

AUDITED RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER | 2014



NOTES

HIGHLIGHTS

AUDITED RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER | 2014

STRATEGIC AND OPERATIONAL HIGHLIGHTS

Strategic repositioning of Transaction Capital:

- Change in portfolio of assets
 - Disposal of Paycorp & Bayport
 - Generated strong returns, realised value, reduced risk profile
- Change in leadership
- Restructured board & sub-committees
- Simplified and downsized group executive office
 - Decentralised functions & devolved operational responsibility to subsidiaries
 - Achieved cost savings
- Improved capital structure via 210 cps capital distribution
- Reconstitution of operating divisions
 - Asset-backed lending (comprising SA Taxi)
 - Risk services (comprising MBD CS, Principa & Rand Trust)

NOTES

FINANCIAL HIGHLIGHTS

CONTINUING HEADLINE EARNINGS PER SHARE
▲ 18% TO 57.3 cents

CONTINUING HEADLINE EARNINGS
▲ 17% TO R330 million

CONTINUING GROSS LOANS & ADVANCES
▲ 14% TO R6 737 million

NON-PERFORMING LOAN RATIO
improved by 11% TO 25.7%

CREDIT LOSS RATIO
stable AT 5.2%

AFTER THE CAPITAL DISTRIBUTION OF
210 cents
 PER SHARE NET ASSET VALUE PER SHARE
▼ 18% TO 520.2 cents

CONTINUING EBITDA
▲ 18% TO R159 million (SERVICES DIVISION)

TOTAL DIVIDEND OF
16 cents
 PER SHARE
 (3.6 TIMES COVER)

FINAL DIVIDEND OF
10 cents
 PER SHARE

ENVIRONMENT

AUDITED RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER | **2014**

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ENVIRONMENT

ECONOMIC ENVIRONMENT

- South African economic growth was constrained for the entire financial year
 - Employment & real wage growth slowed
 - Elevated inflation
 - Industrial action had a wide-spread negative impact
 - Repo rate increased by 75 basis points
- The consumer and SME sectors of our economy remain at risk
- Asset-backed lending division: Strategic shift in lending division from funding consumption to funding income-producing assets
- Risk services division: Consumer credit environment creates substantial opportunity as its client base displays increased appetite for credit risk management solutions and their sale of late stage debtors' books

REGULATORY ENVIRONMENT

- Regulatory uncertainty continues
 - National Credit Amendment Act
 - Limited response to business comment on proposed legislation
 - Inadequate assessment of the consequences of proposed legislation
 - Uncoordinated legislation from multiple and sometimes competing ministries
 - Ineffective enforcement of existing laws by regulators
- Transaction Capital continues to engage frequently with its regulators
 - Gain early understanding of proposed changes
 - Appropriately position Transaction Capital for change





NOTES

STRATEGY AND PROSPECTS

AUDITED RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER **2014**

TRANSACTION CAPITAL GROUP PROFILE – at 30 September 2014*

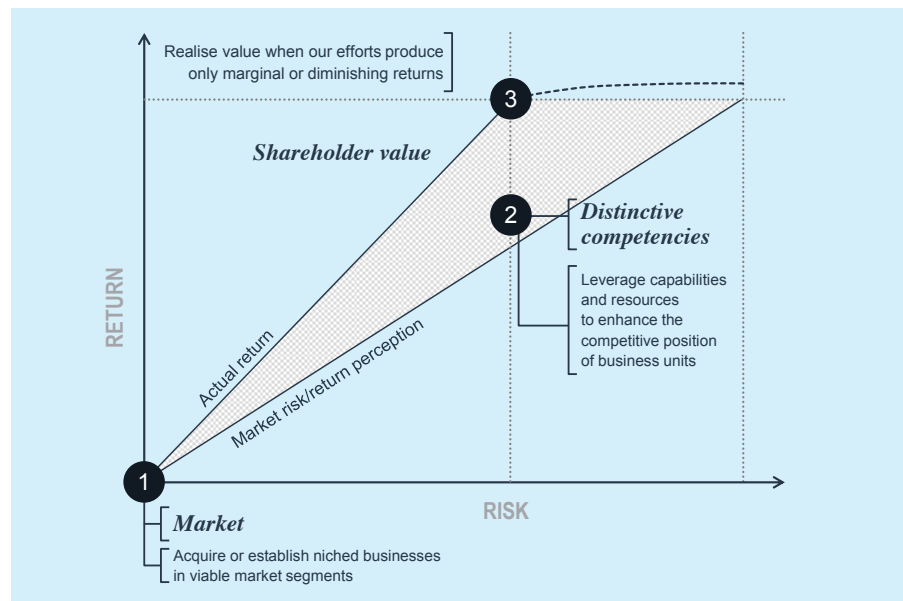
TRANSACTION CAPITAL LIMITED – year ended 30 September 2014 | Employees: **3,719** | Headline earnings: **R330m**

ASSET-BACKED LENDING		CREDIT SERVICES	
TOTAL INCOME 60% OF GROUP HEADLINE EARNINGS 57% OF GROUP		TOTAL INCOME 34% OF GROUP HEADLINE EARNINGS 32% OF GROUP	
GROSS LOANS & ADVANCES R6,690m HEADLINE EARNINGS R188m EMPLOYEES 655		INCOME R874m HEADLINE EARNINGS R104m EMPLOYEES 3,029	
 <p>SA Taxi <i>driving our nation forward</i></p> <p>Innovative asset-backed lender, focusing predominantly on the financing of independent SMEs mainly in the minibus taxi industry</p> <p>SOCIETAL RELEVANCE: SA Taxi supports & finances SMEs that may not otherwise have access to credit from traditional banks, contributing to job creation, & enabling & improving the safety of public transport in South Africa</p> <p>CEO: Terry Kier (48), BA (Hons) Group/subsidiary tenure - 7 years</p>	 <p>Rand Trust <i>business, on your terms</i></p> <p>Provider of working capital and commercial debtor management solutions to SMEs</p> <p>SOCIETAL RELEVANCE: Rand Trust provides business support & finance to SMEs that may not otherwise have access to credit from traditional banks, thereby facilitating SME growth</p> <p>CEO: Deon Pienaar (42), BCom (Hons), CA (SA) Group/subsidiary tenure - 7 years</p>	 <p>MBD</p> <p>Provides a comprehensive range of structured credit risk management, collection and capital solutions to South Africa's largest credit providers</p> <p>SOCIETAL RELEVANCE: MBD CS provides comprehensive credit reports, financial education & debt negotiation services to individuals through Credit Health, one of its subsidiary companies</p> <p>CEO: David McAlpin (53), BCom, MBA, ACMA Group/subsidiary tenure - 6 years</p>	 <p>Principa <i>profitable decisions</i></p> <p>Provider of customer engagement solutions, focusing predominantly on the consumer credit life cycle</p> <p>SOCIETAL RELEVANCE: Principa Decisions works with a wide range of credit providers in South Africa to ensure credit is granted responsibly & only marketed & provided to individuals who have the appropriate financial capacity & ability to repay</p> <p>CEO: Ian Read (48), UK Finance House Diploma Group/subsidiary tenure - 8 years</p>

* Continuing operations

NOTES

STRATEGY AND BUSINESS MODEL



THE RECONSTITUTED GROUP – at 30 September 2014*

TRANSACTION CAPITAL LIMITED – year ended 30 September 2014 | Employees: 3,719 | Headline earnings: R330m

<p>ASSET-BACKED LENDING</p> <p>An innovative asset-backed lender, currently focusing predominantly on the financing of independent SMEs mainly in the minibus taxi industry, but with the intention to expand into adjacent markets or asset classes</p> <p>CEO: Terry Kier</p> <p>HEADLINE EARNINGS 53% OF GROUP R176m GROSS LOANS & ADVANCES R6,240m EMPLOYEES 560</p>	<p>RISK SERVICES</p> <p>A provider of a comprehensive range of structured credit risk management, debtor management, collection, customer engagement and capital solutions, focusing predominantly on the consumer credit lifecycle as well as commercial solutions for SMEs</p> <p>CEO: David McAlpin</p> <p>HEADLINE EARNINGS 35% OF GROUP R116m TOTAL INCOME 38% OF GROUP R972m EBITDA R159m EMPLOYEES 3,124</p>
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Innovative asset-backed lender, focusing predominantly on the financing of independent SMEs mainly in the minibus taxi industry

CEO: Terry Kier (48), BA (Hons)
Group/subsidiary tenure - 7 years



Provider of working capital and commercial debtor management solutions to SMEs

CEO: Deon Pienaar (42), BCom(Hons), CA (SA)
Group/subsidiary tenure - 7 years



Provides a comprehensive range of structured credit risk management, collection and capital solutions to South Africa's largest credit providers

CEO: David McAlpin (53), BCom, MBA, ACMA
Group/subsidiary tenure - 6 years



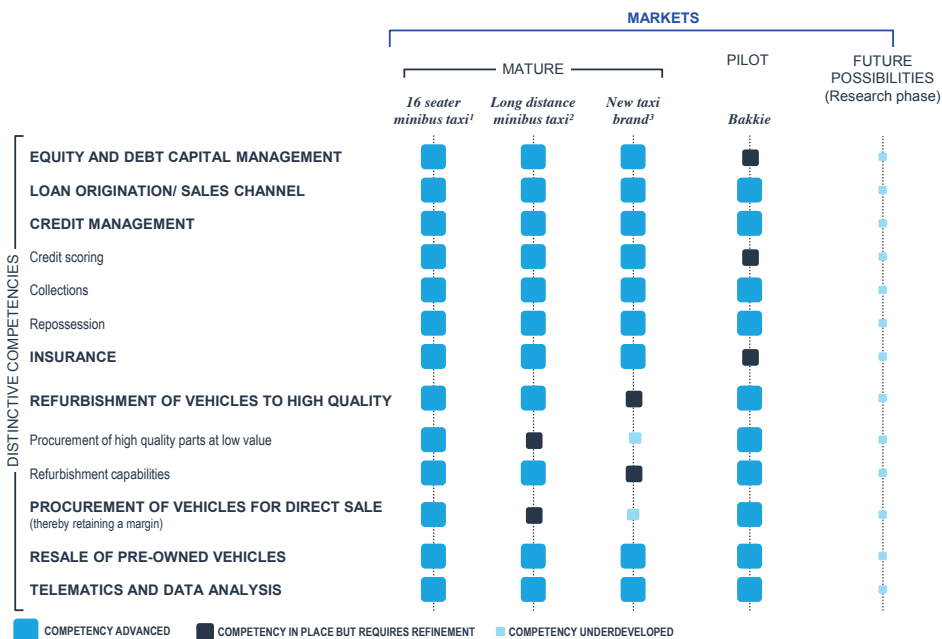
Provider of customer engagement solutions, focusing predominantly on the consumer credit life cycle

CEO: Ian Read (48), UK Finance House Diploma
Group/subsidiary tenure - 8 years

* Continuing operations

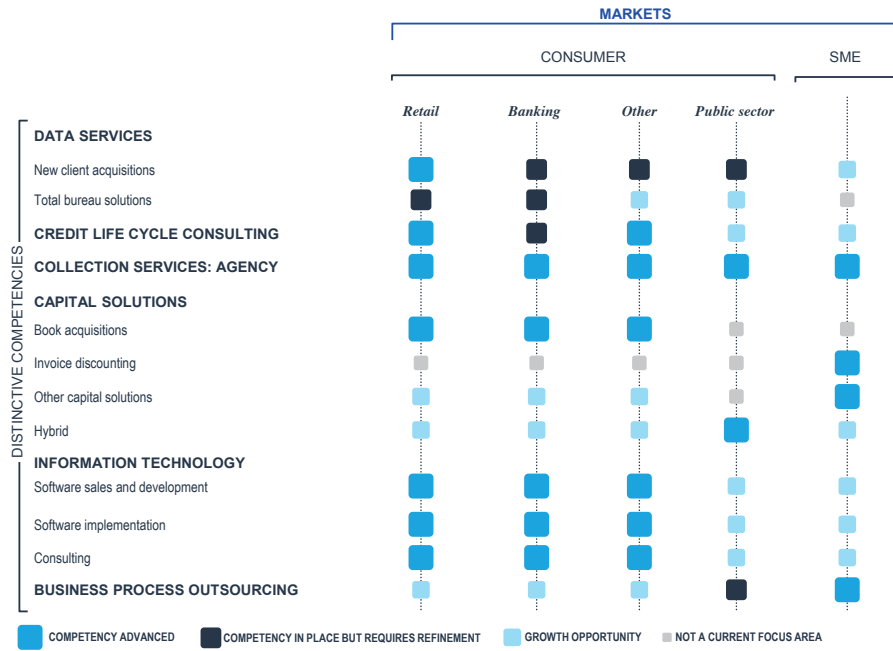
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ASSET-BACKED LENDING *distinctive competencies*



1. Premium experience brands, e.g. Toyota 2. e.g. Mercedes Benz 22-seater 3. E.g. Nissan

RISK SERVICES *distinctive competencies*

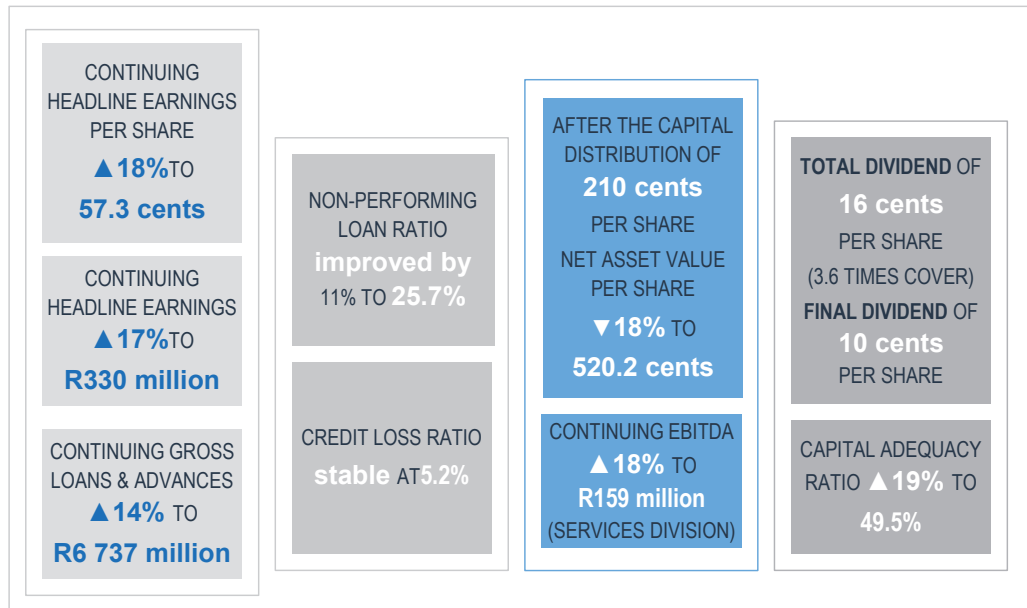


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FINANCIAL REVIEW

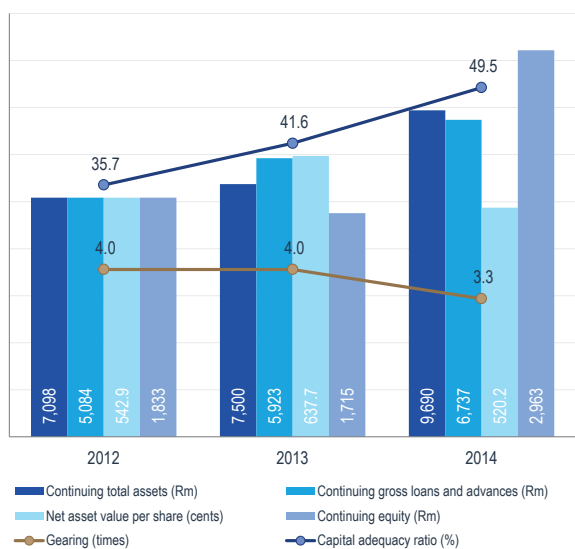
AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER | **2014**

FINANCIAL HIGHLIGHTS



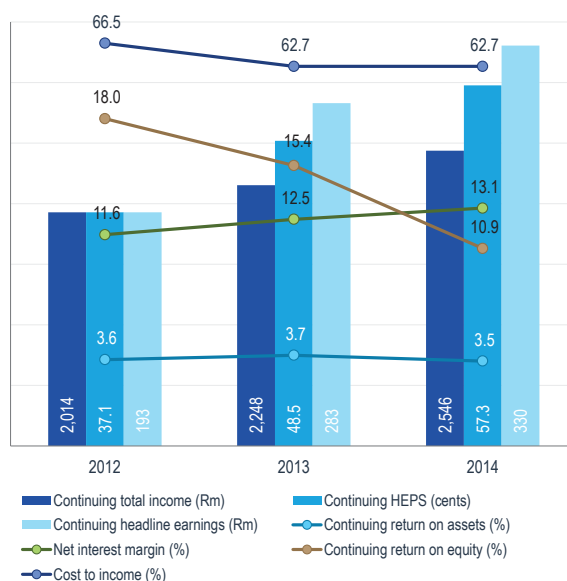
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FINANCIAL POSITION



- Conservative growth of gross loans & advances from R5.9bn to R6.7bn (▲ 14%)
 - Origination strategies targeting improved credit quality, not book growth
- Continuing equity R3bn (▲ 73%)
 - Excess equity post disposals of Bayport and Paycorp
- NAV per share 520.2 cps (▼ 18%)
 - Capital distribution of 210 cps in March 2014
- Capital adequacy levels ▲ 19% to 49.5%
 - 34.0% Equity
 - 15.5% Subordinated debt
 - Will normalise with deployment of excess capital
- Gearing level ▼ significantly to 3.3 times

FINANCIAL PERFORMANCE

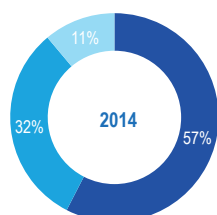


- Continuing HEPS ▲ 18% from 48.5 cps to 57.3 cps
- Continuing headline earnings ▲ 17% from R283m to R330m
 - Growth in gross loans & advances (▲ 14%)
 - Increasing net interest margin ▲ to 13.1%
 - Largely due to additional interest earned on proceeds from disposals
 - 18% ▲ in EBITDA from services
 - Cost-to-income stable at 62.7%
 - Despite smaller group to absorb fixed costs
 - Efficiency improvements & cost containment across the group
- Continuing return on average assets ▼ to 3.5%
 - Dilution from excess cash holdings
- Continuing return on equity ▼ to 10.9%
 - Excludes once-off profit on sale of operations
 - Includes the effect of low returns earned on excess capital generated by the sales
 - Most appropriate benchmark for group ROE found by looking at the underlying divisional metrics

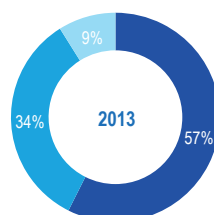
NOTES

PORTFOLIO MIX

Headline earnings	Rm			Growth		Contribution		
	2014	2013	2012	2014	2013	2014	2013	2012
Asset-backed lending	188	163	133	15%	23%	57%	57%	69%
Credit services	104	95	88	9%	8%	32%	34%	46%
Corporate support	38	25	-28	52%	>100%	11%	9%	-15%
Continuing	330	283	193	17%	47%	100%	100%	100%
Cents per share	57.3	48.5	37.1	18%	31%			



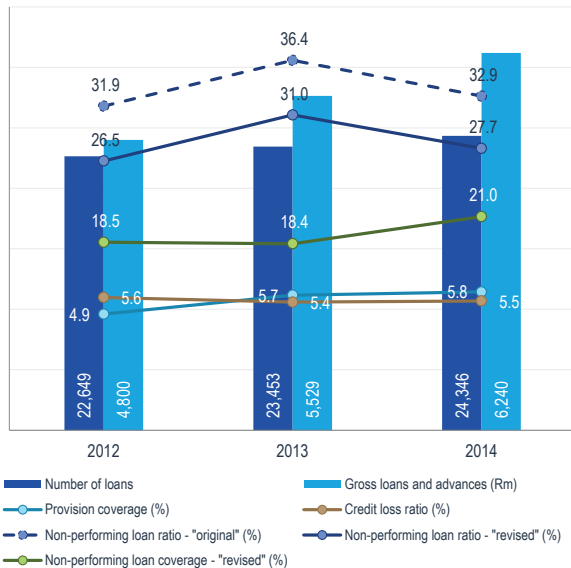
■ Asset-backed lending
■ Credit services
■ Corporate support



■ Asset-backed lending
■ Credit services
■ Corporate support

- Significant change to the segmental mix of headline earnings due to only continuing operations being considered:
 - Asset-backed lending contribution flat at 57%
 - Credit services contribution ▼ from 34% to 31%
 - Corporate support contribution on management of un-deployed capital
- Asset-backed lending remains the largest contributor to the group's continuing earnings
- The future portfolio mix will shift as a result of the constitution of the new risk services division and will also be dependant on the nature of any future acquisitions

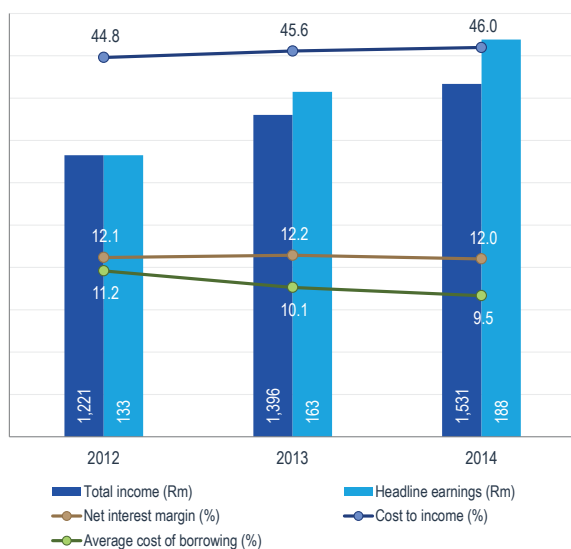
ASSET-BACKED LENDING – SA TAXI



- Gross loans & advances ▲ 13% to R6.2bn
 - Number of loans ▲ 4%
 - Exclusive focus on premium vehicles
 - Write-offs of discontinued entry-level vehicles accelerated
 - SA Bakkie opportunity being pursued
- Non-performing loan ratio ▼ from 31.0% to 27.7%
 - Reduction in repo fleet, particularly legacy entry-level vehicles
 - Excellent collections performance
- Provision coverage ▲ to 5.8% despite ▼ in NPL ratio on conservative provisioning
- Credit loss ratio marginally ▲ from 5.4% to 5.5%
 - Remains well within tolerance level of 6%
 - Stable and cost efficient output from Taximart
 - Slightly more conservative provisioning at year-end

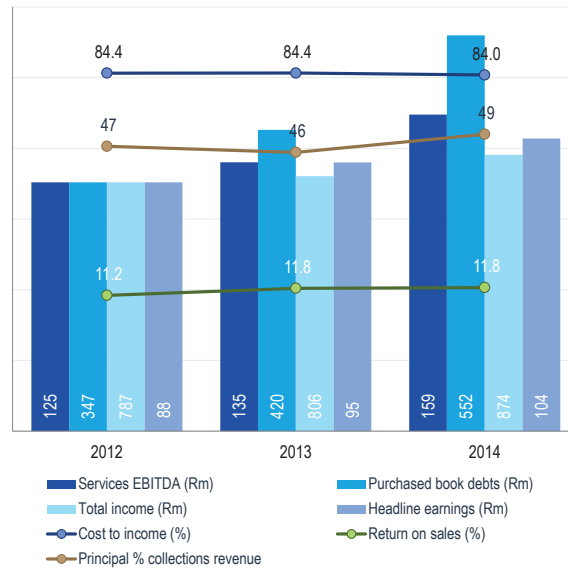
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ASSET-BACKED LENDING – SA TAXI; RAND TRUST



- Headline earnings ▲ 15% to R188m
 - Total income ▲ 10%
 - Net interest margin ▼ marginally to 12.0%
 - ▼ average cost of borrowings to 9.5%
 - Strong growth from Rand Trust
- Marginal ▲ in cost-to-income ratio to 46.0%
 - Investment into insurance business
 - Economies of scale realised in Rand Trust
- Rand Trust
 - Added 64 new clients which offset attrition of existing clients in a challenging economy for SMEs
 - Establishing offices in KZN, EC
 - Innovation in distribution channels, marketing strategies & client offerings

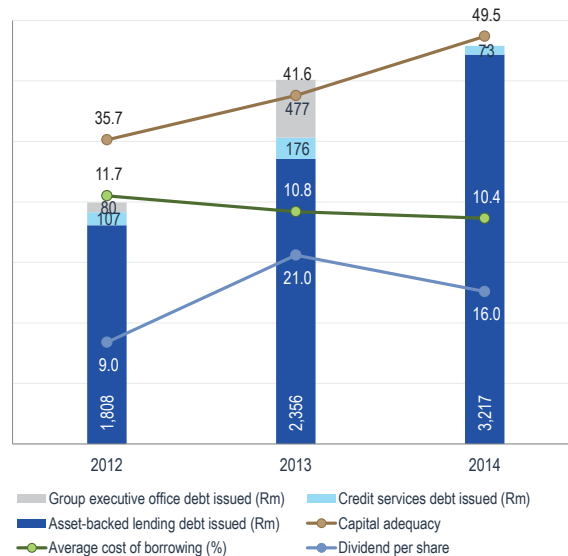
CREDIT SERVICES – MBD CS; PRINCIPA DECISIONS



- **Headline earnings ▲ 9% to R104m**
 - Challenging collections environment
 - Earnings growth continues to lag purchases of book debts
 - Stringent cost management
 - Return on sales stable at 11.8%
- **Purchased book debts ▲ 31% from R420m to R552m**
 - Books of R214m acquired in advantageous buying environment
 - Modest income growth of 8%
- **Principa**
 - Softening SA consumer credit economy affected revenue generation ability
 - Promising USD revenues earned from Qarar joint venture in Middle East

NOTES

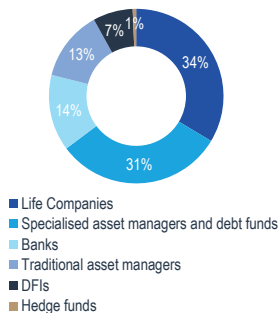
CAPITAL MANAGEMENT



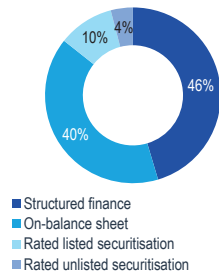
- **15 institutions invested R3,290m of debt capital**
 - Asset-backed lending: R3,217m
 - Credit services: R73m
- **New debt investors:**
 - 8 new to group
 - 8 new to asset classes
- **SA Taxi's JSE listed, Standard & Poor's rated securitisation successfully launched in May 2014 ("Transsec")**
 - Robust investor appetite
 - Lower cost of borrowings
- **More challenging environment post recent corporate defaults in the market**
- **Successful fund raising in the private markets at stable pricing levels**
- **Cost of borrowing ▼ from 10.8% to 10.4%**
- **Capital adequacy improved to 49.5%**
- **Annual dividend ▼ to 16 cps due to disposals**
- **Dividend policy has been amended to a reduced coverage ratio of 3 to 4 times**
- **13 million shares repurchased at an average of 562cps**

FUNDING PHILOSOPHY

Diversification by funder category

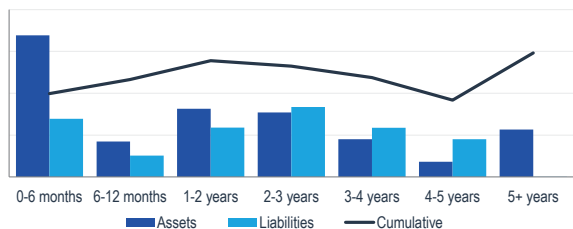


Diversification by funding structure



- Proven wholesale funding model
 - “Positive liquidity mismatch” between asset & liability cash flows
 - 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

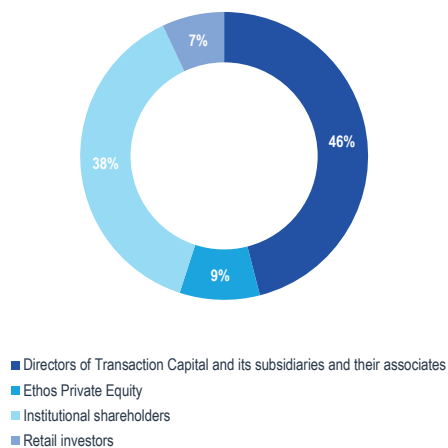
Positive liquidity mismatch



NOTES

SHAREHOLDING

30 September 2014



- Percentage held by institutional investors
 - ▲ from 26% to 38%
- Percentage held by retail investors stable at 7%
- Improved liquidity
 - Increased volumes
 - Higher free float

CONCLUSION

AUDITED RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER | **2014**

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CONCLUSION

CONCLUSION

- Robust financial performance
- Substantial organic opportunities to drive medium term growth within existing divisions
- Well positioned for acquisitive growth
 - Expected within existing divisions
 - Robust balance sheet, with the ability to access capital
 - Capital adequacy of 49.5%
 - Low gearing (3.3 times)
 - Significantly reduced risk profile (regulatory, consumer credit and capital)
 - More than R1 billion of cash to effect significant acquisitive activity
 - Sound M&A track record but patience is required
 - Expected timeframe of 18 - 24 months from receipt of proceeds