Extended Monthly Report – January to March 2018

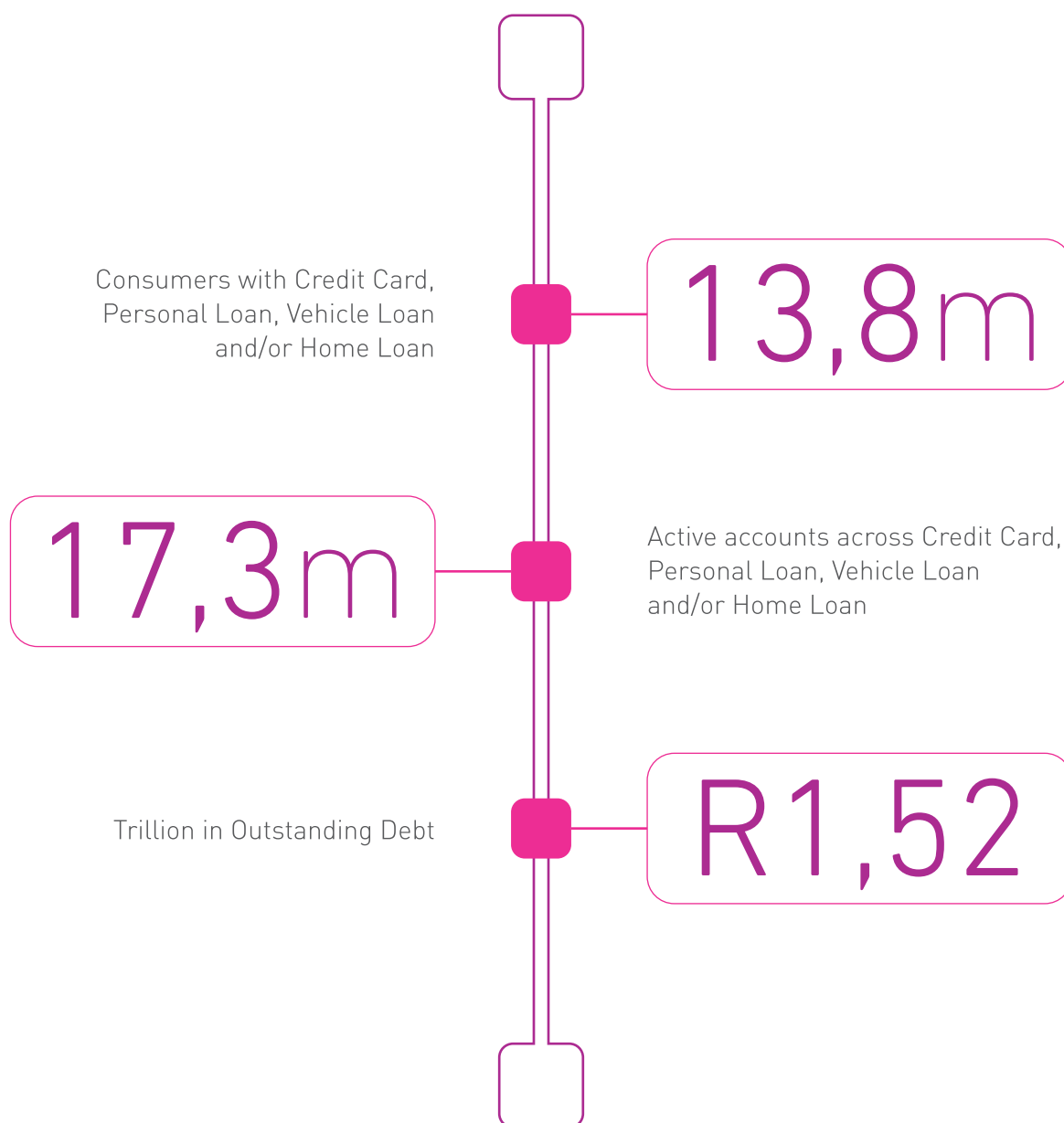## Product Level Analysis & Quarterly Trend Review

Index

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.

Consumers with Credit Card, Personal Loan, Vehicle Loan and/or Home Loan

13,8m

17,3m

Active accounts across Credit Card, Personal Loan, Vehicle Loan and/or Home Loan

Trillion in Outstanding Debt

R1,52

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Experian CDI | Composite & Product Level

Experian Consumer Default Index | Composite
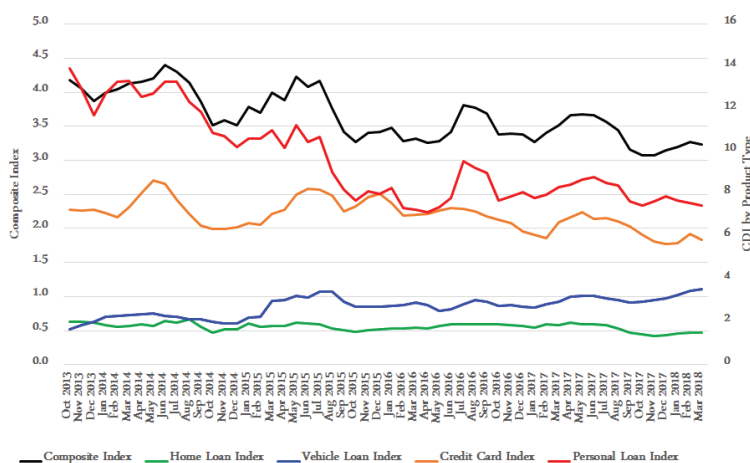CDI = % Never Default Balances that Defaulted in the last 3 Months
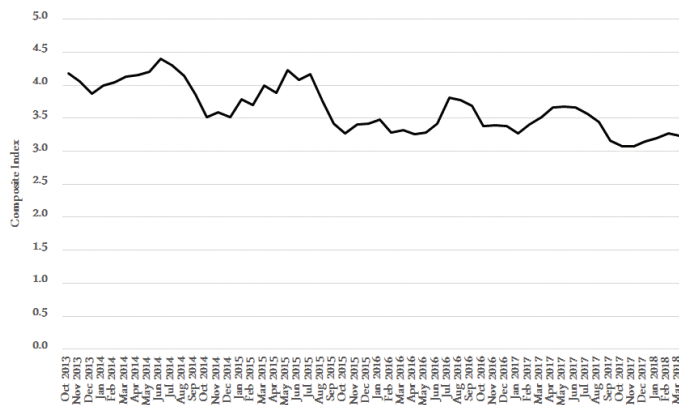
MONTHLY HIGHLIGHTS

Overall index improved from 3.52% in Mar 2017 to 3.24% in Mar 2018.

Experian Consumer Default Index | Product Level
CDI = % Never Default Balances that Defaulted in the last 3 Months

Composite Index — Home Loan Index — Vehicle Loan Index — Credit Card Index — Personal Loan Index

MONTHLY HIGHLIGHTS

Year on year improvement in index observed across Personal Loans, Credit Card and Home Loans.

Month on month and year on year deterioration observed in Vehicle Finance.

Experian CDI	CDI Mar'18	CDI Mar'17	Average Outstanding Jan'18 – Mar'18	New Default Balances Jan'18 – Mar'18
Composite Index	3,24	3,52	1,530,759,954,068	12,438,828,570
Home Loan Index	1,51	1,87	794,982,422,191	3,000,280,135
Vehicle Loan Index	3,55	2,95	387,406,136,916	2,988,396,350
Credit Card Index	5,86	6,71	106,116,112,533	1,553,766,885
Personal Loan Index	7,47	8,33	244,592,109,923	4,565,144,691

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.
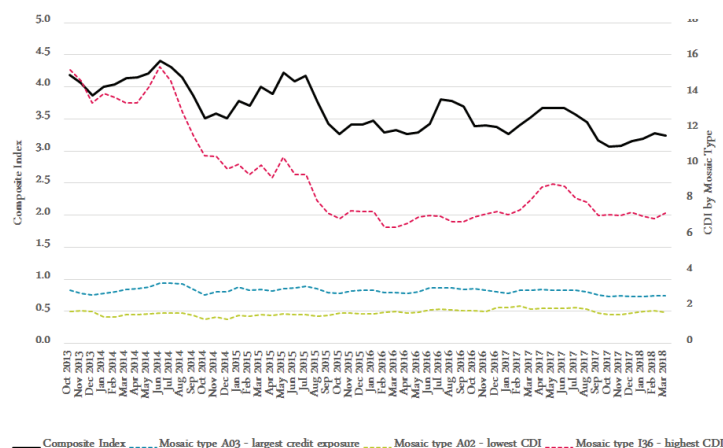
Group	Description	Type	Description	
A	Wealth To Do 9,84%	A1 A2 A3 A4 A5	Midlife Cruisers Secured Affluence Hard-working Money Platteland Progressives Prosperous Pensioners	0,70% 2,65% 2,83% 2,57% 1,09%
B	Up-and-Coming 4,37%	B6 B7 B8 B9	Upwardly Mobile Would-be Wealth City Convenience Student Digs	1,04% 0,84% 1,47% 1,02%
C	Township Traditionalists 7,56%	C10 C11 C12	Diligent Settlement Households Adult Township Families Elderly-headed Homes	2,23% 2,21% 3,11%
D	Loyal Labourers 7,84%	D13 D14 D15 D16 D17	In the Family Manufactory Middle Class Farmworking Communities Senior Migrant Farmhands Migratory Hard Labour	1,85% 1,30% 2,51% 0,74% 1,44%
E	Blue-collar Communities 18,43%	E18 E19 E20 E21 E22 E23	Generational Township Family Middle-aged Marginalists Coastal Low-wage Households Informal Country Tenants Breadline Families Modest Township Living	4,43% 3,18% 3,66% 3,46% 2,23% 1,39%
F	Young Urban Survivors 9,28%	F24 F25 F26	Migrant City Settler Indigent Township Families Single Room Landlords	1,53% 3,86% 3,89%
G	State Dependents 11,46%	G27 G28 G29 G30	Sustainable RDP Families Poor RDP Households Impoverished Grant Reliants Penniless Grant Transients	4,14% 3,08% 2,27% 1,97%
H	Rural Traditionalists 17,97%	H31 H32 H33	Eastern Tribal Gap Households Inland Traditional Gap Households Senior Single Traditionalists	7,07% 6,88% 4,03%
I	Outskirts Families 13,24%	I34 I35 I36	Borderline Gap Households Baseline Gap Families Minimum Wage Rural Families	7,28% 2,82% 3,14%

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

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Experian CDI | Mosaic Segmentation

Experian Composite Consumer Default Index | Mosaic Segmentation
CDI = % Never Default Balances that Defaulted in the last 3 Months

Composite Index ____ Mosaic type A03 - largest credit exposure ____ Mosaic type A02 - lowest CDI ____ Mosaic type I36 - highest CDI

3,24%
of balances on an annualized basis defaulted
for first time over the period Jan 2018 to Mar 2018

R12,44bn
in value defaulted for first time
over the period Jan 2018 to Mar 2018

Experian CDI	CDI Mar'18	CDI Mar'17	New Default Balances Jan'18 - Mar'18
Composite Index	3,24	3,52	12,438,828,570
Mosaic type A03 - Largest credit exposure	2,67	3,01	1,324,526,049
Mosaic type A02 - Lowest CDI	1,74	2,02	808,057,280
Mosaic type I36 - Highest CDI	7,36	7,42	38,737,711

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,25
2. Gauteng	3,02
3. Eastern Cape	3,37
4. KwaZulu-Natal	3,62
5. Northern Cape	3,68
6. Free State	3,76
7. Mpumalanga	3,97
8. Limpopo	4,19
9. North West	4,30

● Mosaic type A03 - Largest Credit Exposure
● Mosaic type A02 - Lowest CDI
● Mosaic type I36 Highest CDI

Best
Good
Average
Bad
Worst
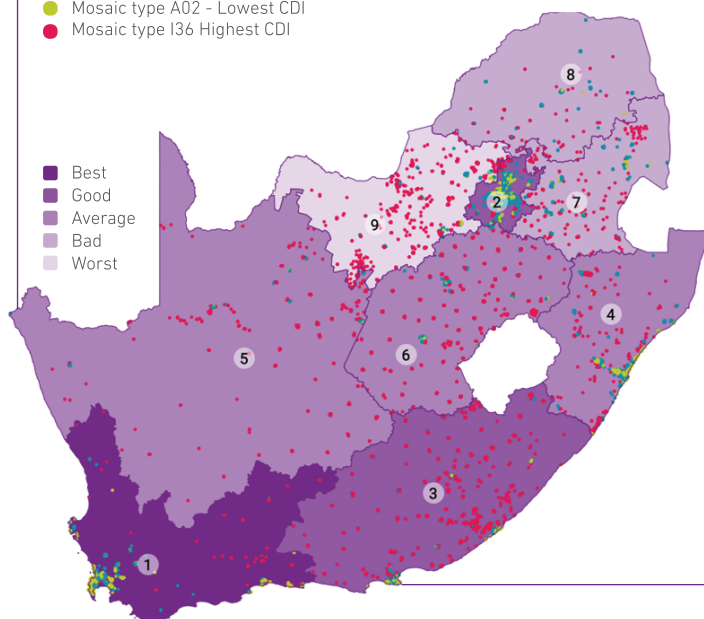
A03 – Hard Working Money
Middle-aged educated families, with a mid to high income living in the suburbs around industrial and mining areas recorded an improved CDI of 2.67% in Mar 2018 compared to the 3.01% in Mar 2017.

A02 – Secured Affluence
Mature, well educated, wealthy couples living in free-standing high-value established homes in city suburbs recorded the lowest CDI of 1.74% in Mar 2018 which was an improvement on the 2.02% recorded in Mar 2017.

G29 - Impoverished Grant Reliants
Families with children relying on government grants and living rent-free in informal dwellings in residential areas recorded the best year on year improvement in CDI from 5.94% in Mar 2017 to 4.53% in Mar 2018.

I36 – Minimum Wage Rural Families
Mixed-age families on minimum wages, living in small informal dwellings in the rural areas of the Northern Cape and the Free State was the worst performing segment with a CDI of 7.36% in Mar 2018 compared to the 7.42% recorded in Mar 2017.

D15 - Farmworking Communities
Self-sufficient farmworker communities made up of couples and families living rent-free in informal sector establishments recorded the worst year on year deterioration moving from 2.80% in Mar 2017 to 3.18% in Mar 2018.

Experian Home Loan Consumer Default Index

Experian Home Loans Consumer Default Index
CDI = % Never Default Balances that Defaulted in the last 3 Months

Home Loan Index ——— Composite Index ———
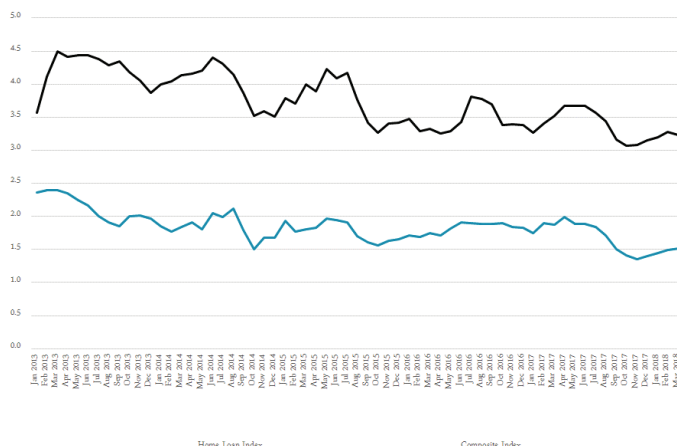
1,51%
of balances on an annualized basis defaulted
for first time over the period Jan 2018 to Mar 2018

R3,00 bn
in value defaulted for first time
over the period Jan 2018 to Mar 2018

	CDI Mar'18	CDI Mar'17	New Default Balances Jan'18 – Mar'18
Home Loan Index	1,51	1,87	3,000,280,135
Mosaic type A02 - Largest credit exposure	1,02	1,43	328,081,223
Mosaic type G29 – Lowest CDI	0,51	4,94	501,781
Mosaic type D16 – Highest CDI	2,98	3,75	10,688,317

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	1,01
2. Eastern Cape	1,40
3. Northern Cape	1,51
4. Gauteng	1,61
5. KwaZulu-Natal	1,62
6. Free State	1,74
7. Limpopo	1,77
8. Mpumalanga	1,89
9. North West	2,07

- 🔵 Mosaic type A02 - Largest Credit Exposure
- 🟢 Mosaic type G29 - Lowest CDI
- 🔴 Mosaic type D16 - Highest CDI

Best
Good
Average
Bad
Worst
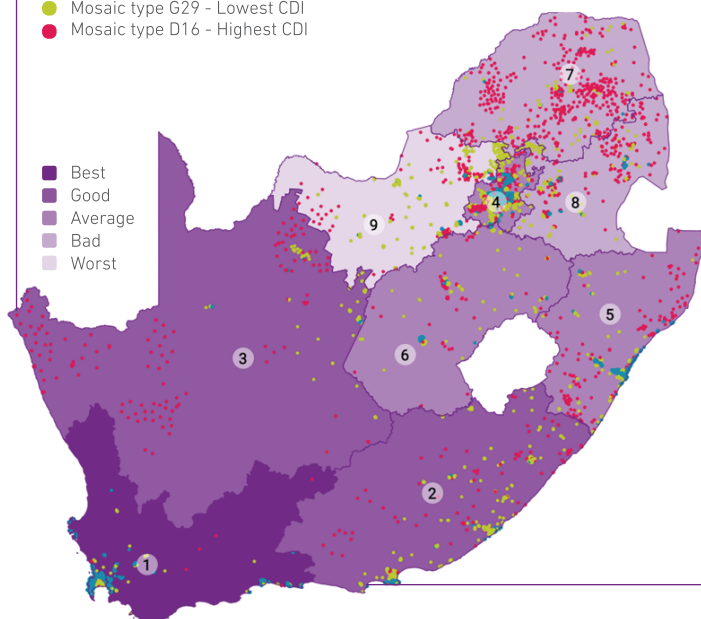
The Home Loan Index was tracking lower in Mar 2018 at 1.51% compared to 1.87% in Mar 2017.

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 1.02% in Mar 2018 compared to the 1.43% in Mar 2017.

G29 – Impoverished Grant Reliants
Families with children relying on government grants and living rent-free in informal dwellings in residential areas were the best performing segment with a Home Loan CDI of 0.51% in Mar 2018.

D16 – Senior Migrant Farmhands
Mature male migrant farmworkers living and employed in private households to support their out-of-state families were the worst performing segment with a CDI of 2.98% in Mar 2018.

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Experian Vehicle Loan Consumer Default Index

Experian Vehicle Loans Consumer Default Index
CDI = % Never Default Balances that Defaulted in the last 3 Months

Vehicle Loan Index   Composite Index
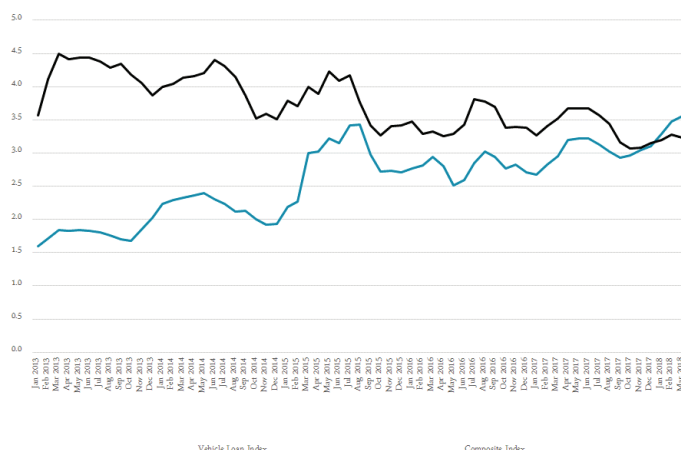
3,55%
of balances on an annualized basis defaulted
for first time over the period Jan 2018 to Mar 2018

R2,99bn
in value defaulted for first time
over the period Jan 2018 to Mar 2018

	CDI Mar'18	CDI Mar'17	New Default Balances Jan'18 – Mar'18
Vehicle Loan Index	3,55	2,95	2,988,396,350
Mosaic type A03 - Largest credit exposure	2,83	2,51	359,107,306
Mosaic type A02 - Lowest CDI	2,47	2,04	220,866,888
Mosaic type I36 - Highest CDI	7,54	6,00	8,352,778

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,39
2. Gauteng	3,35
3. Eastern Cape	3,39
4. Northern Cape	3,55
5. Mpumalanga	3,72
6. Limpopo	3,76
7. KwaZulu-Natal	3,95
8. Free State	4,20
9. North West	4,24

● Mosaic type A03 - Largest Credit Exposure
● Mosaic type A02 - Lowest CDI
● Mosaic type I36 - Highest CDI

■ Best
■ Good
■ Average
■ Bad
■ Worst
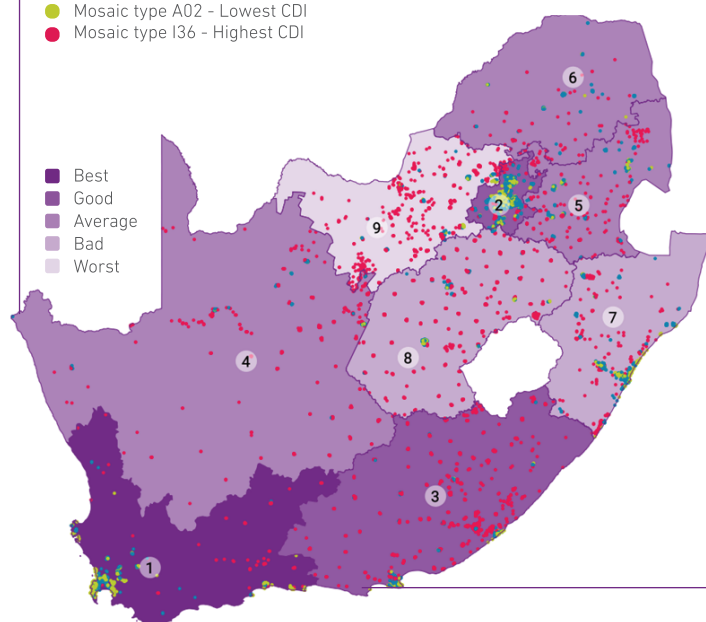
The Vehicle Loan Index was tracking higher in Mar 2018 at 3.55% compared to 2.51% in Mar 2017. The Vehicle Loan index is exhibiting increasingly riskier performance, tracking higher than the composite index and continuing on an upward trajectory the last 6 months.

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 higher CDI of 2.83% in Mar 2018 compared to the 2.95% in Mar 2017.

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 2.47% in Mar 2018.

I36 – Minimum Wage Rural Families
Mixed-age families on minimum wages, living in small informal dwellings in the rural areas of the Northern Cape and the Free State recorded the worst Vehicle Loan CDI of 7.54% in Mar 2018 which was significantly worse than the 6.00% recorded in Mar 2017.

Experian Credit Card Consumer Default Index

Experian Credit Cards Consumer Default Index
CDI = % Never Default Balances that Defaulted in the last 3 Months

Credit Card Index ——— Composite Index
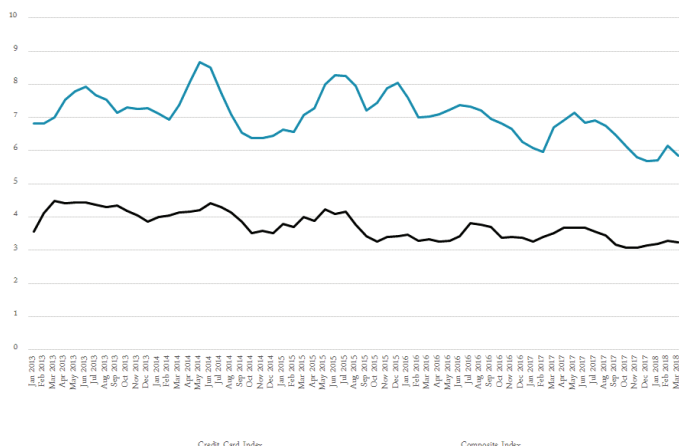
5,86%
of balances on an annualized basis defaulted
for first time over the period Jan 2018 to Mar 2018

R1,55bn
in value defaulted for first time
over the period Jan 2018 to Mar 2018

	CDI Mar'18	CDI Mar'17	New Default Balances Jan'18 – Mar'18
Credit Card Index	5,86	6,71	1,553,766,885
Mosaic type A03 – Largest credit exposure	5,04	6,25	185,833,674
Mosaic type A02 – Lowest CDI	3,94	4,51	126,971,645
Mosaic type I36 – Highest CDI	10,28	8,03	2,445,158

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	4,80
2. Gauteng	5,75
3. Free State	5,76
4. Nothern Cape	5,90
5. KwaZulu-Natal	5,99
6. Eastern Cape	6,03
7. Limpopo	6,25
8. North West	6,30
9. Mpumalanga	6,41

- Mosaic type A03 – Largest Credit Exposure
- Mosaic type A02 – Lowest CDI
- Mosaic type I36 – Highest CDI

- Best
- Good
- Average
- Bad
- Worst
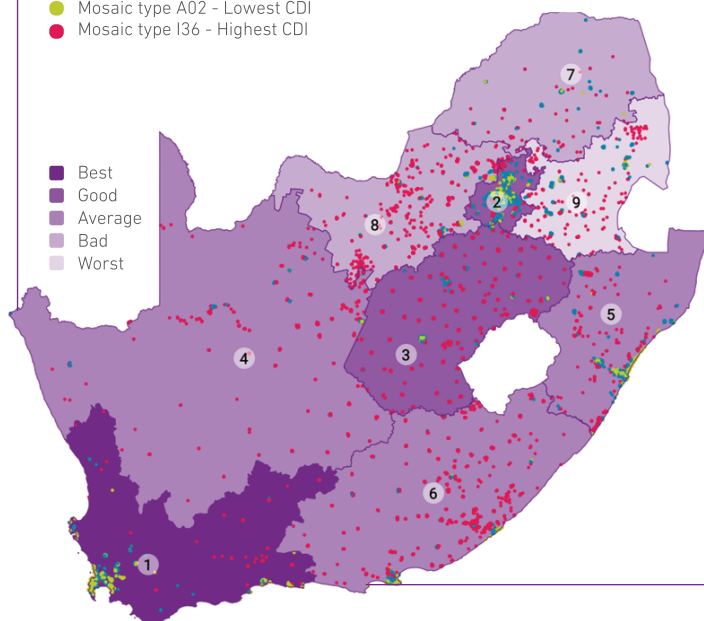
The Credit Card index improved from 6.71% in Mar 2017 to 5.86% in Mar 2018. The same segments mentioned under Vehicle Finance section feature in Credit Cards as well.

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 lower CDI of 5.04% in Mar 2018 compared to the 6.25% in Mar 2017.

A02 – Secured Affluence
Mature, well educated, wealthy couples living in free-standing high-value established homes in city suburbs recorded the lowest CDI of 3.94% in Mar 2018.

I36 – Minimum Wage Rural Families
Mixed-age families on minimum wages, living in small informal dwellings in the rural areas of the Northern Cape and the Free State were the worst performing segment with a Credit Card CDI of 10.28% in Mar 2018.

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Experian Personal Loan Consumer Default Index

Experian Personal Loans Consumer Default Index
CDI = % Never Default Balances that Defaulted in the last 3 Months

Personal Loan Index — Composite Index
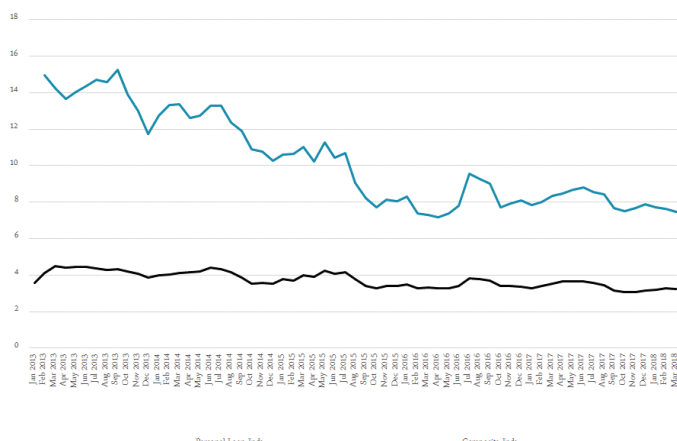
7,47%
of balances on an annualized basis defaulted
for first time over the period Jan 2018 to Mar 2018

R4,57bn
in value defaulted for first time
over the period Jan 2018 to Mar 2018

	CDI Mar'18	CDI Mar'17	New Default Balances Jan'18 – Mar'18
Personal Loan Index	7,47	8,33	4,565,144,691
Mosaic type A03 – Largest credit exposure	6,22	7,02	302,429,333
Mosaic type E23 – Lowest CDI	4,20	4,81	7,063,444
Mosaic type F25 – Highest CDI	10,43	11,63	98,595,444

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Eastern Cape	6,51
2. Free State	6,65
3. Northern Cape	6,69
4. Limpopo	6,69
5. KwaZulu-Natal	7,32
6. Western Cape	7,40
7. Mpumalanga	7,62
8. North West	7,71
9. Gauteng	7,98

● Mosaic type A03 – Largest Credit Exposure
● Mosaic type E23 – Lowest CDI
● Mosaic type F25 – Highest CDI

- Best
- Good
- Average
- Bad
- Worst
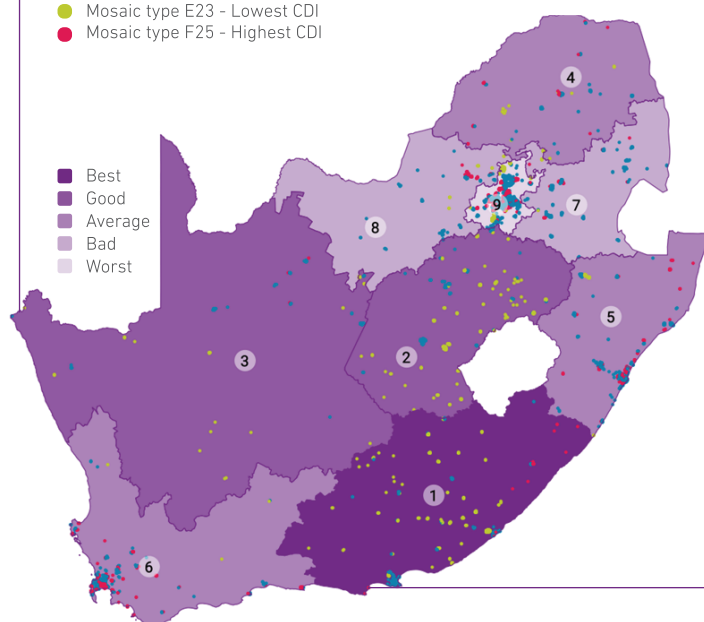
The Personal Loan index also continued to record lower levels of first time default, moving from 8.11% in Dec 2016 to 7.90% in Dec 2017.

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 lower CDI of 6.22% in Mar 2018 compared to the 7.02% in Mar 2017.

E23 – Modest Township Living
Mixed-age, minimum wage, extended families, living in their own small shacks or poor quality housing in cities and town locations recorded the lowest Personal Loan CDI of 4.20% in Mar 2018 which was an improvement on the 4.81% recorded in Mar 2017.

F25 – Indigent Township Families
Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas the worst Personal Loan CDI of 10.43% in Mar 2018 which represents a significant improvement on the 11.63% recorded in Mar 2017. Though still the worst performing segment in personal loans, this segment is not the worst overall segment anymore.

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Appendix

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 occured
in March

The index is the 3-month, balance–weighed 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

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Experian CDI readings for each Mosaic segmentation type

MOSAIC		CDI	CDI	Average Outstanding	New Default Balances
		Mar'18	Mar'17	Jan'18 - Mar'18	Jan'18 - Mar'18
A1	Midlife Cruisers	1,95	1,95	112,328,749,622	182,382,115
A2	**Secured Affluence**	**1,74**	**2,02**	**185,770,425,755**	**269,352,427**
A3	**Hard-working Money**	**2,67**	**3,01**	**198,063,310,148**	**441,508,683**
A4	Platteland Progressive	2,88	2,91	71,965,448,585	172,849,341
A5	Prosperous Pensioners	2,30	2,65	25,228,231,872	48,324,463
B6	Upwardly Mobile	2,25	2,20	119,331,098,377	223,827,743
B7	Would-be Wealth	3,15	3,93	57,886,862,999	151,738,610
B8	City Convenience	2,12	2,29	95,413,182,626	168,595,160
B9	Student Digs	3,24	3,65	15,325,917,343	41,397,358
C10	Diligent Settlement Households	3,64	4,07	67,065,644,473	203,365,032
C11	Adult Township Families	4,25	4,47	26,260,770,299	92,975,953
C12	Elderly-headed Homes	3,67	3,99	48,119,523,741	147,010,314
D13	In the Family	3,87	4,28	103,416,661,942	333,740,186
D14	Manufactory Middle Class	4,99	5,45	34,752,249,514	144,544,889
D15	**Farmworking Communities**	**3,18**	**2,80**	**25,196,716,374**	**66,778,970**
D16	Senior Migrant Farmhands	4,94	4,62	2,952,885,286	12,144,945
D17	Migratory Hard Labour	4,55	4,50	8,239,742,783	31,272,604
E18	Generational Township Family	6,06	6,64	17,178,548,117	86,781,125
E19	Middle-aged Marginalists	5,94	6,57	12,520,625,545	61,965,658
E20	Coastal Low-wage Households	7,02	7,64	29,941,116,552	175,082,950
E21	Informal Country Tenants	6,08	6,85	10,725,712,763	54,359,069
E22	Breadline Families	4,39	4,96	18,444,497,756	67,418,852
E23	Modest Township Living	3,39	4,59	2,419,285,466	6,838,660
F24	Migrant City Settler	4,01	4,91	25,627,502,862	85,695,821
F25	Indigent Township Families	6,82	8,10	8,664,941,636	49,278,129
F26	Single Room Landlords	6,52	7,26	24,396,616,706	132,494,706
G27	Sustainable RDP Families	6,39	6,68	11,370,010,953	60,547,609
G28	Poor RDP Households	6,37	6,92	10,850,379,045	57,607,799
G29	**Impoverished Grant Reliants**	**4,53**	**5,94**	**1,347,489,602**	**5,091,556**
G30	Penniless Grant Transients	5,29	5,62	1,935,940,586	8,530,568
H31	Eastern Tribal Gap Households	6,05	6,74	2,299,778,497	11,593,275
H32	Inland Traditional Gap Households	5,22	5,69	8,338,869,707	36,284,097
H33	Senior Single Traditionalists	3,83	4,40	1,443,167,464	4,600,738
I34	Borderline Gap Households	4,22	4,82	13,409,081,641	47,189,037
I35	Baseline Gap Families	4,70	5,30	6,534,271,918	25,592,608
I36	**Minimum Wage Rural Families**	**7,36**	**7,42**	**2,106,208,289**	**12,912,570**