Transaction Capital

2016 INTERIM RESULTS

FOR THE HALF YEAR ENDED 31 MARCH

COMMENTARY

HIGHLIGHTS

- HEADLINE EARNINGS PER SHARE UP 20% TO 37.0 CENTS
- HEADLINE EARNINGS UP 19% TO R210 MILLION
- RETURN ON AVERAGE EQUITY UP TO 15.9% FROM 15.0%
- RETURN ON AVERAGE ASSETS UP TO 4.2% FROM 3.9%
- GROSS LOANS AND ADVANCES UP 11% TO R7 143 MILLION
- NON-PERFORMING LOAN RATIO IMPROVED TO 17.0% FROM 17.9%
- CREDIT LOSS RATIO IMPROVED TO 3.2% FROM 3.9%
- NON-INTEREST REVENUE UP 7% TO R611 MILLION
- INTERIM DIVIDEND UP 20% TO 12 CENTS PER SHARE

The financial tables and commentary incorporated in this announcement provide a comparison of the 2016 half year results prepared in accordance with IFRS 9 with: (i) the 2015 published half year results prepared in accordance with IAS 39 and (ii) pro forma 2015 half year results calculated as if IFRS 9 was adopted on 1 October 2014. Throughout this document, all comparatives are pro forma numbers calculated as if IFRS 9 was adopted on 1 October 2014.

INTRODUCTION

At the core of Transaction Capital's 2015 three year strategy is the reconstitution of its portfolio of assets into two autonomous and decentralised divisions of scale, being the asset-backed lending and risk services divisions. The combination of the restructured divisions, together with their leading and defensive market positioning has enabled robust organic earnings growth for Transaction Capital during the first half of the 2016 financial year.

While both the asset-backed lending and risk services divisions perform better in a positive economic environment, they are also highly defensive businesses intentionally positioned to withstand a challenging macro- and socio-economic context as currently experienced in South Africa. Thus, notwithstanding the stressed economic and regulatory environment, Transaction Capital's financial, credit and operational performance was in line with expectations for the first half of the 2016 financial year, growing headline earnings per share organically by 20% to 37.0 cents, whilst continuing to report an improvement in all credit metrics.

ENVIRONMENT

South Africa's economic growth remains constrained, exacerbated by various macro- and socio-economic challenges. Employment levels have remained low for a prolonged period, with little or no real wage growth. Economic pressure has intensified due to currency weakness, a 125 basis point increase in the repo interest rate over the last 12 months, and increased electricity and fuel costs. The combined effect of these conditions results in pressure on the economy as a whole with both the already distressed consumer and the small-to-medium enterprise (SME) sectors remaining vulnerable.

The regulatory environment remains volatile. Regulatory changes have been proposed or enacted regarding caps on interest rates, fees and related credit insurance premium charges. Legislation containing amendments to the National Credit Act (specifically as regards the prescription of debt) was enacted almost 18 months ago while regulations regarding affordability assessments have recently been introduced. Recent court activity regarding the use of emolument attachment orders has been widely publicised and awaits clarification from the Constitutional Court. Finally, authenticated collections are set to replace non-authenticated early debit orders (NAEDO) as the primary debit order collection mechanism from 1 October 2016, although at this late stage there remains uncertainty as to the final process and the ability of the banks to implement in time.

Whilst the abovementioned regulatory changes are largely irrelevant to the asset-backed lending division, Transaction Capital's risk services division (TCRS) has been actively engaging with all relevant stakeholders regarding the authenticated collections process and lobbying through industry bodies.

FINANCIAL PERFORMANCE

		Half year ended 31 March			Movement	
		2016	2015	2015	**2016 IFRS 9**	2016 IFRS 9
		IFRS 9	IFRS 9	IAS 39	**v 2015 IFRS 9**	v 2015 IAS 39
Consolidated income statement						
Headline earnings	Rm	**210**	176	177	**19%**	19%
Net interest income	Rm	**429**	402	448	**7%**	(4%)
Non-interest revenue	Rm	**611**	573	573	**7%**	7%
Consolidated statement of financial position						
Equity	Rm	**2 739**	2 457	3 131	**11%**	(13%)
Shareholder statistics						
Headline earnings per share	cents	**37.0**	30.9	31.1	**20%**	19%
Performance indicators						
Gross loans and advances	Rm	**7 143**	6 447	7 056	**11%**	1%
Provision coverage	%	**7.6**	9.0	5.3	**(16%)**	43%
Non-performing loan ratio	%	**17.0**	17.9	24.3	**(5%)**	(30%)
Non-performing loan coverage	%	**44.7**	50.5	21.8	**(11%)**	105%
Non-performing loans	Rm	**1 213**	1 151	1 712	**5%**	(29%)
Capital adequacy ratio	%	**42.8**	41.3	45.4	**4%**	(6%)
Net interest margin	%	**12.3**	12.9	13.0	**(5%)**	(5%)
Credit loss ratio	%	**3.2**	3.9	4.8	**(18%)**	(33%)
Cost-to-income ratio	%	**63.1**	65.2	62.3	**(3%)**	1%
Return on average assets (ROA)	%	**4.2**	3.9	3.7	**8%**	14%
Return on average equity (ROE)	%	**15.9**	15.0	11.9	**6%**	34%
Effective tax rate	%	**22.6**	19.0	19.0	**19%**	19%
Interim dividend per share	cents	**12.0**	10.0	10.0	**20%**	20%
Total dividend cover	times	**3.1**	3.1	3.1	**0%**	0%

Transaction Capital's operations delivered strong results in line with expectations, despite challenging market conditions. Headline earnings grew by 19% to R210 million and headline earnings per share increased by 20% to 37.0 cents per share. Net interest income increased by 7%, driven by an 11% growth in gross loans and advances and increases in the prime interest rate, offset in part by a higher average cost of borrowing of 11.0%. Non-interest revenue increased by 7% to R611 million, mostly driven by growth in SA Taxi's direct vehicle sales following the opening of its dedicated taxi vehicle dealership. Return on average equity increased to 15.9% in the current period driven by the increase in earnings and effective but conservative capital deployment. Transaction Capital's equity and debt capital position remains robust, despite the IFRS 9 equity charge during the prior financial year, with a capital adequacy level of 42.8% and uninterrupted access to the debt capital markets.

OPERATIONAL HIGHLIGHTS AND STRATEGY

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

		Half year ended 31 March			Movement	
		2016 IFRS 9	2015 IFRS 9	2015 IAS 39	**2016 IFRS 9 v 2015 IFRS 9**	2016 IFRS 9 v 2015 IAS 39
Financial performance						
Headline earnings	Rm	**118**	96	97	**23%**	22%
Net interest margin	%	**11.0**	11.1	11.5	**(1%)**	(4%)
Average cost of borrowing	%	**10.4**	10.3	10.3	**1%**	1%
Cost-to-income ratio	%	**48.4**	47.7	43.2	**1%**	12%
Credit performance						
Gross loans and advances	Rm	**6 688**	5 967	6 576	**12%**	2%
Carrying value of written off book	Rm	**–**	–	32	**0%**	(100%)
Impairment provision	Rm	**(522)**	(556)	(352)	**(6%)**	48%
Non-performing loan ratio	%	**18.0**	19.3	26.0	**(7%)**	(31%)
Credit loss ratio	%	**3.4**	4.1	5.1	**(17%)**	(33%)
Provision coverage	%	**7.8**	9.3	5.4	**(16%)**	44%
Non-performing loan coverage	%	**43.3**	48.3	20.6	**(10%)**	110%

The asset-backed lending division (comprising SA Taxi) operates as a specialist asset-backed lender and short-term comprehensive insurer, currently focusing predominantly on servicing independent SMEs mainly in the minibus taxi industry, but with the intention to expand into other adjacent markets or asset classes.

The national minibus taxi fleet of approximately 200 000 privately owned vehicles is responsible for 69% of all South African household commuter trips. SA Taxi estimates that only 70 000 to 80 000 of these minibus taxi vehicles are subject to finance. As at 31 March 2016, SA Taxi's R6 688 million loans and advances portfolio comprises 25 591 vehicles, and thus accounts for one in every three of the financed national minibus taxi fleet. The under-capitalised and ageing national fleet, exacerbated by the under-supply of premium minibus taxi vehicles in our local market, continues to create a robust demand for the vehicles, finance, short-term comprehensive insurance and related services provided by SA Taxi. In addition, despite the depressed consumer economy, commuters' use of minibus taxis has remained consistently high due to transport spend being non-discretionary and minibus taxis comprising the dominant component of public transport.

The division continues to entrench its leading market position encompassing the entire value chain within the minibus taxi industry. This is achieved by augmenting its distinctive competencies well beyond credit assessment, collections and capital mobilisation and management. Distinctive competencies now also include vehicle and spare part procurement, direct vehicle sales, vehicle refurbishment, short-term comprehensive insurance and telematics. In line with SA Taxi's strategic objective to achieve deep vertical integration within its market segment, during the first six months of this financial year SA Taxi opened its dedicated minibus taxi vehicle dealership and also established a new auto body repair facility to augment its existing mechanical refurbishment capabilities.

SA Taxi anticipates selling, financing and insuring an estimated 2 000 vehicles per year directly via its newly launched dedicated minibus taxi vehicle dealership. This dealership is considered to be one of the largest dedicated minibus taxi dealerships in the country selling new and pre-owned Toyota minibuses, Nissan minibuses, Toyota bakkies and the bespoke Toyota Corolla metered taxi vehicles. The profitability of new and pre-owned vehicles financed directly through SA Taxi's dealership outstrips the profitability of loans originated through other sales channels (i.e. affiliated and non-affiliated dealerships). This can be ascribed to a much greater proportion of non-interest revenue earned in the direct sales channel (being product margin and increased insurance revenue) and reduced impairment charges. A greater focus on retail marketing and the potential expansion of SA Taxi's geographical dealership footprint will assist in originating greater volumes through SA Taxi's direct sales channel.

After a capital investment of R25 million, SA Taxi's auto body repair facility commenced operations at the beginning of February 2016. SA Taxi's combined auto body repair and mechanical refurbishment facility now spans more than 20 000 square metres.

In addition, SA Taxi continues to leverage its distinctive competencies to create defensible positions within identified adjacent market segments, financing asset classes such as "bakkies" and, more recently, point-to-point metered taxis.

A significant proportion of SA Taxi's management attention is focused on building the foundation of a point-to-point metered taxi business of scale, with the intention of consolidating, recapitalising and formalising the existing metered taxi industry, estimated to comprise 17 000 vehicles in the national fleet. SA Taxi purchased Zebra Cabs in November 2015, resulting in an entire fleet of 84 vehicles (as at March 2016) being upgraded to Toyota Corollas and rebranded as Zebra Cabs. Zebra Cabs provides customised luxury vehicles, a technology platform (including a booking app with multiple payment channels) and a niched combined sales channel that the industry does not currently have access to. Zebra Cabs has commenced operations in Gauteng, and in time will expand its footprint into the Western Cape and thereafter KwaZulu Natal.

The Zebra Cab business model remains agnostic to the payment platform method and allows for cash collections, point of sale devices installed in the vehicle, the UBER application (for those operators who have chosen to use multiple lead generators), corporate sales, web based sales and centralised call centre and dispatch.

Following SA Taxi's vertically integrated business model, Zebra Cabs will procure its vehicles via SA Taxi's established procurement channels and thereafter sell these vehicles via its direct dealership. SA Taxi will provide the finance, insurance, telematics data, vehicle servicing capability, multiple booking systems and payments channels required to support the metered taxi operator, thus enhancing their chances of establishing a sustainable metered taxi small business. Zebra Cabs plans to have 3 000 metered taxis in its portfolio by 2020.

The asset-backed lending division increased headline earnings attributable to the group by 23% to R118 million for the six months ended 31 March 2016.

Gross loans and advances grew at 12% as credit granting criteria remain consistently conservative and the supply of new Toyota minibus taxis remained constrained after Toyota closed its local assembly facility for five months during the prior year to enable the plant to be reconfigured. Supply had not yet fully recovered by the start of the 2016 financial year, but has subsequently normalised. The de-recognition of the written off book, higher impairment charge, and lower gross loans and advances under IFRS 9 have been explained in Annexure 1 (Pro forma financial effects of the adoption of IFRS 9).

Further, as the recently launched Nissan minibus taxi is still relatively new to the industry, SA Taxi is cautiously tracking the Nissan vehicles' credit performance before growing the portfolio aggressively. Despite being a small proportion of monthly origination, financing long distance minibus taxi routes remains profitable for SA Taxi. Historically a variety of long distance models were financed including the Mercedes, Volkswagen and Iveco. Going forward, SA Taxi intends to focus its efforts solely on the sale of Mercedes primarily via its direct dealership thus increasing profitability as product margin, efficiencies and increased volumes are captured.

SA Taxi's exposure to Entry-level vehicles has significantly reduced resulting in improving credit quality for the portfolio. Entry-level vehicles are now carried at a fair value of R90 million and account for less than 1.5% of the value of SA Taxi's loan portfolio.

The net interest margin decreased marginally to 11.0% as a result of a slightly higher cost of funding of 10.4%. The credit loss ratio has improved to 3.4% for the half year, as recovery rates have improved slightly to 72%, owing to the nature of the loan which is secured by an asset of value which can be enhanced through the Taximart refurbishment operation. The efficiency of the procurement, repair and resale operations of Taximart, now one of the largest Toyota repair centres in Africa, assists in maintaining low levels of ultimate credit loss.

The non-performing loan ratio has improved to 18.0% due to a combination of continued strong collection performance and conservative credit granting criteria, which are continuously enhanced via the analytics applied to SA Taxi's telematics data. This data is accumulated daily from each minibus taxi and applied to credit score cards, route profitability assessments, collection strategies and insurance pricing. Provision coverage remains high at 7.8% being 3.2 times SA Taxi's after tax credit loss.

SA Taxi continues to uplift, diversify and enhance its non-interest revenue via the procurement and direct sales of new and refurbished vehicles and its short-term comprehensive vehicle insurance product. SA Taxi requires all minibus taxis financed by it to be fully insured, and has thus designed a bespoke insurance product to meet its taxi owners' specific needs, including comprehensive vehicle cover, passenger liability as well as business interruption cover. In addition to product design, SA Taxi is also responsible for distributing the insurance product, collecting premiums and managing claims including parts procurement and refurbishment. Given these responsibilities, SA Taxi participates in the underwriting profits associated with this insurance business. As at 31 March 2016, 81.4% of SA Taxi's financed clients chose to also insure with SA Taxi, with the remaining financed clients being insured with other reputable insurers. Additionally, SA Taxi insures a further 3 299 non-financed minibus taxis.

With moderate growth in gross loans and advances, improving credit metrics and a stable cost-to-income ratio of 48.4% it is evident that SA Taxi's credit, operational and financial performance has been robust in the first six months of the 2016 financial year.

TRANSACTION CAPITAL RISK SERVICES (TCRS)

		Half year ended 31 March			Movement	
		2016	2015	2015	**2016 IFRS 9**	2016 IFRS 9
		IFRS 9	IFRS 9	IAS 39	**v 2015 IFRS 9**	v 2015 IAS 39
Performance						
Headline earnings	Rm	**70**	61	61	**15%**	15%
Non-interest revenue	Rm	**461**	457	457	**1%**	1%
Purchased book debts	Rm	**571**	523	604	**9%**	(5%)
Cost-to-income ratio	%	**81.5**	82.4	82.4	**(1%)**	(1%)

The TCRS division (comprising MBD, Rand Trust, BDB and Principa) is a provider of a comprehensive range of structured credit risk management, debtor management, data management, collection, customer engagement, call centre and capital solutions to South Africa's largest credit providers, focusing predominantly on the consumer credit life cycle as well as commercial solutions for SMEs.

TCRS will generally perform better in a positive economic environment, when the South African consumer has greater disposable income thereby enhancing TCRS's ability to grow agency collection revenue and generate returns from acquired non-performing loan portfolios.

Of the 24 million credit-active South African consumers as of December 2015, 10 million have impaired credit records. TCRS's ability to grow agency revenue and generate returns from acquired non-performing loan portfolios has remained constrained during the half year, mainly caused by negative key economic indicators such as increased inflation, increased interest rates, low economic growth and static employment rates, all contributing to increased financial pressure on an already distressed and vulnerable consumer credit sector.

However, TCRS is a defensive business intentionally positioned to withstand difficult economic conditions. Thus, the depressed consumer economy provides opportunity for TCRS to take advantage of its strong market position and reputation as well penetrated and new clients display increased demand for collection and related credit risk management services. Further, TCRS may apply its strong balance sheet and extensive data towards the selective acquisition of certain of the increased number of non-performing portfolios available for purchase.

The TCRS strategy includes combining, augmenting and refining its distinctive competencies to achieve deep vertical integration within its chosen market segments and clients. TCRS enjoys deep penetration into the credit retail and specialist lending segments of its market, and aims to increase revenue from the Tier 1 banks where its penetration has been disproportionately lower. Further, the provision of business process outsourcing (BPO) services to TCRS's traditional clients whereby all or parts of the collection process is outsourced, has been identified as an opportunity for growth.

In addition to the economic factors referred to above, the changes to the legislative environment regarding prescription, affordability rules, interest rate caps and credit life insurance are also not conducive to the extension of credit, which in the medium term may result in declining volumes of matters handed over to TCRS by clients who are governed by the NCA. Cognisant of this environment, TCRS's strategy remains to create new positions within identified adjacent markets where competencies could be applied towards increasing revenue generated from non-NCA regulated clients including the outsourced collection of outstanding claims in the public, insurance and telecommunication sectors. TCRS is well positioned to assist municipalities in enhancing the collection of both their performing and non-performing debtors portfolios and remains cautiously optimistic about its prospects in this market. Many municipalities remain financially unstable due to inefficient collection processes compounded by poor financial management. Accordingly, TCRS's ability to recover outstanding amounts remains a challenge and legal action is often required to enforce payments. TCRS continues to work closely with municipal clients to refine its business model and is confident that the municipal business will mature.

In the context of this challenging operating environment, it is pleasing to report that the TCRS division grew headline earnings by 15% driven by a slight increase in non-interest revenue, together with operational leverage achieved through tight cost control. A continued focus on effective cost management contributed to an improved cost-to-income ratio of 81.5%.

In addition, various new technologies are being investigated that are expected to enhance productivity within the call centres in the 2017 financial year. Growth in non-interest revenue was impacted mainly by Rand Trust and Principa, who have battled to grow revenue as a result of the weak economy.

TCRS aims to apply excess capital to pioneer innovative and bespoke capital solutions to deliver superior risk adjusted returns. In this regard, TCRS initiated exclusive negotiations for the structured and on-going sales of portfolios with some of its larger clients, and has successfully concluded the acquisition of a portfolio on a private basis. TCRS currently owns 159 principal book portfolios, with 3 new distressed debt portfolios purchased during the first half of the 2016 financial year for R41 million.

GROUP EXECUTIVE OFFICE

The group executive office contributed R22 million to headline earnings in the current six-month period, an increase of 16% from the prior six-month period earnings of R19 million, largely driven by cost savings as a result of the simplified group office structure.

FUNDING, CAPITAL ADEQUACY AND EXCESS CAPITAL

Transaction Capital's equity and debt capital position is robust. Capital adequacy levels at 31 March 2016 remain high at 42.8% and the group is well positioned to take advantage of and fund organic and acquisitive growth opportunities.

Excess capital held since the sale of two of its subsidiaries, Bayport Financial Services 2010 (Pty) Ltd and Paycorp Holdings (Pty) Ltd in the 2014 financial year, positioned Transaction Capital well to early adopt IFRS 9 and absorb the resulting one-off equity adjustment. In summary, the early adoption of IFRS 9 results in the following benefits to Transaction Capital:

- Accounting policies are more closely aligned to Transaction Capital's operational and risk management policies and strategic intentions;
- Increased provisions result in lower balance sheet risk, an approach favoured by management, especially in challenging economic conditions; and
- Future uncertainty relating to the implementation of IFRS 9 on financial results and ratios has been removed.

With growing concerns regarding a potential downgrade of South Africa's credit rating to junk status, the local funding market remains characterised by constrained liquidity and issuers paying a premium for access to a reduced funding pool. As local investors have been more cautious in their approach, Transaction Capital has intensified its fundraising capacity and hence enjoyed uninterrupted access to both local and international funding pools. For the financial year to date, SA Taxi has almost fulfilled its annual debt requirement at this early stage in the year.

The expected increase in the cost of borrowing, exacerbated by the cost of foreign exchange swap pricing on foreign currency denominated debt, is offset in part by a partial pass through to customers on new business originated by the asset-backed lending division.

PROSPECTS

The reconstitution of Transaction Capital's portfolio of assets under two distinct divisional pillars and the devolvement of authority and responsibility to competent divisional management teams is largely complete. This has enabled Transaction Capital to focus on deploying its capital and resources to drive organic and acquisitive growth, thus enhancing the scale and entrenching the leading market positions of its divisions.

These divisions operate in market segments of the financial services sector perceived to be of higher risk that require a greater level of specialisation, which the group's businesses have developed and refined over a number of years. Transaction Capital's strategy is to augment and refine its specialised competencies to achieve deep vertical integration within its chosen market segments, as well as to leverage its existing and scalable platforms to create defensible positions within identified adjacent market segments.

In light of Transaction Capital's positioning within this socio-economic context, management believes that it is well positioned to achieve continued growth in the medium term.

DIRECTOR APPOINTMENT

The group was pleased to announce the appointment of Mr Moses Kgosana as an independent non-executive director of the company and chairman of the audit, risk and compliance (ARC) committee with effect from 14 March 2016, and looks forward to his valued contribution.

FORMATION OF ALCO

Transaction Capital's asset and liability committee (ALCO) oversees and monitors the activities and risks arising from the management of Transaction Capital's assets and liabilities. With effect from 1 April 2016, ALCO was constituted as a formal committee of the board. Refer to the announcement released on the Stock Exchange News Service on 29 March 2016 for more details.

DIVIDEND DECLARATION

In line with the stated dividend policy of 3 to 4 times, the board has declared a interim gross cash dividend of 12 cents per share for the six months ended 31 March 2016 to those members recorded in the register of members on the record date appearing below. The dividend is declared out of income reserves. A dividend withholding tax of 15% will be applicable to the dividend to all shareholders that are not exempt from the dividend withholding tax, resulting in a net dividend of 10.20 cents per share. The salient features applicable to the interim dividend are as follows:

Issued shares as at declaration date	567 290 582
Declaration date	Tuesday 10 May 2016
Last day to trade cum dividend	Friday 3 June 2016
First day to trade ex-dividend	Monday 6 June 2016
Record date	Friday 10 June 2016
Payment date	Monday 13 June 2016

Share certificates may not be dematerialised or rematerialised between Monday, 6 June 2016 and Friday, 10 June 2016, both dates inclusive.

On Monday, 13 June 2016 the cash dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 13 June 2016 will be posted on that date. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 13 June 2016.

BASIS FOR PREPARATION

The results of the group for the half year ended 31 March 2016 are unaudited and have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements, the going concern principle and the requirements on the South African Companies Act, 71 of 2008.

The accounting policies and their application are in terms of IFRS and are consistent, in all material respects, with those details in Transaction Capital's prior year annual financial statements.

APPROVAL BY THE BOARD OF DIRECTORS

Signed on behalf of the board of directors:

D M Hurwitz
Chief executive officer

M D Herskovits
Chief financial officer

10 May 2016

Sponsor: Deutsche Securities (SA) Proprietary Limited

UNAUDITED RESULTS

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2016

	2016 Unaudited Rm	2015 Unaudited Rm	Change %
Assets			
Cash and cash equivalents	**965**	698	38
Tax receivables	**24**	14	71
Trade and other receivables	**546**	783	(30)
Inventories	**97**	16	>100
Loans and advances	**6 601**	6 715	(2)
Purchased book debts	**571**	604	(5)
Other loans receivable	**40**	297	(87)
Equity accounted investments	**–**	6	(100)
Other investments	**425**	342	24
Intangible assets	**43**	18	>100
Property and equipment	**65**	53	23
Goodwill	**200**	197	2
Deferred tax assets	**249**	97	>100
Total assets	**9 826**	9 840	(0)
Liabilities			
Bank overdrafts	**22**	2	>100
Tax payables	**32**	16	100
Trade and other payables	**203**	244	(17)
Provisions	**12**	14	(14)
Interest-bearing liabilities	**6 691**	6 243	7
Senior debt	**5 523**	5 118	8
Subordinated debt	**1 168**	1 125	4
Deferred tax liabilities	**127**	190	(33)
Total liabilities	**7 087**	6 709	6
Equity			
Ordinary share capital and premium	**460**	483	(5)
Reserves	**113**	116	(3)
Retained earnings	**2 134**	2 504	(15)
Equity attributable to ordinary equity holders of the parent	**2 707**	3 103	(13)
Non-controlling interests	**32**	28	14
Total equity	**2 739**	3 131	(13)
Total equity and liabilities	**9 826**	9 840	(0)

SUMMARISED CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 MARCH 2016

	2016 Unaudited Rm	2015 Unaudited Rm	Change %
Interest and other similar income	**806**	781	3
Interest and other similar expense	**(377)**	(333)	13
Net interest income	**429**	448	(4)
Impairment of loans and advances	**(112)**	(165)	(32)
Risk adjusted net interest income	**317**	283	12
Non-interest revenue	**611**	573	7
Operating costs	**(656)**	(636)	3
Non-operating profit	**2**	2	0
Equity accounted earnings	**–**	(1)	(100)
Profit before tax	**274**	221	24
Income tax expense	**(62)**	(42)	48
Profit for the period	**212**	179	18
Attributable to non-controlling equity holders	**2**	2	0
Attributable to ordinary equity holders of the parent	**210**	177	19
Basic and headline earnings per share	**37.0**	31.1	19
Diluted basic and headline earnings per share	**36.6**	30.9	18

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 MARCH 2016

	2016 Unaudited Rm	2015 Unaudited Rm	Change %
Profit for the period	**212**	179	18
Other comprehensive income	**(17)**	(48)	
Fair value losses arising on the cash flow hedge during the year	**(3)**	<1	0
Deferred tax	**<1**	<1	0
Fair value losses arising on valuation of assets held at fair value through other comprehensive income	**(14)**	(48)	(71)
Total comprehensive income for the period	**195**	131	49
Attributable to non-controlling equity holders	**2**	–	100
Attributable to ordinary equity holders of the parent	**193**	131	47

SUMMARISED HEADLINE EARNINGS RECONCILIATION

FOR THE HALF YEAR ENDED 31 MARCH 2016

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

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 MARCH 2016

	Share capital and premium	Other reserves	Retained earnings	Ordinary shareholders equity	Non-controlling interests	Total equity
Balance at 31 March 2015	483	116	2 504	3 103	28	**3 131**
IFRS 9 transitional adjustments	–	–	(674)	(674)	–	**(674)**
Revised opening balance	483	116	1 830	2 429	–	**2 457**
Total comprehensive income	–	3	226	229	2	**231**
Profit for the period	–	–	226	226	2	**228**
Other comprehensive income for the period	–	3	–	3	–	**3**
Dividends paid	–	–	(57)	(57)	–	**(57)**
Grant of share appreciation rights	–	7	–	7	–	**7**
Share appreciation rights – settlements	–	(4)	(8)	(12)	–	**(12)**
Issue of shares	12	–	–	12	–	**12**
Repurchase of shares	(27)	–	–	(27)	–	**(27)**
Balance at 30 September 2015	468	122	1 991	2 581	30	**2 611**
Total comprehensive income	**–**	**(17)**	**210**	**193**	**2**	**195**
Profit for the period	**–**	**–**	**210**	**210**	**2**	**212**
Other comprehensive income for the period	**–**	**(17)**	**–**	**(17)**	**–**	**(17)**
Dividends paid	**–**	**–**	**(67)**	**(67)**	**–**	**(67)**
Grant of share appreciation rights	**–**	**8**	**–**	**8**	**–**	**8**
Repurchase of shares	**(8)**	**–**	**–**	**(8)**	**–**	**(8)**
Balance at 31 March 2016	**460**	**113**	**2 134**	**2 707**	**32**	**2 739**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 MARCH 2016

	2016 Unaudited Rm	2015 Unaudited Rm	Change %
Net cash generated/(utilised) by operating activities	**347**	(482)	(>100)
Net cash utilised by investing activities	**(25)**	(9)	(>100)
Net cash utilised by financing activities	**(8)**	–	(100)
Dividends paid	**(67)**	(57)	18
Net increase/(decrease) in cash and cash equivalents	**247**	(548)	(>100)
Net cash and cash equivalents at the beginning of the year	**696**	1 244	(44)
Net cash and cash equivalents at the end of the year	**943**	696	35

SUMMARISED SEGMENT REPORT

FOR THE HALF YEAR ENDED 31 MARCH 2016

	Asset-backed lending	
	2016 Unaudited Rm	2015 Unaudited Rm
Condensed income statement for the half year ended 31 March 2016		
Net interest income	**356**	368
Impairment of loans and advances	**(111)**	(163)
Non-interest revenue	**150**	113
Total operating costs	**(245)**	(208)
Non-operating profit	**–**	–
Equity accounted earnings	**–**	–
Profit before tax	**150**	110
Total headline earnings	**118**	97
Condensed statement of financial position at 31 March 2016		
Assets		
Cash and cash equivalents	**422**	258
Loans and advances	**6 166**	6 256
Purchased book debts	**–**	–
Other investments	**425**	342
Group loans	**–**	187
Other assets and receivables	**835**	786
Total assets	**7 848**	7 829
Liabilities		
Bank overdrafts	**18**	–
Interest-bearing liabilities	**5 571**	5 109
Group loans	**1 144**	1 103
Other liabilities and payables	**130**	204
Total liabilities	**6 863**	6 416
Total equity	**985**	1 413

Risk services		Group executive office		Group	
2016 Unaudited Rm	2015 Unaudited Rm	**2016 Unaudited Rm**	2015 Unaudited Rm	**2016 Unaudited Rm**	2015 Unaudited Rm
30	32	**43**	48	**429**	448
(1)	(2)	**–**	–	**(112)**	(165)
461	457	**–**	3	**611**	573
(400)	(403)	**(11)**	(25)	**(656)**	(636)
2	2	**–**	–	**2**	2
–	(1)	**–**	–	**–**	(1)
92	85	**32**	26	**274**	221
70	61	**22**	19	**210**	177
87	72	**456**	368	**965**	698
435	459	**–**	–	**6 601**	6 715
571	604	**–**	–	**571**	604
–	–	**–**	–	**425**	342
–	12	**–**	(199)	**–**	–
342	328	**87**	367	**1 264**	1 481
1 435	1 475	**543**	536	**9 826**	9 840
–	2	**4**	–	**22**	2
530	432	**590**	702	**6 691**	6 243
119	279	**(1 263)**	(1 382)	**–**	–
234	231	**10**	29	**374**	464
883	944	**(659)**	(651)	**7 087**	6 709
552	531	**1 202**	1 187	**2 739**	3 131

FAIR VALUE DISCLOSURE

FOR THE HALF YEAR ENDED 31 MARCH 2016

The fair values of financial assets and liabilities have been disclosed below:

	Carrying value 2016 Rm	Fair value 2016 Rm	Carrying value 2015 Rm	Fair value 2015 Rm
31 March				
Assets				
Loans and advances	**6 601**	**6 593**	6 715	6 708
Purchased book debts	**571**	**571**	604	604
Other loans receivable	**40**	**40**	297	297
Trade and other receivables*	**631**	**631**	734	734
Cash and cash equivalents	**965**	**965**	698	698
	8 808	**8 800**	9 048	9 041
Liabilities				
Interest-bearing liabilities	**6 691**	**6 592**	6 243	6 275
– Fixed rate liabilities	**797**	**723**	849	885
– Floating rate liabilities	**5 894**	**5 869**	5 394	5 390
Trade and other payables**	**314**	**314**	186	186
Bank overdrafts	**22**	**22**	2	2
	7 027	**6 928**	6 431	6 463
Net exposure	**1 781**	**1 872**	2 617	2 578

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

** *Revenue received in advance and deferred lease liability are not financial liabilities and therefore have been excluded from trade and other payables.*

LEVEL DISCLOSURES (Rm)

	2016 (IFRS 9)			
	Level 1	Level 2	Level 3	Total
2016				
Financial assets at fair value through profit or loss				
Entry-level vehicles	–	–	90	90
Other financial assets	–	–	148	148
Financial assets at fair value through other comprehensive income				
Derivatives	–	125	–	125
Investment in unlisted entity	–	–	425	425
Total	–	125	663	788

	2015 (IAS 39)			
	Level 1	Level 2	Level 3	Total
2015				
Financial assets at fair value through other comprehensive income				
Derivatives	–	42	–	42
Available for sale financial assets				
Available-for-sale financial investment	–	–	343	343
Total	–	42	343	385

Reconciliation of Level 3 Fair Value Measurements of Financial Assets

		2016 (IFRS 9)		
		Fair value through profit or loss	Fair value through other comprehensive income	Total
IFRS 9 adjusted opening balance		266	343	609
Total gains or losses	In profit or loss	(25)	–	(25)
	In other comprehensive income	–	(14)	(14)
	Other movements	(3)*	96	93
Closing balance of fair value measurement		238	425	663

* *Other movements include charges on accounts less collections received and write off's.*

		2015 (IAS 39)		
		Fair value through profit or loss	Available for sale	Total
Opening balance		–	238	238
Total gains or losses	In profit from discontinued operations	–	–	–
	In other comprehensive income		15	15
Purchases		–	90	90
Closing balance		–	343	343

FAIR VALUE 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 most impact 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 asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes reasonable range of possible outcomes:

Movement in fair value given the 10% change in significant assumptions:

	2016		2015	
SA Taxi – loans and advances: Entry-level vehicles	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Significant unobservable input and description of assumption				
Average probability of default	**52**	**(8)**	–	–
Average loss given write-off	**50**	**(50)**	–	–
Average collateral value	**2**	**(2)**	–	–
Discount rate: The rate used to discount projected future cash flows to present value.	**4**	**(3)**	–	–
Average effective interest rate	**4**	**(4)**	–	–
Total	**112**	**(67)**	–	–

	2016		2015	
SA Taxi – investment in unlisted entity	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Significant unobservable input and description of assumption				
Premium per policy: average insurance premium per policy in a year	**16**	**(16)**	11	(11)
Gross loss ratio: Reported claims (excluding the movement in the claims that are incurred but not yet reported reserve) expressed as a percentage of gross written premium in a year	**84**	**(84)**	44	(44)
Mid-term insurance cancellations: Number of policies cancelled during a year expressed as a percentage of total policies insured at the beginning of a year	**5**	**(5)**	6	(6)
Discount rate: The rate used to discount projected future cash flows to present value	**17**	**(16)**	11	(10)
Total	**122**	**(121)**	72	(71)

	2016		2015	
MBD – other financial assets	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Significant unobservable input and description of assumption				
Cash flows: change in the expected revenue	**3**	**(4)**	–	–
Cash flows: Change in expected costs	**1**	**(1)**	–	–
Discount rate: The rate used to discount projected future cash flows to present value	**3**	**(3)**	–	–
Total	**7**	**(8)**	–	–

ANNEXURE 1

Pro forma FINANCIAL EFFECTS OF THE ADOPTION OF IFRS 9

The pro forma statement of financial position as at 31 March 2015, income statement and statement of comprehensive income of Transaction Capital Limited (hereafter referred to as TCL) for the six months ended 31 March 2015 set out below have been prepared to show the impact of the adoption of IFRS 9 on the consolidated financial statements of TCL.

The pro forma statement of financial position, income statement and statement of comprehensive income have been prepared for illustrative purposes only and because of their nature, may not fairly present TCL's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the adoption of IFRS 9 going forward.

The directors of TCL are responsible for the compilation, contents and preparation of financial information giving effect to the adoption of IFRS 9. Their responsibility includes determining that the pro forma financial information has been properly compiled on the basis stated, the basis is consistent with the accounting policies of TCL and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed pursuant to the Listing Requirements.

The pro forma statement of financial position, pro forma income statement and the pro forma statement of comprehensive income are presented in a manner consistent in all respects with IFRS, the Revised SAICA Guide on Pro Forma Financial Information and the basis on which the historical financial information has been prepared in terms of accounting policies of TCL.

The pro forma statement of financial position set out below presents the effects of the adoption of IFRS 9 on the financial position of TCL as at 31 March 2015 based on the assumption that the adoption of IFRS 9 was implemented on 1 October 2014.

The pro forma income statement and statement of comprehensive income set out below presents the effects of the adoption of IFRS 9 on the consolidated results of TCL for the six months ended 31 March 2015 based on the assumption that the adoption of IFRS 9 was implemented on 1 October 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2015 – Asset-backed lending			
Amounts shown in Rm	Before[1]	Adjustments for the adoption of IFRS 9	Notes	**Unaudited Pro forma after the adoption of IFRS 9**
Cash and cash equivalents	258	–		**258**
Tax receivable	12	–		**12**
Trade and other receivables	586	(3)	1	**583**
Inventories	14	–		**14**
Loans and advances	6 256	(845)		**5 411**
Gross loans and advances	6 576	(765)	2,3	**5 811**
Written off book	32	(32)	4	**–**
Impairment provision	(352)	(204)	2,5	**(556)**
Loans and advances held at fair value	–	156	6	**156**
Purchased book debts	–	–		**–**
Other loans receivable	5	–		**5**
Group loans	187	–		**187**
Equity accounted investments	–	–		**–**
Other investments	342	–		**342**
Intangible assets	11	–		**11**
Property and equipment	28	–		**28**
Goodwill	60	–		**60**
Deferred tax assets	70	189	7	**259**
Total assets	**7 829**	**(659)**		**7 170**
Liabilities				
Group loans	1 103	–		**1 103**
Bank overdrafts	–	–		**–**
Tax payables	4	–		**4**
Trade and other payables	154	–		**154**
Interest-bearing liabilities	5 109	–		**5 109**
Deferred tax liabilities	46	(46)	7	**–**
Total liabilities	**6 416**	**(46)**		**6 370**
Equity				
Ordinary share capital	276	–		**276**
Ordinary share premium	317	–		**317**
Reserves	119	–		**119**
Retained earnings	671	(613)	8	**58**
Total equity attributable to ordinary equity holders of the parent	1 383	(613)		**770**
Non-controlling interest	30	–		**30**
Total equity	1 413	(613)		**800**
Total equity and liabilities	**7 829**	**(659)**		**7 170**

2015 – Risk services				2015 – Group executive office			2015 – Group		
Before[1]	Adjustments for the adoption of IFRS 9	Notes	**Unaudited Pro forma after the adoption of IFRS 9**	Before[1]	Adjustments for the adoption of IFRS 9	Unaudited Pro forma after the adoption of IFRS 9	Before[1]	Adjustments for the adoption of IFRS 9	**Unaudited Pro forma after the adoption of IFRS 9**
72	–		**72**	368	–	368	698	–	**698**
2	–		**2**	–	–	–	14	–	**14**
196	–		**196**	1	–	1	783	(3)	**780**
2	–		**2**	–	–	–	16	–	**16**
459	(4)		**455**	–	–	–	6 715	(849)	**5 866**
480	–		**480**	–	–	–	7 056	(765)	**6 291**
–	–		**–**	–	–	–	32	(32)	**(0)**
(21)	(4)	9	**(25)**	–	–	–	(373)	(208)	**(581)**
–	–		**–**	–	–	–	–	156	**156**
604	(81)	10	**523**	–	–	–	604	(81)	**523**
–	–		**–**	292	–	292	297	–	**297**
12	–		**12**	(199)	–	(199)	–	–	**–**
6	–		**6**	–	–	–	6	–	**6**
–	–		**–**	–	–	–	342	–	**342**
7	–		**7**	–	–	–	18	–	**18**
22	–		**22**	3	–	3	53	–	**53**
76	–		**76**	61	–	61	197	–	**197**
17	1		**18**	10	–	10	97	190	**287**
1 475	**(84)**		**1 391**	**536**	**–**	**536**	**9 840**	**(743)**	**9 097**
279	–		**279**	(1 382)	–	(1 382)	–	–	**–**
2	–		**2**	–	–	–	2	–	**2**
12	–		**12**	–	–	–	16	–	**16**
75	–		**75**	29	–	29	258	–	**258**
432	–		**432**	702	–	702	6 243	–	**6 243**
144	(23)	11	**121**	–	–	–	190	(69)	**121**
944	**(23)**		**921**	**(651)**	**–**	**(651)**	**6 709**	**(69)**	**6 640**
–	–		**–**	207	–	207	483	–	**483**
157	–		**157**	(474)	–	(474)	–	–	**–**
7	–		**7**	(10)	–	(10)	116	–	**116**
367	(61)	12	**306**	1 466	–	1 466	2 504	(674)	**1 830**
531	(61)		**470**	1 189	–	1 189	3 103	(674)	**2 429**
–	–		**–**	(2)	–	(2)	28	–	**28**
531	(61)		**470**	1 187	–	1 187	3 131	(674)	**2 457**
1 475	**(84)**		**1 391**	**536**	**–**	**536**	**9 840**	**(743)**	**9 097**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *Continued*

Notes and assumptions

The "before" statement of financial position is the unaudited published consolidated financial results of TCL at 31 March 2015.

1. The adoption of IFRS 9 results in the increase of the provision on trade and other receivables to reflect an expected loss.

2. This represents gross loans and advances, as well as the related provision which continue to be held at amortised cost in accordance with IFRS 9 given TCL's business model to collect contractual cash flows and includes premium level vehicles only.

3. This adjustment to gross loans and advances includes the following:

Reclassification of Entry-level gross loans and advances to loans and advances held at fair value*	(728)
Reclassification of suspended interest on credit impaired assets (Premium vehicles)**	(37)
	(765)

Included in this balance of R728m is repossessed stock of R55.5 million.

** *The gross outstanding balance will increase each month based on the interest accrued for assets considered to be in a credit impaired state. The gross loans and advances and the provision held against these loans will be adjusted to reflect interest that has been suspended.*

For more information, refer to note 1 in the consolidated income statement.

4. The adoption of IFRS 9 results in the reversal of the shortfall book valuation in accordance with paragraph 5.4.4 of IFRS 9 as the effects of post write off recoveries are now considered in the IFRS 9 credit impairment model (R32 million).

5. The provision for doubtful debts after the adoption of IFRS 9 relates to the Premium vehicles. Included in the IFRS 9 adjustment are the following:

Reclassification of the provision on Entry-level vehicles to 'loans and advances held at fair value'	104
Derecognition of suspended interest on credit impaired assets	37
Measurement impact of the adoption of IFRS 9*	(345)
	(204)

* *The expected loss is calculated on the gross loans and advances by applying the following formula:*
Expected loss = Gross loans and advances x Probability of default (PD) x Loss given default (LGD).
This approach is consistent with the methodology applied in the 2015 year-end audited financial results.

The expected loss calculations are performed before the interest in suspense (IIS) adjustments:

	Pre-IIS adjustment	IIS adjustment	As reported
Gross loans and advances	5 848	(37)	5 811
Provision for doubtful debts	(593)	37	(556)

The LGD term is calculated explicitly using the appropriate time to default (TTD), exposure at default (EAD), time to repossession (TTR), expected future recovery value and contractual interest rate.

6. Loans and advances held at fair value include Entry-level vehicles which have been reclassified to fair value through profit and loss given TCL's business model of managing these assets on a fair value basis in accordance with IFRS 9.

The fair value at 31 March 2015 represents management's expectation of future cash flows, taking into account the discounted anticipated value of the collateral. This approach is consistent with the methodology applied in the 2015 year-end audited financial results.

7. The adoption of IFRS 9 will result in the creation of, or increase in deferred tax assets based on IAS12, *'Income Tax'*. The deferred tax asset has been recognised to the extent that it is probable that future taxable profits will be available against which to utilise deductible temporary differences.

	Deferred tax asset	Deferred tax liability
Opening balance – 31 March 2015	70	46
Impact of the adoption of IFRS 9	189	(46)
Revised closing balance – 31 March 2015	259	–

8. The total impact on retained earnings as a result of the adoption of IFRS 9.
9. The adoption of IFRS 9 results in the increase of the provision on loans and advances of R4 million to reflect an expected loss. Subsequent to this, there was a R0.1 million increase in the provision (charged to the income statement). The contra debit to these entries are charges to retained earnings (R4 million being adjusted to opening retained earnings for FY15 and R0.1 million impacting retained earnings via profit & loss for the half-year period).
10. Purchased book debts are now carried at the uncapped amortised cost in accordance with IFRS 9 (previously capped amortised cost) based on the Group's business model of activating cash flows from its purchased book debts. The adjustment is calculated as the difference between the purchased book debts carrying value per the prior year audited results and the amount computed by applying the revised expected loss model compliant with IFRS 9.
    The following assumptions were made in the application of the expected loss model:
    - The gross cash flows used as input to the expected loss model remained unchanged;
    - The expected loss model was computed by applying a mathematical curve bringing forward the timing of expected future credit losses in a manner consistent with past experience of their timing;
    - The explanatory contribution of macro-economic factors was tested and found to be insignificant. It was therefore concluded that the timing of future expected credit losses is sufficiently explained by micro-economic factors within the purchased book debts;
11. The adoption of IFRS 9 will result in the decrease in deferred tax liabilities based on IAS12, *'Income Tax'*.
12. The total impact on retained earnings as a result of the adoption of IFRS 9.
13. No events which would have a material impact on the financial position of the group have taken place between 31 March 2016 and the date of release of this report.

CONSOLIDATED INCOME STATEMENT

	2015 – Asset-backed lending			
Amounts shown in Rm	Before[1]	Adjustments for the adoption of IFRS 9[5]	Notes	**Unaudited Pro forma after the adoption of IFRS 9**
Interest and other similar income	675	(46)	1	**629**
Interest and other similar expense	(307)			**(307)**
Net interest income	368	(46)		**322**
Impairment of loans and advances	(163)	44	1,2	**(119)**
Risk adjusted net interest income	205	(2)		**203**
Non-interest revenue	113	–		**113**
Non-operating profit and equity accounted earnings	–	–		**–**
Operating costs	(208)	–		**(208)**
Profit before tax	**110**	**(2)**		**108**
Income tax expense	(11)	1	3	**(10)**
Profit after tax	**99**	**(1)**		**98**

Notes and assumptions

The "before" statement of income statement are the unaudited published consolidated financial results of TCL at 31 March 2015.

1. This represents interest suspended for the period 1 October 2014 to 31 March 2015, which under IFRS 9 is not recognised. The interest raised on the gross balance of all credit impaired advances are adjusted to reflect interest on only the net carrying value. The same approach is applied to all loans held at fair value. The calculation is as follows: suspended interest = rate x gross outstanding balance – rate x net carrying value, where the rate = contractual interest rate on the respective account.
2. This represents the movement on the IFRS 9 provision for the period 1 October 2014 to 31 March 2015 and includes the following components:

Fair value gains and losses on 'loans and advances held at fair value'*	(6)
Current year measurement impact of the adoption of IFRS 9*	4
Trade and other receivables	–
Gross Loans and advances	4
Written off book	–
Reclassification of suspended interest on credit impaired assets	46
	44

** The provision and fair value at 31 March 2015 was calculated by applying the average of the restated IFRS 9 coverage ratio as determined at 30 September 2014 and the actual IFRS 9 coverage ratio as determined at 30 September 2015 to the gross loans balance at 31 March 2015. The movement results in a R1.65m increased impairment charge for the year.*

3. Represents the tax effects of the above IFRS 9 adjustments for the six months ended 31 March 2015.
   Tax effect of IFRS 9 adjustments (@28%) – R460 623
4. No adjustment to the carrying amount of purchased book debts as relates to the 6 months ended 31 March 2015 is required.
5. Deferred tax effect of the six months ended 31 March 2015 adjustment to the carrying amount of purchased book debts.
6. All IFRS 9 adjustments represent adjustments of a continuing nature.

	2015 – Risk services				2015 – Group executive office			2015 – Group		
	Before[1]	Adjustments for the adoption of IFRS 9[5]	Notes	**Unaudited Pro forma after the adoption of IFRS 9**	Before[1]	Adjustments for the adoption of IFRS 9[5]	Unaudited Pro forma after the adoption of IFRS 9	Before[1]	Adjustments for the adoption of IFRS 9[5]	**Unaudited Pro forma after the adoption of IFRS 9**
	66	–		**66**	40	–	40	781	(46)	**735**
	(34)	–		**(34)**	8	–	8	(333)	–	**(333)**
	32			**32**	48	–	48	448	(46)	**402**
	(2)	–		**(2)**	–	–	–	(165)	44	**(121)**
	30			**30**	48	–	48	283	(2)	**281**
	457	–		**457**	3	–	3	573	–	**573**
	1	–		**1**	–	–	–	1	–	**1**
	(403)	–	4	**(403)**	(25)	–	(25)	(636)	–	**(636)**
	85			**85**	**26**	**–**	**26**	**221**	**(2)**	**219**
	(24)	–	5	**(24)**	(7)	–	(7)	(42)	1	**(41)**
	61	**–**		**61**	**19**	**–**	**19**	**179**	**(1)**	**178**

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