2018

TRANSACTION CAPITAL RESULTS

FOR THE HALF YEAR ENDED 31 MARCH

Transaction Capital

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2018

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FOR THE HALF YEAR ENDED 31 MARCH

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FOR THE HALF YEAR ENDED 31 MARCH

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GROUP HIGHLIGHTS 2018

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH

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TRANSACTION CAPITAL GROUP STRUCTURE

HY18 FINANCIAL & OPERATIONAL HIGHLIGHTS (HY18 compared to HY17)

Transaction Capital

SA Taxi
driving our nation forward

CEO: Terry Kier, 11-year group tenure

- **R173 MILLION** HEADLINE EARNINGS [1] ▲ 20%
- **R8.9 BILLION** GROSS LOANS & ADVANCES ▲ 15%
- **R258 MILLION** NON-INTEREST REVENUE ▲ 32%
- **17.2%** NON-PERFORMING LOAN RATIO HY17 17.2%
- **25.7%** RETURN ON EQUITY HY17 24.1%
- **3.7%** CREDIT LOSS RATIO HY17 3.3%

A vertically integrated minibus taxi platform incorporating a unique blend of vehicle procurement, retail, repossession & refurbishment capabilities, with finance & insurance competencies for focused vehicle types. Combined with its proprietary data, analytics capabilities & technology, SA Taxi is able to provide SMEs operating within the minibus taxi industry with a complete financial & allied services offering.

Transaction Capital

CEO: David Hurwitz, 13-year group tenure

- **R310 MILLION** HEADLINE EARNINGS [1] ▲ 22%
- **50.8 CPS** HEADLINE EARNINGS PER SHARE ▲ 17%
- **21 CPS** INTERIM DIVIDEND PER SHARE ▲ 40%
- **15%** FOREIGN INVESTOR BASE HY17 5%
- **16.5%** RETURN ON EQUITY HY17 16.1%
- **R10.4 BILLION** MARKET CAPITALISATION [2]

Transaction Capital Risk Services

CEO: Dave McAlpin, 10-year group tenure

- **R119 MILLION** HEADLINE EARNINGS [1] ▲ 28%
- **R1.0 BILLION** PURCHASED BOOK DEBTS ▲ 11%
- **75.6%** COST-TO-INCOME RATIO [3] HY17 78.8%
- **R222 MILLION** NPL PORTFOLIOS ACQUIRED THIS PERIOD ▲ 6%
- **R854 MILLION** NON-INTEREST REVENUE ▲ 33%
- **R2.0 BILLION** ESTIMATED REMAINING COLLECTIONS ▲ 34%

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 FY17 year
1. Headline earnings attributable to the group, excluding minority interest | 2. Market capitalisation as at 31 March 2018 | 3. Excludes the effect of acquisitions

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GROUP STRATEGIC & OPERATIONAL HIGHLIGHTS

Transaction Capital

ACCELERATED BOOKBUILD IN MARCH 2018

Evolution beyond foundation phase
- Expanded base of local & specifically international investors
- International shareholding increased to **15%** (from 5%)
- Everglen remains the largest shareholder
- Everglen decreased its shareholding to **29%** (from 41%)

Enhanced liquidity & daily trade
- Significant increase in free float to **68%**
- Average daily number of shares traded: **591 357** (HY17: 229 090)
- Average daily value traded (USD): **733 898** (HY17: 236 830)

DEBT CAPITAL MARKETS

Robust access to the debt capital markets
- Raised **R1.8 billion** in HY18
- SA Taxi fully funded for > 12 months
- **R505 million** Transsec 3 issuance;
  - >3 times oversubscribed
  - 81bps < Transsec 2 Tap issuance
  - Transsec 3 Tap issuance imminent
- **21%** international debt; **79%** local debt

Credit ratings:
- Transsec 3 senior notes: rated Aaa.za(sf) by Moodys
- Transaction Capital's R2bn note programme: rated A-$_{(ZA)}$ by GCR

STRATEGIC POSITIONING OF OPERATING DIVISIONS

6 years since listing
- HEPS compound annual growth rate (CAGR) of **21%**

Delivering robust organic growth
- 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

UNGEARED & LIQUID BALANCE SHEET

- Balance sheet remains **well capitalised**
- Liquid excess capital **~R650 million**
- Capital adequacy ratio **31.9%**
- Capacity & flexibility to continue investing in organic & acquisitive opportunities
- Early adoption of IFRS 9 in 2015 (prior to 2018 deadline)
- **Dividends growing faster than earnings**

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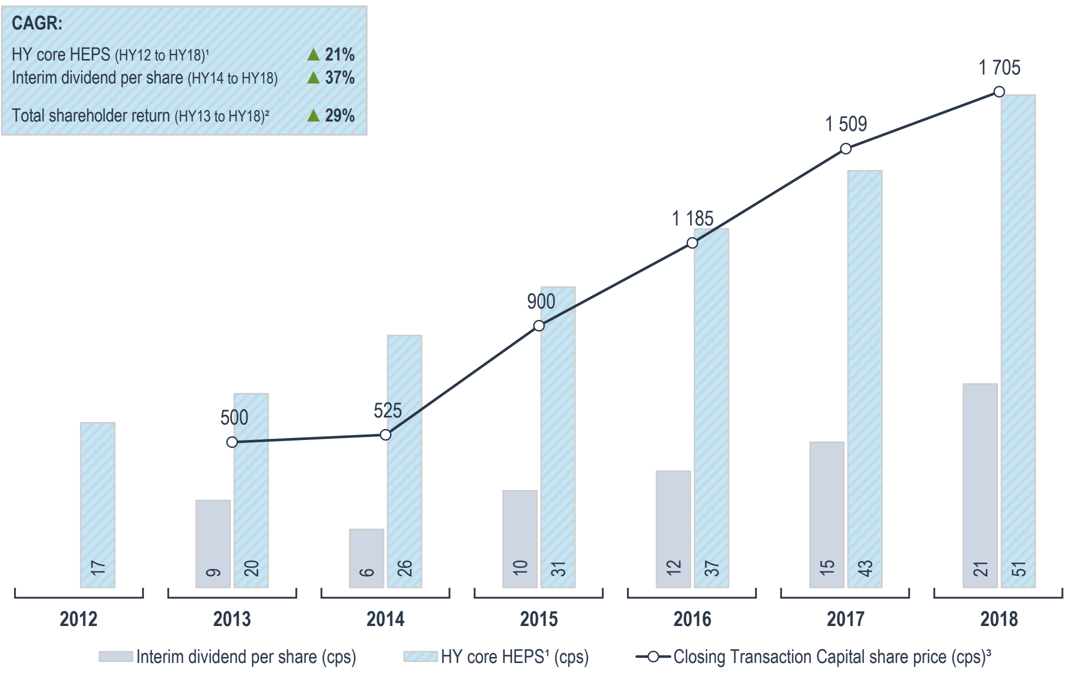
TRANSACTION CAPITAL PERFORMANCE SINCE LISTING

Transaction Capital



Financial half years 1 October to 31 March | 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. Share price at 31 March 2013 has been adjusted for the special distribution of R2.10 per share in March 2014

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NOTES

GROUP PORTFOLIO MIX

Transaction Capital

COMPOSITION OF EARNINGS

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

	Rm		Growth
Headline earnings	**2018**	**2017**	**2018**
SA Taxi[1]	173	144	▲ 20%
TCRS[1]	119	93	▲ 28%
Group executive office (GEO)[2]	18	17	▲ 6%
Total	**310**	**254**	**▲ 22%**
Cents per share	***50.8***	***43.3***	***▲ 17%***

Headline earnings excludes once-off acquisition costs of R22 million incurred during HY17
1. Attributable to the group, excluding minority interest
2. Accretive cash deployment into acquisitions

TRANSACTION CAPITAL RISK SERVICES 2018

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH

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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 & AUSTRALIA THROUGH A **SCALABLE & 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*

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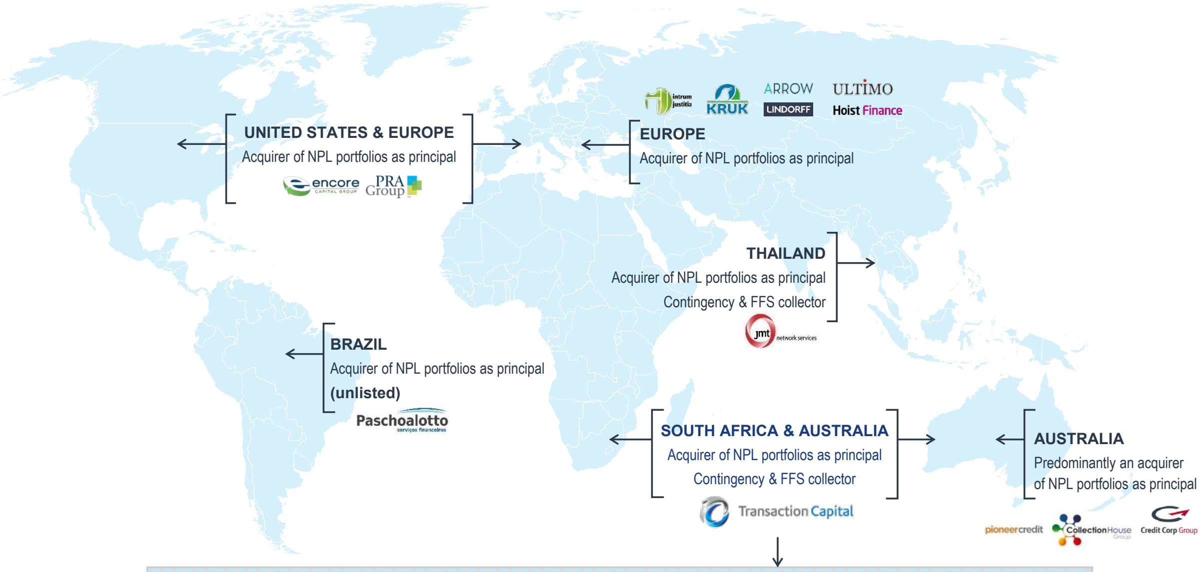
NOTES

GLOBAL LISTED PEERS

PREDOMINANTLY ACQUIRERS OF NPL PORTFOLIOS AS PRINCIPAL



Diversification supports performance in varying market conditions

- **Diverse revenue model:** Acquisition of NPL portfolios vs Contingency & FFS collector
- **Across various consumer credit sectors:** Banking, specialist lending, credit retail, utilities, telcos, insurance & public sectors
- **Across 2 geographies:** South Africa & Australia

ENVIRONMENT & MARKET CONTEXT

CHALLENGING CONSUMER CREDIT ENVIRONMENT WITH UPSIDE POTENTIAL

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]
- HOUSEHOLD DEBT TO INCOME REMAINS HIGH AT 71.9% (▼ from 74.4% HY16 as DEBT GROWTH < INCOME GROWTH)
- ELEVATED LEVELS OF UNEMPLOYMENT AT 26.7% (▼ from 27.7% HY17)
- ESCALATING COSTS OF HOUSEHOLD ESSENTIALS OVER THE MEDIUM-TERM AT 5.3% (▼ from 6.4%)[3]

MACRO-AND SOCIO-ECONOMIC ENVIRONMENT

- Increased business confidence stimulating direct foreign investment & local business investment
- Stable inflation
- Lower interest rate environment

OUTLOOK ON SA's CONSUMER

- Medium term effects signalling an improvement
  - Improving employment levels
  - Improving consumer spend
  - Increase in credit extension

EFFECT ON TCRS

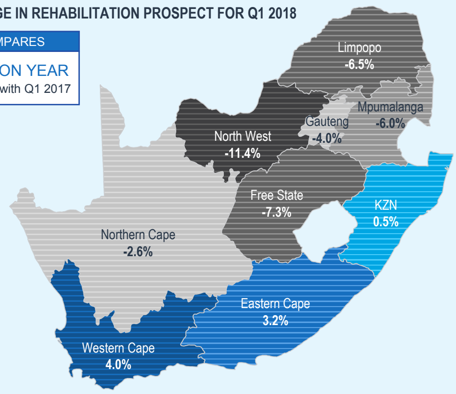
- Increase in the number of matters handed over in agency mandates
- Increasing yield on previously acquired NPL portfolios

CREDIT REHABILITATION IS A CRUCIAL ELEMENT IN GROWING AN INCLUSIVE ECONOMY

TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX

% CHANGE IN REHABILITATION PROSPECT FOR Q1 2018

COMPARES
YEAR ON YEAR
Q1 2018 with Q1 2017



- TCRS algorithm to score propensity to repay debt
- Empirically based sample of >5 million SA consumers in credit default
- National rehabilitation prospects:
  - ▲ by 0.4% (Q2 17 vs. Q3 17)
  - ▲ by 1.0% (Q3 17 vs. Q4 17)
  - ▼ by 0.8% (Q4 17 vs. Q1 18)
- 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 December 2017 | 3. Inflation measured at 31 December 2017 & 31 December 2016

TCRS MARKET POSITIONING
COMPETITIVE ADVANTAGES

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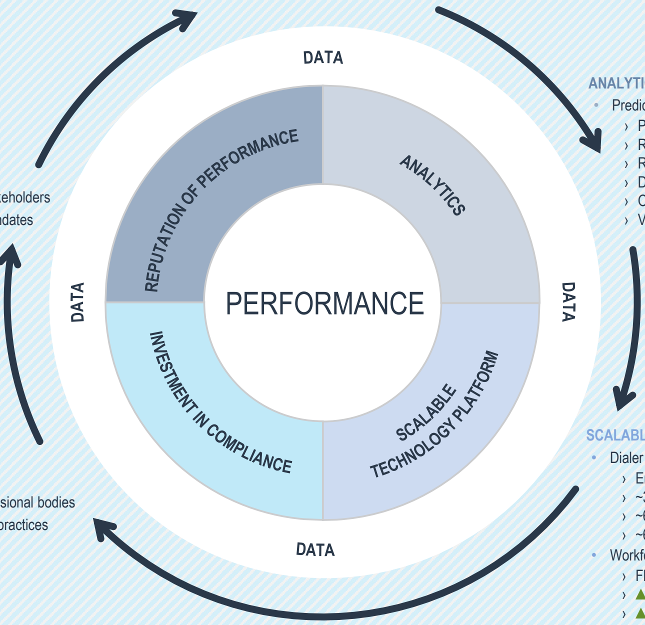
TCRS PROPRIETARY DATA
- Database of South Africa's distressed consumers
- Continuously enriched (with collection & ContactAbility results)



REPUTATION OF PERFORMANCE
- Only local listed industry participant
- Diverse range of local & international stakeholders
- Ranked as best or 2nd best in 89% of mandates

ANALYTICS
- Predictive & layered voice analytics to determine:
  - Propensity to pay
  - Right time to call
  - Right day to pay
  - Dynamic matter prioritisation
  - Optimised campaign
  - Veracity of Promise to Pay

INVESTMENT IN COMPLIANCE
- Fair treatment of our clients' customers
- Compliant with legislation
- Active membership across various professional bodies
- Benchmarking against international best practices

SCALABLE TECHNOLOGY PLATFORM
- Dialer enhances scale of ContactAbility
  - Enabled over any omni-channel
  - ~38 million outbound calls per month
  - ~6 million voice interactions per month
  - ~600 000 payments received per month
- Workforce management enables
  - Flexible work-hour scheduling
  - ▲ talk time
  - ▲ activations
  - ▼ staff turnover
  - ▼ cost of collection

NOTES

TCRS PERFORMANCE SINCE LISTING

STRATEGIC GROWTH INITIATIVES TO CREATE VALUE

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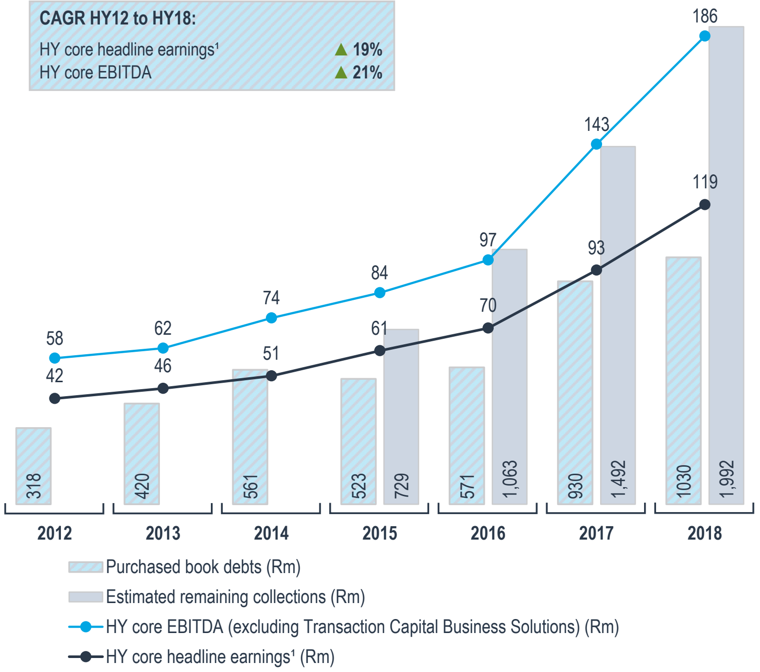
CAGR HY12 to HY18:

HY core headline earnings[1]	▲ 19%
HY core EBITDA	▲ 21%



STRATEGIC GROWTH INITIATIVES

- Current SA economic climate favours acquisition of NPL portfolios
- Exploring NPL acquisitions selectively in Australia
- Expanding TCRS' technology, BI & analytics to RCGL in Australia
- Expanding insurance offerings in SA [revenue of **R11m** for HY18 (▲ HY17: R6m)
- Operational integration of acquisitions (in line with expectations)
- Bolt-on acquisitions in SA & Australia

Financial half years 1 October to 31 March | 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

TCRS' DIVERSIFIED BUSINESS MODEL

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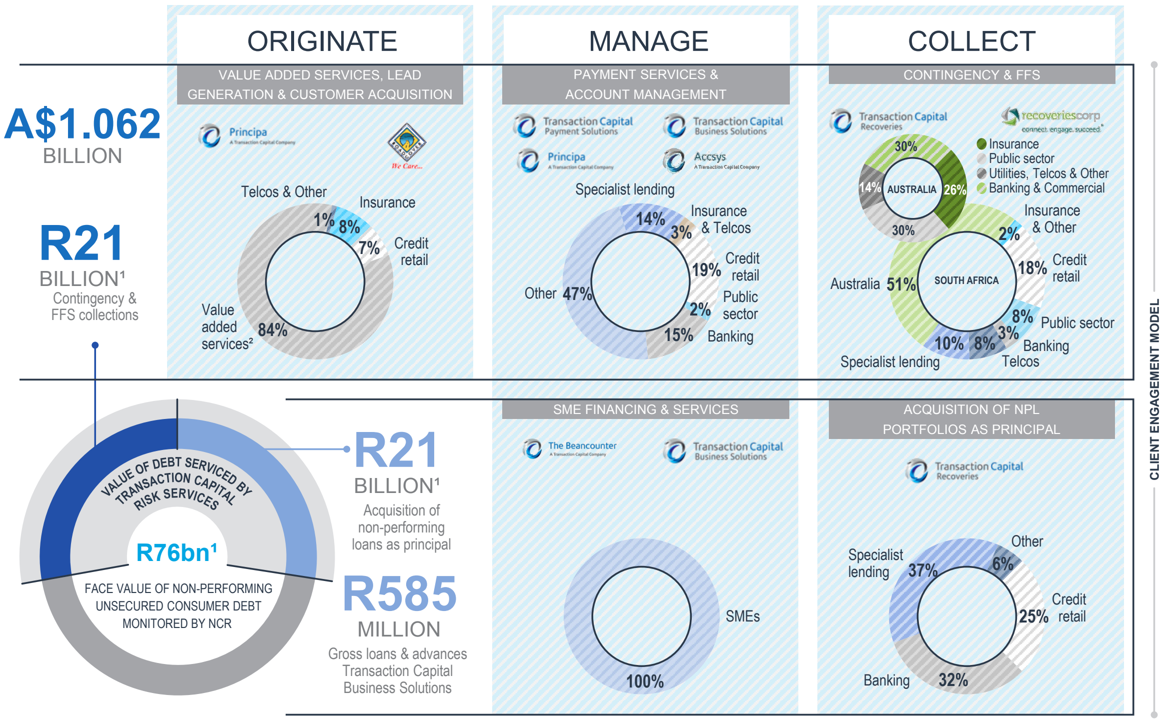
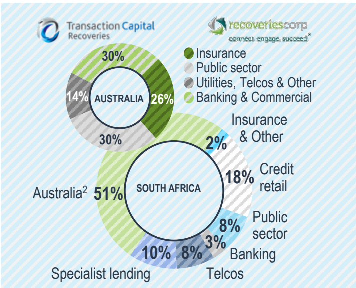


Sectors split by revenue per segment as at 31 March 2018
1. R76 billion comprises credit monitored by the NCR as at 31 December 2017. TCRS' target market & assets under management also includes sectors not regulated by the NCR, being SMEs, education, insurance, public sector, telecommunications, SOEs & utilities

CONTINGENCY & FFS

Transaction Capital



STRATEGIC GROWTH INITIATIVES

- Expanding TCRS' technology, BI & analytics to RCGL in Australia
- Expanding insurance offerings in SA [revenue of R11m for HY18 (▲ HY17: R6m)
- Bolt-on acquisitions in SA & Australia

SOUTH AFRICA: TRANSACTION CAPITAL RECOVERIES

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

2 377 EMPLOYEES	22.2 hours TRAINING / EMPLOYEE	82 CLIENTS	38% REVENUE CONTRIBUTION FROM NON-NCA DEBT[1] (HY17: 20%)
75.9% FEMALE EMPLOYEES	95.45% BLACK EMPLOYEES	9 MARKET SECTORS	

"Investor in people organisation"
ACCREDITATION IN JANUARY 2017

Rank 1st or 2nd BY CLIENTS IN 89% OF OUR 201 MANDATES

AUSTRALIA: RECOVERIES CORPORATION GROUP LIMITED (RCGL)

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

45 CLIENTS	653 EMPLOYEES	~R240 MILLION REVENUE GENERATED
3 BRANCHES MELBOURNE, SYDNEY & SUVA	7 MARKET SECTORS	Hall & Partners HIGH CLIENT NET PROMOTER SCORE (NPS)

1. Non-NCA debt: Insurance, telecommunications & public sectors

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ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL

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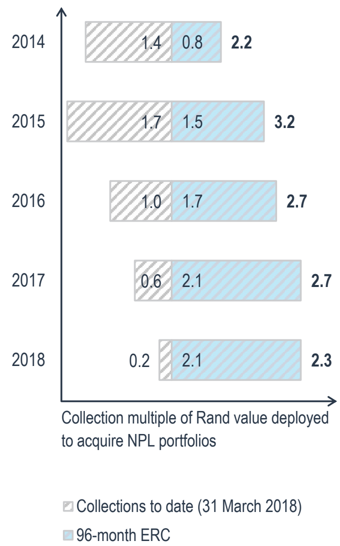
STRATEGIC GROWTH INITIATIVES

- Current SA economic climate favours acquisition of NPL portfolios
- Exploring NPL acquisitions selectively in Australia
- Bolt-on acquisitions in SA & Australia

ESTIMATED REMAINING COLLECTIONS (ERC)[1]
VINTAGE PERFORMANCE AS AT 31 MARCH 2018



ACQUISITION OF NPL PORTFOLIOS CONTINUES[2]

- Current South African economic context favours acquisition of NPL portfolios
- **17** portfolios acquired for **R218m** with a face value of **R8.3bn** (HY17: 13 portfolios for **R210m** with a face value of **R2.8bn**)
- Further investment of **R4m** in **Australian** portfolios
- **219** portfolios (including **7** Australian portfolios) owned in total with a face value of **R20.6bn**
- Purchased book debts ▲ **11%** to **R1 030m** (includes Australia of R9m) (HY17: **R930m**)
- 2018 ERC of **2.3 times** (> internal target of ~**2.2 times**)
- ERC ▲ **34%** to **R1.99bn** (includes Australia of **R12m**)
- Longevity in the yield of principal portfolios on book, expected to support future positive performance
- Asset-turnover ratio remains high at **48.9%** (diluted by high value of portfolio acquisitions – including Australia)

1. Excludes contracts where TCRS does not have title of the underlying claim
2. Includes only South African data (unless otherwise specified)

TCRS FINANCIAL PERFORMANCE

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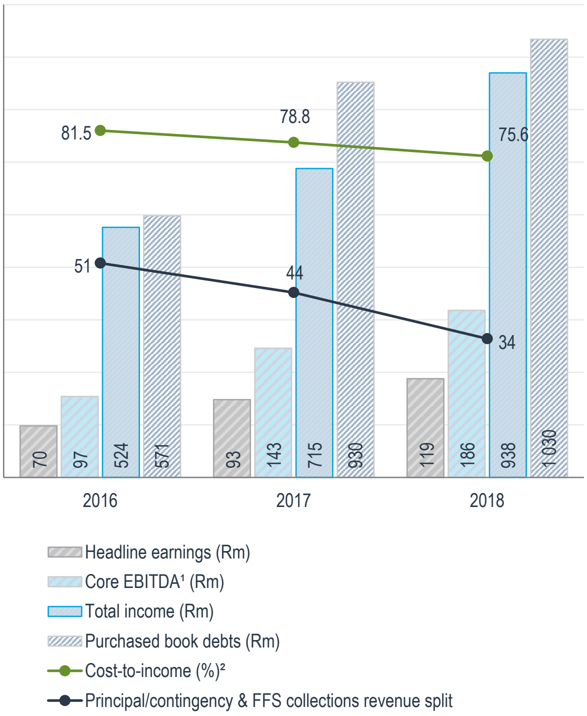

- Core headline earnings ▲ **28%** to **R119m**
  - › Headline earnings organic growth ▲ **>15%**[2]
  - › Accretive cash deployment converting cash yield into earnings
- Contingency & FFS revenue
  - › Growing revenue from adjacent sectors
  - › Insurance, telecommunications & public sector contributing **38%** of SA agency revenue (HY17: 20%)
- Cost-to-income ratio improved (excluding the effect of acquisitions)
  - › Total costs ▲ **4%**[2]
  - › Continued investment in data (MDU), technologies (dialer & workforce management) & analytics yielding efficiencies
  - › Frugal cost management

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


SA TAXI
2018
INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH
Transaction Capital

NOTES

SA TAXI

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SA TAXI IS A VERTICALLY INTEGRATED TAXI PLATFORM UTILISING SPECIALIST CAPABILITIES, ENRICHED PROPRIETARY DATA & TECHNOLOGY TO PROVIDE DEVELOPMENTAL FINANCE & OTHER SERVICES TO EMPOWER SMEs & CREATE SHARED VALUE OPPORTUNITIES THUS ENSURING THE SUSTAINABILITY OF THE MINIBUS TAXI INDUSTRY

1. *An innovative & pioneering business model with operations expanding throughout the financial services & asset value chain, building a scalable platform that can be leveraged in adjacent markets*
2. *A unique blend of vehicle procurement, retail, repossession & refurbishment capabilities, with financing & comprehensive insurance competencies for focused vehicle types*
3. *Innovative technology, valuable client & market insights developed from overlaying granular telematics, credit, vehicle & other data to enable precise & informed origination, collection decisioning & proactive risk management*
4. *Enabling financial inclusion by proficiently securing funding from both local & international debt investors to judiciously extend developmental credit to SMEs that may otherwise not 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, as well as offering value added services to the wider industry stakeholders*
6. *Empowering under-served & emerging SMEs to build their businesses, which in turn creates further direct & indirect employment opportunities*
7. *Creating shared value opportunities by providing services to the wider industry facilitating collaboration & investment*
8. *Contributing to the recapitalisation & sustainability of the taxi industry – a critical pillar of the public transport sector servicing the majority of South Africa's working population*

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SA TAXI IMPACT
DELIVERING SHARED VALUE FOR THE INDUSTRY

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SME EMPOWERMENT

BLACK OWNED SMEs | 100%
WOMEN OWNED SMEs | 20%
UNDER THE AGE OF 35 YEARS | 16%

SUSTAINABLE JOB CREATION

DIRECT JOBS PER TAXI VEHICLE | ~1.8
DIRECT JOBS CREATED BY SA TAXI'S FLEET SINCE 2008 | >123 000
~600 000 INDIRECT JOBS ENABLED BY THE MINIBUS TAXI INDUSTRY[1]
DIRECT JOBS CREATED BY SA TAXI'S FLEET IN HY18 | >7 000

INDUSTRY SUSTAINABILITY

3 917
RELIABLE NEW & PRE-OWNED MINIBUS TAXIS ON THE ROAD IN HY18

ENVIRONMENTAL SUSTAINABILITY

9.8%
ABATEMENT ON CARBON EMISSIONS[2]

ECONOMIC TRANSFORMATION

DEVELOPMENTAL CREDIT ACHIEVING INCLUSIVE GROWTH

R1.56 BILLION
LOANS ORIGINATED CREATING
3 917
SMEs IN HY18

R20.2 BILLION
LOANS ORIGINATED CREATING
68 606
SMEs SINCE 2008

FACILITATES ASSET OWNERSHIP BY BLACK SMEs

COMMUTER EXPERIENCE

REPLACEMENT OF AGED MINIBUS TAXI FLEET

INCORPORATION OF WIFI TECHNOLOGY

INVESTOR RETURNS

ROE | 25.7%
DEBT INVESTORS | >40
HEADLINE EARNINGS FROM HY17 | ▲ 20%

1. Department of Transport Minister Dipuo Peters address at National Council of Provinces Budget vote NCOP 2014/15
2. Percentage of TCO_2 abatement saved in 2017 through SA Taxi's financing activities

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SA TAXI IMPACT

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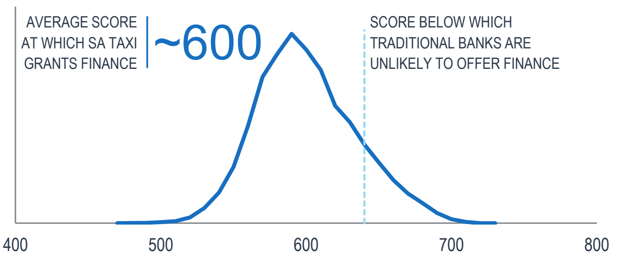
CREATING A MORE SUSTAINABLE MINIBUS TAXI INDUSTRY TOGETHER WITH INDUSTRY LEADERSHIP

JOINT INITIATIVES WITH MINIBUS TAXI INDUSTRY

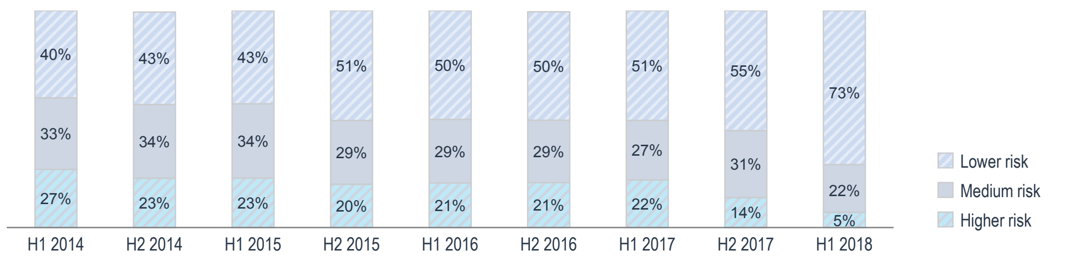
- Launch of "Black Elite" fuel campaign
- Launch of WiFi at rank & in taxis
- Provision of patrol vehicles to industry
- Salvage & parts distribution to
  - ensure competitive insurance premiums
  - reduce defaulting clients' credit shortfalls
- Engagements with OEMs for support
- Avg. interest rate at origination to **23.6%** (HY17: 24.9%)

INCLUSIVE GROWTH



SERVING HIGHER QUALITY TAXI OPERATORS TO CREATE A MORE SUSTAINABLE MINIBUS TAXI INDUSTRY

NEW ORIGINATION VOLUMES BY RISK GRADE



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ENVIRONMENT & MARKET CONTEXT

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

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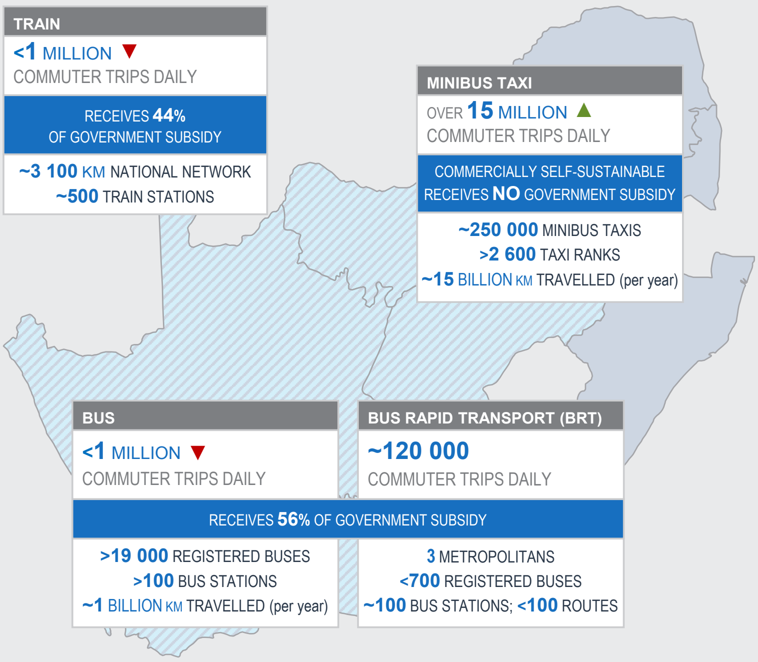

TRAIN

<1 MILLION ▼
COMMUTER TRIPS DAILY

RECEIVES **44%** OF GOVERNMENT SUBSIDY

~3 100 KM NATIONAL NETWORK
~500 TRAIN STATIONS

MINIBUS TAXI

OVER 15 MILLION ▲
COMMUTER TRIPS DAILY

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

~250 000 MINIBUS TAXIS
>2 600 TAXI RANKS
~15 BILLION KM TRAVELLED (per year)

BUS

<1 MILLION ▼
COMMUTER TRIPS DAILY

BUS RAPID TRANSPORT (BRT)

~120 000
COMMUTER TRIPS DAILY

RECEIVES **56%** OF GOVERNMENT SUBSIDY

>19 000 REGISTERED BUSES	3 METROPOLITANS
>100 BUS STATIONS	<700 REGISTERED BUSES
~1 BILLION KM TRAVELLED (per year)	~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 (▲ **>20%**)
- **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 ▼ **18%** (HY13 to HY18)

SOURCE: Stats SA Land Transport Survey January 2018 | 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

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

MINIBUS TAXI OPERATORS REMAIN RESILIENT IN A CHALLENGING ECONOMIC ENVIRONMENT

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CHALLENGING ENVIROMENT WITH UPSIDE POTENTIAL

R433 300[1]
TOYOTA SESFIKILE (DIESEL) PRICE
3 YR CAGR : ▲ 7%

15%
▲ VAT
HY17: 14%

R13.72[2] per litre
▲ PETROL PRICE (12 MTH AVG)
HY17: R12.85

R12.00[2] per litre
▲ DIESEL PRICE (12 MTH AVG)
HY17: R11.10

6.75%
▼ SA REPO RATE (AVG)
HY17: 7.00%

OPERATOR INCOME AT ORIGINATION: ▲ 10%

- Better **route** distribution
- Better **risk-grade** distribution
- Better **asset utilisation**

STRUCTURAL ELEMENTS

- DOMINANT & GROWING MODE OF PUBLIC TRANSPORT (Competitively priced; convenient; accessible)
- INCREASING COMMUTER DENSITY DUE TO URBANISATION
- NEW PASSENGER VEHICLE SALES ▼ 18% (HY13 to HY18)
- COMMERCIALLY SELF-SUSTAINABLE (Receives NO government subsidy)
- INTEGRATED COMPONENT OF PUBLIC TRANSPORT NETWORK
- CONTINUED HIGH LEVELS OF UNEMPLOYMENT >26%
- PUBLIC TRANSPORT SPEND IS NON-DISCRETIONARY
- DEMAND FOR MINIBUS VEHICLES > SUPPLY
  - Ageing national fleet requiring replacement and recapitalisation
  - Driving higher demand for vehicles that are reliable & efficient

NEW MINIBUS VEHICLE SALES P.M. (TOTAL MARKET) ~1 600

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

1. Toyota retail price as at 1 April 2018
2. www.energy.gov.za: 12 month rolling average petrol price (May 2017 to May 2018)

SA TAXI EVOLUTION
CREATING VALUE AT NEW FRONTIERS

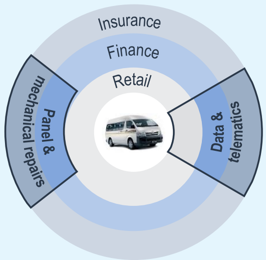
Transaction Capital

TO PROVIDE FINANCE, INSURANCE & OTHER SERVICES THAT ENABLE THE SUSTAINABILITY OF THE MINIBUS TAXI COMMUNITY

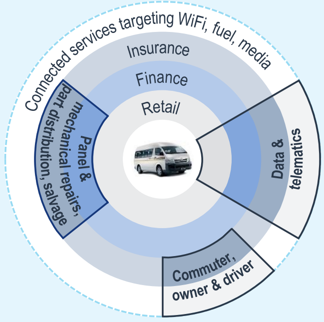
FORMATIVE YEARS ← **2018** → **OUR VISION**

A finance offering to taxi operators

Offering expanded & operations extended into key verticals of the finance, insurance & retail value chains



- To extend products & services to additional verticals, unlocking value in the industry
- Provide bespoke services to a wider customer base



CURRENT

- ~30 000 FINANCED & INSURED CLIENTS
- R8.9BN GROSS LOANS & ADVANCES
- R258M NON-INTEREST REVENUE

TOTAL ADDRESSABLE MARKET

~250 000 MINIBUS TAXIS	~1 200 TAXI ASSOCIATIONS	Providing vehicles, finance, insurance, other services, repairs & parts
>150 000 OPERATORS	~R50BN ANNUAL ESTIMATED REVENUE[1]	
~250 000 TAXI DRIVERS	~3BN LITRES OF FUEL PURCHASED p.a[3]	Providing services & products to meet their needs & reward good driving
15M COMMUTER TRIPS DAILY[1]	50MIN AVERAGE TIME SPENT TRAVELING TO WORK[2]	Providing value added services whilst commuting
9.9M HOUSEHOLDS USING MINIBUS TAXIS[2]		

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

SOURCES:
1. Reuters 2017 | 2. National Household Transport Survey 2013 | 3. Industry information

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NOTES

SA TAXI MARKET POSITIONING
VERTICALLY INTEGRATED BUSINESS MODEL

Transaction Capital

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

SA TAXI HAS BEEN TRACKING MINIBUS TAXIS FOR ~11 YEARS

ON AVERAGE EACH OF OUR VEHICLES TRAVELS 6 400 KM PER MONTH

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

FINANCING OPERATIONS

R8.9 BILLION
GROSS LOANS & ADVANCES

~30 000
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
- ~R290 MILLION average monthly collections in the last 12 months

INSURANCE OPERATIONS

EXPANDING CLIENT BASE

>85%
OF SA TAXI'S FINANCED CLIENTS CHOOSE TO BE INSURED WITH SA TAXI PROTECT[1]

R161 MILLION
ANNUALISED NEW WRITTEN PREMIUM

1.8
NO. OF PRODUCTS PER INSURED CLIENT

VEHICLE RETAIL

~R330 MILLION
VEHICLE TURNOVER IN SA TAXI RETAIL DEALERSHIP FOR HY18

~8%
AVERAGE RETAIL MARGIN PER VEHICLE

REFURBISHMENT OPERATIONS

>20 000m²
COMBINED AUTOBODY REPAIR & MECHANICAL REFURBISHMENT CENTRE

~220 per month
INTERNAL VEHICLE REFURBISHMENT CAPACITY

>73%
RECOVERY RATES ON REPOSSESSION, REFURBISHMENT & RESALE

1. 100% of taxis financed by SA Taxi are fully insured

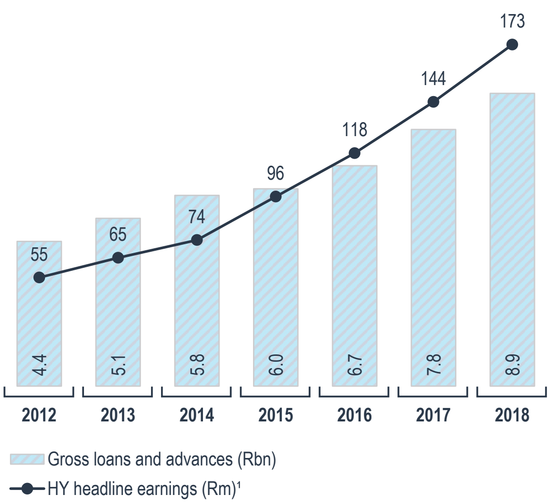
SA TAXI PERFORMANCE SINCE LISTING
STRATEGIC GROWTH INITIATIVES TO CREATE VALUE

Transaction Capital

CAGR HY12 to HY18:	
HY headline earnings[1]	▲ 21%
Gross loans & advances	▲ 12%
NPL ratio	▼ 9%
Credit loss ratio	▼ 7%

Non-interest revenue composition:
26% (HY12) to **34%** (HY18)

Recovery on repossession:
<65% (HY12) to **>73%** (HY18)



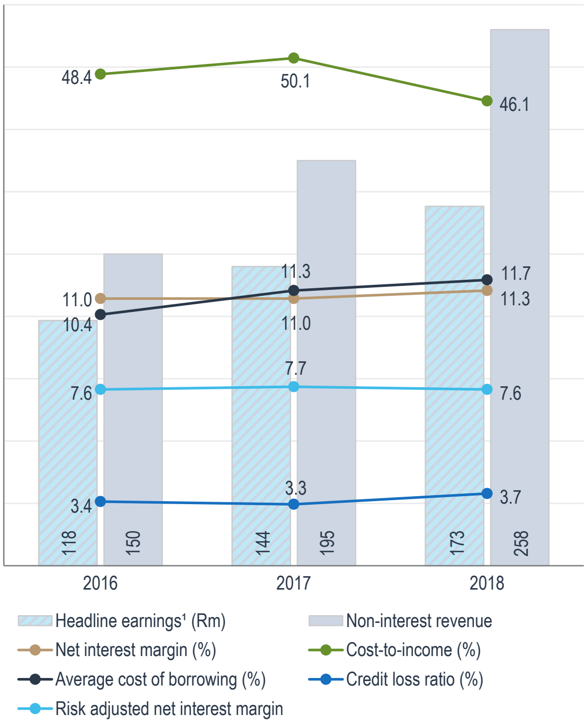
STRATEGIC GROWTH INITIATIVES

- New vertical integration
  - Parts procurement & distribution
  - Salvage
- Expanding SA Taxi's insurance business
  - Broadened client base (financed by SA Taxi & other "open market" clients)
  - Broadened product offering (comprehensive vehicle cover, instalment protection, passenger liability, credit life)
  - Reduced cost of claim (broadening of & 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
- Accretive industry inclusion
  - Assist in growing existing finance, insurance & retail verticals
  - Participation in select new business verticals (WiFi & fuel)

Financial half years 1 October to 31 March | 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] ▲ **20%** to **R173m**
  - › All organic growth
- NIM ▲ to **11.3%** from **11.0%**
  - › Funding costs ▲ by **40bps** to **11.7%**
    - Average repo rate ▼ **25bps**
    - Foreign debt ▲ to **21%** from 20% (FY17), fully hedged to Rand
  - › Average interest rate of **23.6%** on origination (NCA max cap of **33.75%**)
- Credit loss ratio of **3.7%** (HY17: **3.3%**)
  - › Risk-adjusted NIM stable at **7.6%**
- Non-interest revenue ▲ **32%** to **R258m**, driven by:
  - › Expanding insurance business
    - Broadened client base (financed by SA Taxi & other “open market” clients)
    - 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 **46.1%** from 50.1%
- Effective tax rate normalised at **27.3%,** resulting from consolidation of insurance operations

1. Headline earnings attributable to the group

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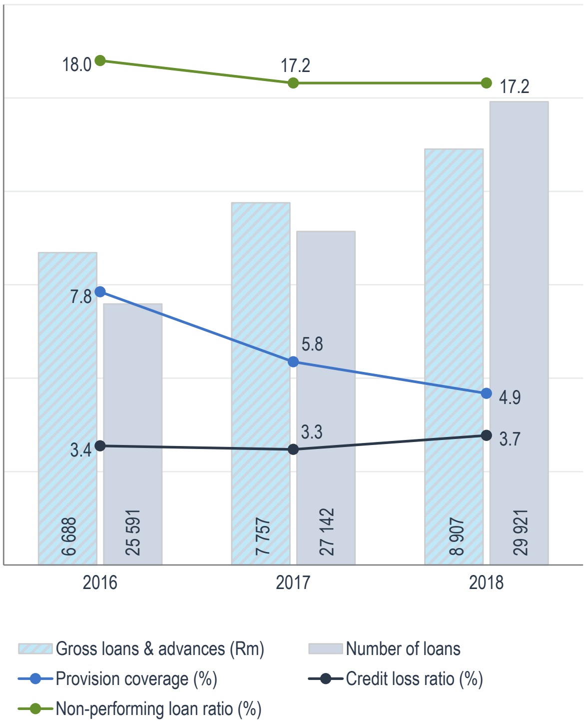
NOTES

SA TAXI CREDIT PERFORMANCE

Transaction Capital



- Gross loans & advances ▲ **15%** to **R8.9bn**
  - Number of loans originated ▲ **4%**
  - Rand value of loans originated ▲ **8%**
  - **Toyota vehicle prices** ▲ **1%** between 1 October 2017 & 31 March 2018 & another ▲ **1%** on 1 April 2018
  - VAT ▲ **1%** on 1 April 2018
- NPL ratio remained stable at **17.2%**
  - Continued strong collection performance
  - Superior credit quality via retail dealership
  - Enhanced via analytics applied to telematics data
- Credit loss ratio at **3.7%** (HY17: 3.3%)
  - Recover >**73%** of settlement value
  - Improved quality & efficiencies in refurbishment centre
  - Average repair cost ▼ **10%** (~R74 000 from ~R82 000)
  - Target credit loss ratio remains **3%** to **4%**
- Provision coverage at **4.9%**
  - After tax credit loss covered at **1.8** times
  - IFRS 9 early adopted in 2015; more conservative provisioning methodology

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SA TAXI OPERATIONAL PERFORMANCE

Transaction Capital

SA TAXI OPERATOR PROFILE

VEHICLES ON BOOK

1.2	87%	31%	3.8 YEARS	>85%
VEHICLES PER CUSTOMER	TOYOTA VEHICLES	LOANS ORIGINATED TO REPEAT CUSTOMERS (DURING HY18)	AVERAGE AGE OF VEHICLE	INSURED WITH SA TAXI

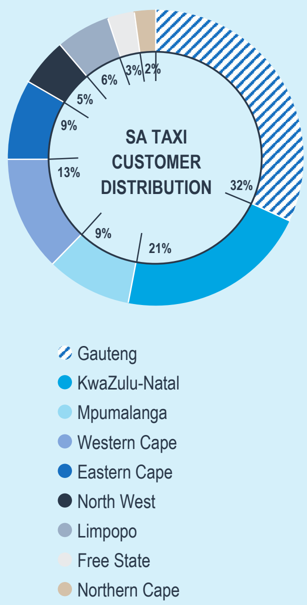
CREDIT PROFILE OF LOANS ON BOOK

68 MONTHS	>R6 000	~R400 000	16.0%
AVERAGE LOAN TERM	MINIMUM MONTHLY OPERATOR PROFIT	AVERAGE ORIGINATION VALUE	AVERAGE DEPOSIT[1]
23.6%	47 MONTHS	40%	
WEIGHTED AVERAGE INTEREST RATE AT ORIGINATION	AVERAGE REMAINING LOAN TERM	AVERAGE APPROVAL RATE	

CUSTOMER PROFILE

100%	20%	16%	47 YEARS
BLACK OWNED SMEs	WOMEN OWNED SMEs	UNDER THE AGE OF 35 YEARS	AVERAGE AGE OF OWNER

GEOGRAPHIC DISTRIBUTION



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

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The Banker
DEALS OF THE YEAR 2018
Deal of the Year 2018:
Africa – Securitisation
and Structured Finance
emeafinance
ACHIEVEMENT AWARDS 2017
Best securitisation deal
in Africa
CAPITAL
MANAGEMENT
2018
INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH
Transaction Capital

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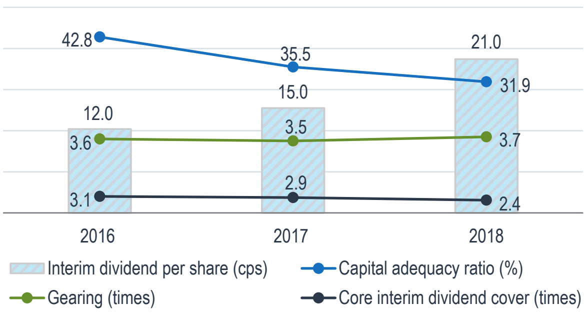
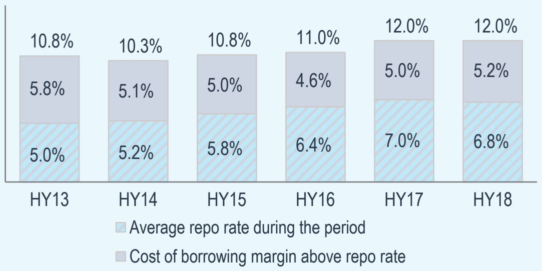
CAPITAL MANAGEMENT

Transaction Capital

PERFORMANCE



COST OF BORROWING



- Robust access to the debt capital markets
  - Raised **~R1.8bn** in debt facilities from **32** separate funding transactions in HY18
  - SA Taxi fully funded for > 12 months
- Continue to diversify funding sources
  - Diverse debt investor base (**>40**)
  - **R505 million** Transsec 3 issuance; **81bps** < Transsec 2 tap issuance; **>3** times oversubscribed
  - Transsec 3 Tap issuance imminent
- Group average cost of borrowing stable at **12.0%**
  - Margin above repo **5.2%**
  - ▲ foreign debt component **(21%)**, fully hedged to Rand
- Capital adequacy position remains robust at **31.9%**
  - **23.0%** equity
  - **8.9%** 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

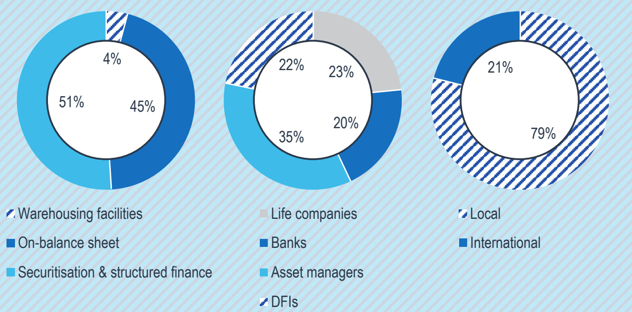
FUNDING PHILOSOPHY

Transaction Capital

DIVERSIFICATION BY FUNDING STRUCTURE

DIVERSIFICATION BY DEBT INVESTOR CATEGORY

DIVERSIFICATION BY GEOGRAPHY



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

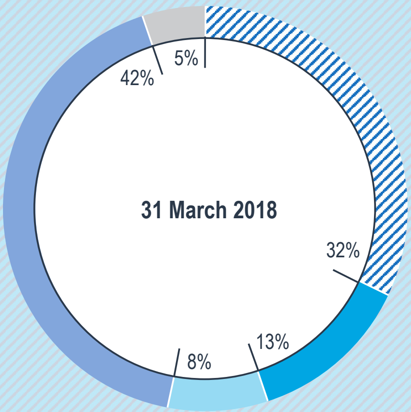
JUDICIOUS RISK MITIGATION

- 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



- Accelerated bookbuild (March 2018)
  - Expanded base of local & specifically international investors
  - Everglen remains the largest shareholder
  - ~72 million shares sold by Everglen
  - 80% of the accelerated bookbuild taken up by international investors
- Foreign ownership ▲ from **5%** to **15%**
- Institutional shareholding ▲ from **31%** to **42%** (excluding Old Mutual & Allan Gray)
- Retail investors unchanged at **5%**
- Enhanced liquidity & daily trade
  - Free float percentage ▲ to **68%** (HY17: 56%)
  - Average daily number of shares traded ▲ to **591 357** (HY17: 229 090)
  - Average daily value traded ▲ to **USD 733 898** (HY17: USD 236 830)

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CONCLUSION 2018

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH

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INVESTMENT CASE

COMPELLING & UNIQUE AS WE EXECUTE ON OUR STRATEGY

Transaction Capital

TRANSACTION CAPITAL COMPRISED OF 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

& 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

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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**

& 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**

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NOTES

QUESTIONS

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DISCLAIMER

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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.

2018

TRANSACTION CAPITAL INTERIM RESULTS AND DIVIDEND DECLARATION

FOR THE HALF YEAR ENDED 31 MARCH

Transaction Capital

CONTENTS

COMMENTARY

HIGHLIGHTS

CORE HEADLINE EARNINGS PER SHARE[1]	50.8 cents	↑ 17%	2017: 43.3 cents
INTERIM DIVIDEND PER SHARE	21.0 cents	↑ 40%	2017: 15.0 cents

	TRANSACTION CAPITAL GROUP	SA TAXI	TRANSACTION CAPITAL RISK SERVICES
CORE HEADLINE EARNINGS[1]	↑ 22% R310 MILLION	↑ 20% R173 MILLION	↑ 28% R119 MILLION

1 Core financial ratios exclude once-off acquisition costs of R22 million incurred during the 2017 financial year.

INTRODUCTION

Transaction Capital owns businesses that operate in highly specialised and under-served segments of the South African and Australian financial services markets. Its divisions, SA Taxi and Transaction Capital Risk Services (TCRS), are led by entrepreneurial and experienced management teams, represent a diversified and scalable financial services platform, and are 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 good commercial returns and positive social impact.

Since it listed on the JSE Limited in June 2012, the group has delivered growth in earnings per share at a compound annual growth rate of about 21%, with high cash conversion rates. In the first half of the 2018 financial year, the group extended its track record of high-quality organic earnings growth. Core headline earnings grew by 22% to R310 million. Core headline earnings per share rose 17% to 50.8 cents, diluted by issuing 28.4 million shares as part of the accelerated bookbuild concluded on 2 February 2017, which raised R419 million. The group's balance sheet remains well capitalised, liquid and ungeared, with excess capital of over R650 million providing the capacity and flexibility for acquisitions.

The early adoption of IFRS 9 in the 2015 financial year, ahead of the 2018 deadline, has resulted in a more conservative, lower-risk balance sheet and higher-quality earnings. It also removed uncertainty relating to the effect of IFRS 9 on future financial results and ratios.

COMMENTARY *continued*

MACRO- AND SOCIO-ECONOMIC ENVIRONMENT

SA Taxi and TCRS are well positioned within their chosen markets and continue to demonstrate their defensive character. Both divisions have adjusted to South Africa's challenging macro- and socio-economic conditions, by refining and diversifying their scalable fintech platforms and achieving high operational efficiency.

Recent political developments in South Africa are supporting a recovery in consumer and business confidence, evidenced by a stronger Rand and the 25 basis point interest rate cut since December 2017. These factors together with greater direct investment from both foreign investors and local business are expected to stimulate the economy with domestic and international institutions revising GDP growth rates upward for the next three years. This should result in higher employment, consumer spending and consumer credit extension.

The difficult economic conditions over the past few years combined with high vehicle prices have placed the minibus taxi industry under pressure. The industry could benefit from improved economic conditions, with lower interest rates and a growing commuter base supporting more affordable finance instalments. In an improving consumer credit environment, supported by lower levels of household debt to income and stable inflation rates, the volume of matters flowing to TCRS for collection should increase. Furthermore, returns on its acquired non-performing loan portfolios and contingency matters already under management should improve.

While the depth of this economic improvement remains to be seen, we expect our businesses to perform better in this more positive environment. However, we have not provided for an economic upturn in our guidance, so there may be upside potential for our growth expectations over the medium term.

ACCELERATED BOOKBUILD IN MARCH 2018

In March 2018, Everglen Capital (Pty) Ltd (Everglen) reduced its shareholding from 41% to 29%, disposing of 72 million shares via an accelerated bookbuild offering. Everglen is still the largest shareholder in the company, and remains the shareholder of reference. The bookbuild increased the company's free float significantly, which should enhance liquidity and daily trade. New and existing investors, both local and international, took up the offer to increase their shareholding. International investors accounted for 80% of the bookbuild, taking the company's international investor base to 15% from 5% in the prior period. Further information on the bookbuild can be found in the Stock Exchange News Service (SENS) announcements released on 7 and 8 March 2018, at www.transactioncapital.co.za.

SA TAXI

		For the half year ended 31 March		
		2018	2017	Movement
Financial performance				
Headline earnings attributable to the group	Rm	**173**	144	20%
Non-interest revenue	Rm	**258**	195	32%
Net interest income	Rm	**491**	412	19%
Net interest margin	%	**11.3**	11.0	
Cost-to-income ratio	%	**46.1**	50.1	
Return on average equity	%	**25.7**	24.1	
Credit performance				
Gross loans and advances	Rm	**8 907**	7 757	15%
Non-performing loan ratio	%	**17.2**	17.2	
Credit loss ratio	%	**3.7**	3.3	

MARKET POSITIONING

SA Taxi is a vertically integrated taxi platform incorporating a unique blend of vehicle procurement, retail, repossession and refurbishment capabilities with asset-backed developmental finance and insurance competencies for focused vehicle types. Combined with its proprietary data, analytics capabilities and technology, this division is able to provide small and medium-sized enterprises (SMEs) operating within the minibus taxi industry with a complete financial and allied services offering. SA Taxi delivers commercial benefits to its taxi operators, helping them ensure the viability and sustainability of their businesses whilst creating shared value in the minibus taxi industry.

As the largest and most critical component of South Africa's integrated public transport network, the minibus taxi industry creates significant value as an employer and enabler of socio-economic activity. As a key transformation partner in the public transport value chain, SA Taxi is cognisant of its responsibility to operate in a way that supports the overall sustainability of the public transport industry. This approach is essential to delivering defensible and sustainable financial returns over the long term.

SA Taxi's social impact extends to financial inclusion, job creation and economic transformation. Most SMEs operating in the minibus taxi industry do not easily qualify for traditional finance. Since 2008, the division has provided loans of more than R20.2 billion to taxi operators, supporting the creation of an estimated 68 600 SMEs, and more than 123 000 direct and 205 000 indirect jobs. More broadly, enabling taxi operators to replace old vehicles with new, safer and reduced emission minibus taxis improves South Africa's public transport infrastructure.

OPERATING CONTEXT

The structural dynamics, detailed in previous announcements and the group's latest integrated report, remain unchanged and continue to support the minibus taxi industry's resilience.

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 main mode of public transport. However, the industry receives no government subsidy. In contrast, bus and rail combined account for less than 2 million commuter trips a day, and require significant capital investment and subsidisation from government. Minibus taxi transport is thus a non-discretionary expense for most South Africans, which supports the minibus taxi industry's resilience even without financial support from government.

Notwithstanding this resilience, the challenging economic environment in South Africa compounded by high minibus taxi vehicle prices and minibus taxi operators' lack of participation in the industry value chain, is having an impact on the industry at grass roots level. SA Taxi continues to work closely with industry leadership to deliver more suitable and sustainable products to minibus taxi operators. 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

The limited supply of new minibus taxis exacerbates the under-capitalisation and ageing of the estimated 250 000 national minibus taxi 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 29 921 vehicles, grew 15% to R8.9 billion. Growth of 4% in the number of loans originated and a slight increase in minibus taxi prices supported this result. SA Taxi expects vehicle prices to increase at lower than historical rates for the 2018 year, with the lower exchange rate since December 2017 expected to support this.

SA Taxi's higher level of loan originations has been achieved while improving credit quality. Focused loan origination strategies resulted in repeat loans to existing clients increasing to approximately 31%. SA Taxi does not restructure distressed clients' loan accounts.

Net interest income grew 19% to R491 million. SA Taxi's net interest margin improved to 11.3%, due to effective capital management and a stable non-performing loan ratio, despite an increase in the cost of borrowing. The risk-adjusted net interest margin remained robust at 7.6%. The credit loss ratio of 3.7% remains within the division's risk tolerance of 3% to 4% and the non-performing loan ratio remained stable at 17.2%. Good collection performance and conservative credit granting criteria supported this result.

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 one of the largest minibus taxi repair facilities in Africa, and the average cost to repair repossessed vehicles reduced further in the period. This was due to efficiencies achieved in the combined auto body repair and mechanical refurbishment centre. New initiatives in the parts procurement and distribution channels and salvage operations are expected to generate more efficiencies and reduce costs further over the medium term.

COMMENTARY *continued*

Stable non-performing loans, the reduced average cost to repair repossessed vehicles and higher recoveries on the re-sale of these vehicles, allowed the division to reduce provision coverage to 4.9%. At this level, SA Taxi's after tax credit loss remains covered at 1.8 times.

SA Taxi's funding requirements into the 2019 financial year are already secured. With funding from more than 40 distinct debt investors, the division continues to diversify its funding sources. SA Taxi returned to the local listed debt capital markets in November 2017, issuing R505 million of Moody's credit rated and JSE-listed debt via its Transsec 3 securitisation programme. This was priced at a weighted average cost of 180 basis points above three-month JIBAR, 81 basis points lower than the previous Transsec issuance. The business continues to balance the cost of debt from international sources against the benefit of funding diversification.

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. Non-interest revenue for the period grew 32% to R258 million, and now comprises 34% of SA Taxi's revenue after interest expense.

Encouragingly, a direct outcome of the industry protests during June 2017 has been deeper collaboration and joint participation by SA Taxi and the industry in augmenting existing and creating new non-interest revenue streams.

Insurance operations

SA Taxi's short-term insurance business is the main driver of non-interest revenue growing at a faster rate than our vehicle financing operation. The division's gross written premium has grown by broadening its product and client base.

In response to industry requests, during October 2017 SA Taxi again broadened its product base by launching a highly competitive credit life product. On average SA Taxi's insured clients now each have 1.8 SA Taxi insurance products.

In the highly competitive vehicle insurance sector, more than 85% of SA Taxi's financed clients choose to be insured by SA Taxi, with the remainder insured by other reputable insurers. In addition, SA Taxi has broadened its client base, now also insuring taxi operators not financed by the division, with the number of these clients up 22.5% from the prior period. Annualised new business premium grew to R161 million for the half year period from R135 million.

Loss ratios for both the financed and non-financed insurance portfolios continue to improve as a growing proportion of insurance claims are processed via SA Taxi's combined auto body and mechanical repair facility. This is further enhanced by operational efficiencies achieved in this facility, with new initiatives in the parts procurement and distribution channels and salvage operations expected to generate efficiencies and reduce costs even further over the medium term.

The insurance operation has been consolidated in accordance with IFRS, resulting in a full and stable effective tax rate.

CONCLUSION

With 15% growth in gross loans and advances, increasing net interest margins, strong credit performance, growth in non-interest revenue exceeding 20% and significant operational leverage via the improvement in the cost-to-income ratio to 46.1% (2017: 50.1%), SA Taxi's credit, operational and financial performance remains robust. This supported 20% growth in headline earnings to R173 million for the half year.

TRANSACTION CAPITAL RISK SERVICES

		For the half year ended 31 March		
		2018	2017	Movement
Financial performance				
Core headline earnings attributable to the group[1]	Rm	**119**	93	28%
Non-interest revenue	Rm	**854**	642	33%
Purchased book debts				
Value of purchased book debts acquired	Rm	**222**	210	6%
Purchased book debts	Rm	**1 030**	930	11%
Estimated remaining collections	Rm	**1 992**	1 492	34%

1. *Core financial ratios exclude once-off acquisition costs of R22 million incurred during the 2017 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 and geographies is central to the division's defensive positioning, supporting its performance in different market conditions.

Management's focus remains on driving organic earnings growth from existing operations, while ensuring the smooth operational integration of the acquired businesses, Recoveries Corporation in Australia and Road Cover in South Africa, all of which are in line with expectations.

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 25.3 million credit-active South African consumers at December 2017, almost 40% of these (9.7 million) had impaired credit records. TCRS maintains proprietary data on the majority of these distressed consumers.

Transaction Capital's Consumer Credit Rehabilitation Index (CCRI) tracks the South African consumer's rehabilitation prospects. 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 consumer already in a default position continued to deteriorate throughout 2016 and into 2017, in line with the general economic environment. Encouragingly, the CCRI reflected a marginal sequential improvement of 0.4% when comparing the third quarter of 2017 to quarter two of 2017, and a further 1.0% improvement when comparing the fourth quarter of 2017 to the third. Unfortunately, the CCRI reflected a marginal sequential deterioration of 0.8% when comparing the first quarter of 2018 to the preceding final quarter of 2017. This shows that credit active consumers remain vulnerable, but a recovery may be underway. Other indicators supporting a potential recovery include slightly improved unemployment rates of 26.7%, household debt to income improving to 71.9%, the 25 basis points rate cut in March 2018 and inflation staying within the targeted band.

Collection services: Acquisition of non-performing loan portfolios as principal

The current economic climate and TCRS' data, scale and capital position still 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. As predicted, activity in this sector remained at the high levels experienced during the 2017 financial year. In South Africa TCRS acquired 17 portfolios with a face value of R8.3 billion for R218 million with Recoveries Corporation investing a further R4 million in portfolios during the period under review. TCRS now owns 219 principal portfolios with a face value of R20.6 billion, valued at just above R1 billion at 31 March 2018 up 11% from R930 million a year ago. Estimated remaining collections is now just under R2 billion, up from R1.5 billion a year ago, which will support future performance.

In Australia, TCRS continues to be cautious as it seeks to apply its analytics, pricing expertise and capital raising capabilities to the selective purchase of non-performing loan portfolios in a highly fragmented debt collection market.

Collection services: Contingency and FFS revenue

The difficult consumer credit environment experienced during the 2016 and 2017 years, resulted in lower levels of consumer credit extension and the consequent contraction in volumes of contingency matters handed over for collection in South Africa. As a result, contingency and fee-for-service revenue grew moderately during that period. Encouragingly, TCRS' strategy to deepen its penetration in its traditional market segments (i.e. retailers, specialist lenders and banks) and grow revenue from adjacent sectors (i.e. insurance, telecommunication and public sectors) supported its organic earnings growth, with local contingency and fee-for-service revenue growing by 23% during the first half of this year. In 89% of its 201 collection mandates in South Africa, TCRS is ranked either as the best or second-best recoveries agent. The adjacent insurance, telecommunication and public sectors now contribute 38% of TCRS' local contingency and FFS revenue, compared to 20% in the prior period.

Although still a small component of TCRS, contributing 5% of Transaction Capital's annual earnings, Recoveries Corporation in Australia has diversified the division's agency and FFS revenue. Recoveries Corporation grew its revenues on a like-for-like basis over the first half of the financial year in line with expectations. This was earned from a diversified client base in the insurance (26%), telecommunication and utility (14%), banking and commercial (30%) and public (30%) sectors.

COMMENTARY *continued*

Transaction Capital remains focused on investing further into this business, including deepening management skill set and overlaying TCRS' technology and business information capability to ensure the success of the investment case. Whilst the initial investment was relatively small, the opportunity to gain a deep understanding of the Australian collections industry, as well as participate in the emerging opportunities, is meaningful. As management implement this integration strategy, we expect the earnings growth rate from Recoveries Corporation this year to be below that of the rest of TCRS.

Other services

Headline earnings from our value-added services segment (Road Cover) grew in line with expectations well above 20% on a like-for-like basis. Actual earnings growth will be higher, as the acquisition of Road Cover was effective from 1 December 2016.

The transactional services segment, including Transaction Capital Payment Solutions and Transaction Capital Business Solutions, is performing in line with expectations.

CONCLUSION

Excluding the acquisitions, TCRS' cost-to-income ratio has continued to improve. Including acquisitions, core headline earnings growth of 28% to R119 million was achieved for the half year under review. Solid organic growth, augmented by the earnings accretive business acquisitions, underpinned this result.

GROUP EXECUTIVE OFFICE

The group executive office contributed R18 million to the group's headline earnings for the half year, resulting from efficient capital management and treasury functions relating to the excess capital of over R650 million.

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 continue to identify opportunities to create more value for all stakeholders.

Over the past few years SA Taxi and TCRS have adjusted to South Africa's challenging economic conditions, to become highly efficient. Although both divisions are defensively positioned, a sustained economic recovery will support their potential to outperform our current performance expectations.

The group's conservative approach to acquisitions focuses on acquiring and developing established platforms within core and adjacent market segments. With excess capital of over R650 million, the group has the flexibility for immediate cash settlement of any future acquisitions. Our growth expectations are based on the assumption that this excess capital is not deployed into earnings accretive acquisitions, so there may well be further upside potential over the medium term.

Robust organic growth together with the returns of the acquired businesses, position Transaction Capital to continue growing earnings and dividends in line with past periods and current interim performance.

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

DIVIDEND DECLARATION

In line with the stated dividend policy of 2 to 2.5 times, the board has declared an interim gross cash dividend of 21 cents per share (2017: 15 cents per share) for the six months ended 31 March 2018, 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 16.8 cents per share.

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

Issued shares as at declaration date	610 422 717
Declaration date	Wednesday 16 May 2018
Last day to trade cum dividend	Tuesday 5 June 2018
Ex-dividend	Wednesday 6 June 2018
Record date	Friday 8 June 2018
Payment date	Monday 11 June 2018

Tax reference number: 9466/298/15/6

Share certificates may not be dematerialised or rematerialised between Wednesday 6 June 2018 and Friday 8 June 2018, both dates inclusive.

On Monday 11 June 2018 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 June 2018 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 June 2018.

BASIS FOR PREPARATION

The condensed consolidated interim financial results have been prepared under the supervision of R Goldstein (CA) SA. The financial information on which this announcement is based has not been reviewed and reported on by Transaction Capital's external auditors. The unaudited results of the group for the half year ended 31 March 2018 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act, 71 of 2008. The Listings Requirements require interim reports to be prepared in accordance with, and containing the information required by, 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 and their application are in terms of IFRS and are consistent, in all material respects, with those details in Transaction Capital's prior year annual financial statements.

APPROVAL BY THE BOARD OF DIRECTORS

Signed on behalf of the board of directors:

David Hurwitz
Chief executive officer

Ronen Goldstein
Financial director

16 May 2018

Enquiries: Phillipe Welthagen – Investor Relations
Telephone: +27 (0) 11 049 6729

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Assets		
Cash and cash equivalents	**904**	782
Tax receivables	**24**	30
Trade and other receivables	**786**	617
Inventories	**354**	222
Loans and advances	**9 054**	7 785
Leased assets	**–**	28
Purchased book debts	**1 030**	930
Other loans receivable	**38**	32
Other investments	**–**	590
Intangible assets	**263**	212
Property and equipment	**156**	122
Goodwill	**1 103**	666
Deferred tax assets	**315**	314
Total assets	**14 027**	12 330
Liabilities		
Bank overdrafts	**265**	147
Tax payables	**15**	13
Trade and other payables	**665**	390
Provisions	**123**	45
Interest-bearing liabilities	**8 735**	7 895
Senior debt	**7 668**	6 959
Subordinated debt	**1 067**	936
Deferred tax liabilities	**355**	250
Total liabilities	**10 158**	8 740
Equity		
Ordinary share capital	**1 060**	1 046
Reserves	**(26)**	139
Retained earnings	**2 781**	2 358
Equity attributable to ordinary equity holders of the parent	**3 815**	3 543
Non-controlling interest	**54**	47
Total equity	**3 869**	3 590
Total equity and liabilities	**14 027**	12 330

Refer to the group data sheet for the 30 September 2017 comparative.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Interest and other similar income	**1 064**	939
Interest and other similar expense	**(511)**	(475)
Net interest income	**553**	464
Impairment of loans and advances	**(164)**	(125)
Risk-adjusted net interest income	**389**	339
Non-interest revenue	**1 112**	843
Operating costs	**(1 067)**	(868)
Non-operating loss	**(4)**	(2)
Profit before tax	**430**	312
Income tax expense	**(112)**	(75)
Profit for the period	**318**	237
Profit for the period attributable to:		
Ordinary equity holders of the parent	**310**	232
Non-controlling interests	**8**	5
Earnings per share (cents)		
Basic and headline earnings per share	**50.8**	39.5
Diluted basic and headline earnings per share	**50.3**	39.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Profit for the period	**318**	237
Other comprehensive income		
Movement in cash flow hedging reserve	**(13)**	(2)
Fair value losses arising during the period	**(18)**	(2)
Deferred tax	**5**	<1
Movement in equity instruments held at fair value	**–**	<1
Exchange losses on translation of foreign operations	**(61)**	(2)
Total comprehensive income for the period	**244**	233
Total comprehensive income attributable to:		
Ordinary equity holders of the parent	**236**	228
Non-controlling interests	**8**	5

CONDENSED HEADLINE EARNINGS RECONCILIATION

FOR THE HALF YEAR ENDED 31 MARCH

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

	2018 Unaudited Rm	2017 Unaudited Rm
Headline earnings	**310**	232
Transaction and other acquisition-related costs	**–**	22
Core headline earnings	**310**	254

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 MARCH

	Share capital Unaudited Rm	Reserves Unaudited Rm	Retained earnings Unaudited Rm	Ordinary shareholders equity Unaudited Rm	Non-controlling interests Unaudited Rm	Total equity Unaudited Rm
Balance at 31 March 2017	1 046	139	2 358	3 543	47	3 590
Total comprehensive income	–	(61)	323	262	9	271
Profit for the period	–	–	323	323	9	332
Other comprehensive income	–	(61)	–	(61)	–	(61)
Grant of share appreciation rights and conditional share plan	–	9	–	9	–	9
Settlement of share appreciation rights	–	(5)	(9)	(14)	–	(14)
Transfer to retained earnings	–	(48)	48	–	–	–
Dividends paid	–	–	(92)	(92)	(2)	(94)
Issue of shares	21	–	–	21	–	21
Repurchase of shares	(11)	–	–	(11)	–	(11)
Balance at 30 September 2017	**1 056**	**34**	**2 628**	**3 718**	**54**	**3 772**
Total comprehensive income	**–**	**(74)**	**310**	**236**	**8**	**244**
Profit for the period	**–**	**–**	**310**	**310**	**8**	**318**
Other comprehensive income	**–**	**(74)**	**–**	**(74)**	**–**	**(74)**
Grant of share appreciation rights and conditional share plan	**–**	**16**	**–**	**16**	**–**	**16**
Settlement of share appreciation rights	**–**	**(2)**	**(4)**	**(6)**	**–**	**(6)**
Dividends paid	**–**	**–**	**(153)**	**(153)**	**(8)**	**(161)**
Issue of shares	**8**	**–**	**–**	**8**	**–**	**8**
Repurchase of shares	**(4)**	**–**	**–**	**(4)**	**–**	**(4)**
Balance at 31 March 2018	**1 060**	**(26)**	**2 781**	**3 815**	**54**	**3 869**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Cash flow from operating activities		
Cash generated by operations	**670**	505
Income taxes paid	**(39)**	(35)
Dividends received from insurance activities	**–**	47
Dividends paid	**(161)**	(105)
Cash flow from operating activities before changes in operating assets and liabilities	**470**	412
Increase in operating assets and liabilities	**(401)**	(572)
Loans and advances	**(765)**	(713)
Leased assets	**–**	–
Purchased book debts	**(180)**	(277)
Net proceeds from interest-bearing liabilities	**544**	418
Changes in working capital	**(145)**	(125)
Increase in inventories	**(143)**	(20)
Increase in trade and other receivables	**(124)**	(75)
Increase/(decrease) in trade and other payables	**122**	(30)
Net cash utilised by operating activities	**(76)**	(285)
Cash flow from investing activities		
Business combinations	**(35)**	(482)
Acquisition of property and equipment	**(23)**	(14)
Acquisition of intangible assets	**(31)**	(28)
Disposal of property and equipment	**–**	2
Increase in other investments	**–**	(115)
Decrease in other loans receivable	**3**	3
Net cash utilised by investing activities	**(86)**	(634)
Cash flow from financing activities		
Repurchase of shares	**(4)**	–
Issue of shares	**–**	451
Net cash (utilised)/generated by financing activities	**(4)**	451
Net decrease in cash and cash equivalents	**(166)**	(468)
Cash and cash equivalents at the beginning of the period*	**808**	1 103
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(3)**	–
Cash and cash equivalents at the end of period*	**639**	635

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

CONDENSED SEGMENT REPORT
FOR THE HALF YEAR ENDED 31 MARCH

	SA Taxi	
	2018 Unaudited Rm	2017 Unaudited Rm
Condensed income statement for the half year ended 31 March		
Net interest income	**491**	412
Impairment of loans and advances	**(162)**	(124)
Non-interest revenue	**258**	195
Operating costs	**(345)**	(304)
Non-operating profit	**–**	–
Profit before tax	**242**	179
Headline earnings attributable to equity holders of the parent	**173**	144
Once-off transaction and other acquisition-related costs	**–**	–
Core headline earnings attributable to equity holders of the parent	**173**	144
Condensed statement of financial position at 31 March		
Assets		
Cash and cash equivalents	**689**	483
Loans and advances	**8 467**	7 305
Purchased book debts	**–**	–
Other investments	**–**	496
Other assets	**1 618**	977
Total assets	**10 774**	9 261
Liabilities		
Bank overdrafts	**265**	141
Interest-bearing liabilities	**7 364**	6 757
Group loans**	**1 163**	910
Other liabilities	**519**	199
Total liabilities	**9 311**	8 007
Total equity	**1 463**	1 254

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

** *Of SA Taxi's total group loans of R1 163 million at 31 March 2018 (2017: R910 million), R426 million (2017: R100 million) is repayable on demand as part of the group's treasury management function. The remaining R737 million (2017: R810 million) group loans is subordinated debt with fixed repayment terms. TCRS' total group loans of R213 million (2017: R205 million) is repayable on demand as part of the group's treasury management function.*

	Transaction Capital Risk Services		Group executive office*		Group	
	2018 Unaudited Rm	2017 Unaudited Rm	**2018 Unaudited Rm**	2017 Unaudited Rm	**2018 Unaudited Rm**	2017 Unaudited Rm
	30	28	**32**	24	**553**	464
	(2)	(1)	**–**	–	**(164)**	(125)
	854	642	**–**	6	**1 112**	843
	(716)	(560)	**(6)**	(4)	**(1 067)**	(868)
	(4)	(2)	**–**	–	**(4)**	(2)
	162	107	**26**	26	**430**	312
	119	71	**18**	17	**310**	232
	–	22	**–**	–	**–**	22
	119	93	**18**	17	**310**	254
	170	91	**45**	208	**904**	782
	587	480	**–**	–	**9 054**	7 785
	1 030	930	**–**	–	**1 030**	930
	–	–	**–**	94	**–**	590
	1 404	1 228	**17**	38	**3 039**	2 243
	3 191	2 729	**62**	340	**14 027**	12 330
	–	6	**–**	–	**265**	147
	996	794	**375**	344	**8 735**	7 895
	213	205	**(1 376)**	(1 115)	**–**	–
	617	511	**22**	(12)	**1 158**	698
	1 826	1 516	**(979)**	(783)	**10 158**	8 740
	1 365	1 213	**1 041**	1 123	**3 869**	3 590

BUSINESS COMBINATIONS
FOR THE HALF YEAR ENDED 31 MARCH 2018

Subsidiaries acquired

	Acquirer	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred Rm
Accsys Proprietary Limited (Accsys)	Transaction Capital Risk Services	People management solutions	01/12/2017	**100**	**44**

Transaction Capital Risk Services (TCRS) acquired 100% of the voting equity in Accsys Proprietary Limited (Accsys). Accsys is a South African software company specialising in people management solutions. Accsys has the potential to unlock value through synergies with TCRS, including Transaction Capital Payment Solutions (TCPS) gaining access to approximately 1 million disbursements via the Accsys system each month to employees of clients.

Consideration for IFRS 3 purposes

	Accsys Rm	Total Rm
Cash	**44**	**44**
Total	**44**	**44**

Assets acquired and liabilities recognised at the date of acquisition

	Accsys Rm	Total Rm
Current assets		
Cash and cash equivalents	**9**	**9**
Trade and other receivables	**10**	**10**
Inventories	**1**	**1**
Non-current assets		
Deferred tax assets	**3**	**3**
Current liabilities		
Trade and other payables	**(18)**	**(18)**
Net assets acquired and liabilities recognised	**5**	**5**

The initial accounting for the acquisition of Accsys has been provisionally determined at the end of the reporting period. For tax purposes, the tax values of certain Accsys assets are required to be reset based on market values of the assets at the date of the acquisition. At the date of finalisation of these interim 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 this transaction have a fair value of R10 million. The receivables acquired compromise principally of trade receivables with a gross contractual amount of R11 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is R2 million.

Goodwill arising on acquisition

	Accsys Rm	Total Rm
Consideration for IFRS 3 purposes	**44**	**44**
Less: intangible assets identified from business combinations	**(19)**	**(19)**
Plus: deferred tax on intangible assets identified from business combinations	**5**	**5**
Less: fair value of identifiable net assets acquired	**(5)**	**(5)**
Goodwill arising on acquisition	**25**	**25**

The consideration paid for the business combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Accsys. 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 the acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of subsidiary

	Rm
Consideration paid in cash	**44**
Less: cash and cash equivalent balance acquired	**(9)**
Net cash outflow	**35**

Impact of acquisition on the results of the group

Included in profit attributable to equity holders of the group for the period, is R2 million attributable to Accsys. Revenue for the period includes R19 million in respect of Accsys.

Had the business combination been effected at 1 October 2017, revenue for the group would have been R2 186 million, and the profit for the period attributable to equity holders of the group would have been R311 million. The directors consider these pro forma numbers to represent approximate measure of the performance of the combined group on an annualised basis year to date and to provide a reference point for comparison in future periods.

FAIR VALUE DISCLOSURE

FOR THE HALF YEAR ENDED 31 MARCH

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

	Carrying value 2018 Rm	Fair value 2018 Rm	Carrying value 2017 Rm	Fair value 2017 Rm
Assets				
Loans and advances	**9 054**	**9 053**	7 785	7 772
Purchased book debts	**1 030**	**1 030**	930	930
Other loans receivable	**38**	**38**	32	32
Trade and other receivables*	**633**	**633**	527	527
Cash and cash equivalents	**904**	**904**	782	782
Total	**11 659**	**11 658**	10 056	10 043
Liabilities				
Interest-bearing liabilities	**8 735**	**9 029**	7 895	7 955
Fixed rate liabilities	**42**	**46**	238	238
Floating rate liabilities	**8 693**	**8 983**	7 657	7 717
Trade and other payables**	**591**	**591**	328	328
Bank overdrafts	**265**	**265**	147	147
Total	**9 591**	**9 885**	8 370	8 430
Net exposure	**2 068**	**1 773**	1 686	1 613

* *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.*

LEVEL DISCLOSURES
FOR THE HALF YEAR ENDED 31 MARCH

	2018			
	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	**–**	**–**	**27**	**27**
Other financial assets	**–**	**–**	**36**	**36**
Financial assets at fair value through other comprehensive income				
Derivatives	**–**	**9**	**–**	**9**
Total financial assets	**–**	**9**	**63**	**72**
Financial liabilities at fair value through profit or loss				
Trade and other payables	**–**	**–**	**34**	**34**
Financial liabilities at fair value through other comprehensive income				
Derivatives	**–**	**144**	**–**	**144**
Total financial liabilities	**–**	**144**	**34**	**178**

	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	–	–	39	39
Other financial assets	–	–	172	172
Financial assets at fair value through other comprehensive income				
Derivatives	–	56	–	56
Other investments	94	–	496	590
Total financial assets	94	56	707	857
Financial liabilities at fair value through profit or loss				
Trade and other payables*	–	–	70	70
Financial liabilities at fair value through other comprehensive income				
Derivatives	–	6	–	6
Total financial liabilities	–	6	70	76

* *Provisional accounting for acquisitions made during the previous financial period was finalised during December 2017. In terms of IFRS 3: Business Combinations fair value accounting of the contingent consideration relating to the acquisition of Recoveries Corporation was restated from R100 million to R70 million in the prior period, with a corresponding adjustment to goodwill. The impact on the statement of comprehensive income is negligible.*

FAIR VALUE DISCLOSURE *continued*

Reconciliation of level 3 fair value measurements of financial assets

	2018		
	Fair value through profit or loss Rm	**Fair value through other comprehensive income Rm**	**Total Rm**
Opening balance	**88**	**–**	**88**
Total gains or losses			
In profit or loss	**–**	**–**	**–**
In other comprehensive income	**–**	**–**	**–**
Other movements*	**(25)**	**–**	**(25)**
Closing balance of fair value measurement	**63**	**–**	**63**

	2017		
	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Opening balance	220	370	590
Total gains or losses			
In profit or loss	(53)	–	(53)
In other comprehensive income	–	–	–
Other movements*	44	–	44
Closing balance of fair value measurement	211	370	581
Capital deployed to cell	–	126	126
Closing balance of financial instrument	211	496	707

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

Sensitivity analysis of valuations using unobservable inputs

As part of the group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that 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

	2018		2017	
SA Taxi – loans and advances: loans for entry-level vehicles	**10% Favourable Rm**	**10% Unfavourable Rm**	10% Favourable Rm	10% Unfavourable Rm
Significant unobservable input and description of assumption				
Average collateral value	**1**	**(1)**	2	(2)
Discount rate: the rate used to discount projected future cash flows to present value	**1**	**(1)**	2	(2)
Total	**2**	**(2)**	4	(4)

	2018		2017	
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	**–**	**–**	15	(15)
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	**–**	**–**	95	(95)
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	**–**	**–**	5	(5)
Discount rate: the rate used to discount projected future cash flows to present value	**–**	**–**	6	(6)
Total	**–**	**–**	121	(121)

	2018		2017	
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**	**<(1)**	<1	(1)
Cash flows: change in expected costs	**<1**	**<(1)**	<1	(1)
Discount rate: the rate used to discount projected future cash flows to present value	**<1**	**<(1)**	1	(2)
Total	**<1**	**<(1)**	1	(4)

2018

TRANSACTION CAPITAL GROUP DATA SHEET

FOR THE HALF YEAR ENDED 31 MARCH

Transaction Capital

DATA SHEET

AT 31 MARCH 2018

All numbers and ratios presented in this data sheet are inclusive of the consolidated results of acquisitions from effective acquisition date and exclude transaction and other acquisition-related costs of R22 million incurred during the 2017 financial year.

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
TRANSACTION CAPITAL GROUP							
Condensed consolidated income statement							
Interest and other similar income	Rm	**1 064**	939	806	**13%**	17%	1 971
Interest and other similar expense	Rm	**(511)**	(475)	(377)	**8%**	26%	(964)
Net interest income	Rm	**553**	464	429	**19%**	8%	1 007
Impairment of loans and advances	Rm	**(164)**	(125)	(112)	**31%**	12%	(260)
Risk-adjusted net interest income	Rm	**389**	339	317	**15%**	7%	747
Non-interest revenue	Rm	**1 112**	843	611	**32%**	38%	1 937
Core operating costs	Rm	**(1 067)**	(846)	(656)	**26%**	29%	(1 888)
Advertising, marketing and public relations	Rm	**(8)**	(7)	(4)	**14%**	75%	(12)
Amortisation of intangible assets	Rm	**(22)**	(12)	(4)	**83%**	>100%	(31)
Amortisation of principal book portfolio	Rm	**(41)**	(75)	(55)	**(45%)**	36%	(117)
Audit fees	Rm	**(6)**	(7)	(5)	**(14%)**	40%	(17)
Bank charges	Rm	**(11)**	(10)	(6)	**10%**	67%	(20)
Commissions paid	Rm	**(10)**	(11)	(6)	**(9%)**	83%	(19)
Communication costs	Rm	**(44)**	(33)	(28)	**33%**	18%	(79)
Consulting fees	Rm	**(15)**	(12)	(10)	**25%**	20%	(32)
Depreciation	Rm	**(21)**	(15)	(9)	**40%**	67%	(32)
Directors' emoluments	Rm	**(6)**	(5)	(3)	**20%**	67%	(10)
Electricity and water	Rm	**(10)**	(9)	(7)	**11%**	29%	(19)
Employee expenses	Rm	**(614)**	(439)	(345)	**40%**	27%	(1 050)
Fees paid	Rm	**(22)**	(19)	(16)	**16%**	19%	(39)
Handling, logistics and storage	Rm	**(31)**	(23)	(17)	**35%**	35%	(38)
Information technology	Rm	**(23)**	(17)	(14)	**35%**	21%	(40)
VAT disallowed	Rm	**(17)**	(17)	(16)	**0%**	6%	(28)
Operating lease rentals	Rm	**(43)**	(32)	(23)	**34%**	39%	(70)
Professional fees	Rm	**(3)**	(7)	(6)	**(57%)**	17%	(16)
Risk management	Rm	**(11)**	(8)	(6)	**38%**	33%	(18)
Staff welfare	Rm	**(13)**	(10)	(6)	**30%**	67%	(21)
Travel	Rm	**(9)**	(7)	(6)	**29%**	17%	(16)
Training and seminars	Rm	**(6)**	(5)	(3)	**20%**	67%	(12)
Other	Rm	**(81)**	(66)	(61)	**23%**	8%	(152)
Core operating income	Rm	**434**	336	272	**29%**	24%	796
Non-operating (loss)/profit	Rm	**(4)**	(2)	2	**100%**	<(100%)	(3)
Core profit before tax	Rm	**430**	334	274	**29%**	22%	793
Income tax expense	Rm	**(112)**	(75)	(62)	**49%**	21%	(203)
Core profit for the period	Rm	**318**	259	212	**23%**	22%	590
Core profit and headline earnings for the period attributable to:	Rm	**318**	259	212	**23%**	22%	590
Ordinary equity holders	Rm	**310**	254	210	**22%**	21%	577
Non-controlling interests	Rm	**8**	5	2	**60%**	>100%	13
Transaction and other acquisition-related costs	Rm	**–**	22	–	**(100%)**	100%	22

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
TRANSACTION CAPITAL GROUP continued							
Condensed consolidated statement of financial position							
Assets							
Cash and cash equivalents	Rm	**904**	782	965	**16%**	(19%)	944
Inventories	Rm	**354**	222	97	**59%**	>100%	212
Loans and advances	Rm	**9 054**	7 785	6 601	**16%**	18%	8 456
Purchased book debts	Rm	**1 030**	930	571	**11%**	63%	891
Other investments	Rm	**–**	590	425	**(100%)**	39%	–
Intangible assets	Rm	**263**	212	43	**24%**	>100%	247
Goodwill	Rm	**1 103**	666	200	**66%**	>100%	1 135
Property and equipment	Rm	**156**	122	65	**28%**	88%	150
Other assets	Rm	**1 163**	1 021	859	**14%**	19%	1 009
Total assets	Rm	**14 027**	12 330	9 826	**14%**	25%	13 044
Liabilities							
Bank overdrafts	Rm	**265**	147	22	**80%**	>100%	136
Interest-bearing liabilities	Rm	**8 735**	7 895	6 691	**11%**	18%	8 191
Senior debt	Rm	**7 668**	6 959	5 523	**10%**	26%	7 228
Subordinated debt	Rm	**1 067**	936	1 168	**14%**	(20%)	963
Other liabilities	Rm	**1 158**	698	374	**66%**	87%	945
Total liabilities	Rm	**10 158**	8 740	7 087	**16%**	23%	9 272
Equity							
Equity attributable to ordinary equity holders of the parent	Rm	**3 815**	3 543	2 707	**8%**	31%	3 718
Non-controlling interests	Rm	**54**	47	32	**15%**	47%	54
Total equity	Rm	**3 869**	3 590	2 739	**8%**	31%	3 772
Total equity and liabilities	Rm	**14 027**	12 330	9 826	**14%**	25%	13 044
Shareholder statistics							
Number of shares	m	**610.4**	609.5	567.3	**0%**	7%	610.1
Weighted average number of shares in issue	m	**610.4**	586.6	567.9	**4%**	3%	598.3
Core headline earnings per share	cents	**50.8**	43.3	37.0	**17%**	17%	96.4
Net asset value per share	cents	**625.0**	581.3	477.2	**8%**	22%	609.4
Interim dividend per share	cents	**21.0**	15.0	12.0	**40%**	25%	15.0
Core dividend cover	times	**2.4**	2.9	3.1			2.4

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
TRANSACTION CAPITAL GROUP continued							
Capital adequacy							
Equity	Rm	**3 869**	3 590	2 739	**8%**	31%	3 772
Subordinated debt	Rm	**1 067**	936	1 168	**14%**	(20%)	963
Total capital	Rm	**4 936**	4 526	3 907	**9%**	16%	4 735
Less: goodwill	Rm	**(1 103)**	(666)	(200)	**66%**	>100%	(1 135)
Total capital less goodwill	Rm	**3 833**	3 860	3 707	**(1%)**	4%	3 600
Total assets less goodwill and cash and cash equivalents	Rm	**12 020**	10 882	8 661	**10%**	26%	10 965
Capital adequacy ratio	%	**31.9**	35.5	42.8			32.8
Equity	%	**23.0**	26.9	29.3			24.0
Subordinated debt	%	**8.9**	8.6	13.5			8.8
Performance indicators							
Total income	Rm	**2 176**	1 782	1 417	**22%**	26%	3 908
Core cost-to-income ratio	%	**64.1**	64.7	63.1			64.1
Average cost of borrowing	%	**12.0**	12.0	11.0			12.0
Core return on average assets	%	**4.7**	4.3	4.2			4.8
Core return on average equity	%	**16.5**	16.1	15.9			17.2
Average assets	Rm	**13 639**	11 955	9 974	**14%**	20%	12 370
Average equity	Rm	**3 749**	3 154	2 648	**19%**	19%	3 364
Average interest-bearing liabilities	Rm	**8 542**	7 935	6 864	**8%**	16%	8 009
Gearing	times	**3.7**	3.5	3.6			3.5
Debt funders	number	**43**	41	29	**5%**	41%	42
Credit rating							
Transaction Capital R2 billion Domestic Note Programme (GCR rated)							
Long-term		**A-(za)**	A-(za)	n/a			A-(za)
Short-term		**A1-(za)**	A1-(za)	n/a			A1-(za)
Employees	number	**4 407**	4 052	3 822	**9%**	6%	4 095
SA TAXI							
Condensed income statement							
Interest and other similar income	Rm	**978**	841	705	**16%**	19%	1 765
Interest and other similar expense	Rm	**(487)**	(429)	(349)	**14%**	23%	(880)
Net interest income	Rm	**491**	412	356	**19%**	16%	885
Impairment of loans and advances	Rm	**(162)**	(124)	(111)	**31%**	12%	(253)
Non-interest revenue	Rm	**258**	195	150	**32%**	30%	427
Operating costs	Rm	**(345)**	(304)	(245)	**13%**	24%	(638)
Profit before tax	Rm	**242**	179	150	**35%**	19%	421
Total income	Rm	**1 236**	1 036	855	**19%**	21%	2 192
Pre-provision profit	Rm	**404**	303	261	**33%**	16%	674
Profit after tax	Rm	**176**	147	120	**20%**	23%	309

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
SA TAXI continued							
Condensed income statement continued							
Profit and headline earnings for the period attributable to:	Rm	**176**	147	120	**20%**	23%	309
Ordinary equity holders	Rm	**173**	144	118	**20%**	22%	303
Non-controlling interests	Rm	**3**	3	2	**0%**	50%	6
Other information							
Depreciation	Rm	**9**	8	4	**13%**	100%	15
Amortisation of intangible assets	Rm	**7**	4	2	**75%**	100%	10
Condensed statement of financial position							
Assets							
Cash and cash equivalents	Rm	**689**	483	422	**43%**	14%	608
Inventories	Rm	**354**	222	97	**59%**	>100%	212
Loans and advances	Rm	**8 467**	7 305	6 166	**16%**	18%	7 872
Other investments	Rm	**–**	496	425	**(100%)**	17%	–
Intangible assets	Rm	**43**	29	16	**48%**	81%	44
Goodwill	Rm	**499**	63	63	**>100%**	0%	499
Property and equipment	Rm	**79**	69	38	**14%**	82%	79
Other assets	Rm	**643**	594	621	**8%**	(4%)	604
Total assets	Rm	**10 774**	9 261	7 848	**16%**	18%	9 918
Liabilities							
Bank overdrafts	Rm	**265**	141	18	**88%**	>100%	136
Interest-bearing liabilities	Rm	**7 364**	6 757	5 571	**9%**	21%	6 879
Senior debt	Rm	**6 672**	6 196	5 080	**8%**	22%	6 292
Subordinated debt	Rm	**692**	561	491	**23%**	14%	587
Group loans*	Rm	**1 163**	910	1 144	**28%**	(20%)	1 164
Other liabilities	Rm	**519**	199	130	**>100%**	53%	408
Total liabilities	Rm	**9 311**	8 007	6 863	**16%**	17%	8 587
Segment net assets	Rm	**1 463**	1 254	985	**17%**	27%	1 331
Capital adequacy							
Equity	Rm	**1 463**	1 254	985	**17%**	27%	1 331
Group loans*	Rm	**737**	810	1 044	**(9%)**	(22%)	764
Subordinated debt	Rm	**692**	561	491	**23%**	14%	587
Total capital	Rm	**2 892**	2 625	2 520	**10%**	4%	2 682
Less: goodwill	Rm	**(499)**	(63)	(63)	**>100%**	0%	(499)
Total capital less goodwill	Rm	**2 393**	2 562	2 457	**(7%)**	4%	2 183
Total assets less goodwill and cash and cash equivalents	Rm	**9 586**	8 715	7 363	**10%**	18%	8 811
Capital adequacy ratio	%	**25.0**	29.4	33.4			24.8
Equity	%	**17.8**	23.0	26.7			18.1
Subordinated debt	%	**7.2**	6.4	6.7			6.7

* *Of the total group loans of R1 163 million as at 31 March 2018 (2017: R910 million), R426 million (2017: R100 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 R737 million (2017: R810 million) group loans is subordinated debt with fixed repayment terms.*

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
SA TAXI continued							
Financial measures							
Net interest margin	%	**11.3**	11.0	11.0			11.4
Risk-adjusted net interest margin	%	**7.6**	7.7	7.6			8.2
Cost-to-income ratio	%	**46.1**	50.1	48.4			48.6
Average cost of borrowing	%	**11.7**	11.3	10.4			11.4
Gearing	times	**7.6**	7.6	8.2			7.7
Debt funders	number	**43**	40	29	**8%**	38%	41
Return on average assets	%	**3.4**	3.2	3.1			3.3
Return on average equity	%	**25.7**	24.1	25.4			25.3
Weighted average interest rate at origination	%	**23.6**	24.9	25.1			24.4
Average assets	Rm	**10 405**	9 172	7 850	**13%**	17%	9 410
Average equity	Rm	**1 347**	1 195	946	**13%**	26%	1 199
Average gross loans and advances	Rm	**8 692**	7 519	6 498	**16%**	16%	7 786
Average interest-bearing liabilities	Rm	**8 338**	7 565	6 704	**10%**	13%	7 704
Employees	number	**1 033**	875	734	**18%**	19%	965
Operational measures							
Status							
Number of loans	number	**29 921**	27 142	25 591	**10%**	6%	28 724
Gross loans and advances	Rm	**8 907**	7 757	6 688	**15%**	16%	8 303
Impairment provision	Rm	**(440)**	(452)	(522)	**(3%)**	(13%)	(431)
Net loans and advances	Rm	**8 467**	7 305	6 166	**16%**	18%	7 872
Premium/entry-level (gross loans and advances, on value)	%	**100/0**	99/1	99/1			100/0
Originations							
Number of loans originated	number	**3 917**	3 764	3 382	**4%**	11%	7 480
Value of loans originated	Rm	**1 562**	1 443	1 150	**8%**	25%	2 901
New vehicle originations	Rm	**1 216**	1 101	880	**10%**	25%	2 236
Average loan term at origination	months	**68**	67	66	**1%**	2%	67
Average remaining loan term	months	**47**	45	44	**4%**	2%	47
% New/existing client (on value)	%	**69/31**	77/23	74/26			74/26
Average origination value	R	**398 805**	383 369	340 035	**4%**	13%	387 807
Credit performance							
Credit loss ratio	%	**3.7**	3.3	3.4			3.2
After tax credit loss coverage	times	**1.8**	2.4	3.2			2.3
Provision coverage	%	**4.9**	5.8	7.8			5.2
Non-performing loans	Rm	**1 536**	1 332	1 205	**15%**	11%	1 421
Non-performing loan ratio	%	**17.2**	17.2	18.0			17.1

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
SA TAXI continued							
Insurance performance							
Annualised new business written premium	Rm	**161**	135	117	**19%**	15%	231
Products per insured client	number	**1.8**	1.8	1.8	**0%**	0%	1.8
Credit ratings							
Transsec 1 R4 billion Asset Backed Note Programme (S&P rated)							
Class A Notes		**zaAA-(sf)**	zaAAA(sf)	zaAAA(sf)			zaAA(sf)
Class B Notes		**zaAA-(sf)**	zaAA+(sf)	zaAA(sf)			zaAA(sf)
Class C Notes		**zaAA-(sf)**	zaA+(sf)	zaA(sf)			zaAA(sf)
Class D Notes		**zaA+(sf)**	zaBBB+(sf)	zaBBB-(sf)			zaA+(sf)
Transsec 2 R4 billion Asset Backed Note Programme (S&P rated)							
Class A Notes		**zaAA-(sf)**	zaAAA(sf)	zaAAA(sf)			zaAA(sf)
Class B Notes		**zaAA-(sf)**	zaA(sf)	zaA(sf)			zaAA–(sf)
Class C Notes		**zaA(sf)**	zaBBB(sf)	zaBBB(sf)			zaA(sf)
Transsec 3 R2.5 billion Asset Backed Note Programme (Moody's rated)							
Class A1 Notes		**P-1.za(sf)**	n/a	n/a			P-1.za(sf)
Class A2 Notes		**Aaa.za(sf)**	n/a	n/a			Aaa.za(sf)
Class A3 Notes		**Aaa.za(sf)**	n/a	n/a			Aaa.za(sf)
Class B Notes		**Aa3.za(sf)**	n/a	n/a			Aa3.za(sf)
Environment							
Estimated minibus taxi market ('000)	vehicles	**~250**	200	200			>200
Price of a new Toyota Sesfikile (petrol)	R	**405 300**	401 300	371 000	**1%**	8%	401 300
Price of a new Toyota Sesfikile (diesel)	R	**425 300**	421 100	389 300	**1%**	8%	421 100
Average repo rate	%	**6.75**	7.00	6.36			6.95
Average petrol price per litre	R	**13.94**	12.92	12.08	**8%**	7%	13.00
Average diesel price per litre	R	**12.28**	11.10	10.11	**11%**	10%	11.19
TRANSACTION CAPITAL RISK SERVICES (TCRS)							
Condensed income statement							
Interest and other similar income	Rm	**84**	73	63	**15%**	16%	175
Interest and other similar expense	Rm	**(54)**	(45)	(33)	**20%**	36%	(98)
Net interest income	Rm	**30**	28	30	**7%**	(7%)	77
Impairment of loans and advances	Rm	**(2)**	(1)	(1)	**100%**	0%	(7)
Non-interest revenue	Rm	**854**	642	461	**33%**	39%	1 485
Core operating costs	Rm	**(716)**	(538)	(400)	**33%**	35%	(1 238)
Non-operating (loss)/profit	Rm	**(4)**	(2)	2	**100%**	<(100%)	(3)
Core profit before tax	Rm	**162**	129	92	**26%**	40%	314

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
TCRS continued							
Condensed income statement continued							
Total income	Rm	**938**	715	524	**31%**	36%	1 660
Core profit after tax	Rm	**124**	95	70	**31%**	36%	240
Core profit and headline earnings for the period attributable to:		**124**	95	70	**31%**	36%	240
Ordinary equity holders	Rm	**119**	93	70	**28%**	33%	233
Non-controlling interests	Rm	**5**	2	–	**>100%**	100%	7
Transaction and other acquisition-related costs	Rm	**–**	22	–	**(100%)**	100%	22
Core EBITDA (excluding Transaction Capital Business Solutions (TCBS))	Rm	**186**	143	97	**30%**	47%	331
Other information							
Depreciation	Rm	**11**	6	4	**83%**	50%	16
Amortisation of intangible assets	Rm	**14**	8	3	**75%**	>100%	21
Condensed statement of financial position							
Assets							
Cash and cash equivalents	Rm	**170**	91	87	**87%**	5%	161
Loans and advances	Rm	**587**	480	435	**22%**	10%	584
Purchased book debts	Rm	**1 030**	930	571	**11%**	63%	891
Property and equipment	Rm	**75**	51	24	**47%**	>100%	69
Intangible assets	Rm	**220**	183	27	**20%**	>100%	203
Goodwill	Rm	**606**	602	76	**1%**	>100%	639
Other assets	Rm	**503**	392	215	**28%**	82%	386
Total assets	Rm	**3 191**	2 729	1 435	**17%**	90%	2 933
Liabilities							
Bank overdrafts	Rm	**–**	6	–	**(100%)**	100%	–
Interest-bearing liabilities	Rm	**996**	794	530	**25%**	50%	968
Senior debt	Rm	**996**	794	530	**25%**	50%	968
Group loans*	Rm	**213**	205	119	**4%**	72%	107
Other liabilities	Rm	**617**	511	234	**21%**	>100%	501
Total liabilities	Rm	**1 826**	1 516	883	**20%**	72%	1 576
Segment net assets	Rm	**1 365**	1 213	552	**13%**	>100%	1 357

* *The total group loans at 31 March 2018 of R213 million (2017: R205 million) is repayable on demand as part of the group's treasury management function.*

		Half year ended 31 March 2018	2017	2016	Movement 2018	2017	Year ended 30 September 2017
TCRS continued							
Financial measures							
Non-interest revenue net of amortisation	Rm	**813**	567	406	**43%**	40%	1 368
Core cost-to-income ratio	%	**81.0**	80.3	81.5			79.3
Average cost of borrowing	%	**9.2**	9.6	9.9			9.7
Core return on average assets	%	**7.9**	8.4	9.9			9.5
Core return on average equity	%	**17.7**	20.6	27.7			22.2
Core return on average assets excluding TCBS	%	**9.2**	9.9	13.2			11.2
Core return on sales	%	**13.2**	13.3	13.4			14.5
Average assets	Rm	**3 136**	2 258	1 412	**39%**	60%	2 544
Average equity	Rm	**1 341**	902	505	**49%**	79%	1 051
Average interest-bearing liabilities	Rm	**1 180**	939	669	**26%**	40%	1 008
Average book value of purchased book debts	Rm	**977**	835	562	**17%**	49%	884
Employees	number	**3 349**	3 150	3 066	**6%**	3%	3 102
Operational measures							
Contingency and fee-for-service (FFS)/principal collections revenue split	%	**66/34**	56/44	49/51			63/37
Value of purchased books acquired	Rm	**222**	210	41	**6%**	>100%	356
Asset turnover ratio	%	**48.9**	57.1	71.2			52.1
Estimated remaining collections	Rm	**1 992**	1 492	1 063	**34%**	40%	1 673
TCRS South Africa							
Number of contingency and FFS clients	number	**82**	84	80	**(2%)**	5%	86
Number of direct staff	number	**2 198**	2 142	2 676	**3%**	(20%)	2 017
Call centres	number	**6**	6	11	**0%**	(45%)	7
Assets under management	Rb	**41.8**	32.1	31.8	**30%**	1%	33.2
Contingency and FFS	Rb	**21.2**	14.0	15.3	**51%**	(8%)	21.0
Principal	Rb	**20.6**	18.1	16.5	**14%**	10%	12.2
TCRS Australia							
Number of contingency and FFS clients	number	**45**	49	n/a	**(8%)**	n/a	41
Number of direct staff	number	**523**	469	n/a	**12%**	n/a	543
Call centres	number	**2**	2	n/a	**0%**	n/a	2
Assets under management	Rb	**9.6**	6.1	n/a	**57%**	n/a	9.6
Contingency and FFS	Rb	**9.6**	6.1	n/a	**57%**	n/a	9.6
TCBS							
Gross loans and advances	Rm	**585**	464	423	**26%**	10%	570
Impairment provision	Rm	**(9)**	(10)	(11)	**(10%)**	(9%)	(8)
Loans and advances	Rm	**576**	454	412	**27%**	10%	562

		Half year ended 31 March			Movement		Year ended 30 September
		2018	2017	2016	**2018**	2017	2017
TCRS continued							
Servicer ratings							
Primary Servicer (GCR rated)		**SQ1-(za)**	SQ1-(za)	SQ2+(za)			SQ1-(za)
Special Servicer (GCR rated)		**SQ1(za)**	SQ1(za)	SQ1-(za)			SQ1(za)
Environment: South Africa*							
Credit active consumers (million)	number	**25.3**	24.7	23.9	**2%**	3%	24.7
Non-performing credit consumers (million)	number	**9.7**	9.7	9.6	**0%**	1%	9.7
Household debt to income	%	**71.9**	72.6	74.4			72.6
Unemployment rate	%	**26.7**	27.7	26.6			27.7
* *Latest available published information at time of reporting.*							
GROUP EXECUTIVE OFFICE**							
Condensed income statement							
Net interest income	Rm	**32**	24	43	**33%**	(44%)	45
Non-interest revenue	Rm	**–**	6	–	**(100%)**	100%	25
Operating costs	Rm	**(6)**	(4)	(11)	**50%**	(64%)	(12)
Profit before tax	Rm	**26**	26	32	**0%**	(19%)	58
Profit after tax	Rm	**18**	17	22	**6%**	(23%)	41
Headline earnings	Rm	**18**	17	22	**6%**	(23%)	41
Other information							
Depreciation	Rm	**–**	1	–	**(100%)**	100%	1
Condensed statement of financial position							
Assets							
Cash and cash equivalents	Rm	**45**	208	456	**(78%)**	(54%)	175
Property and equipment	Rm	**2**	2	3	**0%**	(33%)	2
Other assets	Rm	**15**	130	84	**(88%)**	55%	16
Total assets	Rm	**62**	340	543	**(82%)**	(37%)	193
Liabilities							
Interest-bearing liabilities	Rm	**375**	344	590	**9%**	(42%)	344
Group loans	Rm	**(1 376)**	(1 115)	(1 263)	**23%**	(12%)	(1 271)
Other liabilities	Rm	**22**	(12)	14	**<(100%)**	<(100%)	36
Total liabilities	Rm	**(979)**	(783)	(659)	**25%**	19%	(891)
Segment net assets	Rm	**1 041**	1 123	1 202	**(7%)**	(7%)	1 084
Employees	number	**25**	27	22	**(7%)**	23%	28

** *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 March divided by 7
Average gross loans and advances	Sum of gross loans and advances at the end of each month from September to March divided by 7
Average interest-bearing liabilities	Sum of interest-bearing liabilities at the end of each month from September to March divided by 7
Average assets	Sum of assets at the end of each month from September to March divided by 7
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 period	Profit for the period excluding transaction and other acquisition-related costs
Core return on average assets	Core profit for the period expressed as a percentage of average assets
Core return on average equity	Core profit for the period 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 total sales	Core profit for the period 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

ITEM	DEFINITION
Gearing	Total assets divided by equity attributable to ordinary equity holders of the parent expressed in times
Gross loans and advances	Gross loans and advances specifically 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 period expressed as a percentage of average assets
Return on average equity	Profit for the period 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 period 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 period increased by shares issued during the period, weighted on a time basis for the period during which they have participated in the income of the group excluding treasury shares

Transaction Capital

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