



Transaction Capital Limited
(Incorporated in the Republic of South Africa)
Registration number: 2002/031730/06
JSE share code: TCP
ISIN: ZAE000167391
Tax reference number: 9466/298/15/6
("Transaction Capital" or "the company" or "group")

ANNUAL GENERAL MEETING STATEMENT BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHANGES TO THE BOARD

INTRODUCTION

Transaction Capital started the 2014 financial year with a portfolio of assets substantially different from those reported on in the 2013 year. The change in portfolio was a response to emergent opportunities to realise value for shareholders while reducing the range and complexity of risks facing our group. Significant developments since the 2013 financial year end date are highlighted below:

- The sale of Paycorp became effective on 1 November 2013, on which date proceeds of R937m were received.
- The sale of Bayport became effective on 31 December 2013 with proceeds of R1 336 million for Transaction Capital's 82.65% stake received on 10 January 2013.
- The equity and debt structures of the group will be optimised via a special distribution of approximately R1.2 billion (R2.10 per share) as announced on 17 February 2014 and to be paid on 17 March 2014, anticipated to be followed by the retirement of a small portion of expensive debt. The group is thus well positioned to take advantage of and fund organic and acquisitive growth opportunities.

Notwithstanding a challenging consumer and regulatory environment, it is gratifying to advise shareholders that Transaction Capital has made pleasing progress towards its strategic, operational and financial objectives in the first four months of the 2014 financial year.

OPERATIONAL PERFORMANCE OF CONTINUING OPERATIONS

Each of the divisions is performing in line with expectations regarding growth rates, with the following being the most notable developments.

Asset backed lending

SA Taxi – minibus taxi finance;

Rand Trust – invoice discounting and commercial receivables management for SME's

Growth in gross loans and advances continues in the upper-teens on an annualised basis.

SA Taxi continues to focus on customer-centricity and enhancing its value proposition to clients through: enhanced product offerings; a stand-alone insurance offering and the continued “bakkie” finance pilot. SA Taxi has restructured its insurance business enhancing the offering to clients, and continues to manage the portfolio of entry level vehicles down thus improving credit metrics over the medium term. Origination levels and collections are as planned, with credit metrics in line or slightly ahead of expectations.

Rand Trust continues to invest in a distribution strategy and value proposition necessary to grow its SME client base nationally.

Credit services

MBD Credit Solutions – debt collection as agent and principal; Principa – credit risk management consulting

MBD Credit Solutions performed to expectations by strengthening its market leadership in receivables collections, as well as focusing on effective cost management. In line with our strategic objectives in this business and the advantageous book buying environment, acceleration in the purchase of distressed debts continued into the first quarter of the 2014 financial year.

The performance of Principa was in line with expectations. The Qarar joint venture in the Middle East is fully operational and our healthy relationship with FICO continues.

FUNDING AND CAPITAL ADEQUACY

The group remains adequately funded in terms of projected origination and cash requirement levels. Transaction Capital continues to enjoy support from its diverse debt funder base.

Following the disposal of Paycorp and Bayport as well as the special distribution as announced, Transaction Capital’s equity and debt capital position is robust. Capital adequacy levels are significantly higher than the medium term 30% target and the group is well positioned to take advantage of and fund organic and acquisitive growth opportunities.

CHANGES TO THE BOARD

In terms of paragraph 3.59 of the Listings Requirements of the JSE Limited, the board of directors of Transaction Capital (“the Board”) wishes to advise that with effect from the closure of the group’s Annual General Meeting held on 4 March 2014, the following changes have occurred to the Board and its sub-committees:

- Mark Lamberti has tendered his resignation as a non-executive director of the company, chairman of the Board and member of the remuneration and nominations committees.
- Christopher Seabrooke, who on 16 January 2014 stood down as independent non-executive chairman to become lead independent non-executive director, has been re-appointed as independent non-executive chairman of the Board. Mr. Seabrooke has been appointed as the chairman of the nominations committee and remains a member of the remuneration committee and the audit, risk and compliance committee.
- Roberto Rossi, previously executive director and the group’s chief legal officer has resigned as an executive director to be appointed as non-executive director of the Board and a member of the nominations committee.

- Dumisani Tabata has been appointed as the chairman of the remuneration committee, replacing Christopher Seabrooke as chairman.
- Michael Mendelowitz stands down as a member of the remuneration committee.

The Board wishes to thank Mark Lamberti for his significant contribution to the company over the past six years and wishes him well with his future endeavours.

The above changes position Transaction Capital with a board of ten directors (comprising six non-executives, five of whom are independent) to meet the group's governance and leadership requirements, without compromising the strategic and growth objectives espoused at the time of listing.

OUTLOOK

Transaction Capital is confident that the group is performing in line with previously reported performance trends. Although there are sufficient opportunities organically to drive short to medium term growth within its existing operations, Transaction Capital continues to actively consider acquisitive growth opportunities.

Regulatory developments are closely monitored, with specific attention to the widely publicised National Credit Amendments Bill. Transaction Capital participates in various industry bodies and interacts regularly with its regulators, with a view to gaining an early understanding of proposed legislation and favorably positioning Transaction Capital for change.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed and reported on by the group's external auditors. Transaction Capital's results for the six months to 31st March 2014 are expected to be released on SENS on Tuesday 6th May 2014.

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4 March 2014

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