



Experian Consumer Credit Default Index

Monthly Update - **January 2018**



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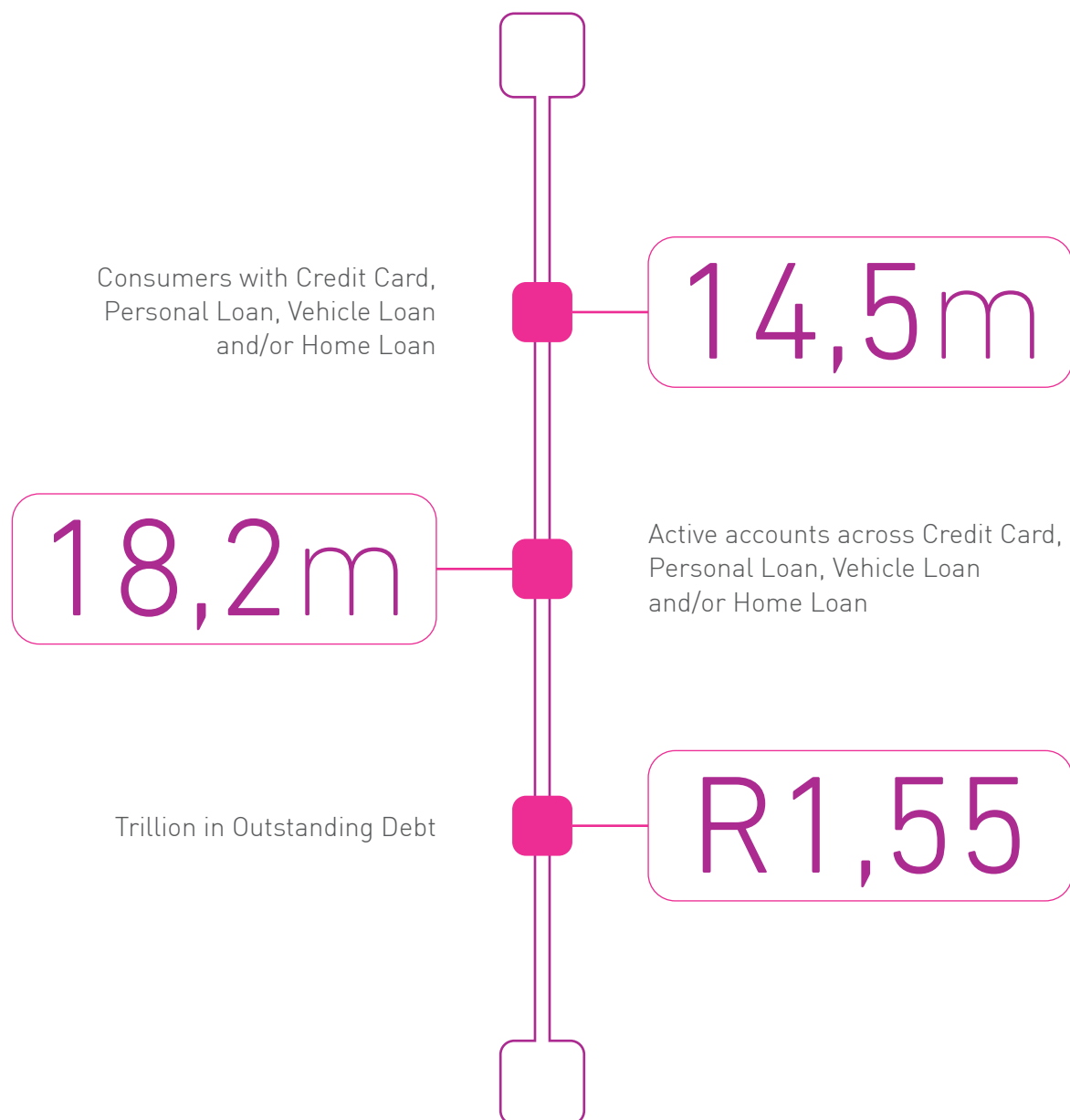
Experian Consumer Default Index (CDI) Overview

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.

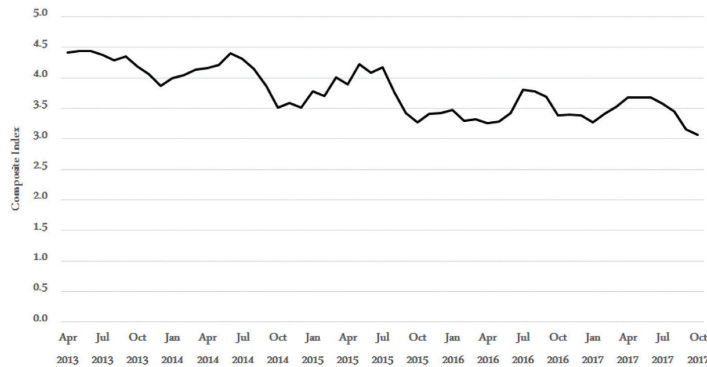
The index measures the sum of first-time (accounts that have never) defaulted balances as a percentage of the total sum of balances outstanding. Published on a monthly basis, with a 2 month lag, the indices include a composite index that measures performance across Home Loan, Vehicle Loan, Credit Card 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

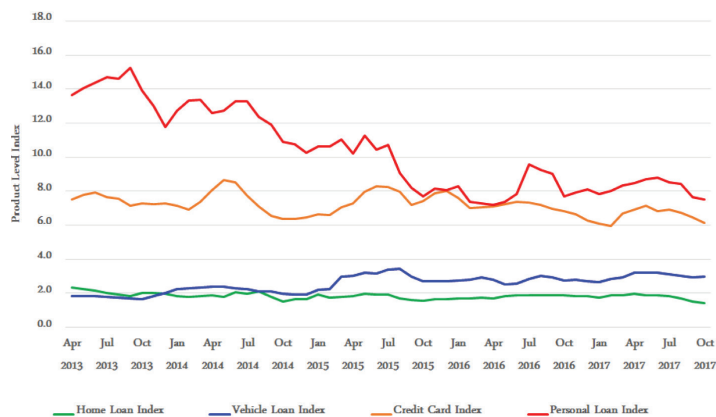


MONTHLY HIGHLIGHTS

Overall index improved from 3.39% in Oct 2016 to 3.07% in Oct 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, Home Loans and Vehicle Finance.

Experian CDI	CDI Oct'17	CDI Oct'16	Average Outstanding Aug'17 - Oct'17	New Default Balances Aug'17 - Oct'17
Composite Index	3,07	3,39	1,551,097,877,104	11,906,004,465
Home Loan Index	1,41	1,89	821,346,145,149	2,889,051,396
Vehicle Loan Index	2,96	2,77	377,996,933,632	2,801,122,202
Credit Card Index	6,12	6,83	109,160,550,535	1,671,085,832
Personal Loan Index	7,49	7,72	242,594,247,789	4,544,745,035

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.

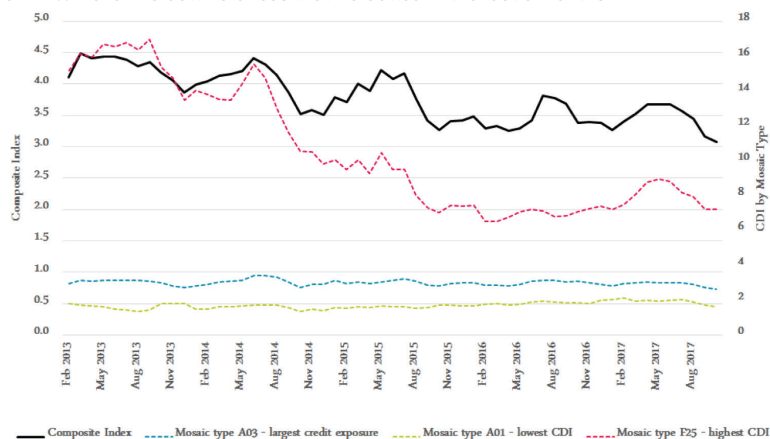
All of the indices are also determined at Mosaic segmentation level to provide further insight into the dynamics faced by specific consumer segments that are experiencing different stress due to macro forces such as unemployment, interest rate changes and economic growth.

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



3,07%

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

R11,91bn

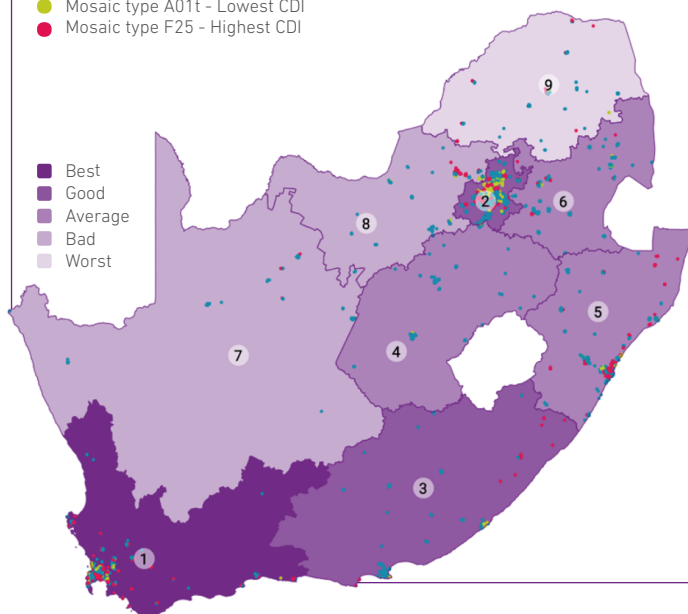
in value defaulted for first time over the period Aug to Oct 2017

Experian CDI	CDI Oct'17	CDI Oct'16	New Default Balances Aug'17 - Oct'17
Composite Index	3,07	3,39	11,906,004,465
Mosaic type A03 - Largest credit exposure	2,65	3,08	1,347,817,523
Mosaic type A02 - Lowest CDI	1,64	1,83	479,918,308
Mosaic type F25 - Highest CDI	7,22	7,08	150,392,596

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,22
2. Gauteng	2,87
3. Eastern Cape	3,20
4. Free State	3,32
5. KwaZulu-Natal	3,33
6. Mpumalanga	3,66
7. Northern Cape	3,67
8. Limpopo	3,86
9. North West	3,90

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A01t - 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 2.65% in Oct 2017 compared to the 3.08% in Oct 2016.

A01 – Midlife Cruisers

Highly educated wealthy individuals residing on exclusive estates in luxury homes in prime city suburbs recorded the lowest CDI of 1.64% in Oct 2017 which was an improvement on the 1.83% recorded in Oct 2016.

D15 – Farmworking Communities

Self-sufficient farmworker communities made up of couples and families living rent-free in informal sector establishments recorded the best year-on-year improvement in CDI from 3.17% in Oct 2016 to 2.38% in Oct 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 7.22% in Oct 2017 compared to the 7.08% recorded in Oct 2016.

G29 – Impoverished Grant Reliants

Families with children relying on government grants and living rent-free in informal dwellings in residential areas recorded the worst year-on-year deterioration moving from 5.36% in Oct 2016 to 6.19% in Oct 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
		Oct'17	Oct'16	Aug'17 - Oct'17	Aug'17 - Oct'17
A1 A2 A3 A4 A5	Midlife Cruisers Secured Affluence Hard-working Money Platteland Progressive Prosperous Pensioners	1.64	1.83	117,223,666,811	159,972,769
		1.68	1.96	194,302,458,064	271,518,846
		2.65	3.08	203,615,803,310	449,272,508
		2.59	2.90	74,316,438,100	160,493,402
		2.39	2.22	26,356,199,937	52,410,783
B6 B7 B8 B9	Upwardly Mobile Would-be Wealth City Convenience Student Digs	2.09	2.26	120,409,472,427	209,495,857
		3.09	3.82	57,881,493,625	149,257,092
		1.89	2.16	97,276,912,814	153,098,517
		2.96	3.60	15,223,671,255	37,529,469
C10 C11 C12	Diligent Settlement Households Adult Township Families Elderly-headed Homes	3.50	4.16	67,727,731,441	197,498,443
		4.08	4.67	26,442,393,208	89,923,750
		3.55	3.73	48,230,281,213	142,590,115
D13 D14 D15 D16 D17	In the Family Manufactory Middle Class Farmworking Communities Senior Migrant Farmhands Migratory Hard Labour	3.56	4.31	103,924,584,363	308,517,693
		4.77	5.32	34,834,526,566	138,603,355
		2.38	3.17	26,398,191,941	52,280,834
		3.59	3.48	2,988,104,326	8,948,784
		4.30	4.34	8,319,759,675	29,795,029
E18 E19 E20 E21 E22 E23	Generational Township Family Middle-aged Marginalists Coastal Low-wage Households Informal Country Tenants Breadline Families Modest Township Living	5.43	5.86	16,812,311,185	76,134,970
		5.91	6.07	12,220,448,872	60,150,172
		6.92	7.26	28,887,195,709	166,588,641
		6.17	6.50	10,572,110,924	54,393,384
		4.28	4.91	18,961,396,782	67,553,703
		3.35	3.89	2,633,356,654	7,359,683
F24 F25 F26	Migrant City Settler Indigent Township Families Single Room Landlords	3.98	4.57	25,410,134,252	84,331,416
		7.22	7.08	8,327,828,189	50,130,865
		6.47	6.65	23,607,281,712	127,334,544
G27 G28 G29 G30	Sustainable RDP Families Poor RDP Households Impoverished Grant Reliants Penniless Grant Transients	6.38	5.96	11,338,713,405	60,277,841
		6.13	6.22	10,704,475,033	54,678,778
		6.19	5.36	1,349,549,468	6,965,311
		4.68	5.71	1,911,944,622	7,463,808
H31 H32 H33	Eastern Tribal Gap Households Inland Traditional Gap Households Senior Single Traditionalists	5.55	5.59	2,288,171,034	10,588,092
		4.77	5.43	8,142,244,663	32,353,260
		4.10	5.15	1,500,964,731	5,123,361
I34 I35 I36	Borderline Gap Households Baseline Gap Families Minimum Wage Rural Families	4.27	4.54	13,604,201,393	48,409,731
		4.73	4.66	6,355,882,227	25,040,378
		5.05	5.41	2,173,023,492	9,139,199