HIGHLIGHTS 2016
INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH
STRATEGIC & OPERATIONAL HIGHLIGHTS

• Robust financial performance
  › 19% organic growth in headline earnings & headline earnings per share
  › Continued improvement in credit metrics
  › Early adoption of IFRS 9

• Strategic positioning of operating divisions
  › Occupy leading market positions
  › Highly defensive businesses
  › Experienced & skilled management teams
  › Platforms to develop new products & expand into new markets

• Deployment of capital
  › Conservative & liquid balance sheet in a challenging South African economy
  › Reinvesting into organic capital deployment opportunities within existing divisions
  › Acquisitions search continues, expected within existing divisions & skills set
  › Vertical integration: establishment of autobody repair facility & dealership
  › Expansion into new adjacent markets: launch of Zebra Cabs, a point-to-point metered taxi business
MACRO-ECONOMIC ENVIRONMENT

• Macro- & socio-economic challenges continue to constrain growth in South Africa
  › **Political**: political instability & potential sovereign rating downgrade
  › **Social**: persistent low employment levels with little or no real wage growth; continued protest action & social unrest
  › **Economic**: currency related inflation; drought-related food inflation; increased interest rates, higher electricity & fuel costs

• Consumer & SME sector of economy remains vulnerable
  › Household debt-to-disposable income ratio remains at elevated levels with debt-service costs increasing

CAPITAL MARKETS

• Local funding market characterised by:
  › Constrained liquidity
  › Issuers paying a premium to access reduced local funding pools

• SA Taxi has enjoyed uninterrupted access to debt capital markets

REGULATORY ENVIRONMENT

• SARB proposal for authenticated collections to replace existing NAEDO/AEDO
• DTI proposals re caps on credit life insurance pricing & NCR’s regulations re affordability assessments, prescription, caps on interest rates & fees
  › SA Taxi: unaffected by these changes or proposals
  › Risk services: regulations not conducive to credit extension & in medium term may impact volume of matters handed over. TCRS continues to expand into non-NCA regulated adjacent markets, including public sector, telecommunications & insurance sectors
ENVIRONMENT

Defensive positioning enables Transaction Capital to grow earnings despite a challenging & low growth South African economic environment

ASSET-BACKED LENDING

• Minibus taxi infrastructure remains the dominant form of public transport
• Commuters’ use of taxis remains consistently high as spend on transport is non-discretionary
• Taxi operator not over-indebted
• Demand for vehicles & finance to replace ageing national minibus taxi fleet exceeds supply

RISK SERVICES (TCRS)

• Adverse environment stimulates demand from new and existing clients for collection & related credit risk management services
• Increased number of non-performing portfolios available to acquire
STRATEGY & PROSPECTS

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2016
TRANSACTION CAPITAL GROUP
FOR THE SIX MONTHS ENDING 31 MARCH 2016

TRANSACTION CAPITAL LIMITED – CEO: David Hurwitz, group tenure: 11 years | employees: 3,822 | headline earnings: R210m

ASSET-BACKED LENDING
CEO: Terry Kier
Group tenure: 9 years

HEADLINE EARNINGS R120m (▲21%)
GROSS LOANS & ADVANCES R6,688m (▲12%)
EMPLOYEES 734

RISK SERVICES
CEO: David McAlpin
Group tenure: 8 years

HEADLINE EARNINGS R70m (▲15%)
PRINCIPAL REVENUE ▲9% AGENCY REVENUE ▲6%
EMPLOYEES 3,066

Vertically integrated provider of finance, insurance & other related products using credit assessment, collections & capital management competencies. Operational competencies include vehicle & spare parts procurement (Taximart), direct vehicle sales (SA Taxi Direct), vehicle refurbishment (Taximart), insurance (SA Taxi Protect) & telematics. SA Taxi also applies these competencies to finance bakkies (SA Bakkie) & point-to-point metered taxis (Zebra Cabs) as income-producing assets for SMEs

A technology led, data analytics driven provider of customer management & capital solutions, enabling our clients to effectively manage their customers through their lifecycle

1. Headline earnings attributable to the business, including minority interest
TRANSACTION CAPITAL’S
ASSET-BACKED LENDING DIVISION

SA Taxi

*is an asset-backed lender that*
*utilises its proprietary data*
*& vertically integrated specialist*
*capabilities to extend*
*developmental credit for*
*income generating vehicles,*
*insurance & allied services*
*to the underserved &*
*emerging SME market*

A unique blend of vehicle procurement, sales, repossession & refurbishment capabilities, with comprehensive insurance competencies & debt & equity capital management skill

Generating in-depth client insight via granular telematics, credit, vehicle & other data to enable precise & informed credit origination & collection decisioning

Deepening our clients’ access to financial services

Predominantly minibus taxis but also leveraging existing competencies in adjacent markets including bakkies used by SMEs & metered point-to-point taxis

Business support to SMEs that may not otherwise have access to credit from traditional banks, thereby facilitating SME growth

Assisting our SME clients to maximise cash flow & protect their income producing vehicles thus improving their ability to succeed
MINIBUS TAXIS ARE THE DOMINANT MODE OF PUBLIC TRANSPORT

- The majority of commuters who utilise public transport are heavily reliant on minibus taxis
- Usage of minibus taxis has been consistently high throughout the industry’s existence & shows no sign of slowing
- Minibus taxi transport is a non-discretionary expense for the majority of the nation’s commuters

Source: National Land Transport Strategic Framework 2015 | Passenger statistics from Arrive Alive & StatsSA noting individuals can take more than one mode of transport | SABOA website
DAILY COMMUTERS RELY ON MINIBUS Taxis

Minibus taxis service rail & bus nodes

Source: SA Taxi telematics data as at 1 April 2016 | National Land Transport Strategic Framework 2015
“The minibus taxi industry is today the most critical pillar of our public transport sector”

Arrive Alive
**DEMANDS FOR VEHICLES EXCEEDS THE CURRENT SUPPLY**

- Estimated fleet of >200,000 minibus taxis in South Africa, with ~70,000 to 80,000 financed
- ~135,000 (68%) are old & unsafe vehicles that need to be replaced
- Ageing fleet & recapitalisation drives higher demand for vehicles & consequently a need for finance
  - Per the National Land Transport Act a minibus taxi must be scrapped after 7 years
  - Natural churn in the market as a result of high usage

New minibus taxi sales in South Africa

<table>
<thead>
<tr>
<th>Vehicle type</th>
<th>New vehicle sales per month</th>
<th>SA Taxi’s market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Sesfikile</td>
<td>~720</td>
<td>37%</td>
</tr>
<tr>
<td>Nissan NV350</td>
<td>~200</td>
<td>18%</td>
</tr>
<tr>
<td>Chinese manufactured</td>
<td>~100</td>
<td>0%</td>
</tr>
<tr>
<td>Mercedes Sprinter</td>
<td>~70</td>
<td>22%</td>
</tr>
</tbody>
</table>

Toyota is the most prevalent vehicle type in the minibus taxi industry, followed by Nissan.

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

Source: Arrive Alive | National Land Transport Strategic Framework 2015 | Department of Transport Minister Dipuo Peters address at National Council of Provinces | Transport budget vote NCOP 2015/16 | Engineering News
SA TAXI PROVIDES BUSINESS SUPPORT TO SMEs

DEEPPENING ACCESS TO DEVELOPMENTAL CREDIT, & FINANCING UNDER-SERVED & EMERGING SMEs WHO WOULD OTHERWISE REMAIN OUTSIDE THE FORMAL ECONOMY

<table>
<thead>
<tr>
<th>IN SOUTH AFRICA</th>
<th>OUR PORTFOLIO</th>
<th>RESULTING IN</th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 200'000</td>
<td>R6.7 billion</td>
<td>&gt;15 million</td>
</tr>
<tr>
<td>69%</td>
<td>currently financed</td>
<td>commuter trips daily (^1,2)</td>
</tr>
<tr>
<td>70'000-80'000</td>
<td>21 479</td>
<td>37%</td>
</tr>
<tr>
<td>69%</td>
<td>unique clients owning 25 591 vehicles</td>
<td>new Toyota sales for Toyota Sesfikile</td>
</tr>
<tr>
<td>80'000-90'000</td>
<td>23 800</td>
<td>&gt;6 000</td>
</tr>
<tr>
<td>69%</td>
<td>currently insured</td>
<td>safer minibus taxis on our roads</td>
</tr>
<tr>
<td>~ 17'000</td>
<td>1 in 3</td>
<td>in 2015, new &amp; pre-owned</td>
</tr>
<tr>
<td>69%</td>
<td>of financed national taxi fleet</td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td>100%</td>
<td>&gt;1 900</td>
</tr>
<tr>
<td>20%</td>
<td>Black owned SMEs</td>
<td>SMEs created through the refurbishment &amp; financing</td>
</tr>
<tr>
<td>20%</td>
<td>women</td>
<td>of pre-owned vehicles in 2015</td>
</tr>
</tbody>
</table>

1. StatsSA National household travel survey 2013
2. SA Taxi’s best estimate through our engagement with the industry & extrapolation of internal data
ASSET-BACKED LENDING
DISTINCTIVE COMPETENCIES

Proven & diversified funding structures whereby allocated equity is geared with local and international debt, to achieve risk-adjusted returns

Ability to procure, repossess, refurbish & sell new & pre-owned vehicles including: Toyota minibus, Hilux & Corolla, Nissan minibus & Mercedes Benz long-distance minibus

Proprietary telematics data used throughout the value chain provides critical insights for business decisions
- Origination: Data applied into credit vetting process to better understand credit risk & route profitability
- Collections: Data informs how collections agents interact with the taxi operator
- Insurance: Historical data is used to accurately price the insurance risk & live data is applied to identify no movement which may indicate an insurance claim
- Repossessions: Live location data aids the repossession process
ASSET-BACKED LENDING
DISTINCTIVE COMPETENCIES

FINANCE

SA TAXI PROTECT

SA TAXI DIRECT

TAXIMART

PROPRIETARY TELEMATICS DATA USED THROUGHOUT THE VALUE CHAIN

Approved route vs. route actually travelled

Distance travelled on an hourly basis
# Asset-Backed Lending

## Looking Forward

<table>
<thead>
<tr>
<th>VALUE CHAIN</th>
<th>FIXED ROUTE (MINIBUS TAXI)</th>
<th>POINT-TO-POINT (METERED TAXI)</th>
<th>SME (BAKKIE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUITY ALLOCATION &amp; DEBT RAISING</td>
<td>🔄</td>
<td>🔄</td>
<td>🔄</td>
</tr>
<tr>
<td>VEHICLE SUPPLY &amp; SALES</td>
<td>🔄 Leading market position encompassing the entire value chain within the minibus taxi industry</td>
<td>🔄</td>
<td>🔄 SA Taxi’s dealership established to procure &amp; sell new &amp; pre owned vehicles including: Toyota minibus, Nissan minibus &amp; Mercedes long-distance minibus</td>
</tr>
<tr>
<td>CREDIT UNDERWRITING &amp; ORIGINATION</td>
<td>🔄 Toyota Corolla customised metered taxi</td>
<td>🔄</td>
<td>🔄 Intention to increase proportion of vehicles procured &amp; sold, &amp; loans originated directly via SA Taxi’s dealership</td>
</tr>
<tr>
<td>INSURANCE</td>
<td>🔄</td>
<td>🔄</td>
<td>🔄</td>
</tr>
<tr>
<td>COLLECTIONS &amp; REPOSSESSION</td>
<td>🔄 Intention to increase &amp; enhance non-financed insurance portfolio</td>
<td>🔄</td>
<td>🔄</td>
</tr>
<tr>
<td>REPAIRS, MAINTENANCE &amp; REFURBISHMENT</td>
<td>🔄</td>
<td>🔄</td>
<td>🔄 Established dedicated refurbishment &amp; auto body repair facility</td>
</tr>
</tbody>
</table>

### Strategic Objectives

- **Leading market position** encompassing the entire value chain within the minibus taxi industry.
- **Apply existing capabilities & develop associated competencies**.
- **Further develop bakkie offering to SMEs, building on successful pilot**.
Transaction Capital’s Risk Services Division

... is a technology-led, data analytics driven provider of customer management & capital solutions, enabling our clients to effectively manage their customers through their lifecycle.

Generating in-depth insight to enable precise & informed internal & external decisioning.

Improving our clients’ ability to originate, manage & collect from their customers.

Assisting clients to optimise their balance sheet by accelerating cash flow through structured capital solutions.

An efficient platform driving superior performance & facilitating scale via cutting edge IT systems & processes.

Working with large consumer credit providers across multiple industries as well as SMEs.

Assisting our clients to maximise their customer lifetime value.
A GROWING NON-PERFORMING LOANS MARKET IN SOUTH AFRICA

Non-performing loan value

34 33 31 36 43 61 69 81

2008 - 2015 CAGR: 13%
Non-performing loan market size & growth (Rbn)

MBD target market

Mortgages & vehicle finance

2008 - 2015 CAGR: -4%

1. R81bn comprises credit monitored by the NCR. Transaction Capital Risk Services industry solutions also include SMEs, education, insurance, Public Sector, telecommunications & SOEs & Utilities
2. Source: NCR

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2016

162 BOOKS PURCHASED since 1999

FACE VALUE OF DEBT SERVICED
R81bn¹

Capital Solutions R16bn
Customer Management Solutions R15bn

Other fragmented participants in addressable market

We rank 1st or 2nd by our clients in 78% of 240 MANDATES (△ 33%) on panels where we are represented

1st or 2nd 78%
### IN SOUTH AFRICA
there are 35 million ADULTS [aged 15-65]

<table>
<thead>
<tr>
<th>Stat</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Credit Consumers</td>
<td>24 million</td>
</tr>
<tr>
<td>Non-Performing Credit Consumers</td>
<td>10 million</td>
</tr>
<tr>
<td>South Africans described as “OVER-INDEBTED”</td>
<td>&gt;11 million</td>
</tr>
<tr>
<td>86% of South Africans borrowed money between 2013 and 2014</td>
<td></td>
</tr>
<tr>
<td>2014 South Africans were the biggest borrowers in the world, World Bank report</td>
<td></td>
</tr>
</tbody>
</table>

Source: StatsSA, NCR, Accountancy SA February 2016, Internal data

### OUR PORTFOLIO

<table>
<thead>
<tr>
<th>Stat</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique MBD Customers</td>
<td>4.4 million</td>
</tr>
<tr>
<td>1 in 8 South African Adults</td>
<td></td>
</tr>
<tr>
<td>1 in 5 Credit-Active People</td>
<td></td>
</tr>
<tr>
<td>1 in 2 Non-Performing Credit Consumers</td>
<td></td>
</tr>
</tbody>
</table>

### RESULTING IN

<table>
<thead>
<tr>
<th>Stat</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection Agents</td>
<td>2 700</td>
</tr>
<tr>
<td>Voice Interactions</td>
<td>4.2 million</td>
</tr>
<tr>
<td>Payments received each month</td>
<td>715 000</td>
</tr>
</tbody>
</table>

Source: StatsSA, NCR, Accountancy SA February 2016, Internal data
RISK SERVICES
PRODUCT SOLUTIONS

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2016

CUSTOMER ENGAGEMENT LIFECYCLE

ORIGINATE
Identifying & winning new customers using data analytics

MANAGE
Enabling payment processes & customer management

COLLECT
Solving our clients’ impaired debt problem through collections & capital solutions

CUSTOMER ENGAGEMENT MODEL

BUSINESS PROCESS OUTSOURCING SOLUTIONS

ORIGINATE

1. Lead generation & customer acquisition
   - Principa
   - Lead generation
   - Predictive & prescriptive modelling
   - Segmentation modelling
   - Systems (Smart & FICO)
   - Analytics

2. Payment & account management
   - Principa
   - Customer retention, profitability, predictive & prescriptive modelling
   - Systems (Smart & FICO)
   - Analytics
   - MBD
   - BDB
   - Payment processing
   - Receivables management

3. Collection services
   - Principa
   - Systems (Smart & FICO)
   - Analytics
   - MBD
   - Early stage rehabilitation
   - Late stage collections
   - Legal recoveries
   - B2B collections

CAPITAL SOLUTIONS

1. Working capital financing
   - Rand Trust
   - Invoice discounting
   - Trade financing
   - Property financing

2. Debt purchasing
   - MBD
   - Spot book acquisition
   - Structural outsourcing
   - Forward flow agreements
RISK SERVICES
MARKET SEGMENTS

CUSTOMER ENGAGEMENT LIFECYCLE

ORIGINATE
Identifying & winning new customers using data analytics

MANAGE
Enabling payment processes & customer management

COLLECT
Solving our clients’ impaired debt problem through collections & capital solutions

CUSTOMER ENGAGEMENT MODEL

BUSINESS PROCESS OUTSOURCING SOLUTIONS

CAPITAL SOLUTIONS

Credit retail
Insurance
Banking
Telcos
SMEs
Specialist lending
Education
Public sector & SOEs

Working capital financing

Debt purchasing

Revenue splits by industry as at 31 March 2016
FINANCIAL HIGHLIGHTS

HEADLINE EARNINGS
PER SHARE
▲ 20% TO
37.0 cents

HEADLINE EARNINGS
▲ 19% TO
R210 million

CREDIT LOSS RATIO
IMPROVED TO
3.2%
FROM
3.9%

NON-PERFORMING
LOAN RATIO
IMPROVED TO
17.0%
FROM
17.9%

RETURN ON
AVERAGE ASSETS
▲ TO
4.2%
FROM
3.9%

RETURN ON
AVERAGE EQUITY
▲ TO
15.9%
FROM
15.0%

INTERIM DIVIDEND
FOR THE HALF YEAR
OF
12 cents
PER SHARE
▲ 20%

DIVIDEND COVER
OF
3.1 times
FOR THE HALF YEAR

Numbers reported for the half year ended 31 March 2016 are reported on a IFRS 9 basis and are compared to pro forma IFRS 9 numbers reported for the half year ended 31 March 2015.
• Conservative growth in gross loans & advances from R6.5bn to R7.1bn ▲11%
  › Origination strategies remained conservative targeting improved credit quality, new product lines including Nissan minibus and Toyota Corolla (Zebra)
• Equity R2.7bn ▲11%
  › Position remains robust despite IFRS 9 equity charge
• NAV per share 477.2 cps ▲12%
• Capital adequacy ▲ to 42.8% from 41.3%
  › 29.3% Equity
  › 13.5% Subordinated debt
  › Will normalise with deployment of excess capital into organic or acquisitive opportunities
• Gearing level decreased marginally from 3.7 times to 3.6 times
FINANCIAL PERFORMANCE

GROUP

- HEPS ▲20% from 30.9cps to 37.0cps
- Headline earnings ▲19% from R176m to R210m
  - Net interest income ▲7% driven by:
    - Gross loans and advances ▲11%
    - NIM ▼ to 12.3%, from 12.9%
      » Slight increase in cost of borrowing
      » Change in product mix in TCRS
  - Improved credit metrics
- Return on assets ▲ to 4.2% from 3.9%
- Return on equity ▲ to 15.9% from 15.0%
  - Increase in earnings
  - Includes the effect of low returns earned on excess capital
  - Most appropriate benchmark for group ROE is that of the underlying divisional metrics
- Quality of earnings remains high
## PORTFOLIO MIX

### Contribution
- Asset-backed lending increased marginally to 56%
- Risk services contribution decreased marginally from 34% to 33%
- Corporate support contribution of 11%
  - management of undeployed capital
  - cost savings as a result of simplified group office structure as well as higher recoveries from subsidiaries

### The future portfolio mix will be dependent on the nature of any future acquisitions and organic growth

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset-backed lending</td>
<td>118</td>
<td>98</td>
<td>74</td>
<td>20%</td>
<td>32%</td>
</tr>
<tr>
<td>Risk services</td>
<td>70</td>
<td>61</td>
<td>51</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>GEO</td>
<td>22</td>
<td>17</td>
<td>23</td>
<td>29%</td>
<td>-26%</td>
</tr>
<tr>
<td>Total</td>
<td>210</td>
<td>176</td>
<td>148</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Cents per share</td>
<td>37.0</td>
<td>30.9</td>
<td>25.5</td>
<td>20%</td>
<td>21%</td>
</tr>
</tbody>
</table>

1. Excluding non-controlling interest
29
INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2016

ASSET-BACKED LENDING PERFORMANCE

- Headline earnings attributable to the division ▲23% to R118m
- Net interest margin decreased marginally from 11.1% to 11.0%
  - Funding costs increased slightly to 10.4% from 10.3%
- Non-interest revenue ▲33% to R150m
  - Normalisation of cost recoveries from the insurance cell
  - Comprehensive insurance
    - 81% of financed clients insured by SA Taxi
    - 3,299 non-financed minibus taxis also insured
  - Direct sales of new and refurbished vehicles
- Credit loss ratio improved from 4.1% to 3.4%
  - Continued strong collections in early CD states
  - Underpinned by rising vehicle prices
  - Efficiency of procurement, repair and resale operations of Taximart
- Cost-to-income ratio increased marginally from 47.7% to 48.4%
- Effective tax rate increased from 9.3% to 20.0%
  - Impact of insurance cost recoveries
ASSET-BACKED LENDING CREDIT

- Gross loans & advances ▲12% to R6.7bn
  › Number of loans ▲3%
  › Credit granting criteria remain conservative
- Non-performing loan ratio improved to 18.0% from 19.3%
- Credit-loss ratio ▼ from 4.1% to 3.4%
  › Continued strong collection performance
  › Enhanced via analytics applied to telematics data
  › Improved quality of Taximart vehicles
  › Increased vehicle recovery values
  › Entry-level vehicles now carried at a fair value of R90m (HY15: R152m), account for <1.5% of portfolio
  › Target credit-loss ratio below 4%
- Provision coverage at 3.2x after tax credit loss ratio
  › Early stage collection improvement
  › Increased recovery values (194 pre-owned vehicles sold in April)
EARLY ADOPTION OF IFRS 9
EXPECTED VS. INCURRED LOSS

IFRS 9 ADOPTION AND INCOME STATEMENT ILLUSTRATION

ULTIMATE LOSS REMAINS UNCHANGED

PROVISIONS

Stage 1
Stage 2
Stage 3
Repo

IMPAIRMENT STAGE


FINANCIAL REVIEW

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2016
SA TAXI FACILITATES FINANCIAL INCLUSION
SA TAXI PROVIDES ESSENTIAL FINANCIAL SERVICES TO UNDERSERVED SMALL BUSINESSES

- SA Taxi fills a critical funding gap, providing credit to entrepreneurs who would otherwise be excluded from the formal economy given their credit profiles. A large proportion of the South African population, approximately 12 million individuals, are classified as unbanked and have limited access to capital. Low credit-rated individuals are less likely to service their loans consistently, and hence are excluded by many commercial financial institutions. As illustrated, SA Taxi has successfully extended credit to individuals who fall outside of the requirements of traditional credit providers. Assuming that individuals with an Empirica score of under 640 are unlikely to obtain credit from a traditional credit providers this means that 90% of the individuals that SA Taxi finances would be unable to get finance from a commercial institution.

- SA Taxi’s continually improving credit-loss and non-performing loan ratios in light of a consistent customer credit score are evidence of SA Taxi’s thorough and informed understanding of the actual risk of these underserved individuals. This twinned with SA Taxi’s extensive experience, proprietary data, vertical integration and all encompassing business offering has resulted in sustainable, responsible and successful lending and small business development.

SA TAXI’S IMPACT ON FINANCIAL INCLUSION FOR THE HALF YEAR 2016

- **90%** Proportion of customer base previously classified as financially excluded*
- **3 382** Loans originated (6 005 in FY2015)
- **R6.7bn** Gross loans and advances

Source: The World Bank Group, South Africa economic update, Focus on financial inclusion
Note: * = Based on an assumption that an individual with an Empirica score of under 640 would unlikely be able to obtain traditional access to credit including thin file customers
Distribution graph of SA Taxi’s book’s Empirica score excludes thin file customers
INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2016

TRANSACTION CAPITAL RISK SERVICES (TCRS)

- **Headline earnings ▲ 15% to R70m**
  - Increased focus on profitability of mandates eliminating non-profitable legacy mandates
- **Agency revenue ▲ 6%**
- **Principal revenue ▲ 9%**
  - Solid result given conservative approach to book buying
  - Purchased book debts ▲ 9% to R571m
  - 159 principal books in total, 3 new distressed debt portfolios acquired during the first 6 months of the financial year for R41m
- **Cost-to-income ratio improved to 81.5% from 82.4% due to effective cost management**
  - Continued investment into new technologies & analytics may yield further efficiencies
- **Services EBITDA ▲ 15% to R97m**
- **Rand Trust performing well but remains vigilant on the book quality as opposed to growth given the challenging SA macro environment**
- **Principa is facing a difficult macro environment**
SA Taxi accessed the local debt capital markets via its various structures:

- Cumulatively raising R1.3bn
- Strategy remains innovative and continue to pursue multiple tactics to diversify funding base

11 institutions invested R1.4bn of debt capital:

- Asset-backed lending: R1.3bn
- Risk services: R0.1bn

Cost of borrowing increased from 10.8% to 11.0%

Capital adequacy ▲ to 42.8% from 41.3%:

- Equity and debt capital position remains robust
- Well positioned to take advantage of organic growth opportunities
- Will normalise with deployment of excess capital into organic or acquisitive opportunities

Interim dividend for the half year ▲20% to 12cps
FUNDING PHILOSOPHY

- Wholesale funding model proves to be robust
  - “Positive liquidity mismatch” between asset & liability cash flows
  - Adequate liquidity to meet operational and capital investment funding requirements whilst maintaining healthy financial covenants
  - No exposure to overnight debt instruments & limited exposure to 12-month instruments
  - Direct relationships with debt capital markets
  - Diversification by debt investor, funding structure & credit rating
  - Ring-fenced funding structures per individual asset class
  - Targeted capital adequacy levels per asset class

**Diversification by funding structure**

- Structured finance: 37%
- On-balance sheet: 19%
- Rated listed securitisation: 44%

**Diversification by funder category**

- Life companies: 24%
- Specialised asset managers and debt funds: 12%
- Banks: 14%
- Traditional asset managers: 12%
- DFIs: 38%

Positive liquidity mismatch

<table>
<thead>
<tr>
<th>Duration</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-6 months</td>
<td></td>
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<td></td>
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<tr>
<td>6-12 months</td>
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<tr>
<td>1-2 years</td>
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<td>2-3 years</td>
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<td>3-4 years</td>
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<tr>
<td>4-5 years</td>
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<tr>
<td>5+ years</td>
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</tbody>
</table>

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2016
SHAREHOLDING
31 MARCH 2016

- Directors of Transaction Capital and its subsidiaries & their associates
- Old Mutual Investment Group South Africa Proprietary Limited
- Allan Gray
- Remaining institutional shareholders
- Retail investors
### INVESTMENT CASE

#### TRANSACTION CAPITAL IS

| ...invested in market-leading companies | • Divisions are of scale holding leading positions in the markets they serve.  
|                                           | • Scalable business platforms which can be leveraged for profitable growth. |
| ...in attractive market segments         | • Taxi finance market is under-served, with the ongoing replacement of national taxi fleet stimulating demand for finance.  
|                                           | • Risk services division is the largest participant in a growing & fragmented market, with current economic environment stimulating demand for its services. |
| ...that are well positioned for growth   | • Highly defensive businesses positioned to withstand difficult economic conditions.  
|                                           | • Organic growth through innovating solutions deeper into existing market segments & leveraging capabilities to enter adjacent markets.  
|                                           | • Focused acquisition strategy & strong balance sheet. |
| ...led by experienced & skilled management teams | • Proven entrepreneurial, technical, financial & risk management skills.  
|                                           | • Successful devolution of responsibility to divisional executives & management.  
|                                           | • Continued group-wide investment in executive education, expertise & experience. |
| ...with specialised competencies in finance & technology | • Superior data, leading-edge technology & analytics capabilities differentiate offerings & mitigate risk.  
|                                           | • Robust processes & skilled people enable effective capital & credit-risk management. |
| ...& a track record of delivering superior earnings growth & returns | • Highly cash generative businesses that have delivered predictable returns over a period of time.  
|                                           | • Well capitalised balance sheet appropriately geared to generate acceptable risk adjusted returns. |
| ...underpinned by sound governance practices | • Experienced, diverse, independent directors at group & subsidiary level.  
|                                           | • Institutionalised governance, regulatory & risk management practices. |
QUESTIONS 2016
FOR THE HALF YEAR ENDED 31 MARCH
This presentation may contain certain "forward-looking statements" regarding beliefs or expectations of the TC Group, its directors and other members of its senior management about the TC Group's financial condition, results of operations, cash flow, strategy and business and the transactions described in this presentation. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" and 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 and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the TC Group and are difficult to predict, that may cause the actual results, performance, achievements or developments of the TC Group or the industries in which it operates to differ materially from any future results, performance, achievements or developments expressed by or implied from the forward-looking statements. Each member of the TC Group expressly disclaims any obligation or undertaking to provide or disseminate any updates or revisions to any forward-looking statements contained in this announcement.