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Confidentiality Disclaimer

This document, including all information regarding SA Taxi Finance Holdings Proprietary Limited and its subsidiaries and associated companies, collectively referred to as "SA Taxi", is confidential and is not for discussion, circulation or publication to any third party without the prior written consent of Transaction Capital Limited. The information and financial arrangements outlined herein are for the benefit and information of the original recipient of this document, who by acceptance of this document is deemed to have accepted responsibility for ensuring that such confidentiality will be maintained at all times.
Who is SA Taxi?

**Mission**

To provide **finance and other services** to entrepreneurs that enable the **sustainability** of the minibus taxi community.

1. An innovative & pioneering business model with operations expanding throughout the financial services & asset value chain, building a scalable platform that can be leveraged in adjacent markets.

2. A unique blend of vehicle procurement, retail, repossession & refurbishment capabilities, with financing & comprehensive insurance competencies for focused vehicle types.

3. Innovative technology, valuable client & market insights developed from overlaying granular telematics, credit, vehicle & other data to enable precise & informed origination, collection decisioning & proactive risk management.

4. Enabling financial inclusion by proficiently securing funding from both local & international debt investors to judiciously extend developmental credit to SMEs that may otherwise not have access to credit from traditional financiers.

5. Providing complementary business services that assist SMEs to maximise cash flow & protect their income-generating asset, thus improving their ability to succeed as well as offering value-added services to the wider industry stakeholders.

6. Empowering under served & emerging SMEs to build their businesses, which in turn creates further direct & indirect employment opportunities.

7. Creating shared value opportunities by providing services to the wider industry facilitating collaboration & investment.

8. Contributing to the recapitalisation & sustainability of the taxi industry – a critical pillar of the public transport sector servicing the majority of South Africa’s working population.

SA Taxi is a vertically integrated taxi platform utilising **specialist capabilities, enriched proprietary data & technology** to provide developmental finance & other services to empower SMEs & create shared value opportunities thus ensuring the **sustainability** of the minibus taxi industry.
Projected growth for SA Taxi

Looking forward, SA Taxi will strive to organically grow its book profitability through:

- Measured growth in loans originated
- Increase in loan value originated aligned to vehicle inflation
- Maximising margin through increased vertical integration with more vehicles sold & serviced through our facilities
- Greater returns per vehicle through operational efficiencies
- Utilising technology to continue to enable taxi owners and service commuters
Creating value at new frontiers

To provide finance, insurance & other services that enable the sustainability of the minibus taxi community

Formative years
A finance offering to taxi operators
Offering expanded & operations extended into key verticals of the finance, insurance & retail value chains

Our vision
To extend products & services to additional verticals, unlocking value in the industry & provide bespoke services to a wider customer base

Creating opportunities for operators to share in the opportunity of accessing the driver & commuter

Current as at 31 March 2018
- ~30 000 Financed & insured clients
- R8.9bn Gross loans & advances
- R258m Non-interest revenue

Total addressable market
- ~250 000 Minibus taxis
- >150 000 Operators
- ~250 000 Taxi drivers
- ~1 200 Taxi associations
- ~1 200 Taxi associations
- ~3bn Litres of fuel purchased p.a³
- ~R50bn Annual estimated revenue¹
- 15m Commuter trips daily¹
- 9.9m Households using minibus taxis²
- 50min Average time spent travelling to work²

SA Taxi’s journey so far

First rated securitisation programme (SATS) is established
Transaction Capital is formed
Moody’s affirm SATS senior mezzanine ratings
Insurance > R2bn

Taximart refurbishment facility is established
Terry Kier appointed as CEO
Unrated debt programme (SATFS) established
Portfolio reaches 20,000 accounts

First DFI investment received
Transaction Capital lists on the JSE
Insurance cell captive established
Initiated insurance cover to open-market clients
Finance of Chinese vehicles discontinued

Nissan NV350 launched
Telematics now applied in credit vetting, insurance, collections, repossession

Premium vehicles comprise 99.7% of loans & advances (82% in 2012)

Early adoption of IFRS 9

Opened the largest taxi panel repair workshop in Africa
Dealership is launched

Over 800 employees

GROSS LOANS & ADVANCES

R322m
R307m
R276m
R3027m
R807m
R4045m
R3807m
R4800m
R5529m
R6240m
R6238m
R7151m
R8301m
R8907m

Headline earnings
Net interest margin
Gross loans & advances
Number of loans on book
Return on assets
Return on equity
Non-performing loans
Credit loss ratio

R176m
11.3%
R8.9bn
29,921
3.4%
25.7%
17.2%
3.7%

SOURCE | Transaction Capital Half Year Results March 2018
Led by an experienced management team

Transaction Capital and SA Taxi’s executive management team holds extensive experience in the disciplines that make the company uniquely successful as a developmental credit provider.

<table>
<thead>
<tr>
<th>Name</th>
<th>Group tenure</th>
<th>Position</th>
<th>Education and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry Kier</td>
<td>11 years</td>
<td>Chief Executive Officer</td>
<td>BA (Hons); postgraduate diploma in Management Studies • Held executive positions at Softline including part of the team involved in its JSE listing, board member and CEO of Pastel Software • In 2007 started and sold a medical software company to Bytes Technology Group Ltd • Joined Transaction Capital in 2007 as the CEO of Mortgage Capital • Appointed as SA Taxi CEO in 2010 • Currently a shareholder of 2% in SA Taxi</td>
</tr>
<tr>
<td>Lorenzo Cardoso</td>
<td>10 years</td>
<td>Chief Finance Officer</td>
<td>BCom (Hons) in Accountancy; Chartered Accountant CA(SA) • Served Articles in Industrials and Automotive at KPMG where he remained as a manager • Joined SA Taxi in 2008 as a special projects manager • Appointed as SA Taxi CFO in 2013</td>
</tr>
<tr>
<td>Sibo Dladla</td>
<td>7 years</td>
<td>Chief Technology Officer</td>
<td>Diploma in IT networking • Served articles at Deloitte &amp; Touche where he remained as a manager • Joined Rand Merchant Bank as a corporate bonds analyst • Joined Transaction Capital in 2007 • Currently leads the capital markets team • Previously Transaction Capital CFO</td>
</tr>
<tr>
<td>Teneale Holley</td>
<td>2 years</td>
<td>Chief Information Officer</td>
<td>BCom (Accounting), Post Graduate Diploma in Accounting, Chartered Accountant CA (SA) • Held executive positions at Softline including part of the team involved in its JSE listing, board member and CEO of Pastel Software • In 2007 started and sold a medical software company to Bytes Technology Group Ltd • Joined Transaction Capital in 2007 as the CEO of Mortgage Capital • Appointed as SA Taxi CEO in 2010 • Currently a shareholder of 2% in SA Taxi</td>
</tr>
<tr>
<td>Mark Herskovits</td>
<td>11 years</td>
<td>Capital Markets Executive</td>
<td>BBusSci (Finance) Post Graduate Diploma in Accounting, Chartered Accountant CA(SA), CFA • Served articles at Deloitte &amp; Touche where he remained as a manager • Joined Rand Merchant Bank as a corporate bonds analyst • Joined Transaction Capital in 2007 • Currently leads the capital markets team • Previously Transaction Capital CFO</td>
</tr>
<tr>
<td>Riek Olivier</td>
<td>6 years</td>
<td>Insurance Director</td>
<td>BCom (Hons) in Accountancy &amp; Finance; Chartered Accountant CA (SA) • Holds over 6 years experience in the financial sector • Previously worked in the finance division for the Absa Group • Worked for the Consulting Division at Deloitte • Joined Transaction Capital in 2012 as group accounting and projects manager • Joined SA Taxi in 2013 as finance executive and was promoted to FD in 2016</td>
</tr>
<tr>
<td>Johan van der Merwe</td>
<td>1 years</td>
<td>Chief Risk Officer</td>
<td>B.com Hons, MBA • Served articles at Deloitte &amp; Touche where he remained as a manager • Joined Rand Merchant Bank as a corporate bonds analyst • Joined Transaction Capital in 2007 • Currently leads the capital markets team • Previously Transaction Capital CFO</td>
</tr>
<tr>
<td>Matsidikanye Moswane</td>
<td>10 years</td>
<td>Taxi Industry Executive</td>
<td>BCom Economics &amp; Bus Management; Dip Project Management • Holds over 6 years experience in the financial sector • Previously worked in the finance division for the Absa Group • Worked for the Consulting Division at Deloitte • Joined Transaction Capital in 2012 as group accounting and projects manager • Joined SA Taxi in 2013 as finance executive and was promoted to FD in 2016</td>
</tr>
<tr>
<td>Maroba Maduma</td>
<td>3 years</td>
<td>Communications Executive</td>
<td>Gordon Institute of Business Science Fundamental Management Program • Holds over 6 years experience in the financial sector • Previously worked in the finance division for the Absa Group • Worked for the Consulting Division at Deloitte • Joined Transaction Capital in 2012 as group accounting and projects manager • Joined SA Taxi in 2013 as finance executive and was promoted to FD in 2016</td>
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</table>
SA Taxi’s Human Capital organogram

These executives are head of SA Taxi Protect, which is a separate legal entity to SA Taxi Developmental Finance.
SA Taxi is part of the Transaction Capital group

<table>
<thead>
<tr>
<th>CEO: Terry Kier, 11-year group tenure</th>
<th>CEO: Dave McAlpin, 10-year group tenure</th>
<th>CEO: David Hurwitz, 13-year group tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R173 Million</strong> Headline earnings¹ ▲20%</td>
<td><strong>R310 Million</strong> Headline earnings¹ ▲22%</td>
<td><strong>R119 Million</strong> Headline earnings¹ ▲28%</td>
</tr>
<tr>
<td><strong>R8.9 Billion</strong> Gross loans &amp; advances ▲15%</td>
<td><strong>50.8 CPS</strong> Headline earnings per share ▲17%</td>
<td><strong>R1.0 Billion</strong> Purchased book debts ▲11%</td>
</tr>
<tr>
<td><strong>R258 Million</strong> Non-interest revenue ▲32%</td>
<td><strong>21 CPS</strong> Interim dividend per share ▲40%</td>
<td><strong>75.6%</strong> Cost-to-income ratio³</td>
</tr>
<tr>
<td>17.2% Non-performing loan ratio HY17 17.2%</td>
<td>15% FOREIGN INVESTOR BASE HY17 5%</td>
<td><strong>HY17 78.8%</strong> NPL portfolios acquired this period ▲6%</td>
</tr>
<tr>
<td><strong>25.7%</strong> Return on equity HY17 24.1%</td>
<td><strong>16.5%</strong> Return on equity HY17 16.1%</td>
<td><strong>HY17 33%</strong> Non-interest revenue ▲33%</td>
</tr>
<tr>
<td><strong>3.7%</strong> Credit-loss ratio HY17 3.3%</td>
<td><strong>R10.4 Billion</strong> Market capitalisation²</td>
<td><strong>R222 Million</strong> Estimated remaining collections ▲34%</td>
</tr>
</tbody>
</table>

Financial ratios & results exclude once-off acquisition costs of R22 million incurred during the year. Adopted IFRS9 in 2015.

1. Headline earnings attributable to the group, excluding minority interest | 2. Market capitalisation as at 31 March 2018 | 3. Excludes the effect of acquisitions

A vertically integrated taxi platform incorporating a unique blend of vehicle procurement, retail, repossession & refurbishment capabilities, with finance & insurance competencies for focused vehicle types. These competencies combined with its proprietary data & analytics skills enables SA Taxi to provide asset-backed developmental credit & Bespoke taxi insurance, & sell suitable vehicle models & allied services to taxi operators, delivering commercial benefits to taxi operators & ensuring the viability & sustainability of their businesses.

A technology-led, data-driven provider of customer management services in South Africa (SA) & Australia. TCRS’ scalable & bespoke fintech platform improves its clients’ ability to originate, manage & collect from their customers. The division leverages its technology & data to mitigate risk & maximise value for clients throughout the customer engagement lifecycle.
Market context
Minibus Taxis

The typical minibus taxi is a 16-seater minibus, white in colour. The most common model is the Toyota Quantum Ses’fikile.

Taxis operate an unscheduled service on fixed routes. These routes are managed by taxi associations.

Taxis will typically depart from fixed terminals but stop anywhere along their route to pick up and drop off passengers. Passengers hail taxis using hand signals to indicate where they are travelling.

Taxi ranks are hives of activity and market places establish themselves around the ranks to service the commuters.

Fares for each route are determined by regional taxi councils. The fares are affordable as the industry services the lower income population of the country.

Fares are paid in cash. In some areas of the country the taxi owner employs a conductor to manage fares while in other parts of the country passengers themselves manage the cash from all passengers in the vehicle and pass the cash on to the driver.

Estimated new minibus vehicle sales

- 70% Toyota
- 13% Nissan
- 12% Other
- 5% Mercedes

SOURCE | Internal data March 2018
Minibus Taxis are the dominant mode of public transport in SA

The public transport system is the primary mode of transport in South Africa and plays an essential part in the daily life of the general South-African population. It is critical in providing the majority of the population access to jobs, education, health and social activities. 40% of South Africans make use of public transport to commute, compared to 38% who use a private vehicle, 21% who walk and 1% who use other forms of transport.

The majority of these public transport commuters are low income earning individuals. Walking and minibus taxis are the preferred modes of transport for over 50% of the South-African population who earn under R3 000 a month and are unable to afford private transport.

Overall, 67% of those who utilise public transport choose to use minibus taxis. 70% of learners and 68% of workers use minibus taxis to commute.

In the face of limited funding over the past three decades and the challenges caused by the legacy of spatial dislocation of the poor, the public transport industry has experienced continued growth. However, South Africa’s public transport is now faced with increasing network inefficiencies due to a rapidly growing urban population and aging infrastructure.

As a core enabler to the country’s economy, an efficient public transport network is a critical catalyst for development and economic growth. Hence investment is required for initiatives that aim to increase and improve efficiencies in the transport network, create sustainable jobs, improve regulations in the industry and further support the growth of black-owned SMEs.

SOURCE | National Land Transport Strategic Framework 2015 | National Household Travel Survey 2013 | Census data 2011

With over 50% of the South-African population earning under R3 000 monthly, walking and minibus taxis are their preferred modes of transport.
Minibus Taxis are the dominant mode of public transport in SA

The reach of minibus taxis is pervasive and the industry provides a critical service to commuters by integrating with key public transport nodes. The image below illustrates the footprint covered by SA Taxi’s financed vehicles on 28 October 2017, which represents less than 12% of the national taxi fleet.

Minibus taxi serves as a trunk service in parallel with train and bus and is also the feeder into these modes

SOURCE | SA Taxi fleet movement on 28 October 2017
Minibus Taxis are integral to daily commuters

While rail and bus networks serve as a trunk service in parallel with minibus taxis, minibus taxis are a key feeder into these services – transporting passengers their first and last mile. This service is critical given the context of South Africa’s low population densities, long travel distances as well as modal and structural inefficiencies. This first and last mile service provides commuters with greater access and convenience. Furthermore, the Department of Transport’s National Land Transport Strategic Framework includes a move to a corridor and node approach which will continue to create demand for integrated feeder services.

The majority of commuters who utilise public transport are heavily reliant on minibus taxis. Usage of minibus taxis has been consistently high throughout the industry’s existence, and shows no sign of declining. Minibus taxi transport is a non-discretionary expense for the majority of the nation’s commuters as they are unable to afford private transport.

- 40% of South Africans use public transport
- Minibus taxi is the dominant form of public transport
- Minibus taxi is an essential service & spend is non-discretionary
This industry emerged in the early 1960’s with the introduction of pass laws under the Apartheid regime. This brought about the need for an unscheduled transport service for the disadvantaged black community that had been forcibly moved to the outskirts of every commercial hub due to spatial dislocation laws. This industry was considered illegal as it was not recognised or regulated by the Department of Transport.

The 1954 Chevrolet sedan was the vehicle of choice amongst taxi operators. This period saw the introduction of the Taxi industry transformation:

- National Taxi Task Team
- Democratisation process
- Legalisation process.

The introduction of the National Land and Transport Act brought about national operating licenses which would replace the previous taxi permits. The Taxi Recapitalisation Programme (TRP) was launched with the view of formalising the industry by:

- Introducing safer vehicles onto the road
- Registering all taxi operators and their employees
- Improving the data collected within the industry

The 2010 Soccer World Cup brought about substantial investments into the country’s transport infrastructure. This initiated an investigation into government subsidy grants for the Minibus Taxi industry.

The taxi industry was legalised and recognised by government although the number of permits were restricted. The South African Black Taxi Association (SABTA), the first national organisation of taxi owners was established and brought together hundreds of local taxi associations. 7 seater vehicles became the dominant vehicle type within the industry, increasing the number of passengers a taxi operator could transport daily.

In the 1970s, prospective minibus taxi operators found a loophole in the Road Transportation Act which allowed them to apply for a road carrier permit and operate legally if they left one seat of a ten-seater empty. This was because any vehicle carrying ten passengers or more for reward was defined in legislation as a bus and was therefore subjected to particular controls. However the department of transport issued very few permits.

This industry played an important role in the country’s first democratic elections by transporting a large portion of the population to the voting polls at no cost. The 16 seater vehicle became the preferred and legislated vehicle type. This resulted in the following vehicles becoming the market leaders within the industry:

- Toyota Hi-Ace Super 16
- Nissan E20
- Isuzu Relay.

The 2010 Soccer World Cup brought about substantial investments into the country’s transport infrastructure. This initiated an investigation into government subsidy grants for the Minibus Taxi industry.

SA Taxi is working closely with the industry. Discussions are being held on the following:

- Subsidy for the industry
- Recapitalisation program review
- Funding from local DFI’s and Government

SOURCE: SA Taxi Corporate Affairs | Organizing in the Informal Economy: A Case Study of the Minibus Taxi Industry in South Africa
**Dynamics of the Minibus Taxi industry**

**Association**
Taxi operators must first be a part of an association in order to gain access to a route and operating licence.

Taxi operators pay a fee to join an association which enables the operator to apply for an operating licence.

Taxi associations self-regulate the servicing of routes to ensure routes are not over supplied and that minibus taxis can operate profitably. There are currently ~1,200 taxi associations in South Africa.

**Route**
Associations are awarded the right to operate a route by the provincial regulating entity (PRE) through a registration process.

Route allocations are managed by the Registrar’s Administration System (RAS). The RAS system registers taxi operators, taxi associations and details of their operations, including routes.

The PRE determines the number of operating licences to be issued per route based on an integrated transport plan which considers the spread of scheduled and unscheduled services required across various transport modes.

**Operating licence**
Operating licences, issued by the Operating License Administration System (OLAS), authorise an operator and vehicle to provide a specified transport service.

To apply, prospective operators must provide the following:
- Association motivation
- Route description details
- Driver’s license
- Vehicle registration certificate
- Roadworthy
- Tax registration number.

Licences are tied to an operator, vehicle and route and expire after 7 years, but can be renewed based on roadworthiness, compliance, and a review of the route.

Operating licences can be transferred between operators and are hence tradable. However, the licences do not hold significant value and are not commonly traded.
Recapitalisation drives higher demand for vehicles

The minibus taxi fleet requires significant investment in recapitalisation

The minibus taxi fleet is characterised by old and poorly maintained vehicles. In 2006, the government initiated the Taxi Recapitalisation Project (TRP) in a drive to regulate and improve the industry. The initiative was aimed at addressing the ageing fleet within the transportation system.

It is estimated that only ~10 000 vehicles were recapitalised in the last 3 years. Due to the slow rate of vehicles being scrapped through the TRP and continual aging the bulk of the minibus taxi fleet still requires replacement in order to meet safety standards.

Although the TRP is currently being reviewed to improve it effectiveness going forward, SA Taxi still believes that the best mechanism to drive recapitalisation of the minibus taxi fleet is through economic opportunity and empowerment, rather than through a forced recapitalisation programme. Assisted finance is a critical catalyst in upgrading the minibus taxi infrastructure.

Demand for vehicles exceeds the current supply

The challenge of recapitalising the minibus taxi fleet is exacerbated by a structural shortage in the supply of new vehicles to address this demand. The shortage in supply developed as a result of underinvestment by vehicle manufacturers and a shortage of end user finance. However, in recent years manufacturers have increased investment in the industry, as evidenced by Nissan re-entering the market in 2014.

With demand outstripping supply, financiers are well positioned to impact the industry by applying conservative credit selection and relying upon a liquid second hand market.

Dynamics of recapitalising the minibus taxi fleet

With only 15 000 to 20 000 new minibus vehicles estimated to have been sold in 2016, it will take more than 15 years to recapitalise the minibus taxi fleet of 250 000 vehicles. However, the safe working life of a vehicle is expected to be shorter than 15 years.

This indicates that new vehicle sales need to increase substantially in order to adequately recapitalise the fleet to meet National Land Transport Act (NLTA) requirements. Additionally, market sentiment is that the fleet is characterised by already aged and un-roadworthy vehicles, further driving the requirement for new vehicles.

New Minibus Taxi sales in South Africa

Toyota is the most prevalent vehicle type in the minibus taxi industry, followed by Nissan.

- **Toyota Ses'fikile** ~1 000 per month
- **Nissan NV350** ~200 per month
- **Mercedes Sprinter** ~70 per month
The minibus taxi industry is today the most critical pillar of our public transport sector

Arrive Alive
SA Taxi is a driving force in the minibus taxi industry

SOUTH AFRICA’S MINIBUS INDUSTRY

~250,000

Estimated minibus taxis in the industry

SA TAXI’S PORTFOLIO AS AT 31 MARCH 2018

24,210
taxi owners

29,921
vehicles

Resulting in gross loans and advances of R8.9 billion

~900
pre-owned vehicles

~3,000
new vehicles

~4,000
loans originated

~90%
of which are insured with SATP

24,210
owning

3,000
comprising of

85%
of which

SOURCE | StatsSA National household travel survey 2013 | The market size is SA Taxi’s best estimate through engagement with the industry and extrapolation of internal data | Transaction Capital Results March 2018.
SA Taxi is positioned in an attractive market

Summarising the defining minibus taxi market attributes

Minibus taxis are the dominant mode of public transport given convenience, accessibility and integration with other modes of transport namely rail and bus.

Ageing fleet and recapitalisation has led to growth in new and quality refurbished minibus taxis and consequently a need for vehicle finance.

The minibus industry is a defensive market as public transport is a non-discretionary expense for the majority of the nation’s commuters as they are unable to afford private transport.

Demand for vehicles is exceeding manufacturers and pre-owned supply which results in superior credit selection and a liquid second hand market.

As a provider of asset-backed developmental credit, SA Taxi is thus positioned in a financing market that is growing in a stable defensive industry where it is able to be selective on credit risk and the financed asset retains its value.
SA Taxi’s offering for small business entrepreneurs

SA Taxi is a specialist in SME financing in the minibus taxi industry, providing capital to taxi owners to build their own small business. SA Taxi provides asset-backed financing for the taxi vehicle, an income generating asset, as well as allied services that support these small business entrepreneurs in building sustainable and profitable businesses.

SA Taxi enables and empowers these entrepreneurs as many of them are unable to access capital through traditional finance providers. Through a comprehensive service offering and innovative risk mitigation approach SA Taxi is able to provide asset-backed finance to these small business owners by understanding their actual risk profile and underpinning the asset throughout its economic life.

SA Taxi has established a direct dealership for new and pre-owned taxis.

Motor and credit life insurance is specifically tailored for minibus taxi owners offering comprehensive cover.

Each vehicle financed is fitted with a tracking system that tracks location, mileage of the vehicle and driver behaviour.

Taximart not only refurbishes repossessed vehicles but also provides repairs and maintenance on pre-owned vehicle warranties and insurance claims.

TAP provides quality OEM & after market parts for use in Taximart and the minibus industry.

Value Proposition

SA Taxi’s value proposition to taxi owners includes:

Access to credit
SA Taxi offers credit to under served taxi owners who are often unable to obtain traditional finance.

Full business offering
When engaging with SA Taxi, taxi owners are able to acquire the vehicle, finance, insurance, car tracking, vehicle servicing and other services required to establish and sustain their taxi business.

Customer service
SA Taxi treats each taxi owner as a business owner and offers a personalised, professional and friendly experience.

SA Taxi provides asset-backed developmental credit lending for an income generating vehicle, predominantly minibus taxis.

Sales

Insurance

Telematics

Panel & Repairs

Savage & pans

Finance

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Sales

Insurance

Telematics

Panel & Repairs

Savage & pans

Finance
SA Taxi was initially established as a finance provider but has subsequently vertically integrated across the financial services and vehicle value chain. Each business element complements the other and has been key to SA Taxi’s success and the empowerment of taxi owners and their businesses. The integrated business model can be illustrated as follows:

**Vertically integrated business model**

```
FINANCIAL SERVICES

Enabling SMEs

- Equity Allocation & Debt Raising
  - Conservatively geared with diversified funders

Credit Underwriting & Loan Origination
  - Niche credit philosophy

Servicing SMEs

- Insurance
  - Bespoke taxi insurance for financed and non-financed customers

- Repairs & Maintenance Services
  - Establishing a liquid market for quality pre-owned vehicles

Managing returns from SMEs

- Collections
  - Call centre collecting >R250m per month

- Logistics & Recoveries
  - Management of fleet and performance

VEHICLES

- Vehicle Supply & Retail
  - Dedicated taxi dealership & relationships with affiliated & non-affiliated dealers for new & pre-owned vehicles

- Parts & Salvage
  - Estimated to be the biggest buyer of Toyota spare parts in Africa

PROPRIETARY DATA

- Used throughout the value chain providing critical insight for business decisions

CLIENT SERVICE
```
Vertically integrated business model

FINANCE

INSURANCE

RETAIL DEALERSHIP

REFURBISHMENT

TAXI AUTO PARTS

PROPRIETARY TELEMATICS DATA
Finance is core to SA Taxi’s offering

SA Taxi enters into a credit agreement with each of the taxi owners. These credit agreements are governed by the National Credit Act (NCA). SA Taxi is a registered developmental credit provider in terms of the NCA. Under the NCA, SA Taxi is able to charge interest rates of up to the repo rate plus 27% (currently equating to 33.5%). SA Taxi remains well within the maximum.

The standardised agreement is an end-to-end offering which also includes insurance, telematics as well as a rewards programme. The underwriting process utilises SA Taxi’s bespoke scorecard that has been developed through historic credit experience which enables SA Taxi to correctly underwrite an underserved taxi owner. As of the 31st March 2018 SA Taxi held a book of ~24 000 unique clients operating ~30 000 vehicles which results in approximately 1.2 minibus taxis per client.

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<thead>
<tr>
<th>Typical credit agreement</th>
<th>Average monthly instalment</th>
<th>Approval rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposure value (Toyota diesel including delivery)</td>
<td>R 403 000</td>
<td></td>
</tr>
<tr>
<td>Interest charged</td>
<td>23.6%</td>
<td></td>
</tr>
<tr>
<td>Term in months</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>Origination fee (incl VAT)</td>
<td>R2 990</td>
<td></td>
</tr>
<tr>
<td>Finance instalment</td>
<td>R10 511</td>
<td>New application approval rates</td>
</tr>
<tr>
<td>Insurance premium</td>
<td>R2 600</td>
<td>Pre-owned application approval rates</td>
</tr>
<tr>
<td>Telematics fee</td>
<td>R 294</td>
<td></td>
</tr>
<tr>
<td>Administration fee (incl VAT)</td>
<td>R69</td>
<td></td>
</tr>
<tr>
<td>Credit Life</td>
<td>R650</td>
<td></td>
</tr>
<tr>
<td>Total monthly instalment</td>
<td>R14 124</td>
<td></td>
</tr>
</tbody>
</table>

Financial highlights for Half Year March 2018

- Vehicle loans originated: 3,917 (7,480 in FY2017)
- Net interest margin: 11.3%
- Non-performing loans ratio: 17.2%
- Credit loss ratio: 3.7%
SA Taxi’s credit philosophy

SA Taxi’s identity
SA Taxi is a vertically integrated taxi platform utilising specialist capabilities and enriched proprietary data to judiciously deploy developmental credit and allied business services to empower SMEs thus ensuring the sustainability of a fundamental mode of transport.

SA Taxi’s credit philosophy
SA Taxi’s core business is to extend asset-backed developmental credit to the underserved and emerging SME market. To ensure safe lending practises and maintain manageable risk exposure, SA Taxi has developed its own innovative niche specific credit philosophy and strategy. This approach is built on the proprietary data and industry knowledge amassed over the years, enabling SA Taxi to differentiate between the perceived and actual risk within the minibus taxi industry. This niche specific risk assessment evaluates each taxi owner as a small business and not solely the individual’s credit score.

SA Taxi has established an innovative and efficient credit origination and management platform that is able to assess, originate and manage risks. This platform is continuously improved by incorporating identified trends and insights resulting in enhanced origination and management.

Furthermore SA Taxi’s credit philosophy foundation is appropriate governance that ensures the risk appetite is followed and that all credit decisions are informed. SA Taxi carefully considers the long term impact as well as the short term when modifications are made to originations – this thinking is embedded in the credit team and systems through a thorough understanding of the book and continuous stress testing of possible scenarios.

| Adherence to set risk appetite and risk strategy through appropriate governance |
| Assurance through independent audit, monitoring specific risk metrics and effective corporate governance frameworks |

| Informed decisions through consistent analysis of the book and originations |
| Regular stress testing and evaluation of the book and origination in both the short and long term, embedding scenario based thinking |

| Managed by a sustainable credit origination and management platform |
| Managing the team and systems that deliver repetitive excellence at high volumes by mastering their required competencies |

SA Taxi’s credit philosophy

Niche specific risk assessment of loans originated

A Niche Industry
A credible Operator
In a suitable Vehicle
On a profitable Route
Managed by a credible Association

SA Taxi seeks to provide lending within a defensive niche industry
# Understanding operators’ affordability

## COMPARATIVE MODES OF TRANSPORT

### Short distance route | SOWETO TO JOHANNESBURG: 23KM

<table>
<thead>
<tr>
<th></th>
<th>Taxi</th>
<th>Train</th>
<th>Bus</th>
<th>BRT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility</td>
<td>On route</td>
<td>Station &amp; scheduled</td>
<td>Scheduled stops</td>
<td>Scheduled stops</td>
</tr>
<tr>
<td>Affordability</td>
<td>R13.00 ▲8.3% (from R12 in 2016)</td>
<td>R9.50</td>
<td>R12.20</td>
<td>R13.50</td>
</tr>
<tr>
<td>Reliability</td>
<td>4 associations with ~900 operators</td>
<td>Every 10 to 20 minutes Stops at 7pm</td>
<td>Only 2 operating on the route</td>
<td>Volume of buses &lt; peak capacity required</td>
</tr>
</tbody>
</table>

### Long distance route | JOHANNESBURG TO DURBAN: 595KM

<table>
<thead>
<tr>
<th></th>
<th>Taxi</th>
<th>Train</th>
<th>Bus - Eldo</th>
<th>Bus - Greyhound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility</td>
<td>On route</td>
<td>Station &amp; scheduled</td>
<td>Scheduled stops</td>
<td>Scheduled stops</td>
</tr>
<tr>
<td>Affordability</td>
<td>R290.00 ▲7.4% (from R270 in 2015)</td>
<td>R360.00</td>
<td>R240.00</td>
<td>R390.00</td>
</tr>
<tr>
<td>Reliability</td>
<td>2 associations with ~100 operators</td>
<td>3x per week</td>
<td>5 departures each per day (fewer on a Saturday)</td>
<td></td>
</tr>
</tbody>
</table>

### Efficiency

- **Taxi:** Green
- **Train:** Yellow
- **Bus:** Red
- **BRT:** Blue

Average operator profitability

~R15 000 per month

(based on SA Taxi’s Affordability Calculator at origination)

Average operator profitability

~R50 000 per month

(based on SA Taxi’s Affordability Calculator at origination)

**SOURCE:** Industry information | Websites: Metrorail; Bus Rapid Transport; Various bus companies
Premium vehicles financed given their retention of value

**SA Taxi’s current financed vehicles per brand as at 31 March 2018**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>87%</td>
</tr>
<tr>
<td>Nissan</td>
<td>4%</td>
</tr>
<tr>
<td>Mercedes Benz</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Recommended retail prices for popular models**

- **Toyota Ses’fikile**
  - R433 300
  - This price reflects the retail price for a new diesel unit incl VAT.

- **Nissan NV350 Impendulo**
  - R396 400

- **Mercedes Sprinter 515 Panel**
  - R737 000
  - This price reflects the retail price for a Mercedes Sprinter 515 Panel van that has been converted into a taxi.

**Premium vehicles retain value**

2010 Toyota Ses’Fikile

Key to SA Taxi’s business model and risk mitigation is the retention of value of the asset while it is financed. This graph illustrates Toyota’s ability to retain and even appreciate in value due to higher buy prices.

The graph shows the prices for which new 2010 model Toyota Ses’fikile were bought by SA Taxi customers in 2010 and the price 2010 models were subsequently sold in the second hand market by SA Taxi.

**SOURCE** | SA Taxi internal and market data as of the 31 March 2018 | Brands on book is based on value
Profile of SA Taxi’s customer

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Vehicles on book</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>100%</strong></td>
<td><strong>87%</strong></td>
</tr>
<tr>
<td>Black owned SMEs</td>
<td>Toyota vehicles</td>
</tr>
<tr>
<td><strong>20%</strong></td>
<td><strong>&gt;85%</strong></td>
</tr>
<tr>
<td>Women owned SMEs</td>
<td>Insured with SA Taxi</td>
</tr>
<tr>
<td><strong>16%</strong></td>
<td><strong>1.2</strong></td>
</tr>
<tr>
<td>Under the age of 35 years</td>
<td>Vehicles per customer</td>
</tr>
<tr>
<td><strong>47 years</strong></td>
<td><strong>3.8 years</strong></td>
</tr>
<tr>
<td>Average age of owner</td>
<td>Average age of vehicle</td>
</tr>
</tbody>
</table>

**Credit profile of loans on book**

- **68 months** Average loan term
- **>R6 000** Minimum monthly profit
- **10%** Average deposit ¹
- **23.6%** Weighted average interest rate at origination
- **~40%** Average approval rate
- **47 months** Weighted average remaining term
- **~600** Average empirica score

Managed by a sustainable credit origination and management platform

¹. Average deposit on new vehicle originations
SA Taxi Direct

SA Taxi established their own direct dealership in 2015, SA Taxi Direct, which sells both new and pre-owned premium minibus taxis. Due to strong relationships with Toyota, SA Taxi is allocated approximately 50 new Toyota Ses’fikiles per month to sell alongside the pre-owned vehicles. This channel offers SA Taxi greater returns on the entire vehicle deal and provides a profitable and reliable marketplace for sale of refurbished vehicles due to the following factors:

- Margin off sale: SA Taxi is able to realise a margin on the sale as the transaction occurs on their own dealership and the pre-owned vehicles have been through Taximart
- Better credit risk screening: Since SA Taxi has greater control and line of sight of the interaction that occurs at the point of sale, it is able to ask the required questions to achieve a better credit risk screening
- Insurance take up is higher: SA Taxi’s credited sales agent can provide customers with key insights on the value of insuring their vehicle resulting in a higher insurance take up

<table>
<thead>
<tr>
<th>Vehicles sold per month through the dealership</th>
<th>Toyota new vehicle allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>120 - 150</td>
<td>50</td>
</tr>
<tr>
<td>Pre-owned vehicles sold per month</td>
<td>Margin on Vehicles sold</td>
</tr>
<tr>
<td>40 - 50</td>
<td>6 - 9%</td>
</tr>
</tbody>
</table>

SOURCE | Internal data March 2018
Distribution channels

SA Taxi’s head office, located in Midrand Johannesburg, acts as the centralised administration centre for all distribution channels. A secondary office has been established in Durban in order to sufficiently service the large minibus taxi market within that metropolitan area. Origination processes and decisions such as credit evaluations are all undertaken at the head office and then fed down to each respective distribution channel, this centralised network allows for greater efficiencies and enables scale as SA Taxi continues to expand its footprint. Three key distribution channels are utilised which are SA Taxi’s own direct channel, badged affiliated dealers and non-affiliated dealers.

SA Taxi's direct sales channel targets customers through two approaches. The first is telephonically - a team of FAIS-accredited telesales agents use SA Taxi's existing customer base as a growth engine. This approach targets performing customers to whom SA Taxi would like to extend additional vehicles, thus growing the SME. The second approach is through SA Taxi Direct, SA Taxi's own dealership based in Midrand in which potential customers can come view and apply for new or pre-owned minibus taxis. This channel is the most profitable and as at 31 March 2018, this channel constituted more than 20% of SA Taxi's new vehicle sales.

The affiliate channel consists of Toyota, Nissan and Mercedes franchised dealerships. The majority of these dealerships belong to well-known dealer groups such as McCarthy, Imperial and Halfway, and each of the dealerships focus on one specific vehicle manufacturer. These dealerships receive vehicles directly from the relevant vehicle manufacturer with their allocation of vehicles being based on their historical sales. This channel is only for new vehicles. Over the years SA Taxi has strengthened relationships with the dealer groups and dealerships and the affiliate channel is now the most prevalent. This particular distribution channel contributes to 52% of SA Taxi's total originations.

The non-affiliated market channel is dominated by a few independent dealers that stock the full range of taxi vehicles, including entry level vehicles. The relationships established by SA Taxi with these dealers are a barrier to entry for competitors. Given that of 27% of originations are from this channel, SA Taxi continues to foster these relationships and enjoys the support of the non-affiliated channel.

**SA Taxi internal and market data as of the 31 March 2018**
SA Taxi Protect

SA Taxi Protect was established in partnership with Guardrisk to provide the insurance that SA Taxi requires for each vehicle it finances. Each taxi financed by SA Taxi is fully insured, with >85% of taxi owners choosing to insure with SA Taxi Protect and the remainder with other reputable insurers. Additionally, ~5 000 policies are underwritten on ~6 000 ‘open-market’* minibus taxis.

SA Taxi Protect is responsible for designing and distributing the insurance product, collecting premiums as well as managing claims including parts procurement and refurbishment.

SA Taxi Protect has designed bespoke policies to meet taxi owners’ specific needs and includes comprehensive vehicle cover including passenger liability as well as business interruption cover. Additionally SA Taxi offers business relevant insurance such as Credit Life.

Furthermore, the credit agreement enables SA Taxi to pay the premiums on behalf of each client to mitigate the risk of non-cover.

<table>
<thead>
<tr>
<th>Vehicles covered</th>
<th>% of book insured with SA Taxi</th>
</tr>
</thead>
<tbody>
<tr>
<td>~30 000</td>
<td>&gt;85%</td>
</tr>
</tbody>
</table>

Annualised new written premium: R161m

Claims ratio: <70%
SA Taxi Protect’s insurance offering

SA Taxi Protect, a subsidiary of the SA Taxi group, is an insurance entity that offers bespoke products tailored for the minibus taxi industry. This entity insures >85% (as at March 2018) of SA Taxi’s client base making this a core offering for the SA Taxi group. These insurance products are also offered to open-market taxi operators.

**Khusela Taxi Business Insurance**

This insurance policy is offered to taxi operators with a financing agreement with SA Taxi. This policy includes:

- **Comprehensive motor vehicle cover**
  - Accident damage
  - Windscreen damage
  - Theft
  - Hi-jacking
  - Write-offs
  - Fire

- **Instalment protection**
  
  If the insured taxi is damaged in an accident and is not ready for collection within 7 days of the claim being authorised, Khusela Taxi Business Insurance pays up to 2 months worth of instalment to the credit provider.

- **Third party, passenger and riot and strike cover**

- **Credit Top Up**

  This is insurance against any outstanding debt accrued in a previous credit agreement. This product includes absconsion & violation which effectively covers the credit provider if the insured violates the terms & conditions.

**Khusela Credit Life**

This insurance policy is required by all taxi operators with a financing agreement with SA Taxi. It is an optional product for open-market clients. This policy includes:

- **Death pay-out**
- **Permanent disability pay-out**
- **Temporary disability pay-out**

**Khusela Taxi Insurance**

This insurance policy is offered to taxi operators not financed with SA Taxi. This policy includes:

- **Comprehensive motor vehicle cover**
- **Third party, passenger and riot and strike cover**
- **The option to take-up, Business Protect**
- **Deposit Protect**
- **Zero Excess**
- **Credit Top Up**

**Additional benefits**

- **Deposit Protect**

  This policy pays the taxi operator the deposit they put down on their stolen or written off vehicle.

- **Zero Excess**

  This policy is taken up by taxi operators looking to manage their cash flow in the evident of a claim, as they are not required to pay any excess.

**Complimentary benefits**

- **24 Hour Accident Assist Towing**
- **Tracking Device for financed clients**
- **New Taxi Substitution for financed clients**

**Business Protect**

This policy covers business interruptions that may be caused due to repairs. This policy pays out R400 a day for up to 20 days while the taxi is being repaired.
Taximart

Taximart is a subsidiary of SA Taxi, which was created in 2009 for insurance claim repairs and the refurbishment of repossessed minibus taxis in the secondary market to improve SA Taxi’s recoveries. Taximart services include a range of panel, mechanical and maintenance services that ensure that the taxi owners’ vehicles are repaired timeously and are back on the road as soon as possible.

Taximart’s ability to refurbish and resell has enabled SA Taxi to reduce their loss ratios through enhanced recoveries. This is achieved through cost reduction, improved turnaround times, improved product quality all providing higher returns than a traditional model. Taximart has also led to reduced insurance cost of claims.

The efficiencies created through Taximart arise from the following:

- Economies of scale;
- Focus on a narrow product line (including only white vehicles) allows for specialisation;
- Bulk procurement power; and
- Time saved by controlling the entire process in-house.

<table>
<thead>
<tr>
<th>Internal refurbishment capacity per month</th>
<th>Recovery rate on refurbishment &amp; resale</th>
</tr>
</thead>
<tbody>
<tr>
<td>~220</td>
<td>&gt;73%</td>
</tr>
</tbody>
</table>

Taximart staff Workshop facilities

~360 20 000 m²

SOURCE | Internal data March 2016
Taxi Auto Parts

Taxi Auto Parts, the parts and salvage operation, allows SA Taxi to participate in the minibus taxi parts supply chain and to play a significant leadership role within the industry.

Given the size of SA Taxi’s insurance book as well as the refurbishments, the business is a substantial consumer of minibus taxi parts in South Africa. It is therefore critical to the optimisation strategy to procure and distribute parts as efficiently as possible to SA Taxi’s own repair centre as well as its network of preferred panel beaters. To enable this, SA Taxi has established its own parts procurement operation. The savings will be a direct result of:

- The importing of quality aftermarket parts (fixed right first time)
- Sourcing parts at scale (economies of scale)
- Distribution of parts to external panel beaters (managing cost of repair)

In addition, SA Taxi has extended its business model into salvage. By entering into this market, the business is able to optimise the salvage value of a vehicle. SA Taxi realises a higher recovery value, which benefits both SA Taxi and the operator by managing the cost of claims. This has a positive effect on insurance premiums. This will be achieved by:

- Selling salvage parts to the taxi industry retail, thereby enabling greater value realisation from insurance write-offs and repossessed vehicles (that are deemed unviable for refurbishment).
- Consistent supply of quality 2nd hand OEM parts for Taximart at a reduced price

<table>
<thead>
<tr>
<th>SA Taxi spend on parts</th>
<th>Workshop facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>~R200m</td>
<td>7 500m²</td>
</tr>
</tbody>
</table>

SOURCE | Internal data March 2018
Proprietary data provides critical insight for decisions

Telematics data used throughout the value chain

Through its strong competency in telematics and its longstanding experience in the industry SA Taxi has accumulated rich proprietary data. This enables the company to accurately assess the actual risk of potential customers. Due to the informal nature of the industry there is a high degree of perceived risk and data analytics are therefore a competitive advantage in truly understanding the risk.

Each vehicle is fitted with a tracking device which not only provides information on mileage and location but also provides insights on the following aspects in the value chain:

- **Origination**
  Data collected is fed into the credit vetting process allowing SA Taxi to better understand credit risk and route profitability

- **Collections**
  Data is used to obtain an understanding of how the minibus taxi is operating before collection action is taken. This background informs how collection agents interact with the taxi owner.

- **Insurance**
  Historical data is used to bolster the accuracy in pricing a taxi owner’s insurance risk as well as to identify when there is a lack of movement which could indicate an insurance claim

- **Repossessions**
  Live location data along with a driver’s historical data are utilised in aiding the repossession process

- **Service offering to the client**
  Data is provided to the taxi owner, enabling them to gain a greater understanding of their business operations and further empowering them as business owners

Examples of data

**Approved route vs. route actually travelled**

**Distance travelled on an daily basis**

**Legend**

- Approved Route
- Travelled Route

**Distance Driven - Last 10 Days**

<table>
<thead>
<tr>
<th>0</th>
<th>50 km</th>
<th>100 km</th>
<th>150 km</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-05-17</td>
<td>260km</td>
<td>100km</td>
<td>50km</td>
</tr>
<tr>
<td>2018-05-18</td>
<td>110km</td>
<td>80km</td>
<td>30km</td>
</tr>
<tr>
<td>2018-05-20</td>
<td>80km</td>
<td>80km</td>
<td>20km</td>
</tr>
<tr>
<td>2018-05-21</td>
<td>120km</td>
<td>120km</td>
<td>30km</td>
</tr>
<tr>
<td>2018-05-23</td>
<td>225km</td>
<td>225km</td>
<td>20km</td>
</tr>
<tr>
<td>2018-05-24</td>
<td>155km</td>
<td>155km</td>
<td>10km</td>
</tr>
<tr>
<td>2018-05-25</td>
<td>80km</td>
<td>80km</td>
<td>0km</td>
</tr>
</tbody>
</table>

SOURCE | SA Taxi Telematics data
Proprietary data enables key functions across SA Taxi’s value chain

**Vehicle supply & sales**

Proprietary data informs SA Taxi Direct sales by taking into account the following insights:

- Existing customers buying patterns and preferences and the market demand seen from affiliates and non-affiliates sales
- Performance and profitability of the different types of vehicles financed by SA Taxi
- Repairs costs per vehicle type
- Geographic distribution of activity across the industry

**Insurance**

Extensive data on the current client base, insights from past insurance incidents, the risks associated with vehicle type, area of operation and other insights about the allocated route are used by SA Taxi Protect to bolster the accuracy in pricing a taxi operator’s insurance risk and predict when there is activity that could indicate an insurance claim.

The image on the right highlights an area in which there is suspect operation which disassembles stolen automobiles for the purpose of selling them as parts. An SA Taxi vehicle entering this area would raise an insurance alert.

**Originations**

Proprietary data is used to further understand an applicant’s credit risk. The following data points are examples of insights taken into consideration when assessing a new applicant:

- Profitability of the route allocated as SA Taxi has gained knowledge on the actual route travelled vs the approved route
- Risks and credit performance of operators on that route from previous customers
- Payment performance of repeat customers

**Media**

Through telematics, SA Taxi is capable of running highly focused marketing campaigns at mass volume by providing companies space to advertise on taxi’s while tracking the advert’s reach.

This image is an example of the reach a previous customer achieved through adverts on minibus taxis.
Proprietary data enables key functions across SA Taxi’s value chain

**Collections**

SA Taxi is able to predict potential imminent non performance of a loan based on telematics data linked to credit performance data. This enables the collections team to initiate proactive and preventative action to support the taxi owner and hence improve performance of the loan.

A few predictive identifiers of non performance are:
- A decrease in kilometres travelled in comparison to usual operations
- Stationary vehicle during normal operating hours
- Vehicle entering an identified high risk area

This operating data provides the collection agent with relevant background on the state of the taxi owner and informs the best corrective action. In addition it allows the collections agent to distinguish between a client’s inability to pay versus their unwillingness to pay.

**Repossessions**

Aside from being able to track the live location of the vehicle, recovery teams are able to access the full details of the taxi owner and the vehicle. This helps the team to identify the best time and location to recover the vehicle. The data gives an indication of the current condition of the vehicle, enabling the recovery agents to expediently predict the repair costs of the vehicle.

**Offering to taxi owners**

SA Taxi’s mobile self help application allows the taxi owner to easily access all of his information. Data is provided to the taxi owner, enabling key insights into their business and increase productivity.

Metrics available to the taxi owners are:
- Trip profitability analysis
- Mileage travelled against benchmark
- Driver behavior against benchmark
- Fuel efficiency indicator
- Activity of vehicle against benchmark
- Service alerts
- License renewal alert

**Finance**

Proprietary data aids the finance team to accurately provision for expected loss by providing key trend analysis that aids in predicting factors including:
- Probability of default based on client activity and performance
- Associated repair costs based on the condition of the vehicle
- Predicted cost recovery
SA Taxi focuses on customer experience

SA Taxi prides itself on valuing each taxi operator as a business owner and offers a personalised, professional and friendly experience. SA Taxi have a dedicated trained and experienced call and service centre equipped to service taxi owners. Customer service is a key pillar of SA Taxi and the focus is on nurturing relationships – loyal customers who will keep buying and referring others.

Customer service and satisfaction metrics

- Average Call waiting: 20 Seconds
- Average call length: 2:45 Minutes
- 20% Consultant Abandoned calls
- 80% Customer
- 17 088 Leads dialled by team

<table>
<thead>
<tr>
<th>Consultants</th>
<th>52 671 Calls answered</th>
<th>6 583 Calls per consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service fulfilment: cases assigned and resolved</th>
<th>2 839 resolved</th>
<th>396 Not resolved</th>
<th>88% average productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome Centre: client walk ins</td>
<td>3 569 clients attended</td>
<td>414 Not attended</td>
<td>89% average productivity</td>
</tr>
</tbody>
</table>

Campaigns

- Welcome Calls
- First Instalment Calls
- Media Sales
- Dealership leads warming
- Cartrack Campaign
- Adhoc surveys upon Business requests

Complaints

SA Taxi’s complaints management process involves the practice of investigating queries and grievances received from customers on the following platforms:

- Face to Face
- Social Media
- Telephonic
- Email
- Fax
- Hello Peter

Once a full root cause is established, recommendations are made to the relevant team. It is the responsibility of the Compliance Department to deal with client protection principles. For these grievances, the complainant has a number of channels through which he/she is able to lodge their case namely:

- National Credit Regulator
- Credit ombudsman
- FSB
- Short term insurance ombudsman

SA Taxi receives on average 28 grievances per month of which the majority are timeously resolved (98%). Grievances often relate to communication and unprofessionalism. These cases are however resolved internally through the Customer Services department or closed once supporting evidence is given to the complainant’s representative.
SA Taxi’s competitive landscape
SA Taxi’s competitive advantage

SA Taxi has created a robust competitive advantage through vertical integration, risk mitigation, focus, specialisation and innovation. This competitive advantage has created significant barriers to entry for competitors and made it difficult to emulate SA Taxi’s success. Competitors have been reluctant to enter the minibus taxi market as it is a challenging asset class to fund. A comprehensive vertical investment into the value chain is required in order to be able to manage the highly specific risks posed by the minibus taxi industry.

SA Taxi’s competitive advantage can thus be summarised as follows:

- **Maximising value** through vertical integration in multiple value chains
- **Extending the life** of the financed asset through refurbishment and repairs
- **Underpinning the financed asset** through a liquid second hand market which retains value
- **Achieving efficiencies** through scale in limited vehicle types
- **Assessing risks accurately** based on proprietary data

SA Taxi has developed deep specialisation and competence throughout the financial services value chain as well as the vehicle value chain, optimising margin throughout.

Through significant investments in refurbishments and panel facilities, SA Taxi is able to extend the life of the income generating financed asset through repossession, refurbishment and resale, mitigating risk.

SA Taxi has underpinned the financed asset by establishing a liquid second hand market through supplying and creating demand for quality refurbished vehicles.

SA Taxi has gained significant scale in a market distinguished by limited vehicle types - resulting in innovation and efficiencies throughout the asset value chain.

SA Taxi is able to profitably price credit and insurance risk by augmenting deep market insight gained through years of experience, proprietary telematics data (both industry & granular route insight) and strong stakeholder relationships.
SA Taxi is positioned to make positive impact

As the primary form of public transport in South Africa, the minibus taxi industry has a significant impact on the environment, society and the economy. SA Taxi’s unique market position enhances its ability to have a meaningful impact through inclusive economic growth and responsible environmental initiatives.

Financial inclusion
The minibus taxi industry is almost exclusively comprised of black individuals who are underserved by traditional credit providers.
SA Taxi fills a critical funding gap, providing credit to entrepreneurs who would otherwise be excluded from the formal economy.

SME empowerment
Minibus taxis are an integral part of the South African public transport infrastructure and in addition serve as feeders into the rail and bus system.
Currently SA Taxi finances approximately 30 000 minibus taxis in an estimated market of 250 000 representing a significant contribution to not only the industry but also to public transport.

Sustainable job creation
Since inception, SA Taxi has facilitated the creation of over 68 000 black-owned SMEs through providing access to financing an income generating asset, a minibus taxi. SA Taxi’s comprehensive offering supports a variety of taxi owners’ business needs.
SA Taxi further provides limited small business training, financial management courses and self help tools to SME owners.

Public transport infrastructure
Each minibus taxi financed by SA Taxi has a ripple effect for job creation. Minibus taxi businesses create direct employment for drivers and conductors whilst providing a livelihood for the taxi owner.
Indirectly, minibus taxi nodes create a central marketplace of goods and services where informal businesses including retail, food and car washers thrive. Further jobs are created due to the need for ancillary services such as mechanics.

Environmental sustainability
SA Taxi is aware of its carbon footprint and has initiatives to minimise its impact. It enables the replacement of aged vehicles with reduced emission vehicles as well as extending the useful life of vehicles through refurbishment.
SA Taxi also aims to offset its carbon footprint through reforestation, community greening and other carbon offset initiatives, responsible disposal of waste and ensuring efficient energy usage in facilities.
SA Taxi facilitates financial inclusion

SA Taxi provides essential financial services to underserved small businesses

SA Taxi fills a critical funding gap, providing credit to entrepreneurs who would otherwise be excluded from the formal economy given their credit profiles. With approximately 12 million South Africans classified as unbanked, this large portion of the population is exposed to a very limited number of channels in which to access capital from.

Financial inclusion financing is often targeted at the consumer rather than sustainable business. This type of funding, such as unsecured lending, while promoting financial inclusion, has a negative contribution to the consumer’s net wealth. In contrast, through financing an income producing asset and ensuring that the profits generated by the asset are substantial enough to pay off the financing as well as to yield a living for the owner, SA Taxi creates a positive impact on both financial inclusion and the building of the clients’ net wealth.

Assuming that individuals with an Empirica score of under 650 are unlikely to obtain credit from a traditional credit providers this means that ~90% of the individuals that SA Taxi finances would be unable to get finance from a commercial institution.

SA Taxi’s sustainable credit loss and non performing loan ratios are evidence of SA Taxi’s thorough and informed understanding of the actual risk of these underserved individuals. This coupled with SA Taxi’s extensive experience, proprietary data, vertical integration and all encompassing business offering has resulted in sustainable, responsible, successful lending and small business development.
Creating sustainable jobs and empowering SMEs

The minibus taxi industry offers an opportunity for individuals to establish their own SMEs. This industry in itself has an eco-system where each minibus taxi placed on the road has a direct and indirect implication on job creation. According to the Department of Transport, the taxi industry as a whole has enabled over 960 000 direct and indirect jobs.

<table>
<thead>
<tr>
<th>Job creation</th>
<th>SME empowerment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct</strong></td>
<td>SA Taxi prides itself in adding value to its customers through additional services. This has a mutual benefit of ensuring that customers maintain servicing their loans and promote sustainability of the SMEs and the related jobs. SA Taxi’s financing activities are an important catalyst for empowerment and development of start-up SMEs in South Africa.</td>
</tr>
<tr>
<td>The Department of Transport has identified that there are approximately 1.8 jobs created per minibus taxi resulting in over 450 000 direct jobs; which would include drivers and conductors. This extrapolated over ~30 000 vehicles financed by SA Taxi results in approximately 54 000 direct jobs currently sustained by SA Taxi. Furthermore, SA Taxi currently employs 1 033 staff and invests in their continued upskilling and empowerment.</td>
<td>SA Taxi has facilitated the creation of over 68 000 black-owned SMEs that typically could not gain access to finance from traditional lenders. It further provides a means of empowering females and the unskilled youth to be able to enter the formal economy.</td>
</tr>
<tr>
<td><strong>Taxi hubs</strong></td>
<td>Additional services to our clients in order to increase their success including bespoke insurance, repairs, telematics and self help tools (including vehicle analytics and peer comparisons) and limited small business training.</td>
</tr>
<tr>
<td>Minibus taxis operate out of nodes which are in numerous locations and operate as central points for commuters to access them. The large volume of commuters has attracted a variety of service providers, thereby converting these nodes into informal market places where a variety of textiles, food, beverages, and car wash services are offered. These nodes are thus burgeoning business hubs that offer a variety of employment opportunities.</td>
<td></td>
</tr>
<tr>
<td><strong>Taxi services</strong></td>
<td></td>
</tr>
<tr>
<td>There are a number of services that support the minibus taxi industry. For example, minibus taxis require maintenance and repairs services and car washing services.</td>
<td></td>
</tr>
<tr>
<td>The South African Department of Transport estimates that approximately 600 000 indirect jobs are enabled by the minibus taxi industry.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct jobs per taxi vehicle</th>
<th>Estimated direct jobs created by SA Taxi’s fleet since 2008</th>
<th>Estimated indirect jobs sustained by SA Taxi’s fleet since 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>~1.8</td>
<td>~123 000</td>
<td>~200 000</td>
</tr>
</tbody>
</table>

SOURCE | Department of Transport Minister Dipuo Peters addresses at National Council of Provinces Budget Vote debate NCOP 2014/15 | SA Taxi’s taxi owners as at March 2018 | SMEs empowered is considered to be those who have settled their loans as well as those currently on book
SA Taxi supports a broad range of entrepreneurs

**Mr Ntshangase**
Taxi driver for 6 years before becoming a taxi owner

**Mr Moabi**
Taxi driver for 8 years before becoming a taxi owner

**Mr Rabothata**
Entered the taxi industry in 2008 and currently owns 5 minibus taxi vehicles

**Ms Kubeka**
Entered the taxi industry through her father

**Mr Ndzamba**
Taxi driver for 3 years before becoming a taxi owner

**Mrs Tlometsana**
Inherited her taxi business from her late husband
# SA Taxi addresses key public transport infrastructure needs

<table>
<thead>
<tr>
<th>Infrastructure needs</th>
<th>Minibus taxi industry</th>
<th>SA Taxi’s contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability and accessibility</td>
<td>The reach of minibus taxis is pervasive and extends across all of South Africa including areas that would not otherwise have access to transportation services. The majority of South Africans can access a minibus taxi within a 5 minute walk from home.</td>
<td>Through its core business of providing development capital to the underserved, SA Taxi enables growth in the minibus taxi industry, ensuring that the industry is able to meet the demands of a growing population. SA Taxi originated ~ 4 000 new loans in the last 6 months.</td>
</tr>
<tr>
<td>Safety and efficiency</td>
<td>Roadworthiness of minibus taxis is a significant contributor to the poor safety record of the minibus taxi industry. In addition, old and poorly maintained vehicles have higher emissions than newer vehicles.</td>
<td>SA Taxi’s operations improve the roadworthiness of minibus taxis on South Africa’s roads. This is done through replacing old vehicles with new quality vehicles, providing insurance and panel repair facilities and refurbishing vehicles. Replacing old vehicles also decreases the carbon emissions of the minibus taxi industry.</td>
</tr>
<tr>
<td>Investment</td>
<td>The time and investment required to extend or construct a new rail or bus network is significant. By contrast, minibus taxis are able to organically adapt to changing demand and operate without significant government funding. Further, minibuses do not require a large critical mass to be able to service a route.</td>
<td>SA Taxi originated ~4 000 new loans in HY 2018, and has enabled over 68 000 small business entrepreneurs to date. By reducing the barriers to entry for small business entrepreneurs, SA Taxi empowers the minibus taxi industry to react agilely to its dynamic environment. SA Taxi supports the longevity of the minibus taxi industry through vertical investment into the industry, integrating the industry into infrastructure, and providing new technology.</td>
</tr>
<tr>
<td>Regulation</td>
<td>Given the minibus taxi industry’s roots in the informal sector the industry is consequently largely self-regulated, a structure which has proved sustainable to date. The minibus taxi industry does however have a legislative framework that includes standards such as vehicle specifications, minimum wages, hours of work and termination of employment, but these are often poorly enforced. Implementation of these standards is required to address safety and efficiency in the industry.</td>
<td>Through the loan origination process, taxi operators must show possession of a valid operating permit and affiliation with a taxi association. The specifications of SA Taxi’s financed vehicles meet regulatory requirements. As a result, SA Taxi’s growing client base drives compliance with industry regulations. SA Taxi also plays a significant role in incorporating informal cash flow into the formal economy.</td>
</tr>
<tr>
<td>Measurement</td>
<td>Due to the informal nature of the industry, there is very limited data available on the minibus taxi industry, particular driver profiles, how many vehicles are in operation and the routes these vehicles operate.</td>
<td>SA Taxi has a wealth of information on minibus taxi operators and how and where taxi drivers operate. The result is a rich source of data and a view into an otherwise poorly understood industry. This helps improve the transparency and accountability of the industry. Adjacently, SA Taxi’s data on the patterns of mass transport could be of great use to town planners and other applications.</td>
</tr>
</tbody>
</table>
Initiatives that support sustainable growth within the economy

To drive SME development and sustainable growth, SA Taxi has established the SA Taxi Enterprise and Supplier Development initiative. In addition SA Taxi works closely with the minibus taxi industry to assist with the development of SMEs.

### Supplier development

The economic landscape within South Africa reflects a requirement for SME development in order to fuel the growth of the economy. In the developed world SMEs are the largest employers and therefore to fuel SME development is to promote sustainable growth.

In recognition of this SA Taxi has implemented a supplier development project which coordinates and manages the development and support of existing and new qualifying suppliers. The intention is to grow the competitiveness of SA Taxi’s supply chain, ensure the diversity of our supplier pool, while at the same time being catalyst to SME growth and development.

One notable beneficiary of the supplier development initiatives is Smart Seat. Smart Seat is a BEE owned business which occupies rent free space in Taximart. This business has a guaranteed flow of business from SA Taxi whereby it re-upholsters seats and head rests for all refurbished vehicles.

### Industry development

SA Taxi has partnered with the minibus taxi industry, though a project called ‘Refentse’. Project Refentse, which was kicked off in 2018 adds another component to SA Taxi’s extended business platform designed to improve the minibus taxi industry’s sustainability. The project is funded by the SA Taxi Foundation and managed by Taximart.

Candidates for the training programme have been identified and nominated by the South African National Taxi Council (SANTACO) and the National Taxi Alliance (NTA). At a direct cost of some R22 000 per candidate (this amount excludes Taximart time and resources), the training will prepare participants over a 12-week period for a recognised motor mechanics trade test. Each candidate will receive a daily stipend, lunch, and a tool box worth R4 000.

<table>
<thead>
<tr>
<th>Supplier development (Smart Seat)</th>
<th>Industry development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Smart Seat employees dedicated to SA Taxi work</td>
<td>Number of industry mechanics</td>
</tr>
<tr>
<td>31</td>
<td>10</td>
</tr>
<tr>
<td>Number of seat sets covered per month</td>
<td>Length of training program</td>
</tr>
<tr>
<td>~160</td>
<td>3 months</td>
</tr>
</tbody>
</table>
Climate change is among the most challenging problems facing society today and presents a critical threat to food, water and energy security globally. The economic effects of climate change tend to affect the poor most, as food and energy prices increase. Conscious of its environment and its impact on it, SA Taxi seeks to maximise its responsibility towards environmental sustainability. SA Taxi’s impact on the environment is driven on two levels - a leveraged impact through the minibus taxi industry and a direct impact through its business operations.

Given its position in the market, SA Taxi plays a key role in reducing the carbon footprint created by the South African minibus taxi industry. The industry faces many challenges in improving its environmental impact. As highlighted earlier, the minibus taxi fleet in South Africa is aging and consequently greenhouse gas emissions are high. SA Taxi contributes to reducing the carbon footprint of the minibus taxi industry through two primary levers.

1. Modernising the minibus taxi fleet – reducing greenhouse gas emissions
2. Extending the life of vehicles – reducing the burden of waste

Additionally, the business has reduced carbon emission though carbon neutralisation investments. A study into the efficacy of compressed natural gas (CNG) vehicles has also been conducted as well as measurement of the impact of SA Taxi’s current primary levers, for the period 2010 to 2020. The finding of this study, presented below, indicate that SA Taxi contributes between 0.35% – 1.27% of the full mitigation potential identified in improved Internal Combustion Engine (ICE) fuel efficiency for South Africa.

SA Taxi’s environmental impact on carbon emissions

Mitigation Case 1:
Improved fuel efficiency due to vehicle refurbishments
Forecast emissions abatement (2010-2020) 30 139 tCO\(_2\)e

Mitigation Case 2:
Improved fuel efficiency due to SA Taxi financed new vehicles replacing old vehicles
Forecast emissions abatement (2010-2020) 221 929 tCO\(_2\)e

Mitigation Case 3:
Reduced emissions associated with the potential introduction of 10 CNG vehicles per year
Forecast emissions abatement (2010-2020) 1 356 tCO\(_2\)e

SA Taxi continues to investigate the feasibility of greener vehicles such as CNG converted vehicles. However, currently the national transport infrastructure is poorly equipped to deliver products and services such as CNG filling stations and electric vehicle charging stations to enable these forms of technology to be rolled out on a large scale.

SOURCE | ERM Analytics Study 2015 | SHIP EIA 2016 | Note* Forest carbon abatement figures range substantially (from a minimum abatement of 89 tCO\(_2\)e to a maximum of 678 tCO\(_2\)e). Hence the figures quoted are conservative, based on a low mitigation case and moderate autonomous efficiency factor. Please see ERM report for detailed findings.
SA Taxi implements initiatives as part of its business operations to mitigate its impact on the environment. These initiatives are centred around three specific themes namely sustainable consumption, responsible waste disposal and carbon neutralisation.

### Sustainable consumption
SA Taxi acknowledges that the industry it operates in poses environmental threats. SA Taxi has thus implemented measures to counteract this as part of its operational premises:
- Grey water collection systems have been installed for recycling water.
- Energy efficient light management is used within the buildings.
- The Taximart warehouse introduced Solar panels.

SA Taxi also supports industry Enterprise Development Initiatives:
- Supporting the “Go Green” initiatives of the Taxi Industry.

### Responsible waste disposal
During the refurbishment process by Taximart, waste is generated as parts are assessed and determined to be un-useable.

Major recycling initiatives include:
- Responsible disposal of used tyres in relation to Redisa legislation.
- Converting used oil into mechanical grease.
- Converting plastics into bed-bases

**100% of waste resulting from SA Taxi’s direct operation is recycled.**

### Carbon neutralisation
SA Taxi provides support to projects which promote environmental stability in order to offset the carbon emissions resulting from its operations.
- Partnership with Greenpop to combat CO₂ emissions resulting in 6000 trees planted in 2015 based on the “1 taxi 1 tree” campaign.
- In schools and underserved communities supporting food gardens and fruit tree planting initiatives.
- Compressed natural gas (CNG) study: More than 100 SA Taxi minibus taxis have been converted to CNG reducing CO₂ and greenhouse gas emissions.

SA Taxi has begun the process of aligning itself to global initiatives centred around responsible investing and sustainable development. These programs are endorsed by companies local and international alike to promote sustainable business conduct across all industries and disciplines.
SA Taxi Foundation

SA Taxi plays an important role in South African society as a financial services provider. SA Taxi established the SA Taxi Foundation as an extension of its commitment to active citizenry. The foundation is a non-profit organisation which is aimed at implementing sustainable projects that contribute to the communities with which SA Taxi interacts. Within the South African context, SA Taxi Finance and SA Taxi Foundation are uniquely positioned to have meaningful impact on the economy and society, particularly as the business’ client base represents individuals classified as previously disadvantaged.

<table>
<thead>
<tr>
<th>Key Initiatives</th>
<th>Background</th>
<th>Social Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SA Taxi bursary fund</strong></td>
<td>The children of SA Taxi’s clients are offered an opportunity to obtain funding to further their education. Their tuition and books for the relevant year are covered in full and they are given an opportunity to obtain work experience where applicable and possible.</td>
<td>“Generational impact” – propagating the cycle of education.</td>
</tr>
<tr>
<td><strong>SA Taxi Bursary fund with the Wits College of education</strong></td>
<td>Due to the education crises surrounding #eesmustfall in South Africa. The Foundation would like to invest in the education field by providing 2 deserving students from Wits College of Education a bursary.</td>
<td>The bursary award does not only impact the recipients, as investing in the education of teachers has a bigger societal impact. Once qualified these teachers will further impact many other students.</td>
</tr>
<tr>
<td><strong>Mobile library partnership</strong></td>
<td>Of the 24 000 registered public primary schools in South Africa, only 1 900 have functioning libraries. SA Taxi Foundation has partnered with the South African Primary Education Support Initiative (SAPESI) to bring 100 mobile libraries to communities and schools across the country.</td>
<td>Approximately 700 000 school children and 70 000 teachers will have access to a library for the first time.</td>
</tr>
<tr>
<td><strong>ECD- Mobile library</strong></td>
<td>SA Taxi Foundation has extended its support to the mobile library project by launching a mobile library in the Diepsloot area focusing on Early Childhood Development (ECD).</td>
<td>Diepsloot has a population of 200 000. The initiative sponsors 25 ECD centres which has 3000 children aged 18 months to 6 years.</td>
</tr>
<tr>
<td><strong>SA Taxi Art Awards</strong></td>
<td>To facilitate greater involvement in the arts from local participants, the Arts Awards intend to offer emerging artists the platform within which to showcase their talents and gain commercial momentum.</td>
<td>37 emerging artists propagated into mainstream. Winning artwork viewed by approximately 6 million people.</td>
</tr>
<tr>
<td><strong>SA Taxi Patron Fund</strong></td>
<td>SA Taxi Foundation has extended its support of local artists by partnering with the Artist Proof Studio (APS). This fund comes from sales made from SA Taxi Foundation Art Award.</td>
<td>APS subsidises 50 - 60 young artists to attend classes and have access to the school’s studio. SA Taxi Foundation currently funds one Patron (Mixo Khosa) for 2017.</td>
</tr>
</tbody>
</table>
| **Taxi Change Makers**              | A programme designed specifically to encourage SA Taxi staff participation in the socio-economic development initiatives that are run through the foundation. Taxi Change Makers have supported at least 1 initiative per month for the last 12 months. | The distribution of 300 back to school packs to disadvantaged grade 1 pupils in a school in Daveyton. Most of the parents at the school are unemployed and some of the homes are headed by children.
Financial performance
The table below highlights the financial performance of SA Taxi for the half year ended March 2017 and March 2018.

### Half Year ended March 2017
- **Headline earnings**: R147m (23%)
- **Net interest margin**: 11.0%
- **Credit loss ratio**: 3.3% (3%)
- **Non-performing loans**: 17.2% (4%)
- **Return on assets**: 3.2% (3%)
- **Return on equity**: 24.1% (3%)

### Half Year ended March 2018
- **Headline earnings**: R176m (20%)
- **Net interest margin**: 11.3% (3%)
- **Credit loss ratio**: 3.7% (12%)
- **Non-performing loans**: 17.2% (12%)
- **Return on assets**: 3.4% (6%)
- **Return on equity**: 25.7% (6%)

**SOURCE**: Transaction Capital Half Year Results March 2017 and March 2018

**NOTE**: * return on average equity and average assets
SA Taxi continues its strong performance

## Headline earnings & total income

### Half Year ended March 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Headline Earnings</th>
<th>Total Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 HY</td>
<td>R98m</td>
<td>R788m</td>
</tr>
<tr>
<td>2016 HY</td>
<td>R120m</td>
<td>R855m</td>
</tr>
<tr>
<td>2017 HY</td>
<td>R147m</td>
<td>R1 036m</td>
</tr>
<tr>
<td>2018 HY</td>
<td></td>
<td>R1 236m</td>
</tr>
</tbody>
</table>

### Net interest margin

- 2013: 11.8%
- 2014: 11.6%
- 2015: 11.6%
- 2016: 11.3%
- 2017: 11.4%
- 2018: 11.3%

### Average cost of borrowing / Margin over repo

- 2013: 4.60%
- 2014: 4.31%
- 2015: 4.31%
- 2016: 4.21%
- 2017: 3.92%
- 2018: 4.45%

### Cost to income

- 2013: 43.6%
- 2014: 44.1%
- 2015: 48.7%
- 2016: 48.6%
- 2017: 51.1%
- 2018: 46.1%

**Notes:**
- **IFRS 9** indicates International Financial Reporting Standards, 9th iteration.
SA Taxi’s book growth is measured and consistent

## Loans & Advances

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of loans</th>
<th>Gross loans &amp; advances (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014 IFRS 9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HY18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Origination - Half Year Ended 31 March 2017**

- **Loans on book**: 27 142
- **Loans originated**: 3 764
- **Gross loans & advances**: R7.8bn
- **Value originated**: R1.5bn

**Origination - Half Year Ended 31 March 2018**

- **Loans on book**: 29 921
- **Loans originated**: 3 917
- **Gross loans & advances**: R8.9bn
- **Value originated**: R1.6bn

SOURCE | Transaction Capital Half Year Results March 2017 and Half Year Results March 2018
Credit performance continues to drive quality earnings

Non-performing loans ("NPLs") are defined as:

- The balance outstanding of loans and advances with a contractual arrears of greater than 3.5 instalments, **less**
- The balance of such outstanding loans and advances for which a qualifying* payment has been received in the 3 months preceding the measurement date, **plus**
- Repossessed vehicles on hand

* qualifying payment is defined as 50% of the contractual instalment for the last 3 month period

**SA Taxi’s credit performance process flow**

**Non performing loan ratio %**

- 2013: 31.0%
- 2014: 27.7%
- 2015: 20.3%
- 2016: 18.2%
- 2017: 17.4%
- 2018 HY: 17.2%

**Credit loss ratio %**

- 2013: 5.4%
- 2014: 5.5%
- 2015: 4.4%
- 2016: 3.9%
- 2017: 3.1%
- 2018 HY: 3.7%

**SOURCE | Transaction Capital Half Year Results March 2018**
Collections’ statistics indicates book health

- Collections as a percentage of total book: ~42%
- Average monthly collections: ~R300m
- Collections staff: 83
- Annual payments made via direct deposit: ~85%
- Average number of SMSes sent per month: ~93,000
- Average number of calls made per month: ~120,000

SOURCE | SA Taxi internal financial data as at March 2018
Allocation of loans originated

Step 1

- Potpale draws on the warehouse facility to originate a pool of taxi loans in Potpale.
- Taximart sources vehicles on behalf of Potpale, which vehicles are delivered to SA Taxi’s customers.
- This portfolio is ramped up in Potpale where it is seasoned prior to a sale to another credit provider.

Step 2

- Once funding becomes available in a credit provider (SATDF, SATFS, Transsec 3), a pool of eligible and seasoned assets will be sold via a true sale to the credit provider. To ensure the fair and equal treatment of all investors across the credit providers, the loans shall be randomly allocated per the Asset Allocation Methodology, which methodology has been audited by Deloitte. The asset sales are also audited by Deloitte on an annual basis.
- The proceeds of the sale received by Potpale shall be utilised to refinance the warehouse facility.

Warehouse Facility

- (A) Draw down of cash

Potpale Investments (RF) Pty Ltd

- (B) Payment for vehicles

Taximart

- (C) Delivery of vehicles

SA Taxi Customers

- Loan Agreement

Credit Providers

- Transsec 3
- SATDF
- SATFS

SA Taxi Investors

- (D) Draw down of cash

Potpale Investments (RF) Pty Ltd

- (E) Sale of assets

Random allocation of eligible Warehouse Assets

Warehouse Facility

- Pool of eligible Warehouse Assets
- Ineligible Assets

Warehouse Assets

- Pool of eligible Warehouse Assets
- Ineligible Assets

Warehouse Facility

- (F) Payment of purchase price

Random allocation of eligible Warehouse Assets

Warehouse Facility

- Pool of eligible Warehouse Assets
- Ineligible Assets

Warehouse Assets

- Pool of eligible Warehouse Assets
- Ineligible Assets

Warehouse Facility

- Pool of eligible Warehouse Assets
- Ineligible Assets

Warehouse Assets
SA Taxi’s funding journey

Financial highlights 31 March 2018

- Raised from March 2006 to 31 March 2018: R21.4bn
- Funding secured: R2.5bn
- Unique Investors: 43
- Number of deals: 29
- Number of new investors: 4
- Number of repeat investors: 14
Funding Philosophy

Capital requirements

SA Taxi’s core business has continued to perform well as the business integrates deeper into the value chain with the establishment of the panel and repair facilities, a direct dealership and parts and salvage. SA Taxi has built a platform for growth that can now be leveraged to increase market share and enter adjacent markets where it is able to re-create its defensible market positioning. Capital will be required to seize these growth opportunities and will necessitate an increase in fundraising capabilities.

SA Taxi requires R2.9 billion of funding for the 2018 financial year followed by R3.1 billion in 2019. It is anticipated this capital target will be accessed from various capital pools.

Funding philosophy

SA Taxi’s funding philosophy includes:

Innovative thinking
• Innovative thinking is encouraged and cultivated to develop pioneering funding solutions

Judicious risk management
• Optimal liquidity management between asset and liability cash flows
• Effective management of interest rate risk, currency risk and roll over risk
• Controlled exposure to short term instruments
• Diversification by geography, capital pool, debt investor and funding mandate

Engaged debt investors
• Recurring investment by debt investors motivated by performance, the ease of transacting and appropriate risk adjusted returns
• Transparent and direct relationships with debt investors where necessary facilitated by valued intermediaries

Optimal capital structures
• Proactive management of valuable capital and funds raised across the group
• Bespoke and innovative funding structures to meet the requirements and risk appetite of a range of debt investors while also targeting an optimal WACC
• No cross-default or guarantees between structures
Overview of debt funding

Diversification of structures

- On-balance sheet: 45%
- Securitisation & structured finance: 51%
- Warehousing facilities: 4%

Positive liquidity mismatch

Asset and liabilities are managed to ensure their coordination. As at 31 March 2018, a positive asset-liability gap was observed for the SA Taxi group.

Diversification of funders

- Life companies: 35%
- Banks: 23%
- DFIs: 20%
- Asset managers: 22%

Diversification of geography

- Local funding: 79%
- International funding: 21%
SA Taxi’s funding channels

SA Taxi offers a number of funding structures to meet individual investors’ mandates and risk profiles. Essentially SA Taxi makes use of 3 different channels offering unique investment opportunities to local and international funding partners.

On Balance Sheet

- **R4.1bn**
  - Balance outstanding as at 31 March 2018
  - Funding raised ever: **R4.9bn**

- SA Taxi driving our nation forward
  - Development Finance

Securitisation & structured finance

- **R4.6bn**
  - Balance outstanding as at 31 March 2018
  - Funding raised ever: **R12.3bn**

- SA Taxi driving our nation forward
  - Impact Fund
- SA Taxi driving our nation forward
  - Finance Solutions

Warehousing facilities

- **R0.4bn**
  - Balance outstanding as at 31 March 2018
  - Funding raised ever: **R2.5bn**

- Potpale Investments

Available facilities: **R4.4bn**
SA Taxi’s group structure

**Transaction Capital**
- 98% Ordinary shares
- 2% Ordinary shares

**Terry Kier**
- SA Taxi CEO

**SA Taxi Finance Holdings (SATFH)**
- 100% Ordinary shares

**Taximart**
- Offers repair, warranty and maintenance services. Also refurbishes repossessed minibus taxis and sells them into the secondary market.

**SA Taxi Protect (SATP)**
- Holds a 100% profit share in a cell captive structure set up through Guardrisk. Profit redistributed to SATDF via the preference shares.

**SA Taxi Development Finance (SATDF)**
- Operating company. On balance sheet loans. Attracts bank and international DFI funding. All servicing and administration functions outsourced to this company.

**Funding Structures**
- **SA Taxi Finance Solutions (SATFS)**
  - Ring-fenced structured finance SPV that issues unrated privately placed debentures

- **SA Taxi Impact Fund (SATIF)**
  - Ring-fenced structured finance SPV that is unrated. Attracts international DFIs and impact investors

- **Potpale**
  - Ring-fenced warehouse banking facility refinanced via the Transsec securitisation programmes

- **Transsec 1, 2 & 3**
  - Securitisation structures
  - Ring-fenced structured finance SPVs
  - S&P Rated
  - JSE listed notes

Various Independent Ownership Trusts
## Comparison of debt structures

As the primary form of public transport in South Africa, the minibus taxi industry has a significant impact on the environment, society and the economy. SA Taxi's unique market position enhances its ability to have a meaningful impact through inclusive economic growth and responsible environmental initiatives.

### Features

<table>
<thead>
<tr>
<th>Structure type</th>
<th>SATDF</th>
<th>SATFS</th>
<th>SATIF</th>
<th>Transsec 3</th>
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<tbody>
<tr>
<td>Listing</td>
<td>On balance sheet</td>
<td>Ring fenced SPV</td>
<td>Ring fenced SPV</td>
<td>Ring fenced securitisation</td>
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<tr>
<td>First issue date</td>
<td>01 March 2011</td>
<td>21 April 2010</td>
<td>09 March 2017</td>
<td>Notes listed on JSE</td>
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<tr>
<td>Revolving Period</td>
<td>Open ended</td>
<td>Open ended</td>
<td>Open ended</td>
<td>08 Nov 2017</td>
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<tr>
<td>Final issue date</td>
<td>Open ended</td>
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<td>Open ended</td>
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<tr>
<td>Coupon step-up date</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Tap Issue Period closes: 14 May 2019</td>
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<tr>
<td>Max program limit</td>
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<td>No limit</td>
<td>No limit</td>
<td>A1: 14 Nov 2018</td>
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<tr>
<td>Credit rating</td>
<td>Unrated</td>
<td>Unrated</td>
<td>Unrated</td>
<td>A2, A3, A4, A7 &amp; B: 14 Nov 2022</td>
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<tr>
<td>Investor appetite</td>
<td>Development financial institutions, local banks &amp; other investors</td>
<td>Local institutions &amp; asset managers</td>
<td>International development financial institutions &amp; impact investors</td>
<td>A6: 14 Nov 2020</td>
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<tr>
<td>Debt raised</td>
<td>R4 033 million</td>
<td>R6 620 million</td>
<td>R2 455 million</td>
<td>R2.5 billion</td>
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<tr>
<td>Current funders</td>
<td>11</td>
<td>11</td>
<td>4</td>
<td>A1,A5: P-3(sf) / P-1.za(sf)</td>
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</table>

### Notes listed on JSE

- A1: 14 Nov 2018
- A2, A3, A4, A7 & B: 14 Nov 2022
- A6: 14 Nov 2020

### Rated notes for local institutions & asset managers

- R1 010 million
- Transsec 1: R1 279 million
- Transsec 2: R 901 million

### Current funders

- On balance sheet
- Listed
- Unlisted
- Ring fenced SPV
- Unlisted
- Ring fenced securitisation
- Notes listed on JSE

**SOURCE**: SA Taxi sub loan is unrated; International rating scale
Transsec 3 tap issuance

Auction summary 30th May 2018

- All bids for the tap issuance cleared at or below the bottom end of price guidance
- One new investor to the SA Taxi group and two first time investors in the Transsec structure
- The Transsec 3 WACC was reduced by 10bps to 3m JIBAR + 170bps, when compared to the initial Transsec 3 auction which had a WACC of 3m JIBAR + 180bps

<table>
<thead>
<tr>
<th>Class description</th>
<th>Class A5</th>
<th>Class A6</th>
<th>Class A7</th>
<th>Class A4</th>
<th>Class B</th>
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<tr>
<td>Stock code</td>
<td>TRA3A5</td>
<td>TRA3A6</td>
<td>TRA3A7</td>
<td>TRA3A4</td>
<td>TRA3B2</td>
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<td>Tenor</td>
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<td>3 year</td>
<td>5 year</td>
<td>5 year</td>
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<td>Aaa.za (sf)</td>
<td>Aaa.za (sf)</td>
<td>Aaa.za (sf)</td>
<td>Aa3.za (sf)</td>
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<td>Floating</td>
<td>Fixed</td>
<td>Floating</td>
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<td>Benchmark</td>
<td>3m Jibar</td>
<td>3m Jibar</td>
<td>3m Jibar</td>
<td>R2023</td>
<td>3m Jibar</td>
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<td>Price guidance over benchmark (Bps)</td>
<td>80 - 90</td>
<td>150 - 160</td>
<td>170 - 180</td>
<td>115 - 125</td>
<td>315 – 335</td>
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<tr>
<td>Issue spread over benchmark (Bps)</td>
<td>80</td>
<td>149</td>
<td>168</td>
<td>110</td>
<td>299</td>
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<tr>
<td>Total number of bids</td>
<td>2</td>
<td>10</td>
<td>10</td>
<td>3</td>
<td>10</td>
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<tr>
<td>Bids received (ZAR'm)</td>
<td>71</td>
<td>353</td>
<td>346</td>
<td>154</td>
<td>208</td>
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<tr>
<td>Bids allocated (ZAR'm)</td>
<td>70</td>
<td>173</td>
<td>104</td>
<td>74</td>
<td>84</td>
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<tr>
<td>Bid to cover ratio</td>
<td>1.01</td>
<td>2.04</td>
<td>3.33</td>
<td>2.08</td>
<td>2.48</td>
</tr>
</tbody>
</table>
SA Taxi is both locally and internationally funded

SA Taxi has traditionally raised funding from a number of banks, institutional investors and asset managers. Since 2010 funders have also included international development finance institutions (DFIs) and impact investors. These funders have recognised not only the financial returns that SA Taxi offers but also the wider impact the business has on financial inclusion, the environment and economic growth.

SA Taxi’s current funders include the following:
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SA Taxi Development Finance (Pty) Ltd is a registered Developmental Credit Provider: NCRCP4754
SA Taxi Finance Solutions (Pty) Ltd is a registered Developmental Credit Provider: NCRCP4373
SA Taxi Securitisation (Pty) Ltd is a registered Developmental Credit Provider: NCRCP2617
SA Taxi Impact Fund (Pty) Ltd is a registered Developmental Credit Provider: NCR10367
Potpale Investments (Pty) Ltd is a registered Developmental Credit Provider: NCRCP6238
Transsec (RF) Limited is a registered Developmental Credit Provider: NCRCP7932
Transsec 2 (RF) Limited is a registered Developmental Credit Provider: NCRCP7933
Transsec 3 (RF) Limited is a registered Developmental Credit Provider: NCR13859
SA Taxi Protect (Pty) Ltd is a registered Financial Services Provider: FSP29354