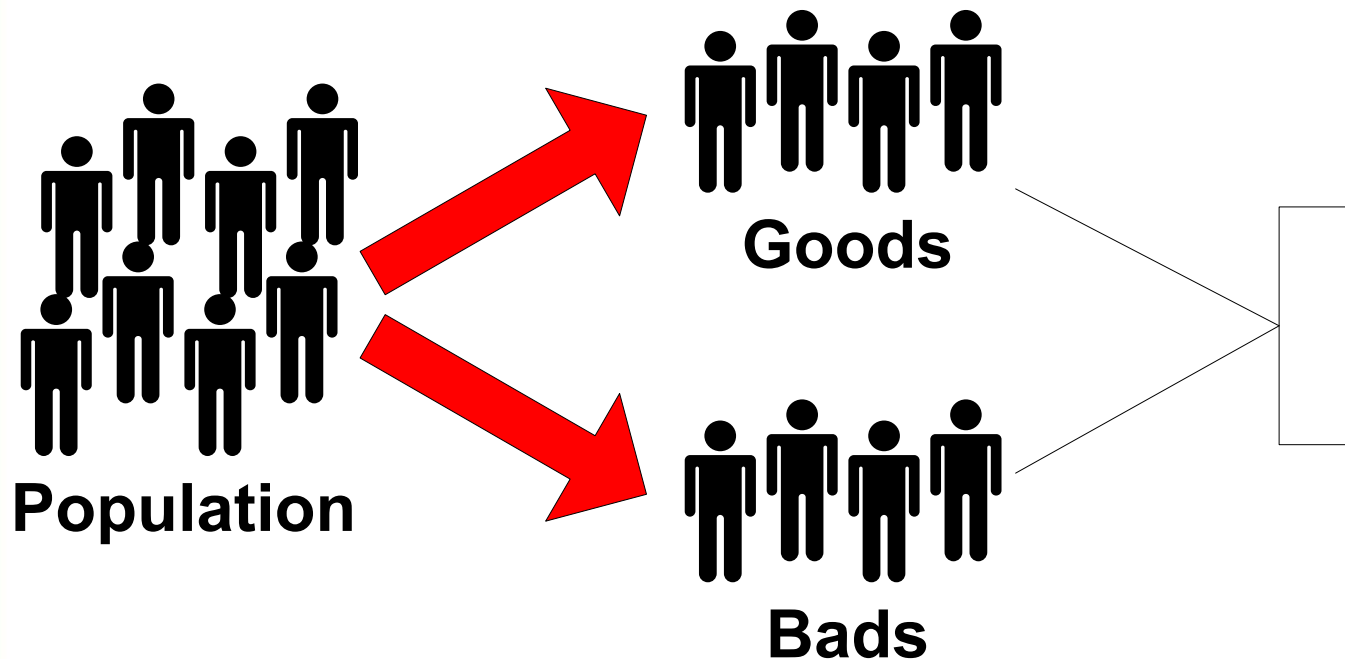
75% Strength from Internal Data



Principals of Credit Scoring



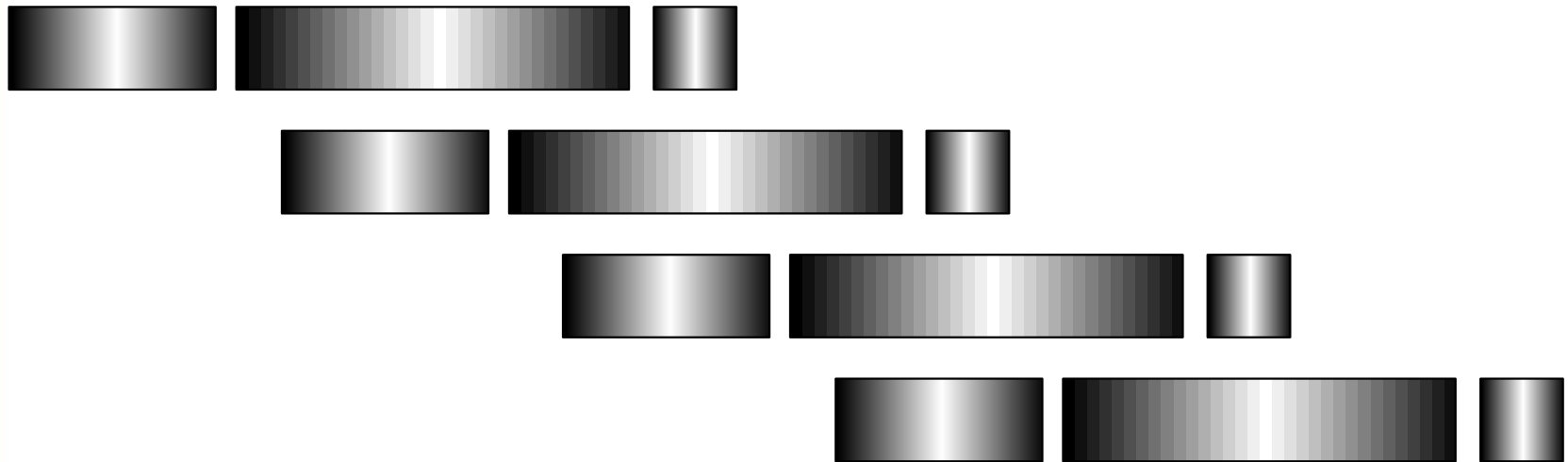
Principals of Credit Scoring



Use past information to predict future behaviour

Results in a Risk Score which equates to a probability of a customer becoming delinquent

Principals of Credit Scoring



GENERATION 1

Continuous enhancements take into account shifts in population (changes in emerging market)

**Allows for new information to be considered (NLR, GENERAT
banks, telco's, etc)**

Principals of Credit Scoring

More immediate changes in economic conditions are managed by the scorecard

A negative shift in the population will result in more people scoring lower

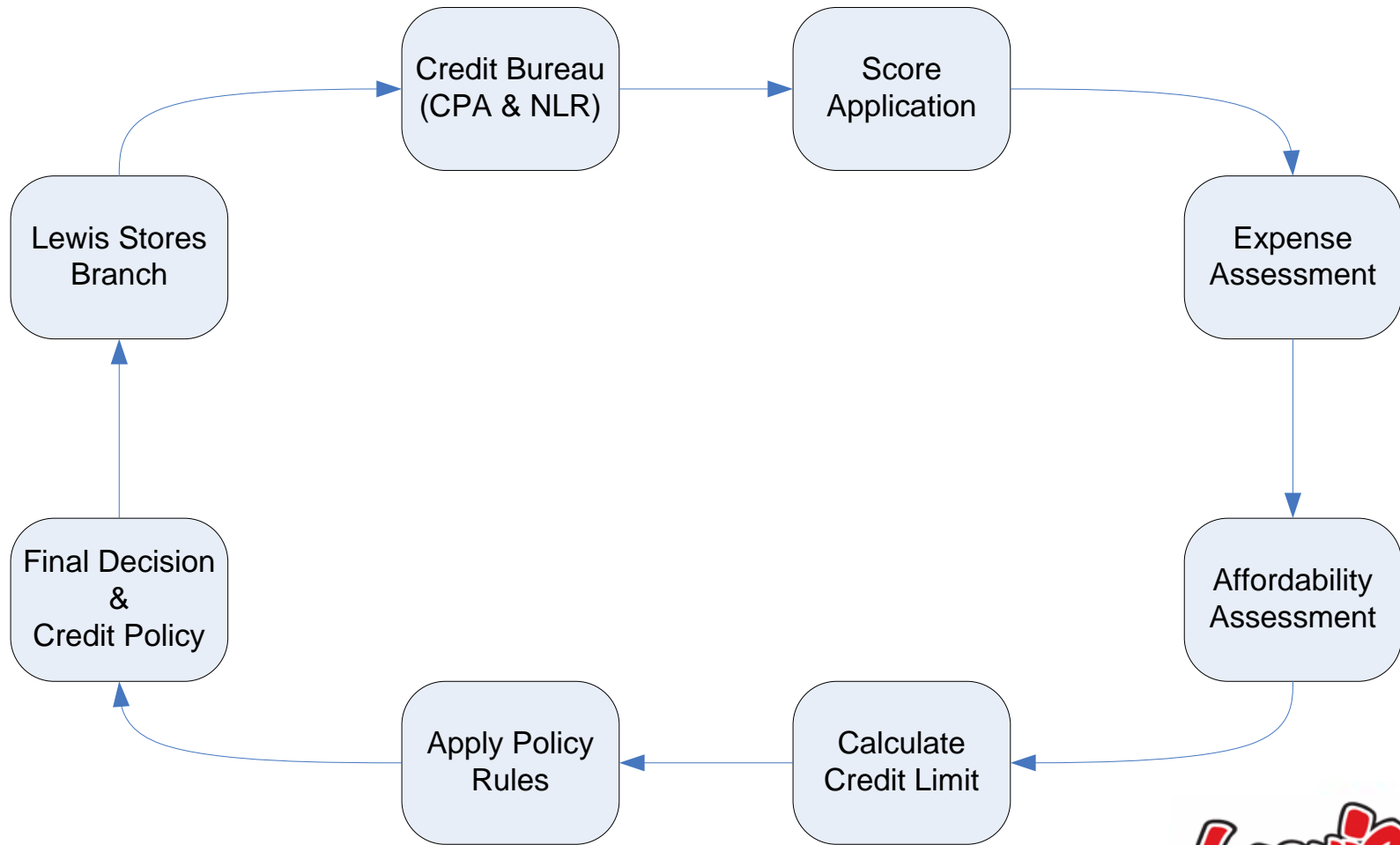
The calculated probability of the score remains the same

Reflected in changes in the Accept Rate

The amount of risk taken on by Lewis remains unchanged

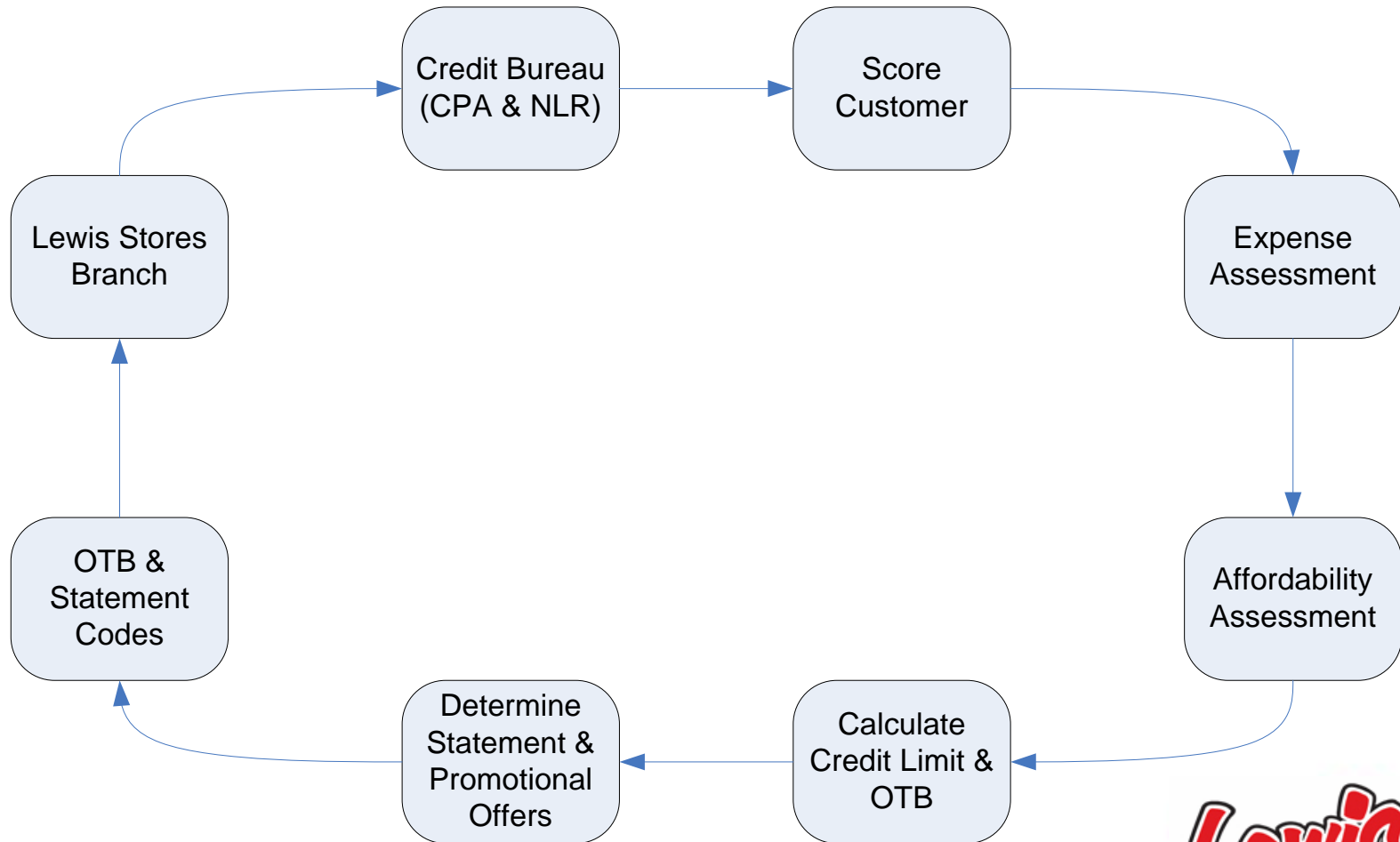
New Customer Application Processing

New Customer Application Processing



Repeat Customer Account Management

Repeat Customer Account Management



Discussion