



Pre-close Trading Update

Prior to Transaction Capital's closed period, commencing 1 October 2012, an update on the business is provided below:

ENVIRONMENT

General economic conditions are stable supported by historically low interest rates. The following trends are of specific relevance to Transaction Capital:

- Minibus taxis remain the primary means of transport for most South African commuters and the demand for vehicles and the end user finance thereof remains robust.
- As anticipated, reports by the National Credit Regulator and major credit providers indicate a slowing in the high rate of unsecured lending growth experienced over the past two years.
- Demand from credit providers for outsourced collection and consulting services remains high and their sale of late stage debtors books is an increasing occurrence.
- Notwithstanding the penetration of credit and debit cards, cash withdrawals from ATM's are high and increasing in peri-urban and rural areas.

OPERATIONAL PERFORMANCE

Asset backed lending

SA Taxi – minibus taxi finance; Rand Trust – invoice discounting and commercial receivables management to SME's

Growth in gross loans and advances continues in the upper-teens, with new vehicle origination increasingly weighted towards premium vehicles.

Recent strong collection trends have been encouraging, resulting in a stable credit loss ratio of approximately 6%, while provision coverage has been increased moderately.

Progress has been made with the operational efficiencies of Taximart, where lower cost refurbishment of repossessions results in stable recoveries.

Unsecured lending

Bayport – unsecured credit and related products

The following information is available on Transaction Capital's website regarding Bayport Securitisation (RF) Ltd.

Growth in gross loans and advances of 53% to R4.4 billion for the 12 months to 31 July 2012 is a result of both larger loans (not consolidation loans) to lower risk repeat clients and smaller loans to new clients. This is reflected in the number of loans having increased only 29% (for 12 months) to 317,665 over the same period. Bayport's growth of disbursements continues to be determined by the Group's risk appetite rather than through aggressive products and marketing.

Provision coverage has increased to 15% at 31 July 2012, in line with increased non-performing loans ("NPLs"). It is encouraging to note that the growth in non-performing loans has slowed, with the NPL ratio remaining stable at 29.5% during June and July 2012. Credit losses have tracked downwards in line with management's expectations. Vintages continue to track in tight band, and are in line with historical trends.

Credit services

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

Growth as well as composition of revenue remains in line with the trends experienced during the six months to 31 March 2012, while cost to income ratios are consistent with long term trends.

Payment services

Paycorp – deployer and operator of off bank premise ATMs

Paycorp continues to experience encouraging increases in the volume and value of ATM disbursements resulting from both the planned growth of the network and improved yield arising from the relocation of marginal machines to higher traffic locations. Losses from vandalism and ATM bombings have reduced significantly.

FUNDING

The Group remains adequately funded in terms of projected origination and cash requirement levels.

Since March 2012:

- Bayport Securitisation (RF) Ltd has issued debt of R785 million with the last issue of 5-year amortising senior Class A notes being priced at a credit margin of 415 bps above 3 month Jibar.
- Two new debt investors have been added to BaySec
- Two new debt investors have been added to SA Taxi

Equity raised prior to and during the IPO have substantially strengthened the balance sheet resulting in a capital adequacy of 34%.

2012 FINANCIAL RESULTS AND OUTLOOK

Financial results for the full year to 30 September 2012 will be released on or about 29 November 2012.

"Transaction Capital continues to register progress towards the strategic, operating and financial objectives described fully in the pre-listing statement issued in June this year.

With only two weeks of the 2012 financial year remaining, we are pleased to report that all divisions have sustained their asset, revenue and profit growth trends in line with expectations, while refining their value proposition to clients.

The Group nears its first reporting period as a public company, with a portfolio, capital structure and management well placed to achieve its medium and long term objectives as a unique provider of credit, credit services and payment services to selected segments of the Southern African financial services sector."

Mark J. Lamberti
Chief Executive Officer

The information contained in this announcement has not been reviewed by or reported on by Transaction Capital's external auditors.

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