# TRANSACTION CAPITAL

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# 2020

FOR THE HALF YEAR ENDED 31 MARCH



RESULTS PRESENTATION O 3 INTERIM RESULTS A O GROUP DATA SHEET S 8 4

FORMULAE AND DEFINITIONS

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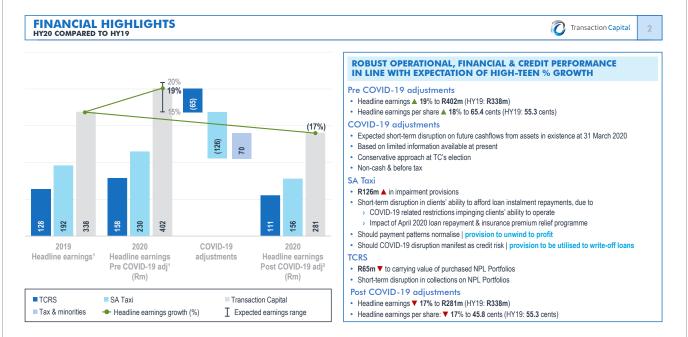


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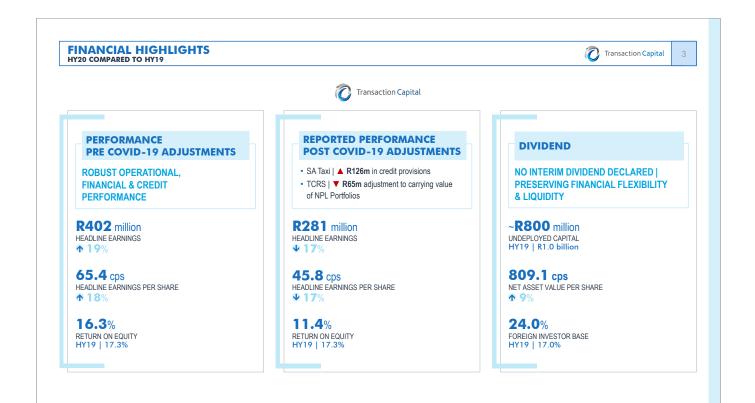
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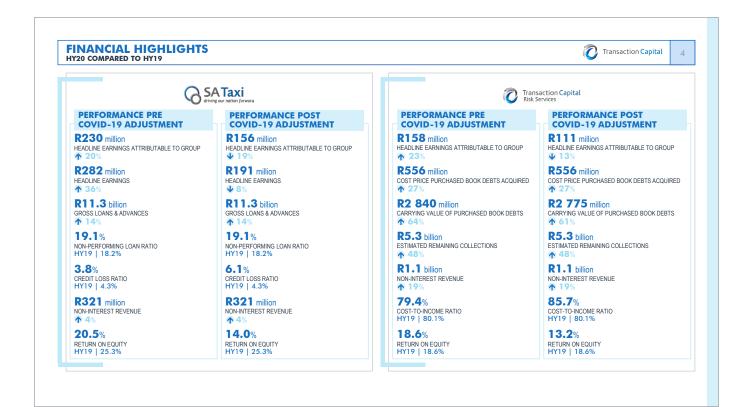
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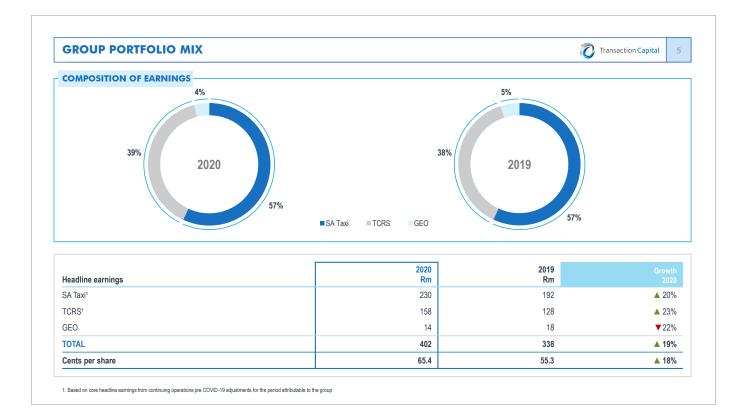


Comparative information has been restated for the change in the composition of reportable segments as per IFRS 8 – Operating Segments, the recognition of discontinued operations as per IFRS 5 – Non-current Assets Held for Sale & Discontinued Operations & for the adoption of IFRS 17 – Insurance Contracts & IFRS 15 – Revenue from Contracts with Customers | 1. Financial ratios *pre COVID-19 adjustments* exclude, Discontinued operations: TCBS, Principa & Company Unique Finance, which collectively made a loss of R16m (HY19: R6m profit), Once-off acquisition costs of R4m insurred in HY20, relating to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured in HY20, relating to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m which acquisition costs of R4m insured in HY20, relating to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured in HY20, relating to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured in HY20, relating to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured in HY20, relating to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured in HY20, relating to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured to the R50 minimation and to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured to the acquisition of Firsts on 1 December 2019, Once-off acquisition costs of R4m insured to the R50 minimation and to the R50 minimation and to the R50 minimation and R50 minitiated acquisited and R50 minitiated acquisited acquisi



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### TC STRATEGIC IMPERATIVES DELIVERING ON GROWTH

Transaction Capital 6

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🕜 Transaction Capital

### **EARNINGS GROWTH & RETURNS TRACK RECORD**

- Track record proven over ~20 years
- HEPS CAGR of 20% over past five years
- Prior to COVID-19 adjustment | Earnings growth in line with expectations & past performance
- · Strategic initiatives remain valid | Certain deferred to FY21

### **ESTABLISHED & RELEVANT BUSINESS MODELS**

- SA Taxi & TCRS businesses established over ~20 years
- Business models remain relevant in post COVID-19 environment
- · Adjusting business models to "best fit" post COVID-19 "new norm"
- · Highly defensive businesses | Able to withstand difficult economic conditions
- · Vertically integrated, diversified & scalable financial services platforms
- · Led by experienced entrepreneurial management teams
- · Leverage proprietary data & technology to develop new products & expand into new markets

### **PROGRESSIVE COVID-19 INITIATIVES**

- Board of Directors
- > 30% salary & fee reduction from 1 April to 30 June 2020 | Donated to Solidarity Fund
- SA Taxi | Minibus taxi industry, commuter & client support | Refer to slide 14
- TCRS | Refer to slide 14

### WELL CAPITALISED & LIQUID BALANCE SHEET

- · Conservative equity capital structure
  - > R6.2bn of capital | 23.1% tier I capital adequacy
  - > Divisional balance sheets conservatively capitalised
- Robust access to liquidity
- Undeployed capital of ~R800 million
  - ~R300m immediately available | ~R500m invested in TCRS
  - > Approved undrawn R400m liquidity facility at group level for divisional support
  - > SA Taxi & TCRS | Refer to slide 18
- · No interim dividend declared | Preserving financial flexibility & liquidity
- Early adoption of IFRS 17 in 2019 (prior to January 2021 deadline) | Aligning with IFRS 9

### ADVANCED ESG PROGRAMMES

- Enhanced ESG reporting | Online impact report released January 2020
- · Shared value model delivering commercial returns & social benefits
- · Enhanced board of directors
- > 5 executive directors
- > 7 non-executive directors | 6 independent
- > Active process to identify additional NEDs to augment existing board

### SA TAXI STRATEGIC IMPERATIVES DELIVERING ON GROWTH

### **EARNINGS GROWTH & RETURNS TRACK RECORD**

- Track record proven over ~20 years
- · Headline earnings CAGR of 21% over past five years
- · Prior to COVID-19 adjustment | Earnings growth in line with expectation & past performance
- · Strategic initiatives remain valid

### **SA TAXI PROTECT**

- Gross written premiums **16%** 
  - > No. of insurance clients A 18% (HY19: A 11%)
    - Despite number of loans originated **V9%**
  - > A Customer acquisition in open market via broker network (>100)
- · Reduced cost of claim via efficiencies (SA Taxi Auto Repairs & SA Taxi Auto Parts)
- Dedicated insurance refurbishment facility in development

### SA TAXI DIRECT

- Newly located premises in Midrand | Q4 FY20
- SA TAXI REWARDS

### · Medium-term strategy

 Combine telematics, rewards & credit into transaction-based account for minibus taxi industry

### SA TAXI FINANCE

- Gross loans & advances ▲ 14% | Number of loans originated ▼ 9% (HY19: ▲ 9%)
  - Toyota production 
     Industrial action in January 2020

     COVID-19 disruption at end of March 2020
  - COVID-19 disruption at end of March 2020
  - ▼ Number of loan originations | Dealerships & licensing departments closed
     > Toyota prices ▲ 2.5% in HY20 | Further ▲ 3% in April 2020
- · Demand for pre-owned vehicles continues | Increasing refurbishment capacity
- Conservatively capitalised | R3.4bn of capital | 16.5% tier I capital adequacy
- · Unfettered access to liquidity | Refer to slide 18

### SA TAXI AUTO REPAIRS & SA TAXI AUTO PARTS

- Repairs | A total refurbishment capability
  - > Dedicated refurbishment facility in development for Nissan & warranty repairs
- Finance | Cost of refurbishment ▼~4% to 6%¹; ▼ loss given default;
   ▲ recovery on repossession
- Insurance | ▼ cost of claim
- Developed new & pre-owned auto parts sales channels
  - > Wholesale to SA Taxi Auto Repairs & external auto repairers | V cost of repair
  - Retail to SA Taxi clients & open market operators | Majority of clients new to SA Taxi yielding cross-sell opportunities

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1. Reduction in the cost of refurbishment is dependent on the nature of the refurbishment or repair

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## SA TAXI STRATEGIC IMPERATIVES DELIVERING ON GROWTH Transaction Capital 8 **DELIVERING SHARED VALUE FOR THE MINIBUS TAXI INDUSTRY** SA TAXI | LOOKING FORWARD OVER NEAR-TERM Progressive COVID-19 initiatives | Refer to slide 14 · Continued support for minibus taxi industry, commuters & clients > Minibus taxi industry & commuter support • Vumber of loans to be originated | New & pre-owned vehicles > SA Taxi client support > Vehicle supply | Toyota & SA Taxi Auto Repair closure • SANTACO | 25% shareholder in SA Taxi • Vehicles sold in dealership | SA Taxi Direct closure Continued disruption to collections Rewards programmes > Requiring COVID-19 adjustment > Sustain taxi owner & enhance vehicle safety > Should COVID-19 payment disruption regularise • Refer to slide 57 - Provision to unwind > Should COVID-19 payment disruption convert to credit stress - Provision to be utilised X

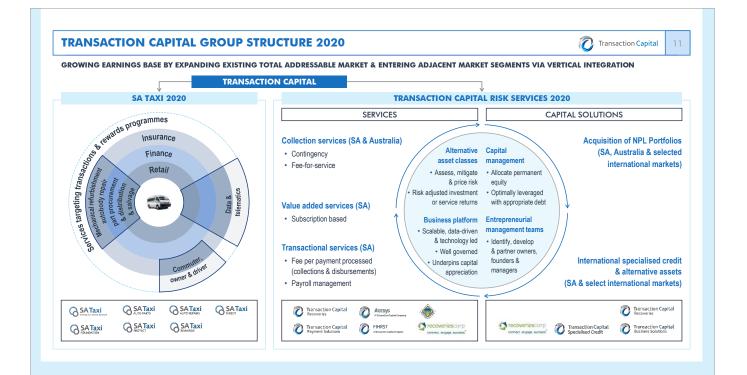
COLLECTIONS REVENUE IN SOUTH AFRICA ▲-20% DESPITE CHALLENGING ENVIRONMENT EXCELLENT REVENUE GROWTH IN COLLECTION OF SA NPL PORTFOLIOS, POSITIVELY		
OFFSET EXPECTED SLOW-DOWN IN CONTINGENCY COLLECTION REVENUES  Acquisition of NPL Portfolios  Invested R483m (HY19: R404m)		
Underdeveloped & growing sector with TCRS leading expansion     Introducing new sellers & expanding asset classes     Structural market shift   Clients selling NPL Portfolios earlier to focus on core business		
<ul> <li>Structural market sinit ( sinit ( sening with a fondors cannot be business &amp; optimise balance sheets</li> <li>Contingency collection services performed in line with expectations         <ul> <li>Difficult consumer credit environment</li> <li>Medium-term COVID-19 opportunities   Clients may require additional support</li> <li>Strained consumer environment</li> <li>Disruption within clients' call centres</li> <li>MPL Portfolios to acquire or collect as agent</li> </ul> </li> </ul>		

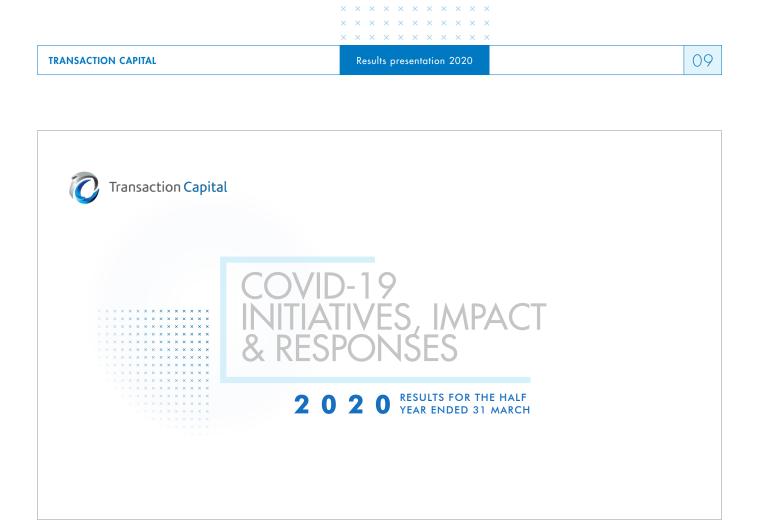
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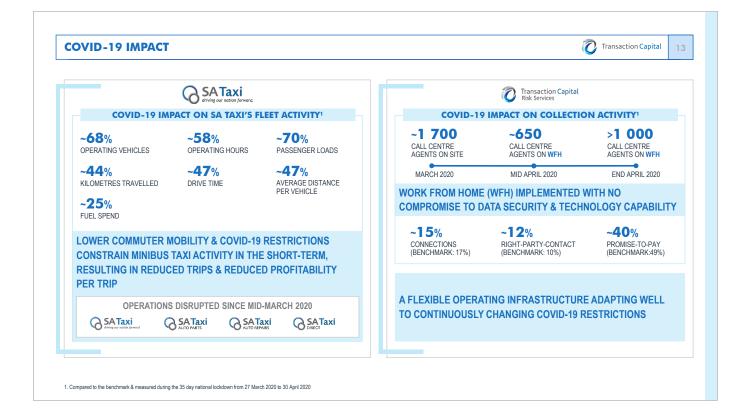
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TCRS STRATEGIC IMPERATIVES DELIVERING ON GROWTH	Transaction Capital
<ul> <li>REALIGNMENT OF TCRS</li> <li>Creation of single scaled Transactional Services platform <ul> <li>Fihrst acquired in December 2019   Accsys acquired in December 2017</li> <li>Integration &amp; combination of TCPS, Fihrst &amp; Accsys</li> <li>~R160bn 3rd party payment, disbursement &amp; payroll management service provider</li> <li>PASA &amp; NPS registered</li> </ul> </li> <li>Disposal of Principa concluded April 2020   Non-core division &amp; sub-scale</li> <li>Wind-down of TCBS portfolio <ul> <li>Reduce capital risk to vulnerable SME sector</li> <li>Bolster liquidity   Extract ~R600m of capital previously allocated to TCBS</li> <li>TC Global Finance to be managed by GEO</li> <li>€8.7m deployed to date   Initial returns in line with expectations</li> <li>Appointed CEO to lead strategy</li> <li>Strategy remains valid   Deferred to FY21   Prudent to retain liquidity while European market stabalises</li> </ul> </li></ul>	<ul> <li>TCRS   LOOKING FORWARD OVER NEAR-TERM</li> <li>Acquisition of NPL Portfolios in SA, Australia &amp; Europe</li> <li>Cautious approach over short-term</li> <li>Focus on bilateral arrangements where risk can be managed</li> <li>Strategy remains valid over medium to long-term</li> <li>Undeployed capital allocated to NPL Portfolios now available to bolster liquidity</li> <li>Continued disruption to collection of NPL Portfolios</li> <li>Requiring COVID-19 adjustment to carrying value</li> <li>✓ Contingency revenue</li> <li>Stressed consumer credit environment</li> <li>Contracted credit extension</li> <li>Lower retail sales &amp; retail client handovers</li> </ul>
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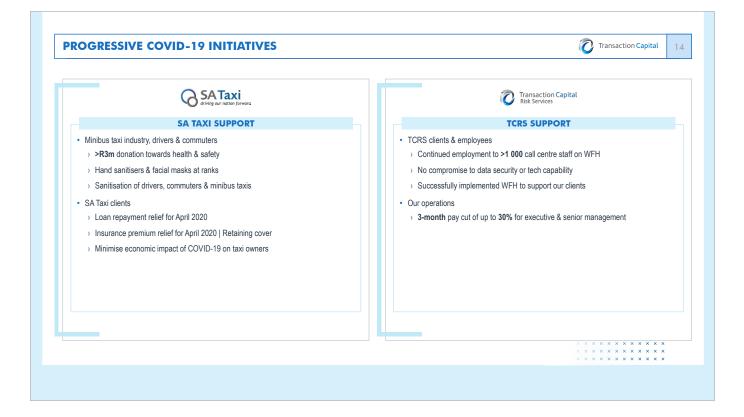






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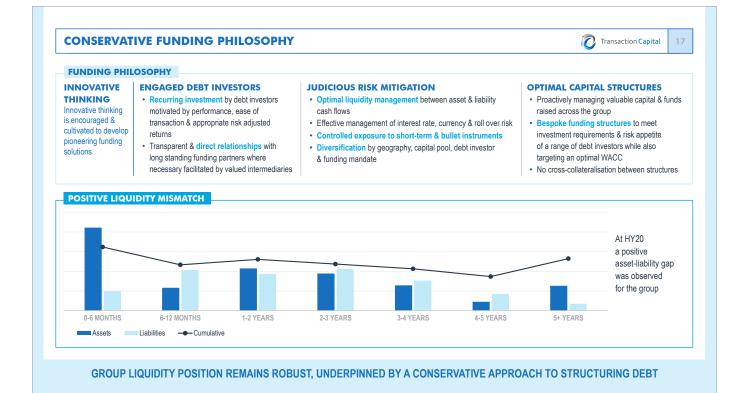
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COVID-19 – A FLEXIBLE RESPONSE	Transaction Capital	
BUSINESS MODEL         Business model remains highly relevant in post COVID-19 environment         SA Taxi         > Industry to recover quickly, as demand for minibus taxi services will be 1 <sup>st</sup> to benefit from reopening of economy         TCRS         > Effective functioning of credit critical to economic recovery         > Clients will have larger levels of NPL Portfolios to manage	ASSETS & CASHFLOW     Short-term disruption to collections     SA Taxi     Loan repayment & insurance premium relief     COVID-19 adjustment to credit provisioning model     Absolute value of cash still collected over extended loan term     Supported by long-term income producing ability of minibus taxi (>9 years)     TCRS     A Pressure on consumers   Extend time to collect / rehabilitate     COVID-19 adjustment to carrying value of purchased book debts	
OPERATIONS	> Absolute value of cash collected over extended term	
<ul> <li>Flexible operating infrastructure</li> <li>Phased easing of restrictions</li> <li>Continued WFH for staff</li> <li>Expanded health &amp; safety for those on site (social distancing &amp; sanitation)</li> <li>Changing COVID-19 regulations</li> <li>Management &amp; staff flexibility in relation to changing regulations</li> </ul>	<ul> <li>Supported by long-term cashflow producing ability of NPL Portfolios (&gt;10 years)</li> <li>LIQUIDITY</li> <li>Short-term disruption to cashflows requiring         <ul> <li>Flexible capital structure</li> <li>Access to liquidity</li> <li>Unfettered access to liquidity   Refer to slide 18</li> </ul> </li> </ul>	
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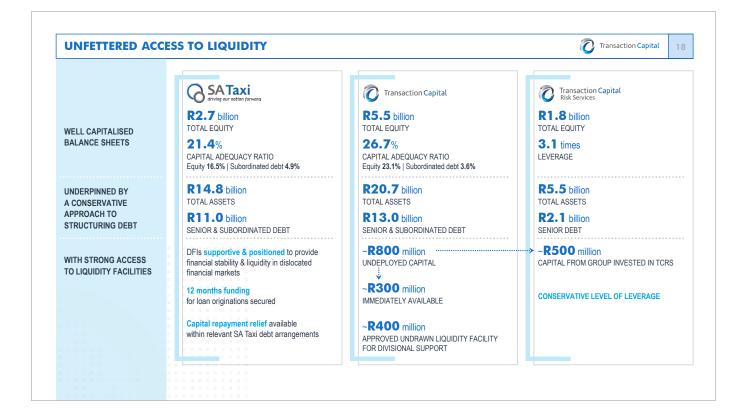


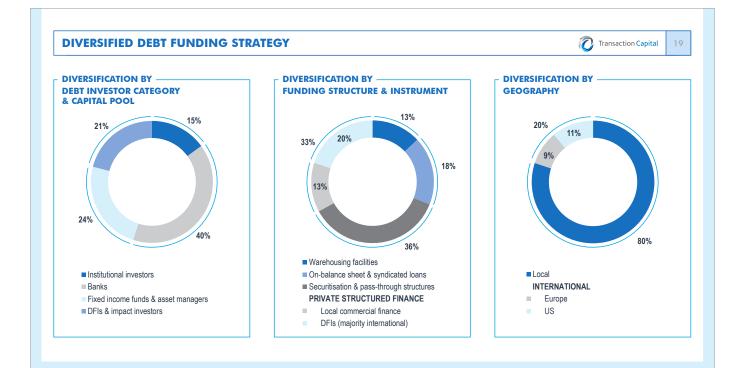
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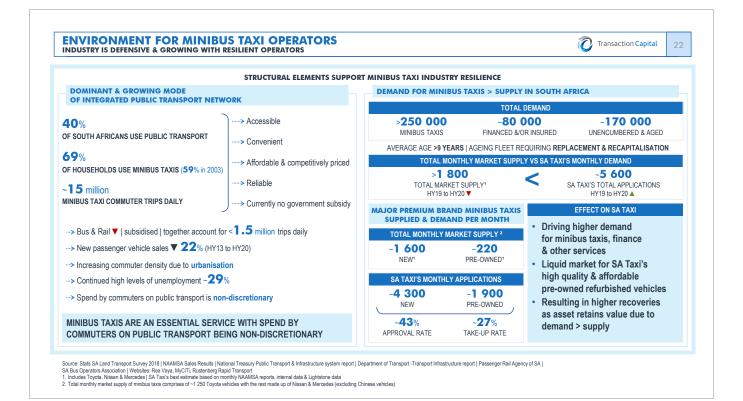


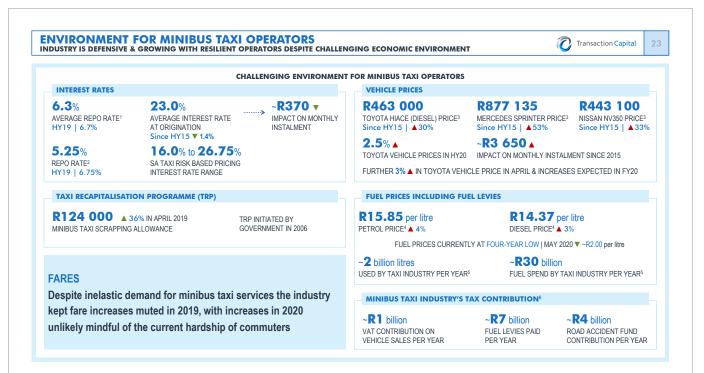
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1. Average Reportate for year ending 31 March 2019 & 2020 | 2. Reportate as at 31 March 2019 & 2020 | 3. Toyota, Mercedes & Nissan recommended retail price, including VAT, as at 31 March 2020 | 4. www.energy.gov.za | 12-month rolling average fuel price (March 2019 to March 2019 to March 2020) | 5. 12-month rolling average petrol & diesel price (March 2019 to March 2020) at 32. Toyota, Mercedes & Nissan recommended retail price, including VAT, as at 31 March 2020 | 4. www.energy.gov.za | 12-month rolling average petrol & diesel price (March 2019 to March 2019 to March 2019 to March 2020) | 5. 12-month rolling average petrol & diesel price (March 2020) at 32. Toyota, Mercedes & Nissan recommended retail price, including VAT, as at 31 March 2020 | 4. www.energy.gov.za | 12-month rolling average petrol & diesel price (March 2020) at 32. Toyota, Mercedes & Nissan recommended retail price, including VAT, as at 31 March 2020 | 4. www.energy.gov.za | 12-month rolling average petrol & diesel price (March 2020) at 32. Toyota, March 2020 | 5. AT axis estimates for number of litres used | 6. SA Taxis internal estimate

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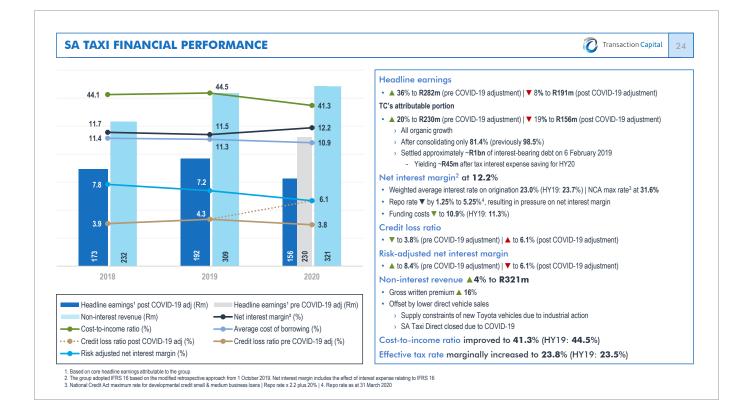
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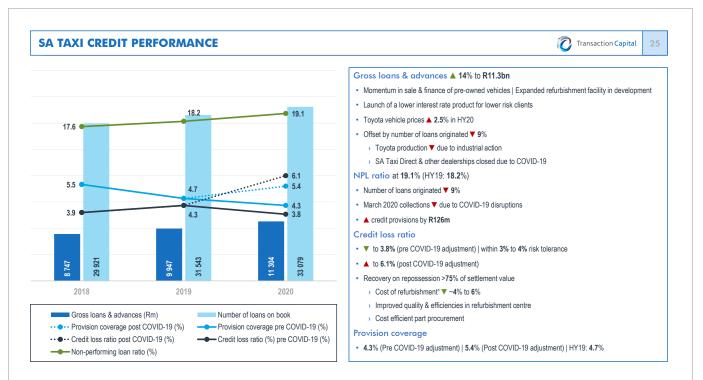
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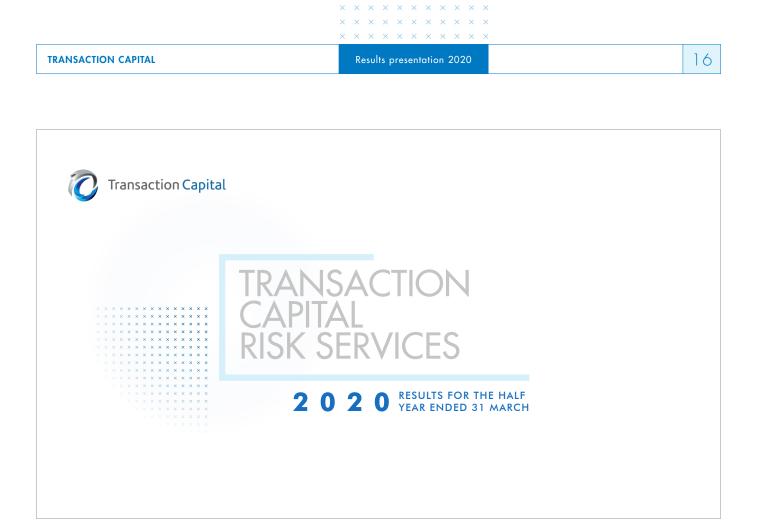
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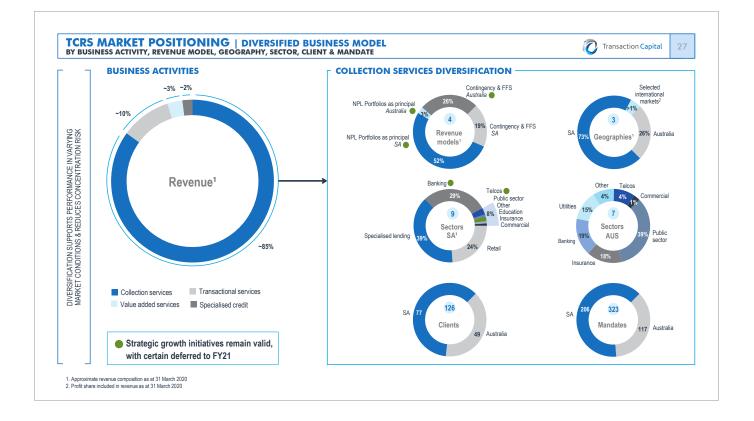
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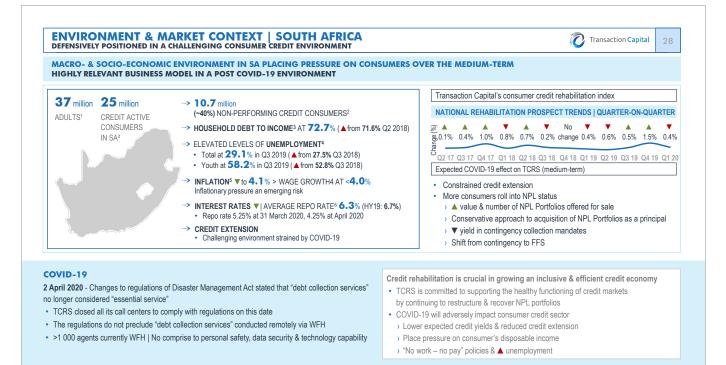




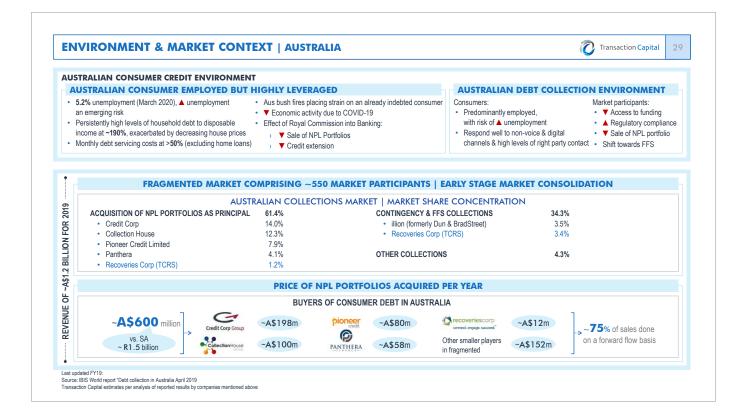
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Source: 1. Stats SA, adults aged 15 to 59 [ 2. NCR data at December 2019 [ 3. June 2019 & 2018 - Bloomberg [ 4. Trading economics website ] 5. Rate of inflation reported March 2020 - Trading economics website ] 6. Average Report at 6 rt the year ending 31 March 2020 & 2019 - Bloomberg

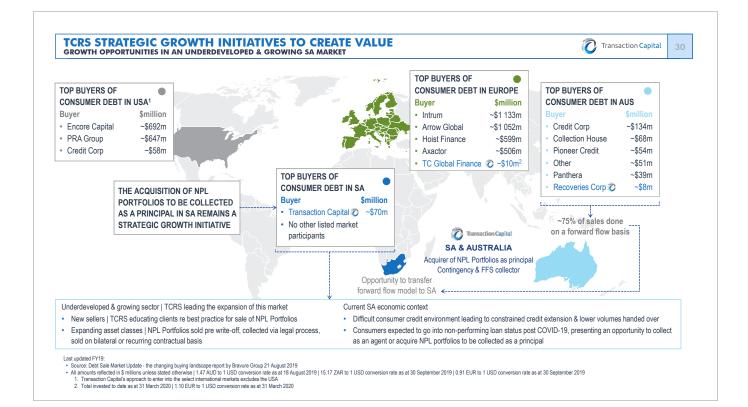


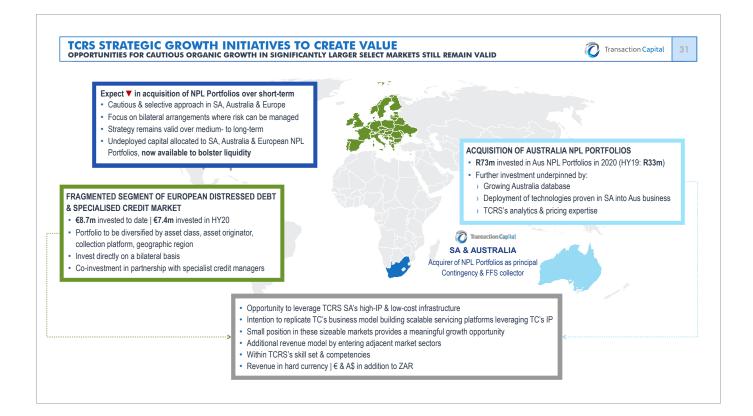
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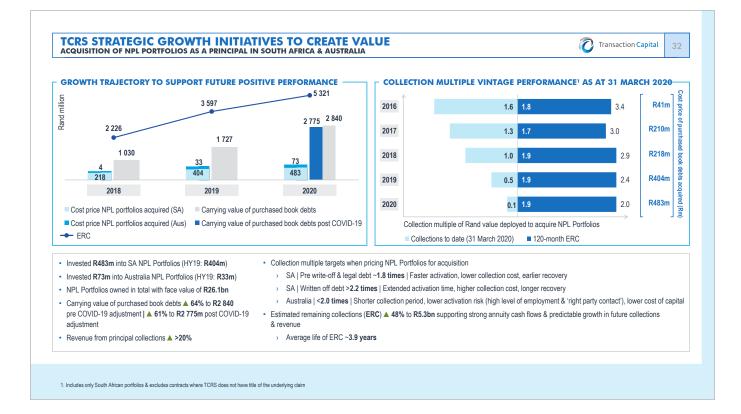
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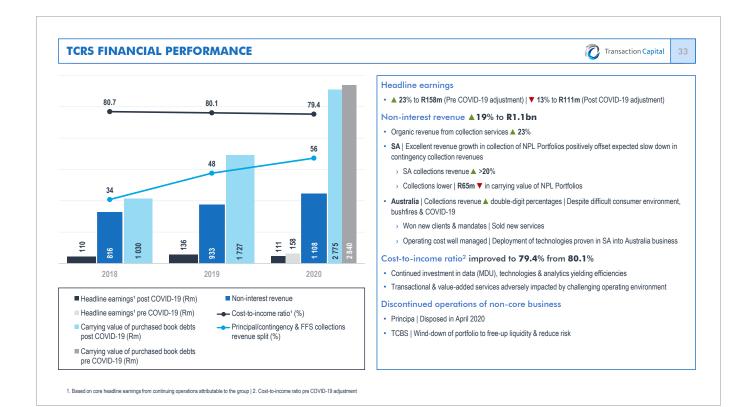
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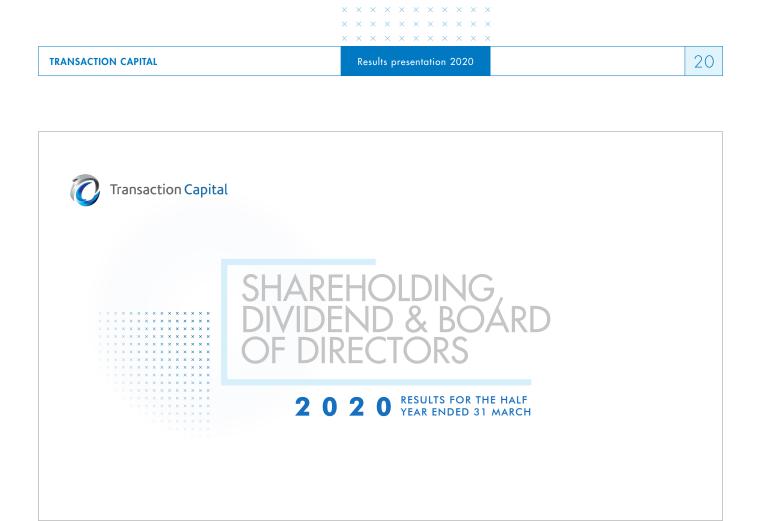
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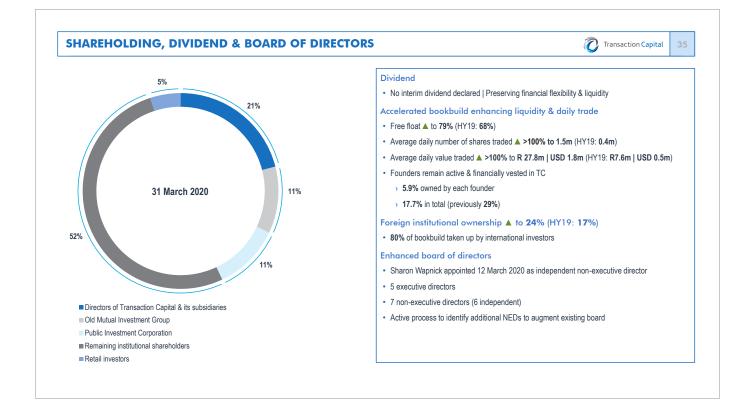






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	<b>2020</b> RESULTS FOR THE HALF YEAR ENDED 31 MARCH	

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As a listed entity, to extend our track record of high-quality earnings growth, we identify opportunities to leverage our high IP, leading technologies & low-cost operational infrastructure to expand into attractive adjacent market segments,	TRANSACTION CAPITAL	
	IS AN ACTIVE INVESTOR IN	Our capital management approach supports the sustainable delivery of growth
related alternative asset classes & geographic markets	& OPERATOR OF	through an optimal balance of equity & debt We identify, assess, develop & partner
We apply our highly specialised expertise in distressed debt, specialty credit & other alternative assets	CREDIT-ORIENTATED ALTERNATIVE ASSETS MANAGED BY <u>EXPERIENCED</u>	with entrepreneurial, innovative & experienced founders, owners & managers of businesses, in building & scaling highly competitive, efficient,
to assess, mitigate, underwrite & price credit risk, in originating new assets or acquiring existing assets	ENTREPRENEURIAL MANAGEMENT TEAMS	technology-driven operating platforms, which manage our assets
We seek an investment outcome	VALUE-LED INVESTMENT APPROACH	Our investment approach emphasises exhaustive due diligence investigation, data analysis & risk quantification, enabling us to add value to the desic
that combines attractive risk-adjusted interest returns from our asset portfolios, enhanced by capital appreciation	TO GENERATE <u>RISK-ADJUSTED</u> INTEREST RETURNS & CAPITAL APPRECIATION	& implementation of operational strategy & to ensu that risk is kept within tolerance levels, thereby
in the value of the operating platforms	WHILST DELIVERING SOCIAL VALUE	creating value for shareholders in a unique manner Our businesses are deliberately positioned
		to deliver shared value, through commercial return & meaningful positive social impact

INVESTMENT CASE COMPELLING & UNIQUE AS WE EXECUTE ON OUT	R STRATEGY (7 Transaction Capital 39
TRANSACTION CAPITAL COMPRISES A <u>DIVERSIFIED</u> PORTFOLIO OF FINANCIAL SERVICES ASSETS	<ul> <li>Two well established, autonomous &amp; unique financial services businesses: SA Taxi &amp; TCRS</li> <li>Positioned in attractive market segments occupying leading market positions</li> <li>Highly defensive, context relevant businesses able to withstand difficult economic conditions, even COVID-19</li> <li>Socially &amp; commercially relevant business models (in a pre &amp; post COVID-19 environment)</li> <li>Deep vertical integration enabling application of specialised expertise to mitigate risk, participate in margin &amp; provide a broader service to client</li> <li>Superior data &amp; leading-edge technology &amp; analytics capabilities differentiate our offerings, inform business decisions &amp; mitigate risk</li> <li>Via a diversified business model</li> <li>Unique blend of highly cash generative &amp; capital related businesses</li> <li>Diversified revenue model across adjacent market segments &amp; geographies</li> </ul>
WITH A BESPOKE & ROBUST CAPITAL STRUCTURE INCORPORATING ~ <u>R800 MILLION</u> OF UNDEPLOYED CAPITAL	<ul> <li>Conservative funding philosophy to fund organic growth &amp; acquisition activity</li> <li>Unfettered access to liquidity; proven ability to raise debt &amp; equity from a diversified range of local &amp; international investors</li> <li>An optimal balance of debt &amp; equity, with limited exposure to liquidity &amp; refinancing risk</li> <li>Well capitalised &amp; liquid at holding company &amp; divisional levels</li> <li>Positive asset-liability gap maintained</li> </ul>
ESTABLISHED AS A SCALABLE FINANCIAL SERVICES PLATFORM	<ul> <li>Decentralised businesses that are self-sustaining &amp; scalable in their own right</li> <li>Technology-driven, market leading operating platforms, which manage our assets</li> <li>Develop new products &amp; expand into new markets (SA Taxi &amp; TCRS)</li> <li>Innovate by introducing new organic &amp; acquisitive growth opportunities (Transaction Capital)</li> </ul>

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INVESTMENT CASE CONTINUED COMPELLING & UNIQUE AS WE EXECUTE ON	OUR STRATEGY
LED BY AN <u>EXPERIENCED</u> ENTREPRENEURIAL DWNER-MANAGER TEAM	<ul> <li>Identify, assess, develop &amp; partner with entrepreneurial, innovative &amp; experienced founders, owners &amp; managers of businesses</li> <li>Ownership culture</li> <li>Empowered, entrepreneurial, agile, innovative, proven &amp; long-serving leadership</li> <li>Specialised intellectual capital applied over a much smaller asset base than in larger organisations</li> </ul>
UNDERPINNED BY A ROBUST GOVERNANCE FRAMEWORK & SOUND GOVERNANCE PRACTICES	<ul> <li>Experienced, diverse &amp; independent directors at group &amp; subsidiary level</li> <li>Institutionalised governance, regulatory &amp; risk management practices</li> <li>Conservative accounting policies (including the early adoption of IFRS 9 &amp; IFRS 17)</li> </ul>
WHICH TOGETHER POSITION IT FOR <u>SUSTAINABLE HIGH-QUALITY</u> EARNINGS GROWTH	<ul> <li>Active investor in &amp; operator of credit-orientated alternative assets</li> <li>By identifying opportunities to leverage our high-IP &amp; leading technologies &amp; low-cost operational infrastructure</li> <li>To expand into attractive adjacent market segments, related alternative asset classes &amp; geographic markets</li> <li>Applying expertise to assess, mitigate, underwrite &amp; price credit risk in originating new assets or acquiring existing assets</li> <li>Unrelenting investment into &amp; precise implementation of innovative strategic initiatives</li> <li>Track record of high-quality earnings with high cash conversion rates &amp; strong organic growth prospects</li> </ul>
	Track record on ingri-quality earlings with ingri cash conversion rates & strong organic growth prospects

INVESTMENT CASE CONTINUED COMPELLING & UNIQUE AS WE EXECUTE ON	OUR STRATEGY Corransaction Capital
TO GENERATE <u>RISK-ADJUSTED</u> INTEREST RETURNS & CAPITAL APPRECIATION	<ul> <li>Value-led investment approach</li> <li>Investment objective that yields:         <ul> <li>Attractive risk-adjusted interest returns from our asset portfolios</li> <li>Enhanced by capital appreciation of the operating platform values</li> </ul> </li> </ul>
& THE DELIVERY OF A MEANINGFUL SOCIAL IMPACT	<ul> <li>Businesses deliberately positioned in relation to demographic &amp; socio-economic trends, to deliver shared value, through commercial returns &amp; meaningful positive social impact</li> <li>Environmental, Social, Economic &amp; Governance principles embedded in our operations operations</li> <li>SA Taxi facilitates <ul> <li>Asset ownership by black owned SMEs, financial inclusion, SME empowerment, &amp; sustainable job creation</li> <li>Improved public transport infrastructure</li> <li>Environmental sustainability measured by fleet footprint &amp; CO<sub>2</sub> abatement</li> <li>Supporting the sustainability of the minibus taxi industry including minibus taxi operators, drivers &amp; other stakeholders</li> </ul> </li> <li>TCRS facilitates <ul> <li>Support the functioning &amp; efficiency of Australian &amp; South African credit markets</li> <li>Credit rehabilitation of over-indebted consumers</li> <li>Lenders to maintain cleaner balance sheets to continue extending credit affordably</li> </ul> </li> </ul>

### TRANSACTION CAPITAL

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TRANSACTION CAPITAL BUSIN	ESS MODEL		Transaction Capital
CAPITAL INPUTS			CAPITAL OUTCOME
Γ	BUSINESS A	CTIVITIE	
	1 2		INTELLECTUAL CAPITA
INTELLECTUAL CAPITAL		Apply core skills to assess &	Market-leading & socially relevant business platforms with scale
Specialist credit risk management skills in alternative asset cla		nitigate risk, & underwrite & price assets, for the purpose of servicing,	resilience, delivering to their above-market grow
active strategic intervention & effective capital management	· oupitui munugement sitilis provide distinet a	assets, for the purpose of servicing, priginating or acquiring them	& return potenti
5 · · 5	g		
RELATIONSHIP CAPITAL	6	3	< RELATIONSHIP CAPITA
Partnerships with entrepreneurial founders & high-calibre	As business platforms are established	Identify, develop & partner	Exceptional management teams with succession dept
executives & developing exceptional management teams	for organic growth, redirect intellectual	with entrepreneurial, innovative &	& a culture of ownership innovation & high-performance
	& financial capacity to identify new	experienced founders & managers	
FINANCIAL CAPITAL ······>	opportunities to leverage our IP, technologies & infrastructure to expand	of businesses, who are invariably co-invested in the business platforms	< FINANCIAL CAPITA
Effective capital management whereby permanent	into adjacent market segments,	that manage & de-risk assets	20-year track record
equity capital is invested, giving debt capital providers	related asset classes & new geographic		of excellent earnings & capital growth to shareholder
access to highly bespoke assets that match their objectives,	markets to expand our earnings base		with safe risk-adjusted returns to debt capital provider
	5 4	4	
SOCIAL CAPITAL	Grow data-driven business platforms to	Mobilise an optimal balance of equity	SOCIAL CAPITA
Deliberate alignment of financial & social capital investment to		& debt capital to fund the growth of	Population mobility, small business creation
realise transformation objectives & goals		ousiness platforms & their	financial inclusion, credit rehabilitation
	& best-of-breed technology & u processing capability to	inderlying assets	
REPUTATIONAL CAPITAL	ensure operational	≪	REPUTATIONAL CAPITA
Mature governance frameworks, highest ethical standards	effectiveness		Trusted public company, good standing with local



### **TRANSACTION CAPITAL**

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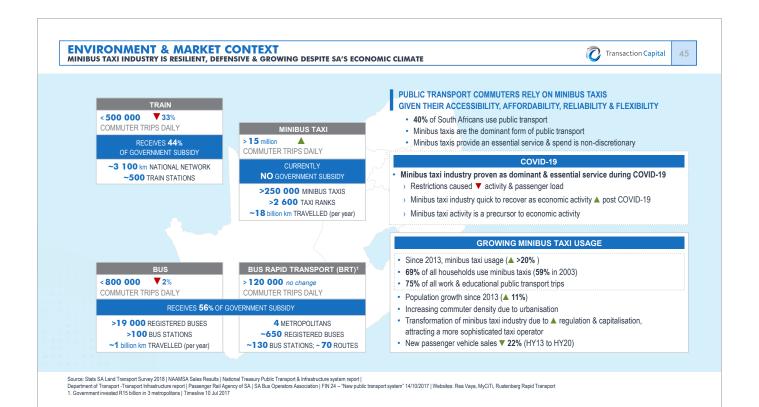
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SA TAXI		Transaction Capital 44
An innovative & pioneering business model with operations expanding throughout the financial services & asset value chain, building a scalable platform that can be leveraged in adjacent markets Innovative technology, valuable client & market insights developed from overlaying granular telematics, credit, vehicle & other data to enable precise & informed origination, collection decisioning & proactive risk management 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 Creating shared value opportunities by providing services to the wider industry facilitating engagement & investment	SA TAXI IS A VERTICALLY INTEGRATED MINIBUS TAXI PLATFORM UTILISING SPECIALIST CAPABILITIES, ENRICHED PROPRIETARY DATA & TECHNOLOGY TO PROVIDE DEVELOPMENTAL FINANCE, INSURANCE & OTHER SERVICES TO EMPOWER SMES & CREATE SHARED VALUE OPPORTUNITIES THUS ENABLING THE SUSTAINABILITY OF THE MINIBUS TAXI INDUSTRY	A unique blend of vehicle procurement, retail, repossession & refurbishment capabilities, with financing & comprehensive insurance competencies for focused vehicle types Enabling financial inclusion by proficiently securing funding from both local & international debt investi to judiciously extend developmental credit to SME that may otherwise not easily have access to cred from traditional financiers Empowering under-served & emerging SMEs to build their businesses, which in turn creates further direct & indirect employment opportunities Contributing to the recapitalisation & sustainability of the minibus taxi industry – a critical pillar of the public transport sector servicing the majority of South Africa's working population

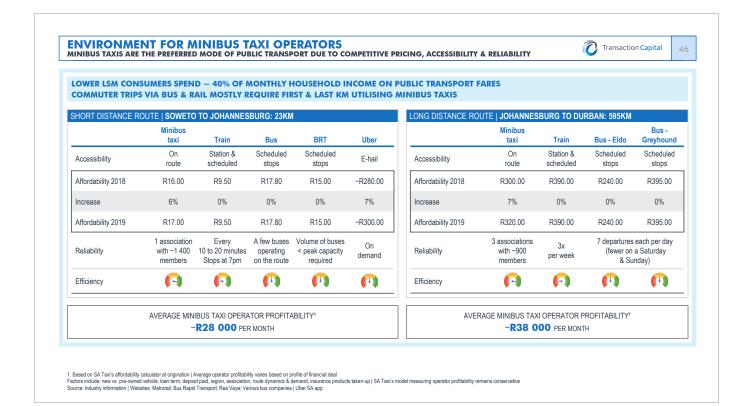


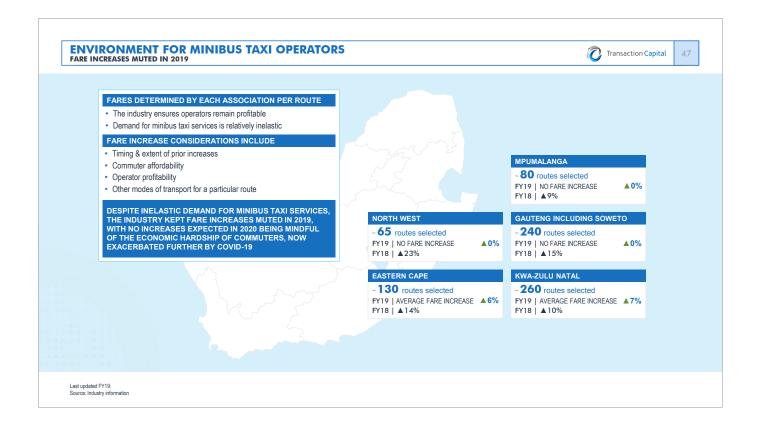
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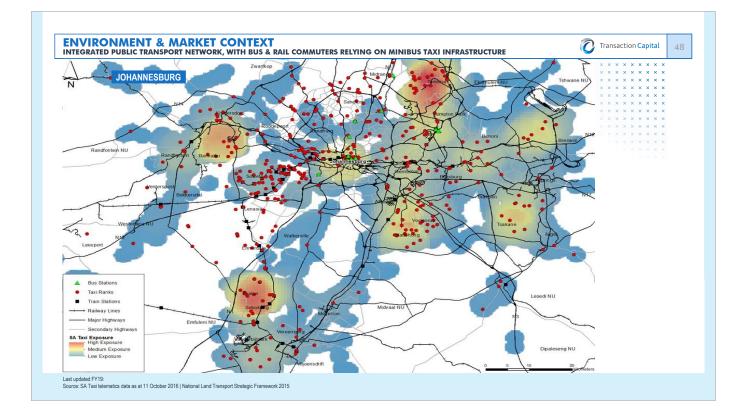
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SA TAXI IMPAC DELIVERING SHARED V	ALUE FOR THE INDUSTRY			Transaction Capital	
SME EMPOWERMENT         27%         20%           100%         27%         20%           BLACK OWNED SMEs         WOMEN OWNED SMEs'         UNDER THE AGE OF 35 YEARS'		ECONOMIC TRANSFORMATION & INCLUSIVE GROWTH DEVELOPMENTAL CREDIT ACHIEVING INCLUSIVE GROWTH			
		UNDER THE AGE OF 35 YEARS <sup>1</sup>	R1.8 billion	R27.5 billion	
SUSTAINABLE JOB CREATION		LOANS ORIGINATED CREATING 3 876	84 890		
~1.8	>150 (	000	SMEs IN HY20	SMEs SINCE 2008	
DIRECT JOBS PER TAXI VEHICLE		BS CREATED BY FLEET SINCE 2008		OWNERSHIP BY BLACK SMEs	
~600 000	~7 000	)			
INDIRECT JOBS ENABLED THE MINIBUS TAXI INDUST			SA TAXI CUSTOMERS CLASSIFIED SCORE BELOW WHICH AVERAG AS PREVIOUSLY FINANCIALLY BANKS ARE UNLIKELY AT WHIC EXCLUDED & UNDER-BANKED TO OFFER FINANCE GRANTS		
SERVING HIGHER	QUALITY TAXI OPERATO	RS			
	SUSTAINABLE MINIBU		ROAD SAFETY PROJECTS LED BY SANTACO	DEVELOPING PUBLIC TRANSPOR	
74%	73%	70%	MAJORITY OF FIRST TRICKLE DIVIDEND INVESTED INTO ROAD SAFETY PROJECTS	3 876 RELIABLE NEW & PRE-OWNED	
		000/	TYRE REWARDS   HIGHER SAFETY SPECIFICATIONS AT LOWER COST	MINIBUS TAXIS ON THE ROAD IN HY20	
22% 4%	26% 1%	28%	ENVIRONMENTAL SUSTAINABILIT	Y COMMUTER EXPERIENCE	
	HY19	HY20	9.8%	REPLACEMENT OF AGED	

On HY20 originations
 Department of Transport Minister Dipuo Peters address at National Council of Provinces Budget vote NCOP 2014/15
 Percentage of tCO2e abatement saved in 2019 through SA Tax's financing activities

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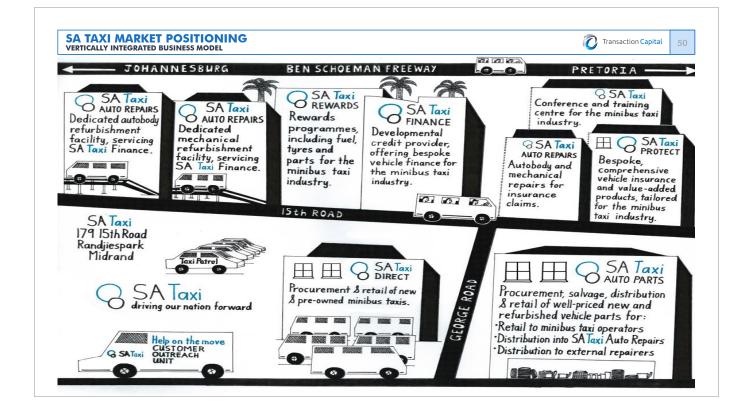
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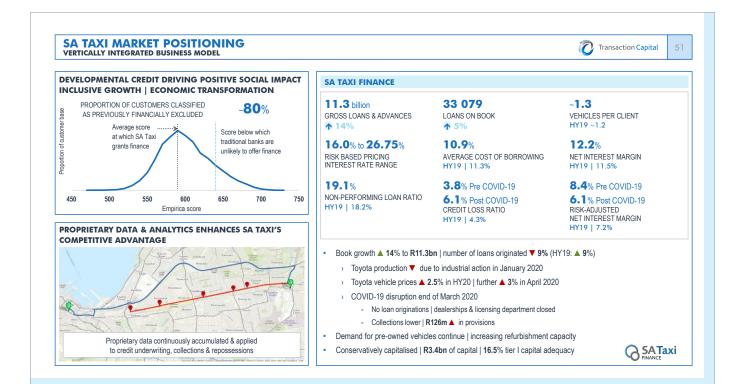
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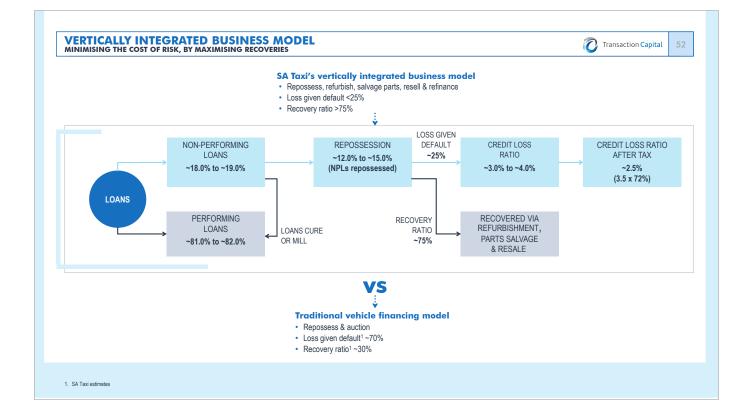
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SA TAXI MARKET POSITIONING VERTICALLY INTEGRATED BUSINESS MODEL	Transaction Capital 5	
SA TAXI AUTO REPAIRS   AUTOBODY	SA TAXI AUTO REPAIRS	
	~20 000m²     ~220 per month     ~400       WORKSHOP     INTERNAL VEHICLE     EMPLOYEES       FACILITIES     REFURBISHMENT CAPACITY     EMPLOYEES	
	>75%	
	One of the largest autobody repair & mechanical refurbishment facilities in Southern Africa	
	Focusing exclusively on minibus taxis	
SA TAXI AUTO REPAIRS   MECHANICAL	Rebuilding high quality pre-owned minibus taxis, mitigates credit risk & insurance losses	
	→ V loss given default	
	► ▼ cost of refurbishment	
	- Efficiencies in SA Taxi Auto Repairs	
	- Efficient parts procurement via SA Taxi Auto Parts	
	→ A quality of repair	
	→ ▲ value of repossessed vehicles	
	→ ▲ recovery on repossession	

1 Cost of refurbishment depending on nature of the refurbishment or repair

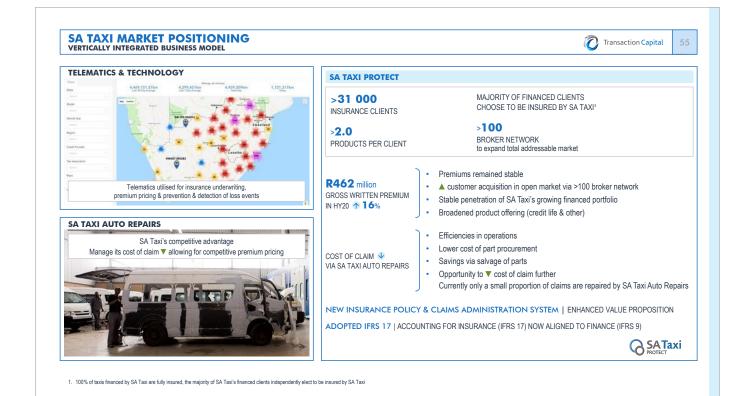
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VERTICALLY INTEGRATED BUSINESS MODEL		<b>.</b>
SANTACO & SA TAXI DELIVERING SUSTAINABLE BENEFITS TO SA TAXI CLIENTS & THE INDUSTRY	SA TAXI REWARDS	
Direct benefits for the industry resulting from ownership transaction between SA Taxi & SANTACO	FUEL PROGRAMME	
<ul> <li>Leverage industry's purchasing power to negotiate better pricing to benefit taxi operators &amp; associations, whether client of SA Taxi or not</li> </ul>	<b>O</b>	>8 000 CARDS ISSUED IN HY20
Telematics & data accumulated from rewards programmes to be used to drive behavioural change in the industry	LAUNCHED APRIL 2018	~ <b>14</b> million
> Positive social impact enhancing commuter safety		LITRES OF FUEL PURCHASED IN HY20
	TYRE PROGRAMME	-
<ul> <li>SA TAXI REWARDS</li> <li>Established in 2018</li> <li>Provides tailored rewards programmes within minibus taxi ecosystem</li> <li>Further programmes aimed at parts procurement under consideration</li> <li>Ultimate intention   Combine telematics, rewards &amp; credit into transaction-based account for operators</li> </ul>	BRIDGESTONE	~ <b>R1 800</b> ORIGINAL RETAIL PRICE
	LAUNCHED OCTOBER 2019     Sold through Supa Quick & SA Taxi Auto Parts	~ <b>R1 350</b> REDUCED PRICE FOR TAXI OPERATORS <sup>1</sup>
	<ul> <li>Safety specification designed specifically for minibus taxi industry</li> </ul>	~25 500 NUMBER OF TYRES SOLD IN HY20
		G SATaxi



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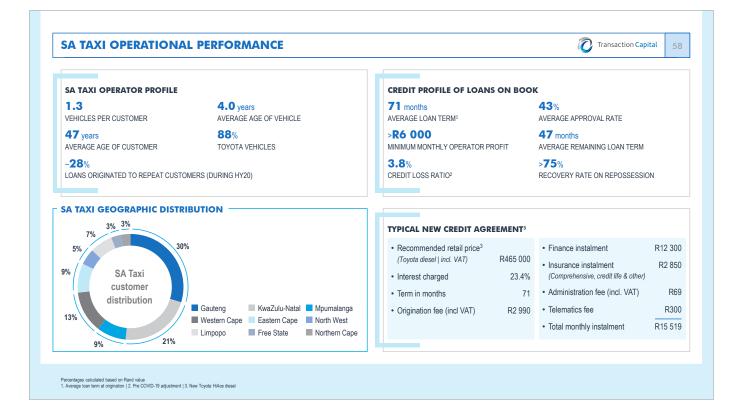
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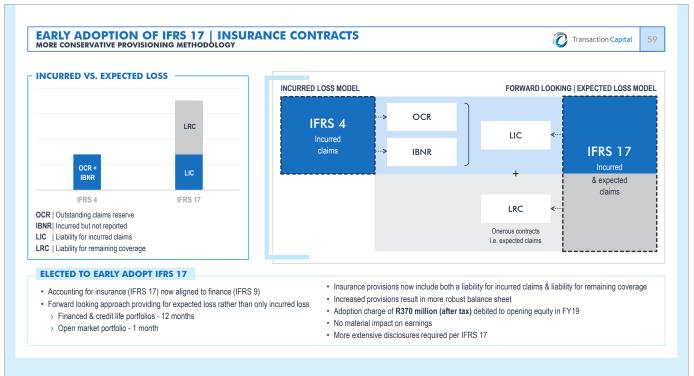
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Information presented for illustrative purposes only, actual numbers are not applied above



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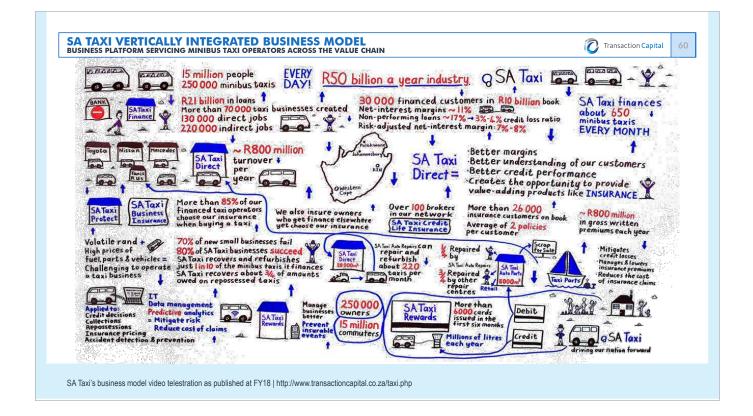
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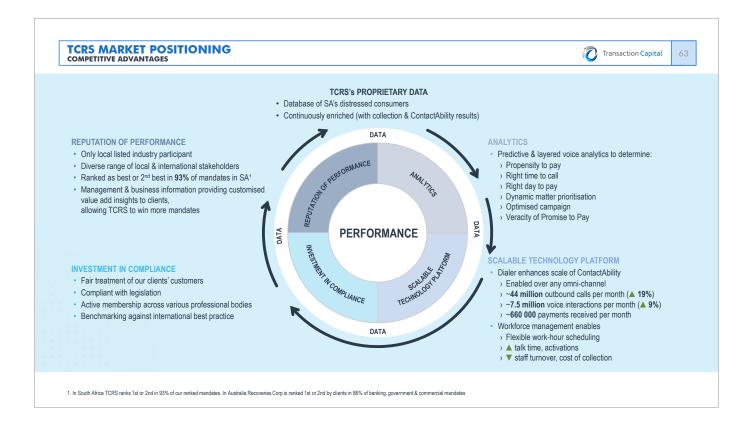
### **TRANSACTION CAPITAL**

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TRANSACTION CAPITAL RISK SERVICES		Transaction Capital 62
	TRANSACTION CAPITAL	
	RISK SERVICES	
Generating in-depth insights from the continuous collection of accurate & valuable data	IS A TECHNOLOGY-LED,	Innovative & bespoke technology systems that drive superior performance & efficiency
to develop a consolidated view of a position,	DATA-DRIVEN	
which enables precise & informed internal & external decisioning	PROVIDER OF SERVICES	Its services include customer management, collection & payment service solutions
	& CAPITAL SOLUTIONS	& subscription based value added services
Lending & capital investment solutions which balances permanent equity	RELATING TO CREDIT-ORIENTATED	Applying its highly specialised expertise to originate
optimally leveraged with appropriate debt	ALTERNATIVE ASSETS	new or acquire &/or service existing distressed deb specialty credit & other alternative assets
Actively investing in platforms that enable us to continue building our dynamic & flexible	ORIGINATED & MANAGED THROUGH	Proud of our South African roots from which
servicing capability & fintech solutions	SCALABLE & BESPOKE PLATFORMS	we leverage our high SA IP & know-how together with SA's low-cost collection
allowing deeper vertical integration	OPERATING IN SOUTH AFRICA, AUSTRALIA	infrastructure & technology environment,
	& SELECT INTERNATIONAL MARKETS	to deploy into new markets



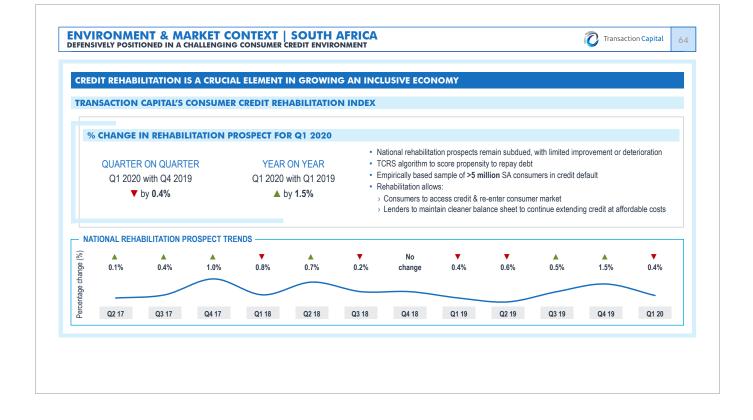
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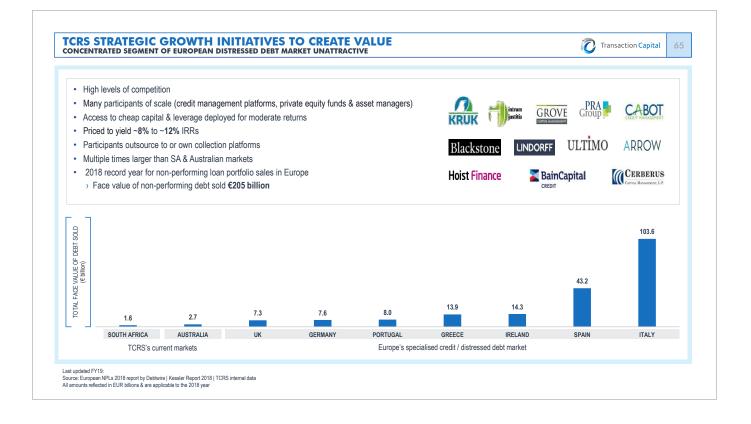
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Results presentation 2020

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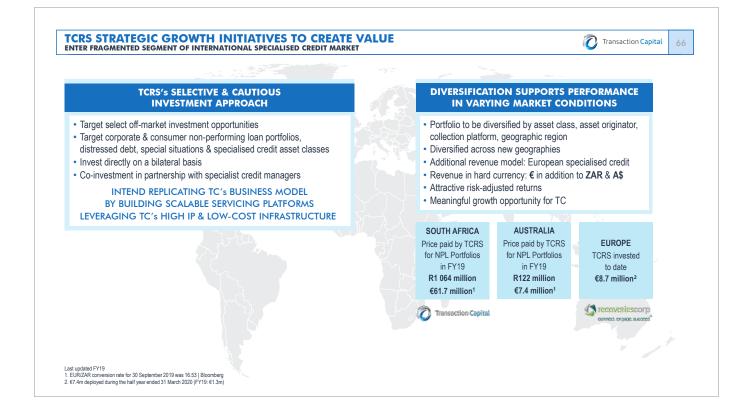


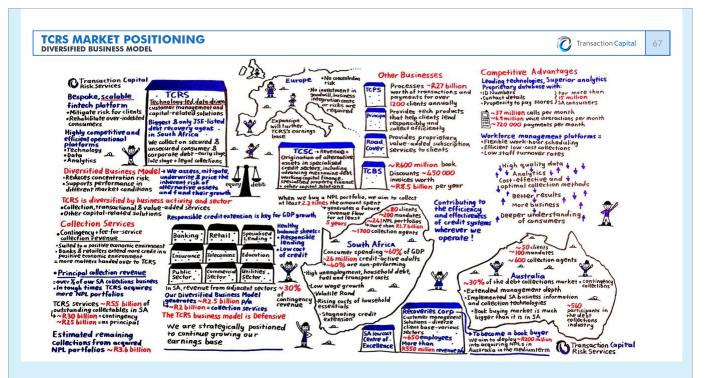
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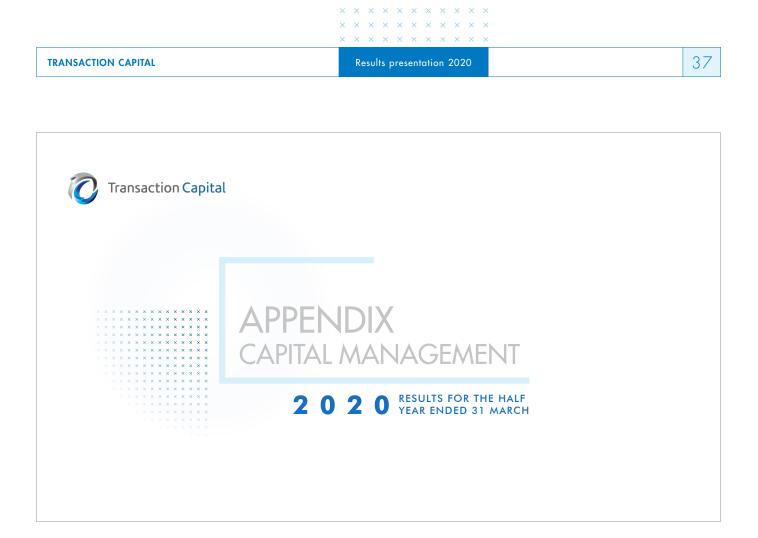
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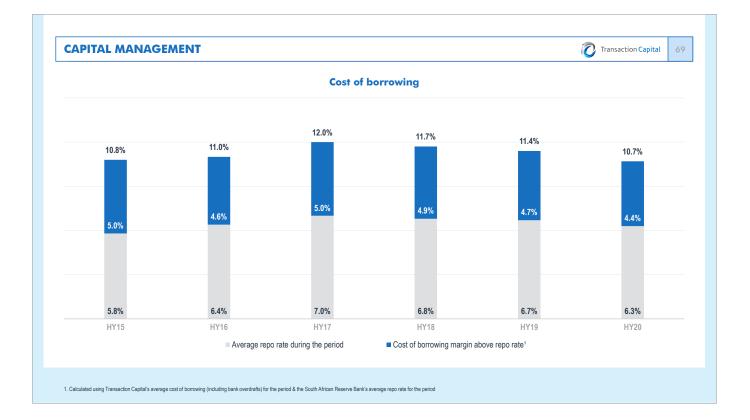
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TCRS's business model video telestration as published at HY19 | http://www.transactioncapital.co.za/risk.php





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TRANSACTION CAPITAL	x     x     x     x     x     x       Results presentation 2020	38



GLO	SSARY	C Transaction Cap					
AUS	Australia	JIBAR	The Johannesburg Interbank Average Rate				
ACCSYS	Accsys, a 100% owned subsidiary of TCRS	NPL	Non-performing loans within SA Taxi's loans & advances portfolio				
BPS	Basis points	NPL Portfolio	Non-performing consumer loan portfolio acquired by TCRS to be collected as principal				
CAGR	Compound annual growth rate	NTA	National Taxi Alliance				
CPS	Cents per share	Open market taxi operator	Minibus taxi operators not previously being a SA Taxi client				
DFI	Developmental finance institution		A non-cash adjustment to the value of SA Taxi's loans & advances (via its credit provisioning model)				
AMC	Disaster Management Act 2020	COVID-19 Adjustment	& the valuation of TCRS's NPL Portfolios, in anticipation of the expected COVID-19 impact on future cashflows from assets in existence at 31 March 2020, given the information available to us at present				
OPS	Dividend per share	rajaounone	resulting in a R126 million increase in SA Taxi's impairment provisions, & a R65 million reduct to the carrying value of TCRS's purchased book debts NPL Portfolios				
ERC	Estimated undiscounted remaining gross cash collections from NPL Portfolios over the next 120 months	PRINCIPA	Principa Decisions, previously a 100% owned subsidiary of TCRS				
FS	Fee-for-service	Recoveries Corp	Recoveries Corporation, an Australian 100% owned subsidiary of TCRS				
Fhirst	Net1 Fhirst Holdings (Pty) Ltd, a 100% owned subsidiary of TCRS	REPO	Rate at which the South African Reserve Bank lends money to banks				
GEO	Group executive office	SA	South Africa				
GDP	Gross domestic product	SANTACO	South African National Taxi Council				
IEPS	Headline earnings per share	TC	Transaction Capital				

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Results presentation 2020	57

GLOS	SARY	Transaction Capital 72
TCBS	Transaction Capital Business Solutions, a 100% owned subsidiary of TCRS	
TCRS	Transaction Capital Risk Services	
TRP	Taxi Recapitalisation programme	
NFH	Work from home	

DISCLAIMER	🕜 Transaction Capital
This presentation may contain certain "forward-looking statements" regarding beliefs or expectations of the TC Group, its directors & other members of its senior nanagement 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 tatements, 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 levelopments of the TC Group or the industries in which it operates to differ materially from any future results, performance, achievements expressed by or implied from the forward-looking statements. Each member of the TC Group expressly disclaims any obligation or undertaking to provide or lisseminate any updates or revisions to any forward-looking statements contained in this announcement.	X     X

# TRANSACTION CAPITAL

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# 2020

FOR THE HALF YEAR ENDED 31 MARCH





CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONDENSED CONSOLIDATED INCOME STATEMENT

§ 52

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

COMMENTARY



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

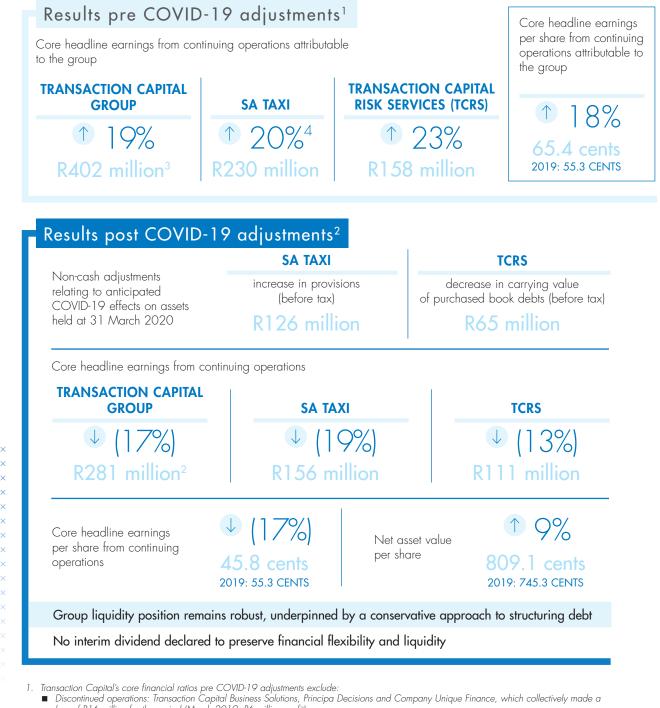


CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  $\times$   $\times$   $\times$   $\times$   $\times$ 

# HIGHLIGHTS



- loss of R16 million for the period (March 2019: R6 million profit). Once off acquisition costs of R4 million incurred in the first half of the 2020 financial year, relating to the acquisition of Net1 Fihrst Holdings (Fihrst) on 1 December 2019.
- Once-off costs of RA4 million, which arose in the first half of the 2019 financial year relating to SA Taxi's ownership transaction with the South African National Taxi Council (SANTACO), of which R81 million was non-cash and in accordance with IFRS 2 and a further R3 million related to early debt settlement costs.
- Non-cash adjustments to SA Taxi's credit provisioning model of R126 million and TCRS's carrying value of purchased book debts of R65 million relating to the anticipated COVID-19 effects on cash flow from assets held at 31 March 2020, given information available at present.
   Transaction Capital's core financial ratios post COVID-19 adjustments exclude discontinued operations and once-off costs, but include the adjustments are control operations and once-off costs.
- to SA Taxi's credit provisioning model and TCRS's carrying value of purchased book debts relating to COVID-19 per note 1 above. Transaction Capital Group core headline earnings pre COVID-19 adjustments of R402 million, includes R14 million from the group executive office, R158 million from TCRS and R230 million from SA Taxi. 3
- SA Taxi's total headline earnings pre COVID-19 adjustment rose by 36%, with the portion attributable to the group up 20% in the first half of 2020. For the period 1 October 2018 to 6 February 2019 (the effective date of the ownership transaction with SANTACO), Transaction Capital consolidated 98.5% of SA Taxi's total headline earnings. For the period 6 February 2019 to 31 March 2019, Transaction Capital consolidated 81.4% of SA Taxi's total headline earnings.
- The group adopted IFRS 16 Leases based on the modified retrospective approach from 1 October 2019, with no restatement of comparative information, which is permitted under the specific transitional provisions in the standard. The cumulative effect arising from the initial adoption of IFRS 16 is presented as an adjustment to the opening balance of retained earnings at 1 October 2019.

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# INTRODUCTION

Transaction Capital is an active investor in and operator of credit-orientated alternative assets, with a near 20-year track record for high-quality earnings growth and attractive risk-adjusted returns. Our strong decentralised divisional management teams manage our assets within well-governed, efficient operational platforms. SA Taxi and Transaction Capital Risk Services (TCRS) are strategically positioned in their markets to deliver good commercial returns and meaningful social impact in variable economic conditions. With support from the group executive office, both divisions have continued to refine their competitive value propositions, diversify their revenues and expand their total addressable markets.

As the novel Coronavirus and the disease it causes (COVID-19) spreads across the world, we are deeply saddened by the loss of life and livelihoods seen thus far. We are also concerned about the implications for the global and our local economy. While we commend the South African Government's swift and decisive response to "flattening the curve" of infections, the consequences of the extended lockdown and phased relaxation of restrictions will be extreme for the country's fragile economy, heightening the risk of social instability.

In this unprecedented context of emerging risk to our economy, sectors and businesses, it is difficult to assess the full impact of COVID-19 on the group at this time. However, our businesses continue to be flexible and agile in the ever-changing environment. In understanding, planning for and adapting to the multi-faceted effects of the pandemic, we will continue to monitor the progression of the disease, its impact on consumers and on our market sectors, the rate of economic recovery and Government's response to these events. Given the intrinsic social relevance of our businesses, we will work closely with our stakeholders to support the recovery and sustainability of our sectors and the clients we serve<sup>1</sup>.

For the months of April, May and June 2020, all non-executive and executive directors of Transaction Capital took salary, benefit and fee reductions of 30%. All amounts foregone have been donated by Transaction Capital to The Solidarity Fund to assist the collective efforts of South Africa in combating the COVID-19 pandemic.

# PERFORMANCE OVERVIEW

Transaction Capital has achieved compound annual growth in core headline earnings per share of 20% over the past five years. Prior to the effects of COVID-19, the group was on track to deliver earnings growth in line with past performance and guidance given at the time of our AGM. The group's core headline earnings from continuing operations grew by 19% to R402 million, with core headline earnings per share up 18% to 65.4 cents. This was before the adjustments made to SA Taxi's credit provisioning model and the valuation model for non-performing consumer loan portfolios (NPL Portfolios) owned by TCRS, in anticipation of the future impact of COVID-19.

The COVID-19 adjustments saw our financial performance deviate from our historical earnings growth trend, with the group's core headline earnings from continuing operations post COVID-19 adjustments down 17% to R281 million, and core headline earnings per share from continuing operations post COVID-19 adjustments also 17% lower at 45.8 cents.

The group has adopted a conservative approach regarding the anticipated impact of COVID-19 on future cash flows. Importantly, the adjustments are non-cash, and relate to assets held at 31 March 2020 and not to the origination of future assets. The adjustment at SA Taxi resulted in a R126 million increase in impairment provisions, and the re-evaluation of TCRS's purchased NPL Portfolios resulted in a R65 million reduction in their carrying value (both before tax).

## SA TAXI

To mid-March, SA Taxi performed to expectation, although disrupted vehicle supply due to industrial action at the Toyota plant early in 2020 constrained vehicle sales and originations of loans and insurance policies. Despite this, the division was on track to grow the group's attributable portion of earnings in line with prior years.

The first case of COVID-19 in South Africa was reported on 5 March 2020 and the escalation in cases led to a nationwide lockdown from 27 March 2020. The last week of any month typically accounts for a disproportionately large volume of business activity. With SA Taxi Direct, other vehicle dealerships and the vehicle licencing department closed for the lockdown, SA Taxi recorded lower vehicle sales in its dealership and originated fewer new loans and insurance policies for March 2020.

To minimise the economic consequences of COVID-19 on its clients, SA Taxi introduced a loan repayment and insurance premium relief programme for April 2020. Due to the restrictions on clients' ability to operate and afford loan instalments in the short term, as well as the impact of the relief programme, we increased provision coverage from 4.3% to 5.4%. As payment patterns normalise, this higher provision will unwind into profit. However, should the COVID-19 related payment disruption manifest itself as credit risk over time, the provision will be utilised as loans are written-off.

Prior to the COVID-19 adjustment, SA Taxi's headline earnings grew 36% to R282 million, with the group's attributable portion up 20% to R230 million. Post the adjustment, headline earnings were down 8% to R191 million, with Transaction Capital's attributable portion 19% lower at R156 million.

1. In January 2020, Transaction Capital released its first impact report, available online, which provides further information and data on the economic, social and environmental performance of our divisions.

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## TCRS

Similarly, TCRS performed well for the period, with collections services in South Africa and Australia proving resilient to the negative early stage impacts of COVID-19. TCRS's headline earnings pre COVID-19 adjustment grew by 23% to R158 million.

With collections projected to be lower in the short term, and the consequent adjustment in the carrying value of the division's purchased NPL Portfolios, TCRS's headline earnings reduced 13% to R111 million.

# TRADING ENVIRONMENT

Since the end of our 2019 financial year, despite lower fuel prices and a benign inflation outlook that allowed an interest rate cut of 0.25% in January 2020, conditions in South Africa continued to deteriorate. With retrenchments exacerbating critically high unemployment (29.1% in the last quarter of 2019), low wage growth, high household debt and a volatile Rand, low consumer and business confidence persisted. The latter had reached the lowest levels for decades, indicating a significantly weaker outlook for the domestic economy even before the COVID-19 outbreak and consequent restrictions on economic activity.

The economic ramifications of COVID-19, including weaker global growth and commodity demand and muted domestic consumption and production, are expected to result in a deep recession. Some forecasts expect the country's gross domestic product (GDP) to retract by as much as 6% in 2020. Notwithstanding the Government's planned emergency relief measures (equivalent to 10% of GDP), and the additional 2% cut in interest rates since the beginning of March, consumers are expected to struggle as household income is eroded and over-indebtedness persists.

In Australia, GDP growth fell to below 1% over the past six months due to slowing household consumption, the consequences of the widespread bushfires and early effects of COVID-19. Consensus opinion is that the country's GDP will contract by more than 4% and unemployment will double to more than 10% due to the pandemic. However, a historically low official cash rate of 0.25%, Government's economic stimulus packages (equivalent to 16% of GDP) and wage subsidies could moderate the severity of the impact.

# BALANCE SHEET AND LIQUIDITY

The group's balance sheet is well capitalised and liquid at a holding company level, underpinned by our conservative capital strategy. Along with the additional measures implemented to preserve liquidity in response to COVID-19, we have ample liquidity and financial flexibility to support the divisions as the pandemic runs its course and recessionary conditions intensify.

Our capital strategy remains appropriately conservative in the current conditions, with undeployed capital of approximately R800 million (2019: R1 billion) at 31 March 2020. Of this, R500 million remains invested in TCRS. The remaining R300 million, previously allocated to the accelerated acquisition of NPL Portfolios in South Africa, Australia and selected international markets, is immediately available to support both divisions.

At 31 March 2020, our balance sheet at holding company level was ungeared. We have an approved, undrawn R400 million facility available to alleviate any short-term cash flow pressures across the group.

Our longstanding and cautious debt funding philosophy is designed to protect the group against liquidity and refinancing risk. Most of our debt is structured on an amortising basis and incorporates few bullet repayments. We maintain a positive asset-liability gap, with the duration of liabilities exceeding that of our assets. Wherever possible, our debt arrangements avoid hard coded covenants which could trigger an accelerated repayment of debt.

SA Taxi is well capitalised, with a Tier I capital adequacy ratio of 16.5% and R2.7 billion of equity, bolstered by SANTACO's acquisition of a 25% equity stake in SA Taxi for R1.7 billion in February 2019. Central to its debt funding philosophy, SA Taxi typically raises debt via ringfenced structures, with no cross-default or recourse to its holding company or Transaction Capital. The division's access to liquidity remains unfettered, with its funding requirements for loan origination already secured for the next year.

SA Taxi has a strong reputation for delivering good commercial and social returns to its longstanding and supportive funding partners, which comprises a diverse base of international developmental finance institutions (DFIs) and local banks, fixed income funds and institutional investors. The mandates of DFIs generally enable them to support socially relevant entities, such as SA Taxi, particularly in times of financial market dislocation and other extraordinary circumstances.

Our debt funding philosophy positions SA Taxi to absorb the short term cashflow mismatches arising from the loan and insurance relief provided to its clients in April, and any other COVID-19 cashflow disruption that may arise.

With R5.5 billion of assets and R2.1 billion of senior debt underpinned by R1.8 billion of equity at 31 March 2020, TCRS's funding position remains robust.

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# SA TAXI

		For the half year ended 31 March			
		2020	2019	Movement	
FINANCIAL PERFORMANCE					
Core headline earnings pre COVID-19 adjustment Core headline earnings attributable to the group pre COVID-19	Rm	282	208	36%	
adjustment	Rm	230	192	20%	
Core headline earnings post COVID-19 adjustment	Rm	191	208	(8%)	
Core headline earnings attributable to the group post COVID-19					
adjustment	Rm	156	192	(19%)	
Non-interest revenue	Rm	321	309	4%	
Net interest income	Rm	677	553	22%	
Net interest margin	%	12.2	11.5		
Core cost-to-income ratio	%	41.3	44.5		
CREDIT PERFORMANCE					
Gross loans and advances	Rm	11 304	9 947	14%	
Non-performing loan (NPL) ratio	%	19.1	18.2		
Credit loss ratio pre COVID-19 adjustment	%	3.8	4.3		
Credit loss ratio post COVID-19 adjustment	%	6.1	4.3		
Provision coverage pre COVID-19 adjustment	%	4.3	4.7		
Provision coverage post COVID-19 adjustment	%	5.4	4.7		

Note: Comparative information has been restated for the adoption of IFRS 17 - Insurance Contracts.

# **OPERATING CONTEXT**

Most South Africans rely on public transport, with the minibus taxi industry being the largest and most vital service in the integrated public transport network. More commuters choose minibus taxis over bus or rail services due to competitive pricing, convenience and accessibility, with the industry providing more than 15 million trips a day. Over the past few weeks, the COVID-19 pandemic has highlighted the indispensable nature of the minibus taxi industry as the dominant form of public transport. Spending on minibus taxi transport is non-discretionary for most South Africans, making this a defensive industry with minibus taxi operators remaining resilient in challenging economic conditions.

At 31 March 2020, the 12-month average for petrol and diesel prices were 4% and 3% higher respectively than a year ago, but they are currently at four-year lows. Interest rates are at their lowest since 1973, with further cuts anticipated. However, minibus taxi vehicle prices have risen 5.5% since September 2019 (up 2.5% to 31 March 2020 and a further 3% in April 2020), bringing the recommended retail price of a Toyota HiAce diesel vehicle to R477 000, compared to about R360 000 five years ago. Further vehicle price increases are expected later this year.

Despite the price inelasticity of minibus taxi services, the industry has not materially increased fares in the last two years. Minibus taxi operators have had to absorb the financial impact of a hostile environment. With economic recession affecting lower-income consumers the most, it is unlikely that the minibus taxi industry will be able to increase fares in 2020.

# COVID-19 IMPACT

SA Taxi is committed to the health and safety of minibus taxi operators and commuters, and the recovery and long-term sustainability of the minibus taxi industry. Together with the South African National Taxi Council (SANTACO) and the National Taxi Alliance (NTA), the division has implemented COVID-19 prevention protocols at minibus taxi ranks across the country, and has committed more than R3 million towards face masks and hand sanitisers for commuters and taxi operators, and disinfecting ranks and vehicles.

Sharply lower commuter mobility and restricted minibus taxi operations due to the lockdown has intensified the economic strain on the industry. As an essential service, the industry operated under national restrictions during the lockdown; long-distance travel was prohibited and the transport of essential service workers and other citizens requiring essential travel was only permitted at certain times. SA Taxi's telematics data shows that on average its clients travelled around 47% of their normal distance between 27 March 2020 and 30 April 2020. The limitations on the number of passengers per trip also affected minibus taxi profitability during this period.

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From 1 May, the South African Government started easing the lockdown restrictions. The return to economic activity will be phased in over five levels, with level 5 restrictions the same as full lockdown and level 1 the resumption of normal economic activity subject to health guidelines. The appropriate level will be applied to provinces and municipalities, depending on the local extent of COVID-19 infection and transmission. This means that restrictions can be eased or tightened as required.

For the minibus taxi industry, the easing of restrictions will enable the sector to increase its operations. This will be further stimulated, as restrictions on other industries are eased, increasing the number of commuters requiring public transport.

We believe the minibus taxi industry's defensive character will enable it to normalise quickly, as demand for minibus taxi services will be first to benefit from the recovery in economic activity.

## SA TAXI FINANCE AND SA TAXI AUTO REPAIRS

SA Taxi's loans and advances grew 14% to R11.3 billion comprising 33 079 loans, despite the origination of new loans reducing by 9%. Lower vehicle supply from Toyota constrained loan origination, which was then further affected by the lockdown.

Higher vehicle retail prices, retention of market share and the uptake of a lower interest rate product for better quality clients offset the impact of lower loan originations, supporting the growth in gross loans and advances. In line with SA Taxi's strategy, strong momentum was seen in the sale and finance of its fully refurbished pre-owned minibus taxis, as operators continued to opt for this more affordable yet reliable alternative to buying a new taxi vehicle in the challenging environment.

In the second half of the 2020 financial year, we anticipate lower loan originations as the closure of Toyota's and SA Taxi Auto Repair's facilities during the lockdown will curb the availability of new and pre-owned vehicle stock.

Net interest income grew 22% to R677 million, with the net interest margin improving to 12.2% (2019: 11.5%). This was mainly due to using R1.0 billion from the proceeds of shares issued to SANTACO in February 2019 to settle interest-bearing debt. A robust risk-adjusted net interest margin of 8.4% was achieved, supported by a lower credit loss ratio of 3.8% (before the COVID-19 adjustment).

SA Taxi's integrated business model effectively mitigates credit risk. The division's ability to refurbish repossessed vehicles to provide high-quality income generating pre-owned minibus taxis, enables it to recover more than 75% of the loan value on the sale of these vehicles. Improved recoveries on repossessed vehicles, attributable to a lower average cost to refurbish them, are due to efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts' cost-efficient procurement of parts. This will continue to support the division's credit loss ratio. Higher new vehicle prices will also enable SA Taxi Direct to increase the price of pre-owned vehicles, further improving credit recoveries.

SA Taxi is in the process of expanding SA Taxi Auto Repairs from two sites (panel and mechanical) to four (including dedicated insurance and Nissan repair facilities). Efficiencies from this expansion will assist in maintaining credit losses within risk tolerance and will increase pre-owned vehicle supply.

Non-performing loans (NPLs) in SA Taxi's loans and advances portfolio remained in line with our expectations for most of the period, with the NPL ratio at about 18%. However, reduced origination of loans and lower collections in March 2020 resulted in an increase in NPLs to 19.1% for the half year (2019: 18.2%).

While loan collections are anticipated to be lower for the rest of the financial year, the absolute value of cash collected over the full term of the loans is not expected to decrease, but to be collected later and over an extended period. Cash flows will be protected as the useful life of a minibus taxi greatly exceeds SA Taxi's average loan term of 71 months.

# SA TAXI DIRECT

SA Taxi's retail dealerships in Midrand and Polokwane generated gross revenue of about R320 million in the period, lower than for the half year ended March 2019 and marginally below expectation. This was due to vehicle supply constraints, partially offset by higher sales of pre-owned minibus taxis.

In the second half of the 2020 financial year, SA Taxi Direct anticipates lower gross revenues due to the disruption in new and pre-owned vehicle supply, and its closure during the lockdown.

SA Taxi is in the process of relocating its Midrand dealership to a larger facility able to accommodate retail outlets for new and pre-owned vehicles, and a small warranty repair facility. Other new dealership locations will be considered over the medium term.

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# SA TAXI PROTECT

SA Taxi's insurance business is the main contributor to non-interest revenue, with gross written premiums growing 16% to R462 million. On average, individual insurance premiums remained stable, with the growth in gross written premium due almost exclusively to new client acquisition. The strategy to broaden its client base via its broker network, specifically targeting open market clients (insurance clients not financed by SA Taxi Finance), is yielding positive results as anticipated.

Clients financed by SA Taxi Finance are required to have fully comprehensive insurance. Penetration of SA Taxi's financed customer base remained stable, with most of SA Taxi Finance's clients choosing to be insured through SA Taxi Protect.

SA Taxi Protect's competitive advantage is its ability to reduce its cost of claim through efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts, which supports a competitively priced insurance premium. A small proportion of SA Taxi Protect's insurance claims are processed by SA Taxi Auto Repairs, with the majority outsourced to approved external autobody repairers. An initiative to expand the division's refurbishment capacity, dedicated to SA Taxi Protect, is set for later in 2020 and additional premises have been secured. These new premises will support a higher proportion of SA Taxi Protect insurance claims repaired internally by SA Taxi Auto Repairs, further improving its cost of claim.

SA Taxi Protect continues to broaden its product offering, with bespoke products in development that will aim to replicate the success of the unique credit life offering launched last year.

In the second half of the 2020 financial year, SA Taxi Protect anticipates lower gross written premium due to disruption in new and pre-owned vehicle supply, retail and financing.

## CONCLUSION

Despite the extraordinary conditions, SA Taxi delivered a strong operational performance for the half year. This was evident in gross loans and advances growth, healthy net interest margins and continued non-interest revenue growth. Underpinning SA Taxi's performance and supporting future profitability has been our investment in technology to drive operational efficiencies. This has seen the division's core cost-to-income ratio improve to 41.3%.

We will continue to track the emerging risks related to COVID-19, the phased easing of restrictions and the related impact on the minibus taxi sector, our clients and commuters. COVID-19 restrictions will contain minibus taxi activity in the short term, impinging on clients' ability to make their loan instalment and insurance premium repayments. Lower vehicle supply and operational closures will also impact the sale, financing and insuring of minibus taxis. These factors will influence SA Taxi's performance during the second half of this year. Regardless, SA Taxi is well positioned to withstand the impact due to its flexible capital structure, enduring assets and cash flows, and the resilience of the sector it serves.

The indispensable nature of the minibus taxi industry will support its quick recovery and smooth transition to normal operations as the phased easing of the lockdown progresses and the South African economy re-opens. SA Taxi's vertically integrated business model and market positioning places it well to serve its clients and will remain highly relevant in the post COVID-19 environment.

SA Taxi will continue to assess opportunities to invest in adjacent and vertically integrated sectors of the industry, to support future organic growth. SA Taxi Auto Parts will refine its strategy of retailing well-priced auto parts to minibus taxi operators and wholesaling parts to SA Taxi Auto Repairs and other external auto body repairers. An important growth initiative for SA Taxi will be to establish a transactional business that combines its telematics capabilities, rewards programmes, client data and finance offerings into a single transactional account relevant to South Africa's 250 000 minibus taxi operators. This will significantly broaden its addressable market. With SANTACO as a strategic partner, SA Taxi will leverage its unique position in the market to drive growth over the medium term, to the benefit of taxi operators and the broader industry.

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	For the h	alt year ended 3	I March
	2020	2019	Movement
FINANCIAL PERFORMANCE			
Core headline earnings from continuing operations attributable to the			
group pre COVID-19 adjustment Rm	158	128	23%
Core headline earnings from continuing operations attributable to the			
group post COVID-19 adjustment Rm	111	128	(13%)
Non-interest revenue Rm	1 108	933	19%
PURCHASED BOOK DEBTS			
Cost price of purchased book debts acquired Rm	556	437	27%
Carrying value of purchased book debts pre COVID-19 adjustment Rm	2 840	1 727	64%
Carrying value of purchased book debts post COVID-19 adjustment Rm	2 775	1 727	61%
Estimated remaining collections Rm	5 321	3 597	48%

# **OPERATING CONTEXT**

# **SOUTH AFRICA**

Of the 25.2 million credit-active South African consumers at March 2020, more than 40% (10.7 million) had impaired credit records. Transaction Capital's Consumer Credit Rehabilitation Index, which measures South African consumers' propensity to repay debt, reflects the distress in the consumer credit environment, with consumers' propensity to repay debt deteriorating by 0.4% in the first quarter of the 2020 calendar year, compared to the quarter before.

Even before factoring in the consequences of COVID-19, the domestic economy was fragile, with the downgrades to South Africa's credit ratings, critically high unemployment, high household debt and a volatile Rand. The anticipated recession and job losses will dramatically intensify the pressure on consumers, reducing credit extension and retail sales.

# **AUSTRALIA**

The debt collection environment in Australia has been challenging. The socio-economic impact of the bushfires that began in September 2019 and continued into early 2020, placed pressure on an already highly indebted consumer. The impact of COVID-19 on economic activity is likely to result in increasing unemployment and declining property prices, further affecting consumers.

# COVID-19 IMPACT

TCRS supports the effective functioning of consumer credit markets, rehabilitating indebted consumers and freeing up the operational capacity and capital of its clients so they can continue advancing credit to their customers.

TCRS's business model, which operationalises this social contract, is highly relevant in the COVID-19 environment. The division's clients, being consumer facing entities, will have larger levels of NPL Portfolios to manage and will face operational challenges due to COVID-19 related restrictions. As the economic impact of COVID-19 plays out over the medium term, TCRS's extensive collections infrastructure positions it well to win agency collection mandates or acquire NPL Portfolios to be collected as principal.

Despite the disruption to its operations of COVID-19, TCRS's omni-channel and data analytics capability enabled it to continue contacting and transacting with consumers, as voice and data networks remained robust. The positive response of consumers to non-voice and digital channels, specifically in Australia, supported higher levels of right party contact and online payments. A significant proportion of the division's collections is annuity based, collected via recurring payment arrangements. The remainder is collected via approximately 1 650 call centre and legal collection agents, of which more than 1 000 have now been enabled to work from home without compromising data security or access to technology. Collection agents were directed to focus their efforts on higher yielding mandates to optimise revenue during the lockdown.

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# COLLECTION SERVICES

In its most significant business activity, TCRS acts either as a principal in acquiring and then collecting on NPL Portfolios, or as a service provider on an outsourced contingency or fee-for-service (FFS) basis. These business activities are diversified across sectors, clients and geographies, which lowers concentration risk and supports good performance and returns in different market conditions.

TCRS's collection services delivered organic revenue growth of about 20%. Excellent revenue growth in South Africa from the collection of NPL Portfolios acquired as a principal positively offset the impact of the slowdown in contingency and FFS collections revenue, which was expected. The Australian collections business performed in line with expectations, growing revenue in double-digit percentages during the year, a strong result given the increasing pressure on the Australian consumer.

## ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL

During the period, TCRS invested R483 million in South Africa and R73 million in Australia in acquiring NPL Portfolios. At 31 March 2020, TCRS owned 284 NPL Portfolios valued at R2 840 million (up 64% from R1 727 million a year ago). This asset will support strong and predictable annuity revenue (estimated at R5 321 million, up 48% from R3 597 million a year ago) over the medium term.

The accelerated acquisition of NPL Portfolios in South Africa remains a meaningful medium-term strategic growth initiative, subject to the rate of economic recovery. The market is still in an early stage of development and we expect many sizeable NPL portfolios to become available for acquisition as South Africa emerges from the pandemic. TCRS also continues to drive growth in this market by broadening the category of NPL Portfolios traded. Historically, the division focused on acquiring NPL Portfolios of written-off unsecured retail debt via auction but it has extended its addressable market to include NPL Portfolios prior to write-off, those collected via legal process and those sold on a bilateral or recurring contractual basis. Furthermore, TCRS continues to educate its clients on the benefits of selling their NPL Portfolios.

Due to the volatile environment and in line with our risk appetite, TCRS will however take a conservative approach to acquiring NPL Portfolios in South Africa in the second half of the 2020 financial year.

The Australian collections market is significantly larger than the South African market and mainly comprises unsecured consumer loan portfolios, an asset class in which TCRS has almost 20 years of experience in South Africa. However, the appetite of banks to sell their NPL Portfolios has declined in recent months, as they implement the recommendations of the Royal Commission into Misconduct in the Banking Industry, and now exacerbated by the effects of COVID-19. Instead, clients are moving to FFS collection mandates, instead of contingency collection mandates or the sale of their NPL Portfolios. TCRS's diversified business model enables it to respond effectively to this shift.

TCRS will continue to follow a cautious and selective approach in acquiring NPL Portfolios in Australia during the second half of the 2020 financial year. Its medium-term strategy remains to establish a more meaningful position in this larger market.

## CONTINGENCY AND FEE-FOR-SERVICE REVENUE

Recoveries Corporation in Australia posted a robust performance, gaining new mandates from existing clients and winning new clients to grow organic revenue by double-digit percentages. Operating costs were well managed considering the changing revenue mix to FFS mandates. Greater management depth, investment in data and analytics, the deployment of technologies proven in South Africa, and the implementation of business information, payment automation and collection technologies supported this pleasing result. The division continues to explore the benefits of new technologies, including artificial intelligence.

South African contingency and FFS division performed in line with expectations in the difficult consumer credit environment. Despite lower volumes and yields from contingency matters handed over for collection, TCRS deepened its penetration in its traditional market segments (banks, retailers and specialist lenders) as well as in the adjacent insurance and telecommunication sectors, according to its sector specialisation strategy.

In the second half of the 2020 financial year, muted retail sales and credit extension are expected to translate into lower volumes of matters handed over by clients. Agency collection revenues will be further impacted by lower recoveries as consumers struggle to repay their debt.

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## TRANSACTIONAL SERVICES

Although Transaction Capital Payment Solutions (TCPS) was allowed to operate during the lockdown, it felt the impact of the challenging operating environment. As a relatively small services-orientated business, it is difficult for TCPS to make operational adjustments to counter market conditions.

As part of a deliberate strategy to establish a more focused and substantial payment services business diversified by payment activity, client and sector, we acquired Accsys in December 2017, and Fihrst two years later on 1 December 2019. During the first half of 2020, TCRS began integrating TCPS, Accsys and Fihrst, applying best-in-class technology from each of the businesses to create an integrated and efficient payment services platform. As TCPS's strong and entrepreneurial management team grows this business to scale, it will be better placed to withstand prevailing market conditions and lift performance. The opportunity to cross-sell a more competitive offering to clients will also lower concentration risk and drive organic revenue growth.

TCPS and Fihrst are both registered third-party payment providers and system operators within South Africa's National Payment System, processing approximately 30 million payment and disbursement transactions valued at more than R140 billion per year. Accsys provides administrative and payment services to support human resource management and payroll systems, directly impacting approximately 400 000 employees per month.

As a non-core business with limited opportunity for scale, we disposed of Principa on 17 April 2020 (refer to the IFRS 5 disclosure on page 61 for more detail). Principa will be accounted for as a discontinued operation.

# TRANSACTION CAPITAL BUSINESS SOLUTIONS (TCBS)

Cognisant of the higher risk in the small- and medium-sized enterprises (SME) sector, TCBS has proactively curbed gross loans and advances to this sector since the second half of 2018. In the first half of the 2020 financial year, we took the decision to significantly reduce this exposure. We believe the capital currently allocated to TCBS can be applied elsewhere to achieve better risk adjusted returns. TCBS will be accounted for as a discontinued operation, as its business and assets are available for sale as the group drives various disposal strategies.

## CONCLUSION

Despite the extreme conditions, TCRS posted a robust operational performance for the first six months of this year, specifically from its collection services business. Strong growth in revenue from the collection of NPL Portfolios acquired as a principal and a solid performance from its Australian collections business supported its performance.

We will continue to monitor the impact of COVID-19 on the consumer credit sector and our clients. As indicated, during the second half of this year, TCRS will be cautious in its approach to acquiring NPL Portfolios due to the uncertain environment. Agency revenues will remain under pressure, compounded by lower recoveries.

TCRS is well positioned to manage these impacts due to its operational agility and enduring cash flows. Our capability for call centre collections to be operationalised on a "work from home" basis at scale, provides TCRS with the flexibility to operate under COVID-19 restrictions. Despite the reduction in collections from its NPL Portfolios likely in the short term, the gross value of these cash flows will not reduce but will be collected over a longer period. Cash flows from a single NPL Portfolio will typically last for up to 10 years, generating a total return of 2.0 to 2.2 times the amount invested in purchasing the portfolio. The long-term nature of these assets enables TCRS to extend the collection period without affecting the recoverability of the underlying cash value.

Once the strategic realignment of TCRS is complete, the division will comprise a high-growth collections services business (comprising Transaction Capital Recoveries and Recoveries Corporation); a larger payment services business (comprising TCPS, Fihrst and Accsys), and a fledgling value-added services business (including Road Cover). TC Global Finance will be managed by the group executive office.

In a post COVID-19 environment, TCRS's diversified service offering has never been more relevant to its clients and the effective functioning of credit systems critical to economic recovery.

# GROUP EXECUTIVE OFFICE

The executive office added R14 million (2019: R18 million) to the group's headline earnings for the period from efficient management of its undeployed capital. This result is net of central costs incurred by the group executive office and includes cost recoveries from SA Taxi and TCRS. The reduced contribution compared to the prior comparative period was due to interest earned on a lower balance of undeployed capital held over the period.

In terms of its TC Global Finance strategy, the group has to date invested €8.7 million in the higher-yielding niche of the European specialised credit market. Initial returns have been in line with our expectations. Our growth strategy in this market, as previously communicated, remains valid. Given the global uncertainty surrounding COVID-19, we believe it is prudent to retain liquidity for our established business operations, if required, and to follow a conservative approach over the short term as the European specialised credit market settles.

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# PROSPECTS AND STRATEGY

SA Taxi and TCRS have demonstrated resilience in variable conditions over many years. Transaction Capital's core headline earnings growth (prior to the COVID-19 adjustments) was in line with past performance and market expectations. Despite our businesses' flexible and agile response to this ever-changing environment, it is difficult to assess the full impact of COVID-19 on the group. It is not possible at this time to project full year headline earnings, as COVID-19 continues to impact our divisions' level of activities, and it is likely that COVID-19 adjustments to SA Taxi's credit provisioning model and the carrying value of TCRS's NPL Portfolios will be needed at year end at levels to be determined at that time.

Although we continue to align SA Taxi's and TCRS's operational structures to the prevailing economic realities, their business models have become even more relevant in a post COVID-19 context. Both will remain focused on executing their stated medium-term growth strategies (set out in our announcement at the time of our AGM), in tandem with the responses required to mitigate and manage the impact of COVID-19.

Our strongly positioned divisions within resilient market sectors, the measures taken to strengthen our capital structure and ensure adequate liquidity, the long-term nature of our assets and the defensive character of our divisions will support the group's resilience and growth in the period ahead. Our divisional management's unrelenting focus on managing the risks of COVID-19, in the context of their medium-term growth strategies, should see the group return to its long-term trend of strong organic earnings and dividend growth despite the initial impact of COVID-19 and the associated longer-term economic headwinds.

# SHAREHOLDING AND BOARD CHANGES

Stakeholders are referred to our SENS announcements on 18 and 19 February 2020 for details on the sale by Transaction Capital's founders, Jonathan Jawno, Michael Mendelowitz and Roberto Rossi, of a portion of their interests in Transaction Capital. The founders remain materially invested in the group, each retaining 5.9% for a total combined shareholding of approximately 17.7%.

On 12 March 2020, Sharon Wapnick was appointed to the board as an independent non-executive director. The board now comprises seven non-executive directors, six of whom are independent, and five executive directors.

# DIVIDEND DECLARATION

Transaction Capital's ordinary dividend policy is 2 to 2.5 times cover. After extensive deliberation and in view of the uncertainty around the full impact of COVID-19, the board has opted to retain capital and not to pay a dividend for the half year. The board will consider a dividend at year end should it have greater certainty on the impact of COVID-19 and a more informed view of the recovery of our sectors and return to normal operations. This cautious and conservative approach to ensure adequate financial capacity and flexibility is aligned to the guidance of the South African Reserve Bank, in which financial services providers are directed to act prudently in preserving capital and focusing on financial stability.

# BASIS FOR PREPARATION

The condensed consolidated interim financial results have been prepared under the supervision of Sean Doherty (CA) SA, chief financial officer. 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 2020 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 International Financial Reporting Standards (IFRS) and are consistent, in all material respects, with those detailed in Transaction Capital's prior year annual financial statements, except for the adoption of IFRS 16 – Leases.

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

# APPROVAL BY THE BOARD OF DIRECTORS

Signed on behalf of the board of directors:

David Hurwitz Chief executive officer Dunkeld West

13 May 2020

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

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

Sean Doherty Chief financial officer × × × × × × × × × × × × × × × ×

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 31 March 2020

	Notes	31 March 2020 Unaudited Rm	31 March 2019 3 Unaudited Restated* Rm	0 September 2019 Audited Rm
ASSETS				
Cash and cash equivalents		1 055	1 539	919
Tax receivables		22	22	26
Trade and other receivables		1 716	1 149	1 287
Inventories		975	611	832
Loans and advances		10 816	10 314	10 991
Purchased book debts		2 775	1 727	2 382
Other loans receivable		49	39	45
Equity accounted investments		260	19	92
Intangible assets		468	285	294
Property and equipment		448	173	172
Goodwill	3	1 299	1 155	1 152
Deferred tax assets		298	355	271
Assets classified as held for sale	5	666	-	-
TOTAL ASSETS		20 847	17 388	18 463
LIABILITIES				
Bank overdrafts		316	316	381
Other short-term borrowings		56	_	76
Tax payables		34	12	16
Trade and other payables		437	522	709
Provisions		53	52	53
Insurance contract liabilities		441	690	537
Benefits ceded on insurance contracts relating to inventories		47	61	54
Benefits ceded on insurance contracts relating to loans and advances		127	310	174
Benefits accruing to insurance contract holders		267	319	309
Interest-bearing liabilities	4	13 430	10 313	10 806
Senior debt				
Subordinated debt		12 350 664	9 758 552	10 287 517
Lease liabilities		416	3	
				2
Deferred tax liabilities	_	495	377	413
Liabilities directly associated with assets classified as held for sale	5	48	_	-
TOTAL LIABILITIES		15 310	12 282	12 991
EQUITY				
Ordinary share capital		1 121	1 083	1 103
Reserves		254	150	179
Retained earnings		3 589	3 326	3 614
EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS				
OF THE PARENT		4 964	4 559	4 896
Non-controlling interests		573	547	576
TOTAL EQUITY		5 537	5 106	5 472
TOTAL EQUITY AND LIABILITIES		20 847	17 388	18 463

\* Restated for the recognition of discontinued operations in the current year per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, and the adoption of IFRS 15 – Revenue from Contracts with Customers and IFRS 17 – Insurance Contracts in the prior year's annual financial statements.

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# CONDENSED CONSOLIDATED INCOME STATEMENT

For the half year ended 31 March 2020

	Notes	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Unaudited Restated** Rm
Interest income Interest expense		1 328 (681)	1 114 (570)	2 353 (1 158)
NET INTEREST INCOME Impairment of loans and advances		647 (338)	544 (206)	1 195 (322)
RISK-ADJUSTED NET INTEREST INCOME Non-interest revenue	6	309 1 429	338 1 242	873 2 602
Net insurance result		228	201	364
Insurance revenue Insurance service expense Insurance finance expense		462 (234) -	398 (194) (3)	823 (455) (4)
Other non-interest revenue		1 201	1 041	2 238
Operating costs Non-operating profit Equity accounted income		(1 324) - 4	(1209) 8 -	(2 425) 7 4
PROFIT BEFORE TAX Income tax expense		418 (105)	379 (118)	1 061 (288)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		313	261	773
DISCONTINUED OPERATIONS (Loss)/profit for the period from discontinued operations	5	(16)	6	14
PROFIT FOR THE PERIOD		297	267	787
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:				
Ordinary equity holders of the parent Non-controlling interests		275 38	262 (1)	713 60
(LOSS)/PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO:				
Ordinary equity holders of the parent Non-controlling interests		(16) -	6 -	14 -
EARNINGS PER SHARE (CENTS)				
From continuing operations Basic earnings per share Diluted basic earnings per share	7 7	44.8 44.2	42.8 42.4	116.5 115.1
From continuing and discontinued operations Basic earnings per share Diluted basic earnings per share	7 7	42.2 41.6	43.8 43.4	118.8 117.4

Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and the adoption of IFRS 17 - Insurance Contracts.
 \* Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 March 2020

	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Unaudited Restated** Rm
PROFIT FOR THE PERIOD OTHER COMPREHENSIVE (LOSS)/INCOME Movement in cash flow hedging reserve	297 (3)	267 (10)	787
Fair value (loss)/gain arising during the period Deferred tax	(4) 1	(14) 4	1 _
Exchange gain on translation of foreign operations	80	6	5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	374	263	793
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Ordinary equity holders of the parent Non-controlling interests	336 38	264 (1)	733 60

Restated for the recognition of discontinued operations in the current year per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations and the adoption of IFRS 17 – Insurance Contracts.
 \* Restated for the recognition of discontinued operations in the current year per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 March 2020

Number of ordinary shares Unaudited million	Share capital Unaudited Rm	Reserves Unaudited Rm	Retained earnings Unaudited Rm	Ordinary equity holders of the parent Unaudited Rm	Non- controlling interests Unaudited Rm	Total equity Unaudited Rm
610.2 -	1 056	52 (4)	2 647 268	3 755 264	59 (1)	3 814 263
	-	_ (4)	268 -	268 (4)	(1)	267 (4)
		- 100	- 604	_ 704	(3) 496	(3) 1 200
-		19 (1 <i>7</i> ) –	- (15) (178)	19 (32) (178)	_ (4)	19 (32) (182)
2.1 (0.6)	38 (11)	-	-	38 (11)	-	38 (11)
611.7	1 083	150 10	3 326 459	4 559 469	547 61	5 106 530
	-	- 10	459 -	459 10	61 -	520 10
_	_	-	6	6	]	7
- - 1.0	20	26 (7) –	(12) (165)	26 (19) (165) 20	_ (33) _	26 (19) (198) 20
612.7	1 103	179	3 614	4 896	576	5 472
-	-	-	(51)	(51)	-	(51)
612.7 -	1 103	179 77	3 563 259	4 845 336	576 38	5 421 374
		- 77	259 -	259 77	38 -	297 77
-	-	31	-	31	-	31
- 2.8 (2.0)	- 60	(33) _ _	(24) (209) –	(57) (209) 60	(41) _	(57) (250) 60
613.5	(42)	- 254	3 589	(42) 4 964	573	(42) 5 537
	ordinary shares Jnaudited million 610.2 - - - - 2.1 (0.6) 611.7 - - - - - - - - - - - - - - - - - - -	ordinary shares Jnaudited million         Share capital Unaudited Rm           610.2         1 056           -         -           -         -           -         -           -         -           -         -           -         -           -         -           -         -           -         -           2.1         38           (0.6)         1 083           -         -           2.1         38           (0.6)         1 083           -         -           -         -           1.0         20           612.7         1 103           -         -           1.0         20           612.7         1 103           -         -           -         -           -         -           -         -           -         -           -         -           -         -           -         -           -         -           -         -           -         - <td>ordinary shares Joudited million         Share ccapital Unaudited Rm         Reserves Unaudited Rm           610.2         1 056         52 (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (100           -         -         100           -         -         (17)           -         1 083         150           -         -         10           -         -         10           -         -         10           -         -         -           611.7         1 083         150           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -</td> <td>ordinary shares Jnoudited million         Share capital Unaudited Rm         Reserves Unaudited Rm         Retained earnings Unaudited Rm           610.2         1 056         52         2 647           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         449           -         -         -           -         -         100         604           -         -         (17)         (178)           2.1         38         -         -           2.1         38         -         -           (0.6)         (11)         -         -           611.7         1 083         150         3 326           -         -         -         -         -           -         -         -         -         -           611.7         1 103         179         3 614</td> <td>ordinary shares Junadited million         Share capital Rm         Reserves Reserves Lunadited Rm         Retained earnings Unaudited Rm         holders of the parent Rm           610.2         1 056         52         2 647         3 755 264           -         -         -         268         264           -         -         -         264         264           -         -         -         268         264           -         -         -         268         264           -         -         -         268         268           -         -         -         268         264           -         -         -         268         264           -         -         -         -         49           -         -         -         -         -           -         -         100         604         704           -         -         100         604         704           -         -         107         152         122           -         1083         150         3 326         4 559           -         -         -         26         -         26</td> <td>ordinary shares million         Share capiral muddied         Reserves meanings Unaudied         Retained earnings Unaudied Rm         holders of the parent Made Rm         controlling the parent Naudied           610.2         1 056         52         2 647         3 755         59           -         -         268         2(1)         -         -           -         -         268         2(1)         -         -           -         -         -         268         (1)         -           -         -         -         2(4)         -         -           -         -         -         -         -         -         -           -         -         100         604         704         496           -         -         117         117         132         -           -         -         117         118         -         -           -         -         100         3 326         4 559         547           -         -         -         61         -         -         -           -         -         -         459         469         61           -         -</td>	ordinary shares Joudited million         Share ccapital Unaudited Rm         Reserves Unaudited Rm           610.2         1 056         52 (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (4)           -         -         (100           -         -         100           -         -         (17)           -         1 083         150           -         -         10           -         -         10           -         -         10           -         -         -           611.7         1 083         150           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -	ordinary shares Jnoudited million         Share capital Unaudited Rm         Reserves Unaudited Rm         Retained earnings Unaudited Rm           610.2         1 056         52         2 647           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         268           -         -         449           -         -         -           -         -         100         604           -         -         (17)         (178)           2.1         38         -         -           2.1         38         -         -           (0.6)         (11)         -         -           611.7         1 083         150         3 326           -         -         -         -         -           -         -         -         -         -           611.7         1 103         179         3 614	ordinary shares Junadited million         Share capital Rm         Reserves Reserves Lunadited Rm         Retained earnings Unaudited Rm         holders of the parent Rm           610.2         1 056         52         2 647         3 755 264           -         -         -         268         264           -         -         -         264         264           -         -         -         268         264           -         -         -         268         264           -         -         -         268         268           -         -         -         268         264           -         -         -         268         264           -         -         -         -         49           -         -         -         -         -           -         -         100         604         704           -         -         100         604         704           -         -         107         152         122           -         1083         150         3 326         4 559           -         -         -         26         -         26	ordinary shares million         Share capiral muddied         Reserves meanings Unaudied         Retained earnings Unaudied Rm         holders of the parent Made Rm         controlling the parent Naudied           610.2         1 056         52         2 647         3 755         59           -         -         268         2(1)         -         -           -         -         268         2(1)         -         -           -         -         -         268         (1)         -           -         -         -         2(4)         -         -           -         -         -         -         -         -         -           -         -         100         604         704         496           -         -         117         117         132         -           -         -         117         118         -         -           -         -         100         3 326         4 559         547           -         -         -         61         -         -         -           -         -         -         459         469         61           -         -

The group adopted IFRS 17 – Insurance Contracts during the 2019 financial year. On transition date (1 October 2017) the comparative information was restated applying the transitional provisions in Appendix. C to IFRS 17. The group also adopted IFRS 15 – Revenue from Contracts with Customers during the 2019 financial year. In accordance with the transitional provisions of IFRS 15, the group adopted this standard retrospectively, with the cumulative effect of initial adoption reported as an adjustment to the opening balance of retained earnings as at 1 October 2018. Refer to the 2019 audited consolidated annual financial statements for the nature and impact of the changes due to the adoption of these standards.
 \*\* The group adopted IFRS 16 – Leases during the period ended 31 March 2020. Refer to note 1 for further details.

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# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 March 2020

Notes	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Audited Rm
CASH FLOW FROM OPERATING ACTIVITIES Cash generated by operations Income taxes paid Dividends paid	943 (35) (250)	900 (44) (182)	1 731 (108) (380)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND WORKING CAPITAL INCREASE IN OPERATING ASSETS	658 (1 218)	674 (1369)	1 243 (2 908)
Loans and advances Purchased book debts	(680) (538)	(932) (437)	(1 <i>7</i> 41) (1167)
CHANGES IN WORKING CAPITAL	(551)	(342)	(553)
Increase in inventories (Increase)/decrease in trade and other receivables Increase in other loans receivable Decrease in trade and other payables	(143) (156) (4) (248)	(133) 10 - (219)	(354) (167) (6) (26)
NET CASH UTILISED BY OPERATING ACTIVITIES	(1 111)	(1 037)	(2 218)
CASH FLOW FROM INVESTING ACTIVITIESAcquisition of property and equipmentProceeds on disposal of property and equipmentAcquisition of intangible assetsAcquisition of equity accounted investmentsBusiness combinationsProceeds on disposal of subsidiary	(12) - (131) (131) (175) -	(26) 1 (23) (19) (7) 8	(48) 3 (57) (87) (7) 8
NET CASH UTILISED BY INVESTING ACTIVITIES	(449)	(66)	(188)
CASH FLOW FROM FINANCING ACTIVITIES Proceeds from interest-bearing liabilities Repayment of interest-bearing liabilities (Repayment)/proceeds from other short-term borrowings Repayment of lease liabilities Additional interest acquired in subsidiary Net proceeds on issue of shares by subsidiary to non-controlling interests Repurchase of shares	4 589 (2 672) (20) (44) - - (42)	3 112 (2 659) - (28) 1 128 (11)	9 088 (8 101) 76 - (28) 1 135 (11)
NET CASH GENERATED BY FINANCING ACTIVITIES	1 811	1 542	2 159
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at the beginning of the year Effects of exchange rate changes on the balance of cash held in foreign currencies	251 538 3	439 784 -	(247) 784 1
CASH AND CASH EQUIVALENTS AT THE END OF YEAR**	792	1 223	538

Restated for the adoption IFRS 17 – Insurance Contracts. In addition, the "Additional interest acquired in subsidiary" and the "Net proceeds on issue of shares by subsidiary to non-controlling interests" lines, which were classified as cash flows from investing activities in the prior year's interim results, have been reclassified to reflect as cash flows from financing activities in accordance with IAS 7 – Statement of Cash Flows.
 \*\* Cash and cash equivalents are presented net of bank overdrafts and includes cash transferred as part of assets held for sale.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

For the half year ended 31 March 2020

# 1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied in the preparation of the condensed consolidated interim results are in terms of International Financial Reporting Standards (IFRS) and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of IFRS 16 – Leases, as described below.

# 1.1 IFRS 16 – LEASES

IFRS 16 introduces a single, on-balance sheet accounting model for lessees, requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, other than short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the group's consolidated interim results is described below.

The group has adopted IFRS 16 based on the modified retrospective approach from 1 October 2019, with no restatement of comparative information, as permitted under the specific transitional provisions in the standard. The cumulative effect arising from the initial adoption of IFRS 16 is presented as an adjustment to the opening balance of retained earnings as at 1 October 2019.

# IMPACT OF THE NEW DEFINITION OF A LEASE

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer.

The group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease, will continue to be applied to those leases entered into or modified before 1 October 2019.

The group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 October 2019 (whether it is a lessor or a lessee in the lease contract).

## IMPACT OF LESSEE ACCOUNTING

IFRS 16 introduces significant changes to lease accounting by removing the distinction between operating and finance leases under IAS 17.

The group recognised right-of-use assets to the value of R428 million and lease liabilities to the value of R532 million for all leases, other than short-term leases and leases of low value assets, on initial adoption of IFRS 16. An adjustment of R33 million was made to the right-of-use assets relating to prior year deferred lease liabilities and the remaining R51 million (net of taxation) was recognised as an adjustment to the opening balance of retained earnings.

Right-of-use assets were initially measured at cost, or an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to a specific lease immediately prior to the date of initial adoption. The election in accordance with IFRS 16 paragraph C8(b) was applied on a lease by lease basis. Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liabilities. Right-of-use assets are tested for impairment in accordance with IAS 36 – Impairment of Assets.

Lease liabilities were initially measured at the present value of the future lease payments, discounted using the discount rate implicit in the lease. The weighted average incremental borrowing rate applied on initial adoption was 10.9%. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications.

The group recognises a lease expense on a straight-line basis in the income statement for short-term leases and leases of low value assets, as permitted by IFRS 16.

The group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- The application of a single discount rate to a portfolio of leases with similar characteristics.
- The application of the exemption not to recognise right-of-use assets and lease liabilities for leases with a lease term of less than 12 months.
- The use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### IMPACT ON FINANCIAL STATEMENTS

	1 October 2019 Rm
Operating lease commitments as at 30 September 2019 as disclosed in the group's consolidated annual financial statements (adjusted)* Adjustments made for the purposes of IFRS 16: Recognition exemption for:	503 276
– short-term leases	(3)
– leases of low value assets	(1)
Extension and termination options reasonably certain to be exercised	302
Variable lease payments based on an index or a rate	(22)
Finance lease liabilities recognised as at 30 September 2019	2
Discounted using the incremental borrowing rate as at 1 October 2019	(249)
Lease liabilities recognised as at 1 October 2019	532

Operating lease commitments at 30 September 2019, previously disclosed as R480 million, have been adjusted to an amount of R503 million in order to include an additional R23 million worth of lease commitments (in terms of IAS 17) that was erroneously excluded in the prior year.

# 2 GOING CONCERN

The condensed consolidated financial statements were prepared on a going concern basis. Based on their assessment the directors have no reason to believe that the company will not continue as a going concern in the foreseeable future. This assessment includes an assessment of the relevance of the business models of SA Taxi and TCRS; the nature of the primary assets in each and the cash-flows generated from these assets; the group's strong balance sheet, underpinned by our conservative capital strategy; and the increased flexibility provided by additional liquidity measures implemented in response to COVID-19.

# **BUSINESS MODEL RELEVANCE**

Most South Africans rely on public transport, with the minibus taxi industry being the largest and most vital service in the integrated public transport network. More commuters choose minibus taxis over bus or rail services due to competitive pricing, convenience and accessibility, with the industry providing more than 15 million trips a day. Over the past few weeks, the COVID-19 pandemic has highlighted the indispensable nature of the minibus taxi industry as the dominant form of public transport. Spending on minibus taxi transport is non-discretionary for most South Africans, making this a defensive industry with minibus taxi operators remaining resilient in challenging economic conditions.

TCRS supports the effective functioning of consumer credit markets, rehabilitating indebted consumers and freeing up the operational capacity and capital of its clients so they can continue advancing credit to their customers. TCRS's business model, which operationalises this social contract, is highly relevant in the COVID-19 environment. With disposable income under pressure and high personal debt, more consumers in South Africa and Australia will experience acute hardship. TCRS's clients, being consumer facing entities, will have larger levels of non-performing consumer loan portfolios (NPL Portfolios) to manage and will face operational challenges due to COVID-19 related restrictions. TCRS's extensive collections infrastructure positions it well to gain agency collection mandates or acquire the NPL Portfolios to be collected as principal, as the economic impact of COVID-19 plays out over the medium term.

# NATURE OF PRIMARY ASSETS

In SA Taxi, the absolute value of the primary balance sheet asset, gross loans and advances, and the amount of cash to be collected will be preserved even if there is a need to collect on these assets over an extended period. This is evidenced by (i) the useful life of a minibus taxi which is in excess of nine years (108 months) versus an average loan term at origination of six years (72 months), and (ii) the fact that SA Taxi has the operational ability to further extend this life through its refurbishment capabilities.

Similarly, the absolute amount of cash emanating from our purchased book debts will not diminish but rather be collected over an extended period as short-term collections are anticipated to reduce.

# BALANCE SHEET AND LIQUIDITY

The group's capital strategy remains appropriately conservative in the current conditions, with undeployed capital of approximately R800 million at 31 March 2020. Of this, R500 million has been invested in TCRS to mitigate any short-term operational cashflow disruption from COVID-19. The remaining R300 million is immediately available to support both divisions. As at 31 March 2020 the balance sheet at holding company level was ungeared.

As at 31 March 2020 SA Taxi had secured its funding requirements for loan origination for the next year, with TCRS maintaining a secured funding runway of approximately 12 months.

Refer to the liquidity risk management in note 8.2 as well as the subsequent events in note 11.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

For the half year ended 31 March 2020

		31 March 2020 Unaudited Rm	31 March 2019 Unaudited Rm	30 September 2019 Audited Rm
3 3.1	GOODWILL CARRYING VALUE AT THE BEGINNING OF THE PERIOD Additions recognised from business combinations:	1 152 125	1 142 9	1 142 9
	Net1 Fihrst Holdings (Pty) Ltd Black Elite Benefits (Pty) Ltd	125 -	- 9	- 9
	Transferred to assets held for sale Impairment loss recognised for the period * Effect of foreign currency exchange differences	(5) (3) 30	- - 4	- - 1
	CARRYING VALUE AT THE END OF THE PERIOD	1 299	1 155	1 152
	COMPOSITION OF GOODWILL PER CASH-GENERATING UNIT SA TAXI TRANSACTION CAPITAL RISK SERVICES (TCRS) COMPONENTS: TCRS – South Africa TCRS – Australia Value Added Services	508 286 405 100	511 166 378 100	511 166 375 100
	TOTAL GOODWILL	1 299	1 155	1 152

\* Impairment losses are recognised as part of operating costs in the income statement.

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of cash-generating units (CGUs) are determined as the lower of value in use and fair value less costs to sell, the lower being the value in use. The CGUs prepare five year forecasts using growth rates based on the specific market segments in which they operate and their expected performance in these markets. The key assumptions for value in use calculations are discount rates, growth rates and expected margins over the determined period. Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Growth rates and expected margins are based on industry indicators as well as current and expected business trends.

At September 2019, the group prepared five year cash flow forecasts for each CGU. Terminal values were calculated based on long-term growth rates of 6.7% for SA Taxi and 5% for TCRS, respectively. These rates do not exceed the average long-term growth rate for the relevant markets. The values in use of the CGUs which are lending businesses are determined based on free cash flow to equity, discounted with a cost of equity, and the value in use of CGUs which operate as service businesses are determined based on free cash flows to the company, discounted with a weighted average cost of capital. The discount rates used in the value in use calculations at 30 September 2019 were 14.3% for SA Taxi, 17.9% for TCRS South Africa, 12.5% for TCRS Australia and 23.0% for Value Added Services. At 31 March 2020, the impairment calculations were revisited to take into consideration the impact of COVID-19 on each of the CGUs.

## **GOODWILL IMPAIRMENT**

No indications of impairment were identified, with the exception of Zebra Cabs (Pty) Ltd, which forms part of the SA Taxi CGU. The valuation method applied is consistent with that of the prior period.

The goodwill associated with Zebra Cabs (Pty) Ltd arose when the business was acquired by the group in 2016. The business has continued to operate on a satisfactory basis, but without achieving any significant increase in market share.

During the year, indications of impairment relating to the business arose as a result of the uncertainties surrounding the COVID-19 virus, the adverse cash flow effects arising from the impact of the virus and the subsequent national lockdown implemented at the end of March 2020. The directors have consequently determined to write off the goodwill directly associated to Zebra Cabs (Pty) Ltd amounting to R3 million. No other write downs of the assets of the business were deemed necessary.

TRANSACTION CAPITAL

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	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Rm	30 September 2019 Audited Rm
INTEREST-BEARING LIABILITIES TYPE OF LOAN Securitisation notes, debentures and loans Loans Lease liabilities	3 784 9 230 416	4 567 5 743 3	3 829 6 975 2
TOTAL INTEREST-BEARING LIABILITIES	13 430	10 313	10 806
CLASSES OF INTEREST-BEARING LIABILITIES Senior debt Subordinated debt Lease liabilities	12 350 664 416	9 758 552 3	10 287 517 2
TOTAL INTEREST-BEARING LIABILITIES	13 430	10 313	10 806
MATURITY PROFILE Payable within 12 months Payable thereafter	4 608 8 822	4 563 5 750	2 216 8 590
TOTAL INTEREST-BEARING LIABILITIES	13 430	10 313	10 806

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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For the half year ended 31 March 2020

#### 5 DISCONTINUED OPERATIONS

Cognisant of the higher risk in the small- and medium-sized enterprises (SME) sector, Transaction Capital Business Solutions (Pty) Ltd (TCBS) has proactively curbed gross loans and advances to this sector since the second half of 2018. In the first half of the 2020 financial year, we took the decision to significantly reduce this exposure. We believe the capital currently allocated to TCBS can be applied elsewhere to achieve better risk adjusted returns. TCBS will be accounted for as a discontinued operation effective 19 March 2020, as its business and assets are available for sale as the group drives various disposal strategies.

The group entered into a sale agreement to dispose of Principa Decisions (Pty) Ltd (Principa) with an effective date of 17 April 2020. A sale agreement to sell Company Unique Finance (Pty) Ltd (CUF) was also signed on 24 March 2020, subject to standard conditions precedent being met by 1 July 2020. The disposals, deemed non-core business with limited opportunity for scale, were effected in order to generate cash flow for the expansion of the group's other businesses.

The results of the discontinued operations, which have been included in the profit for the period, were as follows:

	31 March	31 March	30 September
	2020	2019	2019
	Unaudited	Unaudited	Unaudited
	Rm	Rm	Rm
Risk-adjusted net interest income	23	36	70
Non-interest revenue	37	41	86
Operating costs	(81)	(68)	(137)
(LOSS)/PROFIT BEFORE TAX	(21)	9	19
Income tax benefit/(expense)	5	(3)	(5)
(LOSS)/PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	(16)	6	14

During the period, TCBS, Principa and CUF contributed R70 million (March 2019: R51 million, September 2019: paid R3 million) to the group's net operating cash flows, paid R7 million (March 2019: R6 million, September 2019: R15 million) in respect of investing activities and paid R64 million (March 2019: R51 million, September 2019 received: R10 million) in respect of financing activities.

These operations have been classified as disposal groups held for sale and are presented separately in the statement of financial position. The disposal proceeds for Principa and CUF are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31 March 2020 Unaudited Rm
Cash and cash equivalents Trade and other receivables Loans and advances Intangible assets Property and equipment Goodwill Deferred tax assets	52 33 507 36 16 5 17
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	666
Trade and other payables Provisions Lease liabilities Deferred tax liabilities	35 3 9 1
TOTAL LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	48
NET ASSETS OF DISPOSAL GROUP	618

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# 6 NON-INTEREST REVENUE

Revenue earned from the group's vehicle insurance offering (Net insurance result) mainly includes insurance premiums and commission income earned from insurance contracts, all of which are accounted for in accordance with IFRS 17 – Insurance Contracts, and therefore fall outside the scope of IFRS 15 – Revenue from Contracts with Customers.

The recognition of revenue earned from collecting on purchased credit-impaired loan portfolios as principal (Revenue from purchased book debts) is in accordance with the amortised cost model under IFRS 9 – Financial Instruments, and therefore fall outside the scope of IFRS 15.

Other non-interest revenue streams are disaggregated into the following major revenue streams in accordance with IFRS 15:

	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Unaudited Restated** Rm
NON-INTEREST REVENUE NON-INTEREST REVENUE COMPRISES:			
Net insurance result	228	201	364
Revenue from purchased book debts	559	397	902
Other non-interest revenue	642	644	1 336
Fee-for-service revenue	445	438	912
Commission income	38	37	75
Fee income	112	108	214
Revenue from sale of goods	29	40	74
Other income	18	21	61
TOTAL NON-INTEREST REVENUE	1 429	1 242	2 602

\* Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and the adoption of IFRS 17 - Insurance Contracts.

\*\* Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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For the half year ended 31 March 2020

		Units	31 March 2020 Unaudited	31 March 2019 Unaudited Restated*	30 September 2019 Unaudited Restated**
7 7.1	EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS				
	Basic earnings per share Diluted basic earnings per share Headline earnings per share Diluted headline earnings per share The calculation of earnings per share is based on the following data: EARNINGS	cents cents cents cents	42.2 41.6 42.6 42.0	43.8 43.4 42.5 42.1	118.8 117.4 117.5 116.1
	Earnings for the purposes of basic and diluted basic earnings per share Being profit for the period attributable to ordinary equity holders of the parent	Rm	259	268	727
	Headline earnings adjustments:		2	(8)	(8)
	Impairment of goodwill Profit on disposal of subsidiary	Rm Rm	2 -	_ (8)	_ (8)
	Earnings for the purposes of headline and diluted headline earnings per share	Rm	261	260	719
	NUMBER OF SHARES Number of ordinary shares in issue at the beginning of the period Effect of shares issued during the period Effect of shares repurchased during the period	million million million	612.7 1.9 (0.8)	610.2 1.4 (0.2)	610.2 2.0 (0.4)
	Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	million	613.8	611.4	611.8
	Effect of dilutive potential ordinary shares: Shares deemed to be issued for no consideration in respect of Share Appreciation Rights Plan and Conditional Share Plan	million	8.3	6.7	7.6
	Weighted average number of ordinary shares for the purposes of diluted basic and headline earnings per share	million	622.1	618.1	619.4
7.2	FROM CONTINUING OPERATIONS Basic earnings per share Diluted basic earnings per share Headline earnings per share Diluted headline earnings per share	cents cents cents cents	44.8 44.2 45.2 44.2	42.8 42.4 41.5 42.4	116.5 115.1 115.2 115.1
	The calculation of earnings per share is based on the following data:				
	EARNINGS Profit for the period attributable to ordinary equity holders of the parent Adjustments to exclude the loss/(profit) for the period from discontinued operations	Rm Rm	259 16	268 (6)	727
	Earnings from continuing operations for the purposes of basic and diluted basic earnings per share excluding discontinued operations Headline earnings adjustments:	Rm	275	262 (8)	713 (8)
	Impairment of goodwill Profit on disposal of subsidiary	Rm Rm	2 -	- (8)	(8)
	Earnings from continuing operations for the purposes of headline and diluted headline earnings per share excluding discontinued operations	Rm	277	254	705

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

\* Restated for the recognition of discontinued operations in the current year per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations and the adoption of IFRS 17 – Insurance Contracts.

\*\* Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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# 8 FINANCIAL RISK MANAGEMENT

The group's operations expose it to a number of financial risks, including market risk (interest rate risk), credit risk and liquidity risk. A risk management programme has been established to protect the group against the potential adverse effects of these financial risks.

The board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two board sub-committees; the asset and liability committee (ALCO) and the audit, risk and compliance (ARC) committee. ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ARC committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The ARC committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the group's management of risk including credit and compliance.

The responsibility for day to day management of risks falls to each of the respective subsidiary's chief executive officers and their executive committees. Risk management is managed at subsidiary level through the divisional executive committees and reviewed by each of the respective subsidiary boards. Group oversight is the responsibility of the group chief financial officer.

# 8.1 CREDIT RISK

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the group. The primary credit risks that the group are exposed to arise from finance leases to minibus taxi operators, invoice discounting and secured mortgage loans. SA Taxi has strict policies for granting credit. Loans and advances comprise a large number of accounts which are secured by minibus taxis. Collections of instalments are made through a combination of cash and debit order collections, with 86% of the portfolio being cash payers. The nature of SA Taxi's services does not result in significant concentration risks in unsecured credit. The portfolio of purchased book debts exposes the group to credit risk if they fail to perform in accordance with estimated net future cash flows. It is not the group's strategy to avoid credit risk, but rather to manage credit risk within the group's risk appetite and to earn an appropriate risk-adjusted return.

The group limits its counterparty exposure arising from money market instruments by dealing only with well established financial institutions of high credit standing. Deposits are limited to the big five banks within South Africa.

# CREDIT RISK MANAGEMENT AND MEASUREMENT

Each subsidiary is responsible for the identification, measurement, management, control and reporting of credit risk within their business units. Exposure to credit losses is managed by assessing customers' affordability and their ability to repay loans and advances, a customer's risk profile, employment status and stability, earnings potential in the case of minibus taxis and collectability in the case of purchased book debts. Each of the group's lending businesses tends to have homogeneous or similar asset portfolios within their respective businesses. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information while on book and assume that recent performance is a strong indicator of future performance. In the case of key asset classes, independent models are developed to monitor the robustness of the primary models relative to actual performance and to optimise their effectiveness. Models are either developed internally or by expert external advisors. In the case of secured lending asset classes, the realisable/fair value of the underlying security is taken into consideration in arriving at a final impairment.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 March 2020

for the half year ended 51 march 2020

# 8 FINANCIAL RISK MANAGEMENT continued

# 8.1 CREDIT RISK continued

## CREDIT RISK MANAGEMENT AND MEASUREMENT continued

# SA Taxi

# Method of provisioning and fair valuing

The credit committee is responsible for providing executive management and oversight over credit risk arising within and impacting the SA Taxi balance sheet. Credit committee meetings are attended by the company chief executive officer, chief financial officer, chief risk officer and executive director of capital management.

The credit policy is designed to ensure that SA Taxi's credit process is efficient for the applicant, while providing SA Taxi with the necessary details to make informed credit decisions. SA Taxi takes the following into consideration in granting credit to prospective customers:

- Vehicle type;
- Validity of the taxi route;
- Client's ability to pay using a route calculator (affordability check); and
- Verification of details and credit history against two independent credit bureaus.

The expected loss model is developed using statistical techniques based on actual historical data. The expected loss is calculated for each active account, using parameter estimates including the probability of default (PD), exposure at default (EAD) and loss given write-offs (LGWs). The segmentation ensures homogeneous risk buckets. The LGW is calculated on an explicit basis per account, taking into consideration the settlement balance, market value of collateral repair cost, discount rates and discount periods. The group determines whether the credit risk of financial instruments has increased significantly since initial recognition based on the contractual delinquency (CD) state (aging and recency). If the account is in stage 1 then the 12-month expected credit loss is calculated, otherwise, for stage 2 and 3, the lifetime expected loss is calculated.

The group determines significant increases in credit risk using both arrears aging and recency of payments for an account. Due to the nature of the business and higher risk appetite, compared to other Tier 1 financiers, it is the expectation that a client who is 30 days past due is not a significant risk. The group has therefore rebutted the 30-day past due presumption for significantly increased credit risk. This rebuttal is based on a quantitative analysis of account performance relative to expectation at initial recognition as well as alignment to operation collections processes. The group's rebuttal is on segments that are never expected to be very large but which are appropriate for the business. The group has therefore defined stage 2 as an account in arrears that did make a qualifying payment in the last month. A qualifying payment is defined as a payment made which is more than 50% of the cumulative instalments due during the reference period.

The group has defined default as 90 days past due, with no qualifying payment received in the past 3 months. The 90-day presumption was rebutted based on a quantitative analysis of the PDs and alignment to operational collection processes.

The definition of credit-impaired financial assets aligns to the default definition described above. Applying this approach ensures consistency between the accounting application, impairment modelling and internal credit risk management practices. The write-off of an asset occurs at the point of sale of the vehicle, following repossession.

Once a vehicle has been repossessed, refurbished and ultimately sold, any difference between the net recovery value and the outstanding amount of the underlying asset is written off. Amounts written off in the current year still subject to enforcement activity total R273 million (March 2019: R297 million, September 2019: R275 million).

Quantitative analysis has proven that the modifications do not exhibit significantly higher risk than non-modified accounts. The value of these modified accounts is immaterial, relative to the book size. Modifications (term extensions) are provided to clients who have shown proven payment performance and have had operational issues with the vehicle (e.g. mechanical breakdown or accident). Although the term of a contract can be extended, the interest rate applicable for the contract remains unchanged and therefore term extensions do not have any effect on the net present value (NPV) of the financial asset. Due to the fact that a vehicle is an income-producing asset, the group understands that the client is unable to pay if the vehicle is out of operation, however the group does not proactively restructure distressed clients in the normal course of business.

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# 8 FINANCIAL RISK MANAGEMENT continued

# 8.1 CREDIT RISK continued

## CREDIT RISK MANAGEMENT AND MEASUREMENT continued

## **Transaction Capital Business Solutions**

Exposure to credit losses is managed by assessing customers' affordability and their ability to repay loans and advances, customers' risk profile and collectability of invoices discounted. The realisable/fair value of the underlying security is taken into consideration in arriving at a final impairment. The credit committee assesses all applications for credit and will approve a facility based on the risk profile of the customer and an assessment of the collectability of its trade receivables. Ongoing risk management and collections are handled by experienced credit controllers.

Impairments are monitored and provided for on a customer specific basis and based on an assessment of the probability of obligations being met. This assessment is based on direct exposure where there is a probability of non-recovery, taking into account the realisable/fair value of any underlying security.

## **Transaction Capital Recoveries**

## Investment process

Before the acquisition of purchased book debts there is a defined investment process that is followed in accordance with guidelines as determined by an investment committee. Purchased book debts are acquired from various sectors. Valuation of these books is determined by analysis of the historic underlying payment history as well as other parameters which are ultimately presented to the investment committee to decide on a fair price that the company is willing to offer.

## Collections process

The data and analytics team continually develops and evolves strategies which are implemented by operations to collect the outstanding debt. Methods include debtor tracking and tracing services, data analysis and scorecard building, leading credit and risk analysis, SMSs, emails and direct calling.

## Method of provisioning and fair valuing

Principal book portfolios are classified as purchased credit-impaired financial assets (stage 3) on initial recognition based on the assumption that events that have a detrimental impact on the estimated future cash flows of these financial assets have occurred before initial recognition. The classification of the debt portfolio does not change subsequent to initial recognition, even in the unlikely event of the expected cash flows returning to full contractual terms.

Transaction Capital Recoveries utilises statistical techniques to value the principal book portfolio on a monthly basis. Each matter is modelled on a 12-month period based on the collection activity applied to it. A combination of inflows for each matter and cost projections are used to determine a net cash flow which is discounted to the present value using a credit-adjusted effective interest rate, being the amortised cost for that matter at the end of the month.

Transaction Capital Recoveries performed a detailed statistical analysis on a multitude of macro-economic factors, namely prime interest rate, unemployment rate, petrol price, USD/ZAR exchange rate, GDP and CPI. Regression analysis shows that the economic factors do not add explanatory information to the model as there is no significant correlation, hence they are not included.

The Transaction Capital Recoveries amortised cost model takes into account the lifetime of expected cash flows on the portfolio by estimating the cash flows over the lifetime of each book included in the portfolio. A loss allowance is recognised equal to the expected future credit losses, discounted at the credit-adjusted effective interest rate of the principal book portfolio.

Due to the nature of the credit-impaired financial assets, no contractual terms exist without activation by Transaction Capital Recoveries at the date of purchase. Any changes in expected cash flows will not be treated as a modification and will therefore not result in a change to the credit risk.

Other financial assets, recognised within the principal book portfolio, include a receivables balance measured at fair value. The valuation technique calculates the present value of future expected cash flow.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

For the half year ended 31 March 2020

# 8 FINANCIAL RISK MANAGEMENT continued

# 8.1 CREDIT RISK continued

# CREDIT RISK MANAGEMENT AND MEASUREMENT continued

# IMPACT OF COVID-19

# SA Taxi

The outbreak of COVID-19 locally is expected to have a significant impact on the collections performance across all portfolios. Given the restriction on public movement and public transport operation, a large portion of clients will be placed under strain in terms of their ability to generate income and service instalment payments on their loans.

In light of this expected strain, SA Taxi provided its client base interim payment relief for the month of April 2020, provided that the client's account is in good standing and their vehicles have a fully functioning telematics device. This relief will extend the term of certain contracts, however the interest rate will remain unchanged and therefore this relief does not impact the NPV of the financial asset.

Collections performance has a significant impact on several of the assumptions driving the loans and advances provisioning model, which include the probability of default (PD), exposure at default (EAD) and loss given write-offs (LGWs). These assumptions, to the extent that these were already impacted by collections performance in the last week of March 2020 (the start of the nationwide lockdown), have been applied in determining expected cash shortfalls arising from non-payment in the best estimate provision on the loan book as at 31 March 2020, resulting in a R24 million COVID-19 provision.

In addition, while the models continue to reflect the customers' financial performance information while on book and historical performance remains a strong indicator of future performance, the group has also overlaid its current best estimate of the impact of future collection strains on forward looking expected losses to be incurred. This best estimate was based on collection assumptions of 20% in April 2020, which gradually builds to normalised collections by financial year end. This has resulted in the recognition of an additional general COVID-19 impairment charge of R102 million in SA Taxi.

Management continues to support the rebuttals of the 30- and 90-day presumptions and does not believe that collateral values will be affected.

The extent to which COVID-19 has further impacts on credit losses going forward will depend on future developments, which are highly uncertain and cannot be predicted with confidence. These developments include the duration and severity of the outbreak, the actions that may be required to contain COVID-19 or treat its impact and the resulting recovery profile. Given this uncertainty, we are unable to reasonably estimate the impact on future credit losses across the portfolio. The longer the strain on the collection of the portfolio, the more adversely this will impact estimated credit losses and overall results of operations.

# TRANSACTION CAPITAL RISK SERVICES

Despite the operational disruption caused by COVID-19, TCRS's omni-channel and data analytics capability enabled it to continue contacting consumers, as voice and data networks remained robust. The positive response of consumers to non-voice and digital channels, specifically in Australia, is contributing to higher levels of right party contact and online payments. A significant component of collections is annuity based, collected via recurring payment arrangements.

While collections on non-performing loan portfolios acquired as a principal were mainly in line with expectation to March 2020, they were negatively affected thereafter. Future collections are projected to be lower in the short-term, necessitating an additional R65 million adjustment to the carrying value of purchased book debts as at 31 March 2020. Projected portfolio collections over the six month period to 30 September 2020 have been stressed downward by 30%, returning to pre COVID-19 levels thereafter.

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# FINANCIAL RISK MANAGEMENT continued

#### 8.1 **CREDIT RISK** continued

# 8.1.1 FINANCIAL ASSETS SUBJECT TO RISK

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
<b>31 March 2020 – Unaudited</b> Neither past due nor impaired Past due but not impaired Impaired Impairment allowance	5 890 3 782 2 032 (582)	49 _ _ _	1 138 98 88 (17)	2 775 - - -	9 852 3 880 2 120 (599)
Performing loans and advances Non-performing loans and advances Additional COVID-19 general provision Non-performing trade and other receivables	(102) (378) (102) –	- - -	- - (17)	- - -	(102) (378) (102) (17)
Transferred to non-current assets held for sale	(507)	-	(33)	-	(540)
CARRYING VALUE OF FINANCIAL ASSETS	10 615	49	1 274	2 775	14 713
Fair value of collateral held for loans neither past due nor impaired	9 235	_	_	_	9 235

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
<b>31 March 2019 – Unaudited (Restated***)</b> Neither past due nor impaired Past due but not impaired Impaired Impairment allowance	5 841 3 039 1 458 (443)	39 - -	682 103 63 (3)	1 727 _ _ _	8 289 3 142 1 521 (446)
Performing loans and advances Non-performing loans and advances Non-performing trade and other receivables	(115) (328) -	- - -	- - (3)	- - -	(115) (328) (3)
CARRYING VALUE OF FINANCIAL ASSETS	9 895	39	845	1 727	12 506
Fair value of collateral held for loans neither past due nor impaired	8 572	-	_	_	8 572

	Loans and advances* Rm	Other loans receivable Rm	Trade and other receivables** Rm	Purchased book debts Rm	Total Rm
<b>30 September 2019 – Unaudited (Restated****)</b> Neither past due nor impaired Past due but not impaired Impaired Impairment allowance	6 214 3 197 1 855 (507)	45 _ _ _	756 105 4 (16)	2 382 _ _ _	9 397 3 302 1 859 (523)
Performing loans and advances Non-performing loans and advances Non-performing trade and other receivables	(101) (406) -		_ _ (16)		(101) (406) (16)
CARRYING VALUE OF FINANCIAL ASSETS	10 759	45	849	2 382	14 035
Fair value of collateral held for loans neither past due nor impaired	9 505	_	_	_	9 505

Loans and advances net of expected credit losses (ECL) and benefits ceded on insurance contracts to the credit provider. Loans and advances relating to repossessed stock of R74 million (31 March 2019: R109 million; 30 September 2019: R58 million) are not financial assets and therefore have been excluded.

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

\*\*\* Prepayments and VAL receivables are not influencial assets and influence frace beam observed induced induced in the adoption of IFRS 17 – Insurance Contracts.
 \*\*\* The IFRS 7 disclosure of the impairment provision for loans and advances at 30 September 2019, previously disclosed as R601 million, has been adjusted to an amount of R507 million in order to correctly reflect repossessed stock that was erroneously disclosed as part of this note in the prior year.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

For the half year ended 31 March 2020

# 8 FINANCIAL RISK MANAGEMENT continued

# 8.1 CREDIT RISK continued

# 8.1.2 LOANS AND ADVANCES THAT ARE NEITHER PAST DUE NOR IMPAIRED

	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	2019 Unaudited
Carrying amount of loans and advances that are neither past due nor impaired Credit quality	5 890	5 842	6 214
High Medium Low	5 631 248 11	5 580 254 8	5 918 286 10

\* Restated for the adoption of IFRS 17 - Insurance Contracts.

\*\* During the current period, the credit application scorecards were redeveloped. In line with best practice, application scorecards were recalibrated to ensure the scorecards remain statistically accurate at ranking and predicting default risk. Comparative information has therefore been restated to align to the revised credit scoring methodology.

The credit quality of loans and advances is determined as follows:

# SA Taxi

SA Taxi, in conjunction with TransUnion, has developed a bespoke application scorecard to assess credit quality when granting loans. The scorecard uses demographic, vehicle, route and credit bureau information to determine the risk of the deal. A detailed affordability assessment is also performed to mitigate risk.

# **Transaction Capital Business Solutions**

The credit committee assesses all applications for credit and will approve a facility based on the risk profile of the applicant and an assessment of the collectability of the trade receivables and realisable value of other tangible security. Ongoing risk management and collections are handled by experienced credit controllers.

# **Transaction Capital Risk Services**

The credit quality is assessed on the date the loan is granted based on the loan to value percentage. Where the loan to value percentage is less than 100% the credit quality is assessed as high, where it is in excess of 100% the credit quality is assessed as medium.

In addition to the loans and advances disclosed above, other loans receivables have been assessed as having no significant increased credit risk based on the nature of the counterparty and the recent payment history. Similarly, trade and other receivables have been deemed to not have significant increased credit risk as all the debtors are on standard terms with minimal write-offs and limited concentration to individual debtors. Also refer note 8.1 for details on the assessment of the credit quality of the purchased book debts in the "Transaction Capital Recoveries: Method of provisioning and fair valuing" section.

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# 8 FINANCIAL RISK MANAGEMENT continued

# 8.1 CREDIT RISK continued

# 8.1.3 FINANCIAL ASSETS THAT ARE PAST DUE BUT NOT IMPAIRED

Financial assets that are past due but not impaired are assets where contractual interest or principal payments are past due, but the group believes that impairment is not appropriate. Recent payment history and the level of collateral available, if any, are key considerations in determining whether an asset is impaired. The ageing of loans and advances and trade and other receivables that are past due but not impaired is as follows:

	Past due up to 1 month Rm	Past due up to 1 – 2 months Rm	Past due up to 2 – 3 months Rm	Past due up to 3 – 4 months Rm	Past due older than 4 months Rm	Total Rm
<b>31 March 2020 – Unaudited</b> Loans and advances Trade and other receivables	1 348 49	816 5	431 5	288 22	899 17	3 782 98
FINANCIAL ASSETS THAT ARE PAST DUE BUT NOT IMPAIRED	1 397	821	436	310	916	3 880
<b>31 March 2019 – Unaudited (Restated*)</b> Loans and advances Trade and other receivables	1 152 49	657 18	343 5	232 18	655 13	3 039 103
FINANCIAL ASSETS THAT ARE PAST DUE BUT NOT IMPAIRED	1 201	675	348	250	668	3 142
<b>30 September 2019 – Audited</b> Loans and advances Trade and other receivables	1 236 33	704 6	307 5	251 4	699 57	3 197 105
FINANCIAL ASSETS THAT ARE PAST DUE BUT NOT IMPAIRED	1 269	710	312	255	756	3 302

\* Restated for the adoption of IFRS 17 - Insurance Contracts.

# Valuation of collateral

The group typically holds minibus taxi vehicles, bonds over residential property and debtor books in the case of invoice discounting as collateral against secured advances. Any security taken as part of the credit decision is valued according to the applicable credit policies at the time of credit approval and at regular intervals thereafter. The group uses a number of approaches for the valuation of collateral, including:

- SA Taxi values collateral at the expected pre-owned sales value minus costs to repair; and

- Valuations of property held as security over mortgage loans take into account market conditions, area where the property is situated, the condition of the property and comparable sales within the geographical area.

Due to the specialised nature of the group's businesses, a certain degree of concentration in the collateral underpinning the various portfolios cannot be avoided. At the statement of financial position date, the group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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For the half year ended 31 March 2020

#### 8 FINANCIAL RISK MANAGEMENT continued

#### 8.1 **CREDIT RISK** continued

#### 8.1.4 IMPAIRMENT PROVISION RECONCILIATION

LOANS AND ADVANCES	12 month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total
<b>31 March 2020 – Unaudited</b> Balance at the beginning of the period Originations Existing book movements Write-offs Derecognition (settlements in the ordinary course of business) Transferred to non-current assets held for sale	24 7 (8) (3) - (1)	84 6 17 (23) - (19)	399 5 7 (34) (1) (5)	507 18 16 (60) (1) (25)
Additional COVID-19 general provision*	-	-	-	102
BALANCE AT THE END OF THE PERIOD*	19	65	371	557
<b>31 March 2019 – Unaudited (Restated**)</b> Balance at the beginning of the period Originations Existing book movements Write-offs Derecognition (settlements in the ordinary course of business)	22 7 (5) -	89 8 1 (7)	282 3 113 (69) (1)	393 18 109 (76) (1)
BALANCE AT THE END OF THE PERIOD*	24	91	328	443
30 September 2019 – Unaudited (Restated***) Balance at the beginning of the year Originations Existing book movements Write-offs Derecognition (settlements in the ordinary course of business)	22 12 (4) (5) (1)	89 28 (11) (21) (1)	282 26 184 (92) (1)	393 66 169 (118) (3)
BALANCE AT THE END OF THE PERIOD*	24	84	399	507

Loans and advances net of ECL and benefits ceded on insurance contracts to the credit provider. Loans and advances relating to repossessed stock are not financial assets and therefore have been excluded. For the purposes of 31 March 2020, an additional general provision of R102 million was recognised representing management's current estimate of the expected future losses that will be incurred related to COVID-19. As the actual experience translates compared to best estimate expectation, the provision will be allocated against the segmented categories of the loans and advances portfolio accordingly. \*\* Restated for the adoption of IFRS 17 – Insurance Contracts.

\*\*\* The IERS 7 disclosure of the impairment provision for loans and advances at 30 September 2019, previously disclosed as R601 million, has been adjusted to an amount of R507 million in order to correctly reflect repossessed stock that was erroneously disclosed as part of this note in the prior year.

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#### 8 FINANCIAL RISK MANAGEMENT continued

#### 8.1 **CREDIT RISK** continued

#### 8.1.4 IMPAIRMENT PROVISION RECONCILIATION continued

The maximum exposure to credit risk of loans and advances at the period end is analysed further as follows:

LOANS AND ADVANCES	12 month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total Rm
<b>31 March 2020 – Unaudited</b> Neither past due nor impaired Past due not impaired Impaired Impairment allowance	5 871 964 - (20)	19 2 818 23 (82)	- - 2 009 (378)	5 890 3 782 2 032 (480)
Performing loans and advances Non-performing loans and advances	(20) _	(82) _	- (378)	(102) (378)
Transferred to non-current assets held for sale Additional COVID-19 general provision	(427) _	(21)	(59) _	(507) (102)
CARRYING VALUE OF FINANCIAL ASSETS*	6 388	2 757	1 572	10 615
<b>31 March 2019 – Unaudited (Restated**)</b> Neither past due nor impaired Past due not impaired Impaired Impairment allowance Performing loans and advances	5 826 877 - (24) (24)	15 2 162 73 (91) (91)	- - 1 385 (328) -	5 841 3 039 1 458 (443) (115)
Non-performing loans and advances	-	_	(328)	(328)
CARRYING VALUE OF FINANCIAL ASSETS*	6 679	2 159	1 057	9 895
30 September 2019 – Unaudited (Restated***) Neither past due nor impaired Past due not impaired Impaired Impairment allowance Performing loans and advances Non-performing loans and advances	6 193 894 12 (24) (19) (5)	21 2 303 40 (84) (82) (2)	- 1 803 (399) - (399)	6 214 3 197 1 855 (507) (101) (406)
CARRYING VALUE OF FINANCIAL ASSETS*	7 075	2 280	1 404	10 759

Loans and advances net of ECL and benefits ceded on insurance contracts to the credit provider. Loans and advances relating to repossessed stock of R74 million (31 March 2019: R109 million; 30 September 2019: R58 million) are not financial assets and therefore have been excluded. Restated for the adoption of IFRS 17 – Insurance Contracts. The IFRS 7 disclosure of the impairment provision for loans and advances at 30 September 2019, previously disclosed as R601 million, has been adjusted to an amount of R507 million in order to correctly reflect repossessed stock that was erroneously disclosed as part of this note in the prior year.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

For the half year ended 31 March 2020

## 8 FINANCIAL RISK MANAGEMENT continued

#### 8.2 LIQUIDITY RISK MANAGEMENT

The group's capital markets (CM) team is responsible for executing on fund raising mandates given to it by subsidiaries in support of respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the group's funding base to achieve an optimal funding profile and sound liquidity. The CM team is also responsible for the ongoing monitoring of asset portfolio performance and its obligations to funders, including covenants. Over several years, the CM team has developed strong relationships with funders and ensures equitable treatment of all funder partners.

The monitoring and reporting of liquidity risk takes the form of, as a minimum, cash flow projections to settlement of longest dated funding obligations by subsidiary or securitisation vehicle, an analysis of the group's borrowing facilities and utilisation thereof, borrowing facilities under discussion, maturity profile and concentration of liability by counterparty, asset maturities and borrowing facility obligations and special conditions.

At 31 March 2020, the balance sheet at holding company level was ungeared. An undrawn R400 million facility is available to alleviate any short-term cashflow pressures across the group.

Our longstanding and cautious debt funding philosophy is designed to protect the group against liquidity and refinancing risk. Most of our debt is structured on an amortising basis and incorporates few bullet repayments. We maintain a positive assetliability gap, with the duration of liabilities exceeding that of our assets. Wherever possible, our debt arrangements avoid hard coded covenants which could trigger an accelerated repayment of debt.

The table below analyses financial liabilities at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
<b>31 March 2020 – Unaudited</b> <b>LIABILITIES</b> Bank overdrafts Other short-term borrowings Trade and other payables* Interest-bearing liabilities	316 56 178 2	- - 156 5 350	- - 9 597	- - 144	316 56 334 15 093
Financial liabilities	552	5 506	9 597	144	15 799
Non-financial liabilities	36	621	-	-	657
TOTAL LIABILITIES	588	6 127	9 597	144	16 456
	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
31 March 2019 – Unaudited LIABILITIES					
Bank overdrafts Trade and other payables* Interest-bearing liabilities	316 125 426	- 260 4 883	- 6 801	- - 63	316 385 12 173
Financial liabilities	867	5 143	6 801	63	12 874
Non-financial liabilities	54	812	_	_	866
TOTAL LIABILITIES	921	5 955	6 801	63	13 740

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## 8 FINANCIAL RISK MANAGEMENT continued

## 8.2 LIQUIDITY RISK MANAGEMENT continued

	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
30 September 2019 – Audited LIABILITIES					
Bank overdrafts	381	_	_	_	381
Other short-term borrowings	76	_	-	_	76
Trade and other payables*	214	268	_	-	482
Interest-bearing liabilities	41	3 290	9 327	193	12 851
Financial liabilities	712	3 558	9 327	193	13 790
Non-financial liabilities	108	510	_	-	618
TOTAL LIABILITIES	820	4 068	9 327	193	14 408

\* Revenue received in advance, deferred lease liabilities (prior year), VAT payables and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables and included in non-financial liabilities.

The group has access to financing facilities as described below, of which R1 415 million were unused at the reporting date (31 March 2019: R1 919 million; 30 September 2019: R2 608 million). The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Rm	30 September 2019 Unaudited Rm
Unsecured bank overdraft facility, reviewed annually and payable on demand: Amount used Amounts unused	175 137	20 281	_ 310
TOTAL	312	301	310
Secured bank overdraft facility: Amount used Amounts unused	197 248	297 298	4 <i>57</i> 113
TOTAL	445	595	570
Secured bank loan facilities with various maturity dates through to 30 September 2021 and which may be extended by mutual agreement: Amount used Amounts unused	5 113 1 031	2 414 1 339	2 599 2 184
TOTAL	6 144	3 753	4 783

\* \* \* \* \* \* \* \* \* \* \* \*

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS For the half year ended 31 March 2020

#### 8 FINANCIAL RISK MANAGEMENT continued

#### 8.3 CAPITAL RISK

The objective of the group's capital management strategy is to maximise shareholder value. To achieve this the group considers the capital required to support growth in its operating divisions, to maintain credit ratings in group entities, to comply with borrowing covenants and for unexpected shocks.

The group defines capital as equity, group loans and subordinated and structurally subordinated debt.

Equity comprises permanent paid up capital, revenue and other reserves.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a strong capital position.

#### **CAPITAL MANAGEMENT – INSURANCE CONTRACTS**

The group is required by Solvency Assessment and Management (SAM) to hold an excess of its assets over its insurance contract liabilities calculated on a regulatory basis. The requirement aims to ensure that the group is able to meet its obligations over the next 12 months. Breaching this requirement - the solvency capital requirements (SCR) - would result in supervisory intervention by the lead regulator and remedial actions designed to restore the SCR level of capital.

The SAM approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the SCR to regulatory capital. The group complied with all externally imposed capital reguirements for the period ended March 2020 and the year end ended September 2019.

#### 8.4 FAIR VALUE DISCLOSURE

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

#### 8.4 FAIR VALUE DISCLOSURE continued

#### VALUATION METHODS AND ASSUMPTIONS

Loans and advances for premium vehicles entered into at variable interest rates approximate fair value as the estimated future cash flows are already considered in the expected loss model. The fair value of loans and advances for premium vehicles at fixed interest rates, which is a small component of the loan book, is determined by adjusting the discount rate from the effective interest rate of the contract to a current effective lending rate. Loans and advances for entry-level vehicles are carried at fair value, refer "level disclosure" per note 8.5 for additional information in this regard.

Purchased book debts are held at amortised cost. The balance at year end is calculated based on the expected future cash flows which are adjusted for risk as it takes historical cash flows into account to predict forecasted cash flows. The fair value of purchased book debt would be determined by adjusting the discount rate from the credit-adjusted effective interest rate to a current market related discount rate and adjusting the expected cash flows for risk, therefore the carrying value approximates the fair value.

The fair value of interest-bearing liabilities is calculated based on future cash flows, discounted using a forward rate curve plus a valuation margin. The valuation margin is a consensus margin at which deals with similar remaining cash profiles could be secured in the market at the valuation date.

The carrying value of trade and other receivables, cash and cash equivalents, trade and other payables, bank overdrafts and other short-term borrowings approximates fair value as they are short-term in nature and not subject to material changes in credit risk and fair value.

	31 March 2020				31 March 2019			30 September 2019						
	Carrying value Unaudited Rm	Fair value Unaudited Rm	Level 1 Rm	Level 2 Leve Rm	Carrying value Unaudited	Fair value Unaudited Restated* Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Carrying value Audited Rm	Fair value Audited Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
ASSETS Loans and advances**	10 615	10 714	-	- 107	<b>4</b> 9 895	9 374	-	_	9 374	10 759	10 744	_	_	10 744
Purchased book debts Other loans receivable	2 775 49	2 775 49	-	- 27	<b>1</b> 727 <b>19</b> 39	1 727 39		-	1 727 39	2 382 45	2 382 45	-	-	2 382 45
Trade and other receivables*** Cash and cash equivalents	1 274 1 055	1 274 1 055	- 1 055	- 12 -	<b>4</b> 854 <b>-</b> 1 539	854 1 539	- 1 539	-	854 -	849 919	849 919	- 919		849 -
TOTAL	15 768	15 867	1 055	- 148	1 <b>2</b> 14 054	13 533	1 539	-	11 994	14 954	14 939	919	_	14 020
LIABILITIES Interest-bearing liabilities****	13 014	13 090	_	- 130	<b>20</b> 10 313	10 475	-	_	10 475	10 806	11 195	_	_	11 195
Fixed rate liabilities Floating rate liabilities	426 12 588	428 12 662		- 4 - 126	<b>28</b> 242 <b>52</b> 10 071	244 10 231	- -		244 10 231	266 10 540	279 10 916		-	279 10 916
Trade and other payables**** Other short-term borrowings Bank overdrafts	318 56 316	318 56 316	- - 316		<b>18</b> 369 56 - - 316	369 - 316	- - 316	- - -	369 - -	473 76 381	473 76 381	- - 381	- -	473 76 -
TOTAL	13 704	13 780	316	- 13.4		11 160	316	_	10 844	11 736	12 125	381	_	11 744
NET EXPOSURE	2 064	2 087	739	- 13	<b>18</b> 3 056	2 373	1 223	_	1 150	3 218	2 814	538	_	2 276

Restated for the adoption of IFRS 17 - Insurance Contracts.

\* \* Loans and advances' net of ECL and benefits ceded on insurance contracts to the credit provider. Loans and advances relating to repossessed stock of R74 million (31 March 2019: R109 million; 30 September 2019: R58 million) are not financial assets and therefore have been excluded. \* \* \* Prepayments and VAT receivables are not financial assets and therefore have been excluded from trade and other receivables

\* \* \* \* Lease liabilities are excluded from the scope of IFRS 13 - Fair value measuren

\*\*\*\*\* Revenue received in advance, deferred lease liabilities (prior year), VAT payables and bonus accruals are not financial liabilities and therefore have been excluded from trade and other payables.



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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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For the half year ended 31 March 2020

### 8 FINANCIAL RISK MANAGEMENT continued

#### 8.5 LEVEL DISCLOSURE

	1.1.1.1	1 10	Level 3	<b>T</b> - 1
31 March 2020 – Unaudited	Level 1 Rm	Level 2 Rm	Rm	Total Rm
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
Loans and advances: entry-level vehicles	-	_	20	20
Other financial assets '	-	-	130	130
Derivatives	-	11	-	11
FINANCIAL ASSETS AT FAIR VALUE THROUGH				
OTHER COMPREHENSIVE INCOME Derivatives		475		475
	_			
TOTAL FINANCIAL ASSETS	-	486	150	636
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH				
OTHER COMPREHENSIVE INCOME Derivatives	<1			<]
TOTAL FINANCIAL LIABILITIES	<1	-	_	<1
	Level 1	Level 2	Level 3	Total
31 March 2019 – Unaudited	Rm	Rm	Rm	Rm
FINANCIAL ASSETS AT FAIR VALUE THROUGH				
PROFIT AND LOSS Loans and advances: entry-level vehicles			21	21
Other financial assets	_	_	67	67
Derivatives	_	2	_	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH				
OTHER COMPREHENSIVE INCOME		1.50		1.50
Derivatives		152	_	152
TOTAL FINANCIAL ASSETS		154	88	242
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH				
PROFIT AND LOSS Derivatives		1		1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH		I		I
OTHER COMPREHENSIVE INCOME				
Derivatives	_	5	_	5
TOTAL FINANCIAL LIABILITIES	-	6	-	6
	Level 1	Level 2	Level 3	Total
30 September 2019 – Audited	Rm	Rm	Rm	Rm
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
Loans and advances: entry-level vehicles	_	_	19	19
Other financial assets	_	_	99	99
Derivatives	_	4	-	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH				
OTHER COMPREHENSIVE INCOME Derivatives	_	190	_	190
TOTAL FINANCIAL ASSETS		194	118	312
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH		174		012
PROFIT AND LOSS				
		-		1
Derivatives	-	]	-	1

Amounts less than R500 000 are reflected as "<1".

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#### 8.5 LEVEL DISCLOSURE continued

#### VALUATION METHODS AND ASSUMPTIONS

The fair value of loans and advances for entry-level vehicles is calculated using an expected income approach (estimating and discounting future cash flows) as well as the average collateral value. These represent the significant unobservable parameters applied in the fair value model. Future cash flows are estimated using a lifetime expected loss model, which is consistent with the IFRS 9 provision methodology. The expected future cash flows are then discounted at the market related discount rate of 25% to yield a fair value of the total loans and advances for entry-level vehicles.

The valuation of other financial assets is based on estimated future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These represent the significant unobservable parameters applied in the fair value model. The group estimates the expected cash flows by considering all the contractual terms of the financial instrument. The discount rate applied to the expected cash flows is based on the current South African prime interest rate and is adjusted for specific risks including government risk, customer concentration risk, limited experience with the customer and small size portfolios (i.e. valuations less than R250 million).

The group enters into derivative financial instruments with respective counterparties. Interest rate swaps and cross currency swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

#### **RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS**

31 March 2020 – Unaudited	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
OPENING BALANCE Total gains or losses	118	-	118
In profit or loss Other movements*	1 31	-	1 31
CLOSING BALANCE OF FAIR VALUE MEASUREMENT	150	_	150

31 March 2019 – Unaudited	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
OPENING BALANCE Total gains or losses In profit or loss	72	-	72
Other movements*	(10) 26		(10) 26
CLOSING BALANCE OF FAIR VALUE MEASUREMENT	88	_	88

30 September 2019 – Audited	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
OPENING BALANCE Total gains or losses	72	-	72
In profit or loss Other movements*	(39) 85	-	(39) 85
CLOSING BALANCE OF FAIR VALUE MEASUREMENT	118	_	118

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

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM

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FINANCIAL STATEMENTS

For the half year ended 31 March 2020

## 8 FINANCIAL RISK MANAGEMENT continued

## 8.5 LEVEL DISCLOSURE continued

#### SENSITIVITY ANALYSIS OF VALUATIONS USING UNOBSERVABLE INPUTS

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

### MOVEMENT IN FAIR VALUE GIVEN THE 10% CHANGE IN SIGNIFICANT ASSUMPTIONS

	31 M	arch 2020	31 Ma	arch 2019	30 September 2019		
	10% Favourable Unaudited Rm	10% Unfavourable Unaudited Rm	10% Favourable Unaudited Rm	10% Unfavourable Unaudited Rm	10% Favourable Audited Rm	10% Unfavourable Audited Rm	
Significant unobservable input and description of assumption Average collateral value Discount rate: the rate used to discount projected future cash	1	(1)	1	(1)	1	(1)	
flows to present value	1	(1)	1	(1)	1	(1)	
TOTAL	2	(2)	2	(2)	2	(2)	

	31 Ma	arch 2020	31 Ma	arch 2019	30 September 2019		
	10% Favourable Unaudited Rm	10% Unfavourable Unaudited Rm	10% Favourable Unaudited Rm	10% Unfavourable Unaudited Rm	10% Favourable Audited Rm	10% Unfavourable Audited Rm	
Significant unobservable input and description of assumption Cash flows: change in the							
expected revenue Cash flows: change in expected	7	(7)	<]	<(1)	4	(4)	
costs Discount rate: the rate used to discount projected future cash	1	(1)	1	(1)	<]	(<1)	
flows to present value	3	(3)	-	_	2	(2)	
TOTAL	11	(11)	1	(1)	6	(6)	

Amounts less than R500 000 are reflected as "<1".

## 9 BUSINESS COMBINATIONS SUBSIDIARY ACQUIRED

Subsidiary	Acquirer	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred Rm
Net1 Fihrst Holdings (Pty) Ltd (Fihrst)	Transaction Capital Payment Solutions (Pty) Ltd (TCPS)	Third Party Payment Provider (TPPP)	01/12/2019	100	175

TCPS acquired 100% of the voting equity in Fihrst during the current period. Fihrst is a South African payments solutions company specialising in third party payments. Fihrst has the potential to unlock value through synergies with TCPS to be realised from cost efficiencies and revenue uplift from interest income, gaining access to a client base of approximately 480 clients which are new to the group. Fihrst is a well recognised brand and can be leveraged to win additional clients as well as penetrate the existing client base with TCPS product offerings.

#### CONSIDERATION FOR IFRS 3 PURPOSES

TOTAL CONSIDERATION	187	
Cash	187	
	Rm	

#### ASSETS ACQUIRED AND LIABILITIES RECOGNISED AT THE DATE OF ACQUISITION

	Rm
Current assets	
Cash and cash equivalents	12
Trade and other receivables	5
Prepayments	1
Non-current assets	
Property, plant and equipment	<1
Intangible assets	<1
Deferred taxation	<1
Current liabilities	
Trade and other payables	(6)
NET ASSETS ACQUIRED AND LIABILITIES RECOGNISED	13

The initial accounting for the acquisition of Fihrst has been provisionally determined at the end of the reporting period. For tax purposes, the tax values of certain Fihrst 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 the 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 R5 million. The receivables acquired compromise principally of trade receivables with a gross contractual amount of R5 million with no contractual cash flows not expected to be collected.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 March 2020

#### 9 BUSINESS COMBINATIONS continued

#### GOODWILL ARISING ON ACQUISITION

GOODWILL ARISING ON ACQUISITION	125
Less: fair value of identifiable net assets recognised	(13)
Plus: contingent liabilities raised in terms of IFRS 3	30
Plus: deferred tax on intangible assets identified from business combinations	26
Less: intangible assets identified from business combinations	(105)
Consideration for IFRS 3 purposes	187
	Rm

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

#### NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARY

NET CASH OUTFLOW	175
Consideration paid in cash Less: cash and cash equivalents balance acquired	187 (12)
	Rm

#### IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP

Included in profit attributable to ordinary shareholders of the group for the period ended 31 March 2020 is R6 million attributable to Fihrst. Revenue for the same period includes R21 million in respect of Fihrst.

Had the business combination been effected at 1 October 2019, revenue for the group would have been R2 767 million, and the profit for the period attributable to ordinary equity holders of the group would have been R300 million. The directors consider these pro forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Amounts less than R500 000 are reflected as "<1".

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#### SEGMENT REPORT 10

The group is organised on the basis of products and services and the segments have been identified on this basis as reported to the chief executive officer (considered the chief operating decision maker). The principal business units in the group are as follows:

#### **SA TAXI**

- 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.
- Revenue is mainly derived from interest earned on financing of vehicles and non-interest revenue streams, including revenue from the sale of vehicles, telematics services and insurance products.

#### TRANSACTION CAPITAL RISK SERVICES

- Transaction Capital Risk Services 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 credit-impaired loan portfolios.
- Revenue from credit-impaired loans comprises payments received from debtors including amounts in respect of interest and cost recoveries.
- To support the broader working capital life cycle of SMEs Transaction Capital Risk Services also provides payment solutions, payroll-related services and financing solutions.
- Value-added services generate a stable source of subscription income, whilst providing access to greater market depth.

Transaction Capital Business Solutions (TCBS), Principa Decisions (Principa) and Company Unique Finance (CUF) were classified as discontinued operations during the current period. Refer to note 5 for further detail on discontinued operations.

#### **GROUP EXECUTIVE OFFICE**

- The group executive office provides an efficient capital management and treasury function for entities within the group, in addition to administrative and management services.
- Revenue comprises mainly of interest income and management fees from subsidiaries, the majority of which is eliminated on group consolidation.

The composition of reportable segments changed in the current period. TC Global Finance and TC Property Mezz Partners, previously reported as part of Transaction Capital Risk Services, are now reported as part of the Group Executive Office (GEO) segment. Comparative data has been restated accordingly.

Specialised credit, and the related allocation of capital, is considered to be a key long-term strategic initiative of the group. As TC Global Finance and TC Property Mezz Partners continue to gain traction in their markets, the decision has therefore been taken to further nurture these businesses within GEO, where capital deployment remains a vital initiative.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

For the half year ended 31 March 2020

## 10 SEGMENT REPORT continued

SEGMEINT REFORT continued		SA Taxi		Transact	ion Capital Risk Se	rvices	Grou	o executive office**	* *		Group	
	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Unaudited Rm	31 March 2020 Unaudited Rm	31 March 3 2019 Unaudited Restated** Rm	10 September 2019 Unaudited Restated** Rm	31 March 2020 Unaudited Rm	31 March 3 2019 Unaudited Restated*** Rm	0 September 2019 Unaudited Restated** Rm	31 March 2020 Unaudited Rm	31 March 3 2019 Unaudited Restated*** Rm	30 September 2019 Unaudited Restated** Rm
CONDENSED INCOME STATEMENT FOR THE PERIOD ENDED												
Net interest income	677	553	1 217	(69)	(44)	(97)	39	35	75	647	544	1 195
Impairment of loans and advances	(338)	(206)	(322)	-	-	-	-	-	-	(338)	(206)	(322)
Non-interest revenue	321	309	584	1 108	933	2 018	-	-	-	1 429	1 242	2 602
Operating costs	(412)	(485)	(896)	(894)	(712)	(1 512)	(18)	(12)	(17)	(1 324)	(1 209)	(2 425)
Non-operating profit	-	-	-	-	8	7	-	-	-	-	8	7
Equity accounted income/(loss)	-	-	-	5	_	3	(1)	-	1	4	-	4
PROFIT BEFORE TAX	248	171	583	150	185	419	20	23	59	418	379	1 061
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	189	107	419	110	139	312	14	15	42	313	261	773
DISCONTINUED OPERATIONS												
(Loss)/profit for the period from discontinued operations	-	-	-	(16)	6	14	-	-	-	(16)	6	14
PROFIT FOR THE PERIOD	189	107	419	94	145	326	14	15	42	297	267	787

\* Restated for the adoption of IFRS 17 – Insurance Contracts.

\*\* Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and a change in the composition of reportable segments per IFRS 8 - Segment Reporting.
 \*\*\* Restated for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, a change in the composition of reportable segments per IFRS 8 - Segment Reporting and IFRS 17 - Insurance Contracts.
 \*\*\*\* Group executive office numbers are presented net of group consolidation entries.

		SA Taxi		Transact	tion Capital Risk Se	ervices	Grou	p executive office*	**	Group		
	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Unaudited Rm	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated** Rm	30 September 2019 Unaudited Restated** Rm	31 March 2020 Unaudited Rm	31 March 3 2019 Unaudited Restated** Rm	30 September 2019 Unaudited Restated** Rm	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Unaudited Restated Rm
CONDENSED STATEMENT OF FINANCIAL POSITION ASSETS Cash and cash equivalents Trade and other receivables Inventories Loans and advances Purchased book debts Equity accounted investments	760 1 365 973 10 816 – –	844 748 611 9 791 -	693 965 831 10 412 – –	99 346 2 - 2 775 86	106 400 - 523 1 727 -	194 317 1 579 2 382 71	196 5 - - 174	589 1 - - 19	32 5 - - 21	1 055 1 716 975 10 816 2 775 260	1 539 1 149 611 10 314 1 727 19	919 1 287 832 10 991 2 382 92
Other assets TOTAL ASSETS	1 043 14 957	907	885 13 786	2 169 5 477	1 082 3 838	1 035 4 579	38 413	40 649	40 98	3 250 20 847	2 029	1 960
LIABILITIES Bank overdrafts Trade and other payables Insurance contract liabilities Interest-bearing liabilities	14 737 175 196 441 11 220	150 318 690 9 145	99 275 537 9 929	141 219 - 2 839	166 181 - 1 568	282 396 - 1 801	- 22 - (629)	- 23 - (400)	- 38 - (924)	316 437 441 13 430	316 522 690 10 313	381 709 537 10 806
Senior debt Subordinated debt Lease liabilities Group loans	10 293 664 156 107	8 593 552 –	9 249 517 - 163	2 057 _ 260 522	1 165 - 3 400	1 038 - 2 761	- - - (629)	- - (400)	- - (924)	12 350 664 416 -	9 758 552 3	10 287 517 2 -
Other liabilities	187	63	192	498	375	361	1	3	5	686	441	558
TOTAL LIABILITIES	12 219	10 366	11 032	3 697	2 290	2 840	(606)	(374)	(881)	15 310	12 282	12 991
TOTAL EQUITY	2 738	2 535	2 754	1 780	1 548	1 739	1 019	1 023	979	5 537	5 106	5 472

Restated for the adoption of IFRS 17 – Insurance Contracts.
 \*\* Restated for a change in the composition of reportable segments per IFRS 8 – Segment Reporting.
 \*\*\* Group executive office numbers are presented net of group consolidation entries.

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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 March 2020

#### 10 SEGMENT REPORT continued

#### GEOGRAPHICAL INFORMATION

The group operated in three principal geographical areas: South Africa, Australia and Europe. The group's total revenue and non-current assets by location are detailed below:

		Total revenue		٢	Non-current assets			
	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Restated* Rm	30 September 2019 Unaudited Restated* Rm	31 March 2020 Unaudited Rm	31 March 2019 Unaudited Rm	30 September 2019 Unaudited Rm		
South Africa Australia Europe	2 463 294 -	2 113 243 -	4 384 571 –	15 167 812 174	13 480 549 19	14 556 730 21		
TOTAL	2 757	2 356	4 955	16 153	14 048	15 307		

\* Restatement for the recognition of discontinued operations in the current year per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

#### 11 SUBSEQUENT EVENTS

#### COVID-19

The group's operations will continue to be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. South Africa, like many countries around the world, put significant governmental measures in place to control the spread of the virus, which included a national lockdown commencing on 27 March 2020.

The group's balance sheet is well capitalised and liquid at a holding company level, underpinned by our conservative capital strategy. Along with the additional measures implemented to preserve liquidity in response to COVID-19, we have ample liquidity and financial flexibility to support the divisions as the pandemic runs its course and recessionary conditions intensify.

Our capital strategy remains appropriately conservative in the current conditions, with undeployed capital of approximately R800 million (2019: R1 billion) at 31 March 2020. Of this, we have invested R500 million in TCRS to mitigate any short-term operational cashflow disruption from COVID-19. The remaining R300 million, previously allocated to the accelerated acquisition of NPL Portfolios in South Africa, Australia and selected international markets, is immediately available to support both divisions.

At 31 March 2020, the balance sheet at holding company level was ungeared. An undrawn R400 million facility is available to alleviate any short-term cashflow pressures across the group.

In an attempt to minimise the economic impact of the national restrictions imposed on the minibus taxi industry, SA Taxi has provided its clients with loan instalment repayment and insurance premium relief for April 2020, with insurance cover confirmed during this period.

TCRS has also been impacted by COVID-19. March 2020 month-end contingency collection revenues were lower than expectations. Collections of NPL portfolios acquired as a principal performed in line with expectation in March 2020, but were negatively affected during April as TCRS enacted its "work from home" recovery procedures. Future collections over the short term are projected to be lower.

In this unprecedented context of emerging risk to our economy, sectors and businesses, it is difficult to assess the full impact of COVID-19 on Transaction Capital at this time. In understanding, planning for and adapting to the effect of the pandemic, the directors will continue to monitor the progression of the disease and government's response to it, the impact on consumers and on the group's market sectors, and the rate of economic recovery.

#### DISPOSAL OF SUBSIDIARIES

On 17 April 2020 Principa was sold to Apex Partners for R40 million.





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#### TRANSACTION CAPITAL GROUP DATA SHEET

Core financial numbers and ratios presented in this data sheet exclude once-off transaction costs (2020: R4 million; 2019: R84 million; 2018: Rnil). Transaction costs for the half year ended 31 March 2020 consist of transaction and other acquisition-related costs of R4 million incurred in the acquisition of Net1 Fihrst Holdings (Pty) Ltd (Fihrst). Transaction costs for the prior year consist of once-off costs of R84 million attributable to the group relating to SA Taxi's ownership transaction with the South African National Taxi Council (SANTACO), which arose in the first half of the 2019 financial year. R81 million of these costs were non-cash and in accordance with IFRS 2 – Share-based Payment, and a further R3 million related to early debt settlement costs.

Financial results incorporate the consolidated results of acquisitions and disposals from the effective transaction dates, as follows:

2020: The acquisition of Fihrst (effective 1 December 2019).

- 2019: The disposal of a 25% shareholding in SA Taxi to SANTACO (effective 6 February 2019). Prior to the transaction, Transaction Capital consolidated 98.5% of SA Taxi's total headline earnings. For the period 6 February 2019 to 31 March 2019, and thereafter, Transaction Capital consolidated 81.4% of SA Taxi's total headline earnings.
- 2018: The acquisition of Black Elite (effective 1 December 2017).

Comparative data presented in this data sheet have been restated for the following:

- 1) The adoption of IFRS 17 Insurance Contracts in the 2019 financial year (March 2018 and March 2019 numbers restated).
- 2) The adoption of IFRS 15 Revenue from Contracts with Customers in the 2019 financial year (March 2019 numbers restated).
- 3) The classification of Transaction Capital Business Solutions, Principa Decisions and Company Unique Finance as discontinued operations for the half year ended 31 March 2020 (March 2018, March 2019 and September 2019 numbers restated in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations).
- 4) A change in the composition of reportable segments for the half year ended 31 March 2020. TC Global Finance and TC Property Mezz Partners, previously reported as part of Transaction Capital Risk Services, will now be reported as part of the Group Executive Office segment (March 2019 and September 2019 numbers restated in accordance with IFRS 8 – Operating Segments).

		Half year ended 31 March			Move	ment	30 September	
			2019	2018			2019	
		2020	Restated	Restated	2020	2019	Restated	
TRANSACTION CAPITAL GROUP CONDENSED CONSOLIDATED INCOME STATEMENT								
Interest income	Rm	1 328	1 1 1 4	994	19%	12%	2 353	
Interest expense	Rm	(681)	(570)	(483)	19%	18%	(1 158)	
Net interest income	Rm	647	544	511	1 <b>9</b> %	6%	1 195	
Impairment of loans and advances	Rm	(212)	(206)	(166)	3%	24%	(322)	
Increase in impairment of loans and advances								
(COVID-19 adjustment)	Rm	(126)	-	-	100%	n/a	-	
Risk-adjusted net interest income	Rm	309	338	345	( <b>9</b> %)	(2%)	873	
Non-interest revenue	Rm	1 429	1 242	1 048	15%	19%	2 602	
Net insurance result	Rm	228	201	155	13%	30%	364	
Insurance revenue	Rm	462	398	328	16%	21%	823	
Insurance service expense	Rm	(234)	(194)	(173)	21%	12%	(455)	
Insurance finance expense	Rm	-	(3)	-	(100%)	100%	(4)	
Other non-interest revenue	Rm	1 201	1 041	893	15%	17%	2 238	

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		Half ye	ar ended 3		Move	ement	30 September
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated
TRANSACTION CAPITAL GROUP continued	1						
CONDENSED CONSOLIDATED							
INCOME STATEMENT continued	P	(1.000)	(1.105)	(071)	1.00/	1.404	10,001
Core operating costs	Rm	(1 320)	(1 105)	(971)	1 <b>9</b> %	14%	(2 321)
Advertising, marketing and public relations	Rm	(11)	(10)	(7)	10%	43%	(19)
Amortisation of intangible assets	Rm	(29)	(20)	(20)	45%	0%	(43)
Amortisation of principal book portfolio	Rm	(96)	(84)	(41)	14%	>100%	(159)
Amortisation of principal book portfolio (COVID-19 adjustment)	Pm	(45)	_	_	100%	2/2	
Audit fees	Rm Rm	(65) (10)	(9)	(6)	100%	n/a 50%	(18)
Bank charges	Rm	(10)	(11)	(11)	<b>9</b> %	0%	(13)
Commissions paid	Rm	(12)	(20)	(10)	(20%)	100%	(38)
Communication costs	Rm	(36)	(37)	(42)	(3%)	(12%)	(74)
Consulting fees	Rm	(11)	(11)	(14)	0%	(21%)	(26)
Depreciation	Rm	(52)	(19)	(19)	>100%	0%	(39)
Electricity and water	Rm	(15)	(12)	(10)	25%	20%	(24)
Employee expenses	Rm	(691)	(601)	(551)	15%	9%	(1 249)
Fees paid	Rm	(22)	(17)	(18)	<b>29</b> %	(6%)	(36)
Handing, logistics and storage	Rm	(51)	(45)	(31)	13%	45%	(100)
Impairment of goodwill	Rm	(3)	-	-	100%	n/a	_
Information technology	Rm	(26)	(23)	(20)	13%	15%	(51)
Non-executive directors' emoluments	Rm	(4)	(3)	(2)	33%	50%	(7)
Operating lease rentals	Rm	(5)	(45)	(41)	( <b>89</b> %)	10%	(93)
Interest on lease liabilities Professional fees	Rm Rm	(21) (14)	(10)	- (9)	100% 40%	n/a 11%	(22)
Risk management	Rm	(14)	(10)	(9)	40 <i>%</i> 18%	0%	(22)
Staff welfare	Rm	(13)	(11)	(11)	23%	8%	(23)
Travel	Rm	(10)	(10)	(7)	0%	29%	(18)
Training and seminars	Rm	(4)	(5)	(5)	(20%)	0%	(11)
Other	Rm	(88)	(90)	(84)	(2%)	7%	(220)
Core operating income	Rm	418	475	422	(12%)	13%	1 154
Non-operating profit/(loss)	Rm	-	8	(4)	(100%)	<(100%)	7
Equity accounted income	Rm	4	-	-	100%	n/a	4
Core profit before tax	Rm	422	483	418	(13%)	16%	1 165
Core income tax expense	Rm	(105)	(118)	(109)	(11%)	8%	(289)
Core profit for the period from continuing							
operations	Rm	317	365	309	(13%)	18%	876
Discontinued operations							
(Loss)/profit for the period from discontinued							
operations	Rm	(16)	6	9	<(100%)	(33%)	14
Core profit for the period	Rm	301	371	318	(1 <b>9</b> %)	17%	890
COVID-19 adjustments							
Increased impairment provisions and							
adjustment to purchased book debts (after tax)							
	Rm	138	-	_	100%	n/a	-
Core profit for the period from continuing							
operations pre COVID-19 adjustments	Rm	455	365	309	25%	18%	876
Core profit for the period from continuing							
operations attributable to:	Rm	317	365	309	(13%)	18%	876
•	Rm		346			15%	
Ordinary equity holders of the parent	Rm Rm	279 38	340 19	301 8	(19%) 100%	15% >100%	797 79
Non-controlling interests	ILI I	30	19	0	100 /₀	>100%	19

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		Half year ended 31 March			Move	ement	30 September
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated
TRANSACTION CAPITAL GROUP continued CONDENSED CONSOLIDATED INCOME STATEMENT continued Core (loss)/profit for the period from discontinued operations attributable to:	Rm	(16)	6	9	<(100%)	(33%)	14
Ordinary equity holders of the parent	Rm	(16)	6	9	<(100%)	(33%)	14
Non-controlling interests	Rm	(10)	-	-	<(100 //) n/a	(33%) n/a	-
Core profit for the period from continuing operations pre COVID-19 adjustments attributable to:	Rm	455	365	309	25%	18%	876
Ordinary equity holders of the parent	Rm	400	346	301	16%	15%	797
Non-controlling interests	Rm	55	19	8	189%	138%	79
Core headline earnings from continuing operations for the period Core profit from continuing operations for the period attributable to ordinary equity holders of the parent Adjusted for:	Rm	279	346	301	(19%)	15%	797
Impairment of goodwill Profit on disposal of subsidiary	Rm Rm	2 -	_ (8)		– (100%)	- 100%	_ (8)
Core headline earnings from continuing operations for the period attributable to ordinary equity holders of the parent	Rm	281	338	301	(17%)	12%	789
Core headline earnings from continuing operations pre COVID-19 adjustments for the period attributable to ordinary equity holders of the parent	Rm	402	338	301	1 <b>9</b> %	12%	789
Once-off transaction costs	Rm	4	84	_	(95%)	100%	84

\* \*

		Half ye	ar ended 3	1 March	Move	ement	30 September
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated
CONDENSED CONSOLIDATED STATEME FINANCIAL POSITION Assets	NT OF						
Cash and cash equivalents Trade and other receivables Inventories*	Rm Rm Rm	1 055 1 716 928	1 539 1 149 550	904 786 297	(31%) 49% 69%	70% 46% 85%	919 1 287 778
Loans and advances	Rm	10 689	10 004	8 849	7%	13%	10 817
Loans and advances (pre COVID-19 adjustment)* Additional provision (COVID-19 adjustment)	Rm Rm	10 815 (126)	10 004 -	8 849 -	8% 100%	13% n/a	10 817
Purchased book debts	Rm	2 775	1 727	1 030	61%	68%	2 382
Purchased book debts (pre COVID-19 adjustment) COVID-19 adjustment	Rm Rm	2 840 (65)	1 727 -	1 030	64% 100%	68% n/a	2 382
Equity accounted investments Intangible assets Property and equipment Goodwill	Rm Rm Rm Rm	260 468 448 1 299	19 285 173 1155	263 156 1103	>100% 64% >100% 12%	100% 8% 11% 5%	92 294 172 1 152
Assets classified as held for sale Other assets	Rm Rm	666 369	- 416	- 521	100% (11%)	n/a (20%)	- 342
Other assets (pre COVID-19 adjustment) Other assets (COVID-19 adjustment)	Rm Rm	334 35	416 -	521 -	(20%) 100%	(20%) n/a	342
Total assets	Rm	20 673	17 017	13 909	21%	22%	18 235
<b>Liabilities</b> Bank overdrafts Trade and other payables Insurance contract liabilities** Interest-bearing liabilities	Rm Rm Rm Rm	316 437 267 13 430	316 522 319 10 313	265 663 325 8 735	0% (16%) (16%) 30%	19% (21%) (2%) 18%	381 709 309 10 806
Senior debt Subordinated debt Lease liabilities	Rm Rm Rm	12 350 664 416	9 758 552 3	7 668 1 067 -	27% 20% >100%	27% (48%) 100%	10 287 517 2
Liabilities directly associated with assets classified as held for sale Other liabilities	Rm Rm	48 638	- 441	- 422	100% 45%	n/a 5%	- 558
Other liabilities (pre COVID-19 adjustment) Other liabilities (COVID-19 adjustment)	Rm Rm	656 (18)	441	422	49% 100%	5% n/a	558
Total liabilities	Rm	15 136	11 911	10 410	27%	14%	12 763
<b>Equity</b> Equity attributable to ordinary equity holders of the parent Non-controlling interests	Rm Rm	4 964 573	4 559 547	3 445 54	<b>9</b> % 5%	32% >100%	4 896 576
Non-controlling interests (pre COVID-19 adjustment) Non-controlling interests (COVID-19 adjustment)	Rm Rm	590 (17)	547	54	8% 100%	>100% n/a	576
adosineni	INTE .	(17)			100 /0	17 U	
Total equity	Rm	5 537	5 106	3 499	8%	46%	5 472

\* Presented net of benefits ceded on insurance contracts related to inventories and loans and advances.
 \* Benefits accruing to insurance contract holders.

Employees

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		Half ye	ar ended 3	1 March	Move	ement	30 September	
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated	
TRANSACTION CAPITAL GROUP continu	ed							
Number of shares	m	613.5	611.7	610.4	0%	0%	612.7	
Weighted average number of shares in issue	m	613.8	611.4	610.4	0%	0%	611.8	
Core headline earnings per share	cents	43.2	56.3	50.8	(23%)	11%	131.3	
Core headline earnings per share from					<b>,</b> ,			
continuing operations	cents	45.8	55.3	49.3	(17%)	12%	129.0	
Core headline earnings per share from								
continuing operations pre COVID-19								
adjustment	cents	65.4	55.3	49.3	18%	12%	129.0	
Net asset value per share	cents	809.1	745.3	564.4	<b>9</b> %	32%	799.1	
Interim dividend per share	cents	nil	27.0	21.0	n/a	29%	27.0	
Total dividend per share	cents	n/a	n/a	n/a	n/a	n/a	61.0	
Core dividend cover	times	nil	2.1	2.4			2.2	
CAPITAL ADEQUACY								
Equity	Rm	5 537	5 106	3 499	8%	46%	5 472	
Subordinated debt	Rm	664	552	1 067	20%	(48%)	517	
Total capital	Rm	6 201	5 658	4 566	10%	24%	5 989	
Less: goodwill	Rm	(1 299)	(1 1 5 5)	(1 103)	12%	5%	(1 152)	
Total capital less goodwill	Rm	4 902	4 503	3 463	<b>9</b> %	30%	4 837	
Total assets less goodwill and cash and								
cash equivalents	Rm	18 319	14 323	11 902	<b>28</b> %	20%	16 164	
Capital adequacy ratio	%	26.7	31.5	29.1			29.9	
Equity	%	23.1	27.6	20.1			26.7	
Subordinated debt	%	3.6	3.9	9.0			3.2	
PERFORMANCE INDICATORS								
Total income	Rm	2 076	1 786	1 559	16%	15%	3 797	
Core cost-to-income ratio	%	63.6	61.9	62.3			61.1	
Core cost-to-income ratio pre COVID-19								
adjustment	%	60.5	61.9	62.3			61.1	
Average cost of borrowing	%	10.7	11.4	11.7			11.1	
Core return on average assets	%	3.1	4.6	4.7			5.3	
Core return on average assets from continuing							5.0	
operations	%	3.2	4.5	4.6			5.2	
Core return on average assets from continuing	%	4.6	1.5	4.6			5.2	
operations pre COVID-19 adjustments Core return on average equity	%	4.0 10.8	4.5 17.6	18.3			18.7	
		10.0	17.0	10.5			10.7	
Core return on average equity from continuing operations	%	11.4	17.3	17.8			18.4	
Core return on average equity from continuing			17.0	17.0			10.4	
operations pre COVID-19 adjustments	%	16.3	17.3	17.8			18.4	
Average assets	Rm	19 723	16 172	13 529	22%	20%	16 937	
Average assets pre COVID-19	Rm	19 745	16 172	13 529	22%	20%	16 937	
Average equity attributable to ordinary								
equity holders of the parent	Rm	4 882	4 008	3 380	<b>22</b> %	19%	4 336	
Average equity attributable to ordinary								
equity holders of the parent pre COVID-19	_				_	_		
adjustments	Rm	4 899	4 008	3 380	<b>22</b> %	19%	4 336	
Average interest-bearing liabilities	Rm	12 722	10 494	8 758	22%	19%	10 718	
Leverage	times	3.7	3.3	4.0	22%	19%	3.3	
Debt funders	number	39	38	43	3%	(12%)	37	
CREDIT RATINGS								
Transaction Capital R2 billion Domestic Note								
Programme (GCR rated)								
		A ()	A / \	A ()			$\wedge (-, )$	
Long-term Short-term		A-(za) A2(za)	A-(za) A1-(za)	A-(za) A1-(za)			A-(za) A2-(za)	
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		Half ye	ar ended 3		Move	ement	30 September
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated
SA TAXI CONDENSED INCOME STATEMENT							
Interest income	Rm	1 272	1 103	983	15%	12%	2 304
Interest expense	Rm	(595)	(550)	(487)	8%	13%	(1 087)
Net interest income	Rm	677	553	496	<b>22</b> %	11%	1 217
Impairment of loans and advances	Rm	(212)	(206)	(165)	3%	25%	(322)
Increase in impairment of loans and advances							
(COVID-19 adjustment)	Rm	(126)	-	-	100%	n/a	-
Non-interest revenue	Rm	321	309	232	4%	33%	584
Net insurance result	Rm	228	201	155	13%	30%	364
Insurance revenue	Rm	462	398	328	16%	21%	823
Insurance service expense	Rm	(234)	(194)	(173)	21%	12%	(455)
Insurance finance expense	Rm	-	(3)	-	(100%)	100%	(4)
Other non-interest revenue	Rm	93	108	77	(14%)	40%	220
Core operating costs	Rm	(412)	(384)	(321)	7%	20%	(796)
Core profit before tax	Rm	248	272	242	(9%)	12%	683
Core profit for the period	Rm	189	208	176	( <b>9</b> %)	18%	519
COVID-19 adjustment							
Increased impairment provisions (after tax)	Rm	91	_	_	100%	n/a	_
Core profit for the period from continuing						, a	
operations pre COVID-19 adjustment	Rm	280	208	176	35%	18%	519
Core profit for the period attributable to:		189	208	176	( <b>9</b> %)	18%	519
Ordinary equity holders of the parent	Rm	154	192	173	(20%)	11%	446
Non-controlling interests	Rm	35	16	3	>100%	>100%	73
Core profit for the period pre COVID-19 adjustment attributable to:		280	208	176	35%	18%	519
Ordinary equity holders of the parent	Rm	228	192	173	1 <b>9</b> %	11%	446
Non-controlling interests	Rm	52	16	3	>100%	>100%	73
Core headline earnings for the period							
Core profit for the period attributable to							
ordinary equity holders of the parent Adjusted for:	Rm	154	192	173	(20%)	11%	446
Impairment of goodwill	Rm	2	_	_	100%	n/a	_
Core headline earnings for the period	· · · ·	_				., -	
attributable to ordinary equity holders							
of the parent	Rm	156	192	173	(1 <b>9</b> %)	11%	446
	NIII		172	17 0	(1770)	11/0	110
Core headline earnings pre COVID-19							
adjustment for the period attributable to							
ordinary equity holders of the parent	Rm	230	192	173	20%	11%	446
Once-off transaction costs	Rm	_	100	_	(100%)	100%	100
Once-off transaction costs attributable to					(		100
ordinary equity holders of the parent	Rm	-	81	_	(100%)	100%	81
OTHER INFORMATION							
Depreciation	Rm	19	9	9	>100%	0%	19
Amortisation of intangible assets	Rm	12	7	7	71%	0%	14

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		Half ye	Half year ended 31 March		Movement		30 September
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated
SA TAXI continued CONDENSED STATEMENT OF FINANCIAL POSITION Assets							
Cash and cash equivalents Trade and other receivables Inventories*	Rm Rm Rm	760 1 365 926	844 748 550	689 460 297	(10%) 82% 68%	22% 63% 85%	693 965 777
Loans and advances Loans and advances (pre COVID-19	Rm	10 689	9 481	8 262	13%	15%	10 238
adjustment)* Additional provision (COVID-19 adjustment)	Rm Rm	10 815 (126)	9 481 -	8 262 -	14% 100%	15% n/a	10 238 -
Intangible assets Property and equipment Goodwill Other assets	Rm Rm Rm Rm	143 155 505 240	43 90 508 266	43 79 499 327	>100% 72% (1%) (10%)	0% 14% 2% (19%)	43 92 507 243
Other assets (pre COVID-19 adjustment) Other assets (COVID-19 adjustment)	Rm Rm	205 35	266 -	327	(23%) 100%	(19%) n/a	243 -
Total assets	Rm	14 783	12 530	10 656	18%	18%	13 558
Liabilities Bank overdrafts Trade and other payables Insurance contract liabilities** Interest-bearing liabilities	Rm Rm Rm Rm	175 196 267 11 220	150 318 319 9 145	265 404 325 8 527	17% (38%) (16%) 23%	(43%) (21%) (2%) 7%	99 275 309 9 929
Senior debt Subordinated debt Group Ioans Lease liabilities	Rm Rm Rm Rm	10 293 664 107 156	8 593 552 –	6 672 692 1 163 -	20% 20% 100% 100%	29% (20%) (100%) n/a	9 249 517 163 -
Other liabilities Total liabilities	Rm Rm	187 12 045	63 9 995	42 9 563	>100% 21%	50% 5%	192 10 804
Segment net assets	Rm	2 738	2 535	1 093	8%	>100%	2 754
CAPITAL ADEQUACY Equity Group loans*** Subordinated debt Total capital	Rm Rm Rm Rm	2 738 - 664 3 402	2 535 - 552 3 087	1 093 737 692 2 522	8% 0% 20% 10%	>100% (100%) (20%) 22%	2 754 - 517 3 271
Less: goodwill Total capital less goodwill Total assets less goodwill and cash and cash equivalents	Rm Rm Rm	(505) 2 897 13 518	(508) 2 579	(499) 2 023 9 468	(1%) 12% 21%	2% 27% 18%	(507) 2 764 12 358
Capital adequacy ratio	%	21.4	23.0	21.4	21/0	10/6	22.4
Equity Subordinated debt	% %	16.5 4.9	18.1 4.9	14.1 7.3			18.2 4.2

\* Presented net of benefits ceded on insurance contracts related to inventories and loans and advances.

Presented net or benetitis cedea on insurance contracts related to internance and terms and terms.
 Benefits accruing to insurance contract holders.
 \*\* A portion of SA Taxi's group loans is not permanent facility and has been excluded from the capital adequacy calculation (31 March 2020; R107 million; 31 March 2019; Rill million; 31 March 2019; Rill million; 31 March 2019; Rill million; 31 March 2018; R426 million; 30 September 2019; R163 million). The remaining group loans are subordinated debt facilities with fixed repayment terms.

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		Half year ended 31 March		March	arch Movement		30 September	
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated	
SA TAXI continued								
FINANCIAL MEASURES								
Total income	Rm	998	862	728	<b>16</b> %	18%	1 801	
Core pre-provision profit	Rm	586	478	407	23%	17%	1 005	
Net interest margin	%	12.2	11.5	11.7			12.2	
Risk-adjusted net interest margin Risk-adjusted net interest margin	%	6.1	7.2	7.8			9.0	
pre COVID-19 adjustment	%	8.4	7.2	7.8			9.0	
Core cost-to-income ratio	%	41.3	44.5	44.1			44.2	
Average cost of borrowing	%	10.9	11.3	11.4			11.1	
Leverage	times	5.4	4.9	9.7			4.9	
Debt funders	number	38	37	43	3%	(14%)	36	
	110111Del %	2.6	3.4	3.4	<b>J</b> 78	(14/0)	4.1	
Core return on average assets Core return on average assets pre COVID-19								
adjustment	%	3.9	3.4	3.4			4.1	
Core return on average equity Core return on average equity	%	14.0	25.3	34.7			24.6	
pre COVID-19 adjustment	%	20.5	25.3	34.7			24.6	
Weighted average interest rate at origination	%	23.0	23.3	23.6			24.0	
Average assets	Rm	14 443	12 094	10 290	1 <b>9</b> %	18%	12 617	
Average assets pre COVID-19 adjustment	Rm	14 445	12 094	10 290	17/0	10/0	12 617	
Average equity attributable to ordinary equity	NIII	14 450	12 094	10 290			12 017	
holders	Rm	2 723	1 644	1 015	<b>66</b> %	62%	2 110	
Average equity attributable to ordinary equity							0.110	
holders pre COVID-19 adjustment	Rm	2 736	1 644	1015		/	2 110	
Average gross loans and advances	Rm	11 102	9 615	8 515	15%	13%	9 982	
Average interest-bearing liabilities	Rm	10 901	9713	8 554	12%	14%	9 756	
Employees	number	1 240	1 151	1 033	8%	11%	1 223	
OPERATIONAL MEASURES								
Status			01.540	00.001	=0/	50/	00.443	
Number of loans	number	33 079	31 543	29 921	5%	5%	32 441	
Gross loans and advances*	Rm	11 304	9 947	8 747	14%	14%	10 753	
Impairment provision (pre COVID-19	_							
adjustment)*	Rm	(489)	(466)	(485)	5%	(4%)	(515)	
Additional provision (COVID-19 adjustment)*	Rm	(126)	-	-	100%	n/a	-	
Net loans and advances*	Rm	10 689	9 481	8 262	13%	15%	10 238	
Originations								
Number of loans originated	number	3 876	4 262	3 917	( <b>9</b> %)	9%	8 591	
Value of loans originated	Rm	1 751	1 872	1 634	(6%)	15%	3 815	
Average loan term at origination	months	71	71	68	(0%)	4%	71	
Average remaining loan term	months	47	48	47	(1%)	2%	48	
New/repeat clients (on value)	%	72/28	70/30	69/31			71/29	
Average origination value	Rm	451 867	439 119	417 202	3%	5%	444 034	
Credit performance								
Credit loss ratio	%	6.1	4.3	3.9			3.2	
Credit loss ratio pre COVID-19 adjustment	%	3.8	4.3	3.9			3.2	
Provision coverage	%	5.4	4.7	5.5			4.8	
Provision coverage pre COVID-19 adjustment	%	4.3	4.7	5.5			4.8	
Non-performing loans	Rm	2 163	1814	1 536	1 <b>9</b> %	18%	1 924	
	%							

\* Presented net of benefits ceded on insurance contracts related to loans and advances.

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		Half ye	ar ended 31	l March	Move	ement	30 September
			2019	2018			2019
		2020	Restated	Restated	2020	2019	Restated
SA TAXI continued							
INSURANCE PERFORMANCE							
	Rm	462	398	328	16%	21%	823
Products per insured clients num		>2.0	2.1	1.8	1070	21/0	>2.0
nouses per insoled clients norm		~2.0	2.1	1.0			22.0
CREDIT RATINGS							
Transsec 1 R4 billion Asset Backed Note							
Programme (S&P rated)							
Class A Notes		n/a	n/a	zaAA-(sf)			n/a
Class B Notes		n/a	n/a	zaAA-(sf)			n/a
Class C Notes		n/a	n/a	zaAA-(sf)			n/a
Class D Notes		n/a	n/a	zaA+(sf)			n/a
Transsec 2 R4 billion Asset Backed Note							
Programme (S&P rated)							
Class A Notes		zaAAA(sf)	zaAA+(sf)	zaAA-(sf)			zaAAA(sf)
Class B Notes		zaAAA(sf)	zaAA+(sf)	zaAA-(sf)			zaAAA(sf)
Class C Notes		zaAA+(sf)	zaA(sf)	zaA(sf)			zaAA+(sf)
Transsec 3 R2.5 billion Asset Backed Note							
Programme (Moody's rated)							
Class A1 Notes		n/a	n/a	P-1.za(sf)			n/a
Class A2 Notes		Aaa.za(sf)	Aaa.za(sf)	Aaa.za(sf)			Aaa.za(sf)
Class A3 Notes		Aaa.za(sf)	Aaa.za(sf)	Aaa.za(sf)			Aaa.za(sf)
Class A4 Notes		Aaa.za(sf)	Aaa.za(sf)	n/a			Aaa.za(sf)
Class A5 Notes		n/a	P-1.za(sf)	n/a			n/a
Class A6 Notes		Aaa.za(sf)	Aaa.za(sf)	n/a			Aaa.za(sf)
Class A7 Notes		Aaa.za(sf)	Aaa.za(sf)	n/a			Aaa.za(sf)
Class B Notes		Aa 1.za(sf)	Aa3.za(sf)	Aa3.za(sf)			Aa3.za(sf)
Transsec 4 R2.5 billion Asset Backed Note							
Programme (Moody's rated)							
Class A1 Notes		P-1.za(sf)	P-1.za(sf)	n/a			P-1.za(sf)
Class A2 Notes		Aaa.za(sf)	Aaa.za(sf)	n/a			Aaa.za(sf)
Class A3 Notes		Aaa.za(sf)	Aaa.za(sf)	n/a			Aaa.za(sf)
Class A4 Notes		Aaa.za(sf)	Aaa.za(sf)	n/a			Aaa.za(sf)
Class A5 Notes		P-1.za(sf)	n/a	n/a			n/a
Class A6 Notes		Aaa.za(sf)	n/a	n/a			n/a
Class A7 Notes		Aaa.za(sf)	n/a	n/a			n/a
Class A8 Notes		Aaa.za(sf)	n/a	n/a			n/a
Class B Notes		Aa3.za(sf)	Aa3.za(sf)	n/a			Aa3.za(sf)
ENVIRONMENT							
Estimated minibus taxi market ('000) vehic	les	>250	~250	~250			>250
Price of a new Toyota HiAce (petrol)*	R	437 000	419 100	405 300	4%	3%	426 300
Price of a new Toyota HiAce (diesel)*	R	463 000	444 200	425 300	4%	4%	451 600
Average repo rate	%	6.34	6.67	6.75		.,0	6.66
Average petrol price per litre**	R	15.85	15.20	13.54	4%	12%	15.53
Average diesel price per litre**	R	14.37	13.95	11.78	3%	18%	14.34

\* Including value added tax (VAT). \*\* 12-month rolling average.

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		Half year ended 31 March		Movement		30 September	
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated
TRANSACTION CAPITAL RISK SERVICES							
(TCRS) Condensed income statement							
Interest income	Rm Rm	57 (126)	7 (51)	8 (25)	>100% >100%	(13%) >100%	28 (125)
Interest expense Net interest income	Rm	(120)	(44)	(17)	57%	>100%	(123) (97)
Non-interest revenue	Rm	1 108	933	816	1 <b>9</b> %	14%	2018
Core operating costs	Rm	(890)	(712)	(645)	25% 16%	10% 10%	(1 512)
Operating costs (pre COVID-19 adjustment) COVID-19 adjustment	Rm Rm	(825) (65)	(712) -	(645) –	10%	10% n/a	(1512) -
Non-operating profit/(loss)	Rm	-	8	(4)	(100%)	<(100%)	7
Equity accounted income Core profit before tax	Rm Rm	5 154	- 185	- 150	100% (17%)	n/a 23%	3 419
Core profit for the period from continuing							
operations	Rm	114	139	115	(18%)	21%	312
Discontinued operations (Loss)/profit for the period from discontinued							
operations Core profit for the period	Rm Rm	(16) 98	6 145	9 124	<(100%) (32%)	(33%) 1 <i>7</i> %	14 326
COVID-19 adjustment					(0=70)	.,,,,	020
Adjustment to purchased book debts Core profit for the period from continuing	Rm	47	-	-	100%	n/a	_
operations pre COVID-19 adjustment	Rm	161	139	115	16%	21%	312
Core profit for the period from continuing operations attributable to:	Rm	114	139	115	(18%)	21%	312
Ordinary equity holders of the parent Non-controlling interests	Rm Rm	111	136 3	110 5	(18%) 0%	24% (40%)	306 6
Core (loss)/profit for the period from discontinued operations attributable to:	Rm	(16)	6	9	<(100%)	(33%)	14
Ordinary equity holders of the parent	Rm	(16)	6	9	<(100%)	(33%)	14
Non-controlling interests	Rm	(18)	-	-	<(100%) n/a	(33%) n/a	-
Core profit for the period from continuing operations pre COVID-19 adjustment							
attributable to:	Rm	161	139	115	<b>16</b> %	21%	312
Ordinary equity holders of the parent Non-controlling interests	Rm Rm	158 3	136 3	110 5	16% 0%	24% (40%)	306 6
Core headline earnings from continuing operations for the period Core profit from continuing operations for the period attributable to ordinary equity holders							
of the parent Adjusted for:	Rm	111	136	110	(18%)	24%	306
Profit on disposal of subsidiary	Rm	-	(8)	_	(100%)	100%	(8)
Core headline earnings from continuing operations attributable to ordinary equity holders of the parent	Rm	111	128	110	(13%)	16%	298
Core headline earnings pre COVID-19 adjustment for the period attributable to ordinary equity holders of the parent	Rm	158	128	110	23%	16%	298
Once-off transaction costs	Rm	4	_	_	100%	n/a	_
OTHER INFORMATION Depreciation	Rm	33	9	10	>100%	(7%)	19
Amortisation of intangible assets	Rm	17	13	13	31%	2%	29

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		Half ye	Half year ended 31 March		Move	ement	30 September
			2019	2018			2019
		2020	Restated	Restated	2020	2019	Restated
TRANSACTION CAPITAL RISK SERVICES							
(TCRS) continued							
CONDENSED STATEMENT OF							
FINANCIAL POSITION Assets							
Cash and cash equivalents	Rm	99	106	170	(7%)	(38%)	194
Trade and other receivables	Rm	346	400	327	(14%)	22%	317
Loans and advances	Rm	-	523	587	(100%)	(11%)	579
Purchased book debts	Rm	2 775	1 727	1 030	61%	68%	2 382
Purchased book debts (pre COVID 19							
adjustment)	Rm	2 840	1 727	1 030	64%	68%	2 382
COVID-19 adjustment	Rm	(65)	-	-	100%	n/a	-
Equity accounted investments	Rm	86	_	_	100%	n/a	71
Intangible assets	Rm	325	242	220	34%	10%	251
Property and equipment	Rm	292	81	75	>100%	8%	78
Goodwill	Rm	797	650	606	23%	7%	647
Assets classified as held for sale	Rm	666	-	-	100%	n/a	_
Other assets	Rm	91	109	176	(17%)	(38%)	60
Total assets	Rm	5 477	3 838	3 191	43%	20%	4 579
Liabilities							
Bank overdrafts	Rm	141	166	-	(15%)	100%	282
Trade and other payables	Rm	219	181	246	21%	(26%)	396
Interest-bearing liabilities	Rm	2 839	1 568	1 209	81%	30%	1 801
Senior debt	Rm	2 057	1 165	996	77%	17%	1 038
Group loans*	Rm	522	400	213	31%	88%	761
Lease liabilities	Rm	260	3	-	>100%	100%	2
Liabilities directly associated with assets							
classified as held for sale	Rm	48	-	-	100%	n/a	-
Other liabilities	Rm	450	375	371	<b>20</b> %	1%	361
Other liabilities (pre COVID-19 adjustment)	Rm	468	375	371	25%	1%	361
Other liabilities (COVID-19 adjustment)	Rm	(18)	-	-	100%	n/a	-
Total liabilities	Rm	3 697	2 290	1 826	61%	25%	2 840
Segment net assets	Rm	1 780	1 548	1 365	15%	13%	1 739

\* Group loans are not permanent facilities.

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		Half ye	ar ended 3	1 March	Movement		30 September
			2019	2018			2019
		2020	Restated	Restated	2020	2019	Restated
FINANCIAL MEASURES							
Total income	Rm	1 039	889	799	17%	11%	1 921
Non-interest revenue net of amortisation	Rm	947	849	775	12%	10%	1 859
Non-interest revenue net of amortisation							
pre COVID-19 adjustment	Rm	1 012	849	775	1 <b>9</b> %	10%	1 859
Core cost-to-income ratio	%	85.7	80.1	80.7			78.7
Core cost-to-income ratio pre COVID-19							
adjustment	%	79.4	80.1	80.7			78.7
Average cost of borrowing	%	9.5	10.1	9.2			9.3
Leverage	times	3.1	2.5	2.3			2.6
Core return on average assets	%	3.8	7.7	7.9			8.1
Core return on average assets from continuing							
operations	%	4.4	7.4	7.3			7.8
Core return on average assets from continuing							
operations pre COVID-19 adjustment	%	6.2	7.4	7.3			7.8
Core return on average equity	%	11.3	19.4	18.5			20.8
Core return on average equity from continuing							
operations	%	13.2	18.6	17.2			19.9
Core return on average equity from continuing							
operations pre COVID-19 adjustment	%	18.6	18.6	17.2			19.9
Core return on sales from continuing							
operations	%	11.0	15.6	14.4			16.2
Core return on sales from continuing							
operations pre COVID-19 adjustment	%	15.5	15.6	14.4			16.2
Average assets	Rm	5 148	3 754	3 136	37%	20%	4 017
Average assets pre COVID-19 adjustment	Rm	5 157	3 754	3 136	37%	20%	4 017
Average equity attributable to ordinary							
equity holders	Rm	1 729	1 495	1 341	16%	11%	1 566
Average equity attributable to ordinary							
equity holders pre COVID-19 adjustment	Rm	1 736	1 495	1 341	16%	11%	1 566
Average interest-bearing liabilities	Rm	2 671	1 541	1 180	73%	31%	1710
Average book value of purchased book debts	Rm	2 586	1 537	977	<b>68</b> %	57%	1 757
Average book value of purchased book debts							
pre COVID-19 adjustment	Rm	2 595	1 537	977	<b>69</b> %	57%	1 757
Employees	number	3 411	3 350	3 349	2%	0%	3 414

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		Half ye	ar ended 3	1 March	Movement		30 September
		2020	2019 Restated	2018 Restated	2020	2019	2019 Restated
TRANSACTION CAPITAL RISK SERVICES (TCRS) continued OPERATIONAL MEASURES Contingency and fee-for-service (FFS)/ principal collections revenue split Face value of purchased book debt acquired Cost price of purchased book debts acquired	% Rb Rm	44/56 4.1 556	52/48 2.4 437	66/34 8.3 222	71% 27%	(71%) 97%	50/50 8.0 1 186
Asset turnover ratio Asset turnover ratio pre COVID-19 adjustment Estimated remaining collections	% % Rm	43.2 43.1 5 321	51.7 51.7 3 597	48.9 48.9 2 226	48%	62%	51.3 51.3 4 480
TCRS South Africa Number of contingency and FFS clients Number of direct staff Call centres Assets under management	number number number Rb	77 2 240 5 51.0	79 2 192 5 54.3	82 2 198 6 41.8	(3%) 2% 0% (6%)	(4%) (0%) (1 <i>7</i> %) 30%	76 2 215 5 47.5
Contingency and FFS Principal	Rb Rb	26.7 24.3	31.4 22.9	21.2 20.6	(15%) 6%	48% 11%	24.9 22.6
<b>TCRS Australia</b> Number of contingency and FFS clients Number of direct staff Call centres Assets under management	number number number Rb	49 542 3 12.4	45 590 3 12.0	45 523 2 9.6	9% (8%) 0% 3%	0% 13% 50% 25%	47 609 3 13.0
Contingency and FFS Principal	Rb Rb	10.6 1.8	11.4 0.6	9.6	(7%) >100%	19% 100%	11.8 1.2
SERVICER RATINGS Primary Servicer (GCR rated) Special Servicer (GCR rated)		SQ1-(za) SQ1(za)	SQ1-(za) SQ1(za)	SQ1-(za) SQ1(za)			SQ 1-(za) SQ 1(za)
ENVIRONMENT: SOUTH AFRICA* Credit active consumers (million) Non-performing credit consumers (million) Household debt to income Unemployment rate Average consumer price inflation	number number % %	25.2 10.7 72.8 29.1 4.1	25.9 10.2 72.7 27.1 4.6	25.3 9.7 71.9 26.7 4.4	(3%) 5%	2% 5%	25.1 10.2 72.7 29.1 4.1

\* Latest available published information at time of reporting.

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		Half year ended 31 March			Movement		Year ended
		2020	2019 Restated	2018 Restated	2020	2019	30 September 2019 Restated
GROUP EXECUTIVE OFFICE* CONDENSED INCOME STATEMENT	D	20	25	20	110/	0%	75
Net interest income Equity accounted (loss)/income	Rm Rm	39 (1)	35	32	11% 100%	9% n/a	75 1
Core operating costs	Rm	(18)	(9)	(6)	100%	50%	(13)
Core profit before tax	Rm	20	26	26	(23%)	0%	63
Core profit for the period	Rm	14	18	18	(22%)	0%	45
Core headline earnings	Rm	14	18	18	(22%)	0%	45
Once-off transaction costs	Rm	-	3	-	(100%)	100%	3
OTHER INFORMATION Depreciation	Rm	-	]	_	(100%)	100%	1
CONDENSED STATEMENT OF FINANCIAL POSITION Assets							
Cash and cash equivalents	Rm	196	589	45	(67%)	>100%	32
Trade and other receivables	Rm	5	1	-	>100%	100%	5
Equity accounted investments	Rm	174	19	-	>100%	100%	21
Property and equipment	Rm	1	2	2	(50%)	0%	2
Other assets	Rm	37	38	15	(3%)	>100%	38
Total assets	Rm	413	649	62	(36%)	>100%	98
Liabilities							
Trade and other payables	Rm	22	23	13	(4%)	77%	38
Interest-bearing liabilities	Rm	(629)	(400)	(1 001)	57%	(60%)	(924)
Subordinated debt	Rm	-	-	375	n/a	(100%)	-
Group loans	Rm	(629)	(400)	(1 376)	<b>57</b> %	(71%)	(924)
Other liabilities	Rm	1	14	9	( <b>93</b> %)	56%	5
Total liabilities	Rm	(606)	(363)	(979)	<b>67</b> %	(63%)	(881)
Segment net assets	Rm	1 019	1 012	1 041	1%	(3%)	979
Employees	number	30	26	25	15%	4%	25

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

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# FORMULAE AND DEFINITIONS

ITEM	DEFINITION
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	Sum of equity attributable to ordinary equity holders 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 total income.
Core headline earnings	Headline earnings excluding once-off transaction costs.
Core headline earnings from continuing operations	Headline earnings excluding once-off transaction costs and profit or loss for the period from discontinued operations.
Core headline earnings per share	Core headline earnings divided by weighted average number of ordinary shares in issue.
Core headline earnings per share from continuing operations	Core headline earnings from continuing operations divided by weighted average number of ordinary shares in issue.
Core operating costs	Operating costs excluding once-off transaction costs.
Core pre-provision profit	Core profit before tax excluding impairment of loans and advances.
Core profit before tax	Profit before tax excluding once-off transaction costs.
Core profit for the period	Profit for the period excluding once-off transaction costs.
Core profit for the period from continuing operations	Profit for the period excluding once-off transaction costs and profit or loss for the period from discontinued operations.
Core return on average assets	Core profit for the period expressed as a percentage of average assets.
Core return on average assets from continuing operations	Core profit for the period from continuing operations expressed as a percentage of average assets.
Core return on average equity	Core profit for the period attributable to ordinary equity holders expressed as a percentage of average equity attributable to ordinary equity holders.
Core return on average equity from continuing operations	Core profit for the period from continuing operations attributable to ordinary equity holders expressed as a percentage of average equity attributable to ordinary equity holders.
Core return on sales from continuing operations	Core profit from continuing operations for the period expressed as a percentage of total income.
Cost-to-income ratio	Operating costs expressed as a percentage of total income.
Credit loss ratio	Impairment of loans and advances expressed as a percentage of average gross loans and advances.
Effective tax rate	Income tax expense expressed as a percentage of profit before tax.
Estimated remaining collections	Estimated undiscounted value of remaining gross cash collections of purchased book debts, estimated to be recovered over the next 120 months.

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ITEM	DEFINITION
Gross loans and advances	Gross loans and advances exclude the value of the written-off book brought back onto the balance sheet.
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.
Leverage	Total assets divided by total equity expressed in times.
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 where the applicable obligor is:
	<ul> <li>At least 3.5 monthly instalments in arrears;</li> <li>In respect of which a qualifying payment/s has not been made during the reference period; and</li> <li>Where such arrears is due to obligor delinquency.</li> </ul>
	<i>Qualifying payment:</i> a payment made which is more than 50% of the cumulative instalments due during the reference period.
	Reference period: The preceding three-month period ending at the reporting date.
	b) The value of repossessed stock on hand that has not yet entered the refurbishment facilities.
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 expressed as a percentage of average equity attributable to ordinary equity holders.
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	Net interest income plus non-interest revenue.
Weighted average interest rate at origination	Interest rate at origination weighted on initial capital advanced for the period.
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.

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