



Experian Consumer Credit Default Index

November 2017



Index

Page 1 Experian Consumer Default Index Overview | What is measures?

Page 2 Experian Composite Consumer Default Index

Page 3 Mosaic Segmentation | What is Mosaic?

Page 4 Experian Composite Consumer Default Index | Mosaic Segmentation

- Largest Credit Exposure by Segmentation group
- Lowest CDI by Segmentation group
- Highest CDI by Segmentation group

Page 5 Experian Home Loan Consumer Default Index

Page 6 Experian Vehicle Loan Consumer Default Index

Page 7 Experian Credit Card Consumer Default Index

Page 8 Experian Personal Loan Consumer Default Index

Page 9 Appendix | How is the CDI calculated?

Page 10 Appendix | Experian CDI readings for each Mosaic segmentation type

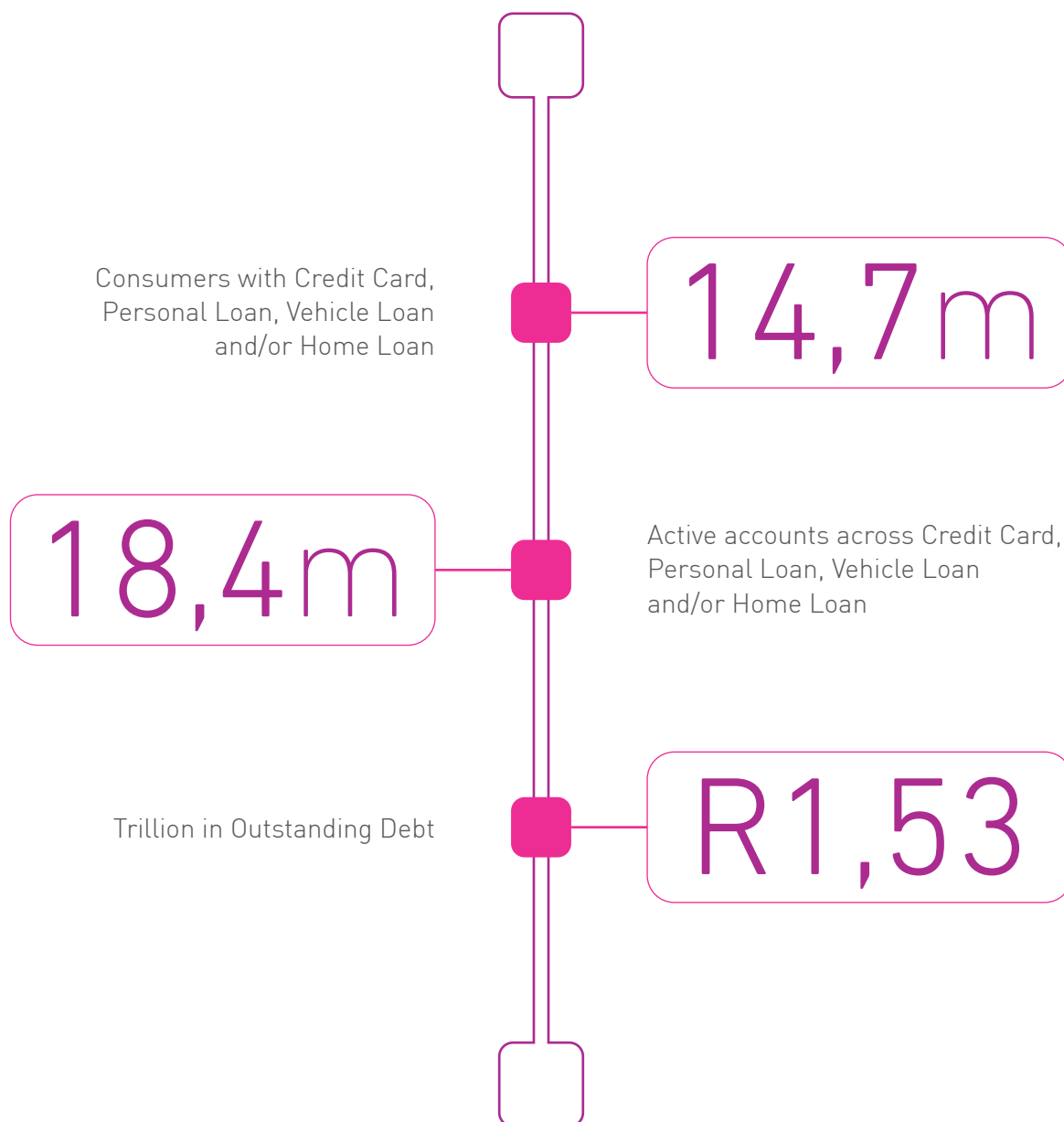
Experian Consumer Default Index Overview

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.

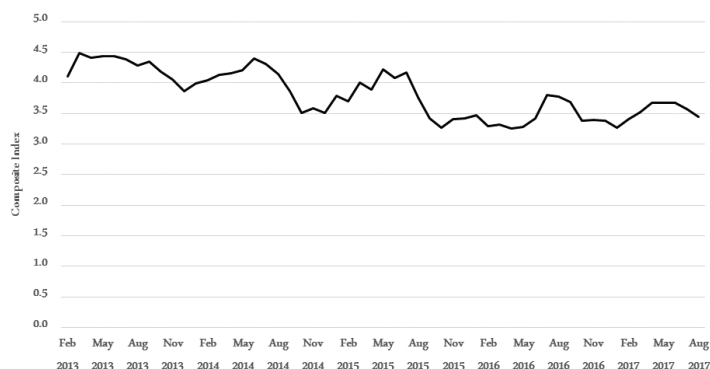
On a monthly basis, lenders typically classify their consumer accounts into one of several predetermined payment categories to reflect the level of arrears. When a lender deems the statement balance of a consumer account to be uncollectible due to it being in arrears 90 or more days or statuses such 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 Composite Consumer Default Index

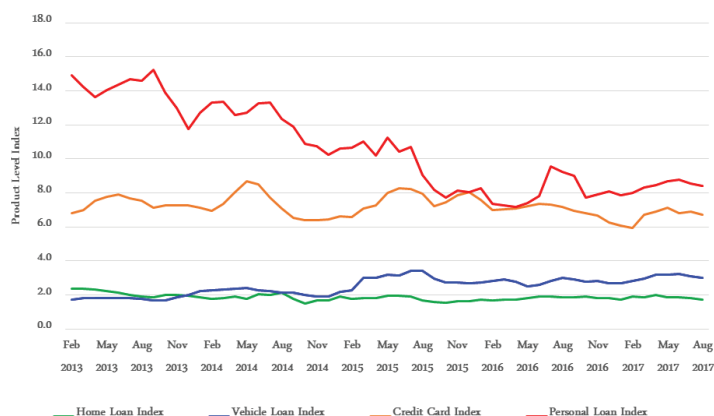
Experian Consumer Default Index | Composite & Product level CDI = % Never Default Balances that Defaulted in the last 3 Months



MONTHLY HIGHLIGHTS

Overall index improved from
3.78% in Aug 2016 to 3.44% in Aug 2017.

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



Improvement in index observed in Personal Loans, Credit Card and Home Loans, while Vehicle Finance index is flat year on year.

Improvements attributable to continued tightened lending environment as well as inflationary pressure relief and declining interest rates for consumers

	CDI Aug'17	CDI Aug'16	Average Outstanding Jun'17 - Aug'17	New Default Balances Jun'17 - Aug'17
Composite Index	3,44	3,78	1,526,163,299,043	13,136,144,531
Home Loan Index	1,72	1,89	807,210,974,092	3,464,405,760
Vehicle Loan Index	3,02	3,02	372,235,348,728	2,814,607,331
Credit Card Index	6,75	7,20	105,085,269,656	1,772,219,410
Personal Loan Index	8,42	9,27	241,631,706,566	5,084,912,030

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.

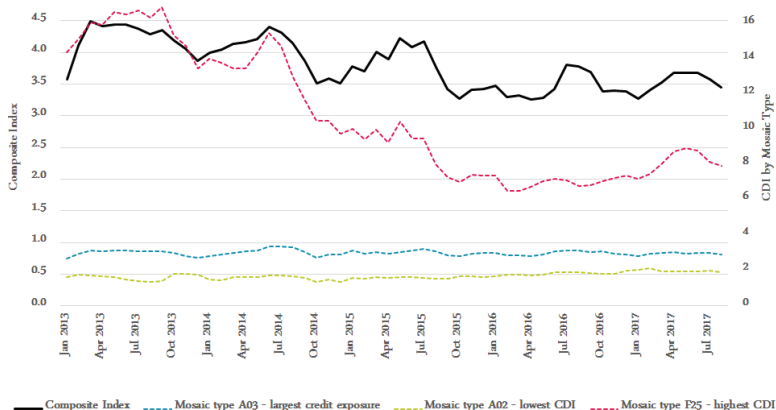
Group	Description	Type	Description
A	Wealth To Do 9,84%	A1	Midlife Cruisers
		A2	Secured Affluence
		A3	Hard-working Money
		A4	Platteland Progressives
		A5	Prosperous Pensioners
B	Up-and-Coming 4,37%	B6	Upwardly Mobile
		B7	Would-be Wealth
		B8	City Convenience
		B9	Student Digs
C	Township Traditionalists 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 Composite Consumer Default Index

Experian Composite Consumer Default Index | Mosaic Segmentation

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



3,44%

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

R13,13bn

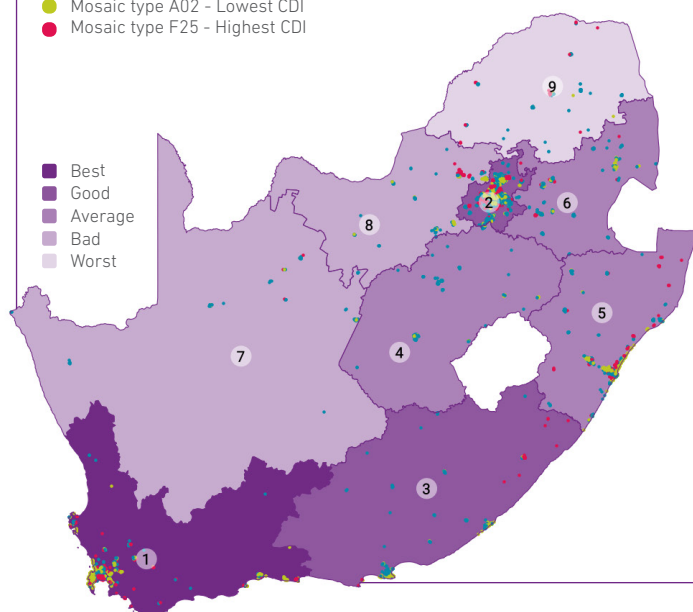
in value defaulted for first time over the period Jun to Aug 2017

	CDI Aug'17	CDI Aug'16	New Default Balances Jun'17 - Aug'17
Composite Index	3,44	3,78	13,136,144,531
Mosaic type A03 - Largest credit exposure	2,91	3,14	1,481,124,861
Mosaic type A02 - Lowest CDI	1,92	1,98	909,036,559
Mosaic type F25 - Highest CDI	7,93	6,81	161,425,161

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,52
2. Gauteng	3,21
3. Eastern Cape	3,55
4. Free State	3,63
5. KwaZulu-Natal	3,82
6. Mpumalanga	4,10
7. Northern Cape	4,22
8. North West	4,26
9. Limpopo	4,38

- 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 an improved CDI of 2.91% in Aug 2017 compared to the 3.14% in Aug 2016.

A02 – Secured Affluence

Mature, well educated, wealthy couples living in free-standing high-value established homes in city suburbs recorded the lowest CDI of 1.92% in Aug 2017 which was an improvement on the 1.98% recorded in Aug 2016.

B07 – Would-be Wealth

Young aspirational families living in good homes in up-and-coming areas, and the first to have such opportunities and living spaces recorded the best year-on-year improvement in their CDI from 6.20% in Aug 2016 to 3.98% in Aug 2017.

F25 - Indigent Township Families

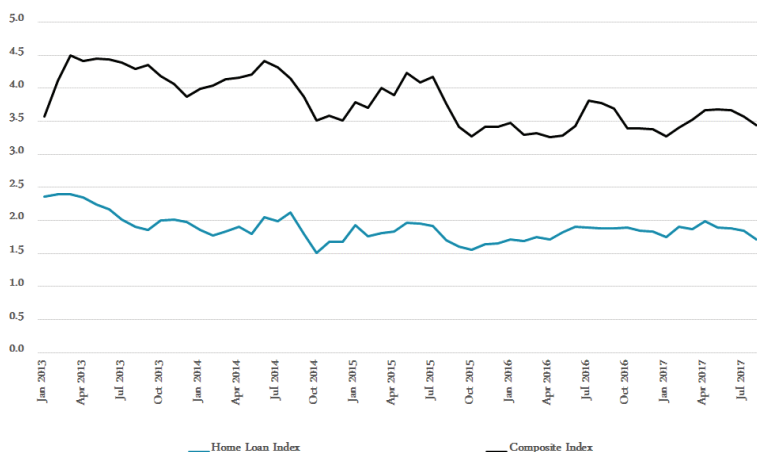
Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas remained the worst performing segment, recording the worst year-on-year deterioration with a CDI of 7.93% in Aug 2017 compared to the 6.81% recorded in Aug 2016.



Experian Home Loan Consumer Default Index

Experian Home Loans Consumer Default Index

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



1,72%

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

R3,46bn

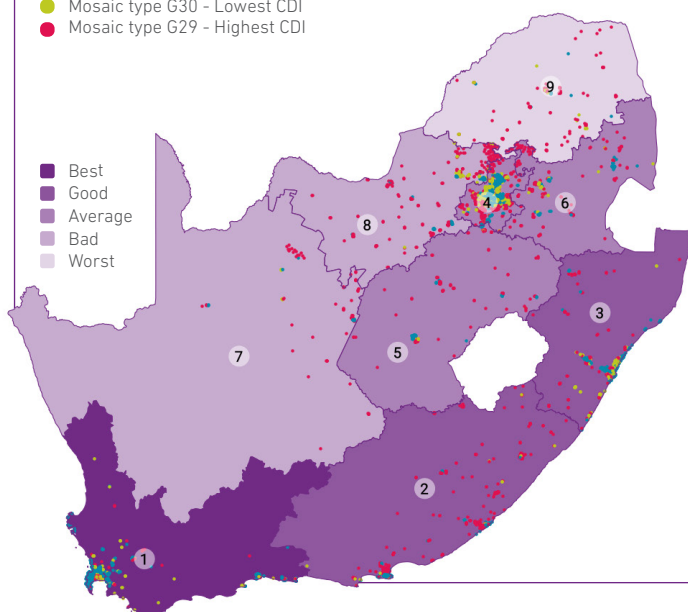
in value defaulted for first time over the period Jun to Aug 2017

	CDI Aug'17	CDI Aug'16	New Default Balances Jun'17 - Aug'17
Home Loan Index	1,72	1,89	3,464,405,760
Mosaic type A02 - Largest credit exposure	1,30	1,41	430,732,084
Mosaic type G30 - Lowest CDI	0,74	0,96	1,320,190
Mosaic type G29 - Highest CDI	3,40	2,41	3,432,571

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	1,32
2. Eastern Cape	1,64
3. KwaZulu-Natal	1,71
4. Gauteng	1,77
5. Free State	1,90
6. Mpumalanga	2,02
7. Northern Cape	2,18
8. North West	2,19
9. Limpopo	2,19

- Mosaic type A02 - Largest Credit Exposure
- Mosaic type G30 - Lowest CDI
- Mosaic type G29 - Highest CDI



The Home Loan Index was tracking lower in Aug 2017 at 1.72% compared to 1.89% in Aug 2016.

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 CDI of 3.40% in Aug 2017. This segment represents 2.27% of the total SA population, with 1.64% earning more than R150k per year and only 1.66% having qualifications beyond matric.

A02 – Secured Affluence

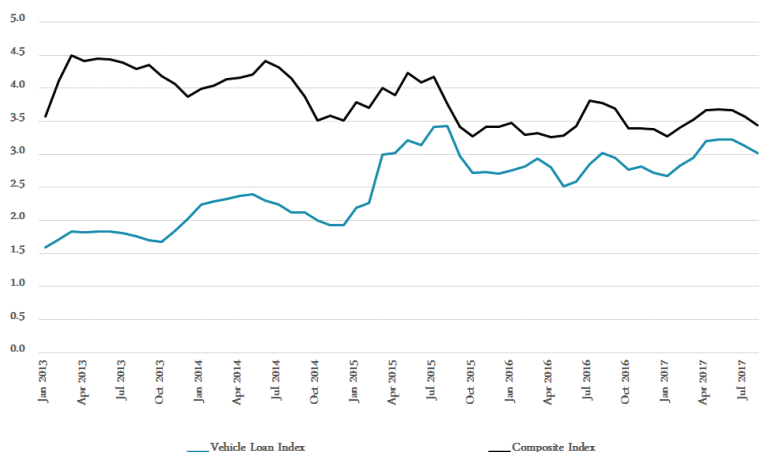
This segment typically is well educated (more than 40% educated beyond grade 12) which translates into sufficient earning capacity (more than 45% earning more than R300k per annum) and thus have the largest exposure within the home loan market. It is due to the improvement in Home Loan index for this segment from 1.41% in Aug 2016 to 1.30% in Aug 2017 that supported the improvement in the Home Loan CDI.



Experian Vehicle Loan Consumer Default Index

Experian Vehicle Loans Consumer Default Index

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



3,02%

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

R2,81bn

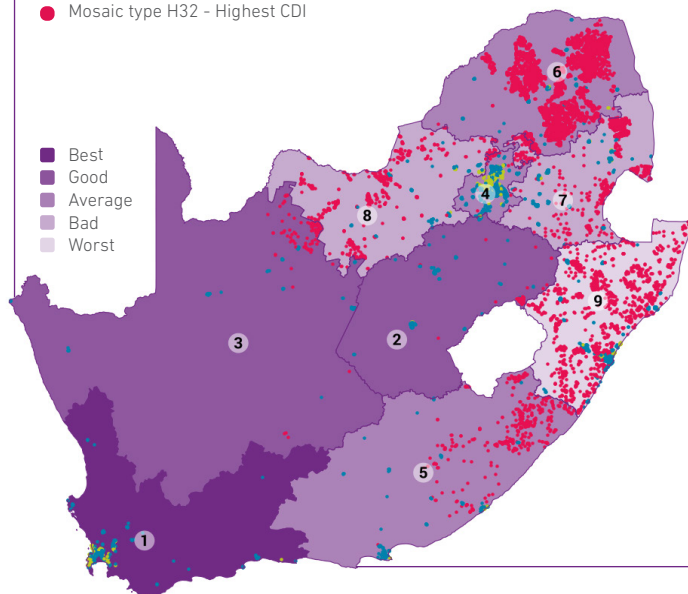
in value defaulted for first time over the period Jun to Aug 2017

	CDI Aug'17	CDI Aug'16	New Default Balances Jun'17 - Aug'17
Vehicle Loan Index	3,02	3,02	2,814,607,331
Mosaic type A03 - Largest credit exposure	2,50	2,93	314,683,571
Mosaic type A01 - Lowest CDI	1,93	2,15	112,662,065
Mosaic type H32 - Highest CDI	5,75	5,13	39,732,216

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	2,06
2. Free State	2,78
3. Northern Cape	2,98
4. Gauteng	2,98
5. Eastern Cape	3,01
6. Limpopo	3,36
7. Mpumalanga	3,40
8. North west	3,49
9. KwaZulu-Natal	3,54

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type A01 - Lowest CDI
- Mosaic type H32 - Highest CDI



The Vehicle Loan Index was tracking flat year-on-year recording 3.02% Aug 2016 and Aug 2017.

H31 – Inland Traditional Gap Households

Households of 5–7 people headed by grandparents, with minimal resources on rural farms and limited contact with immediate parents recorded the highest Vehicle Loan index of 5.75% in Aug 2017. This segment represents 6.88% of the SA population, with limited to no access to education, technology and internet.

A01 – Midlife Cruisers

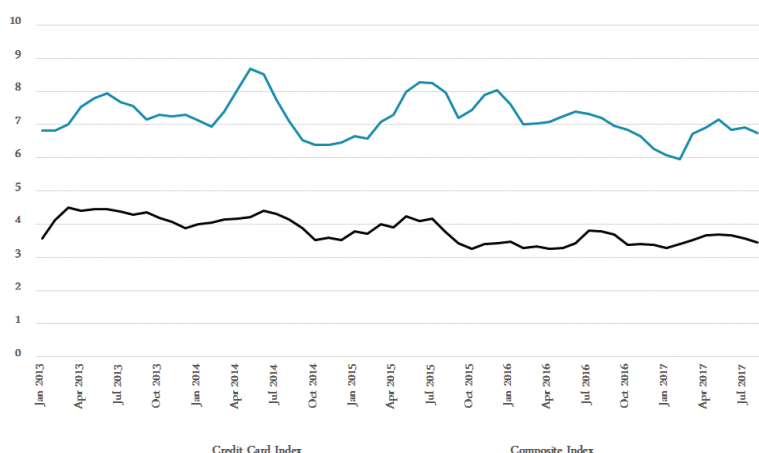
At the other end of the scale, highly educated wealthy individuals residing on exclusive estates in luxury homes in prime city suburbs recorded the lowest Vehicle Loan index of 1.93% in Aug 2017, which was an improvement on the 2.15% observed for Aug 2016.



Experian Credit Card Consumer Default Index

Experian Credit Cards Consumer Default Index

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



6,75%

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

R1,77bn

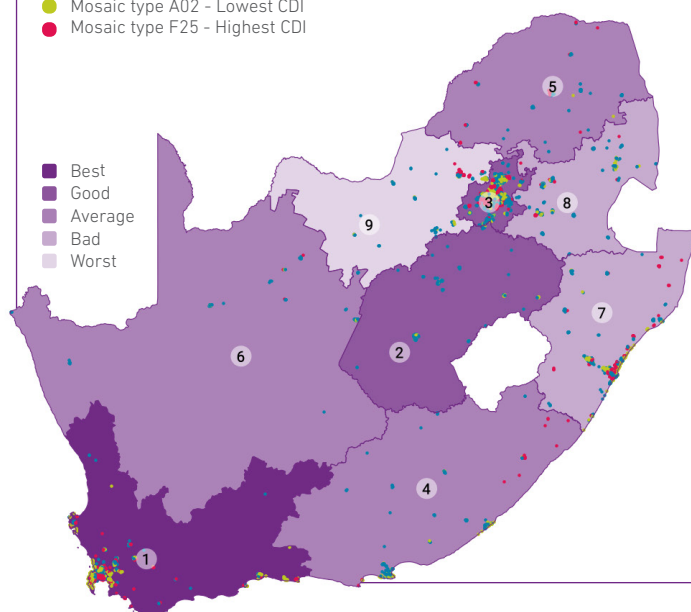
in value defaulted for first time over the period Jun to Aug 2017

	CDI Aug'17	CDI Aug'16	New Default Balances Jun'17 - Aug'17
Credit Card Index	6,75	7,20	1,772,219,410
Mosaic type A03 - Largest credit exposure	6,23	6,85	227,644,990
Mosaic type A02 - Lowest CDI	4,57	4,51	146,454,685
Mosaic type F25 - Highest CDI	11,87	13,08	18,905,688

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Western Cape	5,51
2. Free State	6,54
3. Gauteng	6,68
4. Eastern Cape	6,81
5. Limpopo	6,96
6. Northern Cape	7,18
7. KwaZulu-Natal	7,28
8. Mpumalanga	7,73
9. North West	7,88

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



The Credit Card index continued the improvement observed in Jul 2017 with first time default rate reducing from 7.20% in Aug 2016 to 6.75% in Aug 2017.

A02 – Secured Affluence

Being the segment with the lowest overall composite index, and contributing most to the improvement observed on Home Loans CDI, this segment recorded the lowest rate of first time default for Credit Cards. Despite recording the lowest rate, the rate was higher year-on-year at 4.57% in Aug 2017.

F25 – Indigent Township Families

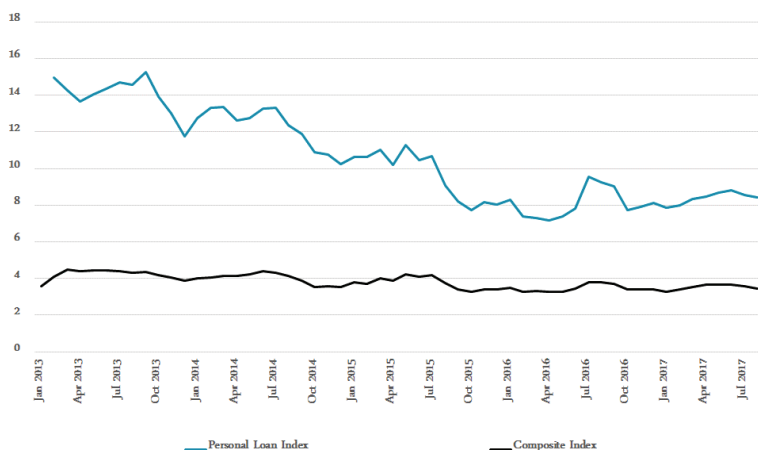
Very low income, mostly unemployed, young families living in small properties or in a room of shared-housing in densely populated areas were the worst performing segment with a CDI of 11.87% in Aug 2016. Though this segment had improved significantly on the 13.08 in Aug 2016, the deterioration on Credit Cards represents the worst recorded CDI across products and segments – even deteriorating at higher levels than observed on Personal Loans.



Experian Personal Loan Consumer Default Index

Experian Personal Loans Consumer Default Index

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



8,42%

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

R5,08bn

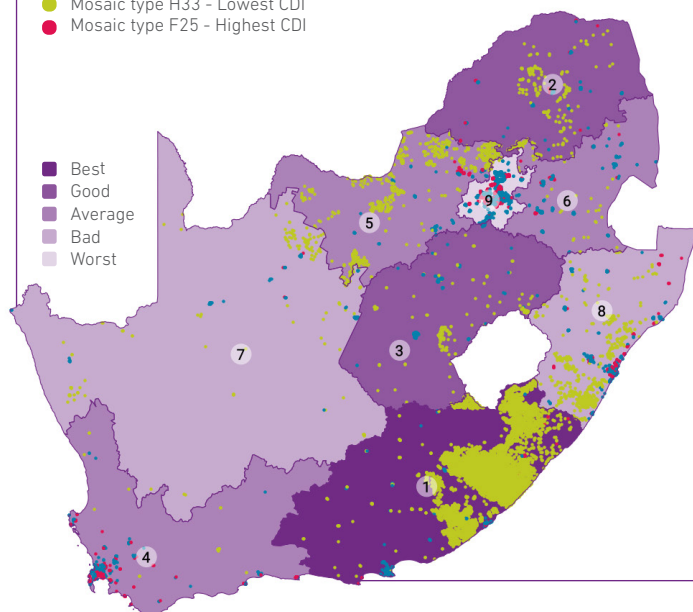
in value defaulted for first time over the period Jun to Aug 2017

	CDI Aug'17	CDI Aug'16	New Default Balances Jun'17 - Aug'17
Personal Loan Index	8,42	9,27	5,084,912,030
Mosaic type A03 - Largest credit exposure	6,86	6,21	346,903,351
Mosaic type H33 - Lowest CDI	5,47	5,03	9,603,986
Mosaic type F25 - Highest CDI	11,52	8,68	107,358,523

Geospatial & Mosaic Insights

Province & Rank	CDI
1. Eastern Cape	6,88
2. Limpopo	7,29
3. Free State	7,38
4. Western Cape	7,98
5. North West	7,99
6. Mpumalanga	8,04
7. Northern Cape	8,14
8. KwaZulu-Natal	8,23
9. Gauteng	9,01

- Mosaic type A03 - Largest Credit Exposure
- Mosaic type H33 - Lowest CDI
- Mosaic type F25 - Highest CDI



The Personal Loan index also continued to record significantly lower levels of first time default, moving from 9.27% in Aug 2016 to 8.42% in Aug 2017.

F25 - Indigent Township Families

Similar to observations as the worst performing segment under the Composite and Credit Card CDI, this segment recorded a Personal Loan CDI of 11.52% which represents a significant deterioration on the 8.68% recorded in Aug 2016, with R107m in value rolling into default for first time over the period Jun to Aug 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
		Aug'17	Aug'16	Jun'17 - Aug'17	Jun'17 - Aug'17
A1	Midlife Cruisers Secured Affluence Hard-working Money Platteland Progressive Prosperous Pensioners	1.96	1.91	114,873,485,943	187,430,553
A2		1.92	1.98	189,592,071,778	303,012,186
A3		2.91	3.14	203,622,485,105	493,708,287
A4		2.99	2.89	74,174,891,753	184,949,722
A5		2.70	2.33	25,944,461,209	58,376,865
B6	Upwardly Mobile Would-be Wealth City Convenience Student Digs	2.28	2.31	119,046,192,270	226,145,340
B7		3.62	6.20	57,663,067,139	173,928,184
B8		2.19	3.88	94,898,655,839	173,252,747
B9		3.75	3.40	14,920,675,123	46,656,135
C10	Diligent Settlement Households Adult Township Families Elderly-headed Homes	3.72	4.11	67,595,117,289	209,302,451
C11		4.40	4.63	26,338,545,126	96,476,001
C12		3.95	5.15	47,681,590,915	157,057,578
D13	In the Family Manufactory Middle Class Farmworking Communities Senior Migrant Farmhands Migratory Hard Labour	4.18	4.74	102,880,159,867	358,114,863
D14		5.41	5.33	34,451,172,096	155,300,046
D15		2.73	2.61	26,494,368,481	60,339,335
D16		3.42	3.66	2,957,898,666	8,424,927
D17		4.41	4.12	8,245,073,239	30,304,710
E18	Generational Township Family Middle-aged Marginalists Coastal Low-wage Households Informal Country Tenants Breadline Families Modest Township Living	6.01	5.42	16,538,605,698	82,781,702
E19		6.24	6.05	11,996,687,049	62,220,086
E20		7.50	6.97	28,262,001,818	176,583,590
E21		6.47	6.14	10,418,121,465	56,183,869
E22		4.52	4.66	18,994,837,554	71,617,703
E23		3.82	4.44	2,678,941,032	8,530,430
F24	Migrant City Settler Indigent Township Families Single Room Landlords	4.75	4.46	24,925,811,619	98,672,155
F25		7.93	6.81	8,140,499,190	53,808,387
F26		7.21	6.65	23,177,819,508	139,356,219
G27	Sustainable RDP Families Poor RDP Households Impoverished Grant Reliants Penniless Grant Transients	6.72	5.70	11,197,379,524	62,693,458
G28		6.74	5.95	10,571,246,453	59,407,031
G29		6.09	5.91	1,334,956,920	6,777,676
G30		5.09	5.49	1,880,104,129	7,976,012
H31	Eastern Tribal Gap Households Inland Traditional Gap Households Senior Single Traditionalists	6.55	6.17	2,259,110,874	12,339,664
H32		6.18	5.60	8,025,263,686	41,306,759
H33		4.72	4.91	1,494,185,114	5,878,407
I34	Borderline Gap Households Baseline Gap Families Minimum Wage Rural Families	4.84	4.62	13,552,823,941	54,676,649
I35		5.21	4.29	6,252,794,980	27,143,538
I36		5.98	5.35	2,162,206,390	10,782,522