



# Extended Monthly Report - July to September 2018

Product Level Analysis & Quarterly Trend Review



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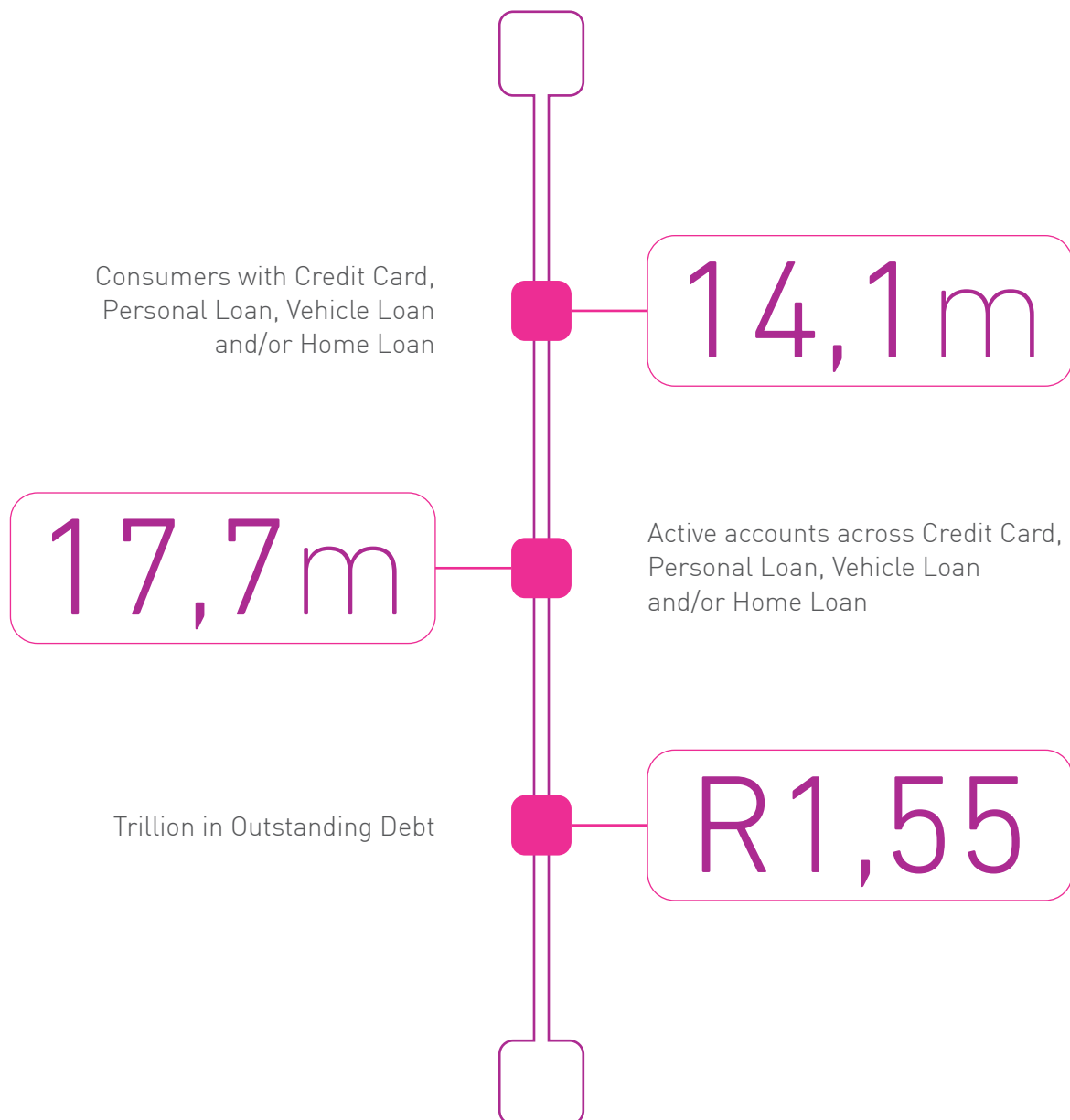
# Experian Consumer Default Index (CDI) Overview

## 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.

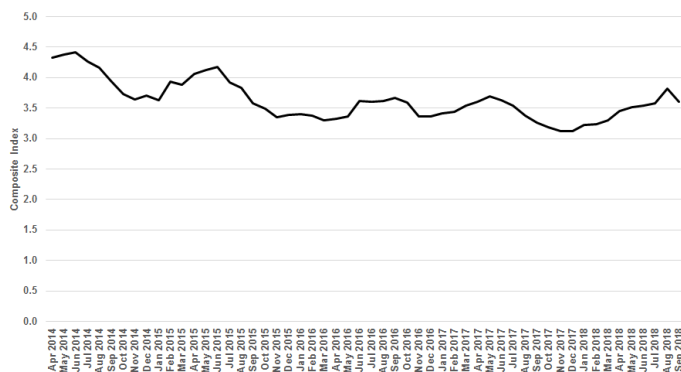
The index tracks the marginal default rate as it measures the sum of first-time (accounts that have never) defaulted balances as a percentage of the total sum of balances outstanding. Published on a monthly basis, with a 2 month lag, the indices include a balance-weighted composite index as well as the 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

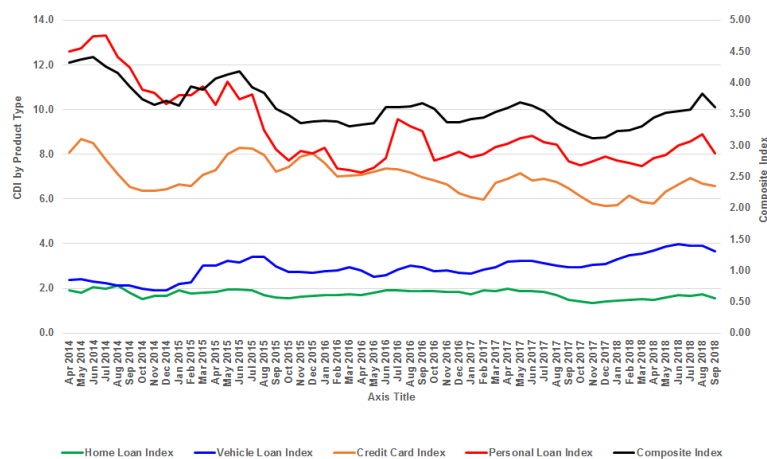


## MONTHLY HIGHLIGHTS

Overall index of 3.61% in Sep 2018 tracks 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 products.

Short term improvement observed in overall index, improving from 3.82% in August 2018, and across all products, specifically personal loans where 8.03% was recorded in Sep 2018 compared to 8.90% in Aug 2018.

Experian CDI	CDI Sep'18	CDI Sep'17	Average Outstanding Jul'18 - Sep'18	New Default Balances Jul'18 - Sep'18
Composite Index	3,61	3,26	1,577,955,111,353	13,729,461,761
Home Loan Index	1,56	1,50	805,338,938,509	3,133,929,225
Vehicle Loan Index	3,66	2,93	396,962,847,864	3,632,499,416
Credit Card Index	6,58	6,48	112,483,296,238	1,850,410,123
Personal Loan Index	8,03	7,67	254,729,624,364	5,112,622,997

# 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.

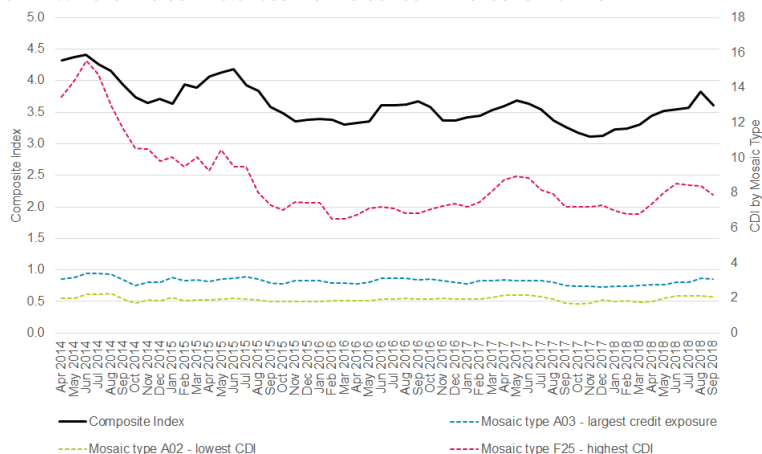
Group	Description	Type	Description
A	Wealth To Do 9,86%	A1	Midlife Cruisers
		A2	Secured Affluence
		A3	Hard-working Money
		A4	Platteland Progressives
		A5	Prosperous Pensioners
B	Up-and-Coming 4,51%	B6	Upwardly Mobile
		B7	Would-be Wealth
		B8	City Convenience
		B9	Student Digs
C	Township Traditionalists 7,69%	C10	Diligent Settlement Households
		C11	Adult Township Families
		C12	Elderly-headed Homes
D	Loyal Labourers 7,81%	D13	In the Family
		D14	Manufactory Middle Class
		D15	Farmworking Communities
		D16	Senior Migrant Farmhands
		D17	Migratory Hard Labour
E	Blue-collar Communities 18,75%	E18	Generational Township Family
		E19	Middle-aged Marginalists
		E20	Coastal Low-wage Households
		E21	Informal Country Tenants
		E22	Breadline Families
		E23	Modest Township Living
F	Young Urban Survivors 9,20%	F24	Migrant City Settler
		F25	Indigent Township Families
		F26	Single Room Landlords
G	State Dependents 10,57%	G27	Sustainable RDP Families
		G28	Poor RDP Households
		G29	Impoverished Grant Reliants
		G30	Penniless Grant 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



# 3,61%

of balances on an annualized basis defaulted for first time over the period Jul 2018 to Sep 2018

# R13,73bn

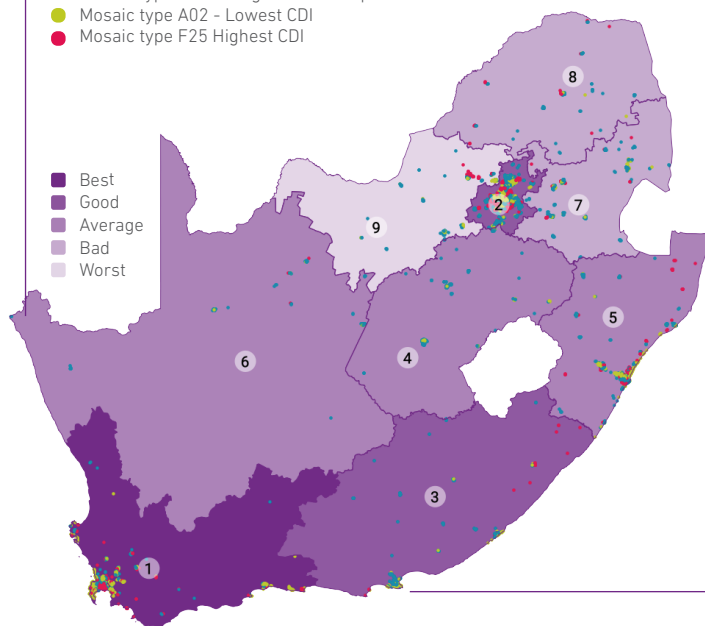
in value defaulted for first time over the period Jul 2018 to Sep 2018

Experian CDI	CDI Sep'18	CDI Sep'17	New Default Balances Jul'18 - Sep'18
Composite Index	3,61	3,26	13,729,461,761
Mosaic type A03 - Largest credit exposure	3,07	2,77	1,426,539,892
Mosaic type A02 - Lowest CDI	2,09	1,78	838,580,151
Mosaic type F25 - Highest CDI	7,87	7,03	171,888,533

## Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,46
2. Gauteng	3,23
3. Eastern Cape	3,53
4. Free State	3,59
5. KwaZulu-Natal	3,83
6. Northern Cape	3,84
7. Mpumalanga	4,21
8. Limpopo	4,30
9. North West	4,44

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



### 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 higher CDI of 3.07% in Sep 2018 compared to the 2.77% in Sep 2017.

### A02 - Secured Affluence

Mature, well educated, wealthy couples living in freestanding high-value established homes in city suburbs recorded the lowest CDI of 2.09% in Sep 2018 which was a deterioration on the 1.78% recorded in Sep 2017.

### D17 - Migratory Hard Labour

Low income, single, young male migrant workers, living in informal or backyard dwellings in and around farms and mines recorded the best year on year improvement in CDI from 4.56% in Sep 2017 to 4.16% in Sep 2018.

### 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 was the worst performing segment with a CDI of 7.87% in Sep 2018 compared to the 7.03% recorded in Sep 2017.

### H33 - Senior Single Traditionalists

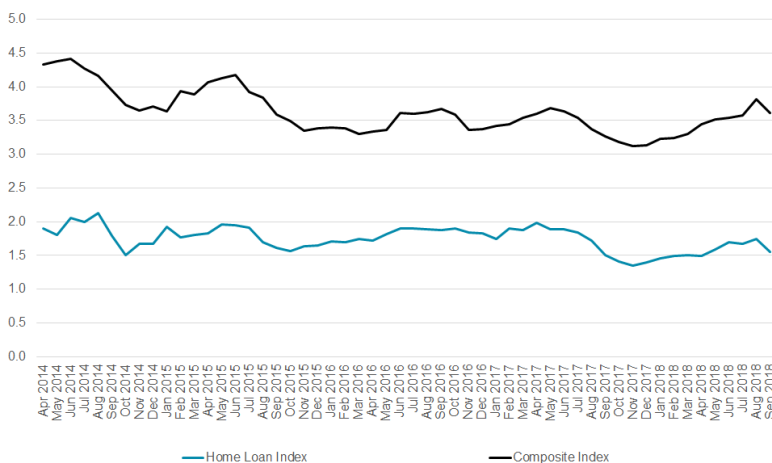
Single older people living in single rooms in traditional huts in rural areas recorded the worst year on year deterioration moving from 4.44% in Sep 2017 to 6.20% in Sep 2018.



# Experian Home Loan Consumer Default Index

## Experian Home Loans Consumer Default Index

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



# 1,56%

of balances on an annualized basis defaulted for first time over the period Jul 2018 to Sep 2018

# R3,13 bn

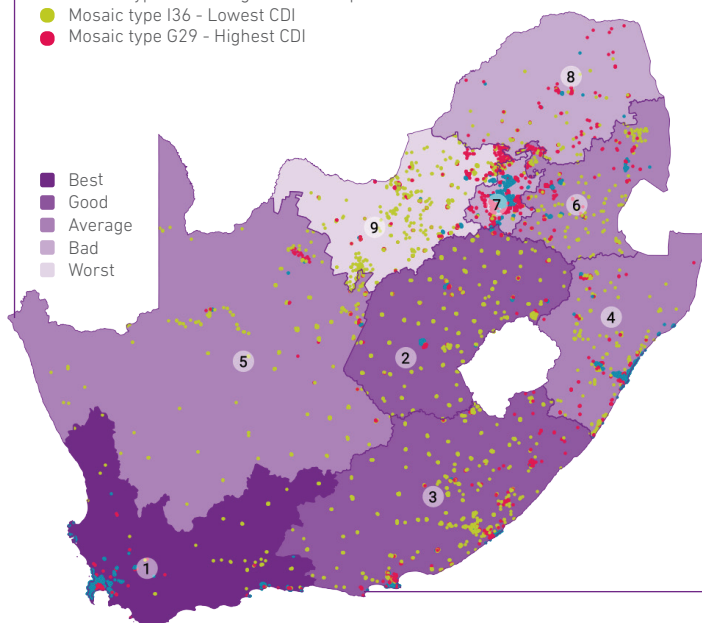
in value defaulted for first time over the period Jul 2018 to Sep 2018

	CDI Sep'18	CDI Sep'17	New Default Balances Jul'18 - Sep'18
Home Loan Index	1,56	1,50	3,133,929,225
Mosaic type A02 - Largest credit exposure	1,30	1,12	281,872,365
Mosaic type I36 - Lowest CDI	0,61	0,27	334,746
Mosaic type G29 - Highest CDI	3,34	5,48	2,282,004

## Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	1,06
2. Free State	1,47
3. Northern Cape	1,59
4. Free State	1,60
5. KwaZulu-Natal	1,64
6. Limpopo	1,69
7. Mpumalanga	1,69
8. Gauteng	1,73
9. North West	2,31

- Mosaic type A02 - Largest Credit Exposure
- Mosaic type I36 - Lowest CDI
- Mosaic type G29 - Highest CDI



The Home Loan Index was tracking lower in Sep 2018 at 1.56% compared to 1.69% in Jun 2018, but marginally higher than 1.50% in Sep 2017.

### A02 - Secured Affluence

Mature, well educated, wealthy couples living in freestanding high-value established homes in city suburbs had the highest outstanding Home Loan debt and recorded a higher CDI of 1.30% in Sep 2018 compared to the 1.12% in Sep 2017.

### 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 best performing segment with a Home Loan CDI of 0.61% in Sep 2018.

### G29 - Impoverished Grant Reliants

Families with children relying on government grants and living rent-free in informal dwellings in residential areas were the worst performing segment with a Home Loan CDI of 3.34% in Sep 2018, which was a significant improvement on the 5.48% recorded in Sep 2017.

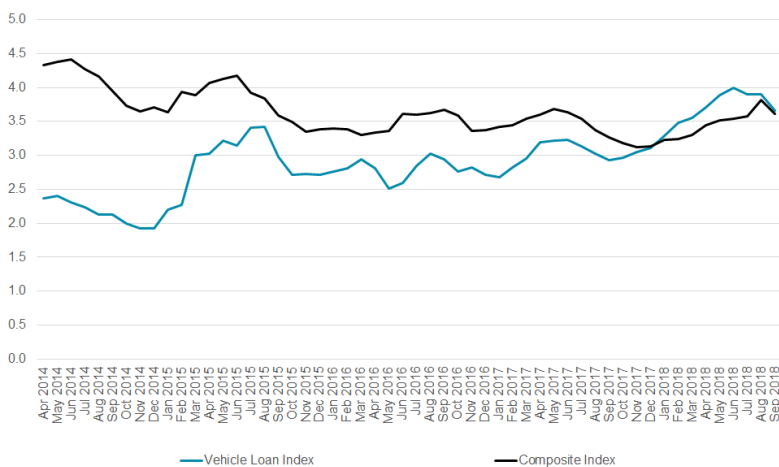




# Experian Vehicle Loan Consumer Default Index

## Experian Vehicle Loans Consumer Default Index

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



# 3,66%

of balances on an annualized basis defaulted for first time over the period Jul 2018 to Sep 2018

# R3,63bn

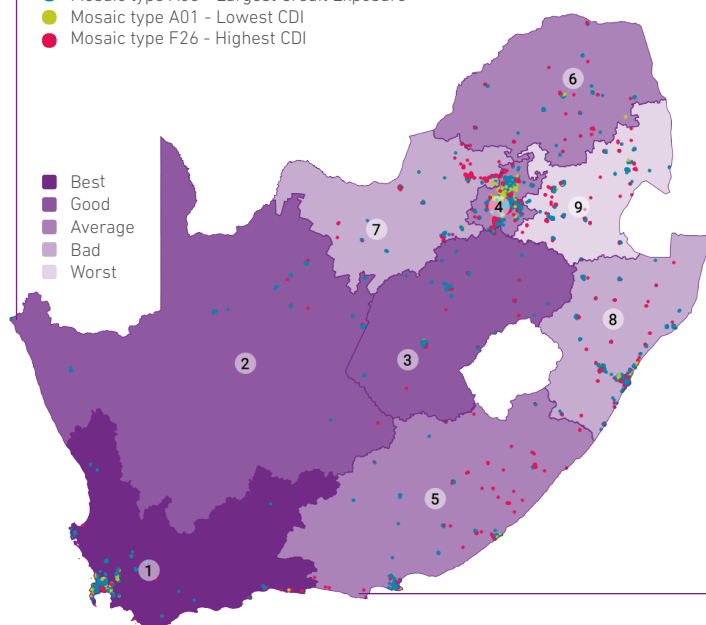
in value defaulted for first time over the period Jul 2018 to Sep 2018

	CDI Sep'18	CDI Sep'17	New Default Balances Jul'18 - Sep'18
Vehicle Loan Index	3,66	2,93	3,632,499,416
Mosaic type A03 - Largest credit exposure	2,99	2,54	629,515,833
Mosaic type A01 - Lowest CDI	2,27	1,79	214,841,700
Mosaic type F26 - Highest CDI	7,14	5,38	201,701,386

## Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,70
2. Northern Cape	3,35
3. Free State	3,36
4. Gauteng	3,46
5. Eastern Cape	3,48
6. Limpopo	3,77
7. North West	3,92
8. KwaZulu-Natal	4,02
9. Mpumalanga	4,11

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A01 - Lowest CDI
- Mosaic type F26 - Highest CDI



The Vehicle Loan index, though still tracking higher year on year, seem to have peaked in Jun 2018. The Vehicle CDI has improved to 3.66% in Sep 2018 compared to the peak of 3.99% in Jun 2018, but is tracking higher than the 2.93% recorded in Sep 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 Vehicle Loan debt and recorded a higher CDI of 2.99% in Sep 2018 compared to the 2.54% in Sep 2017.

### A01 - Midlife Cruisers

Highly educated wealthy individuals residing on exclusive estates in luxury homes in prime city suburbs were the best performing segment with a Vehicle Loan CDI of 2.27% in Sep 2018.

### F26 - Single Room Landlords

Young, employed landlords renting out single rooms in highly-populated areas recorded the worst Vehicle Loan CDI of 7.14% in Sep 2018 which was significantly worse than the 5.38% recorded in Sep 2017.

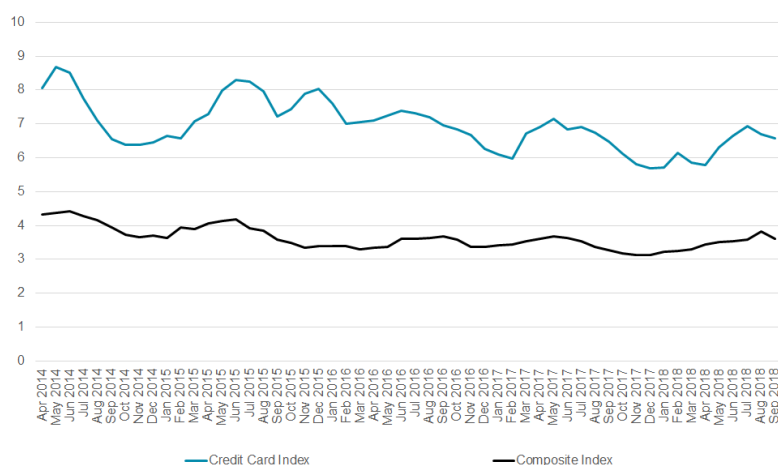




# Experian Credit Card Consumer Default Index

## Experian Credit Cards Consumer Default Index

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



# 6,58%

of balances on an annualized basis defaulted for first time over the period Jul 2018 to Sep 2018

# R1,85bn

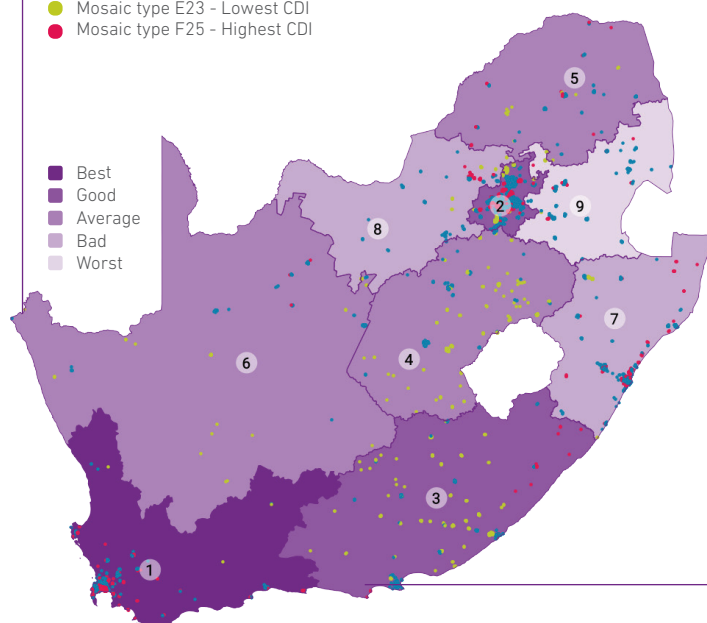
in value defaulted for first time over the period Jul 2018 to Sep 2018

	CDI Sep'18	CDI Sep'17	New Default Balances Jul'18 - Sep'18
Vehicle Loan Index	6,58	6,48	1,850,410,123
Mosaic type A03 - Largest credit exposure	6,18	6,09	156,664,806
Mosaic type E23 - Lowest CDI	4,63	5,40	2,096,226
Mosaic type F25 - Highest CDI	11,72	12,26	12,571,566

## Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	5,32
2. Gauteng	6,41
3. Eastern Cape	6,51
4. Free State	6,67
5. Limpopo	6,86
6. Northern Cape	6,93
7. KwaZulu-Natal	6,96
8. North West	7,45
9. Mpumalanga	7,61

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



The Credit Card index have continued to improve in the last 3 months coming off a peak of 6.92% in Jul 2018 to record a value of 6.58% in Sep 2018, but was tracking higher than the 6.48% recorded in Sep 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 Credit Card debt and recorded a higher CDI of 6.18% in Sep 2018 compared to the 6.09% in Sep 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 Credit Card CDI of 4.63% in Sep 2018.

### F25 - Indigent Township Families

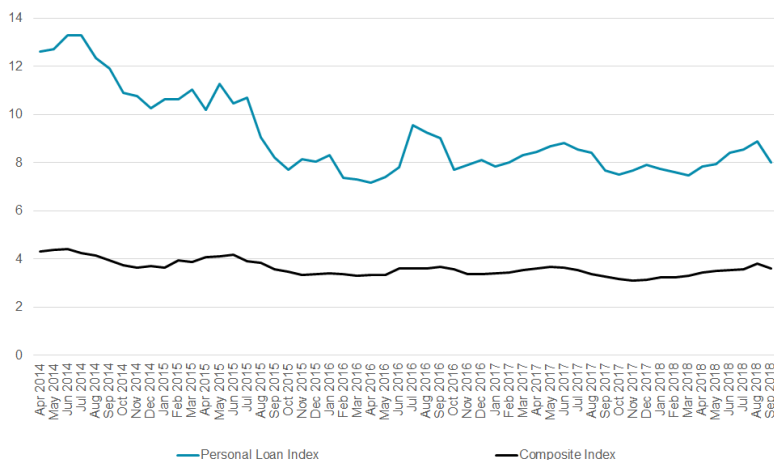
Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas were the worst performing segment with a Credit Card CDI of 11.72% in Sep 2018 which was better than the 12.26% in Sep 2017.



# Experian Personal Loan Consumer Default Index

## Experian Personal Loans Consumer Default Index

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



# 8,03%

of balances on an annualized basis defaulted for first time over the period Jul 2018 to Sep 2018

# R5,11bn

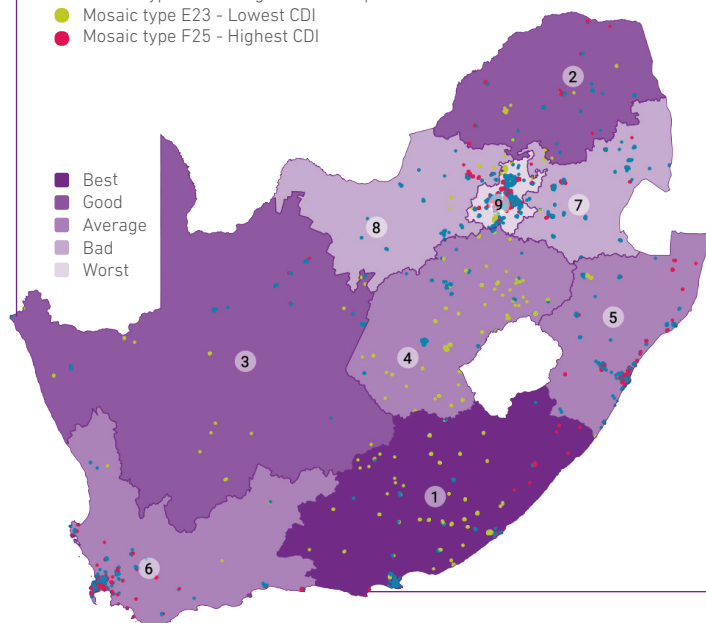
in value defaulted for first time over the period Jul 2018 to Sep 2018

	CDI Sep'18	CDI Sep'17	New Default Balances Jul'18 - Sep'18
Personal Loan Index	8,03	7,67	5,112,622,997
Mosaic type A03 - Largest credit exposure	6,93	6,83	258,662,595
Mosaic type E23 - Lowest CDI	5,22	6,13	5,567,127
Mosaic type F25 - Highest CDI	12,49	11,54	83,745,506

## Geospatial & Mosaic Insights

Province & Rank	CDI
1. Eastern Cape	6,47
2. Limpopo	6,87
3. Northern Cape	7,07
4. Free State	7,14
5. KwaZulu-Natal	7,76
6. Western Cape	7,83
7. Mpumalanga	7,86
8. North West	7,87
9. Gauteng	8,33

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



The Personal Loan index improved from 8.90% in Aug 2018 to 8.03% in Sep 2018 but was still tracking higher than 7.67% recorded in Sep 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 higher CDI of 6.93% in Sep 2018 compared to the 6.83% in Sep 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 5.22% in Sep 2018 which was an improvement on the 6.13% recorded in Sep 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 had the worst Personal Loan CDI of 12.49% in Sep 2018 which represents a deterioration on the 11.54% recorded in Sep 2017.



## 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
		Sep'18	Sep'17	Jul'18 - Sep'18	Jul'18 - Sep'18
A1	<b>Midlife Cruisers</b> Secured Affluence Hard-working Money Platteland Progressive Prosperous Pensioners	2,11	1,84	97,821,563,754	171,696,617
A2		2,09	1,78	160,589,382,503	279,526,717
A3		3,07	2,77	185,681,086,627	475,513,297
A4		3,20	2,76	67,045,739,782	179,040,719
A5		2,64	2,66	22,316,201,072	49,151,096
B6	<b>Upwardly Mobile</b> Would-be Wealth City Convenience Student Digs	2,62	2,29	106,156,807,795	231,548,376
B7		3,66	3,41	54,477,895,144	166,271,670
B8		2,56	2,24	83,659,045,500	178,199,507
B9		3,51	3,56	14,782,938,742	43,210,406
C10	<b>Diligent Settlement Households</b> Adult Township Families Elderly-headed Homes	3,57	3,58	64,666,525,195	192,648,810
C11		4,35	4,16	24,943,472,631	90,344,679
C12		4,20	3,69	45,914,328,948	160,642,006
D13	<b>In the Family</b> Manufactory Middle Class Farmworking Communities Senior Migrant Farmhands Migratory Hard Labour	4,43	3,78	101,917,990,007	376,079,444
D14		5,65	5,10	35,025,278,171	164,907,174
D15		2,59	2,54	24,613,402,065	53,134,472
D16		3,89	3,41	2,824,617,138	9,163,695
D17		4,16	4,56	7,844,819,374	27,222,181
E18	<b>Generational Township Family</b> Middle-aged Marginalists Coastal Low-wage Households Informal Country Tenants Breadline Families Modest Township Living	6,55	5,64	17,158,015,072	93,619,173
E19		6,74	5,84	11,836,474,473	66,453,603
E20		7,63	6,93	31,902,786,683	202,931,344
E21		6,55	6,18	11,252,028,592	61,445,895
E22		4,53	4,32	17,286,099,072	65,307,720
E23		3,54	3,79	2,264,894,628	6,686,257
F24	<b>Migrant City Settler</b> Indigent Township Families Single Room Landlords	5,12	4,44	24,485,701,928	104,569,921
F25		7,87	7,03	8,734,666,749	57,296,178
F26		7,62	6,74	24,130,715,801	153,199,315
G27	<b>Sustainable RDP Families</b> Poor RDP Households Impoverished Grant Reliants Penniless Grant Transients	6,70	6,23	10,627,857,328	59,297,178
G28		6,99	6,35	10,329,528,256	60,165,745
G29		5,94	6,12	1,296,293,707	6,421,909
G30		5,65	4,75	1,845,809,876	8,686,846
H31	<b>Eastern Tribal Gap Households</b> Inland Traditional Gap Households Senior Single Traditionalists	6,24	5,54	2,406,694,634	12,524,176
H32		5,60	4,73	9,018,917,284	42,055,749
H33		6,20	4,44	1,428,729,047	7,382,859
I34	<b>Borderline Gap Households</b> Baseline Gap Families Minimum Wage Rural Families	4,52	4,34	13,737,759,667	51,689,768
I35		5,42	5,40	7,354,286,266	33,239,789
I36		7,40	5,91	1,907,299,497	11,763,907