2017

TRANSACTION CAPITAL RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER

Transaction Capital

CONTENTS

2017

TRANSACTION CAPITAL RESULTS PRESENTATION

FOR THE YEAR ENDED 30 SEPTEMBER

Transaction Capital


20
17
TRANSACTION CAPITAL
RESULTS PRESENTATION
FOR THE YEAR ENDED 30 SEPTEMBER
Transaction Capital


GROUP
HIGHLIGHTS
2017
RESULTS FOR THE YEAR ENDED 30 SEPTEMBER
Transaction Capital

TRANSACTION CAPITAL GROUP STRUCTURE

2017 FINANCIAL & OPERATIONAL HIGHLIGHTS (FY17 compared to FY16)

Transaction Capital

SA Taxi
driving our nation forward

CEO: Terry Kier, 10-year group tenure

- **R303 MILLION**[1] HEADLINE EARNINGS ▲22%
- **R8.3 BILLION** GROSS LOANS & ADVANCES ▲16%
- **R427 MILLION** NON-INTEREST REVENUE ▲36%
- **17.1%** NON-PERFORMING LOAN RATIO FY16 17.4%
- **25.3%** RETURN ON EQUITY FY16 25.5%
- **3.2%** CREDIT LOSS RATIO FY16 3.1%

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

Transaction Capital

CEO: David Hurwitz, 12-year group tenure

- **R577 MILLION**[1] HEADLINE EARNINGS ▲26%
- **96.4 CPS** HEADLINE EARNINGS PER SHARE ▲20%
- **40 CPS** TOTAL DIVIDEND PER SHARE ▲33%
- **609.4 CPS** NET ASSET VALUE PER SHARE ▲18%
- **17.2%** RETURN ON EQUITY FY16 16.9%
- **R9.3 BILLION**[2] MARKET CAPITALISATION

Transaction Capital Risk Services

CEO: Dave McAlpin, 9-year group tenure

- **R233 MILLION**[1] HEADLINE EARNINGS Core ▲39%; Excluding acquisitions ▲12%
- **R891 MILLION** PURCHASED BOOK DEBTS ▲22%
- **79.3%** COST-TO-INCOME RATIO[3] FY16 77.4%
- **R356 MILLION** VALUE OF PURCHASED BOOK DEBTS ACQUIRED ▲93%
- **22.2%** RETURN ON EQUITY[3] FY16 31.5%
- **R1.7 BILLION** ESTIMATED REMAINING COLLECTIONS ▲27%

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

Financial ratios & results exclude once-off acquisition costs of R22 million incurred during the year. Adopted IFRS 9 in 2015
1. Headline earnings attributable to the group, excluding minority interest | 2. Market capitalisation as at 30 September 2017 | 3. Diluted due to acquisitions in 2017

GROUP STRATEGIC & OPERATIONAL HIGHLIGHTS

Transaction Capital

STRATEGIC POSITIONING OF OPERATING DIVISIONS

5 years since listing
- Headline earnings compound annual growth rate (CAGR) of **21%**

Delivering robust organic growth
- Occupy leading market positions
- Highly defensive businesses
- Vertically integrated, diversified & scalable financial services platforms
- Led by entrepreneurial management teams
- Leverage proprietary data & technology to develop new products & expand into new markets
- Delivering both commercial returns & social benefits

DEBT CAPITAL MARKETS

Uninterrupted access to the debt capital markets
- Despite political instability & SA's sovereign rating downgrade
- SA Taxi raised **~R6 billion** in FY17
- 2018 fully funded
- Secured **>R2 billion** of debt facilities from US-based DFIs during 2017
- **R505 million** Transsec 3 issuance; >3 times oversubscribed; 81bps < Transsec 2 tap issuance

Credit ratings
- Moody's awards a Aaa.za(sf) rating to Transsec 3 senior notes (SA Taxi)
- GCR reaffirms Transaction Capital's R2bn $A\text{-}_{(ZA)}$ rated JSE-listed domestic note programme

IMPROVED DIVIDEND POLICY

- High quality organic earnings growth with high cash conversion rates
- Dividends growing at an accelerated rate when compared to earnings
- Final dividend per share ▲ **39%** to **25cps**
- Total dividend per share ▲ **33%** to **40cps**
- Compound annual growth rate (CAGR) of **36%** since FY14
- Dividend policy amended to **2 to 2.5 times**
- Previously 2.5 to 3 times
- Total dividend cover of **2.4 times** (FY16: **2.7 times**)

UNGEARED & LIQUID BALANCE SHEET

- Balance sheet remains **well capitalised**
- **28.4 million** shares issued raising **R419 million**
- Liquid excess capital **~R650 million**
- Capital adequacy ratio **32.6%**
- Capacity & flexibility to continue investing in organic & acquisitive opportunities
- Early adoption of IFRS 9 in 2015

DIVISIONAL STRATEGIC & OPERATIONAL HIGHLIGHTS

Transaction Capital

Transaction Capital Risk Services

ACQUISITIONS

3 acquisitions within Transaction Capital Risk Services (TCRS)
- 100% of Recoveries Corporation (January 2017)
- 75% of Road Cover (December 2016)
- 51% of The Beancounter (December 2016)

Acquisitions performing in line with expectations

Operational integration executed successfully

STRATEGIC GROWTH INITIATIVES

- Current SA economic climate favours acquisition of NPL portfolios
- Exploring the purchase of NPL portfolios as a principal in Australia
- Growth of TCRS' fledgling insurance recoveries offering in SA
- Road Cover products offered directly to consumers
- Bolt-on acquisitions in
  - SA's value added services industry
  - Australia's debt recoveries industry

SA Taxi *driving our nation forward*

JUNE 2017 MINIBUS TAXI INDUSTRY PROTEST ACTION

Immediate assistance to clients
- Reduced top interest rate to 26.5% on future loans to be originated

Intensified collaboration between industry leadership & SA Taxi to achieve sustainable industry benefits
- OEMs: Procure more vehicles through SA Taxi's dealership & hold prices as low as possible
- Government: Lobbying to channel government funding into the minibus taxi industry

STRATEGIC GROWTH INITIATIVES

Vertical integration
- New vertically integrated businesses under consideration

Expanding SA Taxi's insurance business
- Broadened client base (financed, non-financed, commuter)
- Broadened product offering (comprehensive vehicle cover, instalment protection, passenger liability, credit life)
- Reduced cost of claim (efficiencies in SA Taxi's autobody & mechanical repair facility)

Vehicle retail operations
- Offering funding from banks to capture additional vehicle sales, attract high quality clients & offer standalone insurance & tracking services

5

NOTES

TRANSACTION CAPITAL EVOLUTION SINCE LISTING

MANAGEMENT INTERVENTIONS TO CREATE VALUE

Transaction Capital

June 2012
JSE Listing

November 2013
Paycorp disposal for R937m
IRR 18.2% & PE of 18.7 times

December 2013
Bayport disposal for R1.3bn
IRR 32.6% & PE of 6.7 times

March 2014
Special distribution
(210 cps or R1.2bn in total)

CAGR 2012 to 2017:
Headline earnings per share[1] ▲ 21%
Total shareholder return[2] ▲ 26%
Total dividend per share[3] ▲ 36%

January 2015
Board restructured
& group executive
office simplified

November 2015
Early adoption
of IFRS9

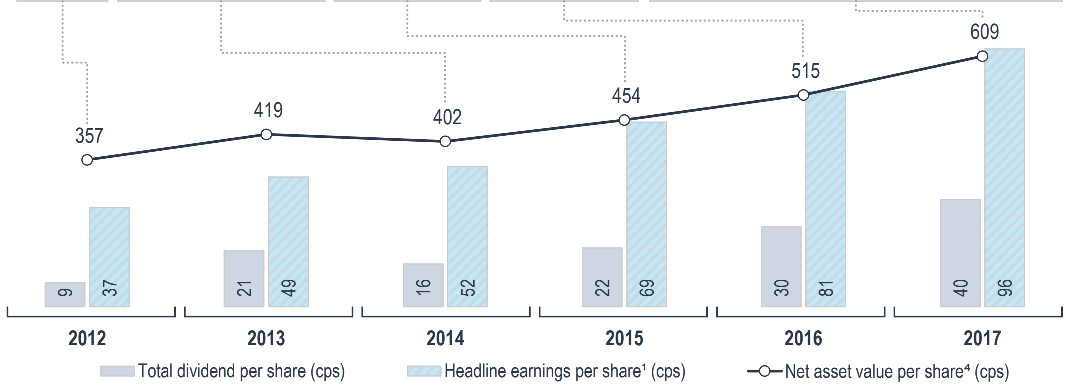
October 2016
Conditional share plan approved

November 2016
Established R2bn domestic note programme at group level

December 2016 / January 2017
Acquired Road Cover & The Beancounter
Acquired Recoveries Corporation in Australia

February 2017
Issued 28.4 million shares raising R419m

November 2017
Dividend policy amended to 2 to 2.5 times (4 to 5 times at listing)
Improved dividend cover to 2.4 times (FY13: 4.5 times)



Financial years 1 October to 30 September | Adopted IFRS 9 in 2015. 2014 numbers on a pro forma IFRS 9 basis. 2012 & 2013 numbers on an IAS 39 basis as reported
1. Core headline earnings per share, excluding impact of Paycorp & Bayport | 2. Sunday Times *'Top 100 Companies over 5 years'* 2017 & verified by Transaction Capital
3. CAGR between 2014 & 2017, excludes impact of Paycorp & Bayport | 4. 2012 & 2013 adjusted to account for special distribution paid in March 2014

GROUP PORTFOLIO MIX

Transaction Capital

COMPOSITION OF EARNINGS POST ACQUISITIONS TO BE MORE EVENLY WEIGHTED

ACCRETIVE CASH DEPLOYMENT CONVERTING INTEREST INCOME ON EXCESS CASH INTO OPERATING EARNINGS AT TCRS

	Rm		Growth	Contribution	
Headline earnings	**2017**	**2016**	**2017**	**2017**	**2016**
SA Taxi[1]	303	249	▲22%	53%	54%
TCRS[1]	233	168	▲39%	40%	37%
Group executive office (GEO)[2]	41	41	0%	7%	9%
Total	**577**	**458**	**▲26%**	**100%**	**100%**
Cents per share	***96.4***	***80.6***	***▲20%***		

Headline earnings excludes once-off acquisition costs of R22 million incurred during the year
1. Attributable to the group, excluding minority interest
2. Accretive cash deployment into acquisitions


SA TAXI
2017
RESULTS FOR THE YEAR ENDED 30 SEPTEMBER
Transaction Capital

NOTES

SA TAXI

Transaction Capital

SA TAXI IS A **VERTICALLY INTEGRATED TAXI PLATFORM** INCORPORATING **SPECIALIST CAPABILITIES** AND **ENRICHED PROPRIETARY DATA** TO JUDICIOUSLY DEPLOY **DEVELOPMENTAL CREDIT** AND **ALLIED BUSINESS SERVICES** TO **EMPOWER SMEs** THUS ENSURING THE **SUSTAINABILITY** OF A FUNDAMENTAL MODE OF TRANSPORT

1. *An innovative & pioneering business model with operations expanding throughout the financial services & asset value chain, building a scalable platform*
2. *A unique blend of vehicle procurement, retail, repossession & refurbishment capabilities, with financing & insurance competencies for focused vehicle types*
3. *Valuable client & market insights developed from overlaying granular telematics, credit, vehicle & other data to enable precise & informed origination & collection decisioning & proactive risk management*
4. *Enabling financial inclusion by proficiently securing funding from both local & international debt investors to judiciously extend developmental credit to SMEs that may otherwise not easily have access to credit from traditional financiers*
5. *Providing complementary business services that assist SMEs to maximise cash flow & protect their income-generating asset, thus improving their ability to succeed*
6. *Empowering under-served & emerging SMEs to build viable & sustainable businesses, which in turn creates further direct & indirect employment opportunities*
7. *Contributing to the recapitalisation & sustainability of the minibus taxi industry, a critical pillar of the public transport sector servicing the majority of South Africa's working population*

SA TAXI IMPACT

DELIVERING A SOCIAL & COMMERCIAL BENEFIT

Transaction Capital

SME EMPOWERMENT & ECONOMIC TRANSFORMATION

SA Taxi facilitates asset ownership by black owned SMEs

BLACK OWNED SMEs **100%** | WOMEN OWNED SMEs **21%** | UNDER THE AGE OF 35 YEARS **17%**

R2.9 BILLION
LOANS ORIGINATED CREATING
7 480
SMEs IN FY17

R18.6 BILLION
LOANS ORIGINATED CREATING
64 689
SMEs SINCE 2008

SUSTAINABLE JOB CREATION

DIRECT JOBS PER TAXI VEHICLE **1.8**

DIRECT JOBS CREATED BY SA TAXI'S FLEET SINCE 2008 **>116 000**

~600 000
INDIRECT JOBS ENABLED BY THE MINIBUS TAXI INDUSTRY[1]

DIRECT JOBS CREATED BY SA TAXI'S FLEET IN FY17 **>13 400**

PUBLIC TRANSPORT INFRASTRUCTURE

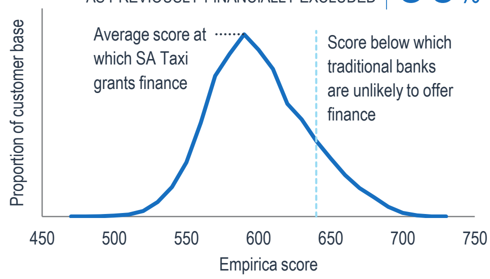
R18.6 BILLION of end user finance since 2008 enabling replacement of aged & unsafe minibus taxis with new & more reliable taxis

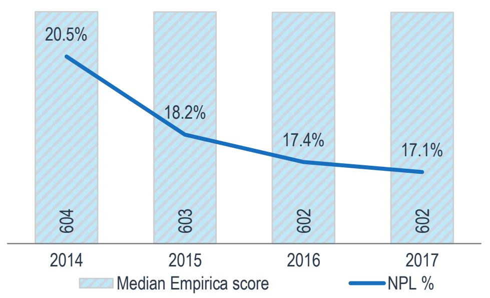
ENVIRONMENTAL SUSTAINABILITY

SA Taxi enables replacement of aged less efficient vehicles with new reduced emission vehicles

INCLUSIVE GROWTH

PROPORTION OF CUSTOMERS CLASSIFIED AS PREVIOUSLY FINANCIALLY EXCLUDED **90%**



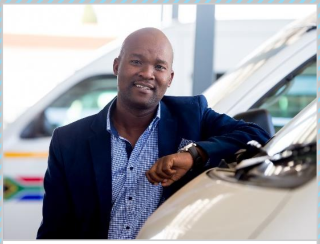


1. Department of Transport Minister Dipuo Peters address at National Council of Provinces Budget vote NCOP 2014/15

SA TAXI IMPACT
SA TAXI'S CLIENTS

Transaction Capital

50 YEARS OLD
Owns & operates 6 taxis, employing 8 people



36 YEARS OLD
Entered the industry as a driver for 8 years. Now owns & operates 10 taxis

38 YEARS OLD
Owns 5 taxis

60 YEARS OLD
Now owns 3 taxis, after her father bought her her first taxi

52 YEARS OLD
Entered the industry as a driver for 5 years. Now owns & operates 3 taxis

50 YEARS OLD
Owns & operates 3 taxis, inherited from her late husband

NOTES

ENVIRONMENT & MARKET CONTEXT
MINIBUS TAXI INDUSTRY IS RESILIENT, DEFENSIVE & GROWING DESPITE SA'S ECONOMIC CLIMATE

Transaction Capital

TRAIN

1 MILLION ▼ **>30%**
COMMUTER TRIPS DAILY

RECEIVES **44%** OF GOVERNMENT SUBSIDY

~3 180 KM NATIONAL NETWORK
~500 TRAIN STATIONS

MINIBUS TAXI

OVER **15** MILLION ▲
COMMUTER TRIPS DAILY

COMMERCIALLY SELF-SUSTAINABLE
RECEIVES **NO** GOVERNMENT SUBSIDY

>200 000 MINIBUS TAXIS
>2 600 TAXI RANKS
~15 BILLION KM TRAVELLED (per year)

BUS

< **1** MILLION ▼ **1%**
COMMUTER TRIPS DAILY

BUS RAPID TRANSPORT (BRT)

~120 000
COMMUTER TRIPS DAILY

RECEIVES **56%** OF GOVERNMENT SUBSIDY

Bus: **>19 000** REGISTERED BUSES; **>100** BUS STATIONS; **~1** BILLION KM TRAVELLED (per year)

BRT: **3** METROPOLITANS; **<700** REGISTERED BUSES; **~100** BUS STATIONS; **<100** ROUTES

PUBLIC TRANSPORT COMMUTERS RELY ON MINIBUS TAXI GIVEN ITS ACCESSIBILITY, AFFORDABILITY, RELIABILITY & FLEXIBILITY

- **40%** of South Africans use public transport
- Minibus taxi is the dominant form of public transport
- Minibus taxi is an essential service & spend is non-discretionary

GROWING MINIBUS TAXI USAGE

- Since 2013, minibus taxi usage (▲ **>15%**)
- **69%** of all households use minibus taxis (**59%** in 2003)
- **75%** of all work & educational public transport trips
- Population growth (▲ **7%**)
- Increasing commuter density due to urbanisation
- Transformation of minibus taxi industry due to ▲ regulation & capitalisation, attracting a more sophisticated taxi operator
- New passenger vehicle sales ▼ **20%** (FY13 to FY17)

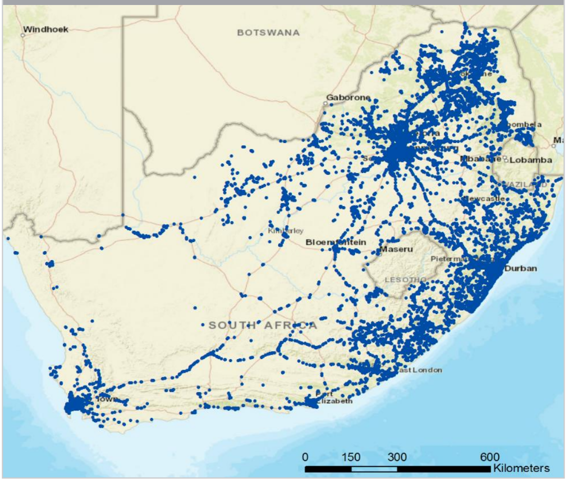
SOURCE: Stats SA Land Transport Survey July 2017 | NAAMSA Sales Results | National Treasury Public Transport & Infrastructure system report | Department of Transport -*Transport Infrastructure report* | Passenger Rail Agency of SA | SA Bus Operators Association | FIN 24 – "New public transport system" 14/10/2017 | Websites: Rea Vaya, MyCiTi, Rustenberg Rapid Transport

12

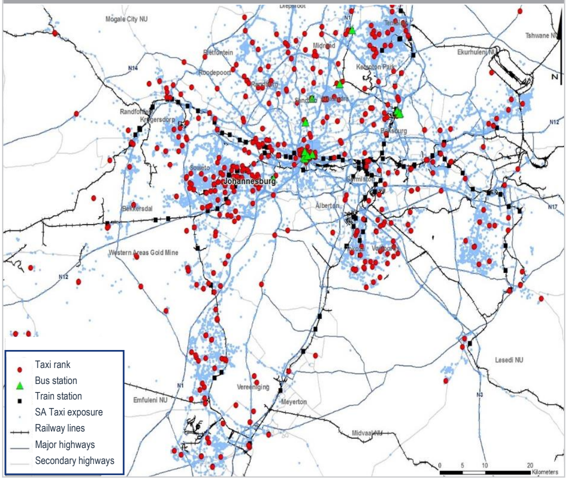
ENVIRONMENT & MARKET CONTEXT
SA TAXI FLEET MOVEMENT

Transaction Capital

MINIBUS TAXI IS THE DOMINANT MODE OF PUBLIC TRANSPORT



IN AN INTEGRATED PUBLIC TRANSPORT NETWORK



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

SOURCE: SA Taxi fleet movement on 28 October 2017

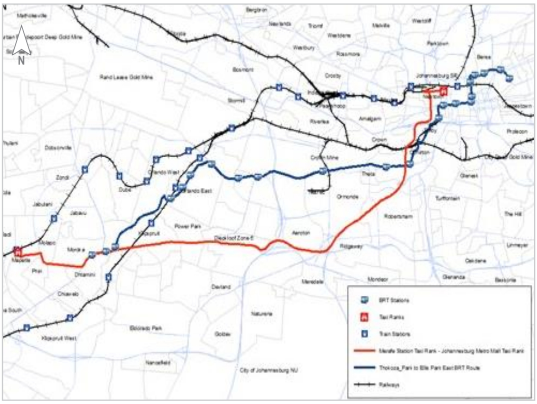
13

COMMUTER OPTIONS

MINIBUS TAXI IS THE PREFERRED MODE OF PUBLIC TRANSPORT DUE TO COMPETITIVE PRICING, ACCESSIBILITY & RELIABILITY

Transaction Capital

SHORT DISTANCE ROUTE | **SOWETO TO JOHANNESBURG: 23KM**



SOWETO TO JOHANNESBURG

- Soweto's population ▲ 17% (2012 to 2017)
- Soweto houses 34% of Johannesburg's population
- Population density: 6 400 persons per km² vs. Johannesburg: 2 900 persons per km²
- Soweto's transport hub is Bara Bus & Taxi Rank, along the Soweto to Johannesburg route

COMPARATIVE MODES OF TRANSPORT

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

AVERAGE OPERATOR PROFITABILITY
~R15 000 PER MONTH
(based on SA Taxi's affordability calculator at origination)

SOURCE: Industry information | Websites: Metrorail; Bus Rapid Transport; Various bus companies

14

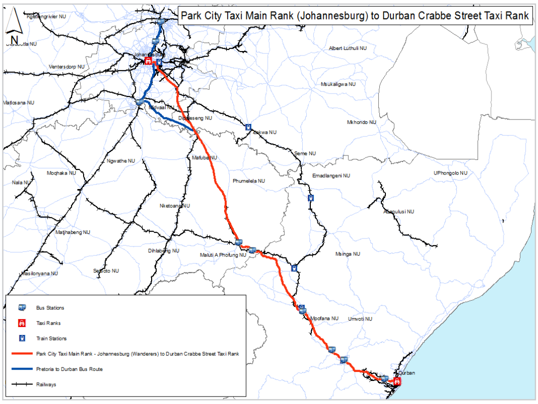
NOTES

COMMUTER OPTIONS

MINIBUS TAXI IS THE PREFERRED MODE OF PUBLIC TRANSPORT DUE TO COMPETITIVE PRICING, ACCESSIBILITY & RELIABILITY

Transaction Capital

LONG DISTANCE ROUTE | JOHANNESBURG TO DURBAN: 595KM



JOHANNESBURG TO DURBAN

- The N3, spanning 4 provinces, connects Johannesburg, the largest South African city, to Durban

COMPARATIVE MODES OF TRANSPORT

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

AVERAGE OPERATOR PROFITABILITY
~R50 000 PER MONTH
(based on SA Taxi's affordability calculator at origination)

SOURCE: Industry information | Websites: Metrorail; Bus Rapid Transport; Various bus companies

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

MINIBUS TAXI OPERATORS REMAIN RESILIENT DESPITE THE CURRENT CHALLENGING ECONOMIC ENVIRONMENT

Transaction Capital

VEHICLE & OPERATING COSTS

For the period 1 Oct 2015 to 30 Sep 2017

TOYOTA MINIBUS TAXI PRICE
CAGR ▲ 8%

SA REPO RATE
▲ 75bps

For the 12 months ended 30 Sep 2017

FINANCE INSTALMENTS & INSURANCE PREMIUMS
▲ 9%

DRIVER WAGES
▲ 6%

VEHICLE MAINTENANCE COSTS
Marginal ▲

FUEL PRICE[1] (per litre)
▲ 6% petrol ▲ 7% diesel

STRUCTURAL ELEMENTS

AGEING FLEET: demand for minibus vehicles exceeds supply

DOMINANT MODE OF PUBLIC TRANSPORT

Integrated component of public transport network

Public transport **spend is non-discretionary**

Receives **NO government subsidy**; commercially self-sustainable

CONTINUED HIGH LEVELS OF UNEMPLOYMENT
>27%

OPERATOR PROFITABILITY: PROFITABLE & RESILIENT TAXI OPERATORS

TAXI FARES

For the 12 months ended 30 Sep 2017

▲ 5% short distance - ▲ 7% long distance

HIGHER UTILISATION OF MINIBUS TAXIS

~1.5 BILLION KM travelled by the SA Taxi fleet in 2017

Increasing commuter density due to urbanisation

Preferred mode of public transport (competitively priced; convenient; accessible)

New passenger vehicle sales ▼ 20% (FY13 to FY17)

IMPROVING CREDIT METRICS

Credit loss ratio CAGR (FY13 to FY17) ▼ 12%

NPL ratio CAGR (FY13 to FY17) ▼ 17%

26% repeat clients over the last 12 months

SOURCE: NAAMSA Sales Results
1. www.energy.gov.za: 12 month rolling average petrol price

ENVIRONMENT & MARKET CONTEXT

TOTAL ADDRESSABLE MARKET

IN SOUTH AFRICA THERE ARE

- **>200 000** MINIBUS TAXIS
  - **~150 000** TAXI OPERATORS
  - **~200 000** TAXI DRIVERS
- **~3** BILLION LITRES OF FUEL PURCHASED EACH YEAR
- **1 200** TAXI ASSOCIATIONS

SUPPORTING A LARGE COMMUTER MARKET

- **>15** MILLION COMMUTER TRIPS DAILY
- **>9.9** MILLION HOUSEHOLDS USING MINIBUS TAXIS
- **~R50** BILLION ANNUAL ESTIMATED REVENUE
- **50** MINUTES AVERAGE TIME SPENT TRAVELLING TO WORK

SOURCE: National Land Transport Strategic Framework 2015 | Passenger statistics from Arrive Alive & StatsSA noting individuals can take more than one mode of transport National Household Transport Survey 2013 | Reuters 2017 | Industry information

STRUCTURALLY DEMAND FOR MINIBUS TAXI VEHICLES > SUPPLY

DEMAND: AN AGEING NATIONAL FLEET REQUIRING RELACEMENT & RECAPITALISATION

- **70 000 - 80 000** FINANCED & INSURED
- **120 000 - 130 000** UNENCUMBERED & HENCE AGED
- **>9 YEARS OLD** ON AVERAGE
- **DRIVING HIGHER DEMAND** FOR VEHICLES, FINANCE & ALLIED SERVICES SUPPLIED BY SA TAXI

SUPPLY: MINIBUS TAXI SUPPLY IN SOUTH AFRICA

TOYOTA SESFIKILE Most prevalent vehicle in the industry	**NISSAN NV350** Steadily gaining acceptance
TOYOTA PRE-OWNED Predominantly SA Taxi refurbished vehicles	**MERCEDES SPRINTER** Mainly used for long distance routes

TOYOTA SESFIKILE

RETAIL SALES PER MONTH → ~1 000

SA TAXI'S SHARE OF MONTHLY RETAIL SALES → >40% (36% in 2015)

- Improved credit performance as SA Taxi is 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

17

NOTES

SA TAXI MARKET POSITIONING
VERTICALLY INTEGRATED BUSINESS MODEL

Transaction Capital

IN SOUTH AFRICA THERE ARE
>200 000 MINIBUS TAXIS

- 70 000 - 80 000 FINANCED & INSURED
- 1 IN 3 OF THE NATIONAL FINANCED FLEET IS FINANCED & INSURED BY SA TAXI

FINANCING OPERATIONS

R8.3 BILLION GROSS LOANS & ADVANCES → **~29 000** FINANCED VEHICLES ON BOOK

EQUITY ALLOCATION & DEBT RAISING
- **25%** capital adequacy ratio
- **>40** diversified funders

CREDIT UNDERWRITING & LOAN ORIGINATION
- Specialised credit philosophy: Route | Association; Vehicle | Operator

COLLECTIONS
- **~R270 MILLION** average monthly collections in 2017

INSURANCE OPERATIONS

EXPANDING CLIENT BASE

>R550 MILLION GROSS PREMIUMS PER YEAR → **>85%** OF SA TAXI'S FINANCED CLIENTS INSURE WITH SA TAXI[1]

R231 MILLION FINANCED: ANNUALISED NEW WRITTEN PREMIUM

R52 MILLION NON-FINANCED: ANNUALISED NEW WRITTEN PREMIUM

BROADENING PRODUCT OFFERING
- Comprehensive motor vehicle cover
- Passenger liability
- Instalment protection cover
- Credit life insurance

1.8 NO. OF PRODUCTS PER INSURED CLIENT

VEHICLE RETAIL & REFURBISHMENT OPERATIONS

~R650 MILLION ANNUAL VEHICLE TURNOVER IN SA TAXI RETAIL DEALERSHIP → **>20 000m²** COMBINED AUTOBODY REPAIR & MECHANICAL REFURBISHMENT CENTRE

~8% AVERAGE RETAIL MARGIN PER VEHICLE

>73% RECOVERY RATES ON REPOSSESSION, REFURBISHMENT & RESALE

DATA & TELEMATICS OPERATIONS
APPLIED IN CREDIT VETTING, INSURANCE, COLLECTIONS & REPOSSESSION

- SA TAXI HAS BEEN TRACKING MINIBUS TAXIS FOR **~10 YEARS**
- ON AVERAGE EACH OF OUR VEHICLES TRAVELS **6 500 KM PER MONTH**
- OUR VEHICLES TRAVEL ON **6 500 ROUTES** COVERING OVER **~800 000 KM**

SOURCE: National Household Travel Survey 2013 | SA Taxi's best estimate through our engagement with the industry & extrapolation of internal data
1. 100% of taxis financed by SA Taxi are fully insured

SA TAXI EVOLUTION SINCE LISTING
MANAGEMENT INTERVENTIONS TO CREATE VALUE

Transaction Capital

CAGR 2012 to 2017:

Headline earnings[1]	▲ 19%
Gross loans & advances	▲ 12%
NPL ratio	▼ 8%
Credit loss ratio	▼ 11%

Non-interest revenue composition
26% (FY12) to 33% (FY17)
Recovery on repossession:
<65% (FY12) to >73% (FY17)

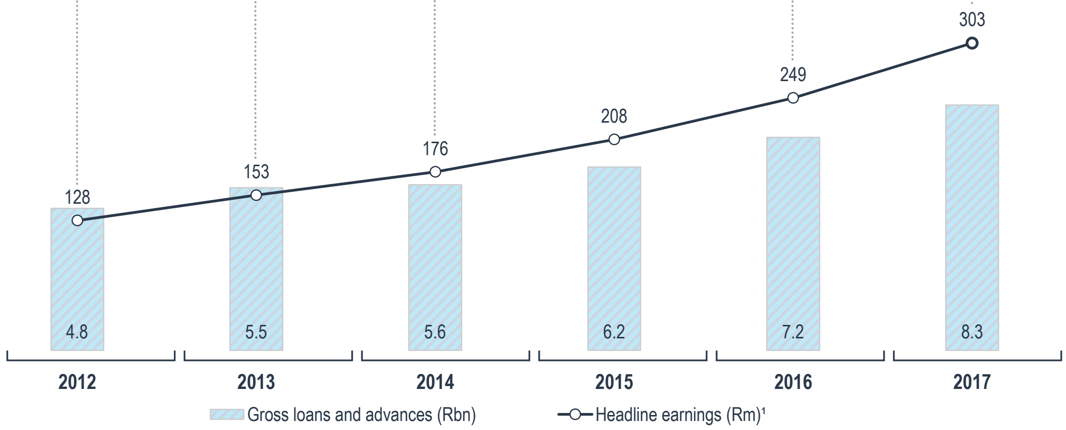
June 2012
Telematics applied to credit vetting via route mapping, in addition to repossession

February 2013
Operations relocated to Midrand
Mechanical workshop upgraded with all mechanical repairs done in-house

October 2013
Insurance cell established
Insurance cover extended to financed & non-financed clients
March 2014
Nissan NV350 launched
August 2014
Telematics now applied in credit vetting, insurance, collections, repossession

November 2015
Early adoption of IFRS 9
February 2016
Establishment of bespoke retail dealership in Midrand
April 2016
Refurbishment facilities extended to include auto body repair

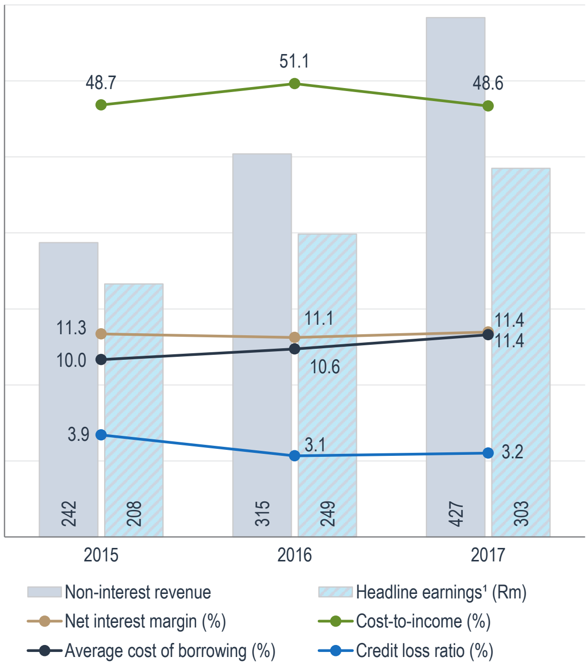
July 2017
Accounting consolidation of SA Taxi's insurance cell captive
October 2017
Broadened insurance offering to include credit life
September 2017
Premium vehicles comprise 99.7% of loans & advances (79% in 2012)



Financial years 1 October to 30 September | Adopted IFRS 9 in 2015. 2014 numbers on a pro forma IFRS 9 basis
2012 & 2013 numbers on an IAS 39 basis as reported
1. Headline earnings attributable to the group

SA TAXI FINANCIAL PERFORMANCE

Transaction Capital



- Headline earnings[1] ▲ **22%** to **R303m**
  - All organic growth
- NIM ▲ to **11.4%** from **11.1%**
  - Funding costs ▲ by **80bps** to **11.4%**
    - Repo rate ▼ **25bps**
    - ▲ foreign debt to **21%** from **13%**, fully hedged to Rand
  - Average interest rate of **24.4%** on origination (NCA max cap of **33.75%**)
- Credit loss ratio of **3.2%** (HY17: **3.3%**)
  - Risk-adjusted NIM ▲ from **8.0%** to **8.2%**
- Non-interest revenue ▲ **36%** to **R427m;** (▲ **26%** on a like-for-like after tax basis), driven by:
  - Expanding insurance business
    - Broadened client base (financed, non-financed)
    - Broadened product offering (comprehensive vehicle, instalment protection, passenger liability, credit life)
    - Reduced cost of claim (efficiencies in repair facility)
  - Vehicle retail operations
- Cost-to-income ratio improved to **48.6%** from **51.1%**
- Effective tax rate normalised at **26.6%,** resulting from consolidation of insurance operations

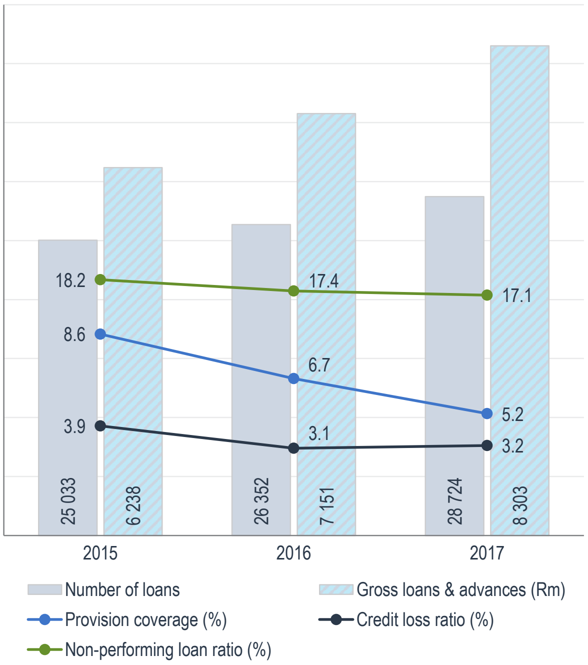
1. Headline earnings attributable to the group

20

NOTES

SA TAXI CREDIT PERFORMANCE

Transaction Capital



- Gross loans & advances ▲ **16%** to **R8.3bn**
  - Number of loans originated ▲ **9%**
  - Rand value of loans originated ▲ **20%**
  - **Toyota vehicle prices** ▲ from ~R350 000 in October 2015 to >R400 000 (FY17: ▲ **2%**)
- NPL ratio improved to **17.1%** from **17.4%**
  - Continued strong collection performance
  - Superior credit quality via retail dealership
  - Enhanced via analytics applied to telematics data
- Credit loss ratio at **3.2%** (HY17: **3.3%**)
  - Average balance per NPL ▼ **8%**
  - Recover > **73%** of settlement value
  - Improved quality & efficiencies in refurbishment centre
  - Average repair cost ▼ **14%** (~R74 000 from ~R86 000)
  - Target credit loss ratio remains **3%** to **4%**
- Provision coverage at **5.2%**
  - After tax credit loss conservatively covered at **2.3** times
  - IFRS 9 early adopted in 2015; more conservative provisioning methodology

21

SA TAXI OPERATIONAL PERFORMANCE

Transaction Capital

SA TAXI OPERATOR PROFILE

VEHICLES ON BOOK

1.2	83%	26%	4.3 YEARS	>85%
VEHICLES PER CUSTOMER	TOYOTA VEHICLES	LOANS ORIGINATED TO REPEAT CUSTOMERS (DURING FY17)	AVERAGE AGE OF VEHICLE	INSURED WITH SA TAXI

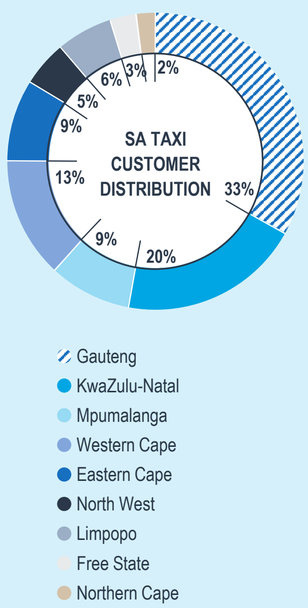
CREDIT PROFILE OF LOANS ON BOOK

67 MONTHS	>R6 000	~R385 000	17.6%
AVERAGE LOAN TERM	MINIMUM MONTHLY OPERATOR PROFIT	AVERAGE ORIGINATION VALUE	AVERAGE DEPOSIT[1]
24.4%	**47 MONTHS**	**59%**	**602**
WEIGHTED AVERAGE INTEREST RATE AT ORIGINATION	AVERAGE REMAINING LOAN TERM	AVERAGE APPROVAL RATE	AVERAGE EMPIRICA SCORE

CUSTOMER PROFILE

100%	21%	17%	47 YEARS
BLACK OWNED SMEs	WOMEN OWNED SMEs	UNDER THE AGE OF 35 YEARS	AVERAGE AGE OF OWNER

GEOGRAPHIC DISTRIBUTION



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

22


TRANSACTION CAPITAL RISK SERVICES
2017
RESULTS FOR THE YEAR ENDED 30 SEPTEMBER
Transaction Capital

NOTES

TRANSACTION CAPITAL RISK SERVICES (TCRS)

Transaction Capital

TRANSACTION CAPITAL RISK SERVICES IS A **TECHNOLOGY-LED, DATA-DRIVEN** PROVIDER OF **CUSTOMER MANAGEMENT SOLUTIONS** IN SOUTH AFRICA AND AUSTRALIA THROUGH A **SCALABLE AND BESPOKE FINTECH PLATFORM,** ENABLING ITS **CLIENTS** TO **MITIGATE RISK** THROUGH THEIR CUSTOMER ENGAGEMENT LIFECYCLE

1. *Innovative & bespoke technology systems that drive superior performance & efficiency*
2. *Generating in-depth insights from the continuous collection of accurate & valuable data to develop a consolidated view of an individual that enables precise & informed internal & external decisioning*
3. *Improving its clients' ability to originate, manage & collect from their customers through their lifecycles, thus maximising value*
4. *Assisting its clients by accelerating cash flow as an agent on an outsourced contingency or fee-for-service ("FFS") basis, or as a principal in acquiring & collecting non-performing loan portfolios*
5. *Proactive workforce management & technology facilitate a flexible & dynamic servicing capability able to meet a client's unique requirements*
6. *Regarded as a trusted partner by large consumer-facing businesses & credit providers across multiple industries*
7. *Enabling clients to generate higher risk-adjusted returns through their engagements with their customers at the point of origination, management & collection*

ENVIRONMENT & MARKET CONTEXT

CHALLENGING CONSUMER CREDIT ENVIRONMENT

Transaction Capital

IN SOUTH AFRICA, OF THE 35 MILLION ADULTS[1] THERE ARE:

25 MILLION CREDIT ACTIVE CONSUMERS

- 9.7 MILLION (~40%) NON-PERFORMING CREDIT CONSUMERS[2]
- OVER 11 MILLION SOUTH AFRICANS DESCRIBED AS "OVER-INDEBTED" (UP FROM 5 MILLION IN 2014)
- HOUSEHOLD DEBT TO INCOME REMAINS HIGH AT 72.6% (DEBT GROWTH < INCOME GROWTH)
- ELEVATED LEVELS OF UNEMPLOYMENT AT 27.7%
- ESCALATING COSTS OF HOUSEHOLD ESSENTIALS OVER THE MEDIUM-TERM

OUTLOOK ON SA's CONSUMER

- No longer-term effects signalling any meaningful improvement
- Retail credit extension has tightened
- Gradual deleveraging of the consumer will prevail

MACRO-& SOCIO-ECONOMIC ENVIRONMENT

- Increased number & size of NPL portfolios available to acquire from clients preferring immediate recovery from their NPLs
- Consumers' disposable income stressed, negatively affecting their ability to repay debt
- Increased cost & extended time to collect
- Stable regulatory environment

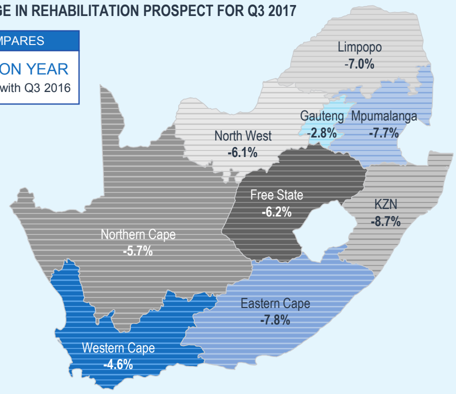
CREDIT REHABILITATION IS A CRUCIAL ELEMENT IN GROWING AN INCLUSIVE ECONOMY

Launched in June 2017

TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX

% CHANGE IN REHABILITATION PROSPECT FOR Q3 2017

COMPARES
YEAR ON YEAR
Q3 2017 with Q3 2016



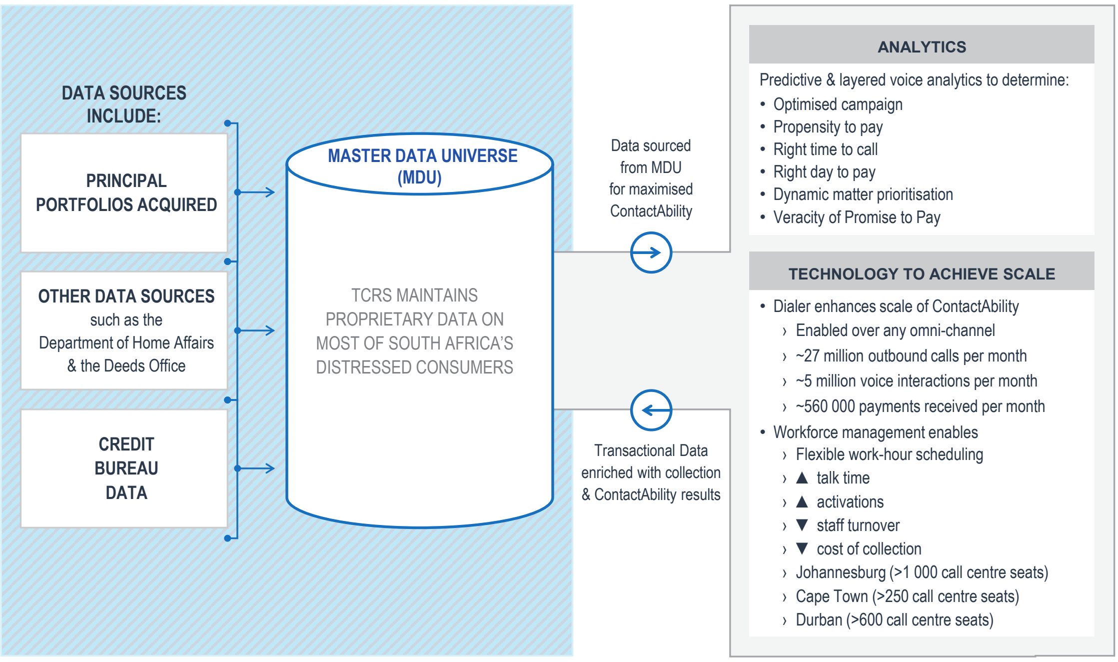
- TCRS algorithm to score propensity to repay debt
- Empirically based sample of >5 million SA consumers in credit default
- National rehabilitation prospects:
  - ▼ by 1.1% (Q2 17 vs. Q2 16)
  - ▼ by 0.9% (Q3 17 vs. Q3 16)
  - ▲ by 0.4% (Q3 17 vs. Q2 17)
- Rehabilitation allows:
  - Consumers to access credit & re-enter consumer market
  - Lenders to maintain cleaner B/S to continue extending credit at affordable costs

SOURCE: Stats SA 2017
1. Aged 15 to 65 | 2. NCR data at 31 March 2017

TCRS MARKET POSITIONING

DATA, ANALYTICS & SCALABLE TECHNOLOGY PLATFORM

Transaction Capital



26

NOTES

TCRS EVOLUTION SINCE LISTING

MANAGEMENT INTERVENTIONS TO CREATE VALUE

Transaction Capital

CAGR 2012 to 2017:
Headline earnings ▲ 20%
Services EBITDA ▲ 22%

2012
Entered the payments services market via the acquisition of BDB (now TCPS)
Entered the municipal collections sector

2013
ISO data security accreditation

October 2014
Restructure including centralised management team & overarching strategy

June 2015
Improved penetration in the Tier 1 banking & specialised lending sectors & increased focus on telecommunications sector

July 2015
Entered the insurance collections sector

November 2015
Early adoption of IFRS 9

December 2015
TCR achieves level 3 B-BBEE rating

March 2016
Focus on exclusive, forward flow & gain share transactions

April 2016
Technology enhancements, including implementation of new predictive dialer

June 2016
Creation of the Master Data Universe

August 2016
Call centre centralisation strategy (Johannesburg, Durban, Cape Town) enabling cost savings

September 2016
Rebrand to leverage Transaction Capital's brand equity

December 2016
Entered value added services market via 75% acquisition of Road Cover

January 2017
Entered Australian debt recoveries market via 100% acquisition of Recoveries Corporation

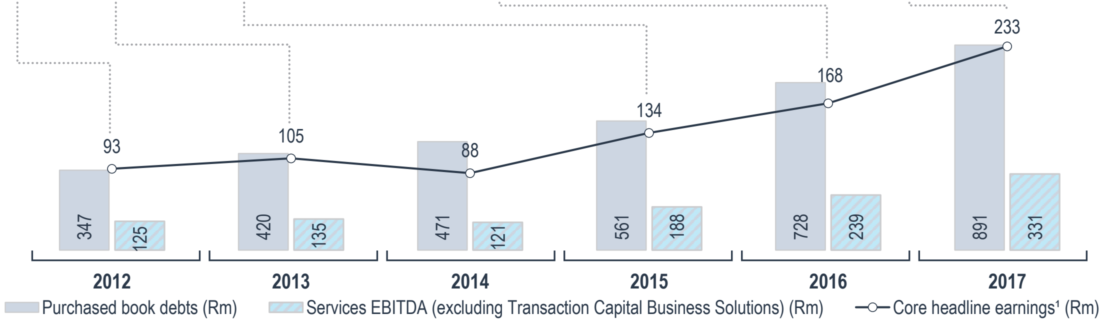
January 2017
Relocation of JHB call centre to cost effective operating facility located in JHB CBD

January 2017
Investor in people accreditation

March 2017
Initiated implementation of workforce management technologies

September 2017
Recoveries Corporation succession plans implemented successfully

September 2017
Contingency & FFS revenue: Adjacent insurance, telecommunications, public sectors now contribute 27% (FY16: 20%)



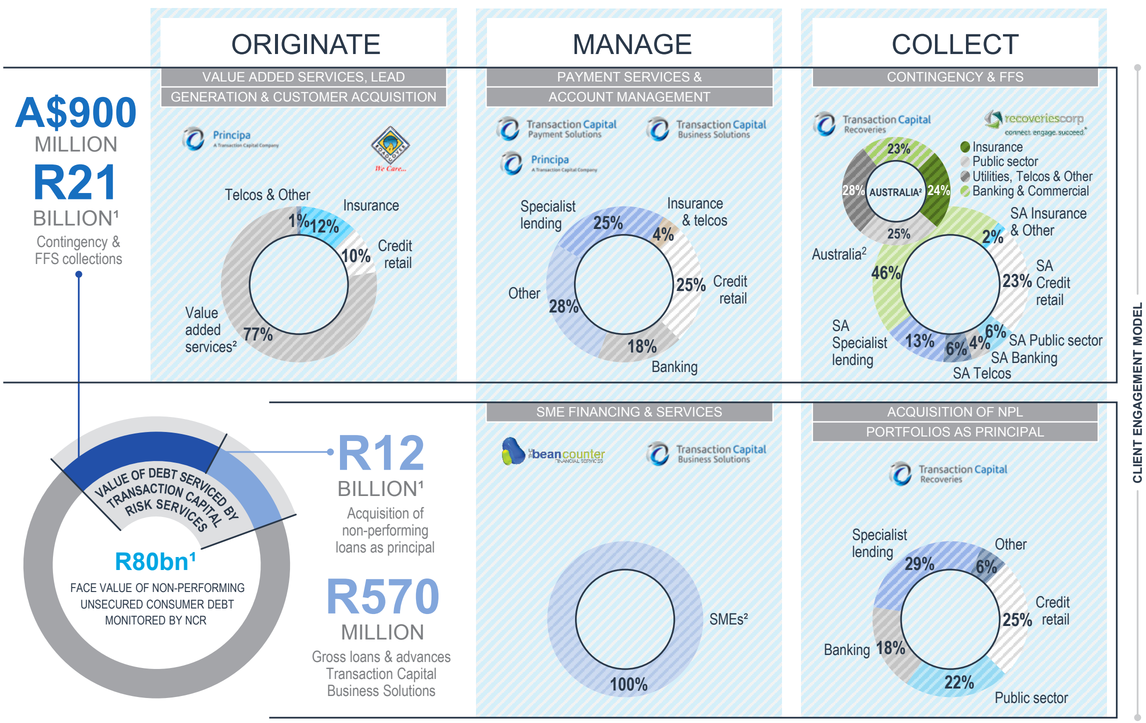
Financial years 1 October to 30 September | Adopted IFRS 9 in 2015. 2014 numbers on a pro forma IFRS 9 basis. 2012 & 2013 numbers on an IAS 39 basis as reported

1. Headline earnings attributable to the group

27

TCRS' DIVERSIFIED BUSINESS MODEL

Transaction Capital



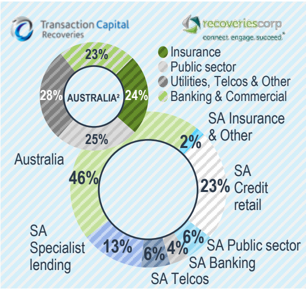
Sectors split by revenue per segment as at 30 September 2017

1. R80 billion comprises credit monitored by the NCR as at 31 March 2017. TCRS' target market & assets under management also includes sectors not regulated by the NCR, being SMEs, education, insurance, public sector, telecommunications, SOEs & utilities
2. Revenue generated by businesses acquired only included from the effective date of the acquisition

28

CONTINGENCY & FFS

Transaction Capital



SOUTH AFRICA: TRANSACTION CAPITAL RECOVERIES

Provider of collection & recovery services, including early stage rehabilitation, late stage collections & legal recoveries

86
CLIENTS (FY16: 83)

Rank 1st or 2nd BY CLIENTS IN **89%** OF OUR **231 MANDATES**

2 017
DIRECT STAFF

9
MARKET SECTORS

"Investor in people organisation"
ACCREDITATION IN JANUARY 2017

27%
REVENUE CONTRIBUTION FROM NON-NCA DEBT[1] (FY16: 20%)

AUSTRALIA: RECOVERIES CORPORATION GROUP LIMITED (RCGL)

Provider of consumer customer management solutions, including debt recovery solutions, insurance claim recoveries, customer services & litigation management services

41
CLIENTS

~R370MILLION
REVENUE GENERATED (9 months)

~600
EMPLOYEES

8
MARKET SECTORS

3 BRANCHES
MELBOURNE, SYDNEY & SUVA

Australian Institute of Credit Management
RCGL AWARDED THE 'NATIONAL CREDIT TEAM OF THE YEAR' AWARD

Auscontact Association Driving the industry
RCGL AWARDED 'CENTRE OF THE YEAR – VICTORIA'

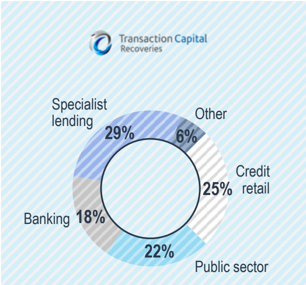
1. Non-NCA debt: Insurance, telecommunications & public sectors
2. Revenue generated by businesses acquired only included from the effective date of the acquisition

29

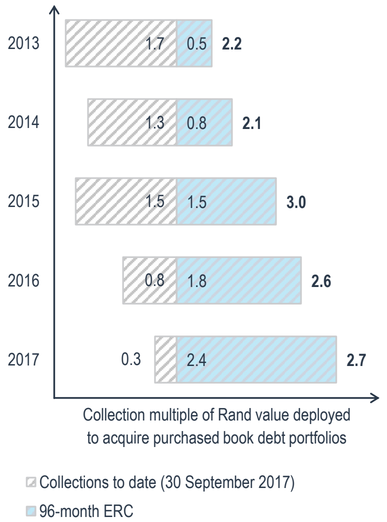
NOTES

ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL

Transaction Capital



ESTIMATED REMAINING COLLECTIONS (ERC)[1]
VINTAGE PERFORMANCE AS AT 30 SEPTEMBER 2017

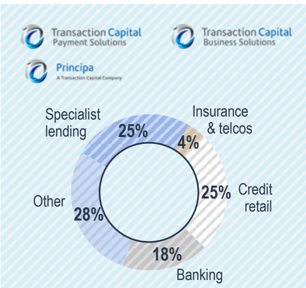


- Current economic context favours acquisition of NPL portfolios
- **29** portfolios acquired for **R356m** with a face value of **R5.2bn** (FY16: **13** portfolios for **R184m** with a face value of **R2.6bn**)
- **195** portfolios owned in total with a face value of **R12.2bn**
- Purchased book debts ▲ **22%** to **R891m** (FY16: **R728m**)
- 2017 ERC of **2.7 times** (> internal target of **~2.2 times**)
- ERC ▲ **27%** to **R1.7bn**
  - › Longevity in the yield of principal portfolios on book, expected to support future positive performance
- Asset-turnover ratio remains high at **52.1%**
  - › Diluted by high value of portfolio acquisitions

1. Excludes contracts where TCRS does not have title of the underlying claim

PAYMENT SERVICES & ACCOUNT MANAGEMENT
SME FINANCING & SERVICES

Transaction Capital



TRANSACTION CAPITAL PAYMENT SOLUTIONS

Specialist in customised, innovative & flexible payment services

~3 MILLION

DISBURSEMENTS FOR CLIENTS EACH YEAR

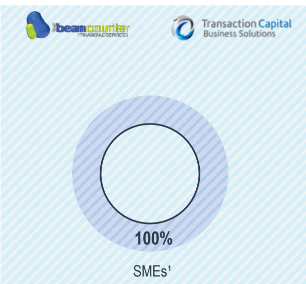
~7 MILLION

DEBIT ORDERS & NAEDO TRANSACTIONS PROCESSED FOR ~1 200 CLIENTS EACH YEAR

Resulting in

~R27 BILLION

PAYMENTS PROCESSED FOR CLIENTS EACH YEAR



TRANSACTION CAPITAL BUSINESS SOLUTIONS & THE BEANCOUNTER

Provider of SME finance, including invoice discounting, trade finance, property finance & fully outsourced accounting, payroll & tax services

~R570 MILLION

GROSS LOANS & ADVANCES ▲ 15%

FACILITATES SME GROWTH & JOB CREATION IN SOUTH AFRICA

R588 MILLION

TOTAL ADVANCES TO BLACK OWNED SMEs FOR FY17 (R457m for FY16)

~450 000

INVOICES WORTH

~R8.5 BILLION

PROCESSED PER YEAR FOR

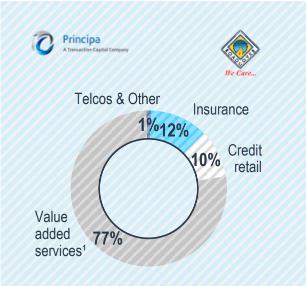
>400

CLIENTS

1. Revenue generated by businesses acquired only included from the effective date of the acquisition

VALUE ADDED SERVICES, LEAD GENERATION & CUSTOMER ACQUISITION

Transaction Capital



ROAD COVER

- TCRS entered the value-added services market segment in SA via the acquisition of Road Cover
- Provider of proprietary value-added services to the mass consumer market on a subscription basis
- Access to high quality legal & administrative services
- Administration of:
  - RAF claims
  - COID Act claims
  - Other claims against road agencies & municipalities

~2 MILLION CLIENTS (CONSUMER SUBSCRIBER BASE)

- Strategic growth initiatives:
  - Offer Road Cover products to the mass consumer market in SA through TCRS' client base (banking, retail, insurance, telecommunications & other)
  - Deliver Road Cover's product directly to consumers via data analytics, lead generation & direct marketing channels

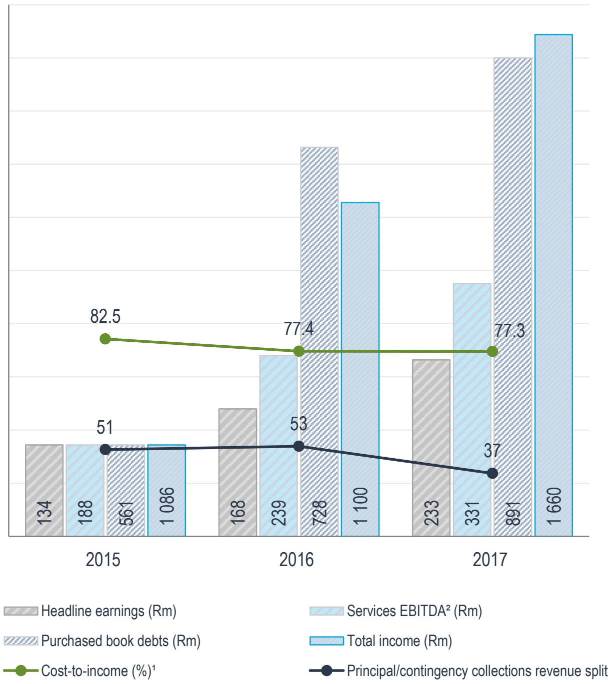
1. Revenue generated by businesses acquired only included from the effective date of the acquisition

32

NOTES

TCRS FINANCIAL PERFORMANCE

Transaction Capital



- Core headline earnings ▲ **39%** to **R233m**
  - › Excludes once-off acquisition costs of **R22m**
  - › Accretive cash deployment converting cash yield into earnings
- Headline earnings organic growth ▲ **12%**[1]
- Contingency & FFS revenue
  - › Growing revenue from adjacent sectors
  - › Insurance, telecommunications & public sector contributing **27%** (FY16: **20%**)[1]
- Cost-to-income ratio remained stable (excluding the effect of acquisitions)
  - › Total costs ▲ **7%**[1] in line with inflation
  - › Continued investment in data (MDU), technologies (dialer & workforce management) & analytics yielding efficiencies
  - › Frugal cost management

1. Excluding the effect of acquisitions
2. Services EBITDA (excluding Transaction Capital Business Solutions)

33

CAPITAL & FUNDING EVOLUTION SINCE LISTING

Transaction Capital

February 2012
>R1bn raised from European DFIs since 2010

June 2014
Transsec: R4bn S&P rated & listed securitisation established
Initial issuance R665m

March 2015
Over 20 funders

April 2015
Transsec tap issuance: Privately placed R528m

November 2015
Transsec 2: R4bn S&P rated & listed securitisation established
Initial issuance R396m

November 2015
Early adoption of IFRS 9

August 2016
Transsec 2 tap issuance: R451m raised

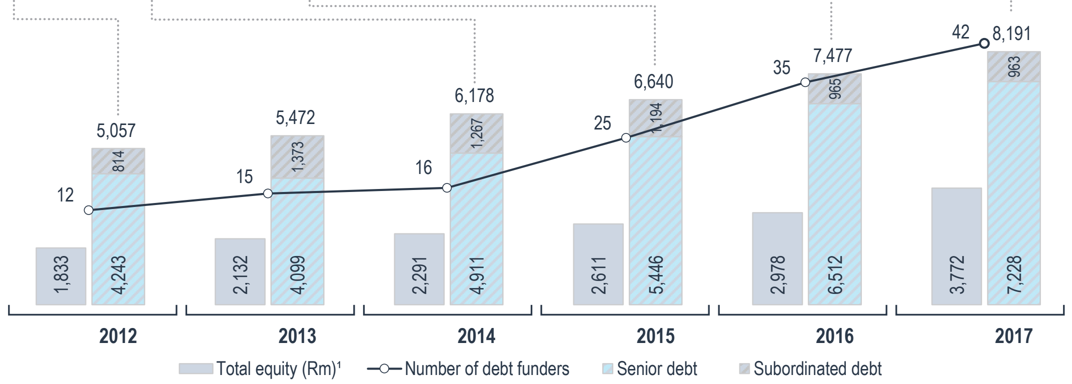
November 2016
Established a R2bn domestic note programme at TC group level

January 2017
First local DFI: R100m debt facility

February 2017
Issued 28.4 million shares raising R419m
Secured >R2bn of debt facilities from US-based impact investors for the first time
Funding base includes all the major SA banks

March 2017
Accessed >R2bn of debt funding from European DFIs since 2010

November 2017
Dividend policy amended to 2 to 2.5 times (4 to 5 times at listing)
Transsec 3: R2.5bn Moody's rated & listed securitisation established
Initial issuance R505m; >3 times oversubscribed



Financial years 1 October to 30 September | 2012 & 2013 excludes Bayport & Paycorp
1. Adopted IFRS 9 in 2015. 2014 numbers on a pro forma IFRS 9 basis. 2012 & 2013 numbers on an IAS 39 basis as reported

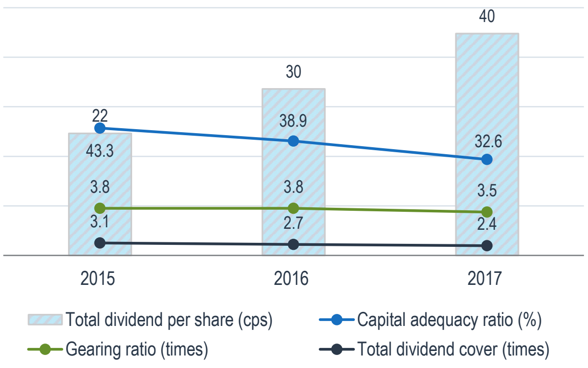
35

NOTES

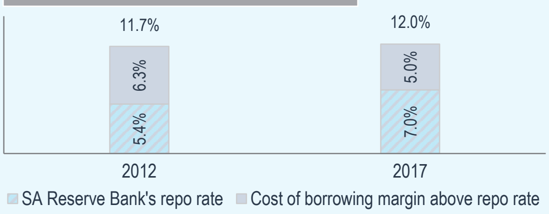
CAPITAL MANAGEMENT

Transaction Capital

PERFORMANCE



COST OF BORROWING SINCE LISTING[1]



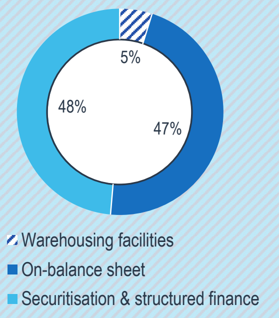
- Uninterrupted access to the debt capital markets
  - › Despite political instability & SA's sovereign rating downgrade in April 2017
  - › Raised **~R6bn** in debt facilities from **33** separate funding transactions in 2017
  - › **2018** fully funded
- Continue to diversify funding sources
  - › Diverse debt investor base (**>40**)
  - › Secured **>R2bn** of debt facilities from US DFIs
  - › **R505 million** Transsec 3 issuance; **81bps** < Transsec 2 tap issuance; **>3** times oversubscribed
  - › **R2bn** A-$_{(ZA)}$ rated JSE-listed domestic note programme
  - › Accessed **>R2.1bn** of debt funding from European DFIs since 2010
  - › **21%** of debt in issue from DFIs (FY16: **13%)**
- Group cost of borrowing ▲ from **11.3%** to **12.0%**
  - › Margin above repo **5.0%** (FY12: **6.3%)**
  - › ▲ foreign debt component, fully hedged to Rand
- Capital adequacy position remains robust at **32.6%**
  - › **23.8%** equity
  - › **8.8%** subordinated debt
- Net ungeared & liquid group balance sheet
- Excess cash of **~R650m** on balance sheet

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

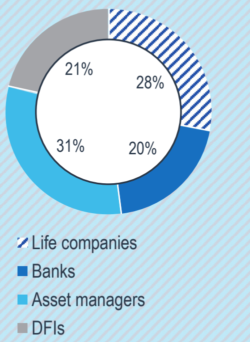
FUNDING PHILOSOPHY

Transaction Capital

DIVERSIFICATION BY FUNDING STRUCTURE



DIVERSIFICATION BY DEBT INVESTOR CATEGORY



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

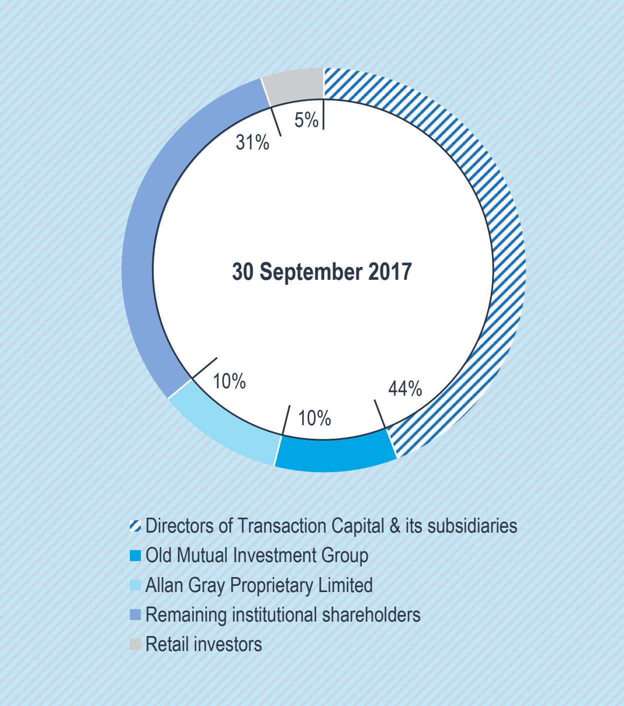
- Positive liquidity management between asset & liability cash flows
- No exposure to overnight debt instruments & limited exposure to short term instruments
- No exposure to currency risk & effective management of interest rate risk
- Minimising rollover risk

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

Transaction Capital



- Accelerated bookbuild (Feb 2017)
  - **28.4m** shares issued raising **R419m**
  - Creates capacity for further acquisition opportunities
  - Oversubscribed
  - Predominantly taken up by institutional investors
    - Institutional shareholding ▲ from **28%** to **31%**
  - Directors shareholding holding ▼ from **46%** to **44%**
    - Management not permitted to participate in the bookbuild
- Foreign ownership ▲ from **3%** to **6%**
- Retail investors ▼ from **6%** to **5%**
- Management remain focused on improving liquidity
  - Free float percentage ▲ to **56%** (FY16: **54%**)

38

NOTES

CONCLUSION 2017

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

Transaction Capital

INVESTMENT CASE

COMPELLING & UNIQUE AS WE EXECUTE ON OUR STRATEGY

Transaction Capital

TRANSACTION CAPITAL COMPRISES A DIVERSIFIED PORTFOLIO OF FINANCIAL SERVICES ASSETS

- Two **well established, autonomous & unique** financial services businesses:
  - **SA Taxi**
  - **Transaction Capital Risk Services (TCRS)**
- Positioned in **attractive market segments** occupying **leading market positions**
- Highly **defensive businesses** able to withstand difficult economic conditions
- Deep **vertical integration** enabling application of **specialised expertise** to **mitigate risk, participate in margin & provide a broader service to clients**
- **Superior data & leading-edge technology & analytics** capabilities differentiate our offerings, inform business decisions & mitigate risk
- **Via a diversified business model**
  - Unique blend of highly **cash generative & capital related** businesses
  - **Diversified revenue model** across adjacent **market segments & geographies**

WITH A BESPOKE & ROBUST CAPITAL STRUCTURE INCORPORATING R650 MILLION OF EXCESS CAPITAL

- **Conservative equity capital structure** to fund organic growth & acquisition activity
  - **Ungeared** at holding company level
  - **Proven ability to raise debt & equity capital** efficiently from diversified range of local & international investors

AND HAS BEEN ESTABLISHED AS A SCALABLE FINANCIAL SERVICES PLATFORM

- For SA Taxi & TCRS to develop **new products** & expand into **new markets**
- For Transaction Capital to collaborate in **introducing new organic & acquisitive growth opportunities**
- For Transaction Capital to realise **synergies & cross selling opportunities within existing products**

LED BY AN ENTREPRENEURIAL OWNER-MANAGER TEAM

- **Ownership culture**
- **Decentralised, entrepreneurial, proven & long-serving** leadership
- Specialised **intellectual capital** applied over a much smaller asset base than in larger organisations

INVESTMENT CASE CONTINUED
COMPELLING & UNIQUE AS WE EXECUTE ON OUR STRATEGY

Transaction Capital

BUT UNDERPINNED BY A ROBUST CORPORATE GOVERNANCE FRAMEWORK & SOUND GOVERNANCE PRACTICES

- Experienced, diverse & **independent directors** at group & subsidiary level
- **Institutionalised governance**, regulatory & risk management practices
- **Conservative accounting policies** (including the early adoption of **IFRS 9**)

WHICH TOGETHER POSITION IT FOR SUSTAINABLE GROWTH

- **Decentralised businesses** that are self-sustaining & sizable in their own right
- Track record of delivering predictable **high-quality earnings** with high cash conversion rates & **strong organic growth** prospects
- **Dividends growing** at an accelerated rate when compared to earnings
- A **focused acquisition strategy**
  - **Earnings accretive acquisitions** of relevant & **scalable business platforms**, whose value can be **developed** by Transaction Capital
  - Acquisition strategy supported by **R650m of excess cash**, **highly cash generative businesses**, **supportive capital markets**, & a **strong unleveraged balance sheet**

AND THE DELIVERY OF A MEANINGFUL SOCIAL IMPACT

- Businesses favourably positioned regarding demographic & socio-economic trends, **delivering both a social & commercial benefit**
- SA Taxi facilitates
  - **Asset ownership by black owned SMEs, financial inclusion, SME empowerment, & sustainable job creation**
  - **Improved public transport infrastructure**
  - **Environmental sustainability**
- TCRS facilitates
  - **Credit rehabilitation** of over-indebted consumers
  - Lenders to maintain cleaner balance sheets to **continue extending credit affordably**

41

NOTES

QUESTIONS

Transaction Capital

DISCLAIMER

Transaction Capital

This presentation may contain certain "forward-looking statements" regarding beliefs or expectations of the TC Group, its directors & other members of its senior management about the TC Group's financial condition, results of operations, cash flow, strategy & business & the transactions described in this presentation. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, & underlying assumptions & other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" & similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Such forward-looking statements are not guarantees of future performance. Rather, they are based on current views & assumptions & involve known & unknown risks, uncertainties & other factors, many of which are outside the control of the TC Group & are difficult to predict, that may cause the actual results, performance, achievements or developments of the TC Group or the industries in which it operates to differ materially from any future results, performance, achievements or developments expressed by or implied from the forward-looking statements. Each member of the TC Group expressly disclaims any obligation or undertaking to provide or disseminate any updates or revisions to any forward-looking statements contained in this announcement.

2017

TRANSACTION CAPITAL AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER

Transaction Capital

CONTENTS

COMMENTARY

HIGHLIGHTS

CORE HEADLINE EARNINGS[1]	**R577 million**	↑ 26%	2016: R458 million
CORE HEADLINE EARNINGS PER SHARE[1]	**96.4 cents**	↑ 20%	2016: 80.6 cents
TOTAL DIVIDEND PER SHARE	**40.0 cents**	↑ 33%	2016: 30.0 cents

	SA TAXI	TRANSACTION CAPITAL RISK SERVICES
GROWTH IN CORE HEADLINE EARNINGS[1]	↑ 22% R303 MILLION	↑ 39% R233 MILLION
CORE RETURN ON AVERAGE EQUITY[1]	25.3%	22.2%

1 *Core financial ratios exclude once-off acquisition costs of R22 million incurred during the first half of the financial year.*

INTRODUCTION

Transaction Capital owns businesses that operate in highly specialised and under-served segments of the South African and Australian financial services market. Its market-leading divisions, SA Taxi and Transaction Capital Risk Services (TCRS), led by entrepreneurial and experienced management teams, represent a diversified and scalable financial services platform, underpinned by a mature governance framework. The divisions leverage their proprietary data and technology to create value for their customers. Positioned deliberately in relation to demographic and socio-economic realities, they deliver both commercial returns and social benefits.

Since it listed on the JSE Limited five years ago, the group has delivered high-quality organic earnings growth with high cash conversion rates. Headline earnings per share for the five years to 30 September 2017 grew at a compound annual growth rate (CAGR) of 21%, with dividends per share growth at a CAGR of 36% since 30 September 2014.

During the 2017 financial year, Transaction Capital extended its track record of organic earnings growth. Earnings accretive acquisitions accelerated this growth, with core headline earnings up 26% to R577 million. Core headline earnings per share rose 20% to 96.4 cents, diluted slightly by the issue of 28.4 million shares as part of the accelerated bookbuild concluded on 2 February 2017, which raised R419 million. The group's strong balance sheet provides the capacity and flexibility for further acquisitions.

The adoption of IFRS 9 in the 2015 financial year resulted in a more conservative, lower-risk balance sheet and higher quality earnings. This early adoption has removed any uncertainty relating to the implementation of IFRS 9 on future financial results and ratios. To date no other listed financial services company in South Africa has adopted IFRS 9.

Despite difficult economic conditions, the performance of SA Taxi and TCRS has again demonstrated their defensive character, as detailed in the divisional reviews that follow.

COMMENTARY *continued*

SA Taxi

		For the year ended 30 September		
		2017	2016	Movement
Financial performance				
Headline earnings attributable to the group	Rm	**303**	249	22%
Non-interest revenue	Rm	**427**	315	36%
Net interest income	Rm	**885**	744	19%
Net interest margin	%	**11.4**	11.1	
Cost-to-income ratio	%	**48.6**	51.1	
Credit performance				
Gross loans and advances	Rm	**8 303**	7 151	16%
Non-performing loan ratio	%	**17.1**	17.4	
Credit loss ratio	%	**3.2**	3.1	

MARKET POSITIONING

SA Taxi is a vertically integrated platform incorporating a unique blend of vehicle procurement, retail, repossession and refurbishment capabilities with financing and insurance competencies for focused vehicle types. These competencies, combined with its proprietary data and analytics skills, enable the division to provide asset-backed developmental credit and bespoke taxi insurance, and sell suitable vehicle models and allied services to taxi operators. Through this offering, SA Taxi delivers commercial benefits to taxi operators, helping them to ensure the viability and sustainability of their businesses.

More broadly, SA Taxi facilitates financial inclusion, job creation and economic transformation by extending developmental credit to black-owned taxi operators, most of whom do not easily qualify for traditional finance. Some nine out of 10 of SA Taxi's clients would not qualify for finance from South African banks. Since 2008, the division has extended more than R18.6 billion in loans to taxi operators, supporting the creation of an estimated 64 689 small and medium-sized enterprises (SMEs), more than 116 000 direct jobs and a further 194 000 indirect jobs. This social impact is achieved in the context of improving South Africa's public transport infrastructure as financing taxi operators enables them to replace old and unsafe vehicles with new, safer and reduced emission minibus taxis.

The minibus taxi industry makes the largest contribution to South Africa's economy of all components of the now integrated public transport network. In its role in improving this fundamental mode of public transport, SA Taxi is a key transformation partner and major contributor in the industry value chain. Furthermore, SA Taxi is cognisant of its responsibility to support the overall sustainability of the industry, which creates significant value as an employer and enabler of socio-economic activity. This approach, which reflects a maturing understanding of SA Taxi's social relevance, is essential to its ability to deliver defensible and sustainable financial returns over the long term.

OPERATING CONTEXT

With 69% of all South African households using minibus taxis, equating to more than 15 million commuter trips a day, this is the country's dominant mode of public transport. However, it receives no government subsidy. In contrast, bus and rail, which combined account for only 2 million commuter trips a day, require significant capital investment and subsidisation from government. As the most accessible means of travel, minibus taxi transport is a non-discretionary expense for the majority of South Africans. This supports the minibus taxi industry's resilience even without financial support from government.

Notwithstanding this resilience, the challenging economic environment in South Africa is having an impact on the industry. Minibus taxi vehicle prices have escalated in aggregate from about R350 000 in October 2015 to above R400 000 in September 2017, causing finance instalments and insurance premiums to increase accordingly. For the 12-month period ended 30 September 2017, the average petrol price and driver wages both increased by about 6%, and vehicle maintenance costs have increased marginally.

Despite these conditions, SA Taxi's proprietary data reflects an improvement in its operators' profitability, validated by continued strong credit performance of its clients. Profitability improvements are primarily driven by fare increases of 5% to 7% over the last 12 months. In addition, a greater proportion of commuters are choosing minibus taxis over bus or rail due to competitive pricing, convenience and accessibility; and increasing commuter density due to urbanisation has also increased profitability for operators.

Furthermore, demand for minibus taxi vehicles continues to exceed supply and the proportion of repeat loans to SA Taxi's existing clients has increased to approximately 26% in the 12 months to 30 September 2017 compared to 23% in the 12 months to 31 March 2017. These factors point to structural demand trends that are sustaining our clients' businesses, which in turn has seen SA Taxi's credit metrics remaining robust.

However, in June 2017, factions in the industry embarked on mass protest action. Their frustrations, fuelled by the economic pressure, were directed at government for the lack of subsidies and funding, original equipment manufacturers (OEMs) for vehicle price increases, financial institutions for insufficient or costly finance and insurance products, fuel companies, and retail malls for inadequate infrastructure to accommodate minibus taxi ranks.

Although SA Taxi did not anticipate the protest, given no evidence of undue stress in its loan book, it immediately intensified its engagement with industry leadership to understand the concerns of its most important constituency. Despite being well below the regulated maximum interest rate of 33.75% for developmental credit providers, the division, in consultation with industry, agreed to reduce its highest interest rate from 28.5% to 26.5% on future loans originated to assist its clients. Other relief measures included assisting clients who have had their vehicles repossessed to clear their credit records at bureaus, and instituting a 60-day moratorium on repossessions, ending on 9 August 2017.

An unfortunate outcome of reducing the top interest rate is that clients in the highest risk segment have become unviable for finance thereby impeding SA Taxi's ability to facilitate financial inclusion in this segment. SA Taxi is not a deposit-taking institution and thus raises its debt capital from local banks, asset managers and institutional investors, as well as international development finance institutions (DFIs) who provide long-term debt in foreign currency, which carries the additional cost of currency hedging. This is a major determinant of its cost structure and therefore its pricing. Preserving credit quality by keeping credit extension within defined risk parameters is necessary to sustainably finance the greatest number of clients, to benefit the industry as a whole.

Encouragingly, a direct outcome of the protest action has been deeper collaboration between industry leadership and SA Taxi, who are working together to achieve sustainable benefits for the industry. Initiatives include discussions with OEMs to procure larger quantities of vehicles to be sold directly through SA Taxi's dealership, which will enable it to hold retail prices as low as possible by limiting unnecessary charges and add-ons to vehicles that add no income producing value.

SA Taxi and industry leadership are also lobbying government to channel funding into the minibus taxi industry, which will support the favourable recapitalisation of the national fleet. Indications are that government is acknowledging the importance of the industry as an integral part of an integrated public transport system, with legislation promulgated to this effect. Given South Africa's geographic spread of its population, long travel distances and the historical under-investment in rail and bus networks, greater focus on integrating minibus taxis signals a positive development.

These combined efforts to secure the effectiveness and sustainability of the industry are expected to have a positive impact on SA Taxi's business over the long term.

VEHICLE FINANCING

SA Taxi now estimates the national minibus taxi fleet comprises of more than 200 000 vehicles with only 70 000 to 80 000 financed, and the remainder being older than nine years. The limited supply of new minibus taxis to the local market exacerbates the under-capitalisation and ageing of the national fleet. This has resulted in long-term demand exceeding supply, which has supported SA Taxi's credit performance as it is able to resell refurbished vehicles and be selective on credit risk.

SA Taxi's loans and advances portfolio, which comprises 28 724 vehicles, grew 16% to R8.3 billion. Growth of 9% in the number of loans and a 20% increase in the Rand value of loans originated supported this result. SA Taxi now finances more than 40% of new Toyota minibus taxi sales compared to 36% in 2015.

Net interest income grew 19% to R885 million in line with book growth. SA Taxi's net interest margin increased to 11.4% due to slightly lower gearing and an improved non-performing loan ratio, despite an increase in the cost of borrowing. The recent downgrades of South Africa's credit rating and the industry protest action are not expected to have a meaningful impact on SA Taxi's net interest margin or credit metrics.

The risk-adjusted net interest margin improved to 8.2% from 8.0% in the prior year. The credit loss ratio of 3.2% remained at the bottom end of the division's risk tolerance of 3% to 4% and the non-performing loan ratio improved to 17.1% from 17.4%. A combination of strong collection performance, high credit quality of loans originated in the retail dealership and conservative credit granting criteria supported this improvement.

Enhancing the value of vehicles through refurbishment enables SA Taxi to recover more than 73% of loan value on the sale of repossessed vehicles. The division operates the largest minibus taxi repair facility in Africa, and the average cost to repair repossessed vehicles was reduced further in the year. This was due to efficiencies achieved in the combined auto body repair and mechanical refurbishment centre.

Due to fewer non-performing loans, the reduced average cost to repair repossessed vehicles and higher recoveries on the re-sale of these vehicles, provision coverage reduced to 5.2%. At this level, SA Taxi's after tax credit loss remains conservatively covered at 2.3 times.

Despite political uncertainty and concern about the sovereign rating downgrades, SA Taxi raised R6 billion in debt facilities during the year, securing its requirements for the 2018 financial year. With funding from more than 40 distinct debt investors, the division continues to diversify its funding sources. In February 2017, SA Taxi secured further long-term debt facilities from US-based DFIs in foreign currency, which is fully Rand hedged once drawn.

COMMENTARY *continued*

SA Taxi returned to the local listed debt capital markets during November 2017, issuing R505 million of Moody's credit rated and JSE-listed debt via its Transsec 3 securitisation programme. The issuance was oversubscribed by more than three times and placed with 11 investors, one of which was a first time investor. Credit rated and JSE-listed debt is SA Taxi's most efficient capital pool, with the Transsec 3 issue price at a weighted average cost of 180 basis points above three-month JIBAR, 81 basis points lower than SA Taxi's prior Transsec issuance.

NON-INTEREST REVENUE

SA Taxi's vertically integrated business model generates diversified non-interest revenue streams, including revenue from the sale of vehicles, telematics services and insurance products. New revenue streams are currently being explored together with industry leadership. Non-interest revenue for the year grew 36% to R427 million, now 33% of SA Taxi's revenue after interest expenses (2012: 26%).

Vehicle retail operations

Loans originated through SA Taxi's dealership are more profitable than loans originated through external dealerships, with better product margins, insurance revenue and credit performance. Increasing the number of new and pre-owned taxi vehicles sold through the division's owned dealership therefore presents good opportunity for organic growth.

SA Taxi's dealership now also offers funding from certain South African banks, providing a wider choice of options and broadening its client base with the intention of offering its insurance and vehicle tracking products to these clients.

Insurance operations

SA Taxi's short-term insurance business is a key driver of non-interest revenue, offering bespoke insurance products including comprehensive vehicle cover, passenger liability and instalment protection cover. The division is broadening its product offering, having initiated a credit life product during October 2017. On average SA Taxi's insured clients have 1.8 SA Taxi insurance products each.

SA Taxi's insurance operations now earn gross premiums of more than R550 million per year. At 30 September 2017, more than 85% of SA Taxi's financed clients were also insured by SA Taxi, with SA Taxi's annualised new premium written for its financed clients at R231 million for the year. In addition, SA Taxi has broadened its client base, now also insuring taxi operators not financed by the division. During the year under review SA Taxi's annualised new premium written for non-SA Taxi financed clients was R52 million.

Loss ratios for both the financed and non-financed insurance portfolios are improving as a result of operational efficiencies. The business aims to improve its offering by processing a greater proportion of its insurance claims via SA Taxi's combined auto body and mechanical repair facility.

SA Taxi restructured its insurance operation during the year, which will now be consolidated in accordance with IFRS.

Technology and data

The application of unique technology and data analysis is key to mitigating SA Taxi's risk. Data is accumulated daily from each minibus taxi and applied to credit decisions (to assess the prospective profitability of a proposed route), to collections (to determine profitability based on kilometres travelled in a specific month) and to repossessions and insurance.

CONCLUSION

With 16% growth in gross loans and advances, increasing net interest margins, strong credit performance, 36% growth in non-interest revenue and the cost-to-income ratio improving to 48.6% (2016: 51.1%), it is evident that SA Taxi's credit, operational and financial performance is robust. This translated into 22% growth in headline earnings of R303 million for the year.

Transaction Capital Risk Services

		For the year ended 30 September		
		2017	2016	Movement
Financial performance				
Core headline earnings attributable to the group[1]	Rm	**233**	168	39%
Purchased book debts				
Value of purchased book debts acquired	Rm	**356**	184	93%
Purchased book debts	Rm	**891**	728	22%
Estimated remaining collections	Rm	**1 673**	1 313	27%

1 *Core financial ratios exclude once-off acquisition costs of R22 million incurred during the first half of the financial year.*

MARKET POSITIONING

TCRS is a technology-led, data-driven provider of customer management solutions in South Africa and Australia. The division's scalable and bespoke fintech platform improves its clients' ability to originate, manage and collect from their customers. The division leverages its technology and data to mitigate risk and maximise value for clients throughout the customer engagement lifecycle.

TCRS acts both as an agent on an outsourced contingency or fee-for-service (FFS) basis, and as a principal in acquiring and then collecting on non-performing loan portfolios. This diversified revenue model across various consumer credit sectors is central to the division's defensive positioning, supporting its performance in different market conditions.

In line with its strategy to buy and develop complementary businesses, TCRS acquired 100% of Recoveries Corporation in Australia (effective 1 January 2017), 75% of Road Cover and 51% of The Beancounter (both effective 1 December 2016). The acquisitions will diversify TCRS' earnings over time, by geography and by sector. The operational integration of the three businesses in the year was executed successfully, and they performed to expectation.

Further information on the acquisitions can be found in the SENS announcement released on 22 November 2016, available on www.transactioncapital.co.za.

OPERATING CONTEXT

Credit rehabilitation is a crucial element in growing an inclusive economy, as it allows consumers to again become economically active through access to conventional finance. At the same time, it allows lenders to maintain strong balance sheets and to continue extending credit at affordable interest rates. Of the 24.7 million credit-active South African consumers at March 2017, almost 40% of these (9.7 million) had impaired credit records. TCRS maintains proprietary data on the majority of these distressed consumers.

In August 2017, Transaction Capital released the Consumer Credit Rehabilitation Index (CCRI). The CCRI samples over five million consumers in credit default from TCRS' proprietary database, and uses an algorithm to estimate their propensity to repay debt and progress towards financial rehabilitation. The national rehabilitation prospects of South African consumers already in a default position deteriorated by 1.1% in the second quarter of 2017 compared to the corresponding quarter in 2016. Transaction Capital's second CCRI, published in November 2017, reflected a similar trend, recording a 0.9% deterioration in the third quarter of 2017 compared to the third quarter in 2016.

This deterioration reflects the vulnerability of South African consumers due to high unemployment (currently estimated at 27.7%), the escalating cost of household essentials and high levels of household debt to income (72.6% for the second quarter of 2017). While household debt to income has reduced, this is mainly due to debt growing at a slower pace than income, rather than an absolute decline in household debt. The 25 basis points rate cut in July 2017 and lower inflation (5.1% at 30 September 2017) may improve the debt servicing ability of households, albeit moderately. No meaningful improvement in the consumer environment is expected, but tighter retail credit extension will support this gradual decrease in the debt burden of consumers.

Encouragingly, Transaction Capital's CCRI published in November 2017 reflects a marginal improvement of 0.4% in the national rehabilitation prospect of South African consumers already in default when comparing the third quarter to the preceding quarter in 2017.

Contingency and FFS revenue

TCRS' strategy to deepen its penetration in its traditional market segments (i.e. retailers, specialist lenders and banks) and grow revenue from adjacent sectors supported its organic earnings growth in South Africa. In 89% of its 231 outsourced collection mandates in South Africa, TCRS is ranked as either the top or second-best recoveries agent. Furthermore, the adjacent insurance, telecommunication and public sectors now contribute 27% of TCRS' local contingency and FFS revenue, compared to 20% in the prior year.

The acquisition of Recoveries Corporation has diversified this revenue stream further. This business generated approximately R370 million in hard currency revenue over nine months, from a diversified client base in the insurance (24%), telecommunication and utility (16%), banking (16%) and public (25%) sectors in Australia. Recoveries Corporation is the market leader in the Australian insurance recoveries sector, and will facilitate the growth of TCRS' insurance recoveries offering in South Africa.

Acquisition of non-performing loan portfolios as principal

The current economic climate and TCRS' data, scale and capital position favour the acquisition of non-performing loan portfolios in South Africa from risk averse clients who prefer an immediate recovery against their non-performing loans. TCRS acquired 29 portfolios with a face value of R5.2 billion for R356 million during the year. TCRS now owns 195 principal portfolios with a face value of R12.2 billion, valued at R891 million at 30 September 2017. This is up 22% from R728 million a year ago.

Estimated remaining collections are at R1.7 billion, up from R1.3 billion at 30 September 2016, which will support future performance.

TCRS continues to seek opportunities to apply its analytics, pricing expertise and capital to the selective purchase of non-performing loan portfolios in a highly fragmented Australian debt collection market.

COMMENTARY *continued*

Other activities

Payment services and account management

Transaction Capital Payment Solutions specialises in customised, innovative and flexible payment services, processing R27 billion in value per year via approximately 3 million disbursements and 7 million debit orders and non-authenticated early debit orders (NAEDOs) for over 1 200 clients.

Value added services, lead generation and customer acquisition

Through its acquisition of Road Cover, TCRS has entered the adjacent value-added services market segment in South Africa. Road Cover offers proprietary value-added services to the mass consumer market on a subscription basis. At a low cost, members have access to high quality legal and administrative services, including the administration of Road Accident Fund claims, Compensation for Occupational Injuries and Diseases Act claims and 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 sectors, and are also distributed to consumers as a standalone product via direct marketing channels.

SME financing and services

Transaction Capital Business Solutions (TCBS), incorporating The Beancounter, provides business support (including fully outsourced accounting, payroll and tax services through "software-as-a-service" technology to SMEs on a monthly retainer basis) and SME finance to small businesses that may not otherwise have access to credit, thereby facilitating both SME growth and job creation.

TCBS' main activity includes disclosed invoice discounting, incorporating the outsourced management of debtors' books, processing on average 450 000 invoices to the value of approximately R8.5 billion per year. Other SME financing activities include targeted trade and property finance. At 30 September 2017, gross loans and advances grew to R570 million, up 15%.

CONCLUSION

Before taking the business acquisitions into account, TCRS' cost-to-income ratio remained stable from the prior year. The technological and operational enhancements initiated in 2016, together with aggressive cost containment initiatives, contributed to this result.

Including the effects of the acquisitions, core headline earnings growth of 39% to R233 million was achieved for the year ended 30 September 2017. Solid organic growth, augmented by the earnings accretive business acquisitions, underpinned this result.

The impact of the foreign exchange translation loss on earnings from Recoveries Corporation was insignificant.

Group executive office

The group executive office contributed R41 million to the group's headline earnings for the 2017 financial year, resulting from efficient capital management and treasury functions relating to the excess capital of R650 million.

DIRECTORATE AND COMPANY SECRETARY

As previously communicated on SENS, Theresa Palos was appointed as company secretary with effect from 2 March 2017, replacing Statucor (Pty) Ltd. Olufunke Ighodaro was appointed as an independent non-executive director with effect from 1 April 2017 and Paul Miller was appointed as a non-executive director with effect from 1 July 2017. David Woollam and Dumisani Tabata resigned as independent non-executive directors with effect from 2 March 2017 and Moses Kgosana resigned as an independent non-executive director with effect from 8 September 2017.

DIVIDEND POLICY

The dividend policy has been amended to a reduced cover ratio of 2 to 2.5 times (previously 2.5 to 3 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.

PROSPECTS AND STRATEGY

Transaction Capital's strategy is to drive organic growth in each division through deep vertical integration within core and adjacent market segments. As SA Taxi and TCRS gain deeper insight into their respective sectors, underpinned by a maturing understanding of their social relevance, they are able to identify and create more value for all stakeholders.

This model is supported by the group's conservative approach to acquisitions, with a focus on acquiring and developing established platforms within these core and adjacent market segments. More than R500 million was deployed to fund the business acquisitions made in the year. The R419 million of equity capital raised thereafter has ensured that the group's balance sheet remains well capitalised, liquid and ungeared. With excess capital of around R650 million, the group has the flexibility for immediate cash settlement of any future acquisitions.

Despite difficult economic conditions, the performance of SA Taxi and TCRS has again demonstrated their defensive character. Robust organic growth of the group's high quality earnings, blended with the returns of the acquired businesses, will position Transaction Capital to continue to increase earnings and dividends in line with past performance.

Any forecast financial information has not been reviewed or reported on by the company's auditors.

DIVIDEND DECLARATION

Following the interim dividend of 15 cents per share (2016 interim: 12 cents per share), and in line with the new dividend policy, the board has declared a final gross cash dividend of 25 cents per share (2016: 18 cents per share) for the six months ended 30 September 2017 to those members on the record date appearing below. The dividend is declared out of income reserves. A dividend withholding tax of 20% will be applicable to the dividend to all shareholders that are not exempt from the dividend withholding tax, resulting in a net dividend of 20 cents per share.

The salient features applicable to the final dividend are as follows:

Issued shares as at declaration date	610 146 776
Declaration date	Tuesday 21 November 2017
Last day to trade cum dividend	Tuesday 5 December 2017
Ex-dividend	Wednesday 6 December 2017
Record date	Friday 8 December 2017
Payment date	Monday 11 December 2017

Tax reference number: 9466/298/15/6

Share certificates may not be dematerialised or rematerialised between Wednesday 6 December 2017 and Friday 8 December 2017, both dates inclusive.

On Monday 11 December 2017 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 11 December 2017 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 11 December 2017.

BASIS FOR PREPARATION

The auditors, Deloitte and Touche, have issued their opinions on the consolidated financial statements and the summarised consolidated financial statements for the year ended 30 September 2017. The audit was conducted in accordance with International Standards on Auditing. They have issued unmodified audit opinions.

The consolidated financial statements and summarised consolidated financial statements have been prepared under the supervision of R Goldstein (CA) SA. These results represent a summary of the complete set of audited consolidated financial statements of Transaction Capital approved on 21 November 2017. 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 for inspection at Transaction Capital's registered office.

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 of South Africa, no 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts 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 these summarised consolidated financial statements are in terms of IFRS and are consistent, in all material respects, with those details in Transaction Capital's prior year annual consolidated financial statements.

The auditor's report does not necessarily report on all of the information contained in this announcement. 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 accompanying financial information from the company's registered office.

COMMENTARY *continued*

APPROVAL BY THE BOARD OF DIRECTORS

Signed on behalf of the board of directors:

David Hurwitz
Chief executive officer

Ronen Goldstein
Financial director

21 November 2017

Enquiries: Phillipe Welthagen – Investor Relations
Telephone: +27 (0) 11 049 6700

Sponsor: RAND MERCHANT BANK (A division of FirstRand Bank Limited)

INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF TRANSACTION CAPITAL LIMITED

Opinion

The summary consolidated financial statements of Transaction Capital Limited, contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 30 September 2017, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Transaction Capital Limited for the year ended 30 September 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material aspects, with the audited consolidated financial statements of Transaction Capital Limited, in accordance with the requirements of the JSE Limited Listing Requirements for preliminary reports, set out in the Basis For Preparation paragraph of the summary consolidated financial statements, and the requirements of the Companies Act of South Africa applicable to summary financial statements.

Summary consolidated financial statements

The summary 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 summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Transaction Capital Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 November 2017. That report also includes:

> The communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary 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 summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary 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 whether the summary consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche
Registered Auditors

Per: Lito Nunes
Partner

21 November 2017
Johannesburg

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER

	2017 Audited Rm	2016 Audited Rm
Assets		
Cash and cash equivalents	**944**	1 276
Tax receivables	**22**	28
Trade and other receivables	**687**	472
Inventories	**212**	201
Loans and advances	**8 456**	7 190
Leased assets	**–**	40
Purchased book debts	**891**	728
Other loans receivable	**41**	35
Other investments	**–**	477
Intangible assets	**247**	93
Property and equipment	**150**	104
Goodwill	**1 165**	200
Deferred tax assets	**259**	247
Total assets	**13 074**	11 091
Liabilities		
Bank overdrafts	**136**	173
Tax payables	**19**	8
Trade and other payables	**584**	286
Provisions	**147**	14
Interest-bearing liabilities	**8 191**	7 477
Senior debt	**7 228**	6 512
Subordinated debt	**963**	965
Deferred tax liabilities	**225**	155
Total liabilities	**9 302**	8 113
Equity		
Ordinary share capital	**1 056**	510
Reserves	**34**	149
Retained earnings	**2 628**	2 285
Equity attributable to ordinary equity holders of the parent	**3 718**	2 944
Non-controlling interest	**54**	34
Total equity	**3 772**	2 978
Total equity and liabilities	**13 074**	11 091

SUMMARISED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Audited Rm	2016 Audited Rm
Interest and other similar income	**1 971**	1 688
Interest and other similar expense	**(964)**	(809)
Net interest income	**1 007**	879
Impairment of loans and advances	**(260)**	(209)
Risk-adjusted net interest income	**747**	670
Non-interest revenue	**1 937**	1 279
Operating costs	**(1 910)**	(1 348)
Non-operating loss	**(3)**	–
Profit before tax	**771**	601
Income tax expense	**(203)**	(138)
Profit for the year	**568**	463
Profit for the year attributable to:		
Ordinary equity holders of the parent	**555**	458
Non-controlling interests	**13**	5
Earnings per share (cents)		
Basic and headline earnings per share	**92.8**	80.6
Diluted basic and headline earnings per share	**92.2**	80.0

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Audited Rm	2016 Audited Rm
Profit for the year	**568**	463
Other comprehensive income		
Movement in cash flow hedging reserve	**(8)**	(3)
Fair value losses arising during the year	**(12)**	(4)
Deferred tax	**4**	1
Movement in equity instruments held at fair value	**(72)**	27
Exchange gains on translation of foreign operations	**15**	–
Total comprehensive income for the year	**503**	487
Total comprehensive income attributable to:		
Ordinary equity holders of the parent	**490**	482
Non-controlling interests	**13**	5

SUMMARISED CONSOLIDATED HEADLINE EARNINGS RECONCILIATION
FOR THE YEAR ENDED 30 SEPTEMBER

Headline earnings is equal to profit after tax for the year as there are no headline earnings adjustments required.

	2017 Audited Rm	2016 Audited Rm
Headline earnings	**555**	458
Transaction and other acquisition-related costs	**22**	–
Core headline earnings	**577**	458

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

	Share capital Audited Rm	Reserves Audited Rm	Retained earnings Audited Rm	Ordinary equity holders Audited Rm	Non-controlling interest Audited Rm	Total equity Audited Rm
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	–	24	–	24	–	**24**
Grant of share appreciation rights	–	16	–	16	–	**16**
Settlement of share appreciation rights	–	(13)	(29)	(42)	–	**(42)**
Dividends paid	–	–	(135)	(135)	(1)	**(136)**
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**
Total comprehensive income	**–**	**(65)**	**555**	**490**	**13**	**503**
Profit for the year	**–**	**–**	**555**	**555**	**13**	**568**
Other comprehensive income	**–**	**(65)**	**–**	**(65)**	**–**	**(65)**
Grant of share appreciation rights and conditional share plan	**–**	**18**	**–**	**18**	**–**	**18**
Settlement of share appreciation rights	**–**	**(20)**	**(64)**	**(84)**	**–**	**(84)**
Transfer to retained earnings	**–**	**(48)**	**48**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(196)**	**(196)**	**(3)**	**(199)**
Issue of shares	**557**	**–**	**–**	**557**	**–**	**557**
Repurchase of shares	**(11)**	**–**	**–**	**(11)**	**–**	**(11)**
Non-controlling interests arising on business combinations	**–**	**–**	**–**	**–**	**10**	**10**
Balance at 30 September 2017	**1 056**	**34**	**2 628**	**3 718**	**54**	**3 772**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Audited Rm	2016 Audited Rm
Cash flow from operating activities		
Cash generated by operations	**1 134**	908
Income taxes paid	**(51)**	(87)
Dividends received from insurance activities	**115**	71
Dividends paid	**(199)**	(136)
Cash flow from operating activities before changes in operating assets and liabilities	**999**	756
Increase in operating assets and liabilities	**(1 126)**	(727)
Loans and advances	**(1 572)**	(1 245)
Leased assets	**–**	(40)
Purchased book debts	**(280)**	(279)
Net proceeds from interest-bearing liabilities	**726**	837
Changes in working capital	**(238)**	(137)
Increase in inventories	**(127)**	(180)
(Increase)/decrease in trade and other receivables	**(223)**	10
Increase in trade and other payables	**112**	33
Net cash utilised by operating activities	**(365)**	(108)
Cash flow from investing activities		
Business combinations	**(226)**	(3)
Acquisition of property and equipment	**(66)**	(67)
Acquisition of intangible assets	**(70)**	(77)
Decrease in other investments	**–**	31
(Increase)/decrease in other loans receivable	**(6)**	221
Net cash (utilised)/generated by investing activities	**(368)**	105
Cash flow from financing activities		
Repurchase of shares	**(11)**	(11)
Issue of shares	**449**	–
Net cash generated/(utilised) by financing activities	**438**	(11)
Net decrease in cash and cash equivalents	**(295)**	(14)
Cash and cash equivalents at the beginning of the year*	**1 103**	1 117
Cash and cash equivalents at the end of year*	**808**	1 103

* *Cash and cash equivalents are presented net of bank overdrafts.*

SUMMARISED CONSOLIDATED SEGMENT REPORT
FOR THE YEAR ENDED 30 SEPTEMBER

	SA Taxi	
	2017 Audited Rm	2016 Audited Rm
Summarised income statement for the year ended 30 September 2017		
Net interest income	**885**	744
Impairment of loans and advances	**(253)**	(206)
Non-interest revenue	**427**	315
Operating costs	**(638)**	(541)
Non-operating loss	**–**	–
Profit before tax	**421**	312
Headline earnings attributable to equity holders of the parent	**303**	249
Once-off transaction and other acquisition-related costs	**–**	–
Core headline earnings attributable to equity holders of the parent	**303**	249
Summarised statement of financial position at 30 September 2017		
Assets		
Cash and cash equivalents	**608**	761
Loans and advances	**7 872**	6 675
Purchased book debts	**–**	–
Other investments	**–**	477
Other assets	**1 438**	964
Total assets	**9 918**	8 877
Liabilities		
Bank overdrafts	**136**	173
Interest-bearing liabilities	**6 879**	6 482
Group loans**	**1 164**	913
Other liabilities	**408**	167
Total liabilities	**8 587**	7 735
Total equity	**1 331**	1 142

* *Group executive office numbers are presented net of group consolidation entries.*

** *Of SA Taxi's total group loans of R1 164 million at 30 September 2017, R400 million is repayable on demand as part of the group's treasury management function. The remaining R764 million group loans is subordinated debt with fixed repayment terms. TCRS' total group loans of R107 million is repayable on demand.*

	Transaction Capital Risk Services		Group executive office*		Group	
	2017 Audited Rm	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm
	77	65	**45**	70	**1 007**	879
	(7)	(3)	**–**	–	**(260)**	(209)
	1 485	964	**25**	–	**1 937**	1 279
	(1 260)	(796)	**(12)**	(11)	**(1 910)**	(1 348)
	(3)	–	**–**	–	**(3)**	–
	292	230	**58**	59	**771**	601
	211	168	**41**	41	**555**	458
	22	–	**–**	–	**22**	–
	233	168	**41**	41	**577**	458
	161	72	**175**	443	**944**	1 276
	584	515	**–**	–	**8 456**	7 190
	891	728	**–**	–	**891**	728
	–	–	**–**	–	**–**	477
	1 327	364	**18**	92	**2 783**	1 420
	2 963	1 679	**193**	535	**13 074**	11 091
	–	–	**–**	–	**136**	173
	968	558	**344**	437	**8 191**	7 477
	107	230	**(1 271)**	(1 143)	**–**	–
	531	285	**36**	11	**975**	463
	1 606	1 073	**(891)**	(695)	**9 302**	8 113
	1 357	606	**1 084**	1 230	**3 772**	2 978

BUSINESS COMBINATIONS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Subsidiaries acquired

	Acquirer	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration for IFRS 3 purposes Rm
Recoveries Corporation Group Limited (Recoveries Corporation)*	Transaction Capital Risk Services	Consumer management solutions	31/12/2016	**100**	**477**
RC Value Added Services Proprietary Limited (Road Cover)*	Transaction Capital Risk Services	Proprietary value-added services	01/12/2016	**75**	**120**
The Beancounter Financial Services Proprietary Limited (The Beancounter)*	Transaction Capital Business Solutions	Outsourced accounting, payroll and tax services	01/12/2016	**51**	**10**
SA Taxi cell in Guardrisk International Limited PCC (SA Taxi cell captive)**	SA Taxi Development Finance	Insurance operations	30/06/2017	**100**	**497**

* *Refer to the announcements released on SENS on 14 November 2016 and 22 November 2016 for further detail with regards to these acquisitions.*

** *SA Taxi transferred its existing insurance business into a ring-fenced Protected Cell Company (PCC) in Mauritius. The PCC ring-fences SA Taxi's capital which triggers control and as such constitutes a business combination.*

Consideration for IFRS 3 purposes

	Recoveries Corporation Rm	Road Cover Rm	The Beancounter Rm	SA Taxi cell captive Rm	Total Rm
Cash	**377**	**120**	**10**	**–**	**507**
Contingent consideration arrangement*	**100**	**–**	**–**	**–**	**100**
Transfer of assets	**–**	**–**	**–**	**497**	**497**
Total	**477**	**120**	**10**	**497**	**1 104**

* *In terms of the contingent consideration arrangement at transaction date, the group was required to pay Recoveries Corporation a further potential AUD10 million over an earn-out period ending 31 October 2018. A maximum potential first earn-out payment of AUD2.5 million was payable at or about the end of October 2017 and AUD0.5 million is payable at or about the end of December 2017, subject to achieving certain profit warranties, with a maximum last earn-out payment of AUD7 million payable at or about the end of October 2018, again subject to achieving certain profit warranties. The present value of the contingent consideration on the date of acquisition was AUD9 million which represents the estimated fair value of this obligation at this date.*

There has been no material change in the fair value of the contingent consideration since the acquisition date to year-end, other than the unwinding of the time value of money. A first earn-out payment of AUD2.4 million (of AUD2.5 million) was made on 3 October 2017.

Acquisition-related costs amounting to R22.5 million (Recoveries Corporation R20.5 million, Road Cover R1.4 million, The Beancounter R0.1 million and SA Taxi's cell captive R0.5 million) have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the current year.

Assets acquired and liabilities recognised at the date of acquisition

	Recoveries Corporation Rm	Road Cover Rm	The Beancounter Rm	SA Taxi cell captive Rm	Total Rm
Current assets					
Cash and cash equivalents	21	4	–	256	281
Trade and other receivables	72	–	1	37	110
Tax receivables	4	–	–	4	8
Non-current assets					
Property and equipment	16	2	–	–	18
Goodwill	147	–	–	–	147
Deferred tax assets	14	1	–	54	69
Current liabilities					
Provisions	(30)	–	–	(294)	(324)
Trade and other payables	(76)	(6)	(1)	(5)	(88)
Net assets acquired and liabilities recognised	168	1	–	52	221

The initial accounting for the acquisition of Recoveries Corporation has been provisionally determined at the end of the reporting period. For tax purposes, the tax values of certain Recoveries Corporation assets are required to be reset based on the market values of the assets at the date of acquisition. At the date of finalisation of the year-end results, the necessary market valuations and other calculations from a tax perspective had not been finalised and have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

The receivables acquired in these transactions have a fair value of R110 million. The receivables acquired compromise principally of trade receivables with a gross contractual amount of R96 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is R4 million.

Non-controlling interests

The non-controlling interests in Road Cover (25%) and The Beancounter (49%) were measured at acquisition date at the non-controlling interests' proportionate share of the identifiable net assets.

Goodwill arising on acquisition

	Recoveries Corporation Rm	Road Cover Rm	The Beancounter Rm	SA Taxi cell captive Rm	Total Rm
Consideration for IFRS 3 purposes	477	120	10	497	1 104
Plus: non-controlling interests (25% in Road Cover, 49% in The Beancounter)	–	9	<1	–	9
Less: intangible assets identified from business combinations	(61)	(40)	(2)	(13)	(116)
Plus: deferred tax on intangible assets identified from business combinations	14	9	1	4	28
Plus: contingent liabilities raised in terms of IFRS 3	–	3	–	–	3
Less: fair value of identifiable net assets acquired	(168)	(1)	–	(52)	(221)
Goodwill arising on acquisition	262	100	9	436	807

The consideration paid for the business combinations effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Recoveries Corporation, Road Cover, The Beancounter and SA Taxi's cell captive. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

On acquisition of Road Cover, and in accordance with the requirements of IFRS 3, the group recognised an additional contingent liability of R3 million in respect of historic subscriber claims at acquisition date for which the costs associated with the settlement of claims is uncertain. The contingent liability was measured with reference to historic trend analysis of costs incurred associated with subscriber claims at the acquisition date and, if an outflow occurs, it is expected to be settled within 18 months of the acquisition date. There has been no change in the fair value of the contingent liability since the acquisition date.

Net cash outflow on acquisition of subsidiaries

	Rm
Consideration paid in cash	**507**
Less: cash and cash equivalent balance acquired	**(281)**
Net cash outflow	**226**

Impact of acquisitions on the results of the group

Included in profit attributable to equity holders of the group for the year, excluding acquisition costs, is R28 million attributable to Recoveries Corporation, R16 million attributable to Road Cover and R1 million attributable to The Beancounter. Revenue for the year includes R372 million in respect of Recoveries Corporation, R62 million in respect of Road Cover and R10 million in respect of The Beancounter.

Had these business combinations been effected at 1 October 2016, revenue for the group would have been R4 056 million, and the profit for the year attributable to equity holders of the group would have been R566 million. The directors consider these pro forma numbers to represent approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

The acquisition made by the SA Taxi group related to the insurance business resulted in control of the Protected Cell and the ring-fencing of the capital. The change in control resulted in full consolidation of the insurance business, represented by gross premiums earned of R557 million for the year, with no resultant impact on the profit after tax of the insurance business.

FAIR VALUE DISCLOSURE
FOR THE YEAR ENDED 30 SEPTEMBER

The fair values of financial assets and financial liabilities are disclosed below:

	Carrying value 2017 Rm	Fair value 2017 Rm	Carrying value 2016 Rm	Fair value 2016 Rm
Assets				
Loans and advances	**8 456**	**8 454**	7 190	7 191
Purchased book debts	**891**	**891**	728	728
Other loans receivable	**41**	**41**	35	35
Trade and other receivables*	**580**	**580**	413	413
Cash and cash equivalents	**944**	**944**	1 276	1 276
Total	**10 912**	**10 910**	9 642	9 643
Liabilities				
Interest-bearing liabilities	**8 191**	**8 571**	7 477	7 459
– Fixed rate liabilities	**25**	**25**	427	426
– Floating rate liabilities	**8 166**	**8 546**	7 050	7 033
Trade and other payables**	**512**	**512**	228	228
Bank overdrafts	**136**	**136**	173	173
Total	**8 839**	**9 219**	7 878	7 860
Net exposure	**2 073**	**1 691**	1 764	1 783

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

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

FAIR VALUE DISCLOSURE *continued*

LEVEL DISCLOSURES

	2017			
	Level 1 Rm	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**
Financial assets at fair value through profit or loss				
Loans and advances: entry-level vehicles	**–**	**–**	**26**	**26**
Other financial assets	**–**	**–**	**62**	**62**
Financial assets at fair value through other comprehensive income				
Derivatives	**–**	**53**	**–**	**53**
Total financial assets	**–**	**53**	**88**	**141**
Financial liabilities at fair value through profit or loss				
Trade and other payables	**–**	**–**	**100**	**100**
Financial liabilities at fair value through other comprehensive income				
Derivatives	**–**	**4**	**–**	**4**
Total financial liabilities	**–**	**4**	**100**	**104**

	2016			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit or loss				
Loans and advances: entry-level vehicles	–	–	62	62
Other financial assets	–	–	158	158
Financial assets at fair value through other comprehensive income				
Derivatives	–	73	–	73
Other investments	–	–	477	477
Total financial assets	–	73	697	770

Reconciliation of level 3 fair value measurements of financial assets

	2017		
	Fair value through profit or loss Rm	**Fair value through other comprehensive income Rm**	**Total Rm**
Opening balance	**220**	**477**	**697**
Total gains or losses			
In profit or loss	**(19)**	**–**	**(19)**
In other comprehensive income	**–**	**(72)**	**(72)**
Capital deployed to cell	**–**	**92**	**92**
Business combination	**–**	**(497)**	**(497)**
Other movements*	**(113)**	**–**	**(113)**
Closing balance of fair value measurement	**88**	**–**	**88**

	2016		
	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Opening balance	267	343	610
Total gains or losses			
In profit or loss	(83)	–	(83)
In other comprehensive income	–	27	27
Other movements*	36	–	36
Closing balance of fair value measurement	220	370	590
Capital deployed to cell	–	107	107
Closing balance of financial instrument	220	477	697

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

FAIR VALUE DISCLOSURE *continued*

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 are most impacted by 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 of the asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes a reasonable range of possible outcomes.

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

	2017		2016	
SA Taxi – loans and advances: entry-level vehicles	**10% Favourable Rm**	**10% Unfavourable Rm**	10% Favourable Rm	10% Unfavourable Rm
Significant unobservable input and description of assumption				
Average probability of default	**12**	**(3)**	17	(35)
Average loss given write-off	**12**	**(12)**	38	(35)
Average collateral value	**1**	**(1)**	2	(2)
Discount rate: the rate used to discount projected future cash flows to present value	**1**	**(1)**	3	(3)
Average effective interest rate	**1**	**(1)**	3	(3)
Total	**27**	**(18)**	63	(78)

	2017		2016	
SA Taxi – investment in unlisted entity	**10% Favourable Rm**	**10% Unfavourable Rm**	10% Favourable Rm	10% Unfavourable Rm
Significant unobservable input and description of assumption				
Premium per policy: average insurance premium per policy in a year	**–**	**–**	17	(17)
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)
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)
Discount rate: the rate used to discount projected future cash flows to present value	**–**	**–**	18	(16)
Total	**–**	**–**	129	(127)

	2017		2016	
Transaction Capital Recoveries – other financial assets	**10% Favourable Rm**	**10% Unfavourable Rm**	10% Favourable Rm	10% Unfavourable Rm
Significant unobservable input and description of assumption				
Cash flows: change in the expected revenue	**–**	**–**	–	(1)
Cash flows: change in expected costs	**–**	**–**	1	(1)
Discount rate: the rate used to discount projected future cash flows to present value	**<1**	**<(1)**	4	(3)
Total	**<1**	**<(1)**	5	(5)

2017

TRANSACTION CAPITAL GROUP DATA SHEET

FOR THE YEAR ENDED 30 SEPTEMBER

Transaction Capital

GROUP DATA SHEET

All numbers and ratios presented in this data sheet are inclusive of the consolidated results of recent acquisitions from effective acquisition date and exclude transaction and other acquisition-related costs of R22 million.

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
TRANSACTION CAPITAL GROUP						
Summarised consolidated income statement						
Interest and other similar income	Rm	**1 971**	1 688	1 504	**17%**	12%
Interest and other similar expense	Rm	**(964)**	(809)	(683)	**19%**	18%
Net interest income	Rm	**1 007**	879	821	**15%**	7%
Impairment of loans and advances	Rm	**(260)**	(209)	(233)	**24%**	(10%)
Risk-adjusted net interest income	Rm	**747**	670	588	**11%**	14%
Non-interest revenue	Rm	**1 937**	1 279	1 195	**51%**	7%
Core operating costs	Rm	**(1 888)**	(1 348)	(1 295)	**40%**	4%
Advertising, marketing and public relations	Rm	**(12)**	(11)	(9)	**9%**	22%
Amortisation of intangible assets	Rm	**(31)**	(13)	(7)	**>100%**	86%
Amortisation of principal book portfolio	Rm	**(117)**	(112)	(130)	**4%**	(14%)
Audit fees	Rm	**(17)**	(11)	(12)	**55%**	(8%)
Bank charges	Rm	**(20)**	(14)	(12)	**43%**	17%
Commissions paid	Rm	**(19)**	(17)	(12)	**12%**	42%
Communication costs	Rm	**(79)**	(56)	(60)	**41%**	(7%)
Consulting fees	Rm	**(32)**	(23)	(14)	**39%**	64%
Depreciation	Rm	**(32)**	(22)	(17)	**45%**	29%
Directors' emoluments	Rm	**(10)**	(8)	(10)	**25%**	(20%)
Electricity and water	Rm	**(19)**	(14)	(12)	**36%**	17%
Employee expenses	Rm	**(1 050)**	(704)	(671)	**49%**	5%
Fees paid	Rm	**(39)**	(34)	(30)	**15%**	13%
Handling, logistics and storage	Rm	**(38)**	(40)	(31)	**(5%)**	29%
Information technology	Rm	**(40)**	(29)	(24)	**38%**	21%
VAT disallowed	Rm	**(28)**	(30)	(29)	**(7%)**	3%
Operating lease rentals	Rm	**(70)**	(30)	(39)	**>100%**	(23%)
Professional fees	Rm	**(16)**	(15)	(14)	**7%**	7%
Risk management	Rm	**(18)**	(12)	(11)	**50%**	9%
Staff welfare	Rm	**(21)**	(12)	(13)	**75%**	(8%)
Travel	Rm	**(16)**	(12)	(13)	**33%**	(8%)
Training and seminars	Rm	**(12)**	(7)	(8)	**71%**	(13%)
Other	Rm	**(152)**	(122)	(117)	**25%**	4%
Core operating income	Rm	**796**	601	488	**32%**	23%
Non-operating (loss)/profit	Rm	**(3)**	–	14	**100%**	(100%)
Equity accounted loss	Rm	**–**	–	(3)	**n/a**	(100%)
Core profit before tax	Rm	**793**	601	499	**32%**	20%
Income tax expense	Rm	**(203)**	(138)	(94)	**47%**	47%
Core profit for the year	Rm	**590**	463	405	**27%**	14%
Core profit for the year attributable to:	Rm	**590**	463	405	**27%**	14%
Ordinary equity holders	Rm	**577**	458	401	**26%**	14%
Non-controlling interests	Rm	**13**	5	4	**>100%**	25%
Transaction and other acquisition-related costs	Rm	**22**	–	–	**100%**	n/a

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
TRANSACTION CAPITAL GROUP continued						
Core headline earnings						
Core profit attributable to ordinary equity holders	Rm	**577**	458	401	**26%**	14%
Adjusted for:						
Profit on disposal of joint venture	Rm	**–**	–	(8)	**n/a**	100%
Core headline earnings	Rm	**577**	458	393	**26%**	17%
Summarised consolidated statement of financial position						
Assets						
Cash and cash equivalents	Rm	**944**	1 276	1 169	**(26%)**	9%
Inventories	Rm	**212**	201	21	**5%**	>100%
Loans and advances	Rm	**8 456**	7 190	6 160	**18%**	17%
Purchased book debts	Rm	**891**	728	561	**22%**	30%
Other investments	Rm	**–**	477	481	**(100%)**	(1%)
Intangible assets	Rm	**247**	93	32	**>100%**	>100%
Goodwill	Rm	**1 165**	200	197	**>100%**	2%
Property and equipment	Rm	**150**	104	60	**44%**	73%
Other assets	Rm	**1 009**	822	1 022	**23%**	(20%)
Total assets	Rm	**13 074**	11 091	9 703	**18%**	14%
Liabilities						
Bank overdrafts	Rm	**136**	173	52	**(21%)**	>100%
Interest-bearing liabilities	Rm	**8 191**	7 477	6 640	**10%**	13%
Senior debt	Rm	**7 228**	6 512	5 446	**11%**	20%
Subordinated debt	Rm	**963**	965	1 194	**(0%)**	(19%)
Other liabilities	Rm	**975**	463	400	**>100%**	16%
Total liabilities	Rm	**9 302**	8 113	7 092	**15%**	14%
Equity						
Equity attributable to ordinary equity holders of the parent	Rm	**3 718**	2 944	2 581	**26%**	14%
Non-controlling interests	Rm	**54**	34	30	**59%**	13%
Total equity	Rm	**3 772**	2 978	2 611	**27%**	14%
Total equity and liabilities	Rm	**13 074**	11 091	9 703	**18%**	14%
Shareholder statistics						
Number of shares	m	**610.1**	571.9	568.1	**7%**	1%
Weighted average number of shares in issue	m	**598.3**	568.5	569.3	**5%**	(0%)
Core headline earnings per share	cents	**96.4**	80.6	69.0	**20%**	17%
Net asset value per share	cents	**609.4**	514.8	454.4	**18%**	13%
Interim dividend per share	cents	**15.0**	12.0	10.0	**25%**	20%
Final dividend per share	cents	**25.0**	18.0	12.0	**39%**	50%
Total dividend per share	cents	**40.0**	30.0	22.0	**33%**	36%
Total core dividend cover	times	**2.4**	2.7	3.1		

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
TRANSACTION CAPITAL GROUP continued						
Capital adequacy						
Equity	Rm	**3 772**	2 978	2 611	**27%**	14%
Subordinated debt	Rm	**963**	965	1 194	**(0%)**	(19%)
Total capital	Rm	**4 735**	3 943	3 805	**20%**	4%
Less: goodwill	Rm	**(1 165)**	(200)	(197)	**>100%**	2%
Total capital less goodwill	Rm	**3 570**	3 743	3 608	**(5%)**	4%
Total assets less goodwill and cash and cash equivalents	Rm	**10 965**	9 615	8 337	**14%**	15%
Capital adequacy ratio	%	**32.6**	38.9	43.3		
Equity	%	**23.8**	28.9	29.0		
Subordinated debt	%	**8.8**	10.0	14.3		
Performance indicators						
Total income	Rm	**3 908**	2 967	2 699	**32%**	10%
Core cost-to-income ratio	%	**64.1**	62.5	64.2		
Average cost of borrowing	%	**12.0**	11.3	10.7		
Core return on average assets	%	**4.8**	4.4	4.4		
Core return on average equity	%	**17.2**	16.9	16.7		
Average assets	Rm	**12 391**	10 422	9 135	**19%**	14%
Average equity	Rm	**3 364**	2 718	2 422	**24%**	12%
Average interest-bearing liabilities	Rm	**8 009**	7 142	6 367	**12%**	12%
Gearing	times	**3.5**	3.8	3.8		
Debt funders	number	**42**	35	25	**20%**	40%
Credit rating						
Transaction Capital R2 billion Domestic Note Programme (GCR rated)						
Long-term		**A-(ZA)**	n/a	n/a		
Short-term		**A1-(ZA)**	n/a	n/a		
Employees	number	**4 095**	3 260	3 913	**26%**	(17%)
SA TAXI						
Summarised income statement						
Interest and other similar income	Rm	**1 765**	1 486	1 290	**19%**	15%
Interest and other similar expense	Rm	**(880)**	(742)	(618)	**19%**	20%
Net interest income	Rm	**885**	744	672	**19%**	11%
Impairment of loans and advances	Rm	**(253)**	(206)	(233)	**23%**	(12%)
Non-interest revenue	Rm	**427**	315	242	**36%**	30%
Operating costs	Rm	**(638)**	(541)	(445)	**18%**	22%
Profit before tax	Rm	**421**	312	236	**35%**	32%
Total income	Rm	**2 192**	1 801	1 532	**22%**	18%
Pre-provision profit	Rm	**674**	518	469	**30%**	10%
Profit after tax	Rm	**309**	254	212	**22%**	20%
Profit and headline earnings for the year attributable to:	Rm	**309**	254	212	**22%**	20%
Ordinary equity holders	Rm	**303**	249	208	**22%**	20%
Non-controlling interests	Rm	**6**	5	4	**20%**	25%

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
SA TAXI continued						
Other information						
Depreciation	Rm	**15**	12	7	**25%**	71%
Amortisation of intangible assets	Rm	**10**	6	3	**67%**	100%
Summarised statement of financial position						
Assets						
Cash and cash equivalents	Rm	**608**	761	594	**(20%)**	28%
Inventories	Rm	**212**	201	17	**5%**	>100%
Loans and advances	Rm	**7 872**	6 675	5 703	**18%**	17%
Other investments	Rm	**–**	477	481	**(100%)**	(1%)
Intangible assets	Rm	**44**	30	14	**47%**	>100%
Goodwill	Rm	**499**	63	60	**>100%**	5%
Property and equipment	Rm	**79**	71	33	**11%**	>100%
Other assets	Rm	**604**	599	626	**1%**	(4%)
Total assets	Rm	**9 918**	8 877	7 528	**12%**	18%
Liabilities						
Bank overdrafts	Rm	**136**	173	44	**(21%)**	>100%
Interest-bearing liabilities	Rm	**6 879**	6 482	5 429	**6%**	19%
Senior debt	Rm	**6 292**	5 991	5 011	**5%**	20%
Subordinated debt	Rm	**587**	491	418	**20%**	17%
Group loans*	Rm	**1 164**	913	1 019	**27%**	(10%)
Other liabilities	Rm	**408**	167	134	**>100%**	25%
Total liabilities	Rm	**8 587**	7 735	6 626	**11%**	17%
Segment net assets	Rm	**1 331**	1 142	902	**17%**	27%
Capital adequacy						
Equity	Rm	**1 331**	1 142	902	**17%**	27%
Group loans*	Rm	**764**	913	1 019	**(16%)**	(10%)
Subordinated debt	Rm	**587**	491	418	**20%**	17%
Total capital	Rm	**2 682**	2 546	2 339	**5%**	9%
Less: goodwill	Rm	**(499)**	(63)	(60)	**>100%**	5%
Total capital less goodwill	Rm	**2 183**	2 483	2 279	**(12%)**	9%
Total assets less goodwill and cash and cash equivalents	Rm	**8 811**	8 053	6 874	**9%**	17%
Capital adequacy ratio	%	**24.8**	30.8	33.2		
Equity	%	**18.1**	24.7	27.1		
Subordinated debt	%	**6.7**	6.1	6.1		

* *Of the total group loans at 30 September 2017 of R1 164 million, R400 million is repayable on demand as part of the group's treasury management function and as such has been excluded from the capital adequacy calculation. The remaining R764 million group loans is subordinated debt with fixed repayment terms.*

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
SA TAXI continued						
Financial measures						
Net interest margin	%	**11.4**	11.1	11.3		
Risk-adjusted net interest margin	%	**8.2**	8.0	7.4		
Cost-to-income ratio	%	**48.6**	51.1	48.7		
Average cost of borrowing	%	**11.4**	10.6	10.0		
Gearing	times	**7.7**	8.0	8.6		
Debt funders	number	**41**	34	25	**21%**	36%
Return on average assets	%	**3.3**	3.1	3.0		
Return on average equity	%	**25.3**	25.5	28.4		
Weighted average interest rate at origination	%	**24.4**	25.2	23.9		
Average assets	Rm	**9 410**	8 259	6 999	**14%**	18%
Average equity	Rm	**1 199**	996	750	**20%**	33%
Average gross loans and advances	Rm	**7 786**	6 697	5 958	**16%**	12%
Average interest-bearing liabilities	Rm	**7 704**	7 006	6 173	**10%**	13%
Employees	number	**965**	840	627	**15%**	34%
Operational measures						
Status						
Number of loans	number	**28 724**	26 352	25 033	**9%**	5%
Gross loans and advances	Rm	**8 303**	7 151	6 238	**16%**	15%
Impairment provision	Rm	**(431)**	(476)	(535)	**(9%)**	(11%)
Net loans and advances	Rm	**7 872**	6 675	5 703	**18%**	17%
Leases/repossessions (loans and advances, on value)	%	**98/2**	95/5	96/4		
Premium/entry-level (gross loans and advances, on value)	%	**100/0**	99/1	98/2		
Originations						
Number of loans originated	number	**7 480**	6 866	6 005	**9%**	14%
Value of loans originated	Rm	**2 901**	2 409	1 931	**20%**	25%
New vehicle originations	Rm	**2 236**	1 819	1 375	**23%**	32%
Average loan term at origination	months	**67**	67	67	**0%**	0%
Average remaining loan term	months	**47**	44	40	**7%**	10%
% New/existing client (on value)	%	**74/26**	73/27	76/24		
Average origination value	R	**387 807**	350 930	321 565	**11%**	9%
Credit performance						
Credit loss ratio	%	**3.2**	3.1	3.9		
After tax credit loss coverage	times	**2.3**	3.1	3.1		
Provision coverage	%	**5.2**	6.7	8.6		
Non-performing loans	Rm	**1 421**	1 242	1 138	**14%**	9%
Non-performing loan ratio	%	**17.1**	17.4	18.2		

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
SA TAXI continued						
Insurance performance						
Financed: annualised new written premium	Rm	**231**	200	n/a	**16%**	n/a
Non-financed: annualised new written premium	Rm	**52**	46	n/a	**13%**	n/a
Products per insured client	number	**1.8**	1.7	n/a	**6%**	n/a
Credit ratings						
Transsec 1 R4 billion Asset Backed Note Programme (S&P rated)						
Class A Notes		**zaAA(sf)**	zaAAA(sf)	zaAAA(sf)		
Class B Notes		**zaAA(sf)**	zaAA(sf)	zaAA(sf)		
Class C Notes		**zaAA(sf)**	zaA(sf)	zaA(sf)		
Class D Notes		**zaA+(sf)**	zaBBB-(sf)	zaBBB-(sf)		
Transsec 2 R4 billion Asset Backed Note Programme (S&P rated)						
Class A Notes		**zaAA(sf)**	zaAAA(sf)	n/a		
Class B Notes		**zaAA-(sf)**	zaA(sf)	n/a		
Class C Notes		**zaA(sf)**	zaBBB(sf)	n/a		
Transsec 3 R2.5 billion Asset Backed Note Programme (Moody's rated)						
Class A1 Notes		**P-1.za(sf)**	n/a	n/a		
Class A2 Notes		**Aaa.za(sf)**	n/a	n/a		
Class A3 Notes		**Aaa.za(sf)**	n/a	n/a		
Class B Notes		**Aa3.za(sf)**	n/a	n/a		
Environment						
Estimated minibus taxi market ('000)	vehicles	**>200**	200	200		
Estimated minibus taxi market – financed ('000)	vehicles	**70**	70	70		
Price of a new Toyota Sesfikile (petrol)	R	**401 300**	393 500	346 300	**2%**	14%
Average repo rate	%	**7.0**	6.7	5.8		
Average petrol price per litre	R	**13.00**	12.29	12.40	**6%**	(1%)

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
TRANSACTION CAPITAL RISK SERVICES (TCRS)						
Summarised income statement						
Interest and other similar income	Rm	**175**	136	133	**29%**	2%
Interest and other similar expense	Rm	**(98)**	(71)	(62)	**38%**	15%
Net interest income	Rm	**77**	65	71	**18%**	(8%)
Impairment of loans and advances	Rm	**(7)**	(3)	–	**>100%**	>100%
Non-interest revenue	Rm	**1 485**	964	953	**54%**	1%
Core operating costs	Rm	**(1 238)**	(796)	(845)	**56%**	(6%)
Equity accounted loss	Rm	**–**	–	(3)	**n/a**	(100%)
Non-operating (loss)/profit	Rm	**(3)**	–	14	**100%**	(100%)
Core profit before tax	Rm	**314**	230	190	**37%**	21%
Total income	Rm	**1 660**	1 100	1 086	**51%**	1%
Core profit after tax	Rm	**240**	168	142	**43%**	18%
Core profit for the year attributable to:	Rm	**240**	168	134	**43%**	25%
Ordinary equity holders	Rm	**233**	168	134	**39%**	25%
Non-controlling interests	Rm	**7**	–	–	**100%**	n/a
Core headline earnings						
Core profit attributable to ordinary equity holders	Rm	**233**	168	142	**39%**	18%
Adjusted for:						
Profit on disposal of joint venture	Rm	**–**	–	(8)	**n/a**	(100%)
Core headline earnings	Rm	**233**	168	134	**39%**	25%
Core headline earnings (pre-acquisition)	Rm	**188**	168	134	**12%**	25%
Transaction and other acquisition-related costs	Rm	**22**	–	–	**100%**	n/a
Core EBITDA (excluding Transaction Capital Business Solutions (TCBS))	Rm	**331**	239	188	**38%**	27%
Other information						
Depreciation	Rm	**16**	9	8	**78%**	13%
Amortisation of intangible assets	Rm	**21**	7	3	**>100%**	>100%

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
TCRS continued						
Summarised statement of financial position						
Assets						
Cash and cash equivalents	Rm	**161**	72	57	**>100%**	26%
Loans and advances	Rm	**584**	515	457	**13%**	13%
Purchased book debts	Rm	**891**	728	561	**22%**	30%
Property and equipment	Rm	**69**	30	23	**>100%**	30%
Intangible assets	Rm	**203**	63	20	**>100%**	>100%
Goodwill	Rm	**669**	76	71	**>100%**	7%
Other assets	Rm	**386**	195	185	**98%**	5%
Total assets	Rm	**2 963**	1 679	1 374	**76%**	22%
Liabilities						
Bank overdrafts	Rm	**–**	–	8	**n/a**	(100%)
Interest-bearing liabilities	Rm	**968**	558	467	**73%**	19%
Senior debt	Rm	**968**	558	467	**73%**	19%
Group loans*	Rm	**107**	230	166	**(53%)**	39%
Other liabilities	Rm	**531**	285	246	**86%**	16%
Total liabilities	Rm	**1 606**	1 073	887	**50%**	21%
Segment net assets	Rm	**1 357**	606	487	**>100%**	24%

* *The total group loans at 30 September 2017 of R107 million is repayable on demand as part of the group's treasury management function.*

Financial measures						
Non-interest revenue net of amortisation	Rm	**1 368**	852	823	**61%**	4%
Core cost-to-income ratio	%	**79.3**	77.4	82.5		
Average cost of borrowing	%	**9.7**	10.1	8.8		
Core return on average assets	%	**9.4**	11.3	9.9		
Core return on average equity	%	**22.2**	31.5	27.8		
Core return on average assets excluding TCBS	%	**11.1**	15.0	13.0		
Core return on sales	%	**14.5**	15.3	13.1		
Average assets	Rm	**2 565**	1 482	1 437	**73%**	3%
Average equity	Rm	**1 051**	534	510	**97%**	5%
Average interest-bearing liabilities	Rm	**1 008**	701	705	**44%**	(1%)
Employees	number	**3 102**	2 395	3 265	**30%**	(27%)

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
TCRS continued						
Operational measures						
Contingency and fee-for-service (FFS)/principal collections revenue split	%	**63/37**	47/53	49/51		
TCRS South Africa						
Number of contingency and FFS clients	number	**86**	83	81	**4%**	2%
Number of direct staff	number	**2 017**	2 035	2 787	**(1%)**	(27%)
Call centres	number	**7**	6	11	**17%**	(45%)
Assets under management	Rb	**33.2**	35.4	35.4	**(6%)**	0%
Contingency and FFS	Rb	**21.0**	16.1	19.4	**30%**	(17%)
Principal	Rb	**12.2**	19.3	16.0	**(37%)**	21%
Average book value of purchased book debts	Rm	**884**	599	538	**48%**	11%
Asset turnover ratio	%	**52.1**	71.1	71.7		
Estimated remaining collections	Rm	**1 673**	1 313	1 034	**27%**	27%
TCRS Australia						
Number of contingency and FFS clients	number	**41**	n/a	n/a	**n/a**	n/a
Number of direct staff	number	**543**	n/a	n/a	**n/a**	n/a
Call centres	number	**2**	n/a	n/a	**n/a**	n/a
Assets under management	Rb	**9.6**	n/a	n/a	**n/a**	n/a
Contingency and FFS	Rb	**9.6**	n/a	n/a	**n/a**	n/a
TCBS						
Gross loans and advances	Rm	**570**	497	433	**15%**	15%
Impairment provision	Rm	**(8)**	(11)	(11)	**(27%)**	0%
Loans and advances	Rm	**562**	486	422	**16%**	15%
Servicer ratings						
Primary Servicer (GCR rated)		**SQ1-(ZA)**	SQ1-(ZA)	SQ2+(ZA)		
Special Servicer (GCR rated)		**SQ1(ZA)**	SQ1(ZA)	SQ1-(ZA)		
Environment: South Africa*						
Credit active consumers (million)	number	**24.7**	23.9	23.1	**3%**	3%
Non-performing credit consumers (million)	number	**9.7**	9.6	10.4	**1%**	(8%)
Household debt to income	%	**72.6**	74.8	77.3		
Unemployment rate	%	**27.7**	27.1	25.5		

* *Latest available published information at time of reporting.*

		Year ended 30 September			Movement	
		2017	2016	2015	**2017**	2016
GROUP EXECUTIVE OFFICE*						
Summarised income statement						
Net interest income	Rm	**45**	70	78	**(36%)**	(10%)
Non-interest revenue	Rm	**25**	–	–	**100%**	n/a
Operating costs	Rm	**(12)**	(11)	(5)	**9%**	>100%
Profit before tax	Rm	**58**	59	73	**(2%)**	(19%)
Profit after tax	Rm	**41**	41	51	**0%**	(20%)
Headline earnings	Rm	**41**	41	51	**0%**	(20%)
Other information						
Depreciation	Rm	**1**	1	–	**0%**	100%
Summarised statement of financial position						
Assets						
Cash and cash equivalents	Rm	**175**	443	518	**(60%)**	(14%)
Property and equipment	Rm	**2**	3	4	**(33%)**	(25%)
Other assets	Rm	**16**	89	279	**(82%)**	(68%)
Total assets	Rm	**193**	535	801	**(64%)**	(33%)
Liabilities						
Interest-bearing liabilities	Rm	**344**	437	744	**(21%)**	(41%)
Group loans	Rm	**(1 271)**	(1 143)	(1 185)	**11%**	(4%)
Other liabilities	Rm	**36**	11	20	**>100%**	(45%)
Total liabilities	Rm	**(891)**	(695)	(421)	**28%**	65%
Segment net assets	Rm	**1 084**	1 230	1 222	**(12%)**	1%
Employees	number	**28**	25	21	**12%**	19%

* *Group executive office numbers are presented net of group consolidation entries.*

FORMULAE AND DEFINITIONS

ITEM	DEFINITION
After tax credit loss coverage	Provision coverage divided by after tax credit loss ratio
Asset turnover ratio	Gross principal book revenue expressed as a percentage of average carrying value of purchased book debts
Average equity attributable to ordinary equity holders of the parent	Sum of equity attributable to ordinary equity holders of the parent at the end of each month from September to September divided by 13
Average gross loans and advances	Sum of gross loans and advances at the end of each month from September to September divided by 13
Average interest-bearing liabilities	Sum of interest-bearing liabilities at the end of each month from September to September divided by 13
Average assets	Sum of assets at the end of each month from September to September divided by 13
Average cost of borrowing	Interest expense expressed as a percentage of average interest-bearing liabilities
Capital adequacy ratio	Total equity plus subordinated debt capital less goodwill expressed as a percentage of total assets less goodwill and cash and cash equivalents
Core cost-to-income ratio	Core operating costs expressed as a percentage of net interest income plus non-interest revenue
Core headline earnings	Headline earnings excluding transaction and other acquisition-related costs
Core headline earnings per share	Core headline earnings divided by weighted average number of ordinary shares in issue
Core operating costs	Operating costs excluding transaction and other acquisition-related costs
Core profit for the year	Profit for the year excluding transaction and other acquisition-related costs
Core return on average assets	Core profit for the year expressed as a percentage of average assets
Core return on average equity	Core profit for the year attributable to ordinary equity holders of the parent expressed as a percentage of average equity attributable to ordinary equity holders of the parent
Core return on sales	Core profit for the year expressed as a percentage of total income
Cost-to-income ratio	Total operating costs expressed as a percentage of net interest income plus non-interest revenue
Credit loss ratio	Impairment of loans and advances expressed as a percentage of average gross loans and advances
EBITDA	Profit before net interest income, tax, depreciation and amortisation of intangible assets (specifically excluding amortisation of purchased book debts) excluding Transaction Capital Business Solutions
Effective tax rate	Income tax expense expressed as a percentage of profit before tax
Entry-level vehicles	Vehicles brands: CAM, CMC, Jinbei, King Long, Polar Sun, Foton, Force Traveller, Peugeot
Estimated remaining collections	Estimated undiscounted value of remaining gross cash collections of purchased book debts, estimated to be recovered over the next 96 months
Gearing	Total assets divided by equity attributable to ordinary equity holders of the parent expressed in times

ITEM	DEFINITION
Gross loans and advances	Gross loans and advances exclude the value of the written-off book brought back on to the balance sheet
Gross yield on average assets	Total income divided by average assets
Gross yield on average gross loans and advances	Total income divided by average gross loans and advances
Headline earnings	Headline earnings is defined and calculated as per the circular titled Headline Earnings as issued by the South African Institute of Chartered Accountants (SAICA) as amended from time to time, currently being basic earnings attributable to ordinary shareholders adjusted for goodwill impairments, capital profits and losses and other non-headline items
Headline earnings per share	Headline earnings divided by weighted average number of ordinary shares in issue
Net asset value per share	Equity attributable to ordinary equity holders of the parent divided by number of ordinary shares in issue
Net interest margin	Net interest income as a percentage of average gross loans and advances
Non-performing loan coverage	Impairment provision expressed as a percentage of non-performing loans
Non-performing loan ratio	Non-performing loans expressed as a percentage of gross loans and advances
Non-performing loans	(a) the balance outstanding of loans and advances with a contractual delinquency greater than three months including repossessed stock on hand (b) reduced by the balance of such outstanding loans and advances for which three cumulative qualifying payments have been received in the three month period preceding the measurement date
Premium vehicles	Non entry-level vehicles
Pre-provision profit	Profit before tax excluding impairment of loans and advances
Provision coverage	Impairment provision expressed as a percentage of gross loans and advances
Return on average assets	Profit for the year expressed as a percentage of average assets
Return on average equity	Profit for the year attributable to ordinary equity holders of the parent expressed as a percentage of average equity attributable to ordinary equity holders of the parent
Return on sales	Profit for the year expressed as a percentage of total income
Risk-adjusted net interest margin	Net interest margin less credit loss ratio
Structurally subordinated debt	Senior debt issued by a holding company within the group
Subordinated debt	Debt subordinated by agreement with the lender plus structurally subordinated debt
Total income	Interest and other similar income plus non-interest revenue
Weighted average number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the year during which they have participated in the income of the group excluding treasury shares

Transaction Capital

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