



Transaction Capital

TRANSACTION CAPITAL  
**YEAR END RESULTS**  
PRESENTATION

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

# GROUP HIGHLIGHTS

2016

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

# TRANSACTION CAPITAL GROUP STRUCTURE

2016 FINANCIAL & OPERATIONAL HIGHLIGHTS (FY16 vs. FY15)



CEO: Terry Kier, 9-year group tenure

**R249** MILLION<sup>1</sup>    **R7.2** BILLION

HEADLINE EARNINGS ▲ **20%**    GROSS LOANS & ADVANCES ▲ **15%**

**R315** MILLION    **3.1%**

NON-INTEREST REVENUE ▲ **30%**    CREDIT-LOSS RATIO FY15 **3.9%**

**25.5%**    **17.4%**

RETURN ON EQUITY FY15 **28.4%**    NON-PERFORMING LOAN RATIO FY15 **18.2%**



CEO: David Hurwitz, 11-year group tenure

**R458** MILLION<sup>1</sup>    **80.6** CPS

HEADLINE EARNINGS ▲ **17%**    HEADLINE PER SHARE ▲ **17%**

**30** CPS    **2.7** TIMES

TOTAL DIVIDEND PER SHARE ▲ **36%**    TOTAL DIVIDEND COVER

**16.9%**    **R8.3** BILLION<sup>2</sup>

RETURN ON EQUITY FY15 **16.7%**    MARKET CAPITALISATION



CEO: Dave McAlpin, 8-year group tenure

**R168** MILLION    **R728** MILLION

HEADLINE EARNINGS ▲ **25%**    PURCHASED BOOK DEBTS ▲ **30%**

**77.4%**    **71.1%**

COST-TO-INCOME RATIO ▼ **6%**    ASSET TURNOVER RATIO

**31.5%**    **2 395**

RETURN ON EQUITY FY15 **27.8%**    EMPLOYEES ▼ **27%**

A vertically integrated taxi platform utilising specialist capabilities & enriched proprietary data to judiciously deploy developmental credit & allied business services to empower SMEs, thus ensuring the sustainability of a fundamental mode of transport

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



1. Headline earnings attributable to the group, excluding minority interest | 2. Market capitalisation as at 18 November 2016

# GROUP STRATEGIC & OPERATIONAL HIGHLIGHTS

## ACQUISITION ACTIVITY

### 3 acquisitions within Transaction Capital Risk Services (TCRS)

- 100% of Recoveries Corporation
- 75% of Road Cover
- Majority share of The Beancounter
- Accretive utilisation of capital

## STRATEGIC POSITIONING OF OPERATING DIVISIONS

- Occupy leading market positions
- Highly defensive businesses
- Experienced & skilled management teams
- Continued investment in technology & data
- Platforms to develop new products & expand into new markets

## DEBT CAPITAL MARKETS

### Uninterrupted access to the debt capital markets

- SA Taxi raised **>R3.5 billion** in FY16
- **R513 million** Transsec 2 tap issuance
- 2017 almost fully funded

### Future initiatives

- Created **R2 billion domestic note programme**
- Accessed **>R1.5 billion** of debt funding from European DFIs since 2010
- Successfully penetrating global DFI markets

### Credit ratings

- **S&P upgraded** Transsec 1 (SA Taxi)
- GCR awarded **zaA- rating to Transaction Capital's** domestic note programme

## UNGEARED & LIQUID BALANCE SHEET

### After acquisitions

- Capital adequacy **>35%**
- Liquid capital **~R300 million**
- Continue to invest in organic & acquisitive opportunities

## IMPROVED DIVIDEND POLICY

- Total dividend per share **▲ 36%** to 30cps
- Total dividend cover of **2.7 times** (FY12: 3.8 times; FY15 3.1 times)
- Dividend policy amended to **2.5 to 3 times**
- Previously 3 to 4 times

# GROUP STRATEGIC & OPERATIONAL HIGHLIGHTS

## RESTRUCTURE OF FOUNDERS SHAREHOLDING

**Founders' individual shareholdings consolidated into a single holding structure:**

- Committed shareholder of reference
- Displays founders' continued confidence in Transaction Capital
- Enhances Transaction Capital's rating in capital markets

## EARLY ADOPTION OF IFRS 9

- More conservative provisioning methodology
- Higher quality of earnings
- Removes uncertainty re implementation of IFRS 9 on future results & ratios

## ORGANISATIONAL CHANGES

**Independent non-executive directors:**

- Dave Woollam not available for re-election post March 2017 AGM
- Appointment of Kuben Pillay & Moses Kgosana

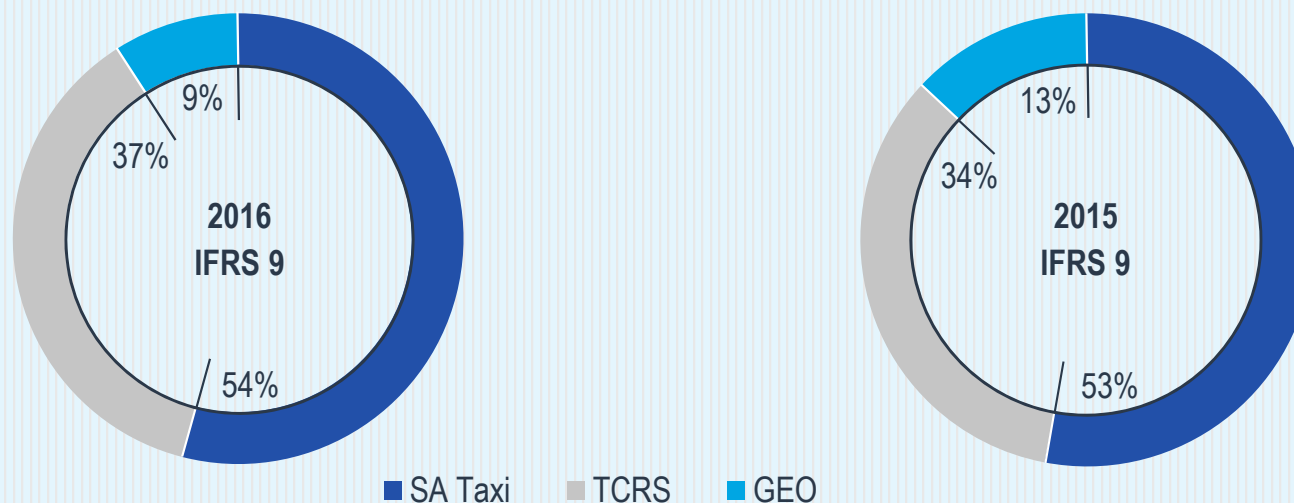
**Executive directors:**

- Ronen Goldstein appointed as FD

## CONDITIONAL SHARE PLAN

- Approved on 20 October 2016
- Mechanism to attract & retain key executives
- Provides alignment with shareholders
- Executives participate in value created within their division & at a group level

## COMPOSITION OF EARNINGS POST ACQUISITIONS TO BE MORE EVENLY WEIGHTED



	Rm		Growth	Contribution	
Headline earnings	2016	2015	2016	2016	2015
SA Taxi <sup>1</sup>	249	208	20%	54%	53%
TCRS	168	134	25%	37%	34%
GEO	41	51	(20%) <sup>2</sup>	9%	13%
<b>Total</b>	<b>458</b>	<b>393</b>	<b>17%</b>	<b>100%</b>	<b>100%</b>
<i>Cents per share</i>	<i>80.6</i>	<i>69.0</i>	<i>17%</i>		

1. Attributable to the group, excluding minority interest  
 2. High yielding loan to Bayport repaid in Jan 2016

# ENVIRONMENT

# 2016

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

## MACRO-ECONOMIC ENVIRONMENT

- Macro- & socio-economic challenges constrain growth in South Africa
  - › **Political:** political instability & potential sovereign rating downgrade
  - › **Social:** persistent low employment levels with low real wage growth; continued social unrest
  - › **Economic:** currency related inflation; drought-related food inflation
  - › Household debt-to-disposable income ratio remains elevated at 75%
  - › Consumer & SME sector of economy remains vulnerable

## REGULATORY ENVIRONMENT

- More stable regulatory environment
- DTI's caps on credit life insurance pricing & NCR's regulations re affordability assessments, prescription, caps on interest rates & fees
  - › **SA Taxi:** unaffected by these changes or proposals
  - › **TCRS:** regulations not conducive to credit extension, which in the medium term may impact volume of matters handed over. TCRS continues to expand into non-NCA regulated adjacent markets, including public sector, telecommunications & insurance sectors
- Authenticated collections: legislation delayed to October 2019

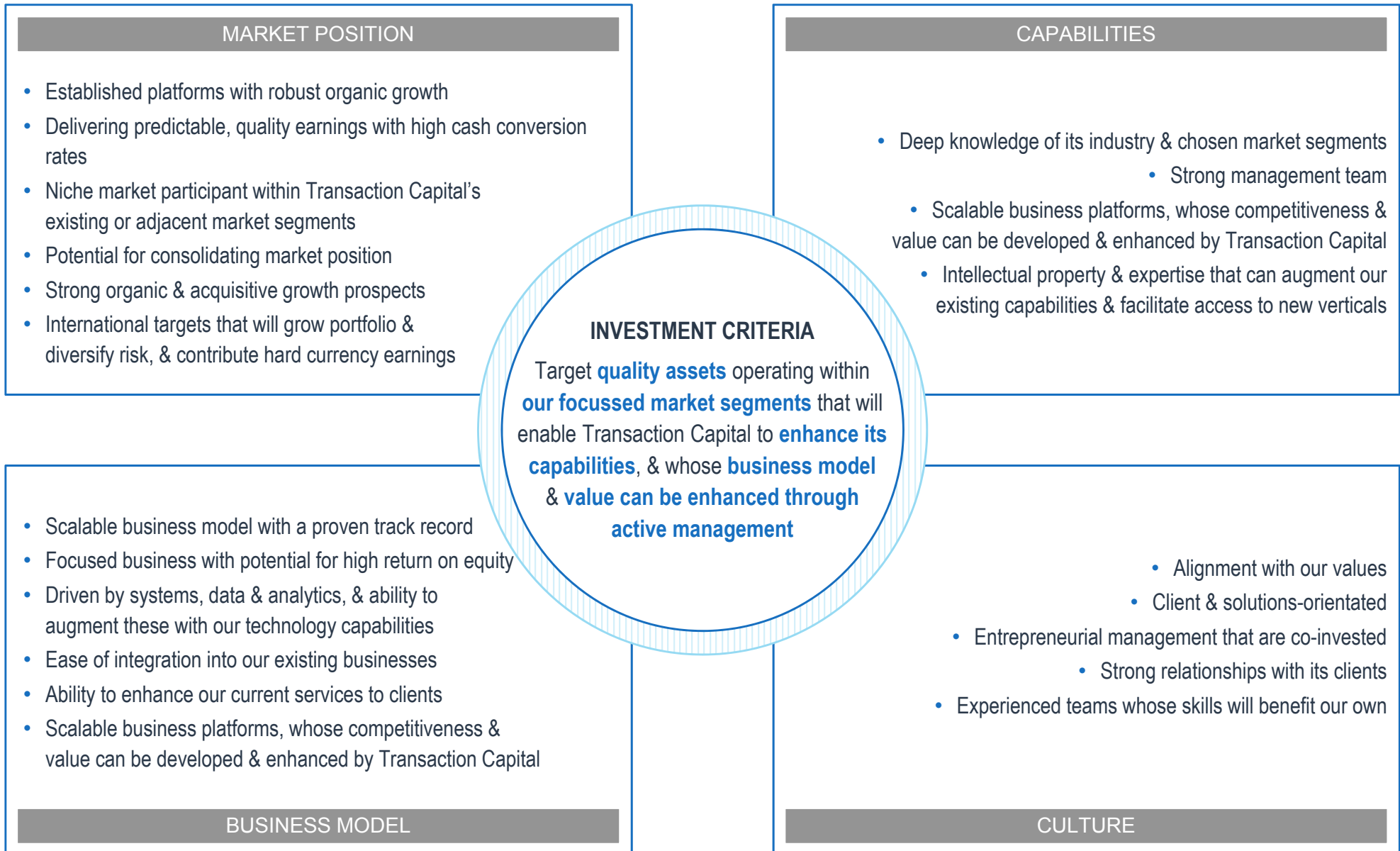
**DEFENSIVE & MARKET LEADING POSITIONING ENABLES TRANSACTION CAPITAL TO GROW EARNINGS DESPITE A CHALLENGING & LOW GROWTH SOUTH AFRICAN ECONOMIC ENVIRONMENT**



# ACQUISITIONS

2016

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER



## 100% OF RECOVERIES CORPORATION GROUP LIMITED

- Founded in 1991 in Melbourne Australia
- Provides consumer customer management solutions to a well-diversified blue-chip client base within government, insurance, banking & finance, utilities & telecommunications market sectors
- Services include debt recovery solutions, insurance claims recoveries, customer services, & litigation management services
- Offices in Melbourne & Sydney, Australia; & a near shore call centre & corporate services centre in Suva, Fiji
- Employs ~600 staff members
- Maximum purchase consideration of A\$43 million
  - › A\$33 million payable upfront; A\$10 million subject to achieving profit warranties
  - › PE multiple 8x
- Rationale:
  - › Strong entry point into Australian market, earning hard currency based returns
  - › High quality business generating predictable earnings with high cash conversion rates & strong organic growth prospects
  - › Australian debt collection industry highly fragmented (with ~20 companies accounting for 85% of the market) providing an opportunity to expand acquisitively
  - › Transaction Capital will apply its expertise & capital to the purchase of non-performing loan portfolios in Australia
  - › Recoveries Corporation's expertise in insurance recoveries will be applied to Transaction Capital's fledgling insurance recoveries business in South Africa



## 75% OF ROAD COVER

- Founded in 2005
- Offers proprietary value-added services to mass consumer market on a subscription basis
- Services include administration of RAF claims, COID Act claims & claims against various road agencies & municipalities
- Products typically embedded in other subscription-based products in insurance, banking, motor & retail industries, & are also distributed to consumers via direct marketing channels
- Rationale:
  - › Strong entry point into the value added services market in South Africa
  - › High quality business generating predictable earnings with high cash conversion rates & strong organic growth prospects
  - › Partnering exceptional entrepreneur to develop the business to its full potential
  - › Offer Road Cover's products to mass consumer market through TCRS's existing banking, retail, insurance, telecommunications clients
  - › Road Cover's products can be offered into SA Taxi's client & commuter base
  - › Efficiencies achieved with regard to client origination, management (i.e. payment) & collection processes



## MAJORITY SHARE OF THE BEANCOUNTER

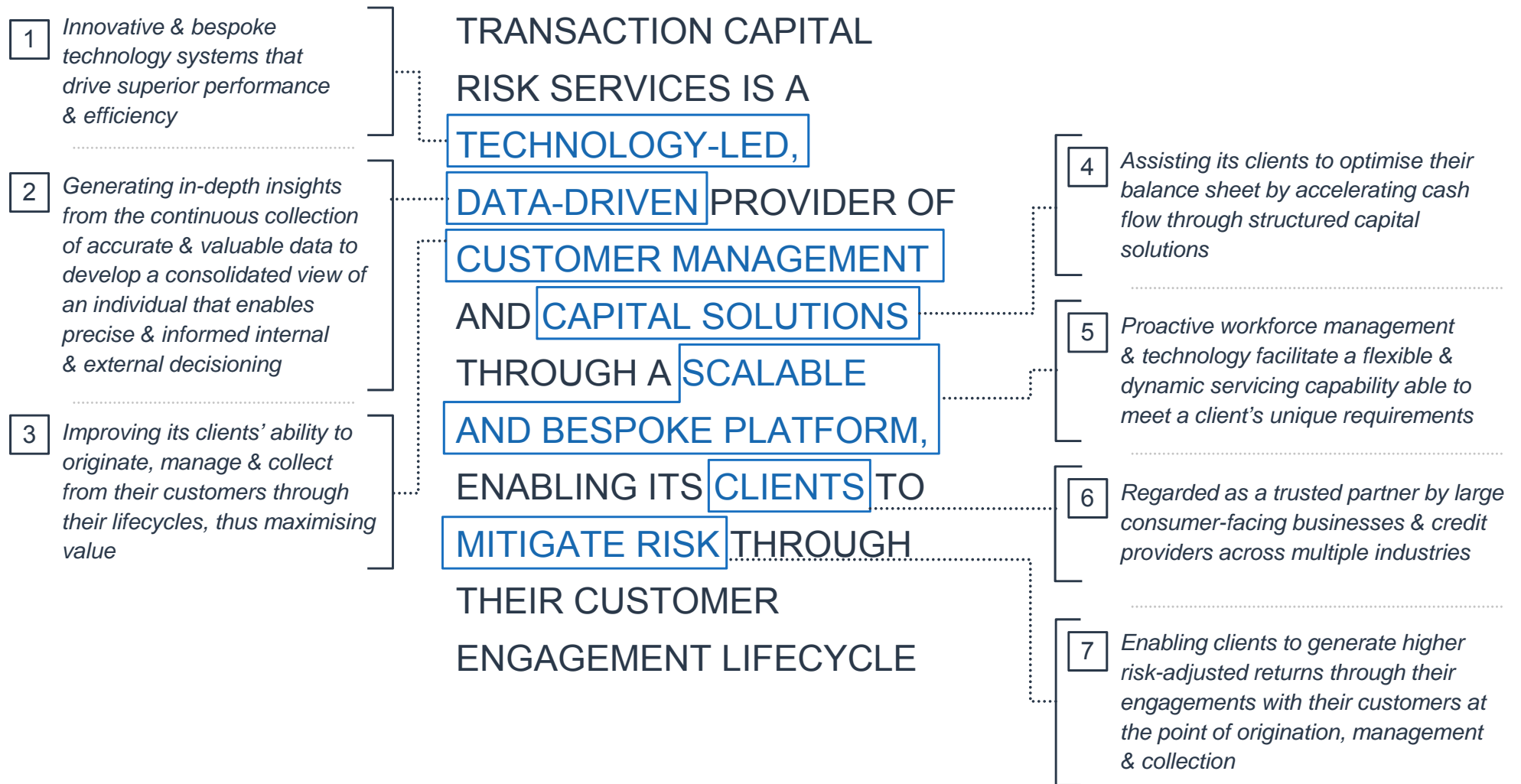
- Founded in 2008
- Provides full outsourced accounting, payroll and tax services through “software-as-a-service” technology to SMEs on a monthly retainer basis
- Rationale:
  - › Early entry into the specialist, cloud accounting services market in South Africa
  - › Well-positioned with solid organic growth prospects
  - › Partnering young entrepreneur to develop the business to its full potential
  - › Augment Transaction Capital Business Solutions' existing offering to its SME clients
  - › Working capital funding offered into The Beancounter's SME client base



TRANSACTION  
CAPITAL  
RISK  
SERVICES

2016

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER



# TCRS MARKET CONTEXT

## CHALLENGING CONSUMER CREDIT ENVIRONMENT

IN SOUTH AFRICA, OF THE 35 MILLION ADULTS\* THERE ARE:

**24 MILLION**  
CREDIT ACTIVE CONSUMERS

**9.7 MILLION**

NON-PERFORMING CREDIT CONSUMERS  
(NCR Q2 2016)

OVER **11 MILLION**

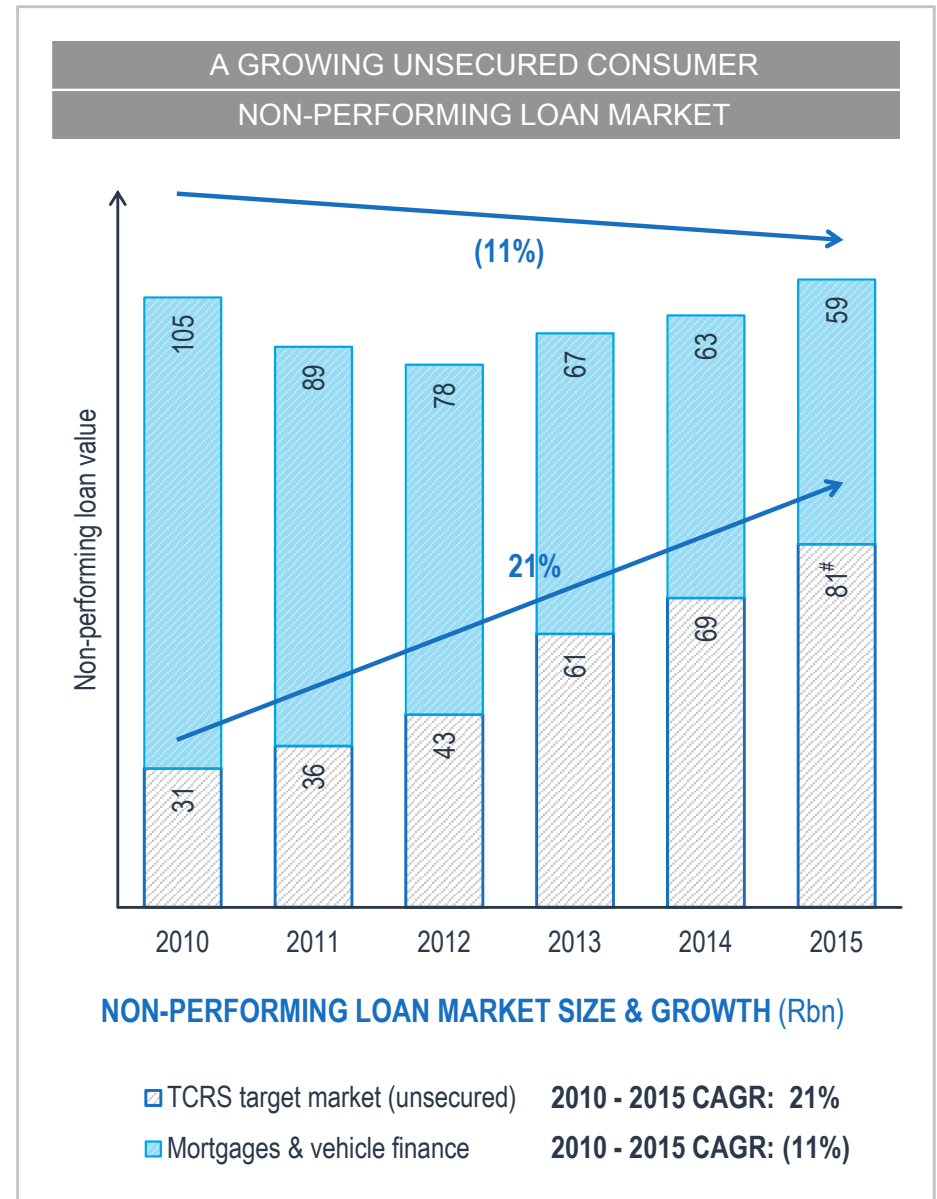
SOUTH AFRICANS DESCRIBED AS "OVER-INDEBTED"  
(UP FROM 5 MILLION IN 2014)

Household debt to disposable income at **75%**

**2014: South Africans were the biggest borrowers in the world**  
(WORLD BANK REPORT)

Between 2013 & 2014 **86%** of South Africans borrowed money  
(COMPARED TO 40% WORLDWIDE)

- Adverse environment stimulates demand from new & existing clients for debt recovery & related credit risk management services
- Increased number of NPL portfolios available to acquire at beneficial prices from clients requiring immediate recovery from their NPLs

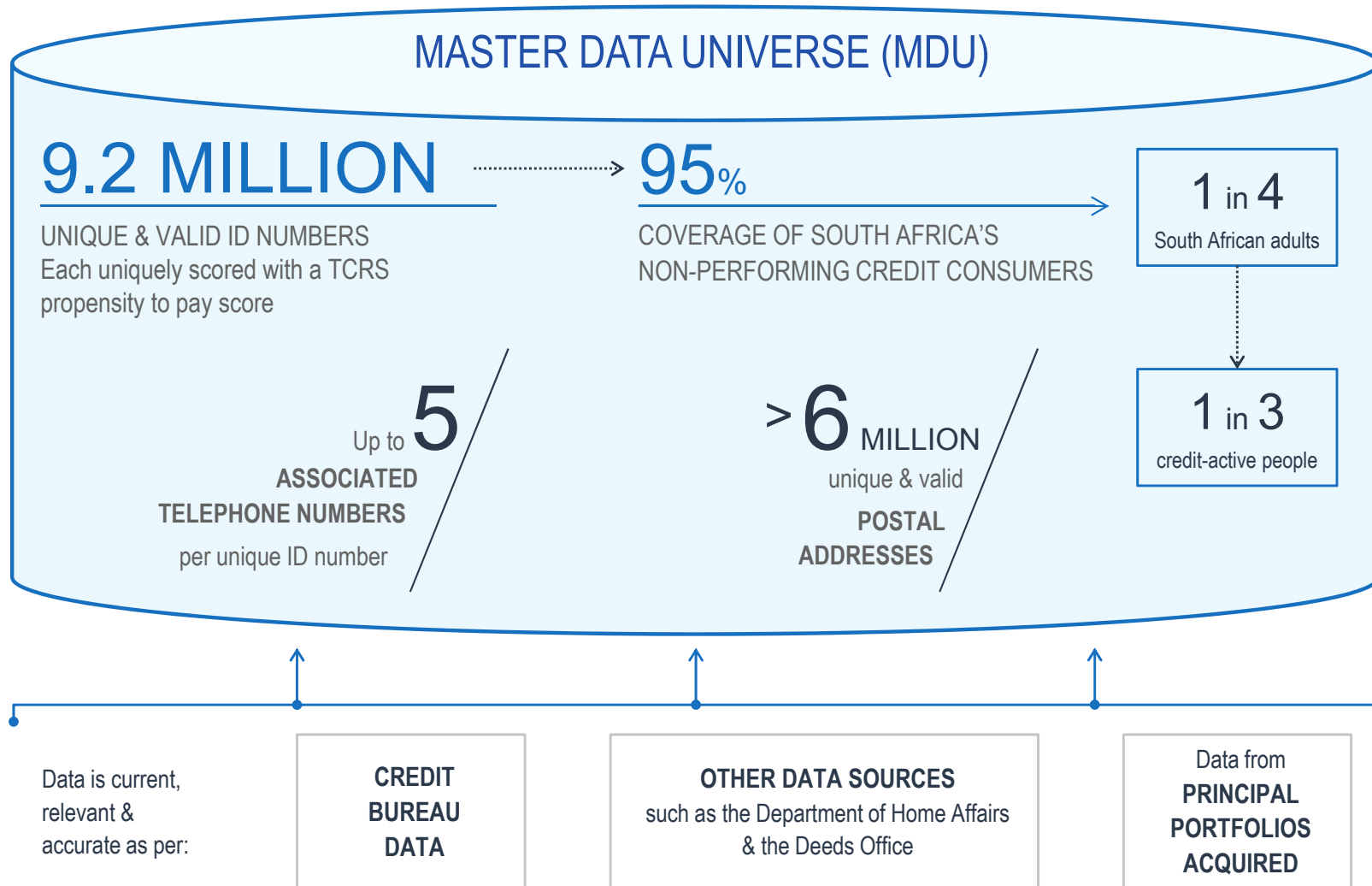


\* Aged 15 to 65

# R81bn comprises credit monitored by NCR at 31 December 2015 (at 30 June 2016 R79.7bn). TCRS' target market also includes SMEs, education, insurance, Public Sector, telecommunications, SOEs & utilities  
Source: StatsSA | NCR June 2016 | Accountancy SA February 2016 | World Bank report | Global Findex database

# TCRS MARKET POSITIONING

## DATA & ANALYTICS

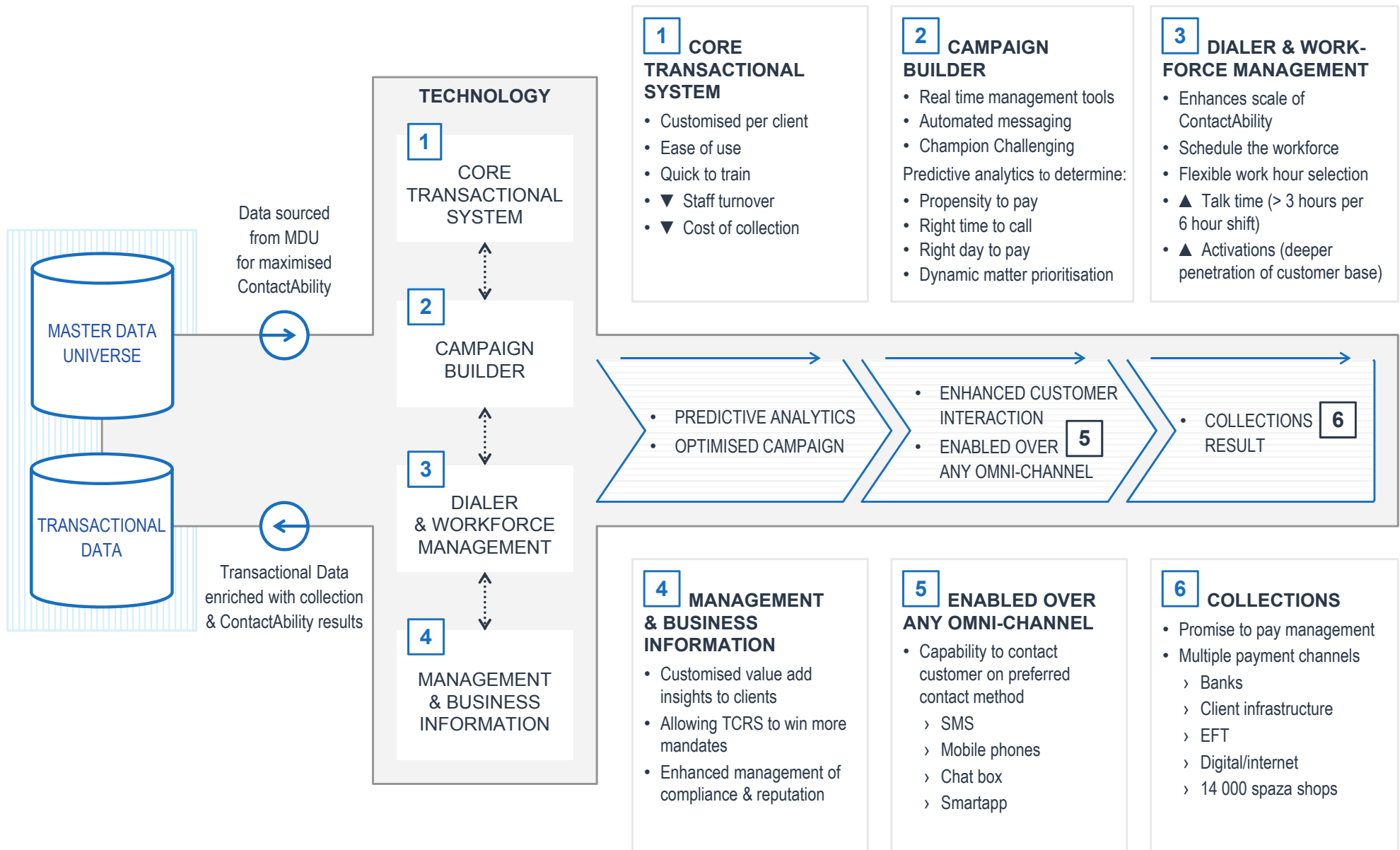


- Opportunity to monetise data
- POPI compliant



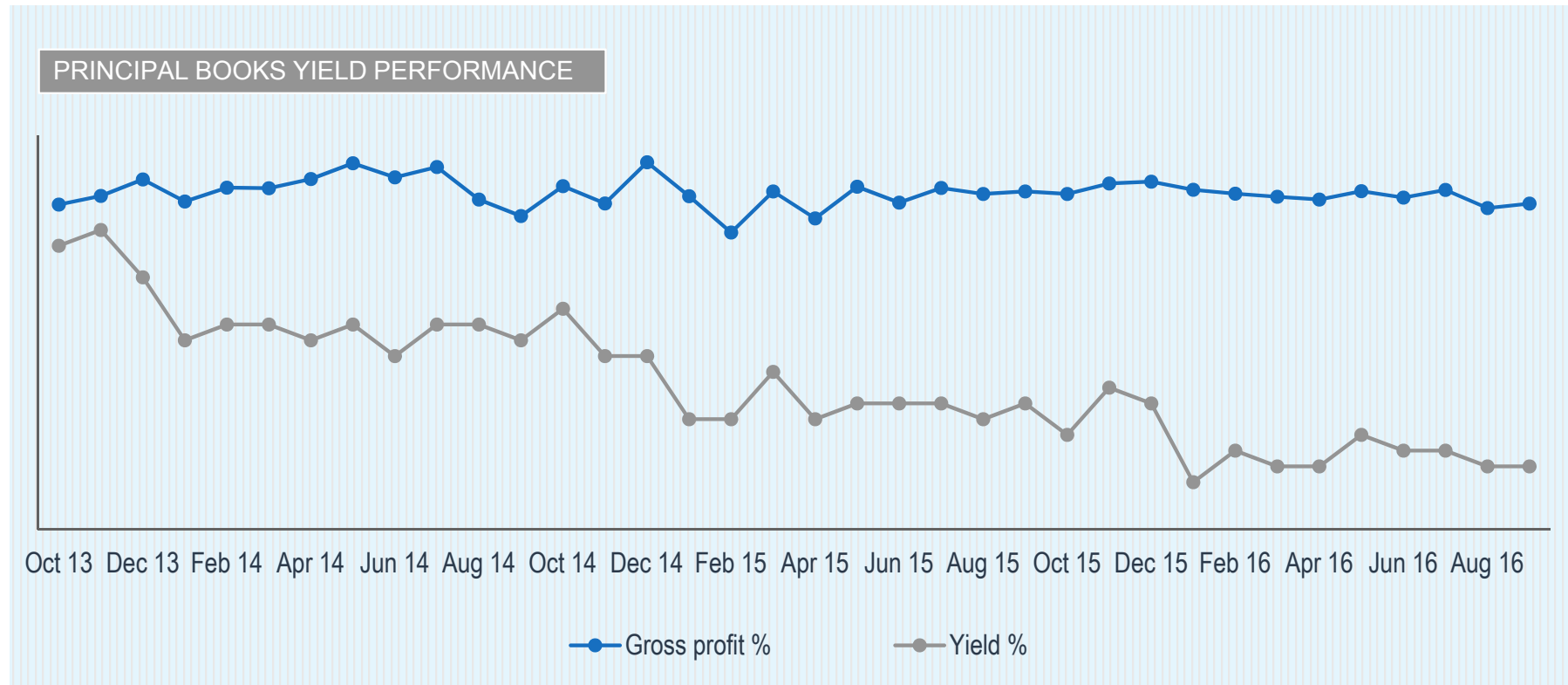
# TCRS MARKET POSITIONING

## SCALABLE TECHNOLOGY PLATFORM



# TCRS DEFENSIVE BUSINESS MODEL

IN AN ENVIRONMENT OF FALLING YIELDS, TCRS PRODUCES STEADY RETURNS



Monthly gross yields have compressed due to:

- Changing legislation
- Adverse consumer credit environment

TCRS' competitive advantage:

- Data & analytics
- Scalable technology platform enhancing productivity
- People (training, management & incentivisation)
- Reputation of high performance & compliance
- Large balance sheet

# TCRS OPERATIONAL PERFORMANCE

**Transaction Capital Recoveries**

**R300 MILLION**

COLLECTED EACH MONTH, RESULTING FROM

↓

**~400 000**

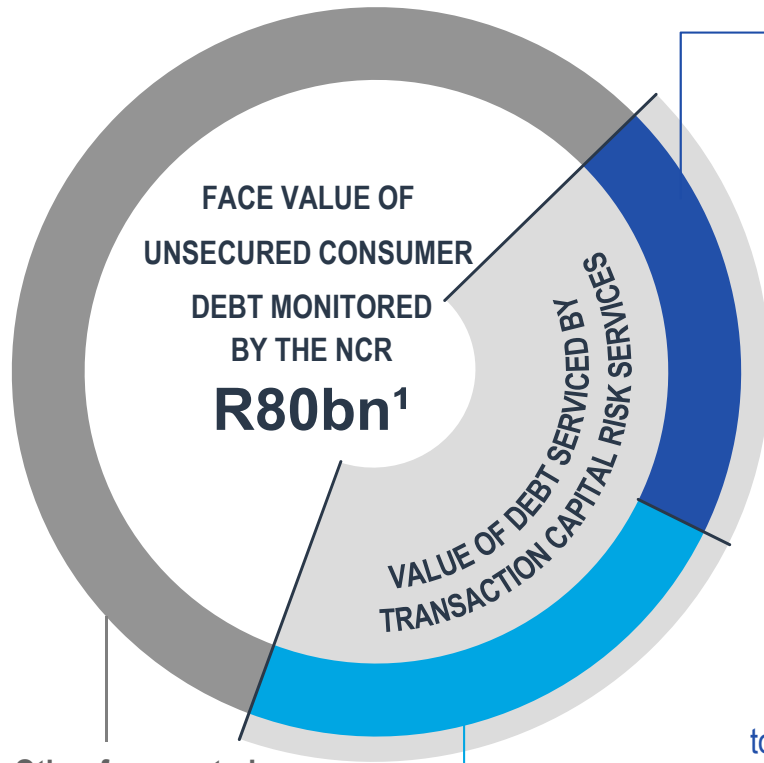
PAYMENTS RECEIVED EACH MONTH

<b>~300 000</b>	<b>~4.2 MILLION</b>
DEBIT ORDERS PROCESSED EACH MONTH	VOICE INTERACTIONS EACH MONTH
<b>~25 MILLION</b>	<b>▲ 38%</b>
OUTBOUND CALLS FROM THE DIALER EACH MONTH	REVENUE PER EMPLOYEE IN 2016

**Transaction Capital Payment Solutions**

<b>~200 000</b>	<b>~300 000</b>
DISBURSEMENTS FOR CLIENTS EACH MONTH	DEBIT ORDERS & NAEDO TRANSACTIONS PROCESSED FOR CLIENTS EACH MONTH



**R16bn**  
**Customer Management Solutions**

We rank 1<sup>st</sup> or 2<sup>nd</sup> by our clients in 91% of 254 MANDATES (▲ 41%) on panels where we are represented

GCR upgraded Transaction Capital Recoveries' primary & special servicer ratings to SQ1-(ZA) & SQ1(ZA) respectively

**R19bn**  
**Capital Solutions**  
**167 books**  
Asset turnover ratio **71.1%**<sup>2</sup>

1. R80bn comprises credit monitored by the NCR as at 30 June 2016. TCRS target market also includes SMEs, education, insurance, Public Sector, telecommunications, SOEs & Utilities  
 2. Gross principal book revenue as a percentage of average carrying value of purchased book debts

# TCRS DIVERSIFIED BUSINESS MODEL

## CUSTOMER MANAGEMENT SOLUTIONS

CUSTOMER MANAGEMENT SOLUTIONS

### ORIGINATE

IDENTIFY & WIN NEW CUSTOMERS  
USING DATA ANALYTICS

LEAD GENERATION &  
CUSTOMER ACQUISITION

**Principa**  
A Transaction Capital Company

- Leads generation
- Predictive analytics
- Segmentation modelling
- Systems (Smart & FICO)

Sector	Percentage
Insurance	42%
Credit retail	49%
Telcos	9%

### MANAGE

ENABLE PAYMENT PROCESSING  
AND CUSTOMER MANAGEMENT

PAYMENT & ACCOUNT MANAGEMENT

**Transaction Capital Payment Solutions**

- Payment processing

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**Principa**  
A Transaction Capital Company

- Customer retention & profitability modelling
- Predictive analytics
- Systems (Smart & FICO)

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**Transaction Capital Business Solutions**

- Receivables management

Sector	Percentage
Specialised lending	22%
Credit retail	31%
Banking	21%
Other	21%
Insurance	3%
Telcos	2%

### COLLECT

SOLVE CLIENTS' IMPAIRED DEBT PROBLEM  
THROUGH COLLECTIONS & RECOVERIES

COLLECTION SERVICES

**Transaction Capital Recoveries**

- Early stage rehabilitation
- Late stage collections
- Legal recoveries
- Business-to-business collections

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**Principa**  
A Transaction Capital Company

- Predictive analytics
- Segmentation modelling
- Systems (Smart & FICO)

Sector	Percentage
Credit retail	52%
Specialised lending	25%
Telcos	11%
Banking	7%
Public sector	5%

# TCRS DIVERSIFIED BUSINESS MODEL


## CAPITAL SOLUTIONS

CAPITAL SOLUTIONS

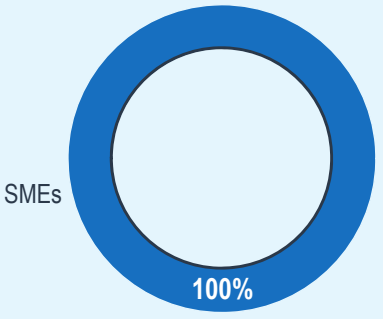
### MANAGE

RECEIVABLES MANAGEMENT & WORKING CAPITAL FINANCE

SME FINANCING



- Invoice discounting
- Trade finance
- Property finance




SMEs 100%

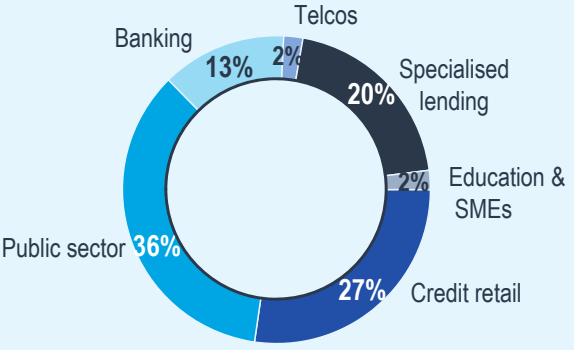
### COLLECT

SOLVE CLIENTS' IMPAIRED DEBT PROBLEM THROUGH ACQUISITION OF NPLs & OTHER CAPITAL SOLUTIONS

DEBT PURCHASING



- Spot book acquisition
- Bespoke capital solutions
- Forward flow & gain share agreements



Segment	Percentage
Public sector	36%
Credit retail	27%
Banking	13%
Telcos	2%
Specialised lending	20%
Education & SMEs	2%

# TCRS FINANCIAL PERFORMANCE



- Headline earnings ▲ 25% to R168m
  - › All organic growth
- Services EBITDA (TC Recoveries & Principa) ▲ 27% to R239m
- Agency revenue ▲ 2%
  - › Focus on margin generative revenue
  - › Selective on mandates
- Principal revenue ▲ 10%
- Cost-to-income ratio improved to 77.4% from 82.5%
  - › Continued investment in technologies (dialer & workforce management), data (MDU) & analytics yielding efficiencies
  - › Frugal cost management
- Transaction Capital Business Solutions focus on:
  - › High quality earnings with robust credit quality
  - › Conservative book growth given challenging SA macro environment

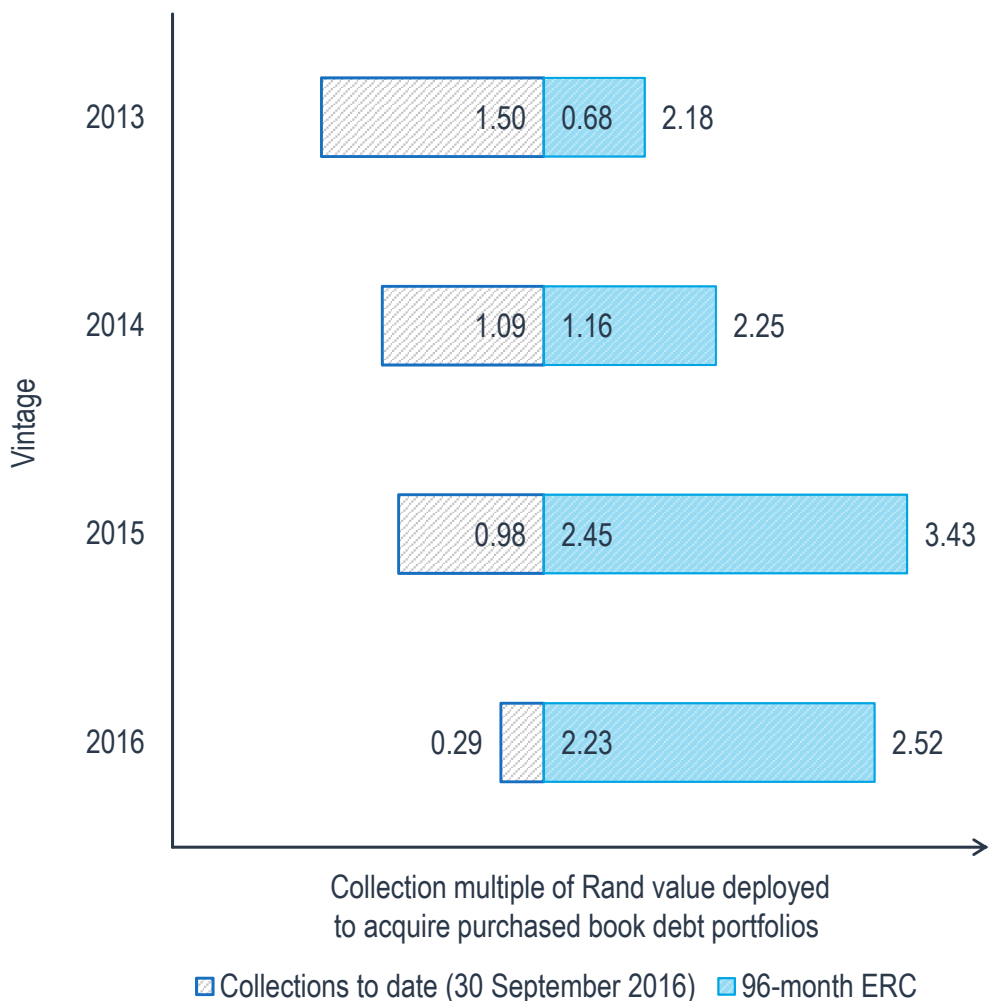
\* Services EBITDA (Transaction Capital Recoveries & Principa)

# TCRS FINANCIAL PERFORMANCE

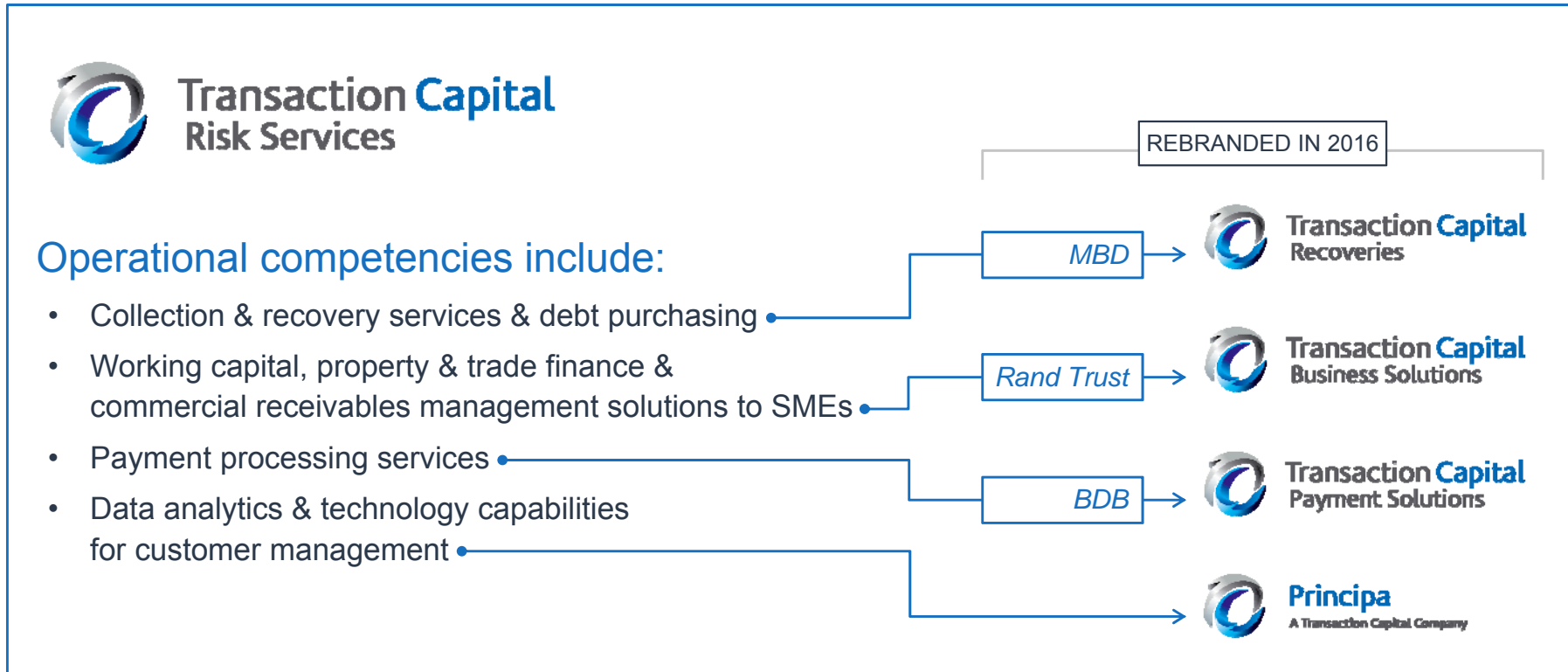
## PURCHASED BOOK DEBTS PERFORMANCE

ESTIMATED REMAINING COLLECTIONS (ERC)

VINTAGE PERFORMANCE AS AT 30 SEPTEMBER



- Principal revenue ▲ 10%
  - › Purchased book debts ▲ 30% to R728m
  - › 13 portfolios acquired for R184m this year
  - › 167 principal books owned in total
- Focus on innovative bespoke capital transactions
  - › 2 exclusive transactions
  - › Forward flow & gain share agreements
- Continued but cautious progress in municipal sector
- Asset-turnover ratio remains high at 71.1% (FY15: 71.7%)
  - › Reflects principal revenue as a percentage of average book value of purchased book debts
- ERC is the estimated undiscounted remaining gross cash collections from purchased book debts to be recovered over the next 96 months, expressed as a multiple of the purchase price
- ERC cover of 2.52 times
  - › Portfolios acquired at beneficial prices (stimulated by current environment)
  - › Longevity in the yield of principal portfolios on book



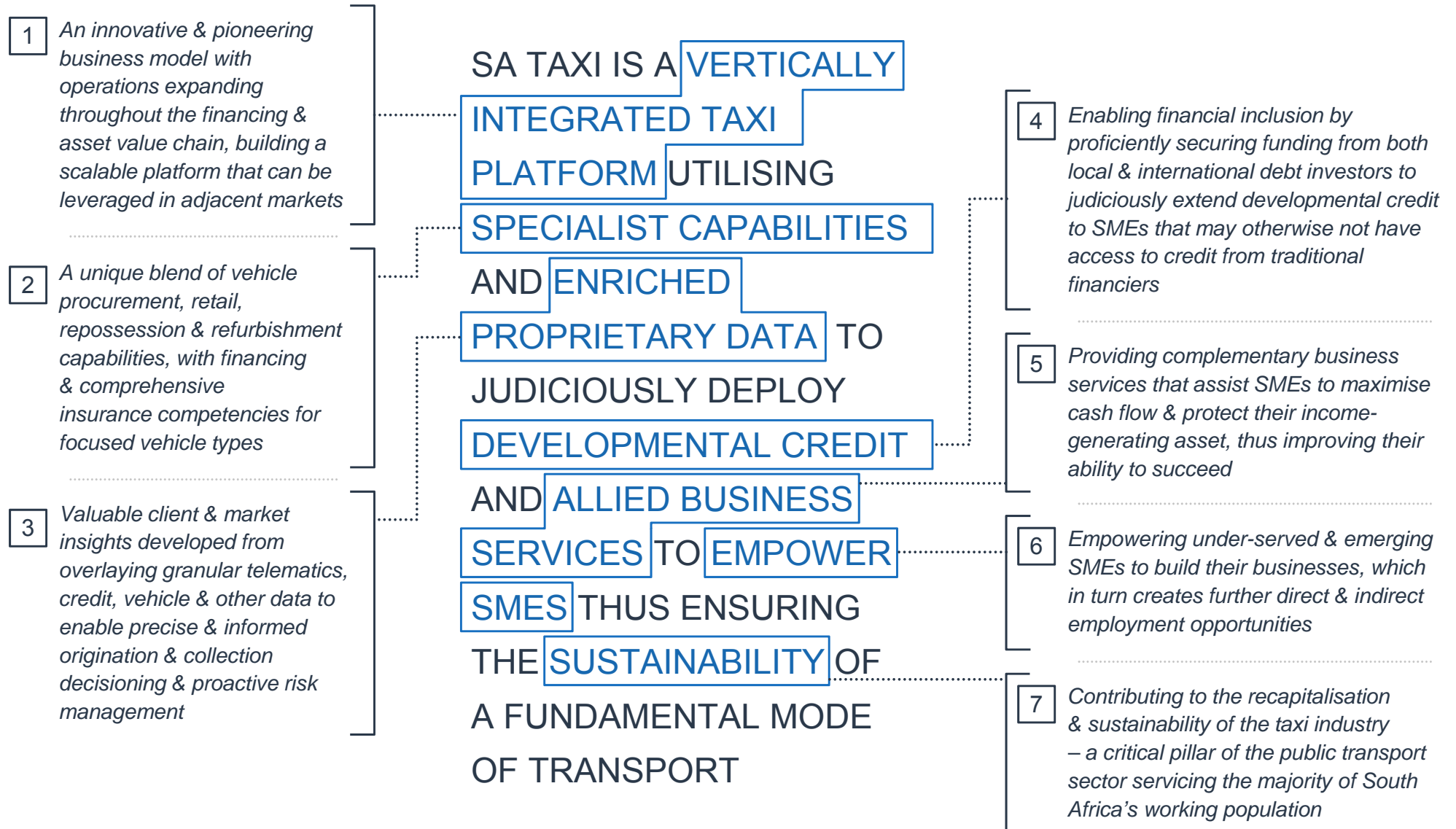
- Further integration with one centralised management team & one overarching strategy
- Integrated “Go-to-Market” strategy & team marketing an expanded & comprehensive range of services
- Rebrand to leverage Transaction Capital’s strong brand equity



S A TAXI

2016

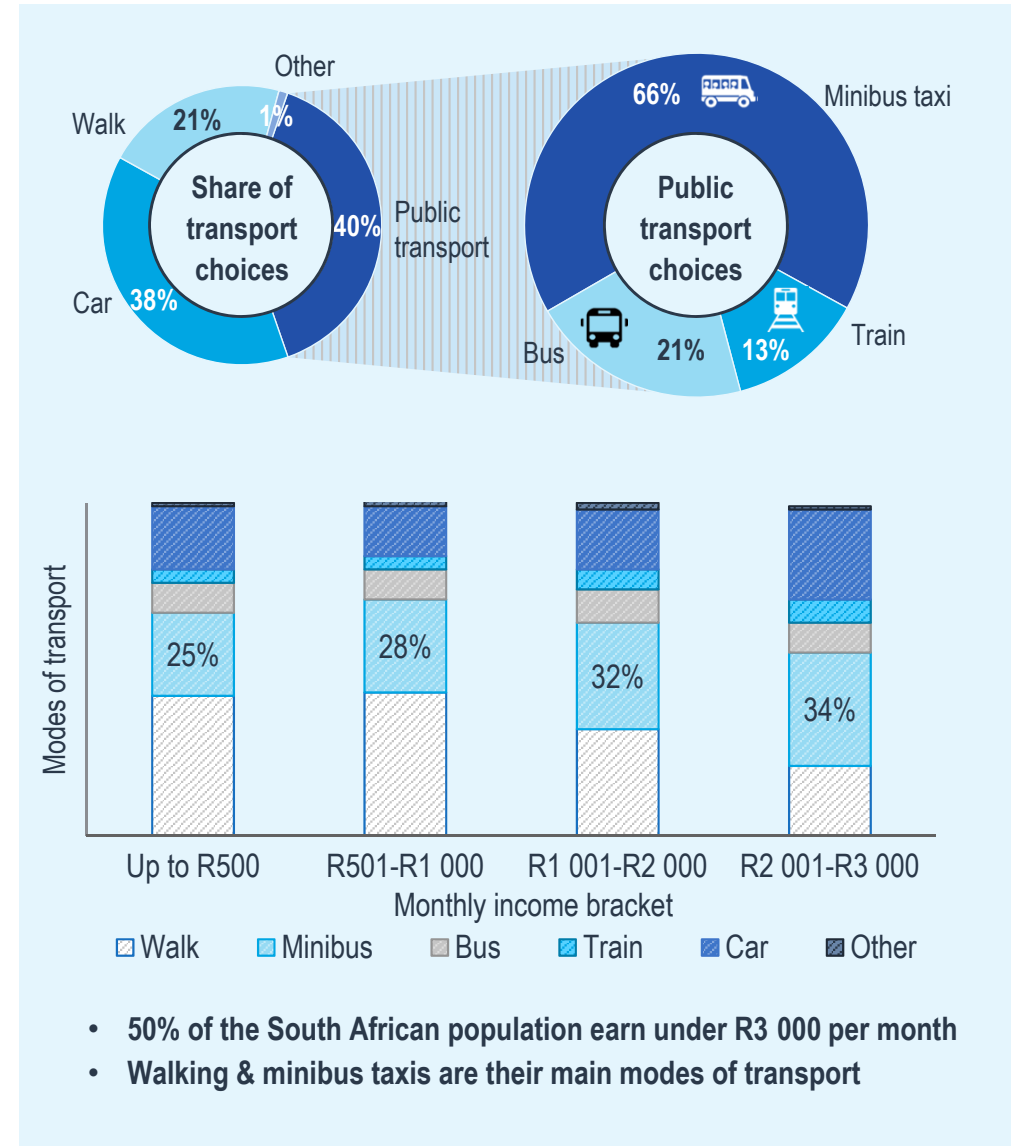
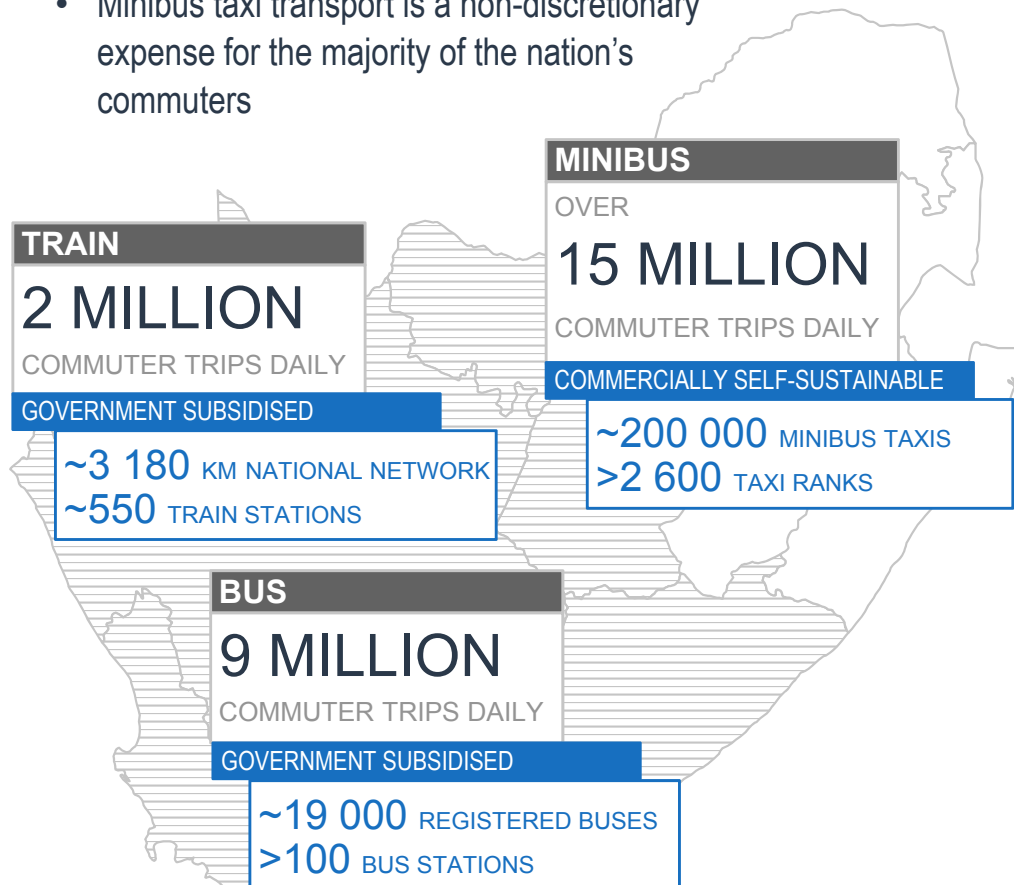
RESULTS FOR THE YEAR ENDED 30 SEPTEMBER



# SA TAXI MARKET CONTEXT

## MINIBUS TAXI INDUSTRY IS RESILIENT & DEFENSIVE DESPITE SA'S ECONOMIC CLIMATE

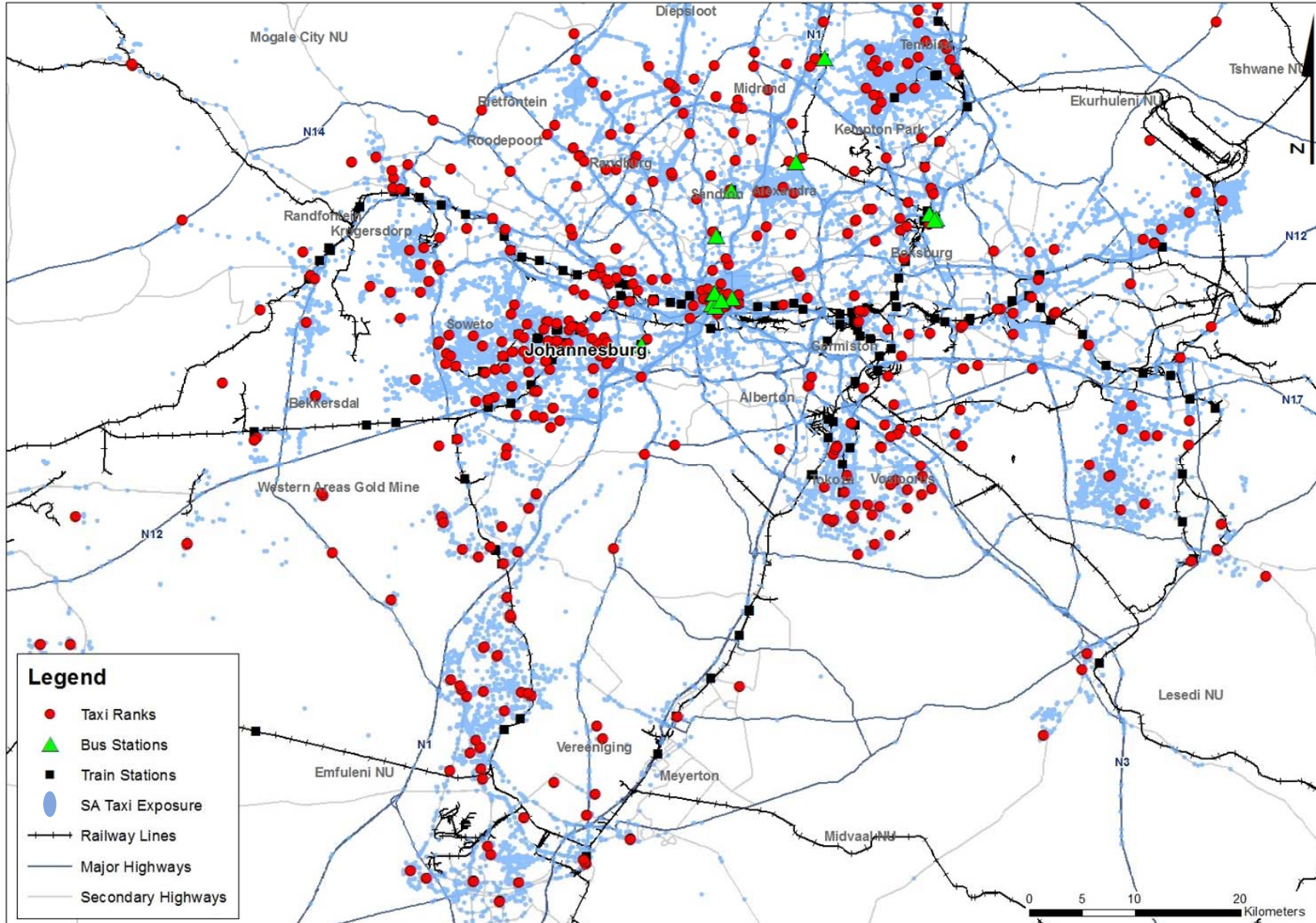
- Minibus taxis are the dominant form of public transport
- Majority of commuters who utilise public transport are heavily reliant on minibus taxis
- Usage of minibus taxis has been consistently high throughout the industry's existence & shows no sign of slowing
- Minibus taxi transport is a non-discretionary expense for the majority of the nation's commuters



# SA TAXI MARKET CONTEXT

## INTEGRATED PUBLIC TRANSPORT NETWORK - JOHANNESBURG

### Bus & train rely on minibus taxis infrastructure



# SA TAXI MARKET CONTEXT

## STRUCTURALLY DEMAND FOR MINIBUS VEHICLES EXCEEDS SUPPLY

### DEMAND: AN AGEING NATIONAL FLEET

IN SOUTH AFRICA THERE ARE

**~200 000**  
MINIBUS TAXIS

- ON AVERAGE **OVER 9 YEARS OLD**
- AN AGEING FLEET THAT IS UNSAFE, **REQUIRING REPLACEMENT & RECAPITALISATION**
- **DRIVING HIGHER DEMAND** FOR VEHICLES, FINANCE & ALLIED SERVICES SUPPLIED BY SA TAXI

### SUPPLY: MINIBUS TAXI SALES IN SOUTH AFRICA

#### MAJOR PREMIUM BRANDS

MINIBUS TAXIS VEHICLE SALES PER MONTH



**~1 380**

SA TAXI'S SHARE OF FINANCED VEHICLES



**38%**

CHINESE MANUFACTURED VEHICLES



**~140**

SA TAXI'S MARKET SHARE



**0%**

#### TOYOTA SESFIKILE

Most prevalent vehicle in the minibus taxi industry

#### TOYOTA PRE-OWNED

Predominantly SA Taxi refurbished vehicles

#### NISSAN NV350

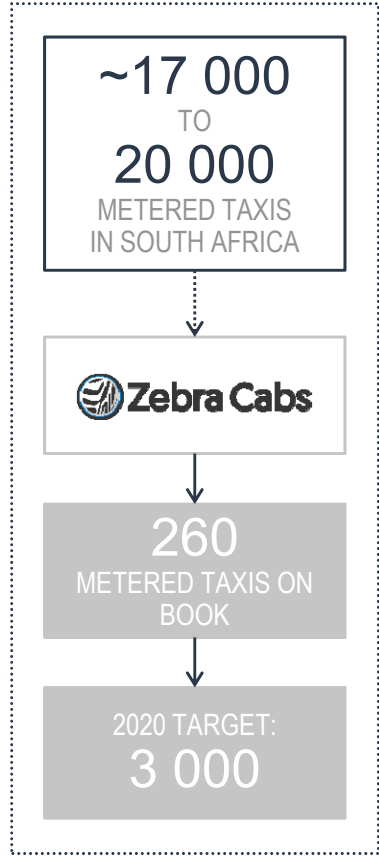
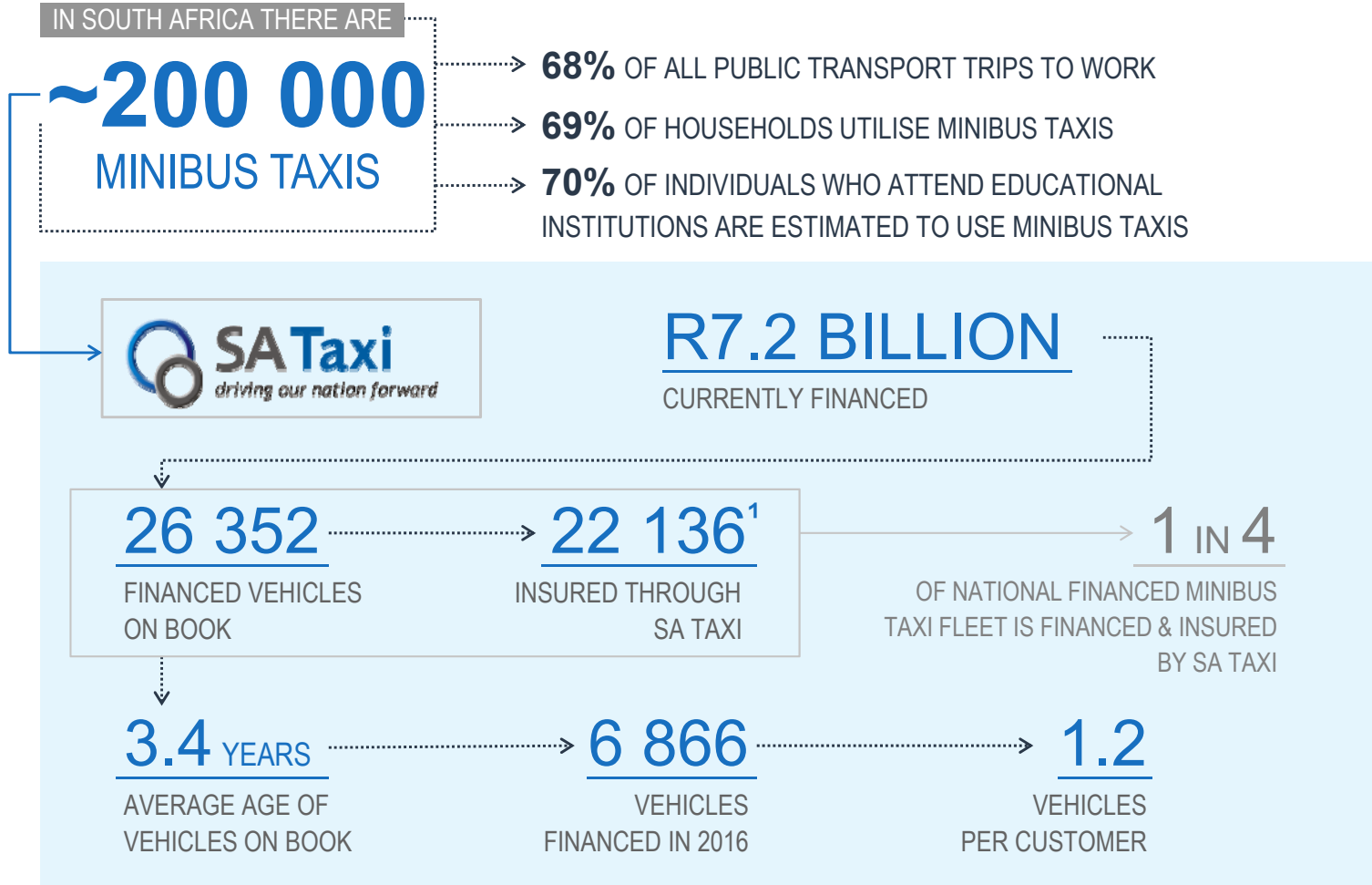
Although relatively new, steadily gaining market acceptance

#### MERCEDES SPRINTER

Mainly used for long-distance routes

- Improved credit performance as SA Taxi can be selective on credit risk, due to limited supply
- Improved recoveries as asset retains value due to demand exceeding supply
- Liquid market for high quality & affordable SA Taxi pre-owned vehicles

# SA TAXI MARKET POSITIONING



ON AVERAGE EACH OF OUR VEHICLES TRAVELS **6 500KM PER MONTH**

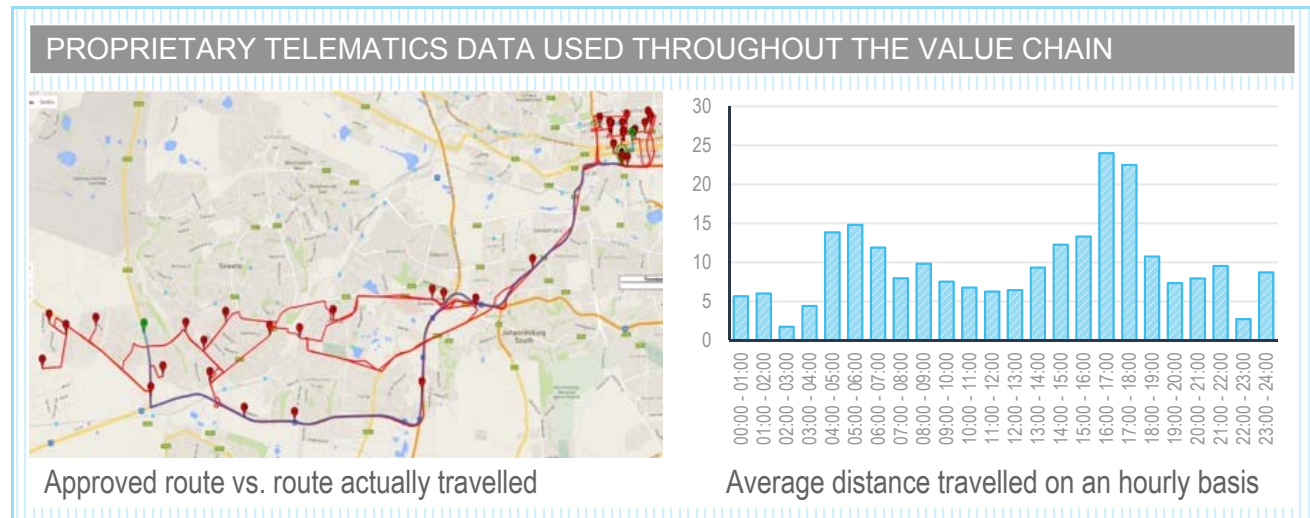
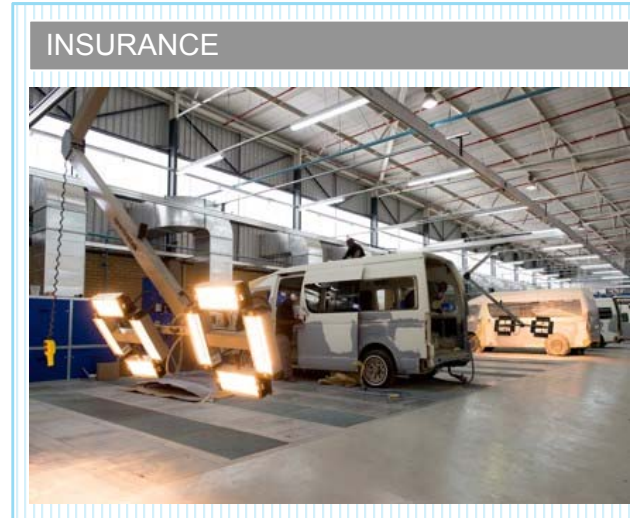
OUR VEHICLES TRAVEL ON **6 500 ROUTES** COVERING OVER **~800 000KM**

**~1.5 BILLION KM** TRAVELLED BY SA TAXI'S FLEET IN 2016

1. 100% of taxis financed by SA Taxi are fully insured. 85% of SA Taxi's taxi owners choose to insure with SA Taxi. Additionally SA Taxi insures ~3 700 non-financed minibus taxis  
Source: National Household Travel Survey 2013 | SA Taxi's best estimate through our engagement with the industry & extrapolation of internal data

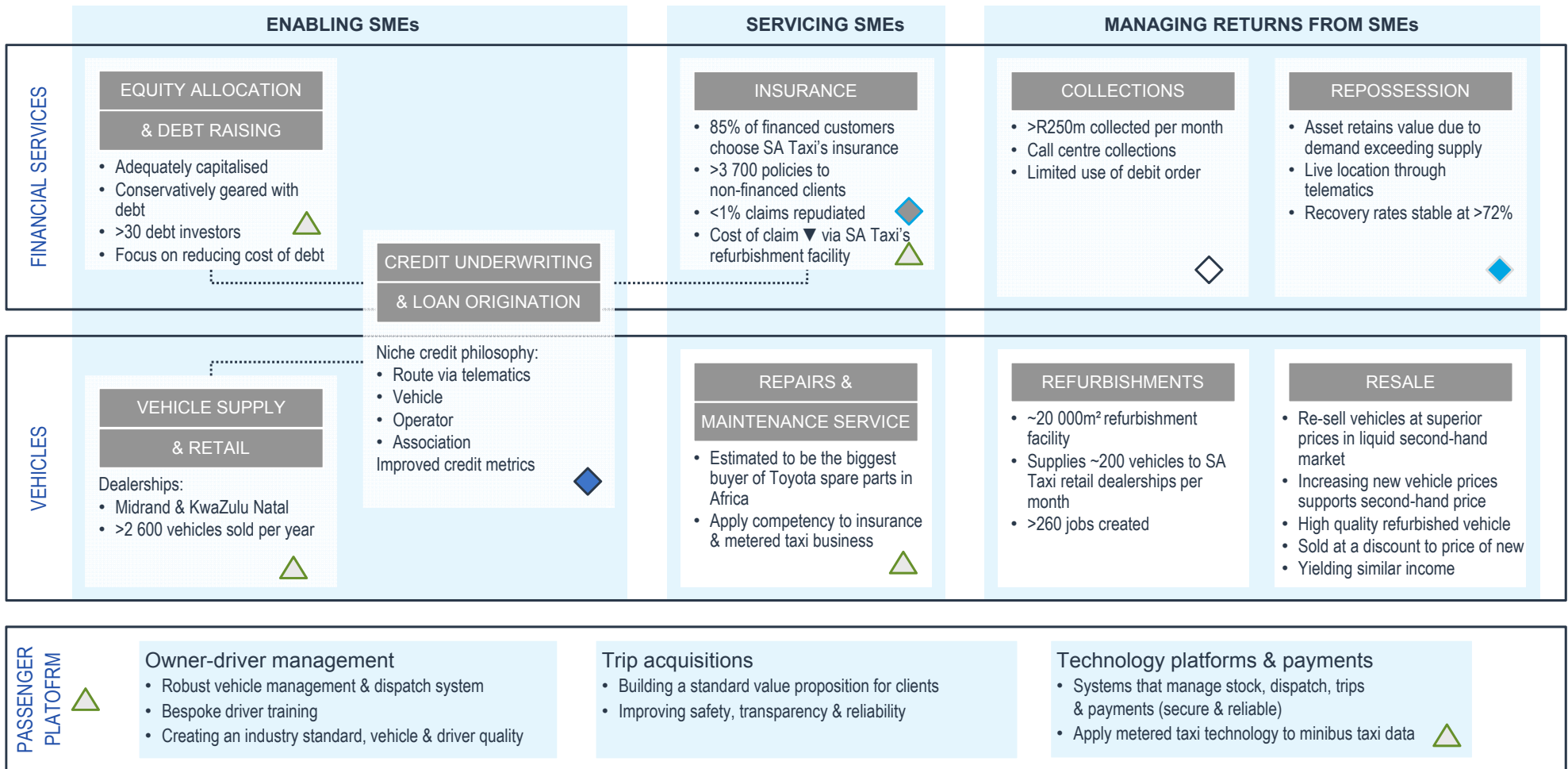
# SA TAXI MARKET POSITIONING

## VERTICALLY INTEGRATED BUSINESS MODEL



# SA TAXI MARKET POSITIONING

## VERTICALLY INTEGRATED BUSINESS MODEL



**PROPRIETARY TELEMATICS DATA USED THROUGHOUT THE VALUE CHAIN PROVIDES CRITICAL INSIGHT FOR BUSINESS DECISIONS:**

- Data applied into credit vetting process to better understand credit risk & route profitability
- Historical data used to bolster 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
- Data used to obtain an understanding of minibus taxi's monthly performance before collection action is taken. This informs how collection agents interact with the taxi owner
- Live location data along with a drivers' historical data are utilised in aiding the vehicle recovery process

Growth opportunity

**Service offering to customers**  
 Data to be provided to the taxi owner, giving them a deeper understanding of their business operations & further empowering them as business owners



## CUSTOMER PROFILE

### DEMOGRAPHICS

**100%**

BLACK OWNED SMEs

**21%**

WOMEN OWNED SMEs

**16%**

UNDER THE AGE OF 35 YEARS

**46 YEARS**

AVERAGE AGE OF OWNER

### VEHICLES ON BOOK

**1.2**

VEHICLES PER CUSTOMER

**83%**

TOYOTA VEHICLES

**3.4 YEARS**

AVERAGE AGE OF VEHICLE

**85%**

INSURED WITH SA TAXI

### CREDIT PROFILE OF LOANS ON BOOK

**67 MONTHS**

AVERAGE LOAN TERM

**>R6 000**

MINIMUM MONTHLY PROFIT

**17.3%**

AVERAGE DEPOSIT<sup>1</sup>

**25.2%**

WEIGHTED AVERAGE INTEREST RATE AT ORIGINATION

**44 MONTHS**

WEIGHTED AVERAGE REMAINING TERM

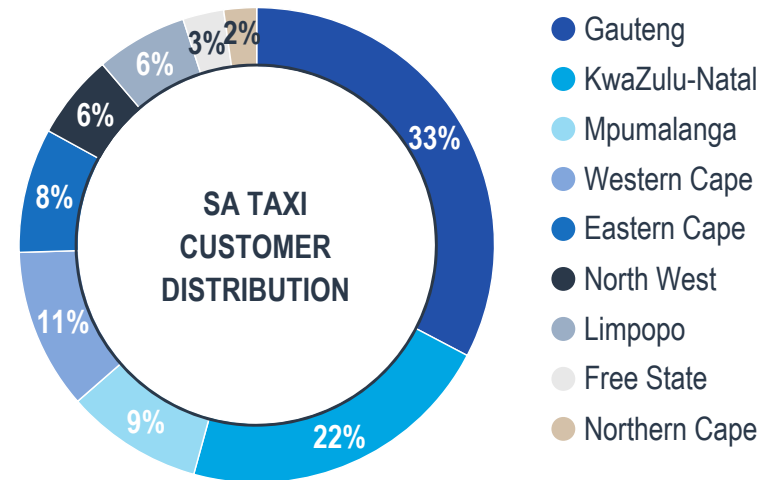
**59%**

AVERAGE APPROVAL RATE

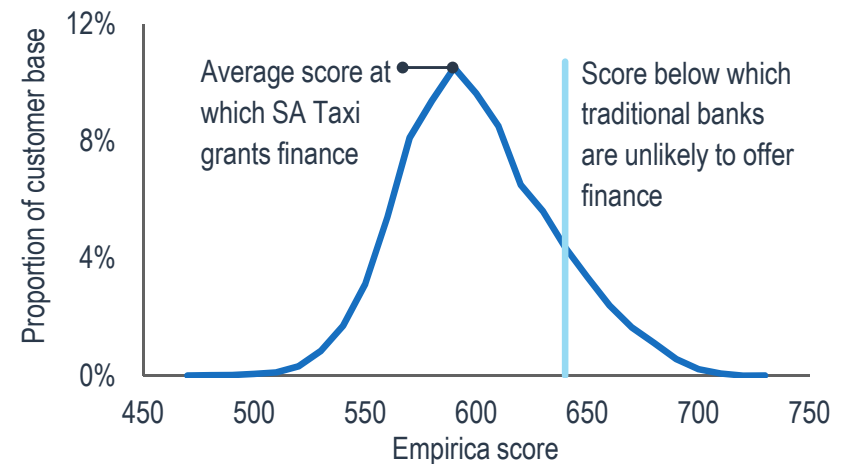
**602**

AVERAGE EMPIRICA SCORE

### GEOGRAPHIC DISTRIBUTION

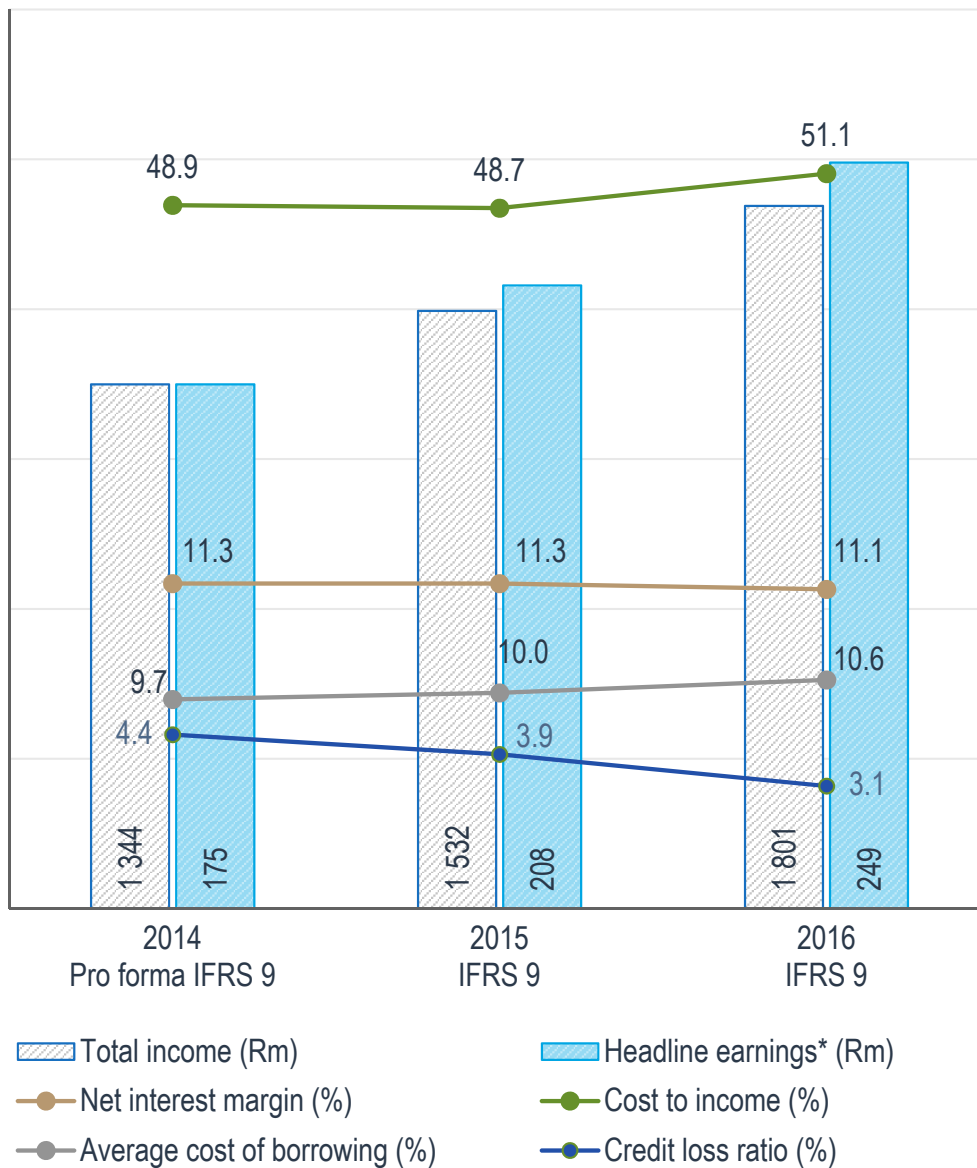


### CREDIT DISTRIBUTION



Percentages calculated based on rand value  
1. Average deposit on new vehicles

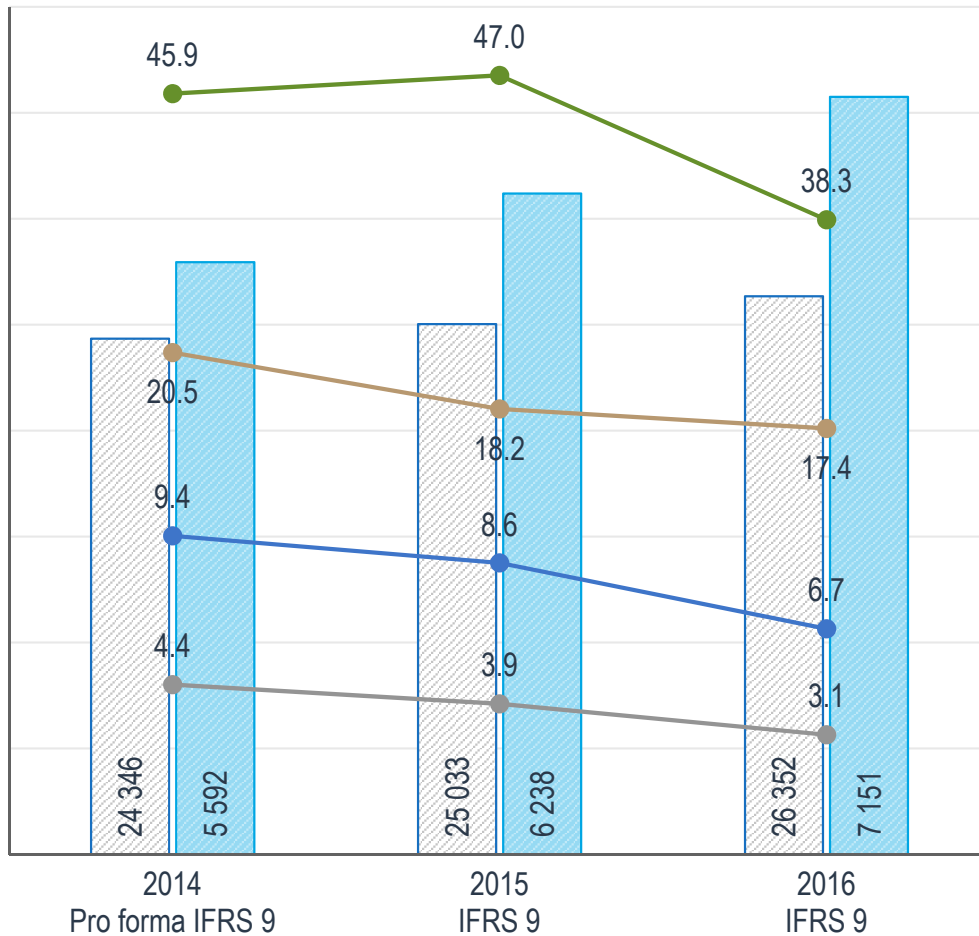
# SA TAXI FINANCIAL PERFORMANCE



- Headline earnings ▲ 20% to R249m
  - › All organic growth
- NIM ▼ from 11.3% to 11.1%
  - › Funding costs ▲ by 60bps to 10.6%
    - 100bps ▲ in the repo rate
    - ▲ foreign debt component, fully hedged to rand
    - Pre-funding results in temporary negative cost of carry
    - Credit loss ratio improved from 3.9% to 3.1%
  - › Risk-adjusted NIM ▲ to 8.0% from 7.4%
- Non-interest revenue ▲ 30% to R315m
  - › 21% of loans originated via SA Taxi's dealership
  - › Comprehensive insurance
    - 85% of financed clients also insured by SA Taxi
    - 3 756 non-financed minibus taxis insured, ▲ 30%
- Cost-to-income ratio ▲ from 48.7% to 51.1%
  - › Investment in retail dealership, auto body repair centre, metered taxi business
- Effective tax rate stabilised at 18.6%

\* Headline earnings attributable to the group

# SA TAXI CREDIT PERFORMANCE

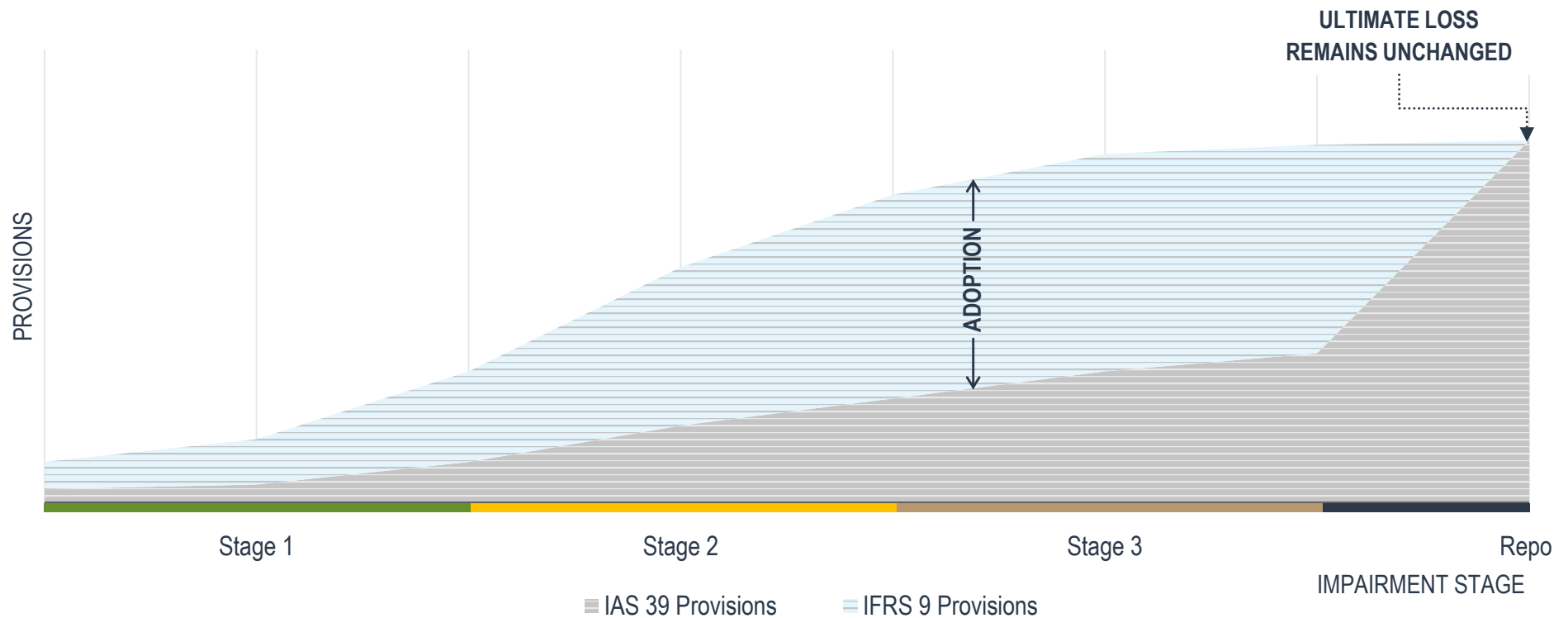


Number of loans  
 Gross loans and advances (Rm)  
 Provision coverage (%)  
 Credit loss ratio (%)  
 Non-performing loan ratio (%)  
 Non-performing loan coverage (%)

- Gross loans & advances ▲ 15% to R7.2bn
  - › Number of Toyota loan clients ▲ 9.2%
  - › Toyota vehicle prices ▲ 13.6% since 1 Oct 2015
  - › Active wind-down of Chinese vehicle portfolio
  - › Credit granting criteria remain conservative
- NPL ratio improved to 17.4% from 18.2%
  - › Continued strong collection performance
  - › Superior credit quality via retail dealership
  - › Enhanced via analytics applied to telematics data
- Credit-loss ratio improved from 3.9% to 3.1%
  - › Recover more than 72% of settlement value
  - › Pre-owned minibus prices ▲ 10.4%
  - › Improved quality & efficiencies in refurbishment centre
  - › Average repair cost ▼ 9% (~R84 000 from ~R92 000)
  - › Target credit-loss ratio remains 3% to 4%
- Provision coverage at 6.7%
  - › After tax credit-loss conservatively covered at 3.1 times (FY15: 3.1 times)
  - › IFRS 9 adopted in 2015; more conservative provisioning methodology

# SA TAXI CREDIT PERFORMANCE

## IFRS 9 ADOPTION IN 2015: MORE CONSERVATIVE PROVISIONING METHODOLOGY



### Improved construct of the book

	Sep 2016	Sep 2015	Movement
Stage 1	70.5%	68.6%	2.7%
Stage 2	19.6%	21.1%	(6.9%)
Stage 3	9.9%	10.3%	(4.0%)

### Improved quality of SA Taxi's loans & advances since listing

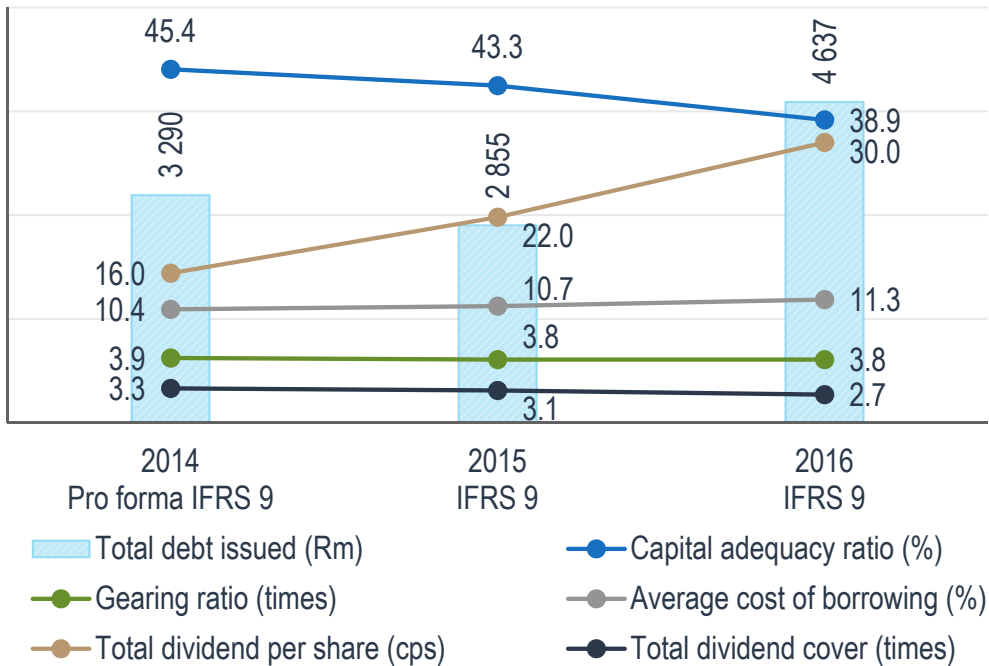
	2011	2016	CAGR %
Gross loans & advances (Rm)	4 045	7 151	▲ 12%
Non-performing loan ratio (%)	27.5	17.4	▼ 9%
Credit-loss ratio (%)	6.0	3.1	▼ 12%

# CAPITAL MANAGEMENT

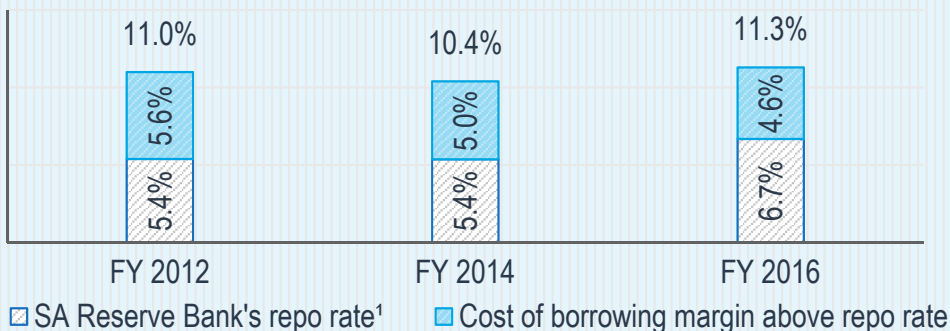
# 2016

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

## PERFORMANCE



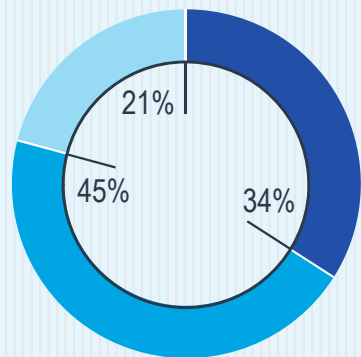
## COST OF BORROWING SINCE LISTING



- Total debt issued R4.7bn ▲ 62%
- Uninterrupted access to the debt capital markets
  - › 2017 almost fully funded
  - › R513 million Transsec 2 tap issuance (40 bps < than initial Transsec 2 issuance)
  - › Diverse debt investor base (>30)
- Future initiatives
  - › R2bn zaA- rated & JSE listed domestic note programme
  - › Successfully penetrating global DFI markets
- Credit ratings
  - › S&P upgraded Transsec 1 class B, C, & D notes (SA Taxi)
  - › GCR awarded zaA- corporate rating to Transaction Capital's domestic note programme
- Group cost of borrowing ▲ from 10.7% to 11.3%
  - › Repo ▲ 100bps over last 12 months
  - › Margin above repo improved to 4.6%
- Capital adequacy position remains robust at 38.9%
  - › 28.9% equity
  - › 10.0% subordinated debt
- Net ungeared & liquid group balance sheet
- Liquid cash of R300m on balance sheet

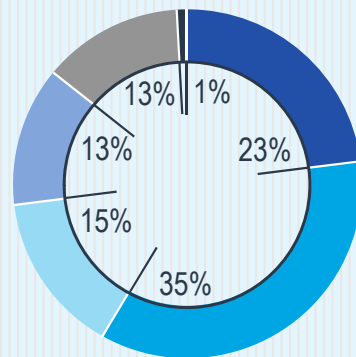
1. Calculated using Transaction Capital's average cost of borrowing for the period and the South African Reserve Bank's average repo rate for the period

DIVERSIFICATION BY FUNDING STRUCTURE



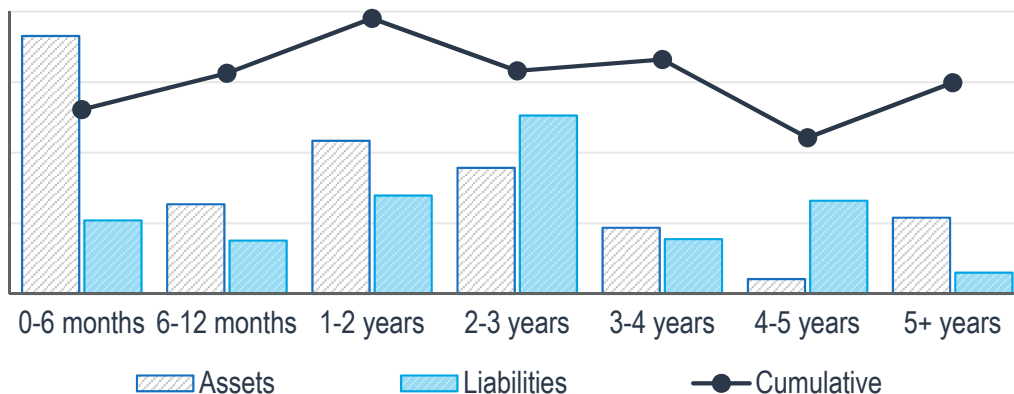
- Structured finance
- On-balance sheet
- Rated listed securitisation

DIVERSIFICATION BY DEBT INVESTOR CATEGORY



- Life companies
- Specialised asset managers & debt funds
- Banks
- Traditional asset managers
- DFIs
- Hedge funds

POSITIVE LIQUIDITY MISMATCH



## INNOVATION

Innovation is encouraged to cultivate unorthodox thinking & develop pioneering funding solutions

## DIVERSIFIED & ENGAGED DEBT INVESTORS

- Diversification by geography, capital pool, debt investor & funding structure
- Recurring investment motivated by performance, the ease of transacting & appropriate risk adjusted returns
- Transparent & direct relationships with debt investors, & where necessary facilitated by valued intermediaries

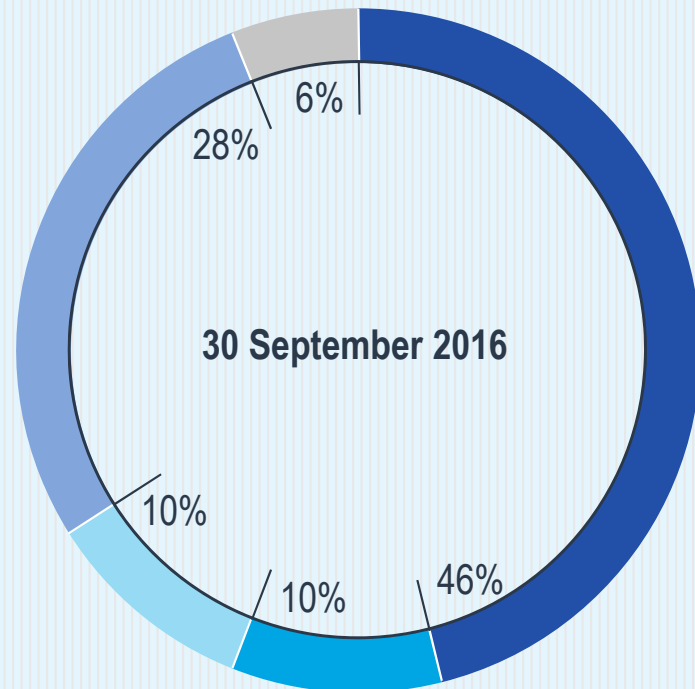
## JUDICIOUS RISK MITIGATION

- Positive liquidity management between asset & liability cash flows
- No exposure to overnight debt instruments & limited exposure to short term instruments
- No exposure to currency risk & effective management of interest rate risk
- Minimising roll over risk

## OPTIMAL CAPITAL STRUCTURES

- Bespoke & innovative funding structures to meet investment requirements & risk appetite of a range of debt investors
- Targeted capital structure per asset class
- No cross-default or guarantees between structures

# SHAREHOLDING



- Directors of Transaction Capital and its subsidiaries
- Old Mutual Investment Group
- Allan Gray Proprietary Limited
- Remaining institutional shareholders
- Retail investors

- Directors shareholding holding unchanged at 46%
- Founder's shareholding ▲ from 43.2% to 43.5%
- Institutional shareholding ▲ from 46% to 48%
  - › Allan Gray ▲ from 8% to 10%
  - › Old Mutual ▲ from 8% to 10%
- Retail investors ▼ from 8% to 6%
- Foreign ownership ▲ from 1.7% to 3.4%
- Average daily liquidity in ZAR increased by 34% in FY16 compared to FY15



# CONCLUSION

2016

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

# INVESTMENT CASE

## COMPELLING & UNIQUE AS WE EXECUTE ON OUR MISSION



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