



Extended Monthly Report - October to December 2017

Product Level Analysis & Quartely Trend Review



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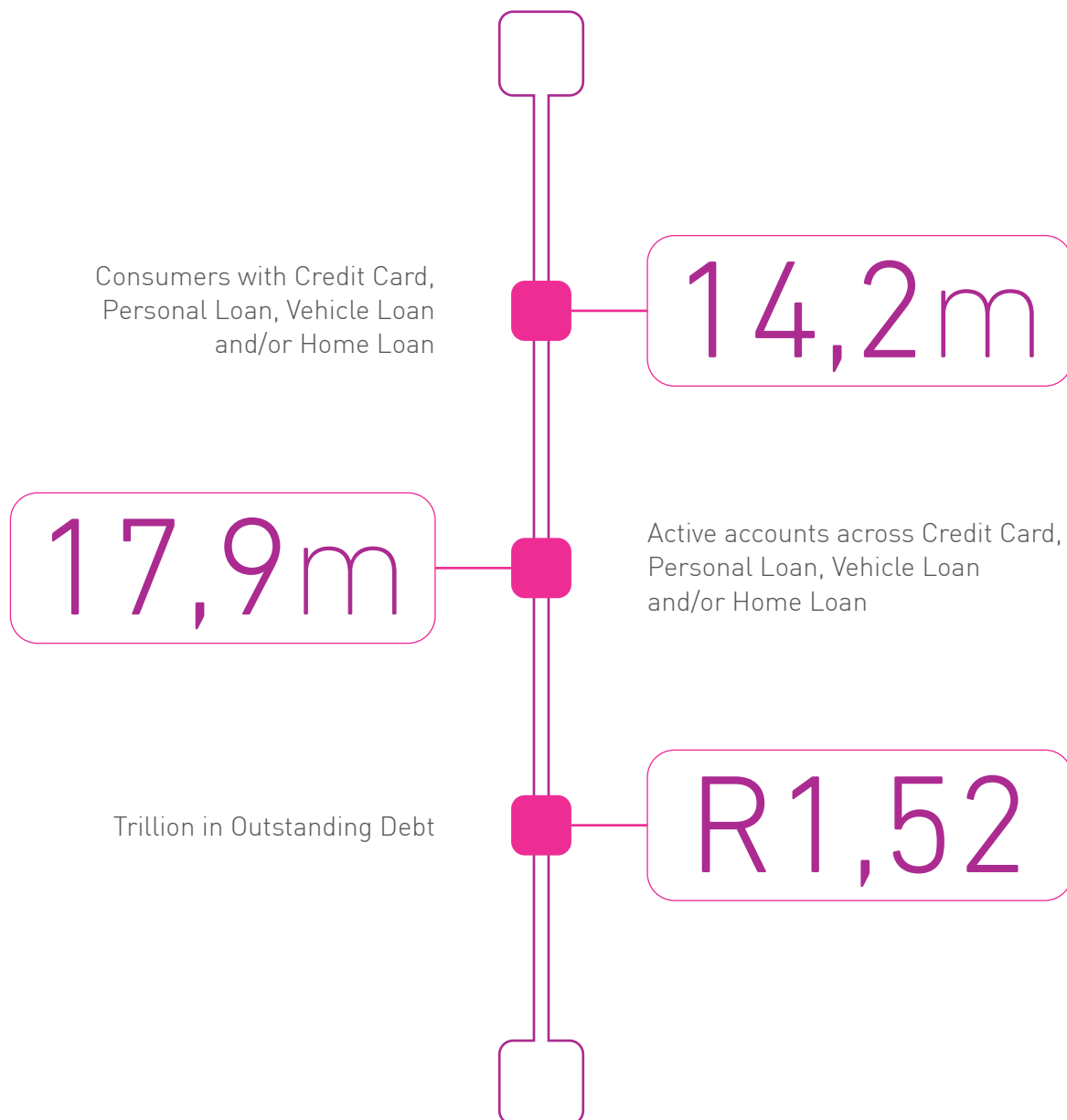
Experian Consumer Default Index (CDI) Overview

What it measures?

The Experian Consumer Default Index (CDI) is designed to measure the rate of first time default 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.

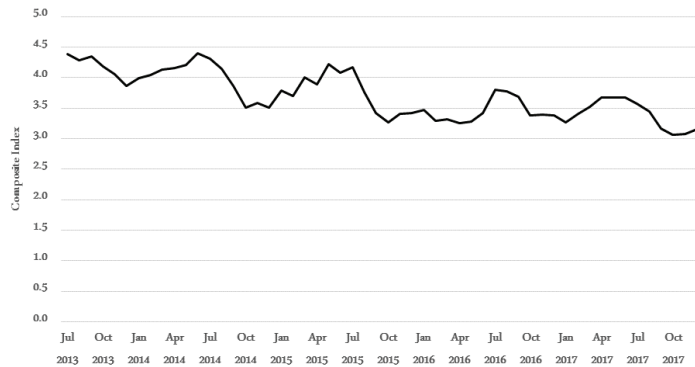
The index measures the sum of first-time (accounts that have never) defaulted balances as a percentage of the total sum of balances outstanding. Published on a monthly basis, with a 2 month lag, the indices include a composite index that measures performance across Home Loan, Vehicle Loan, Credit Card and Personal Loan accounts. In addition, there are also 4 product specific sub-indices. Each 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.



Experian CDI | Composite & Product Level

Experian Consumer Default Index | Composite

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

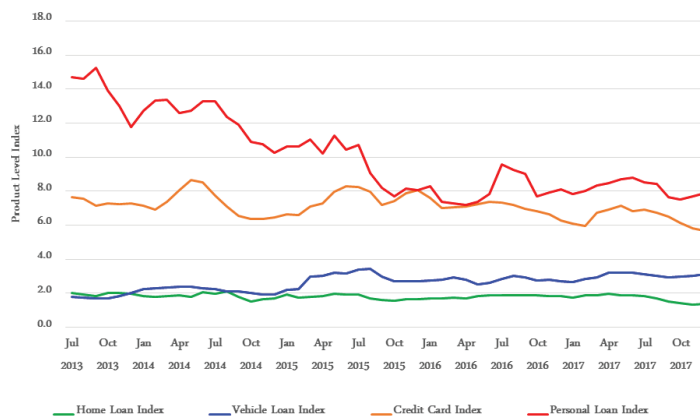


MONTHLY HIGHLIGHTS

Overall index improved from 3.38% in Dec 2016 to 3.15% in Dec 2017.

Experian Consumer Default Index | Product Level

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



MONTHLY HIGHLIGHTS

Improvement in index observed across Personal Loans, Credit Card and Home Loans.

Deterioration observed in Vehicle Finance.

Experian CDI	CDI Dec'17	CDI Dec'16	Average Outstanding Oct'17 - Dec'17	New Default Balances Oct'17 - Dec'17
Composite Index	3,15	3,38	1,544,532,146,409	11,955,224,356
Home Loan Index	1,40	1,83	807,630,445,894	2,756,833,512
Vehicle Loan Index	3,11	2,71	383,545,023,439	2,900,000,449
Credit Card Index	5,69	6,26	108,658,090,419	1,593,021,904
Personal Loan Index	7,90	8,11	244,698,586,657	4,705,368,491

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.

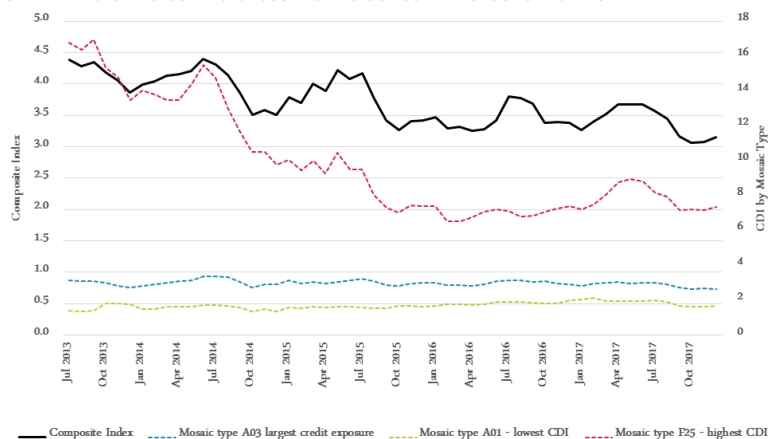
Group	Description	Type	Description
A	Wealth To Do 9,84%	A1	Midlife Cruisers
		A2	Secured Affluence
		A3	Hard-working Money
		A4	Platteland Progressives
		A5	Prosperous Pensioners
B	Up-and-Coming 4,37%	B6	Upwardly Mobile
		B7	Would-be Wealth
		B8	City Convenience
		B9	Student Digs
C	Township Traditionalists 7,56%	C10	Diligent Settlement Households
		C11	Adult Township 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 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 9,28%	F24	Migrant City Settler
		F25	Indigent Township Families
		F26	Single Room Landlords
G	State Dependents 11,46%	G27	Sustainable RDP Families
		G28	Poor RDP Households
		G29	Impoverished Grant Reliants
		G30	Penniless Grant Transients
H	Rural Traditionalists 17,97%	H31	Eastern Tribal Gap Households
		H32	Inland Traditional Gap Households
		H33	Senior Single Traditionalists
I	Outskirts Families 13,24%	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



3,15%

of balances on an annualized basis defaulted for first time over the period Oct to Dec 2017

R11,95bn

in value defaulted for first time over the period Oct to Dec 2017

Experian
CDI

CDI
Dec'17

CDI
Dec'16

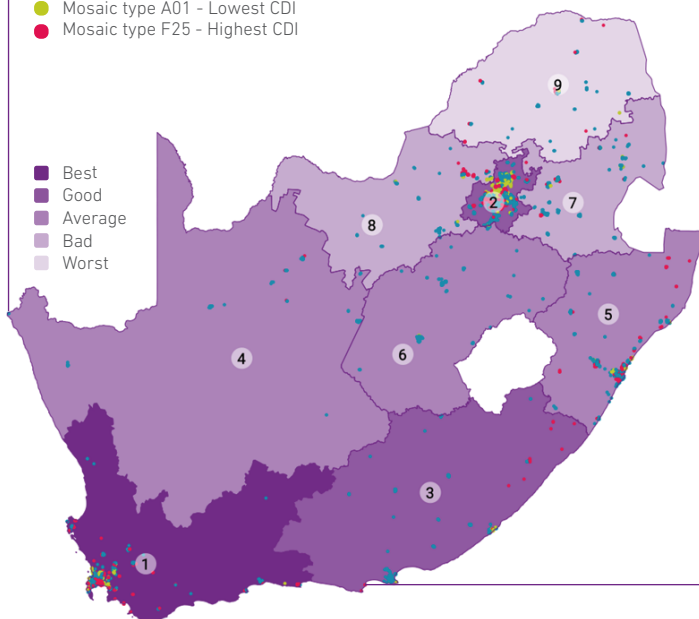
New Default Balances
Oct'17 - Dec'17

Composite Index	3,15	3,38	11,955,224, 356
Mosaic type A03 - Largest credit exposure	2,64	2,91	1,331,174,940
Mosaic type A01 - Lowest CDI	1,70	2,01	487,856,461
Mosaic type F25 - Highest CDI	7,31	7,41	155,875,273

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,23
2. Gauteng	2,94
3. Eastern Cape	3,33
4. Northern Cape	3,34
5. KwaZulu-Natal	3,53
6. Free State	3,67
7. Mpumalanga	3,71
8. North West	3,91
9. Limpopo	3,94

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A01 - 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 an improved CDI of 2.64% in Dec 2017 compared to the 2.91% in Dec 2016.

A01 – Midlife Cruisers

Highly educated wealthy individuals residing on exclusive estates in luxury homes in prime city suburbs recorded the lowest CDI of 1.70% in Dec 2017 which was an improvement on the 2.01% recorded in Dec 2016.

G30 – Penniless Grant Transients

Young single or co habiting couples reliant on social grants and living in one- or two-roomed informal dwellings recorded the best year on year improvement in CDI from 6.54% in Dec 2016 to 4.89% in Dec 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 remained the worst performing segment with a CDI of 7.31% in Dec 2017 compared to the 7.41% recorded in Dec 2016.

I36 – Minimum Wage Rural Families

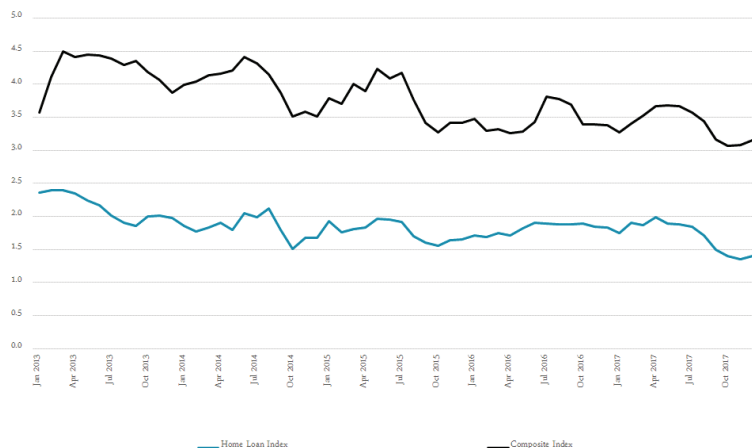
Mixed-age families on minimum wages, living in small informal dwellings in the rural areas of the Northern Cape and the Free State recorded the worst year on year deterioration moving from 5.30% in Dec 2016 to 5.92% in Dec 2017.



Experian Home Loan Consumer Default Index

Experian Home Loans Consumer Default Index

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



1,40%

of home loan balances on an annualized basis defaulted for first time over the period Oct to Dec 2017

R2,75 bn

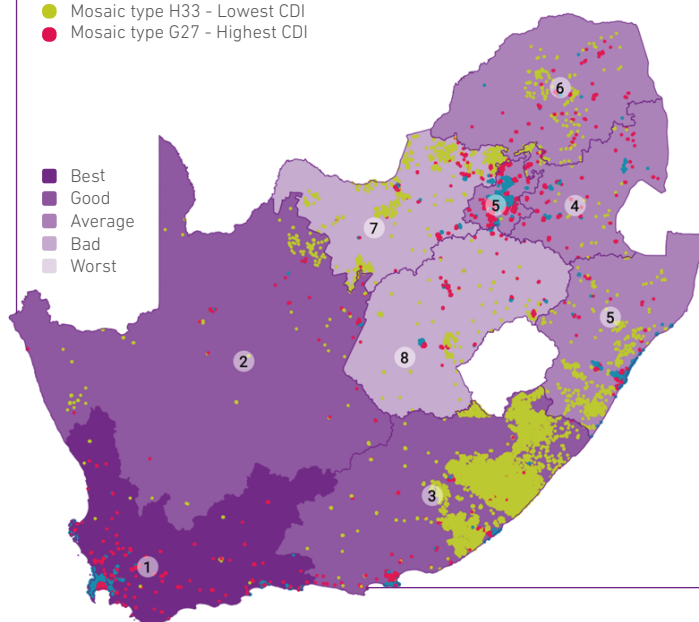
in value defaulted for first time over the period Oct to Dec 2017

	CDI Dec'17	CDI Dec'16	New Default Balances Oct'17 - Dec'17
Home Loan Index	1,40	1,83	2,756,833,512
Mosaic type A02 - Largest credit exposure	1,24	1,39	411,276,878
Mosaic type H33 - Lowest CDI	0,10	2,83	65,838
Mosaic type G27 - Highest CDI	3,01	2,97	17,960,444

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	0,96
2. Northern Cape	1,25
3. Eastern Cape	1,48
4. Mpumalanga	1,48
5. Gauteng	1,50
6. KwaZulu-Natal	1,50
7. Limpopo	1,50
8. North West	1,81
9. Free State	1,96

- Mosaic type A02 - Largest Credit Exposure
- Mosaic type H33 - Lowest CDI
- Mosaic type G27 - Highest CDI



The Home Loan Index was tracking lower in Dec 2017 at 1.40% compared to 1.83% in Dec 2016.

H33 – Senior Single Traditionalists

Single older people living in single rooms in traditional huts in rural areas were the best performing segment with a Home Loan CDI of 0.1% in Dec 2017.

G27 – Sustainable RDP Families

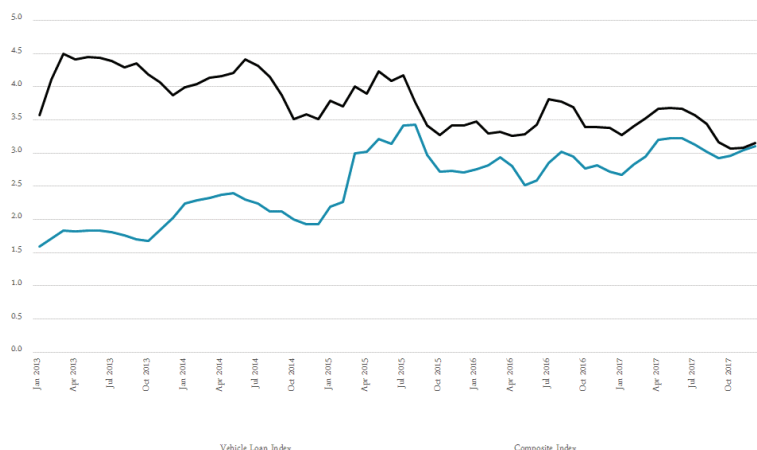
Large low income families living in moderate rent-free or subsidised RDP housing were the worst performing segment with a CDI of 3.01% in Dec 2017.



Experian Vehicle Loan Consumer Default Index

Experian Vehicle Loans Consumer Default Index

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



3,11%

of home loan balances on an annualized basis defaulted for first time over the period Oct to Dec 2017

R2,90bn

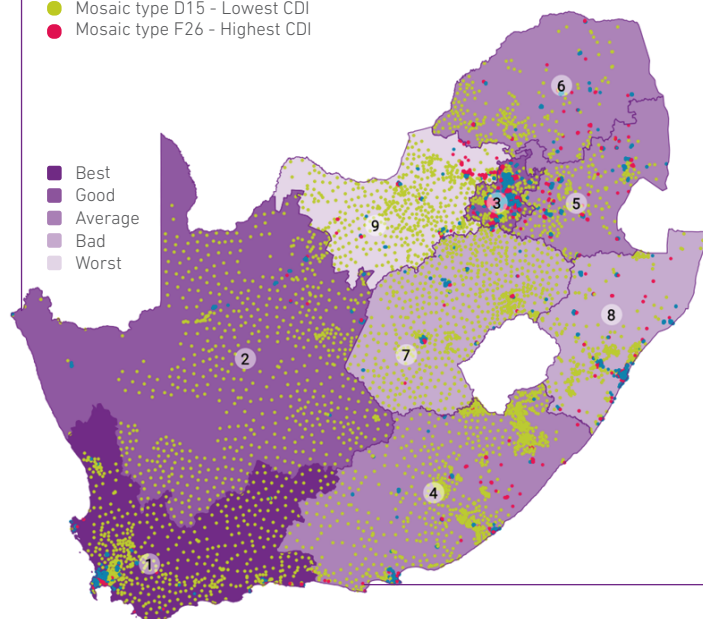
in value defaulted for first time over the period Oct to Dec 2017

	CDI Dec'17	CDI Dec'16	New Default Balances Oct'17 - Dec'17
Vehicle Loan Index	3,11	2,71	2,900,000,449
Mosaic type A03 - Largest credit exposure	2,56	2,26	323,707,679
Mosaic type D15 - Lowest CDI	1,83	2,39	37,636,777
Mosaic type F26 - Highest CDI	5,54	3,70	83,417,599

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,13
2. Northern Cape	2,79
3. Gauteng	3,08
4. Eastern Cape	3,08
5. Mpumalanga	3,15
6. Limpopo	3,20
7. Free State	3,26
8. KwaZulu-Natal	3,44
9. North West	3,56

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type D15 - Lowest CDI
- Mosaic type F26 - Highest CDI



The Vehicle Loan Index was tracking higher in Dec 2017 at 3.11% compared to 2.71% in Dec 2016.

D15 – Farmworking Communities

Self-sufficient farmworker communities made up of couples and families living rent-free in informal sector establishments were the best performing segment with a Vehicle Loan CDI of 1.83% 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 Vehicle Loan debt and recorded a higher CDI of 2.56% in Dec 2017 compared to the 2.26% in Dec 2016.

F26 – Single Room Landlords

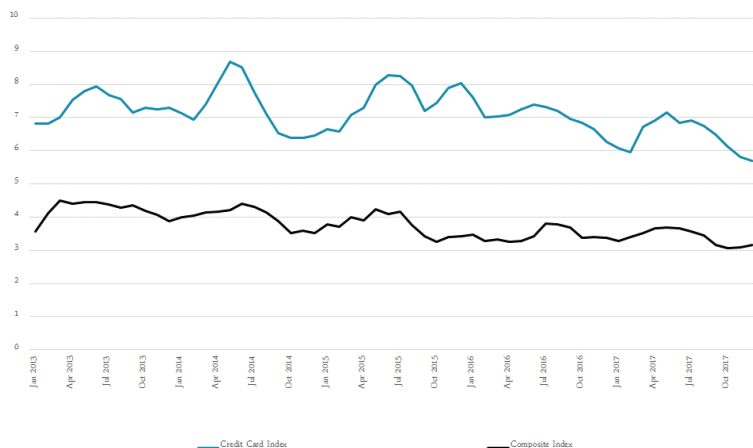
Young, employed landlords renting out single rooms in highly-populated areas recorded the worst Vehicle Loan CDI of 5.54% in Dec 2017 which was significantly worse than the 3.70% recorded in Dec 2016.



Experian Credit Card Consumer Default Index

Experian Credit Cards Consumer Default Index

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



5,69%

of home loan balances on an annualized basis defaulted for first time over the period Oct to Dec 2017

R1,59bn

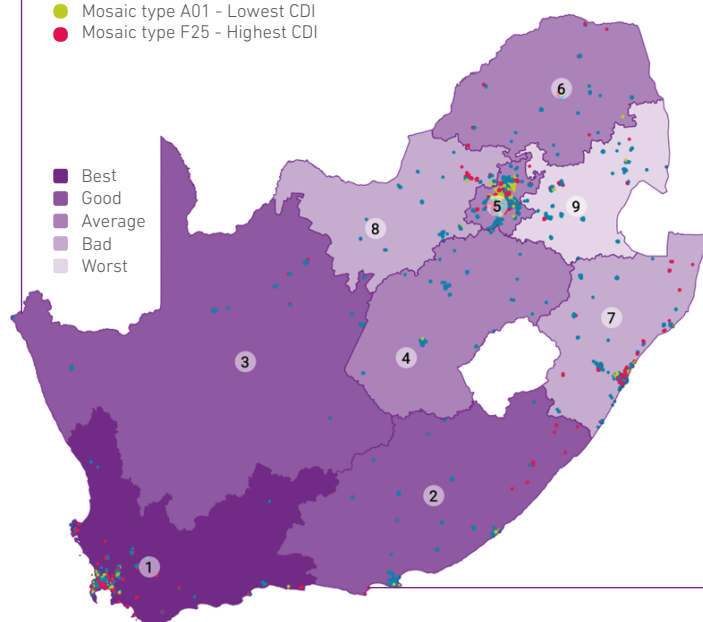
in value defaulted for first time over the period Oct to Dec 2017

	CDI Dec'17	CDI Dec'16	New Default Balances Oct'17 - Dec'17
Credit Card Index	5,69	6,26	1,593,021,904
Mosaic type A03 - Largest credit exposure	5,32	6,04	197,603,248
Mosaic type A01 - Lowest CDI	3,66	4,40	61,969,312
Mosaic type F25 - Highest CDI	10,07	10,67	15,959,142

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	4,82
2. Eastern Cape	5,38
3. Northern Cape	5,40
4. Free State	5,55
5. Gauteng	5,61
6. Limpopo	5,98
7. KwaZulu-Natal	6,09
8. North West	6,34
9. Mpumalanga	6,43

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A01 - Lowest CDI
- Mosaic type F25 - Highest CDI



The Credit Card index improved from 6.26% in Dec 2016 to 5.69% in Dec 2017.

A01 – Midlife Cruisers

Highly educated wealthy individuals residing on exclusive estates in luxury homes in prime city suburbs recorded the lowest CDI of 3.66% in Dec 2017 which was an improvement on the 4.40% recorded in Dec 2016.

F25 – Indigent Township Families

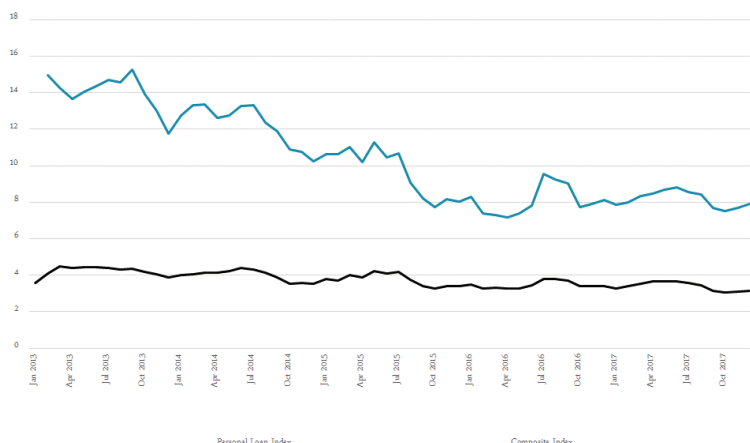
Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas were the worst performing segment with a Credit Card CDI of 10.07% in Dec 2017.



Experian Personal Loan Consumer Default Index

Experian Personal Loans Consumer Default Index

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



7,90%

of home loan balances on an annualized basis defaulted for first time over the period Oct to Dec 2017

R4,70bn

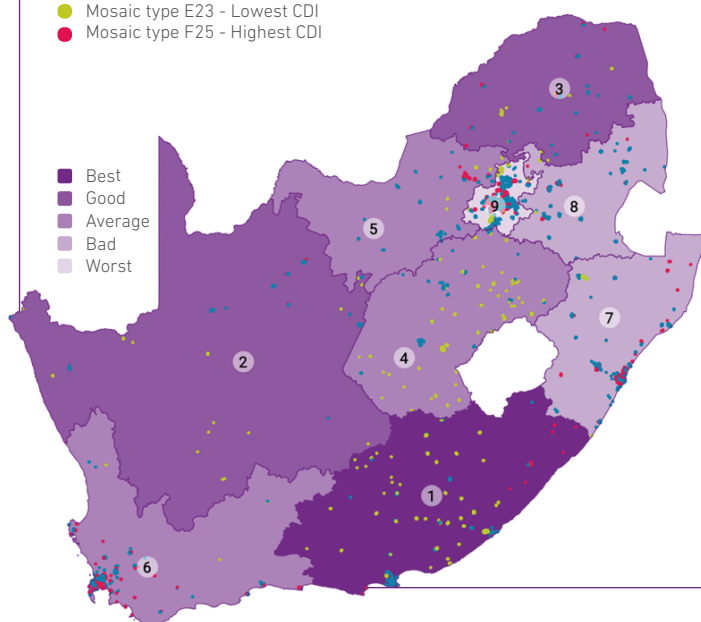
in value defaulted for first time over the period Oct to Dec 2017

	CDI Dec'17	CDI Dec'16	New Default Balances Oct'17 - Dec'17
Personal Loan Index	7,90	8,11	4,705,368,491
Mosaic type A03 - Largest credit exposure	6,77	6,78	346,021,606
Mosaic type E23 - Lowest CDI	4,68	4,39	8,573,819
Mosaic type F25 - Highest CDI	10,93	10,73	104,023,761

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Eastern Cape	6,61
2. Northern Cape	6,73
3. Limpopo	6,81
4. Free State	7,03
5. North West	7,37
6. Western Cape	7,71
7. KwaZulu-Natal	7,79
8. Mpumalanga	7,90
9. Gauteng	8,37

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



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.

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 4.68% in Dec 2017 which was an deterioration on the 4.39% recorded in Dec 2016.

F25 - Indigent Township Families

Similar to observations as worst performing segment under the Composite and Credit Card CDI, this segment recorded a Personal Loan CDI of 10.93% which represents a significant deterioration on the 10.73% recorded in Dec 2016.



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
		Dec'17	Dec'16	Oct'17 - Dec'17	Oct'17 - Dec'17
A1 A2 A3 A4 A5	Midlife Cruisers	1,70	2,01	114,812,239,938	162,618,820
	Secured Affluence	1,89	1,96	190,347,744,928	299,137,848
	Hard-working Money	2,64	2,91	201,460,380,606	443,724,980
	Platteland Progressive	2,71	2,80	73,397,968,963	165,748,818
	Prosperous Pensioners	2,44	2,12	25,869,383,054	52,650,550
B6 B7 B8 B9	Upwardly Mobile	2,09	2,09	119,834,596,165	208,249,032
	Would-be Wealth	3,11	3,76	58,015,212,312	150,153,183
	City Convenience	2,04	2,16	96,392,988,867	163,674,858
	Student Digs	3,02	3,20	15,274,644,718	38,461,315
C10 C11 C12	Diligent Settlement Households	3,45	4,21	67,666,590,080	194,386,524
	Adult Township Families	4,12	4,63	26,468,540,521	90,955,170
	Elderly-headed Homes	3,53	3,72	48,298,357,476	142,131,375
D13 D14 D15 D16 D17	In the Family	3,62	4,20	103,912,596,272	313,698,203
	Manufactory Middle Class	4,91	5,51	34,912,961,960	142,874,234
	Farmworking Communities	2,57	2,78	25,842,402,763	55,445,084
	Senior Migrant Farmhands	3,16	3,85	2,982,742,941	7,855,665
	Migratory Hard Labour	4,03	4,12	8,298,611,773	27,893,294
E18 E19 E20 E21 E22 E23	Generational Township Family	5,55	6,03	17,044,321,591	78,782,507
	Middle-aged Marginalists	5,87	6,52	12,390,868,700	60,605,069
	Coastal Low-wage Households	7,00	7,48	29,463,862,924	171,842,246
	Informal Country Tenants	6,18	6,75	10,692,626,781	55,056,590
	Breadline Families	4,25	5,00	18,777,066,162	66,425,629
	Modest Township Living	3,14	3,41	2,536,971,666	6,639,625
F24 F25 F26	Migrant City Settler	4,01	4,50	25,528,222,559	85,232,291
	Indigent Township Families	7,31	7,41	8,533,743,213	51,958,424
	Single Room Landlords	6,67	6,65	24,020,464,923	133,468,065
G27 G28 G29 G30	Sustainable RDP Families	6,58	6,37	11,398,996,642	62,476,894
	Poor RDP Households	6,40	6,44	10,822,039,567	57,728,640
	Impoverished Grant Reliants	4,42	5,48	1,355,140,909	4,993,222
	Penniless Grant Transients	4,89	6,54	1,929,776,342	7,868,860
H31 H32 H33	Eastern Tribal Gap Households	6,19	5,74	2,308,435,851	11,903,550
	Inland Traditional Gap Households	4,87	5,44	8,240,959,328	33,445,143
	Senior Single Traditionalists	3,96	4,92	1,486,143,724	4,905,689
I34 I35 I36	Borderline Gap Households	4,35	4,71	13,581,312,524	49,210,619
	Baseline Gap Families	4,45	5,08	6,467,104,483	23,974,243
	Minimum Wage Rural Families	5,92	5,30	2,148,203,570	10,606,577