



Extended Monthly Report - April to June 2019

Product Level Analysis & Quarterly Trend Review



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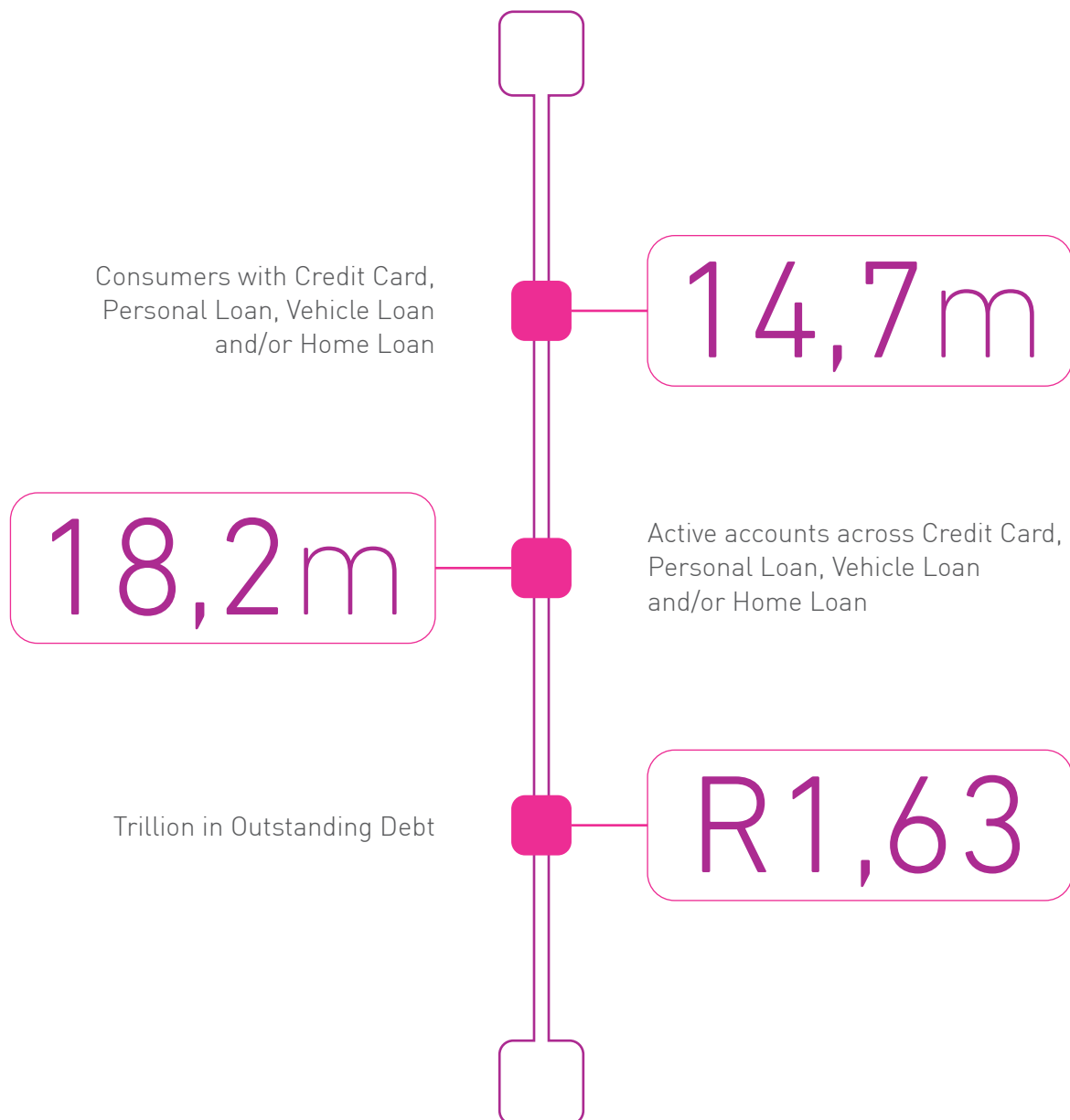
Experian Consumer Default Index (CDI) Overview

What it measures?

The Experian Consumer Default Index (CDI) is designed to measure rolling default behaviour of South African consumers with Home Loan, Vehicle Loan, Personal Loan and Credit Card accounts.

On a monthly basis, lenders typically classify their consumer accounts into one of several predetermined payment categories to reflect the level of arrears. When a lender deems the statement balance of a consumer account to be uncollectible due to it being in arrears 90 or more days or statuses such as repossession, foreclosure, charge-off or write-off, the consumer account is said to be in default.

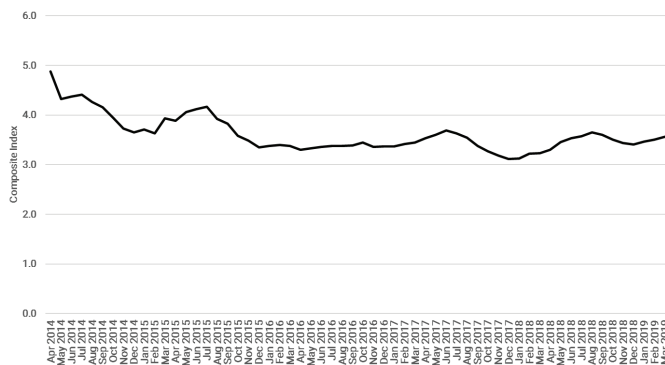
The index tracks the marginal default rate as it measures the sum of first-time (accounts that have never) defaulted balances as a percentage of the total sum of balances outstanding. Published on a monthly basis, with a 2 month lag, the indices include a balance-weighted composite index as well as the 4 product specific sub-indices. Each of the indices are also determined at Mosaic type level to provide further insight into the dynamics faced by specific consumer segments that are experiencing different stress due to macro forces such as unemployment, interest rate changes and economic growth.



Experian CDI | Composite & Product Level

Experian Consumer Default Index | Composite

CDI = % Never Default Balances that Defaulted in the last 3 Months

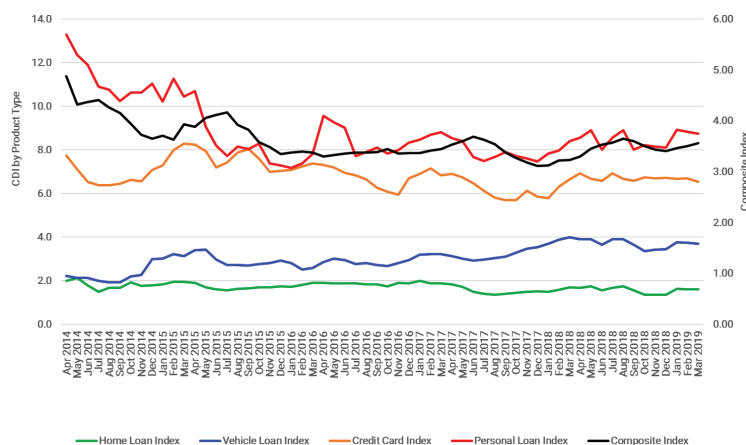


MONTHLY HIGHLIGHTS

Overall index of 3.76% in Jun 2019, tracking higher year on year.

Experian Consumer Default Index | Product Level

CDI = % Never Default Balances that Defaulted in the last 3 Months



MONTHLY HIGHLIGHTS

Year on year increase in new default rate observed across all four lending products measured.

Experian CDI	CDI Jun'19	CDI Jun'18	Average Outstanding Apr'19 - Jun'19	New Default Balances Apr'19 - Jun'19
Composite Index	3,76	3,53	1,619,090,188,472	15,549,769,964
Home Loan Index	1,69	1,56	817,039,290,277	3,460,972,882
Vehicle Loan Index	3,94	3,66	409,603,647,057	4,032,195,602
Credit Card Index	6,82	6,58	122,991,972,617	2,095,887,109
Personal Loan Index	8,67	8,03	274,957,274,458	5,960,714,371

Mosaic Segmentation

What is Mosaic?

Experian Marketing Solutions' Mosaic SA is a consumer lifestyle segmentation system that classifies the South African population and enumeration areas into 36 unique types and 9 overarching groups, providing a 360-degree view of consumers' choices, preferences and habits.

This classification system paints a rich picture of SA consumers and their socio-demographics, lifestyles, behaviours, and culture, providing marketers with the most accurate and comprehensive view of their customers, prospects, and markets. Mosaic SA offers a common customer language to define, measure, describe and engage target audiences through accurate segment definitions that enable more strategic and sophisticated conversations with consumers.

All of the indices are also determined at Mosaic segmentation level to provide further insight into the dynamics faced by specific consumer segments that are experiencing different stress due to macro forces such as unemployment, interest rate changes and economic growth.

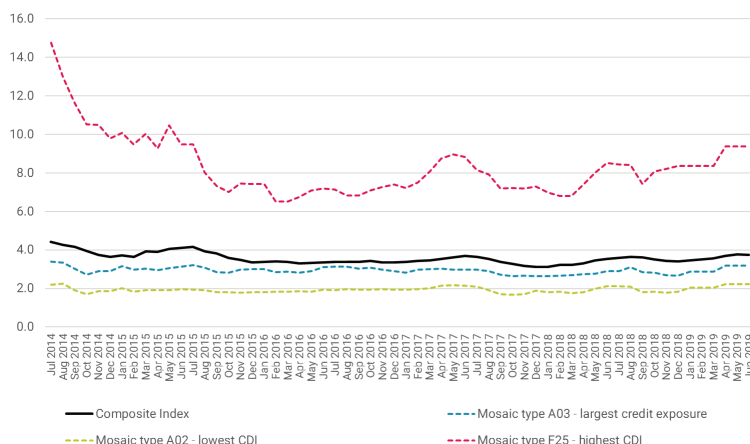
Group	Description	Type	Description
A	Wealth To Do 9,84%	A1	Midlife Cruisers
		A2	Secured Affluence
		A3	Hard-working Money
		A4	Platteland Progressives
		A5	Prosperous Pensioners
B	Up-and-Coming 4,37%	B6	Upwardly Mobile
		B7	Would-be Wealth
		B8	City Convenience
		B9	Student Digs
C	Settlement Traditionalists 7,56%	C10	Diligent Settlement Households
		C11	Adult Settlement Families
		C12	Elderly-headed Homes
D	Loyal Labourers 7,84%	D13	In the Family
		D14	Manufactory Middle Class
		D15	Farmworking Communities
		D16	Senior Migrant Farmhands
		D17	Migratory Hard Labour
E	Blue-collar Communities 18,43%	E18	Generational Settlement Family
		E19	Middle-aged Marginalists
		E20	Coastal Low-wage Households
		E21	Informal Country Tenants
		E22	Breadline Families
		E23	Modest Settlement Living
F	Young Urban Survivors 9,28%	F24	Migrant City Settler
		F25	Indigent Settlement Families
		F26	Single Room Landlords
G	Subsidised Dependents 10,57%	G27	Sustainable Subsidised Families
		G28	Subsidised Poor Households
		G29	Impoverished Reliants
		G30	Subsidised Penniless Transients
H	Rural Traditionalists 17,58%	H31	Eastern Tribal Gap Households
		H32	Inland Traditional Gap Households
		H33	Senior Single Traditionalists
I	Outskirts Families 14,04%	I34	Borderline Gap Households
		I35	Baseline Gap Families
		I36	Minimum Wage Rural Families

*percentages relate to proportion of SA population and not the index value per segment

Experian CDI | Mosaic Segmentation

Experian Composite Consumer Default Index | Mosaic Segmentation

CDI = % Never Default Balances that Defaulted in the last 3 Months



3,76%

of balances on an annualized basis defaulted for first time over the period Apr 2019 to Jun 2019

R15,55bn

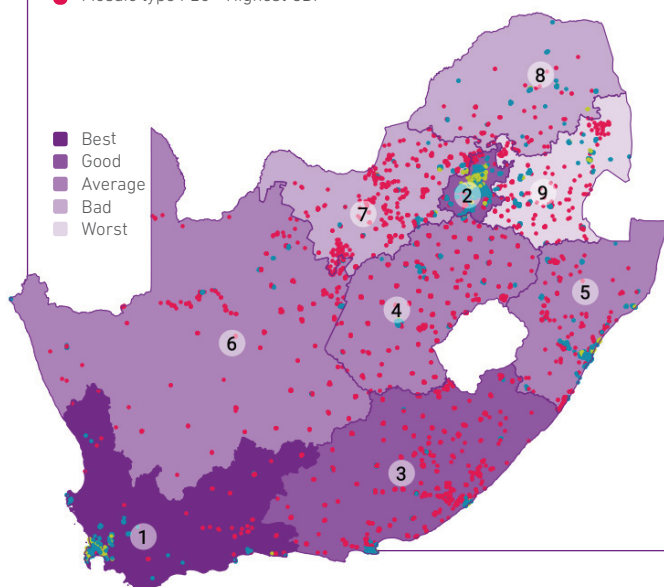
in value defaulted for first time over the period Apr 2019 to Jun 2019

Experian CDI	CDI Jun'19	CDI Jun'18	New Default Balances Apr'19 - Jun'19
Composite Index	3,76	3,53	15,549,769,964
Mosaic type A03 - Largest credit exposure	3,20	3,13	1,695,794,475
Mosaic type A02 - Lowest CDI	2,22	2,14	1,038,027,226
Mosaic type F25 - Highest CDI	9,36	9,11	242,181,680

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,74
2. Gauteng	3,62
3. Eastern Cape	3,97
4. KwaZulu-Natal	4,00
5. Free State	4,15
6. Northern Cape	4,16
7. North West	4,69
8. Mpumalanga	4,79
9. Limpopo	5,20

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A02 - Lowest CDI
- Mosaic type F25 - Highest CDI



The Composite index was tracking higher in Jun 2019 at 3.76% compared to 3.56% in Mar 2019. The increasing trend is also observed Y-o-Y with a Jun 2018 CDI of 3.53%.

A03 - Hard-working Money

Middle-aged educated families with a mid to high income living in the suburbs around industrial and mining areas recorded a marginally higher CDI of 3.20 % in Jun 2019 compared to the 3.13 % in Mar 2018. Q-o-Q the Composite CDI has also increased from 2.87% in Mar 2019. This was the consumer type with the highest credit exposure in the market in Mar 2019.

A02 - Secured Affluence

Mature, well educated wealthy couples living in free-standing high-value established homes in city suburbs recorded the lowest CDI of 2.22% in Jun 2019, which was a deterioration from the 2.14 % recorded in Jun 2018.

F25 - Indigent Settlement Families

Very low income mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas was the worst performing consumer type, with a value of 9.36% in Jun 2019, deteriorating from 9.11% in Jun 2018.

D16 - Senior Migrant Farmhands

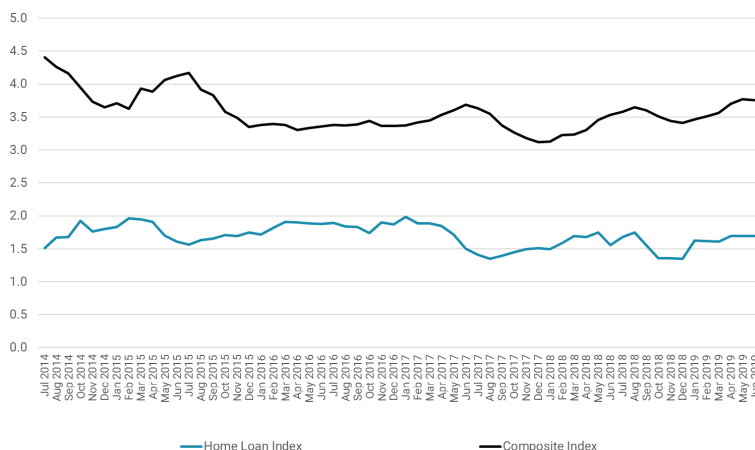
Mature male migrant farmworkers living and employed in private households to support their out-of-state families showed the worst Y-o-Y deterioration in composite CDI in composite CDI, moving from 4.37% in Jun 2018 up to 5.06%



Experian Home Loan Consumer Default Index

Experian Home Loans Consumer Default Index

CDI = % Never Default Balances that Defaulted in the last 3 Months



1,69%

of home loan balances on an annualized basis defaulted for first time over the period Apr 2019 to Jun 2019

R3,46bn

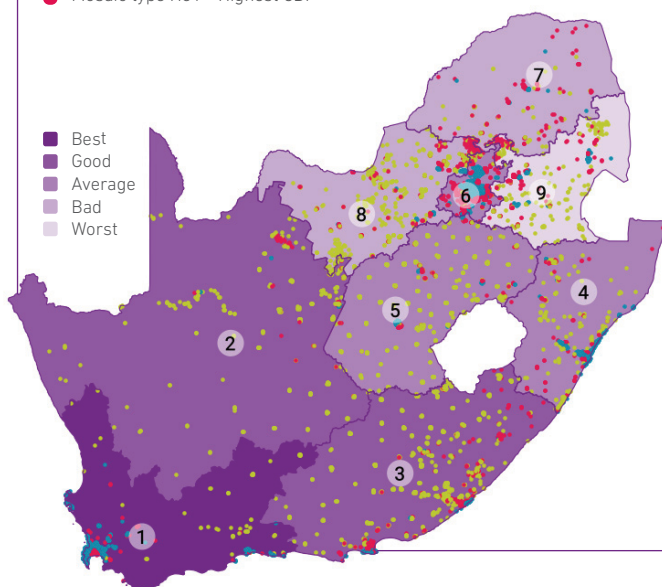
in value defaulted for first time over the period Apr 2019 to Jun 2019

	CDI Jun'19	CDI Jun'18	New Default Balances Apr'19 - Jun'19
Home Loan Index	1,69	1,56	3,460,972,882
Mosaic type A02 - Largest credit exposure	1,37	1,41	430,682,189
Mosaic type H33 - Lowest CDI	0,69	2,00	320,358
Mosaic type H31 - Highest CDI	5,22	0,00	2,764,492

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	1,11
2. Northern Cape	1,58
3. Kwazulu-Natal	1,65
4. Free State	1,71
5. Eastern Cape	1,77
6. North West	1,87
7. Gauteng	1,88
8. Mpumalanga	1,94
9. Limpopo	2,20

- Mosaic type A02 - Largest Credit Exposure
- Mosaic type H33 - Lowest CDI
- Mosaic type H31 - Highest CDI



The Home Loan Index was tracking higher in Jun 2019 at 1.69% compared to 1.56% in Jun 2018 (Y-o-Y).

A02 - Secured Affluence

Mature, well educated, wealthy couples living in free-standing high-value established homes in city suburbs had the highest outstanding Home Loan debt and recorded a lower CDI of 1.37% in Jun 2019 compared to the 1.41% in Jun 2018.

H33 - Senior Single Traditionalists

Single older people living in single rooms in traditional huts in rural areas were the best performing consumer type with a Home Loan CDI of 0.69% in Jun 2019 which is much lower than the CDI of 2.00 in Jun 2018.

H31 - Eastern Tribal Gap Households

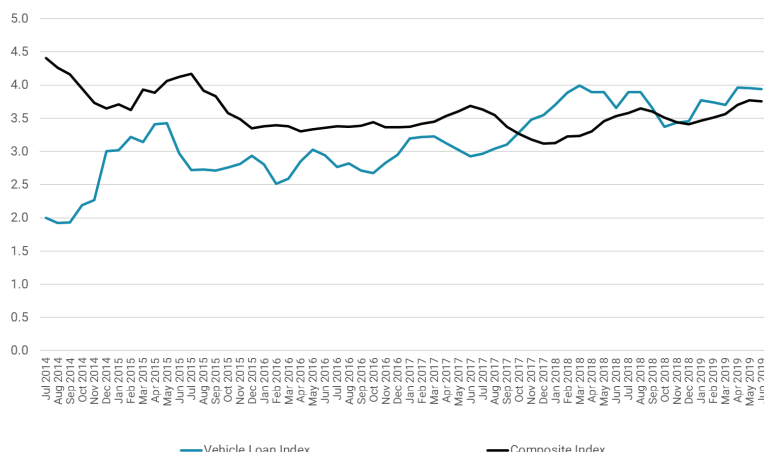
headed by grandparents supporting younger generations, in one small traditional dwelling or hut on a farm in rural areas were the worst performing segment with a Home Loan CDI of 5.22% in Jun 2019. This was significantly worse than the 0.003% recorded in Jun 2018. Note that this consumer type has a very low representation on the credit base, and as a result is more prone to volatile movements.



Experian Vehicle Loan Consumer Default Index

Experian Vehicle Loans Consumer Default Index

CDI = % Never Default Balances that Defaulted in the last 3 Months



3,94%

of vehicle loan balances on an annualized basis defaulted for first time over the period Apr 2019 to Jun 2019

R4,03bn

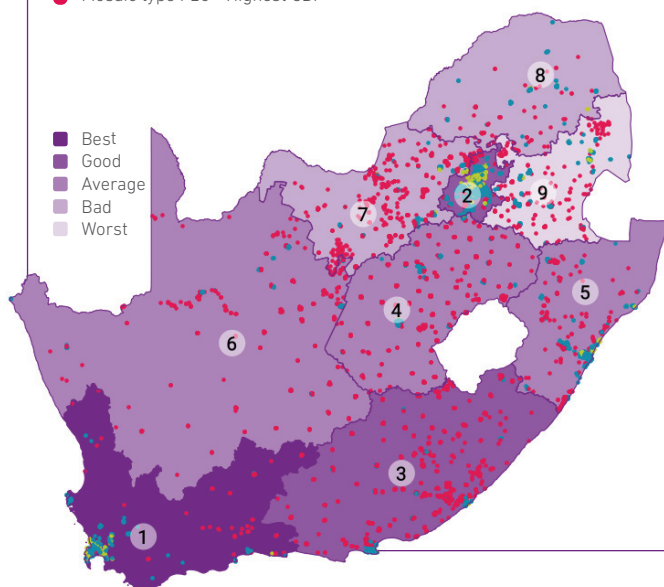
in value defaulted for first time over the period Apr 2019 to Jun 2019

	CDI Jun'19	CDI Jun'18	New Default Balances Apr'19 - Jun'19
Vehicle Loan Index	3,94	3,66	4,032,195,602
Mosaic type A03 - Largest credit exposure	3,22	3,25	440,813,426
Mosaic type A02 - Lowest CDI	2,52	2,71	228,146,391
Mosaic type F25 - Highest CDI	7,79	7,42	58,519,528

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,87
2. Free State	3,62
3. Gauteng	3,81
4. Northern Cape	3,90
5. KwaZulu-Natal	3,96
6. Eastern Cape	4,00
7. Mpumalanga	4,36
8. Limpopo	4,43
9. North West	4,53

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A02 - Lowest CDI
- Mosaic type F25 - Highest CDI



The Vehicle Loan index has deteriorated from 3.70% last quarter (Jan – Mar 2019) to 3.94 % in Jun 2019. Y-o-Y it has also worsened from 3.66% in Jun 2018.

A03 - Hard-working Money

Middle-aged educated families, with a mid to high income living in the suburbs around industrial and mining areas had the highest outstanding Vehicle Loan debt and recorded a slightly better CDI of 3.22% in Jun 2019 compared to the 3.25% in Jun 2018.

A02 - Secured Affluence

Mature, well educated, wealthy couples living in free-standing high-value established homes in city suburbs were the best performing segment with a Vehicle Loan CDI of 2.52% in Jun 2019, down from the 2.71% recorded in Jun 2018.

F25 - Indigent Settlement Families

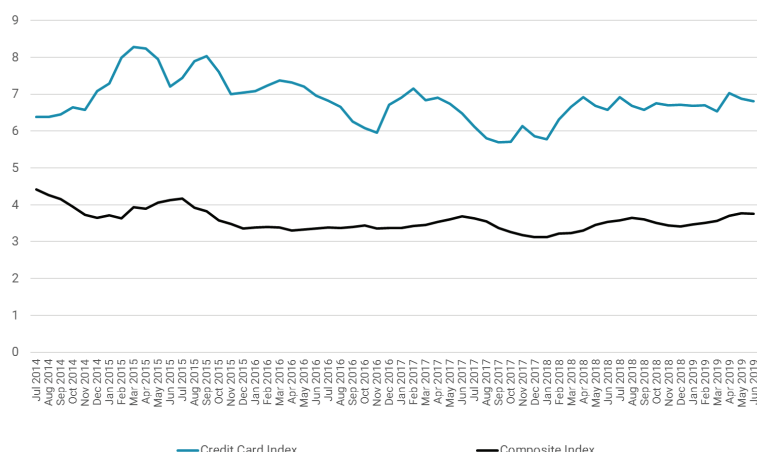
Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas recorded the worst Vehicle Loan CDI of 7.79% in Jun 2019, which was slightly worse than the 7.42 % recorded in Jun 2018.



Experian Credit Card Consumer Default Index

Experian Credit Cards Consumer Default Index

CDI = % Never Default Balances that Defaulted in the last 3 Months



6,82%

of credit card balances on an annualized basis defaulted for first time over the period Apr 2019 to Jun 2019

R2,10bn

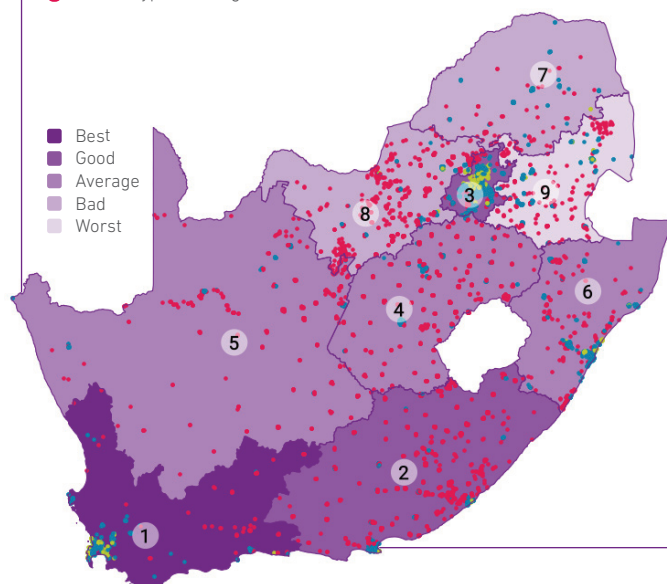
in value defaulted for first time over the period Apr 2019 to Jun 2019

	CDI Jun'19	CDI Jun'18	New Default Balances Apr'19 - Jun'19
Vehicle Loan Index	6,82	6,58	2,095,887,109
Mosaic type A03 - Largest credit exposure	6,15	6,32	264,792,591
Mosaic type A02 - Lowest CDI	5,04	4,50	187,926,456
Mosaic type F25 - Highest CDI	12,06	12,13	22,540,372

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	5,73
2. Eastern Cape	6,31
3. Free State	6,83
4. Gauteng	6,84
5. Northern Cape	6,84
6. KwaZulu-Natal	6,87
7. North West	7,03
8. Mpumalanga	7,46
9. Limpopo	7,59

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A01 - Lowest CDI
- Mosaic type I36 - Highest CDI



The Credit Card index was tracking higher in Jun 2019 at 6.82% compared to 6.58% in Jun 2018. It is also higher than the 6.53% CDI observed in Mar 2019.

A03 - Hard-working Money

Middle-aged educated families, with a mid to high income living in the suburbs around industrial and mining areas had the highest outstanding Credit Card debt and recorded a higher CDI of 6.15% in Jun 2019 compared to the 6.32% in Jun 2018. It is also tracking significantly higher Q-o-Q with a CDI of 5.60% observed in Mar 2019.

A02 - Secured Affluence

Mature, well educated, wealthy couples living in free-standing high-value established homes in city suburbs recorded the lowest Credit Card CDI of 5.04% in Jun 2019. This was higher than the CDI of 4.50% observed in Jun 2018.

F25 - Indigent Settlement Families

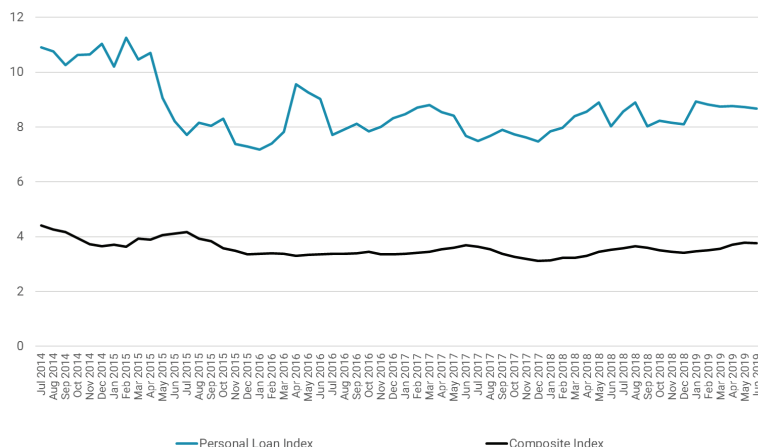
Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas were the worst performing consumer type with a Credit Card CDI of 12.06% in Jun 2019. This is a slight improvement from the Jun 2018 CDI of 12.13%.



Experian Personal Loan Consumer Default Index

Experian Personal Loans Consumer Default Index

CDI = % Never Default Balances that Defaulted in the last 3 Months



8,67%

of personal loan balances on an annualized basis defaulted for first time over the period Apr 2019 to Jun 2019

R5,96bn

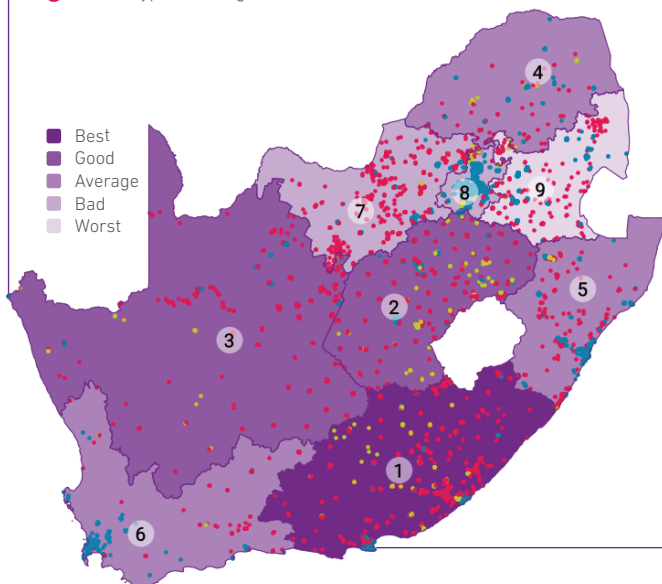
in value defaulted for first time over the period Apr 2019 to Jun 2019

	CDI Jun'19	CDI Jun'18	New Default Balances Apr'19 - Jun'19
Personal Loan Index	8,67	8,03	5,960,714,371
Mosaic type A03 - Largest credit exposure	6,96	6,99	438,137,497
Mosaic type E23 - Lowest CDI	5,46	5,56	11,166,211
Mosaic type F25 - Highest CDI	13,06	12,89	149,857,884

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Eastern Cape	7,26
2. Northern Cape	7,43
3. KwaZulu-Natal	8,06
4. Limpopo	8,19
5. Free State	8,42
6. North West	8,45
7. Western Cape	8,70
8. Gauteng	8,94
9. Mpumalanga	9,07

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type E23 - Lowest CDI
- Mosaic type F25 - Highest CDI



The Personal Loan index deteriorated from 8.03% in Jun 2018 to 8.67% in Jun 2019. This is however marginally better than the 8.74% recorded in Mar 2019.

A03 - Hard-working Money

Middle-aged educated families, with a mid to high income living in the suburbs around industrial and mining areas had the highest outstanding Personal Loan debt and recorded a slightly lower CDI of 6.96% in Jun 2019 compared to the 6.99% in Jun 2018.

E23 - Modest Settlement Living

Mixed-age, minimum wage, extended families, living in their own small shacks or poor quality housing in cities and town settlements recorded the lowest Personal Loan CDI of 5.46% in Jun 2018 which was a slight improvement from the 5.56% recorded in Jun 2018.

F25 - Indigent Settlement Families

Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas had the worst Personal Loan CDI of 13.06% in Jun 2019 which was a deterioration from the 12.89% recorded in Jun 2018.



How is the Experian CDI calculated?

A cleaner way to look at consumer credit trends: new, incremental default rates

Published monthly, each index is based upon the following core metric:
percent of open, outstanding credit newly in default in the most recent month

Core Metric
for March

=

SUM OF

March balances for accounts
that **first** default in March

March balances for open
accounts **never** defaulted,
unless it occurred
in March

The index is the 3-month, balance-weighted moving average of the core metric,

Index Value
for March

= 12 X

SUM OF

Core Metric numerators for
January, February, March

Core Metric denominators for
January, February, March

An index of 8.1751 means: annualized rate of 8.1751% of never-defaulted balances defaulted in the recent three months

Experian CDI readings for each Mosaic segmentation type

MOSAIC		CDI	CDI	Average Outstanding	New Default Balances
		Jun'19	Jun'18	Apr'19 - Jun'19	Apr'19 - Jun'19
A1	Midlife Cruisers Secured Affluence Hard-working Money Platteland Progressive Prosperous Pensioners	2,23	2,29	153,840,237,808	285,791,173
A2		2,22	2,14	187,336,976,957	346,009,075
A3		3,20	3,13	212,228,572,258	565,264,825
A4		3,19	3,08	77,466,405,166	206,026,450
A5		2,71	2,62	31,101,929,309	70,226,076
B6	Upwardly Mobile Would-be Wealth City Convenience Student Digs	2,59	2,57	143,032,717,826	308,769,303
B7		3,72	3,85	66,880,053,417	207,118,107
B8		2,52	2,31	107,996,708,312	226,430,807
B9		3,86	3,81	22,036,303,637	70,947,807
C10	Diligent Settlement Households Adult Settlement Families Elderly-headed Homes	3,98	4,12	71,480,037,522	236,796,615
C11		4,76	5,01	34,231,202,640	135,803,780
C12		4,34	4,35	53,436,074,833	193,429,243
D13	In the Family Manufactory Middle Class Farmworking Communities Senior Migrant Farmhands Migratory Hard Labour	4,70	4,96	92,836,463,127	363,889,095
D14		6,12	6,36	33,627,653,417	171,508,995
D15		3,12	2,95	26,752,374,113	69,645,660
D16		5,06	4,37	5,243,180,244	22,103,396
D17		5,16	5,44	12,636,190,523	54,376,229
E18	Generational Settlement Family Middle-aged Marginalists Coastal Low-wage Households Informal Country Tenants Breadline Families Modest Settlement Living	6,86	7,06	22,110,330,816	126,404,413
E19		7,11	7,30	13,864,656,529	82,158,376
E20		8,00	8,42	35,201,745,513	234,632,000
E21		7,59	7,42	12,198,360,585	77,123,177
E22		4,99	5,09	18,484,609,132	76,833,570
E23		4,03	3,70	2,937,709,896	9,868,451
F24	Migrant City Settler Indigent Settlement Families Single Room Landlords	5,01	4,93	33,728,117,296	140,893,147
F25		9,36	9,11	10,346,323,305	80,727,227
F26		7,67	7,69	30,268,413,873	193,401,367
G27	Sustainable Subsidised Families Subsidised Poor Households Impoverished Reliants Subsidised Penniless Transients	7,46	7,30	12,123,920,833	75,359,129
G28		7,21	7,64	12,334,072,431	74,078,364
G29		6,79	6,60	1,949,378,321	11,025,403
G30		5,91	7,27	2,882,070,257	14,205,344
H31	Eastern Tribal Gap Households Inland Traditional Gap Households Senior Single Traditionalists	6,61	6,85	2,480,867,871	13,675,322
H32		6,26	6,03	9,787,255,353	51,043,925
H33		4,89	5,21	1,356,728,174	5,524,250
I34	Borderline Gap Households Baseline Gap Families Minimum Wage Rural Families	5,47	5,27	14,239,182,111	64,944,650
I35		6,08	5,84	5,554,289,935	28,159,429
I36		7,45	7,56	2,358,177,994	14,632,591