AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER

2016

Transaction Capital

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HIGHLIGHTS

HEADLINE EARNINGS	R458 MILLION	↑ **17%** 2015 R393 MILLION
HEADLINE EARNINGS PER SHARE	80.6 CENTS	↑ **17%** 2015 69.0 CENTS
RETURN ON AVERAGE EQUITY (ROE)	16.9%	↑ 2015 16.7%
TOTAL DIVIDEND PER SHARE	30.0 CENTS	↑ **36%** 2015 22.0 CENTS
TOTAL DIVIDEND COVER	2.7 TIMES	↓ **13%** 2015 3.1 TIMES

INTRODUCTION

Transaction Capital comprises two autonomous and decentralised divisions of scale, being SA Taxi and Transaction Capital Risk Services ("TCRS"). Both of these divisions are intentionally positioned within carefully chosen markets to take advantage of South Africa's demographic and socio-economic trends, enabling them to deliver both a social and commercial benefit. This alignment has enabled consistent organic earnings growth since listing on the Johannesburg Stock Exchange more than four years ago, which continued during the 2016 financial year.

Transaction Capital's strategy is to drive organic and acquisitive growth within these divisions, by enhancing and developing their distinctive competencies to achieve deep vertical integration within current and adjacent market segments.

While both SA Taxi and TCRS perform better in a positive economic environment, they are also highly defensive businesses intentionally positioned to withstand a challenging macro- and socio-economic context, as currently experienced in South Africa. Thus it is gratifying that Transaction Capital has made strong progress towards its strategic and operational objectives during the 2016 financial year, delivering pleasing results in line with expectations.

FINANCIAL PERFORMANCE

The information presented below is based on the preliminary summarised consolidated annual financial statements for the year ended 30 September 2016.

	For the year ended 30 September 2016		
	SA Taxi	TCRS	Transaction Capital Group
Growth in headline earnings	20%	25%	17%
Return on average equity (ROE)	25.5%	31.5%	16.9%

Transaction Capital's operations delivered strong financial results despite challenging market conditions persisting throughout the 2016 financial year. Headline earnings and headline earnings per share increased by 17% to R458 million and 80.6 cents per share respectively. SA Taxi grew headline earnings by 20% whilst TCRS grew headline earnings by 25%.

Transaction Capital is in the process of finalising three acquisitions which will be funded out of Transaction Capital's excess cash.

Shareholders are reminded that IFRS 9 was early adopted in the 2015 financial year, resulting in a higher quality of earnings as a result of a more conservative provisioning methodology against loans and advances and the amortisation profile of purchased book debts being better aligned with the collection profile. This early adoption has reduced balance sheet risk for Transaction Capital and removed uncertainty relating to the implementation of IFRS 9 on future financial results and ratios.

The financial tables and commentary incorporated in this SENS announcement provide a comparison of the 2016 results and the 2015 published results, both of which have been prepared in accordance with IFRS 9.

COMMENTARY continued

OPERATIONAL HIGHLIGHTS AND STRATEGY

SA TAXI

		For the year ended 30 September		
		2016	2015	
		IFRS 9	IFRS 9	Movement
Financial performance				
Headline earnings attributable to the group	Rm	**249**	208	20%
Non-interest revenue	Rm	**315**	242	30%
Net interest income	Rm	**744**	672	11%
Net interest margin	%	**11.1**	11.3	
Average cost of borrowing	%	**10.6**	10.0	
Credit performance				
Gross loans and advances	Rm	**7 151**	6 238	15%
Impairment provision	Rm	**(476)**	(535)	(11%)
Non-performing loan ratio	%	**17.4**	18.2	
Credit loss ratio	%	**3.1**	3.9	
Provision coverage	%	**6.7**	8.6	
Non-performing loan coverage	%	**38.3**	47.0	

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

This is achieved via:

> An innovative and pioneering business model with operations expanding throughout the financing and asset value chain, building a scalable platform that can be leveraged into adjacent markets;

> A unique blend of vehicle procurement, retail, repossession, refurbishment and spare part procurement capabilities, with financing and comprehensive insurance competencies for focused vehicle types;

> Valuable client and market insights developed from overlaying granular telematics, credit, vehicle and other data to enable precise and informed loan origination and collection decisioning and proactive risk management;

> Providing complimentary business services that assist SMEs to maximise cash flow and protect their income generating assets, thus enabling taxi operators to build sustainable and profitable businesses;

> Enabling financial inclusion by proficiently securing funding from both local and international debt investors to judiciously extend developmental credit to SMEs that may not otherwise have had access to credit from traditional financiers;

> Empowering under-served and emerging SMEs to acquire, manage and protect their businesses with the ripple effect of creating jobs both directly and indirectly; and

> Ensuring the recapitalisation and sustainability of the minibus taxi industry, a critical pillar of public transport sector, transporting a significant portion of the population daily.

SA Taxi applies the above competencies predominantly towards independent SMEs in the minibus taxi industry, with the intention to expand into adjacent markets or asset classes, as it has done with metered taxis. SA Taxi has discontinued its pilot to finance "bakkies" used by SMEs as income producing assets, as the credit vetting process lacked uniformity which impacted SA Taxi's ability to achieve scale in this adjacent market.

The national minibus taxi fleet of approximately 200 000 privately owned vehicles is responsible for 69% of all South African household commuter trips, estimated to encompass more than 15 million commuter trips per day. Minibus taxis are thus the dominant mode of public transport providing the commuter with a convenient, affordable and accessible service that is integrated with rail and bus modes of transport. This dominant position, together with the fact that public transport is a non-discretionary expense for the majority of the nation's commuters, makes the minibus taxi industry resilient and defensive despite the difficult economic climate.

SA Taxi estimates that of the 200 000 national minibus taxi fleet, only 70 000 to 80 000 of these are financed. This under-capitalised and ageing fleet, intensified by the under-supply of premium minibus taxi vehicles in our local market, continues to create a robust demand for the new and refurbished vehicles, finance, short-term comprehensive insurance and related services provided by SA Taxi. SA Taxi has been intentionally positioned as a provider of asset-backed developmental credit and allied services in this growing segment of a defensive industry, where it is able to be selective on credit risk. As at 30 September 2016, SA Taxi's R7.2 billion loans and advances portfolio comprised 26 352 vehicles, accounting for approximately one in every three of the financed national minibus taxi fleet. Further, due to SA Taxi's ability to refurbish and re-finance repossessed vehicles, it has created a unique position within the vehicle retail market to re-sell repossessed vehicles at superior prices in the liquid second hand market.

In line with SA Taxi's strategic objective to achieve deep vertical integration within South Africa's taxi industry, in February 2016 SA Taxi established a retail dealership in Midrand exclusively selling taxi vehicles. This dealership is considered to be one of the largest dedicated taxi dealerships in the country selling Toyota, Nissan and Mercedes minibuses, and bespoke Toyota Corolla metered taxi vehicles. SA Taxi is piloting a second dealership in KwaZulu-Natal selling pre-owned vehicles only, with a further dealership in Polokwane currently under consideration. SA Taxi anticipates selling, financing and insuring more than 2 600 vehicles per year directly via its retail dealerships, which will constitute approximately 30% of the vehicles financed by SA Taxi. The profitability of vehicles financed directly through SA Taxi's dealership outstrips the profitability of loans originated through other sales channels (i.e. affiliated and non-affiliated dealerships). This can be ascribed to a greater proportion of non-interest revenue earned (being product margin and insurance revenue) and better loan performance.

Although the Nissan minibus taxi is still relatively new to the industry, it is gaining market acceptance from taxi operators with the price differential between the Nissan and Toyota models widening.

SA Taxi's autobody repair centre commenced operations at the beginning of February 2016. SA Taxi's combined auto body repair and mechanical refurbishment centre now spans more than 20 000 square metres and has resulted in more than 260 new jobs created since inception. This centre is estimated to be the largest buyer of Toyota spare parts in Africa, is designed to feed SA Taxi's dealerships with approximately 200 quality refurbished taxi vehicles per month.

In addition to direct sales of vehicles, SA Taxi also continues to uplift, diversify and enhance its non-interest revenue via its short-term comprehensive vehicle insurance product. A greater component of SA Taxi's earnings is derived from cash generative revenue which increased by 30% to R315 million driven mainly by the increase in SA Taxi's vehicle retail and short-term insurance activities. SA Taxi requires its financed minibus taxis to be fully insured, and has thus designed a bespoke insurance product to meet its taxi owners' specific needs, including comprehensive vehicle cover, passenger liability as well as business interruption cover. As at 30 September 2016, 84.5% of SA Taxi's financed portfolio was insured directly through SA Taxi (compared to 81.4% at the half-year), with an additional 3 756 insurance policies taken up by non-financed clients (compared to 2 687 this time last year). SA Taxi is responsible for distributing the insurance product, collecting premiums and managing claims. Given these responsibilities, SA Taxi participates in the underwriting profits associated with this insurance business. Looking forward, SA Taxi intends to enhance its control over the parts procurement and refurbishment processes wherever possible via its combined auto body repair and mechanical refurbishment centre, providing an opportunity to earn additional margin and improve underwriting profits.

SA Taxi continues to leverage its distinctive competencies to create defensible positions within identified adjacent market segments, financing asset classes such as metered taxis. Via Zebra Cabs, SA Taxi intends consolidating, recapitalising and formalising the existing metered taxi industry, estimated to comprise 17 000 to 20 000 vehicles nationally, including an estimated 4 000 vehicles on the Uber platform. Zebra Cabs provides customised luxury vehicles, a technology platform (including a booking app and multiple payment channels) and a niched combined sales channel (incorporating booking apps, web based sales, corporate sales and centralised call centre and dispatch) that the industry does not currently have access to. Zebra Cabs commenced operations in Gauteng, and in time will expand its footprint into the Western Cape and KwaZulu-Natal.

Following SA Taxi's vertically integrated business model, Zebra Cabs procures its vehicles via SA Taxi's established procurement channels and thereafter retails these vehicles via its retail dealership in Midrand. Zebra Cabs provides the finance, insurance, telematics data, vehicle servicing capability, multiple booking systems and payments channels required to support the metered taxi operator, thus enhancing their chances of establishing a sustainable metered taxi business. Zebra Cabs currently operates approximately 260 metered taxis on its platform, and aims to have 3 000 in its portfolio by 2020.

SA Taxi's strategic and operational results have translated into pleasing financial performance in 2016, with headline earnings increasing by 20% to R249 million.

SA Taxi's number of active loan clients increased by 2%. The total number of clients was impacted by the active wind-down of SA Taxi's loan portfolio to entry-level manufactured vehicles, together with constrained supply of new Toyota minibus taxis as a result of Toyota closing its local assembly facility for five months during the prior year to enable a full plant rebuild. Toyota supply subsequently normalised, with the number of active clients within the Toyota loan portfolio increasing by 9.2% for the year. Growth in gross loans and advances was further positively impacted by Toyota steadily increasing vehicle prices by 13.6% since 1 October 2015, resulting in 15% growth in SA Taxi's gross loans and advances for year.

COMMENTARY continued

The net interest margin decreased marginally to 11.1%. SA Taxi's average cost of borrowing increased slightly by 60 basis points to 10.6%, due to the 100 basis points increase in the repo rate over the past 12 months, and an increased component of SA Taxi's funding being raised in foreign currency and fully hedged to Rand. In addition, with growing concerns of a potential downgrade of South Africa's credit rating, SA Taxi raised more than R3.5 billion of debt during the 2016 financial year, filling most of its annual debt requirement for the 2017 financial year but resulting in excess cash on hand and thus a negative cost of carry. To counter this SA Taxi selected better quality clients, with the combined effect of the increased funding cost and reduced credit losses yielding an improved risk-adjusted net interest margin of 8.0%, compared to 7.4% the prior year.

SA Taxi's credit loss ratio continued to improve to 3.1% for the year, compared to 3.9% for the 2015 year. SA Taxi is able to recover more than 72% of the loan value when re-selling repossessed vehicles, as the security value of a taxi vehicle is enhanced via SA Taxi's mechanical refurbishment centre, now one of the largest Toyota repair centres in Africa. The average cost to repair repossessed stock has continued to reduce, resulting from further efficiencies achieved post SA Taxi's investment into its combined auto body repair and mechanical refurbishment centre, offset slightly by more expensive spare part procurement as a result of the weaker Rand. Further, a positive second order effect of Toyota increasing new vehicle prices is that pre-owned minibus taxi vehicle prices follow a similar trend, increasing by 10.4% this year in SA Taxi's retail dealership.

The non-performing loan ratio continued to improve to 17.4% from 18.2% in the prior year, due to a combination of continued strong collection performance, loans of superior credit quality being originated via its retail dealership and conservative credit granting criteria, which are continuously enhanced via the analytics applied to SA Taxi's telematics data. This data is accumulated daily from each minibus taxi and applied to credit score cards, route profitability assessments, collection strategies and insurance pricing.

A more conservative provisioning methodology against loans and advances was assumed during the 2015 financial year with the early adoption of IFRS 9. This accounting statement requires SA Taxi's loans and advances portfolio to be segregated based upon expected credit risk/loss. A greater component of the portfolio is currently categorised as lower risk when compared to the prior year (70.5% currently in the lowest risk stage (being Stage 1), versus 68.6% at 30 September 2015). This is driven by SA Taxi's record collection levels, lower non-performing loans and lower credit losses. Thus provision coverage has reduced but remains adequate as evidenced by the better quality loans and advances portfolio. With provision coverage levels at 6.7%, SA Taxi's after tax credit loss remains conservatively covered at 3.1 times (2015: 3.1 times).

SA Taxi's financial and operational risk exposure to entry-level manufactured vehicles has significantly reduced resulting in improving credit quality for the portfolio. Entry-level manufactured vehicles now account for less than 1.0 % of the value of SA Taxi's loan portfolio.

SA Taxi's cost-to-income ratio has increased to 51.1% from 48.7% mainly due to investment in Zebra Cabs, further investment in SA Taxi's retail dealership and insurance businesses, and the establishment of the auto body repair centre.

With moderate growth in gross loans and advances, improving credit metrics, strong growth in non-interest revenue and a marginally increasing cost-to-income ratio, it is evident that SA Taxi's credit, operational and financial performance remained robust in the 2016 financial year.

TRANSACTION CAPITAL RISK SERVICES (TCRS)

		For the year ended 30 September		
		2016	2015	
		IFRS 9	IFRS 9	Movement
Financial performance				
Headline earnings	Rm	**168**	134	25%
Non-interest revenue	Rm	**964**	953	1%
Total costs	Rm	**796**	845	(6%)
Cost-to-income ratio	%	**77.4**	82.5	
Return on sales (ROS)	%	**15.3**	13.1	
Purchased book debts				
Number of purchased book debts acquired	Number	**13**	7	86%
Value of purchased book debts acquired	Rm	**184**	166	11%
Purchased book debts	Rm	**728**	561	30%
Estimated remaining collections (ERC)	Rm	**1 313**	1 034	27%
Asset turnover ratio (ATO)	%	**71.1**	71.7	

TCRS is a technology-led, data-driven provider of customer management and capital solutions through a scalable and bespoke platform, enabling its clients to mitigate risk through their customer engagement lifecycle.

This is achieved via:

> Innovative and bespoke technology systems that drive superior performance and efficiency;
> Generating in-depth insights from the continuous collection of accurate and valuable data to develop a consolidated view of an individual that enables precise and informed internal and external decisioning;
> Improving its clients' ability to originate, manage and collect from their customers through their lifecycles, thus maximising value;
> Assisting its clients to optimise their balance sheet by accelerating cash flow through structured capital solutions;
> Proactive workforce management and technology facilitating a flexible and dynamic servicing capability able to meet a client's unique requirements;
> Trusted partner status by large consumer-facing businesses and credit providers across multiple industries; and
> Enabling its clients to generate higher risk-adjusted returns through their engagements with their customers at the point of origination, management and collection.

Of the 24.08 million credit-active South African consumers as of June 2016, 9.67 million have impaired credit records. TCRS's ability to grow agency revenue and generate returns from acquired non-performing loan portfolios has remained constrained during the year, mainly caused by negative key economic indicators such as increased inflation, increased interest rates, low economic growth and static employment rates, all contributing to increased financial pressure on an already distressed and vulnerable consumer credit sector. Thus TCRS' non-interest revenue grew by 1% impacted mainly by modest growth in both agency collections (increased by 2%) and principal collections (increased by 10%) in particularly difficult trading conditions.

However, TCRS is a defensive business intentionally positioned to withstand difficult economic conditions. In this environment, TCRS can apply its strong balance sheet and extensive data towards the selective acquisition of an increased number of non-performing loan portfolios available for purchase from clients who require an immediate recovery of non-performing loans in this difficult consumer credit market. In total 13 new portfolios were purchased during the 2016 financial year for R184 million. TCRS has also initiated exclusive negotiations for the structured and ongoing sales of portfolios with several of its larger clients.

TCRS currently owns 167 principal portfolios valued at R728 million as at 30 September 2016, increasing by 30% from R561 million in the prior year. The asset turnover ratio remains high at levels greater than 70%, with estimated remaining collections increasing to R1 313 million, from R1 034 million as at 30 September 2015. Thus recent successful book acquisitions are expected to deliver positive future performance.

Further, in this depressed consumer economy TCRS is able to take advantage of its strong market position and reputation, as well penetrated and new clients display increased demand for collection and related credit risk management services. In 91% of its 254 mandates, TCRS continues to be the top or second ranked recoveries agent. As a result, TCRS enjoys deep penetration into the credit retail and specialist lending segments of its market, and aims to increase revenue from the Tier 1 banks where its penetration has been disproportionately lower.

In addition to the economic factors referred to above, the changes to the legislative environment regarding affordability rules, prescription, interest rate caps and credit life insurance are also not conducive to the extension of credit, which in the medium term may result in declining volumes of matters handed over to TCRS by clients governed by the NCA. Cognisant of this environment, TCRS's strategy includes increasing revenue from non-NCA regulated clients, including the outsourced collection of outstanding claims in the insurance, telecommunication and public sectors.

TCRS is also well positioned to assist municipalities in enhancing the collection of both their performing and non-performing loan portfolios and remains cautiously optimistic about its prospects in this market. Many municipalities remain financially unstable due to inefficient collection processes compounded by poor financial management. Accordingly, TCRS's ability to recover outstanding amounts due to it remains a challenge and legal action is often required to enforce payments. TCRS continues to work closely with municipal clients to refine its business model and is confident that the municipal business will mature.

Recent technological enhancements include the establishment of TCRS's Master Data Universe ("MDU"), an internal database of 9.2 million unique consumer records, which is expected to create significant operational leverage in the years to come. Further, post a successful pilot performed by TCRS earlier in the year, an enhanced predictive dialer was implemented alongside the existing preview dialer in the Johannesburg, Durban and Cape Town call centres in July 2016 resulting in increased call centre activity, improved right party contact and an associated increase in payments. The integration of the MDU and dialer, with planned workforce management enhancements to be implemented in the 2017 financial year, is expected to have a positive impact in the 2017 year via both a lift in revenue and cost savings. This together with other aggressive cost containment initiatives contributed to an improved cost-to-income ratio of 77.4% from 82.5%.

In the context of this challenging operating environment, it is pleasing to report that TCRS grew headline earnings by 25% to R168 million in the 2016 financial year. Earnings from the Transaction Capital Business Solutions division (formerly Rand Trust) were only marginally higher this year, as management maintained credit risk by targeting better quality SME clients and thus yielding high quality earnings. Operational leverage was achieved as total operating costs across TCRS reduced by 6%, with return on sales increasing to 15.3% from 13.1% in the prior year.

COMMENTARY continued

During the year, all companies within TCRS were rebranded to leverage off Transaction Capital's brand equity. This rebranding exercise is the culmination of a two year journey to integrate all of TCRS's operations under one management team with an overarching strategy, focused on managing risk for all its clients across their customers' lifecycle.

The strength of TCRS's services was reaffirmed in 2016 with the Global Credit Ratings (GCR) upgrade of the primary and special servicer ratings assigned to Transaction Capital Recoveries (previously MBD) to SQ1-(ZA) and SQ1(ZA) respectively; with the outlooks accorded as stable.

Finally, whilst the migration from non-authenticated early debit order (NAEDO) to authenticated collections was originally set by regulators for 1 October 2016, the implementation of this legislation has been delayed and is to be phased in up until October 2019. In addition, TCRS welcomes the Constitutional Court judgment on 13 September 2016 regarding emolument attachment orders (EAOs) and as a matter of policy does not initiate new EAOs as a collection mechanism. Previously EAOs were only used as a last resort, with considerably less than 0.2% of TCRS revenue as at 30 September 2016 being generated from historical EAOs.

GROUP EXECUTIVE OFFICE

The group executive office contributed R41 million to the group's headline earnings in the 2016 financial year, a decrease of 20% from the 2015 financial year's earnings, largely due to lower interest earned on cash on hand post the scheduled receipt of the R215 million vendor loan from Bayport as part of the sale of that business during 2014.

FUNDING AND CAPITAL ADEQUACY

Transaction Capital's balance sheet remains well capitalised, liquid and ungeared at a holding company level. Capital adequacy levels at 30 September 2016 remain high at 38.9% and the group is well positioned to take advantage of and fund organic and acquisitive growth opportunities.

In line with Transaction Capital's strategy to diversify its funding structures and instruments, it is in the process of establishing a R2 billion credit rated and JSE listed Domestic Note Programme, namely TransCapital Investments Limited. Transaction Capital has been awarded a A- (Long Term, National Scale) and A1- (Short Term, National Scale) credit rating from GCR. It is expected that this programme will enable Transaction Capital to gain access to a new capital pool at an attractive cost to fund organic growth and acquisitive activity.

With growing concerns regarding a potential downgrade of South Africa's credit rating, Transaction Capital intensified its fundraising activities. SA Taxi raised more than R3.5 billion of debt during the year, enjoying continued uninterrupted access to both local and international funding pools, with a strong funding pipeline available. Despite the above-mentioned market sentiment, SA Taxi has already fulfilled most of its annual debt requirements for the 2017 financial year.

SA Taxi returned to the local listed debt capital markets during August 2016 tapping its S&P Global rated and JSE listed securitisation programme, Transsec 2, successfully issuing R513 million of debt. The tap issuance was privately placed with nine investors, three of which were first time investors, at a weighted average cost of funding of 241 basis points above 3 month JIBAR, which is approximately 100 basis points lower than SA Taxi's average cost of funding. In October 2016 S&P Global performed their annual review of the Transsec 1 structure, upgrading the ratings on the class B notes (from zaAA to zaAA+), class C notes (from zaA to zaA+), and class D notes (from zaBBB- to zaBBB+), and reaffirming the ratings on the class A notes (zaAAA). The improvement in credit ratings correlates to the strong performance of SA Taxi.

SA Taxi continues to diversify its funding sources, pursuing offshore capital pools. SA Taxi has accessed more than R1.5 billion of debt funding from the European DFI (Developmental Finance Institution) capital markets since 2010, and is successfully penetrating global DFI markets.

ACQUISITIVE ACTIVITY – DEPLOYMENT OF EXCESS CAPITAL

Shareholders are referred to the SENS announcement released on 14 November 2016, whereby Transaction Capital entered into an agreement to acquire 100% of the equity in Recoveries Corporation Group Limited ("Recoveries Corporation") for a maximum purchase consideration of A$43 million, with A$33 million being payable upon the acquisition becoming effective and a further potential A$10 million becoming payable over an earn-out period ending on 30 June 2018.

Founded in 1991 in Melbourne Australia, Recoveries Corporation provides consumer customer management solutions to a well-diversified blue-chip client base within the government, insurance, banking and finance, utilities and telecommunications market sectors within Australia. Services include debt recovery solutions (including early stage rehabilitation, late stage collections and legal recoveries), insurance claims recoveries (including claims recoveries and claim file audits), customer services (including reminder calls for pre-collection, courtesy calls, payment arrangement reminders and demand calls), and litigation management via its legal firm, Mason Black Lawyers. Recoveries Corporation employs approximately 600 staff members across its entire business comprising its Australian operations in Melbourne and Sydney, and its near off shore call centre and corporate services centre in Suva, Fiji.

Recoveries Corporation is an efficient platform that Transaction Capital intends to develop and scale. The Australian debt collection industry is highly fragmented (with approximately 20 companies accounting for 85% of the market), which provides Transaction Capital with an opportunity to expand acquisitively in Australia. In addition, Recoveries Corporation is a debt collection agency, receiving fees-for-services. Transaction Capital will apply its analytics, pricing expertise and capital management capabilities to the purchase of non-performing loan portfolios in Australia to facilitate Recoveries Corporation's expansion into this adjacent market. The purchasing of non-performing loan portfolios comprises the majority of debt recovery activity in the Australian industry and accordingly presents an attractive growth prospect.

Recoveries Corporation is a leading market participant with proven technology, strong data analytics skills, and deep industry knowledge operating within the credit risk services market segment. Recoveries Corporation thus possesses intellectual property and expertise that can enhance Transaction Capital's specialist capabilities thereby assisting Transaction Capital to grow its share in existing market segments and/or facilitate access to new verticals. Recoveries Corporation's vast expertise in the insurance recoveries industry will augment Transaction Capital's competencies and facilitate the growth of its fledgling insurance recoveries offering in South Africa.

The acquisition provides Transaction Capital with a strong entry point into the Australian market and the opportunity to expand geographically into a developed, English-speaking economy. Transaction Capital will thus diversify concentration risk as it earns hard currency based returns. Post this acquisition, Recoveries Corporation's founders will retain their executive director positions and remain closely involved in the organic growth and day-to-day operations of the business.

Further, during November 2016, Transaction Capital concluded an agreement to acquire a 75% interest in RC Value Added Services (Pty) Ltd ("Road Cover").

Founded in 2005, Road Cover offers its proprietary value added services to the mass consumer market on a subscription basis. Subscribing members obtain access, at no additional cost, to high quality legal and administrative services aimed at assuming the complexity and expense associated with lodging and processing claims against state-run public schemes or state insurance funds, with members receiving 100% of their awarded claims. Services include the administration of Road Accident Fund claims, Compensation for Occupational Injuries and Diseases Act claims and the administration of claims against various road agencies and municipalities relating to damage to a member's motor vehicle due to poor road conditions.

Road Cover's products are typically embedded in other subscription based products in the insurance, banking, motor and retail industries, and are also distributed to consumers as a standalone product via direct marketing channels.

The acquisition provides TCRS with a strong entry point into an adjacent market (i.e. the value added services market), where TCRS's existing competencies can be leveraged to enhance Road Cover's existing market position. The rationale is to offer Road Cover's products to the mass consumer market via TCRS's existing banking, retail, insurance, telecommunications and other clients, thus enabling these clients to generate higher risk-adjusted returns through their engagements with their customers at point of origination. Similarly Road Cover products can be offered into SA Taxi's client and commuter base. Finally, in addition to enhancing the scale of Road Cover, efficiencies can also be achieved specifically as regards client origination, management (i.e. payment) and collection processes.

Post this acquisition, Road Cover's founder will retain a 25% ownership of the company and will remain the company's CEO, responsible for the continued organic growth of Road Cover's high quality earnings and the consolidation of this highly fragmented market segment via a build-by-acquisition strategy.

Transaction Capital also concluded an agreement to acquire a majority share in The Beancounter Financial Services Proprietary Limited ("The Beancounter").

Founded in 2008, The Beancounter provides fully outsourced accounting, payroll and tax services through "software-as-a-service" technology to SMEs on a monthly retainer basis. The acquisition provides Transaction Capital with an early entry into the specialist, cloud accounting services market in South Africa, and will augment Transaction Capital Business Solutions' existing offering to its SME clients. Furthermore, working capital funding can be offered into Beancounter's SME client base.

It is evident that Transaction Capital has applied stringent investment criteria when evaluating acquisitions, favouring a narrow focus on quality assets operating within its existing or adjacent market segments. Recoveries Corporation, Road Cover and The Beancounter satisfy the following characteristics:

- Niche market participants with proven skills and deep industry knowledge within Transaction Capital's existing or adjacent market segments;
- Delivering predictable, quality earnings with high cash conversion rates and strong organic growth prospects;
- Driven by technology, data and analytics;
- Intellectual property and expertise that can grow Transaction Capital's existing businesses and/or facilitate access to new verticals;
- Entrepreneurial and strong management team that are co-invested, with value systems aligned to Transaction Capital's; and
- Specifically, Recoveries Corporation operates in a developed economy generating hard currency returns, which will diversify Transaction Capital's risk.

Based on the above, Transaction Capital's rationale for these acquisitions is justified on a standalone basis. However, Recoveries Corporation, Road Cover and The Beancounter have scalable business models and proven track records, whose competitiveness and value can be enhanced by Transaction Capital through active management, sharing of skills, enhancing technology and monetising Transaction Capital's proprietary data.

In terms of the JSE Listings Requirements, the Recoveries Corporation acquisition was a Category 2 transaction where the Road Cover and The Beancounter acquisitions were not categorised.

Post the abovementioned acquisitions, the group has R300 million of liquid cash on the balance sheet.

COMMENTARY continued

DIRECTOR APPOINTMENTS AND ORGANISATIONAL CHANGES

As previously reported on SENS, from 1 August 2016, Mark Herskovits was appointed to the role of capital markets executive for the Transaction Capital group holding exclusive responsibility for Transaction Capital's funding and capital markets engagements, with a predominant focus on SA Taxi. Mark remains an executive director of Transaction Capital and a member of the group's ALCO. With effect from that date, Ronen Goldstein was appointed as the financial director of Transaction Capital, and Kuben Pillay was appointed as an independent non-executive director. Dave Woollam has indicated that he will not be available for re-election at the next Annual General Meeting (AGM), expected to be in early March 2017.

RESTRUCTURE OF SHAREHOLDING

A circular proposing a restructure of shareholding was distributed to shareholders on 21 September 2016, which was approved by shareholders at the General Meeting held on 20 October 2016. JMR Holdings (Pty) Ltd, a company controlled by Transaction Capital's founding shareholders now owns approximately 43.5% of the company. This clear and effective control of the founding shareholders will facilitate continued confidence in Transaction Capital, thus enhancing its debt and equity capital market activities and ability to attract and retain management talent and skills.

CONDITIONAL SHARE PLAN

In addition to the restructure of shareholding mentioned above, the circular proposed the implementation of the Transaction Capital Conditional Share Plan ("CSP"). This proposal was also approved by shareholders at the same General Meeting on 20 October 2016. The CSP is seen as a key mechanism to attract and retain key employees while providing them with the opportunity to share in the success of the relevant division in which they are employed and provide alignment with shareholders.

PROSPECTS

Transaction Capital is pleased with the current composition of its portfolio and the defensive positioning of its divisions, which enables it to prosper despite South Africa's challenging macro- and socio-economic context. The constitution of Transaction Capital's portfolio of assets under two distinct divisional pillars has enabled Transaction Capital to focus on deploying its capital and resources to drive organic and acquisitive growth, thus enhancing the scale and entrenching the leading market positions of its divisions.

Transaction Capital has remained conservative in its acquisitive search, favouring a narrow focus on assets operating within Transaction Capital's existing or adjacent market segments. The assets acquired generate quality earnings with high cash conversion rates and present strong organic growth prospects, rendering them sound acquisitions on a standalone basis. However, Transaction Capital views these businesses as platforms to be developed and enhanced via active management, by sharing skills and technology, and by utilising TCRS's proprietary data to offer value added services which will enhance our clients' risk-adjusted returns.

Transaction Capital remains committed to investing in the organic and acquisitive growth of SA Taxi and TCRS, to augment and develop these platforms, to enhance their scale and entrench their leading market positions, thereby generating societal and stakeholder value. Transaction Capital has a proven track record of creating value by identifying, pricing, acquiring and integrating new businesses, and then developing them to achieve scale and leading positions in their market segments.

In light of Transaction Capital's positioning within this socio-economic context, management believes that it is well positioned to achieve continued growth in the medium term. In addition the composition of earnings will become more evenly weighted between its two divisions post the acquisitions. The financial information on which this prospect statement is based has not been reviewed and reported on by Transaction Capital's external auditors.

DIVIDEND POLICY

The dividend policy has been amended to a reduced cover ratio of 2.5 to 3 times (previously 3 to 4 times). This change has been implemented due to the improved quality of earnings as evidenced by high cash conversion rates and lower balance sheet risk, the stable capital requirements of the group, and the ungeared net position of the holding company. All of these factors allow for a higher sustainable dividend policy going forward.

DIVIDEND DECLARATION

Following the interim dividend of 12 (2015: 10) cents per share, the board has declared a final gross cash dividend of 18 (2015: 12) cents per share for the six months ended 30 September 2016, to those members recorded in the register of members on the record date appearing below. The dividend is declared out of income reserves. A dividend withholding tax of 15% will be applicable to the dividend to all shareholders that are not exempt from the dividend withholding tax, resulting in a net dividend of 15.3 cents per share. The salient features applicable to the final dividend are as follows:

Issued shares as at declaration date	575 228 064
Declaration date	Tuesday 22 November 2016
Last day to trade cum dividend	Monday 12 December 2016
Final day to trade ex-dividend	Tuesday 13 December 2016
Record date	Thursday 15 December 2016
Payment date	Monday 19 December 2016

Tax reference number: 9466/298/15/6

Share certificates may not be dematerialised or rematerialised between Tuesday, 13 December 2016 and Thursday, 15 December 2016, both dates inclusive.

On Monday, 19 December 2016 the cash dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 19 December 2016 will be posted on that date. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 19 December 2016.

BASIS FOR PREPARATION

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 September 2016. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion.

The summarised consolidated financial statements have been prepared under the supervision of R Goldstein (CA) SA. They represent a summary of the complete set of audited consolidated financial statements of Transaction Capital approved on 22 November 2016. The directors take full responsibility and confirm that this information has been correctly extracted from the consolidated financial statements. The complete set of consolidated financial statements is available at Transaction Capital's registered office for inspection.

The summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements on the Companies Act, no 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts as a minimum and the measurement and recognition requirements of IFRS, IAS 34: Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of International Financial Reporting Standards (IFRS) and are consistent, in all material respects, with those details in Transaction Capital's prior year annual financial statements.

Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the unmodified ISA 810 audit report together with the consolidated financial statements and financial information from the Company's registered office.

APPROVAL BY THE BOARD OF DIRECTORS

Signed on behalf of the board of directors:

D M Hurwitz
Chief executive officer

R Goldstein
Financial Director

22 November 2016

Sponsor: Deutsche Securities (SA) Proprietary Limited

INDEPENDENT AUDITOR'S REPORT
ON SUMMARISED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF TRANSACTION CAPITAL LIMITED

The summarised consolidated financial statements of Transaction Capital Limited, contained in the accompanying preliminary report, which comprise the summarised consolidated statement of financial position as at 30 September 2016, the summarised consolidated income statement, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited consolidated financial statements of Transaction Capital Limited for the year ended 30 September 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 22 November 2016. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (refer below).

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Transaction Capital Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in the Basis For Preparation paragraph of the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

OPINION

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Transaction Capital Limited for the year ended 30 September 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in the Basis For Preparation paragraph of summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "other reports required by the Companies Act" paragraph in our audit report dated 22 November 2016 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2016, we have read the Directors' Report, the Audit, Risk and Compliance Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche
Registered Auditors

Per: Mgcinisihlalo Jordan
Partner
22 November 2016

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2016

	2016 Audited Rm	2015 Audited Rm	Movement %
Assets			
Cash and cash equivalents	**1 276**	1 169	9
Tax receivables	**28**	27	4
Trade and other receivables	**472**	483	(2)
Inventories	**201**	21	>100
Loans and advances	**7 190**	6 160	17
Leased assets	**40**	–	100
Purchased book debts	**728**	561	30
Other loans receivable	**35**	257	(86)
Other investments	**477**	481	(1)
Intangible assets	**93**	32	>100
Property and equipment	**104**	60	73
Goodwill	**200**	197	2
Deferred tax assets	**247**	255	(3)
Total assets	**11 091**	9 703	14
Liabilities			
Bank overdrafts	**173**	52	>100
Tax payables	**8**	13	(38)
Trade and other payables	**286**	253	13
Provisions	**14**	17	(18)
Interest-bearing liabilities	**7 477**	6 640	13
Senior debt	**6 512**	5 446	20
Subordinated debt	**965**	1 194	(19)
Deferred tax liabilities	**155**	117	32
Total liabilities	**8 113**	7 092	14
Equity			
Ordinary share capital and premium	**510**	468	9
Reserves	**149**	122	22
Retained earnings	**2 285**	1 991	15
Equity attributable to ordinary equity holders of the parent	**2 944**	2 581	14
Non-controlling interest	**34**	30	13
Total equity	**2 978**	2 611	14
Total equity and liabilities	**11 091**	9 703	14

SUMMARISED CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 Audited Rm	2015 Audited Rm	Movement %
Interest and other similar income	**1 688**	1 504	12
Interest and other similar expense	**(809)**	(683)	18
Net interest income	**879**	821	7
Impairment of loans and advances	**(209)**	(233)	(10)
Risk-adjusted net interest income	**670**	588	14
Non-interest revenue	**1 279**	1 195	7
Operating costs	**(1 348)**	(1 295)	4
Non-operating profit	**–**	14	(100)
Equity accounted earnings	**–**	(3)	(100)
Profit before tax	**601**	499	20
Income tax expense	**(138)**	(94)	47
Profit for the year	**463**	405	14
Attributable to non-controlling equity holders	**5**	4	25
Attributable to ordinary equity holders of the parent	**458**	401	14
Basic earnings per share (cents)	**80.6**	70.4	14
Diluted basic earnings per share (cents)	**80.0**	69.8	15
Headline earnings per share (cents)	**80.6**	69.0	17

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 Audited Rm	2015 Audited Rm	Movement %
Profit for the year	**463**	405	14
Other comprehensive income	**24**	14	71
Fair value losses arising on the cash flow hedge during the year	**(4)**	(1)	>100
Deferred tax	**1**	<1	100
Fair value gains arising on valuation of assets held at fair value through other comprehensive income	**27**	15	80
Total comprehensive income for the year	**487**	419	16
Attributable to non-controlling equity holders	**5**	4	25
Attributable to ordinary equity holders of the parent	**482**	415	16

SUMMARISED HEADLINE EARNINGS RECONCILIATION
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 Audited Rm	2015 Audited Rm	Movement %
Profit attributable to ordinary equity holders of the parent	458	401	14
Headline earnings adjustable item added			
Profit on sale of joint venture	–	(8)	(100)
Headline earnings	458	393	17

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital and premium	Other reserves	Retained earnings	Ordinary shareholders equity	Non-controlling interests	Total equity
Balance at 30 September 2014	483	96	2 384	2 963	–	2 963
IFRS 9 transitional adjustments	–	–	(672)	(672)	–	(672)
Revised opening balance	483	96	1 712	2 291	–	2 291
Total comprehensive income	–	14	401	415	4	419
Profit for the year	–	–	401	401	4	405
Other comprehensive income for the year	–	14	–	14	–	14
Dividends paid	–	–	(114)	(114)	–	(114)
Grant of share appreciation rights	–	16	–	16	–	16
Share appreciation rights – settlements	–	(4)	(8)	(12)	–	(12)
Issue of shares	12	–	–	12	–	12
Repurchase of shares	(27)	–	–	(27)	–	(27)
Transactions with non-controlling equity holders	–	–	–	–	26	26
Balance at 30 September 2015	468	122	1 991	2 581	30	2 611
Total comprehensive income	–	24	458	482	5	487
Profit for the year	–	–	458	458	5	463
Other comprehensive income for the year	–	24	–	24	–	24
Dividends paid	–	–	(135)	(135)	(1)	(136)
Grant of share appreciation rights	–	16	–	16	–	16
Share appreciation rights – settlements	–	(13)	(29)	(42)	–	(42)
Issue of shares	53	–	–	53	–	53
Repurchase of shares	(11)	–	–	(11)	–	(11)
Balance at 30 September 2016	510	149	2 285	2 944	34	2 978

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 Audited Rm	2015 Audited Rm	Movement %
Net cash utilised in operating activities	**(108)**	(9)	>100
Net cash generated from/(utilised) in investing activities	**105**	(91)	>100
Net cash utilised by financing activities	**(11)**	(27)	(59)
Net decrease in cash and cash equivalents	**(14)**	(127)	(89)
Cash and cash equivalents at the beginning of the year	**1 117**	1 244	(10)
Cash and cash equivalents at the end of the year	**1 103**	1 117	(1)

SUMMARISED SEGMENT REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	SA Taxi	
	2016 Audited Rm	2015 Audited Rm
Condensed income statement for the year ended 30 September 2016		
Net interest income	**744**	672
Impairment of loans and advances	**(206)**	(233)
Non-interest revenue	**315**	242
Total operating costs	**(541)**	(445)
Non-operating profit	**–**	–
Equity accounted earnings	**–**	–
Profit before tax	**312**	236
Headline earnings attributable to equity holders of the parent	**249**	208
Condensed statement of financial position at 30 September 2016		
Assets		
Cash and cash equivalents	**761**	594
Loans and advances	**6 675**	5 703
Leased assets	**40**	–
Purchased book debts	**–**	–
Other investments	**477**	481
Other assets and receivables	**924**	750
Total assets	**8 877**	7 528
Liabilities		
Bank overdrafts	**173**	44
Interest-bearing liabilities	**6 482**	5 429
Group loans	**913**	1 019
Other liabilities and payables	**167**	134
Total liabilities	**7 735**	6 626
Total equity	**1 142**	902

	TCRS		Group executive office		Group	
	2016 Audited Rm	2015 Audited Rm	**2016 Audited Rm**	2015 Audited Rm	**2016 Audited Rm**	2015 Audited Rm
	65	71	**70**	78	**879**	821
	(3)	–	**–**	–	**(209)**	(233)
	964	953	**–**	–	**1 279**	1 195
	(796)	(845)	**(11)**	(5)	**(1 348)**	(1 295)
	–	14	**–**	–	**–**	14
	–	(3)	**–**	–	**–**	(3)
	230	190	**59**	73	**601**	499
	168	134	**41**	51	**458**	393
	72	57	**443**	518	**1 276**	1 169
	515	457	**–**	–	**7 190**	6 160
	–	–	**–**	–	**40**	–
	728	561	**–**	–	**728**	561
	–	–	**–**	–	**477**	481
	364	299	**92**	283	**1 380**	1 332
	1 679	1 374	**535**	801	**11 091**	9 703
	–	8	**–**	–	**173**	52
	558	467	**437**	744	**7 477**	6 640
	230	166	**(1 143)**	(1 185)	**–**	–
	285	246	**11**	20	**463**	400
	1 073	887	**(695)**	(421)	**8 113**	7 092
	606	487	**1 230**	1 222	**2 978**	2 611

FAIR VALUE DISCLOSURE
FOR THE YEAR ENDED 30 SEPTEMBER 2016

The fair values of financial assets and liabilities have been disclosed below:

	Carrying value 2016 Rm	**Fair value 2016 Rm**	Carrying value 2015 Rm	Fair value 2015 Rm
30 September				
Assets				
Loans and advances	**7 190**	**7 191**	6 160	6 157
Purchased book debts	**728**	**728**	561	561
Other loans receivable	**35**	**35**	257	257
Trade and other receivables*	**413**	**413**	429	429
Cash and cash equivalents	**1 276**	**1 276**	1 169	1 169
	9 642	**9 643**	8 576	8 573
Liabilities				
Interest-bearing liabilities	**7 477**	**7 459**	6 640	6 569
– Fixed rate liabilities	**427**	**426**	777	770
– Floating rate liabilities	**7 050**	**7 033**	5 863	5 799
Trade and other payables**	**228**	**228**	201	201
Bank overdrafts	**173**	**173**	52	52
	7 878	**7 860**	6 893	6 822
Net exposure	**1 764**	**1 783**	1 821	1 889

* *Prepayments are not financial assets and therefore have been excluded from trade and other receivables.*

** *Revenue received in advance, leave pay accrual and deferred lease liability are not financial liabilities and therefore have been excluded from trade and other payables.*

LEVEL DISCLOSURES (Rm)

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
2016				
Financial assets at fair value through profit or loss				
Entry-level vehicles	**–**	**–**	**62**	**62**
Other financial assets	**–**	**–**	**158**	**158**
Financial assets at fair value through other comprehensive income				
Derivatives	**–**	**73**	**–**	**73**
Investment in unlisted entity	**–**	**–**	**477**	**477**
Total	**–**	**73**	**697**	**770**

	2015			
	Level 1	Level 2	Level 3	Total
2015				
Financial assets at fair value through profit or loss				
Entry-level vehicles	–	–	120	120
Other financial assets	–	–	147	147
Financial assets at fair value through other comprehensive income				
Derivatives	–	108	–	108
Investment in unlisted entity	–	–	481	481
Total	–	108	748	856

FAIR VALUE DISCLOSURE continued

Reconciliation of Level 3 Fair Value Measurements of Financial Assets

		2016		
		Fair value through profit or loss	**Fair value through other comprehensive income**	**Total**
2016				
Opening balance		**267**	**343**	**610**
Total gains or losses	In profit or loss	**(83)**	**–**	**(83)**
	In other comprehensive income	**–**	**31**	**31**
Other movements*		**32**	**–**	**32**
Closing balance of fair value measurement		**216**	**374**	**590**
Capital deployed to cell		**–**	**107**	**107**
Closing balance of financial instrument		**216**	**481**	**697**

		2015		
		Fair value through profit or loss	Fair value through other comprehensive income	Total
2015				
Opening balance		358	238	596
Total gains or losses	In profit or loss	(12)	–	(12)
	In other comprehensive income	–	15	15
Purchases		–	90	90
Other movements*		(79)	–	(79)
Closing balance of fair value measurement		267	343	610
Capital deployed to cell		–	138	138
Closing balance of financial instrument		267	481	748

* *Other movements include charges on accounts less collections received and write-off's on entry-level vehicles as well as additions to other financial assets.*

Sensitivity analysis of valuations using unobservable inputs

As part of the group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that most impact this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations. A significant parameter has been deemed to be one which may result in a change in the fair value asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes reasonable range of possible outcomes:

GROUP

Movement in fair value given the 10% change in significant assumptions:

	2016		2015	
SA Taxi – loans and advances: entry-level vehicles	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Significant unobservable input and description of assumption				
Average probability of default	**17**	**(35)**	56	(11)
Average loss given write-off	**38**	**(35)**	55	(55)
Average collateral value	**2**	**(2)**	3	(3)
Discount rate: The rate used to discount projected future cash flows to present value	**3**	**(3)**	4	(4)
Average effective interest rate	**3**	**(3)**	4	(4)

	2016		2015	
SA Taxi – investment in unlisted entity	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Significant unobservable input and description of assumption				
Premium per policy: average insurance premium per policy in a year	**17**	**(17)**	11	(11)
Gross loss ratio: Reported claims (excluding the movement in the claims that are incurred but not yet reported reserve) expressed as a percentage of gross written premium in a year	**88**	**(88)**	48	(48)
Mid-term insurance cancellations: Number of policies cancelled during a year expressed as a percentage of total policies insured at the beginning of a year	**6**	**(6)**	6	(6)
Discount rate: The rate used to discount projected future cash flows to present value	**18**	**(16)**	12	(11)

	2016		2015	
Transaction Capital Recoveries (previously MBD) – other financial assets	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Significant unobservable input and description of assumption				
Cash flows: change in the expected revenue	**–**	**(1)**	4	(5)
Cash flows: Change in expected costs	**1**	**(1)**	1	(1)
Discount rate: The rate used to discount projected future cash flows to present value	**4**	**(3)**	4	(4)

Transaction Capital

FINANCE HOUSE, 230 JAN SMUTS AVENUE, DUNKELD WEST, JOHANNESBURG, 2196
PO BOX 41888, CRAIGHALL, 2024, REPUBLIC OF SOUTH AFRICA
TEL: +27 (0) 11 049 6700 • FAX: +27 (0) 11 049 6899

WWW.TRANSACTIONCAPITAL.CO.ZA