

# SEPTEMBER CREDIT STATISTICS

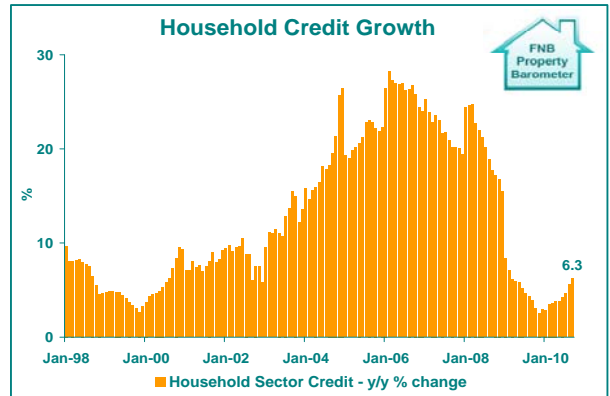
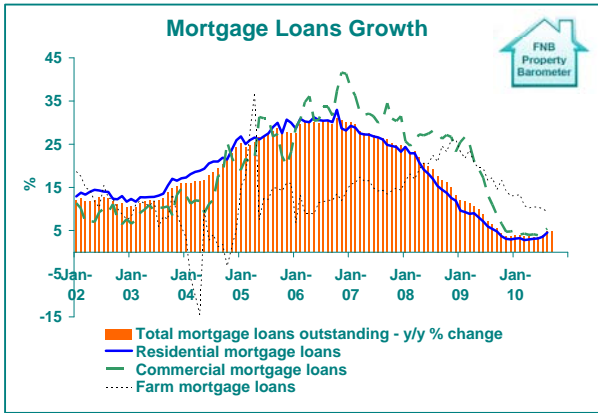
*Household Sector credit growth continues acceleration, but no improvement in mortgage growth*



29 October 2010

September mortgage advances data, released today, shows growth in the value of all mortgage debt outstanding remaining unchanged on a year-on-year basis at 4.8%. This unchanged rate comes after a very mild increase in previous months, from a 2010 low point of 3.4% recorded in May.

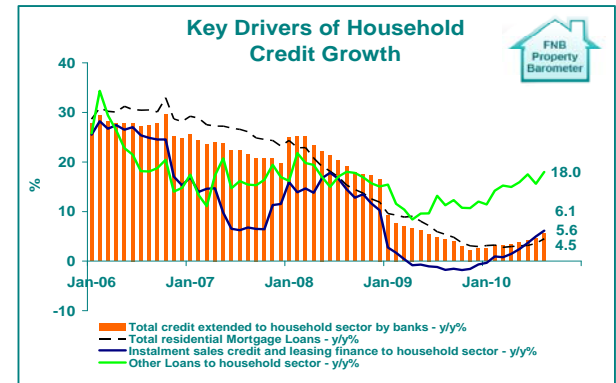
The “not so good” side is that further acceleration may slow the declining trend in the household sector debt-to-disposable income ratio. The high household debt-to-disposable income ratio continues to keep the household sector vulnerable to future interest rate hiking or economic slumps.



Although the breakdown between the 3 mortgage markets (residential, commercial and farming) runs 1 month behind, the recent history shows a slow improvement in the 2 major sectors, namely residential and commercial. At near 80% of total, though, it would be more likely that the lack of any increase in overall mortgage growth is caused by a lack of strengthening in residential mortgage loans growth. Indeed, the SARB stats for new residential loans granted showed a significant decline in growth in the 2<sup>nd</sup> quarter, and this weakening in growth in new lending may be just starting to have an impact on the overall mortgage book, causing a leveling off in growth.

Examining banking sector credit stats, which are only available up until August, one sees that it seems to be certain non-property related credit extension to the household sector which is driving up overall household sector credit more so than residential mortgages. Whereas residential mortgage loans outstanding rose by 4.5% in August year-on-year, Instalment sales and leasing rose by 6.1% (strongly influenced by vehicle sales), and “other loans” by 18%.

Examining growth in the value of total household sector credit outstanding, September saw further acceleration in year-on-year growth, from 5.6% previous to 6.3%, part of a rising trend which started late in 2009.



This has a good and a bad side to it. The good side is that this strengthening is reflective of a mildly better economic and household financial situation relative to 2008/9, helped by lower interest rates and a return to positive economic growth late last year.

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### Mortgage Market Summary

END OF PERIOD	2005	2006	2007	2008	2009	Q3-2009	Q4-2009	Q2-2010	Q3-2010	May-10	Jun-10	Jul-10	Aug-10	Sep-10
<b>Total Mortgage Market (R'm)</b>														
Total Mortgage Advances (R'm)	526 647	684 593	853 819	966 921	1 001 946	1 001 946	1 016 617	1 023 395	1 041 774	1 021 373	1 023 395	1 028 514	1 039 813	1 041 774
y/y % change	27.6	30.0	24.7	13.2	3.6	3.6	3.6	3.4	4.8	3.4	3.4	4.0	4.8	4.8
<b>Banking Sector - New mortgage loans and re-advances granted per property type (R'm)</b>														
Residential dwellings	248 800	338 327	364 575	271 276	189 629	61 250	61 843	61 896		68 905	61 896			
y/y % change	38.7	36.0	7.8	-25.6	-30.1	6.7	65.7	55.0		70.1	55.0			
Of which: Residential re-advances										14 000	10 426			
Commercial premises and other	82 171	79 491	73 207	23 518	18 177	4 796	3 700	5 324		4 037	5 324			
y/y % change	65.4	-3.3	-7.9	-67.9	-22.7	26.6	-22.4	27.0		-18.6	27.0			
Farms	4 373	5 125	3 626	3 794	2 374	750	488	826		665	826			
y/y % change	34.5	17.2	-29.2	4.6	-37.4	-13.4	-12.5	66.2		20.9	66.2			
Total	335 348	422 941	441 410	298 583	210 183	66 796	66 031	68 046		73 607	68 046			
y/y % change	44.4	26.1	4.4	-32.4	-29.6	7.6	54.8	52.5		60.0	52.5			
<b>Banking Sector - New mortgage loans granted per application (R'm)</b>														
Construction of buildings	32 445	30 941	28 574	29 927	17 163	4 384	3 401	3 251		3 373	3 251			
y/y % change	17.7	-4.6	-7.7	4.7	-42.7	-5.9	-12.7	-26.5		-31.9	-26.5			
Existing Buildings	277 697	357 851	384 052	256 608	188 841	61 132	61 366	63 614		68 917	63 614			
y/y % change	46.6	28.9	7.3	-33.2	-26.4	9.8	62.7	62.5		72.5	62.5			
Vacant Land	25 206	34 149	28 784	12 049	4 175	1 279	1 263	1 183		1 319	1 183			
y/y % change	65.2	35.5	-15.7	-58.1	-65.3	-25.4	21.4	13.5		19.2	13.5			
<b>Banking Sector - Payouts and Capital Repayments (R'm)</b>														
Total loans paid out per period	313 886	399 295	461 727	276 211	118 248	31 832	29 701	28 958		31 288	28 958			
y/y % change	42.5	27.2	15.6	-40.2	-57.2	-37.9	-0.5	2.0		7.3	2.0			
Capital repayments per period	183 527	250 359	297 877	156 017	93 456	25 166	17 168	24 712		24 535	24 712			
y/y % change	25.2	36.4	19.0	-47.6	-40.1	3.4	5.4	-4.9		12.0	-4.9			
<b>Total Banking Sector Mortgages Outstanding (R'm)</b>														
Farm Mortgages	4 126	4 700	5 372	6 771	7 652	7 652	7 901	8 058		8 016	8 058	8 013	8 008	
y/y % change	15.9	13.9	14.3	26.0	13.0	13.0	10.8	10.4		10.5	10.4	10.1	9.3	
Housing Advances: Total	426 205	546 197	672 989	753 122	775 062	775 062	787 885	792 976		791 450	792 976	796 521	805 634	
y/y % change	30.0	28.2	23.2	11.9	2.9	2.9	2.8	3.2		3.1	3.2	3.6	4.5	
Commercial Property Advances: Total	91 644	129 488	170 252	209 882	219 950	219 950	221 120	222 486		222 273	222 486	223 985	226 137	
y/y % change	23.3	41.3	31.5	23.3	4.8	4.8	4.3	3.9		4.1	3.9	4.8	5.5	
Total Banking Sector Mortgage Loans Outstanding	521 974 301	680 384 282	848 613 155	969 775 275	1 002 663 064	1 002 663 064	1 016 905 035	1 023 519 666		1 021 738 624	1 023 519 666	1 028 519 644	1 039 779 162	
y/y % change	28.6	30.3	24.7	14.3	3.4	3.4	3.2	3.4		3.4	3.4	3.9	4.8	
<b>Household-Related Debt and Deposits (R'm)</b>														
Household Debt	585 541	726 270	867 635	1 002 020	1 031 277	1 031 277	1 050 359	1 061 577	1 089 751	1 057 902	1 061 577	1 067 762	1 081 211	1 089 751
y/y % change	22.3	24.0	19.5	15.5	2.9	2.9	3.6	4.3	6.3	3.8	4.3	4.6	5.6	6.3
Household Deposits held by banks	319 095	363 113	423 700	501 878	516 419.0	516 419	512 332	519 388		518 327	519 388			
y/y % change	12.5	13.8	16.7	18.5	2.9	2.9	0.8	1.5		1.6	1.5			