Extended Monthly Report – October to December 2019

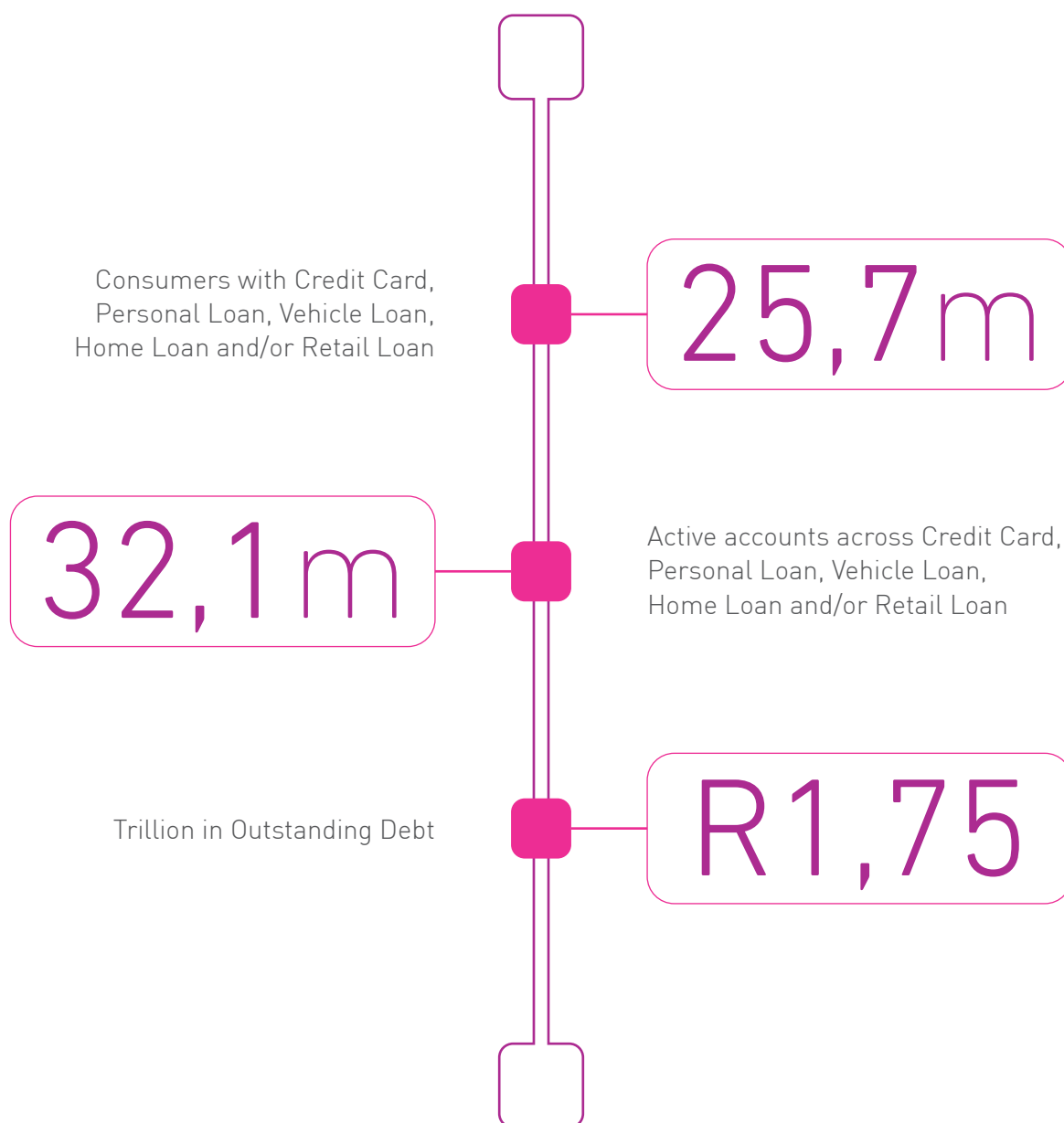## Product Level Analysis & Quarterly Trend Review

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, Home Loan and/or Retail Loan

25,7m

32,1m

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

Trillion in Outstanding Debt

R1,75

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Experian CDI | Composite & Product Level

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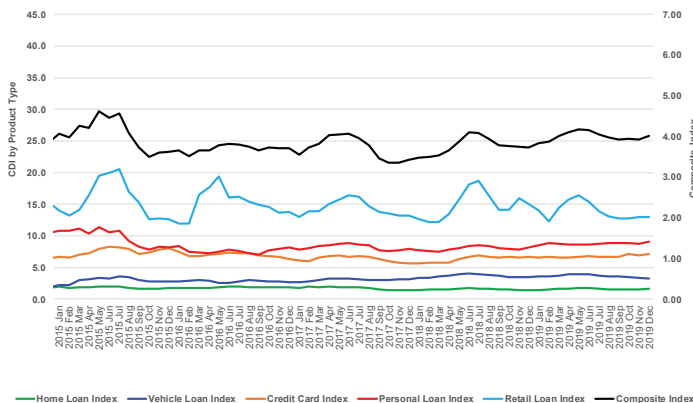CDI = % Never Default Balances that Defaulted in the last 3 Months
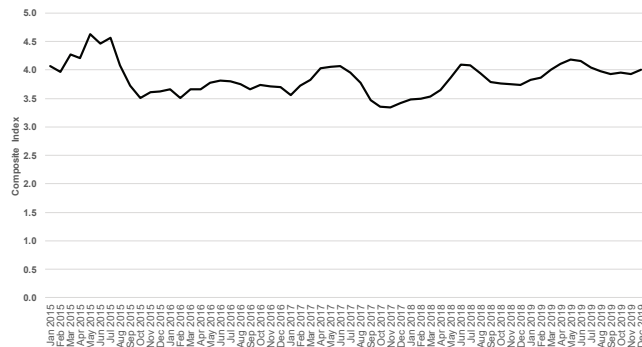
MONTHLY HIGHLIGHTS

Overall index of 4.01% in Dec 2019, tracking higher Y-o-Y from 3.74% in Dec 2018.

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

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

MONTHLY HIGHLIGHTS

This increase in CDI is on the back of Y-o-Y increases in CDI for Home Loans and Credit Cards and a sharp increase in Personal Loans CDI.

Experian CDI	CDI Dec'19	CDI Dec'18	Average Outstanding Oct'19 – Dec'19	New Default Balances Oct'19 – Dec'19
Composite Index	4,01	3,74	1,738,544,237,822	17,408,306,752
Home Loan Index	1,60	1,35	839,805,031,320	3,365,254,613
Vehicle Loan Index	3,26	3,45	423,351,380,268	3,454,975,975
Credit Card Index	7,09	6,72	136,718,139,082	2,423,184,233
Personal Loan Index	9,04	8,11	287,296,545,210	6,493,016,792
Retail Loan Index	13,02	14,98	51,373,141,941	1,671,875,139

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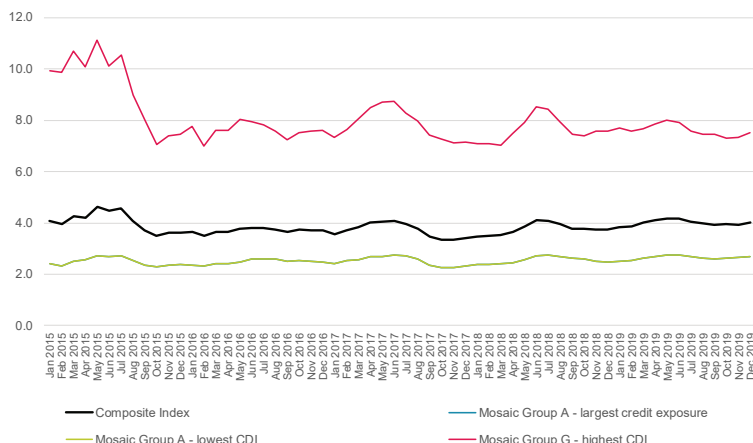
All of the indices are also determined at Mosaic segmentation level to provide further insight into the dynamics faced by specific consumer segments that are experiencing different stress due to macro forces such as unemployment, interest rate changes and economic growth.

Group	Description	Type	Description
A	Wealth To Do 9,84%		The most affluent group, who are well educated and enjoy most of the opportunities the country presents
B	Up-and-Coming 4,37%		A largely youthful and ambitious group of aspirational people, looking to make their mark and embrace the country's marketplace
C	Settlement Traditionalists 7,56%		Hard-working, well established families living in good homes in settlements in and around urban areas
D	Loyal Labourers 7,84%		Groups or individuals living in industrial, mining or farming communities, hard-working usually in blue-collar jobs
E	Blue-collar Communities 18,43%		Large, extended families with modest incomes, living in townships both urban and on the outskirts of rural and bush areas
F	Young Urban Survivors 9,28%		Young individuals living in densely populated urban environments, working to get by and adapting to circumstances in order to thrive
G	Subsidised Dependents 10,57%		Families and individuals reliant on rent-free housing with meagre or modest incomes and simple but hard lives
H	Rural Traditionalists 17,58%		Traditional households headed by an older person or grandparent and the mid-generation having left to work in the city or died
I	Outskirts Families 14,04%		Impoverished rural families living on the outskirts in informal or tribal dwellings, often headed by a grandparent

*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

Legend:
- Composite Index
- Mosaic Group A - largest credit exposure
- Mosaic Group A - lowest CDI
- Mosaic Group G - highest CDI

4,01%
of balances on an annualized basis defaulted
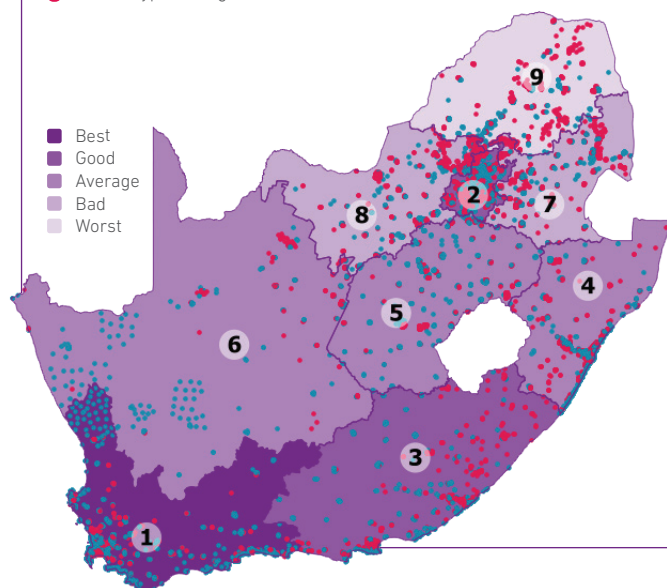for first time over the period Oct 2019 to Dec 2019

R17,41bn
in value defaulted for first time
over the period Oct 2019 to Dec 2019

Experian CDI	CDI Dec'19	CDI Dec'18	New Default Balances Oct'19 – Dec'19
Composite Index	4,01	3,74	17,408,306,752
Mosaic type A - Largest credit exposure	2,68	2,46	4,566,038,228
Mosaic type A - Lowest CDI	2,68	2,46	4,566,038,228
Mosaic type G - Highest CDI	7,52	7,59	633,633,985

Geospatial & Mosaic Insights

The Composite index was tracking marginally higher in Dec 2019 at 4.01% compared to 3.93% in Sep 2019. Y-o-Y it also increased from down from 3.74 in Dec 2018.

Province & Rank	CDI
1. Western Cape	3,03
2. Gauteng	3,67
3. Eastern Cape	3,91
4. KwaZulu-Natal	4,27
5. Free State	4,30
6. Northern Cape	4,49
7. Mpumalanga	4,72
8. North West	4,84
9. Limpopo	5,07

- Mosaic type A - Largest Credit Exposure
- Mosaic type A - Lowest CDI
- Mosaic type G - Highest CDI

The Mosaic Group distribution for the overall index in Dec 2019 was as follows:

Groups	Type Name	Market%
A	Wealth To Do	41%
B	Up-and-Coming	21%
C	Settlement Traditionalists	10%
D	Loyal Labourers	11%
E	Blue-collar Communities	7%
F	Young Urban Survivors	5%
G	Subsidised Dependents	2%
H	Rural Traditionalists	1%
I	Outskirts Families	2 %

Map legend:
- Best
- Good
- Average
- Bad
- Worst

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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
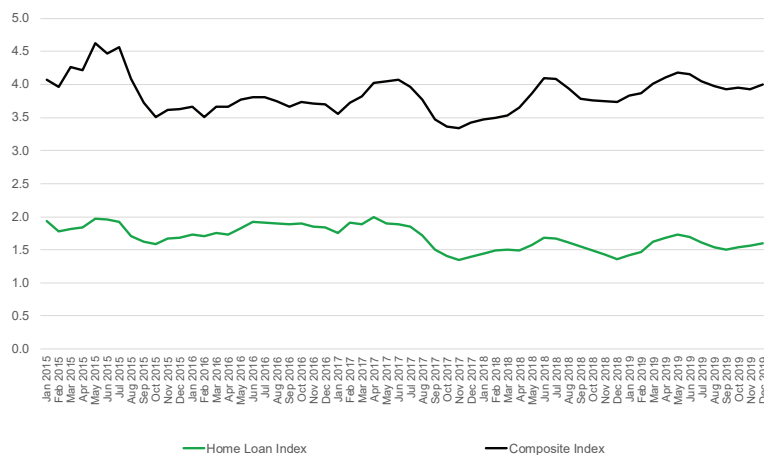
1,60%

of home loan balances on an annualized basis defaulted for first time over the period Oct 2019 to Dec 2019
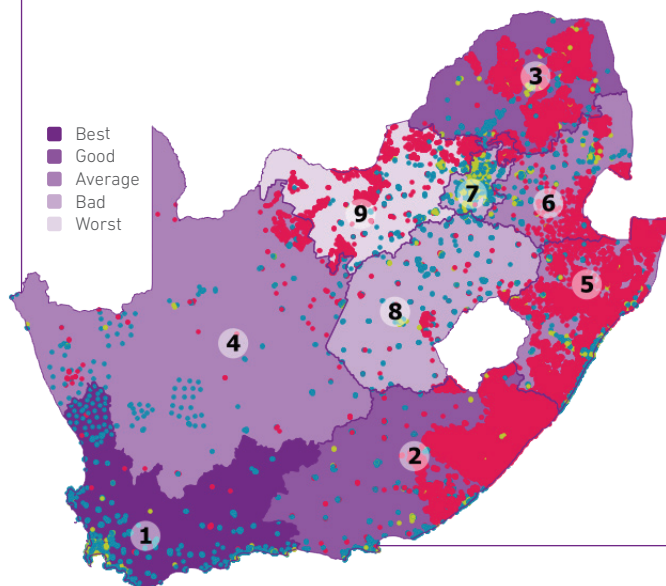
R3,37bn

in value defaulted for first time over the period Oct 2019 to Dec 2019

	CDI Dec'19	CDI Dec'18	New Default Balances Oct'19 – Dec'19
Home Loan Index	1,60	1,35	3,365,254,613
Mosaic type A - Largest credit exposure	1,57	1,33	1,610,670,461
Mosaic type B - Lowest CDI	1,40	1,19	740,534,037
Mosaic type H - Highest CDI	2,51	1,73	12,835,898

Geospatial & Mosaic Insights

The Home Loan Index was tracking higher in Dec 2019 at 1.60% compared to 1.50 in Sep 2019 (Q-o-Q). This is also a Y-o-Y there was also a deterioration, from 1.35% in Dec 2018.

Province & Rank	CDI
1. Western Cape	1,18
2. Eastern Cape	1,26
3. Limpopo	1,37
4. Northern Cape	1,62
5. Kwazulu-Natal	1,68
6. Mpumalanga	1,74
7. Gauteng	1,74
8. Free State	1,87
9. North West	2,03

- Mosaic type A - Largest Credit Exposure
- Mosaic type B - Lowest CDI
- Mosaic type H - Highest CDI

The Mosaic Group distribution for the Home Loan index in Dec 2019 was as follows:

Groups	Type Name	Market%
A	Wealth To Do	50%
B	Up-and-Coming	26%
C	Settlement Traditionalists	8%
D	Loyal Labourers	9%
E	Blue-collar Communities	3%
F	Young Urban Survivors	3%
G	Subsidised Dependents	1%
H	Rural Traditionalists	0%
I	Outskirts Families	0%

- Best
- Good
- Average
- Bad
- Worst

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
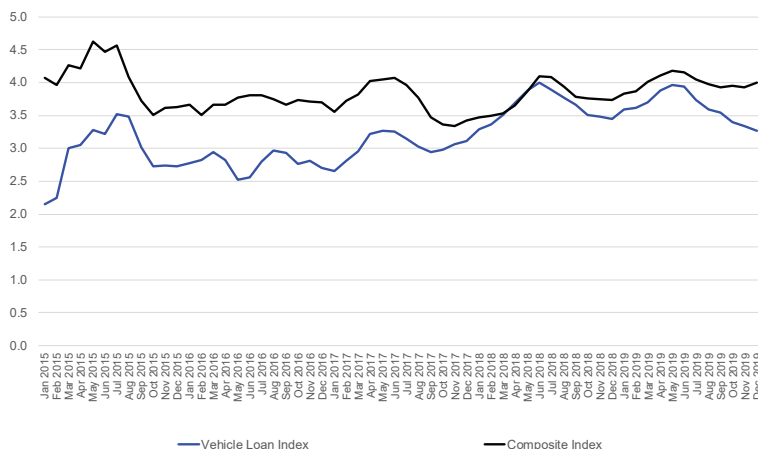
3,26%

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

R3,45bn

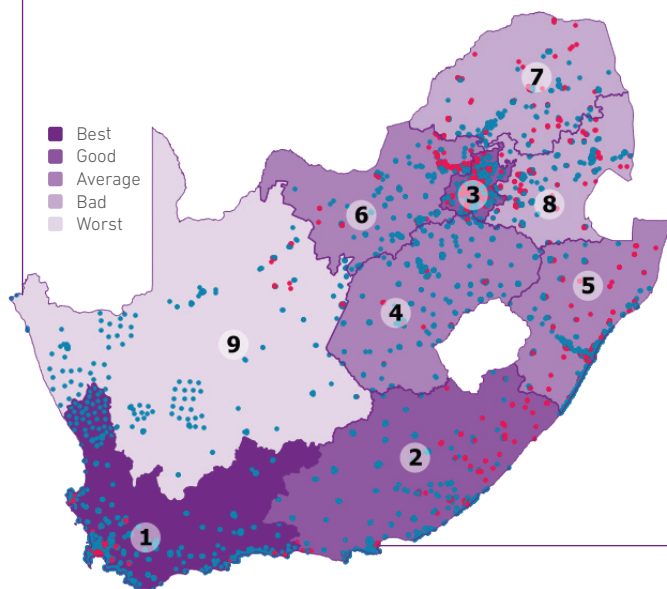in value defaulted for first time over the period Oct 2019 to Dec 2019

	CDI Dec'19	CDI Dec'18	New Default Balances Oct'19 – Dec'19
Vehicle Loan Index	3,26	3,45	3,454,975,975
Mosaic type A – Largest credit exposure	2,43	2,55	900,263,146
Mosaic type A – Lowest CDI	2,43	2,55	900,263,146
Mosaic type F – Highest CDI	5,28	5,72	284,907,721

Geospatial & Mosaic Insights

The Vehicle Loan index has improved from 3.54% last quarter (Sep 2019) to 3.26% in Dec 2019. Y-o-Y it has also improved from 3.45% in Dec 2018.

Province & Rank	CDI
1. Western Cape	2,62
2. Eastern Cape	2,93
3. Gauteng	3,21
4. Free State	3,24
5. KwaZulu-Natal	3,25
6. North West	3,31
7. Limpopo	3,36
8. Mpumalanga	3,48
9. Northern Cape	3,56

- Mosaic type A - Largest Credit Exposure
- Mosaic type A - Lowest CDI
- Mosaic type F - Highest CDI

The Mosaic Group distribution for the Vehicle Loan index in Dec 2019 was as follows:

Groups	Type Name	Market%
A	Wealth To Do	37%
B	Up-and-Coming	20%
C	Settlement Traditionalists	11%
D	Loyal Labourers	13%
E	Blue-collar Communities	9%
F	Young Urban Survivors	5%
G	Subsidised Dependents	2%
H	Rural Traditionalists	1%
I	Outskirts Families	2%

- Best
- Good
- Average
- Bad
- Worst

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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
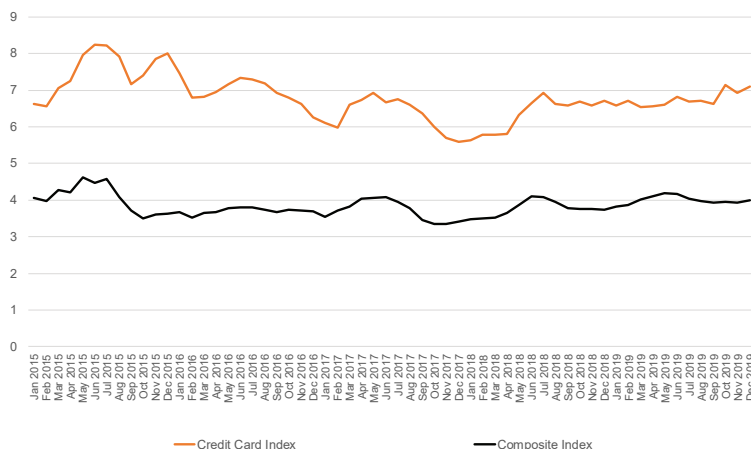
7,09%

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

R2,42bn

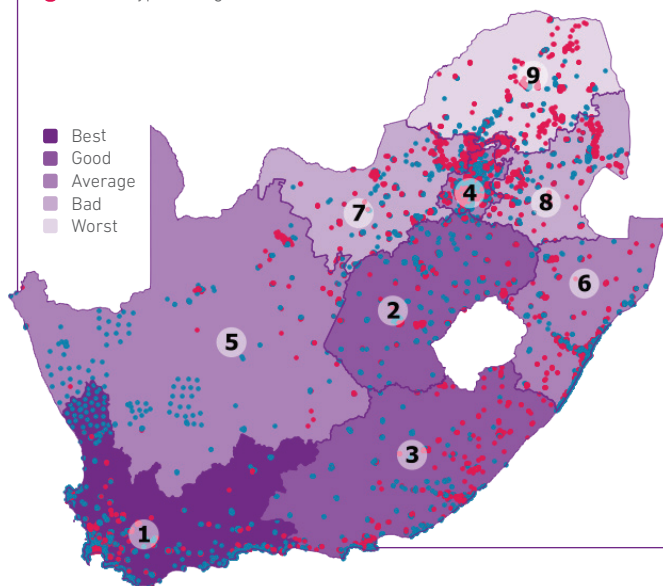in value defaulted for first time over the period Oct 2019 to Dec 2019

	CDI Dec'19	CDI Dec'18	New Default Balances Oct'19 – Dec'19
Vehicle Loan Index	7,09	6,72	2,423,184,233
Mosaic type A - Largest credit exposure	5,39	5,48	776,479,483
Mosaic type A - Lowest CDI	5,39	5,48	776,479,483
Mosaic type G - Highest CDI	11,62	10,05	63,748,575

Geospatial & Mosaic Insights

The Credit Card index was tracking higher in Dec 2019 at 7.09%, up from 6.63% in Sept 2019 and 6,72% in Dec 2018.

Province & Rank	CDI
1. Western Cape	5,80
2. Free State	6,55
3. Eastern Cape	6,62
4. Gauteng	6,86
5. Northern Cape	7,48
6. KwaZulu-Natal	7,52
7. North West	7,89
8. Mpumalanga	7,95
9. Limpopo	7,97

- Mosaic type A - Largest Credit Exposure
- Mosaic type A - Lowest CDI
- Mosaic type G - Highest CDI

The Mosaic Group distribution for the Credit Card index in Dec 2019 was as follows:

Groups	Type Name	Market%
A	Wealth To Do	44%
B	Up-and-Coming	20%
C	Settlement Traditionalists	10%
D	Loyal Labourers	11%
E	Blue-collar Communities	6%
F	Young Urban Survivors	5%
G	Subsidised Dependents	2%
H	Rural Traditionalists	1%
I	Outskirts Families	1%

- Best
- Good
- Average
- Bad
- Worst

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
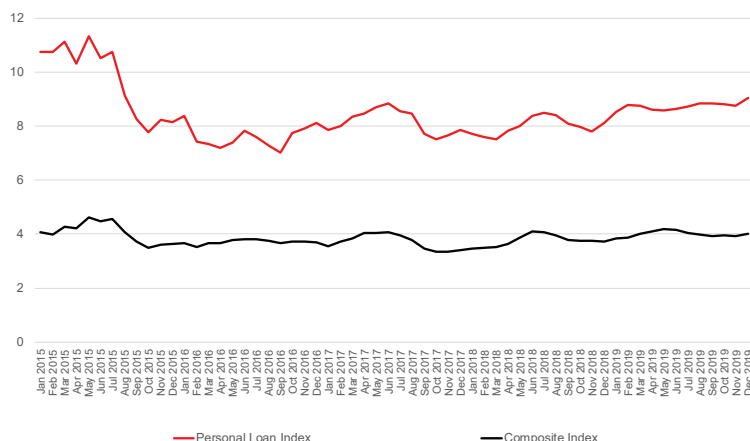
9,04%

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

R6,49bn

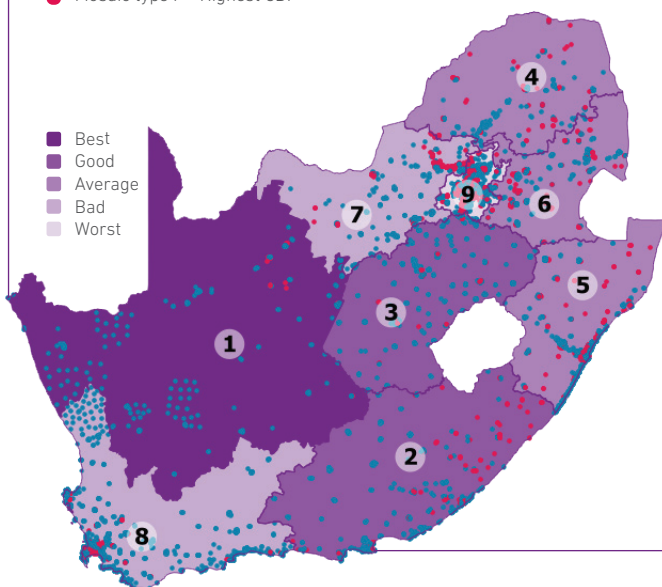in value defaulted for first time over the period Oct 2019 to Dec 2019

	CDI Dec'19	CDI Dec'18	New Default Balances Oct'19 – Dec'19
Personal Loan Index	9,04	8,11	6,493,016,792
Mosaic type A - Largest credit exposure	7,78	7,02	1,085,195,310
Mosaic type A - Lowest CDI	7,78	7,02	1,085,195,310
Mosaic type F - Highest CDI	11,40	10,64	699,375,236

Geospatial & Mosaic Insights

The Personal Loan index deteriorated from 8.84% in Sep 2019 and 8.11% in Dec 2018 to 9.04% in Dec 2019.

**The Mosaic Group distribution for the Personal Loan index in Dec 2019 was as follows:**

Province & Rank	CDI
1. Northern Cape	7,62
2. Eastern Cape	7,73
3. Free State	8,06
4. Limpopo	8,42
5. KwaZulu-Natal	8,67
6. Mpumalanga	8,69
7. North West	8,85
8. Western Cape	9,16
9. Gauteng	9,43

● Mosaic type A - Largest Credit Exposure
● Mosaic type A - Lowest CDI
● Mosaic type F - Highest CDI

Groups	Type Name	Market%
A	Wealth To Do	43%
B	Up-and-Coming	20%
C	Settlement Traditionalists	10%
D	Loyal Labourers	11%
E	Blue-collar Communities	6%
F	Young Urban Survivors	5%
G	Subsidised Dependents	2%
H	Rural Traditionalists	1%
I	Outskirts Families	1%

- Best
- Good
- Average
- Bad
- Worst

Experian Retail Loan Consumer Default Index

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

— Retail Loan Index   — Composite Index
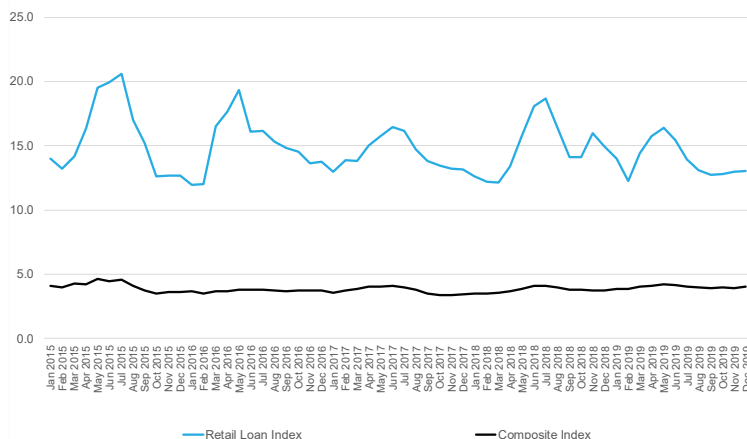
13,02%

of retail loan balances on an annualized basis defaulted for first time over the period Oct 2019 to Dec 2019

R1,67bn

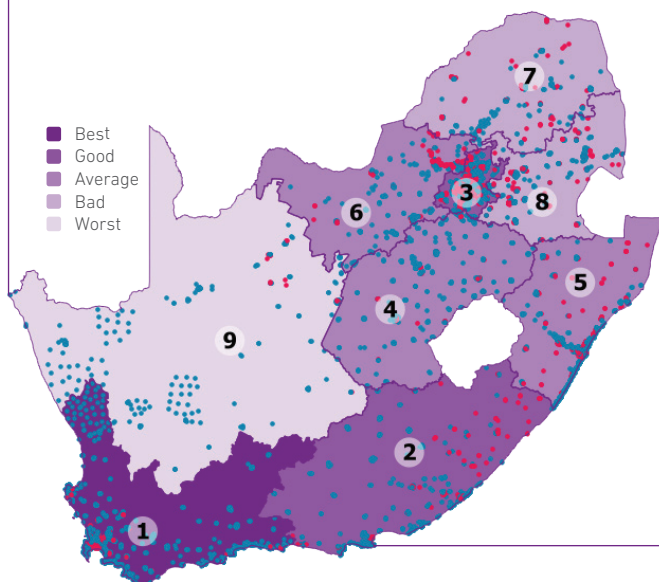in value defaulted for first time over the period Oct 2019 to Dec 2019

	CDI Dec'19	CDI Dec'18	New Default Balances Oct'19 – Dec'19
Personal Loan Index	13,02	14,98	1,671,875,139
Mosaic type A - Largest credit exposure	8,03	9,89	193,429,828
Mosaic type A - Lowest CDI	8,03	9,89	193,429,828
Mosaic type F - Highest CDI	15,41	17,97	170,151,447

Geospatial & Mosaic Insights

The Retail Loan index deteriorated from the Sept 2019 observation of 12.77%, It did improve sharply in the Y-o-Y context, down from 14.98% in Dec 2018 to 13.02% in Dec 2019.

Province & Rank — **CDI**
1. Western Cape — 10,78
2. Free State — 11,22
3. Gauteng — 11,48
4. Northern Cape — 11,83
5. North West — 12,11
6. KwaZulu-Natal — 12,12
7. Eastern Cape — 12,15
8. Mpumalanga — 12,40
9. Limpopo — 12,98

● Mosaic type A - Largest Credit Exposure
● Mosaic type A - Lowest CDI
● Mosaic type F - Highest CDI

The Mosaic Group distribution for the Retail Loan index in Dec 2019 was as follows:

Groups	Type Name	Market%
A	Wealth To Do	21%
B	Up-and-Coming	10%
C	Settlement Traditionalists	15%
D	Loyal Labourers	13%
E	Blue-collar Communities	19%
F	Young Urban Survivors	10%
G	Subsidised Dependents	6%
H	Rural Traditionalists	2%
I	Outskirts Families	4%

■ Best
■ Good
■ Average
■ Bad
■ Worst

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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Appendix

Experian CDI readings for each Mosaic segmentation type

MOSAIC		CDI	CDI	Average Outstanding	New Default Balances		
		Dec'19	Dec'18	Current 3 Months	Current 3 Months	Year on Year change	Year on Year %
A	Wealth To Do	2,68	2,46	680,359,730,564	1,522,012,743	154,718,176	0,22
B	Up-and-Coming	2,80	2,64	354,217,762,705	826,619,978	85,755,898	0,16
C	Settlement Traditionalists	4,42	4,23	172,050,921,966	633,770,897	68,393,241	0,19
D	Loyal Labourers	4,80	4,68	183,819,692,700	735,098,414	68,698,475	0,12
E	Blue-collar Communities	7,29	7,28	120,926,348,349	734,335,347	87,086,344	0,00
F	Young Urban Survivors	6,88	6,96	84,531,374,325	484,953,861	58,409,096	-0,08
G	Subsidised Dependents	7,52	7,59	33,721,812,579	211,211,328	21,168,226	-0,07
H	Rural Traditionalists	6,80	6,19	15,571,715,111	88,226,685	17,018,019	0,61
I	Outskirts Families	6,18	5,94	25,177,742,797	129,603,668	15,398,751	0,23