

Investor Report

For the half year
ended 30 September 2018

REAL PEOPLE®

**Real People
Investment Holdings Ltd**



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1.1 Group statement of financial position

Group consolidated - September FY2019

	Actual R'm	Restructure Forecast R'm	Actual vs Forecast (%)
Assets			
Loans and advances	858,3	999,2	-14,1%
Acquired assets	625,7	634,0	-1,3%
Property and equipment and Intangible assets	18,2	18,5	-1,7%
Investments	30,2	26,4	14,5%
Other assets	22,9	32,6	-29,6%
Deferred and current tax assets	12,2	-	100,0%
Cash and cash equivalents	387,7	232,0	67,1%
Total assets	1 955,1	1 942,7	0,6%
Equity and liabilities			
Share Capital and share premium	1 308,9	1 308,9	0,0%
Accumulated loss	(914,3)	(859,4)	-6,4%
Reserves	2,1	-	100,0%
Equity	396,7	449,4	-11,7%
Liabilities			
Long term interest bearing borrowings	1 441,0	1 440,2	0,1%
Deferred and current tax liabilities	14,7	-	100,0%
Other liabilities	102,7	53,1	93,6%
Total equity and liabilities	1 955,1	1 942,7	0,6%
YTD Average			
*Average Productive Assets	1 491,1	1 641,3	
* Average Total Assets	1 936,1	1 958,2	
Average Productive Assets/Average Total Assets (%)	77,0%	83,8%	

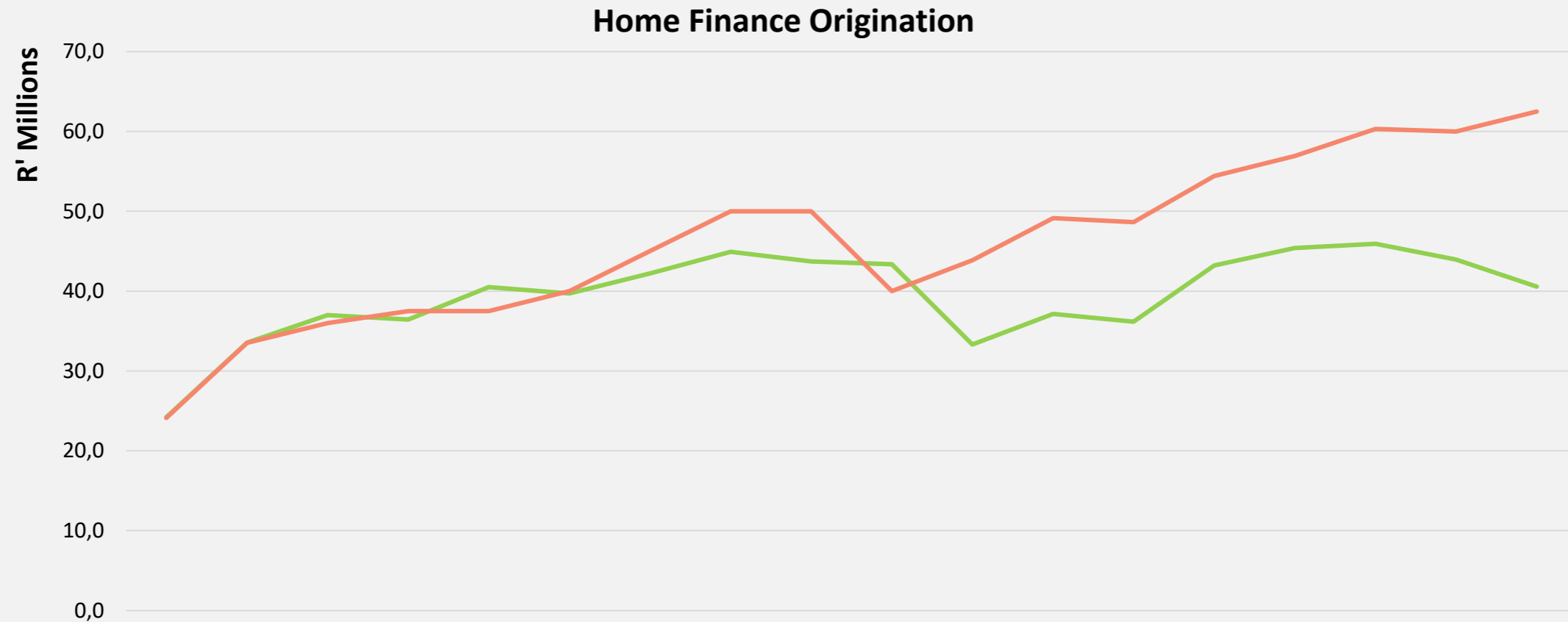
	September FY2019	
	Analysis of Share Capital (R'm)	Attribution of Current Equity to Instruments (R'm)
E PIK Note	493,3	327,1
D PIK Note	96,6	26,1
C Preference Shares	128,5	18,0
B Preference Shares	155,9	7,0
A Ordinary Shares	-	15,1
Ordinary Shares	434,5	3,4
	1 308,9	396,7

1.2 Group statement of comprehensive income

	YTD - September FY2019				
	Actual R'm	Return as a % of Productive Assets	Restructure Forecast R'm	Return as a % of Productive Assets	Actual vs Forecast (%)
Gross yield from assets	364,0	48,7%	356,9	43,4%	2,0%
Impairment provision	(53,4)	-7,1%	(53,8)	-6,5%	0,7%
Net assurance income - credit life	27,9	3,7%	27,6	3,4%	1,1%
Net yield	338,5	45,3%	330,7	40,2%	2,3%
Finance costs	(101,5)	-13,6%	(107,3)	-13,0%	5,4%
Net margin	236,9	31,7%	223,4	27,1%	6,1%
Net assurance income - funeral benefits	16,7	2,2%	21,0	2,6%	-20,7%
Outsourced collection income	22,8	3,1%	27,0	3,3%	-15,4%
Sundry income	0,4	0,0%	-	0,0%	100,0%
Operating income	276,8	37,0%	271,4	33,0%	2,0%
Operating expenditure	(244,9)	-32,8%	(244,2)	-29,7%	-0,3%
Hedging gain/(loss)	(1,0)	-0,1%	-	0,0%	-100,0%
Profit/(loss) before tax	30,9	4,1%	27,2	3,3%	13,5%
Current tax expense	(7,2)	-1,0%	(7,6)	-0,9%	4,8%
Deferred tax expense	12,9	1,7%	-	0,0%	100,0%
Profit/(loss) after tax	36,6	4,9%	19,7	2,4%	86,1%
Other comprehensive (loss) / income:					
Movement in cash flow hedge reserve	8,7	1,2%	-	0,0%	100,0%
Total comprehensive income for the period	45,3	6,1%	19,7	2,4%	> 100%
*Average productive assets	1 491,1		1 641,3		
*Average Equity	373,2		460,9		
Equity Multiplier	4,0		3,6		
*Pre-tax return on equity	16,5%		11,8%		
*Return on Equity	19,6%		8,5%		

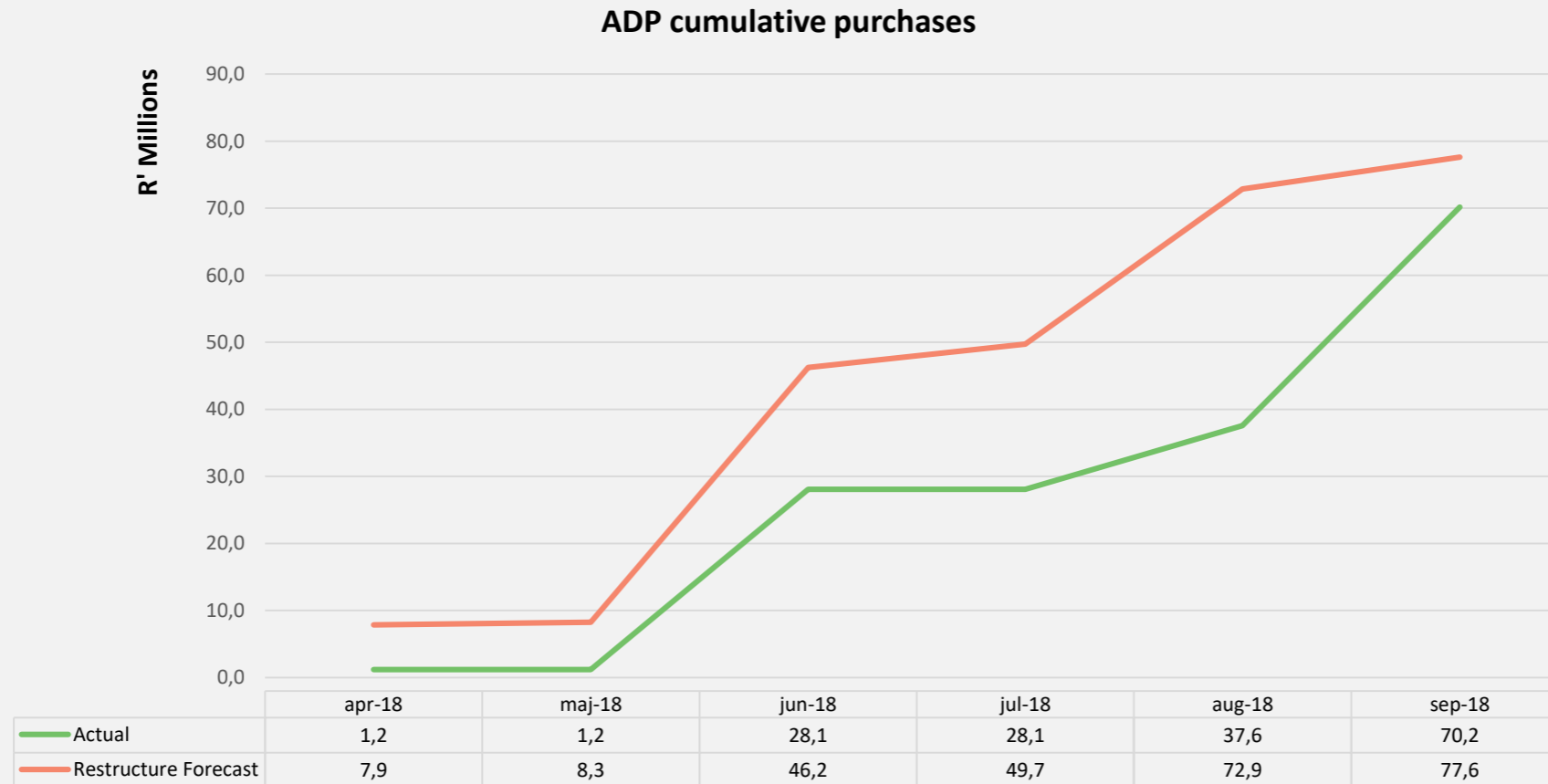
2. Growth in productive assets

1. Home Finance loan origination platform volumes

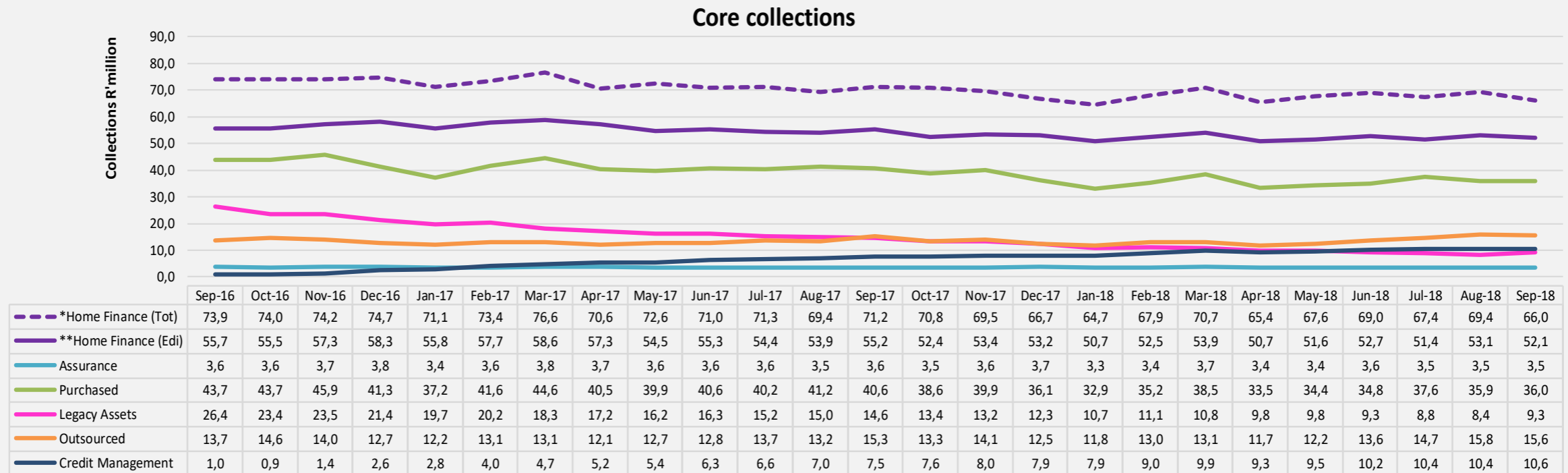


	apr-17	maj-17	jun-17	jul-17	aug-17	sep-17	okt-17	nov-17	dec-17	jan-18	feb-18	mar-18	apr-18	maj-18	jun-18	jul-18	aug-18	sep-18
Actual	24,19	33,54	36,99	36,43	40,49	39,69	42,22	44,92	43,72	43,38	33,30	37,15	36,16	43,22	45,40	45,92	43,94	40,57
Restructure Forecast	24,10	33,53	36,00	37,50	37,50	40,00	45,00	50,00	50,00	40,00	43,87	49,13	48,63	54,42	56,92	60,30	60,00	62,50

3. DMC acquired debt portfolio purchases year to date



4. Core collections across each business line



*Total receipting including all collection channels

**Collections via electronic debit orders

3.1 Group profitability analysis: For the half year ended 30 September 2018

	YTD - September FY2019	
	Actual	Prior Year
GROUP		
Gross yield on productive assets	48,7%	50,3%
Cost of funds	13,9%	14,7%
*Operating expenses to gross yield	65,8%	53,5%
Effective tax rate	-18,5%	15,2%
Return on productive assets	4,9%	11,8%
Return on group equity	19,6%	25,4%
HOME FINANCE		
Gross yield on productive assets	49,7%	51,3%
Non-margin income on productive assets	7,6%	8,7%
Cost of funds	13,6%	13,6%
*Operating expenses to gross yield	40,4%	36,7%
Indirect costs as a % of operating expenses	73,2%	69,8%
Effective tax rate	-5,2%	19,7%
Return on productive assets	8,3%	10,3%
DMC		
Gross yield on productive assets	47,2%	49,2%
Outsourced contributions on productive assets	1,9%	2,2%
Cost of funds	13,6%	14,9%
*Operating expenses to gross yield	86,4%	66,0%
Indirect costs as a % of operating expenses	37,0%	43,5%
Effective tax rate	-39,3%	19,7%
Return on productive assets	5,3%	6,0%

* Direct costs reallocated from yield are included as part of the gross yield for purpose of the ratio calculation

3.2 Group profitability analysis: 12 month rolling compliance ratios

Group Capital Adequacy Ratio

	Minimum per Covenant	Actual Sep FY 2019 R'm
Permanent Capital / Total adjusted assets	20,0%	35,2%
Equity per statement of financial position		396,7
Cash flow hedge add back		6,9
Qualifying equity		403,6
Assurance		(17,8)
SPV equity		107,7
Intangible and deferred tax assets to be funded with equity		(2,5)
SPV junior loans		(221,5)
Permanent Capital (on balance sheet equity)		269,4
Assets per statement of financial position		1 955,1
Cash and Cash equivalents (on balance sheet)		(144,4)
Intangible and deferred tax assets to be funded with equity		(2,5)
Assurance Assets		(28,2)
SPV assets		(1 014,8)
Total adjusted assets (on balance sheet assets)		765,3

Cost to Income Ratio

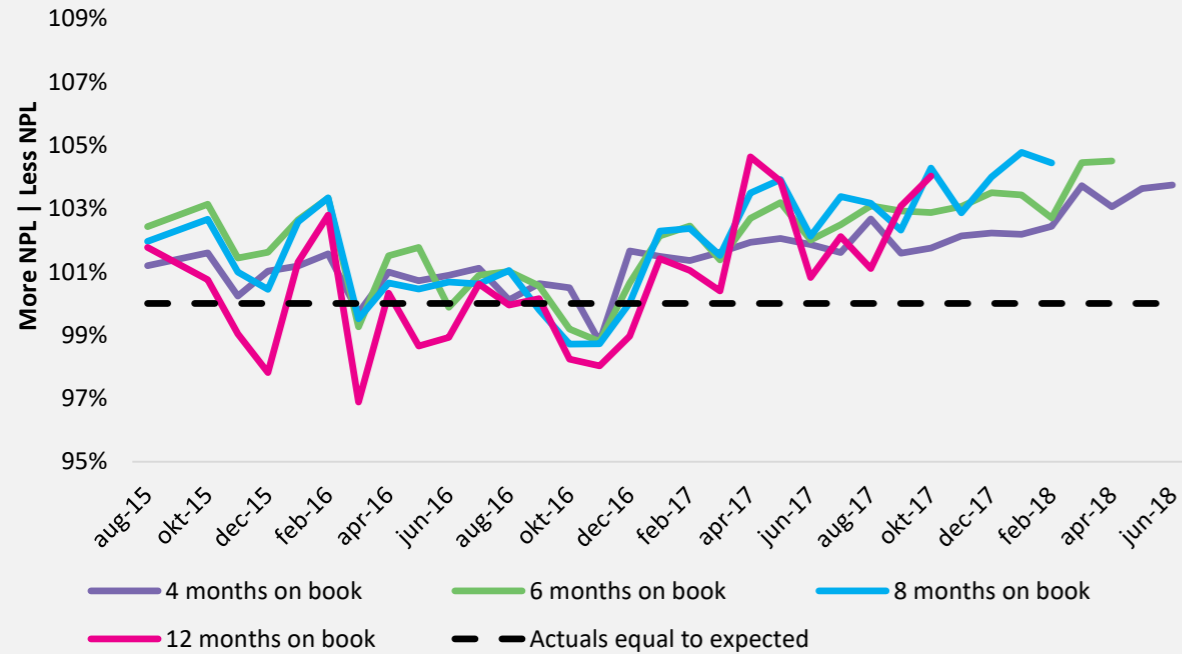
	Maximum per Covenant	Actual Sep FY 2019
Operating Expenses		461,4
Operating Income		725,8
Cost to income ratio	68%	63,6%

Debt Service Cover Ratio

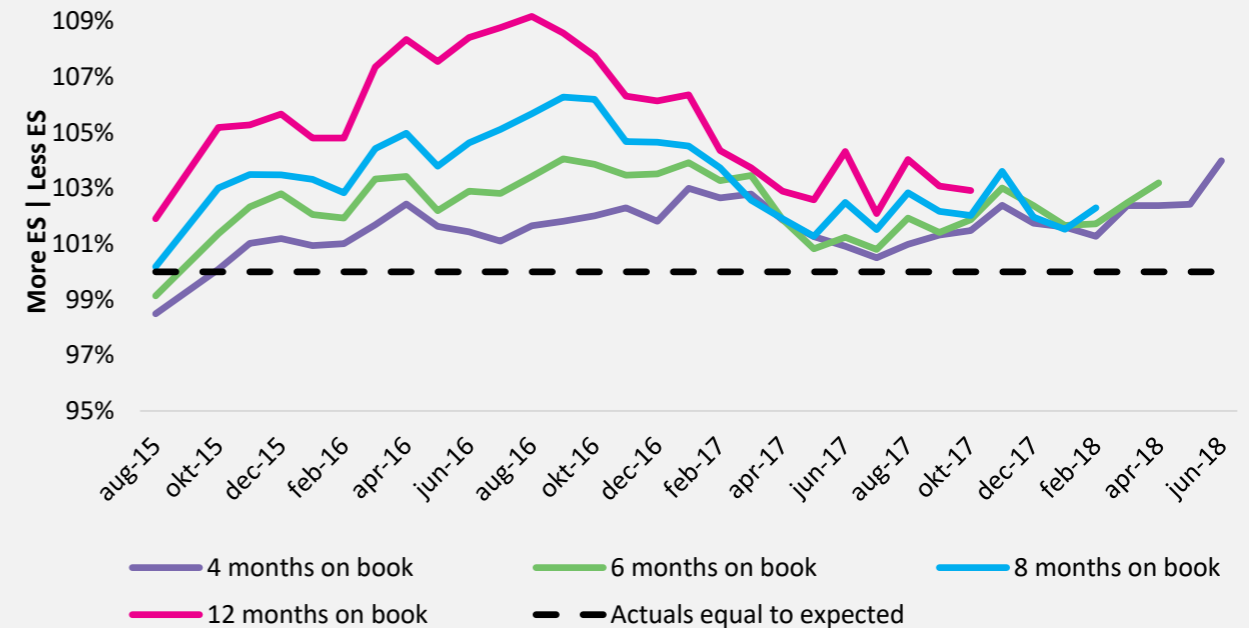
	Minimum per Covenant	Actual Sep FY 2019
Free Cash Flow		319,3
Debt Service		102,9
Debt Service Coverage Ratio (times)	1.05	3.10

1. Default and settlement expectation

Actual vs Expected default (count)



Actual vs Expected Settlements (count)



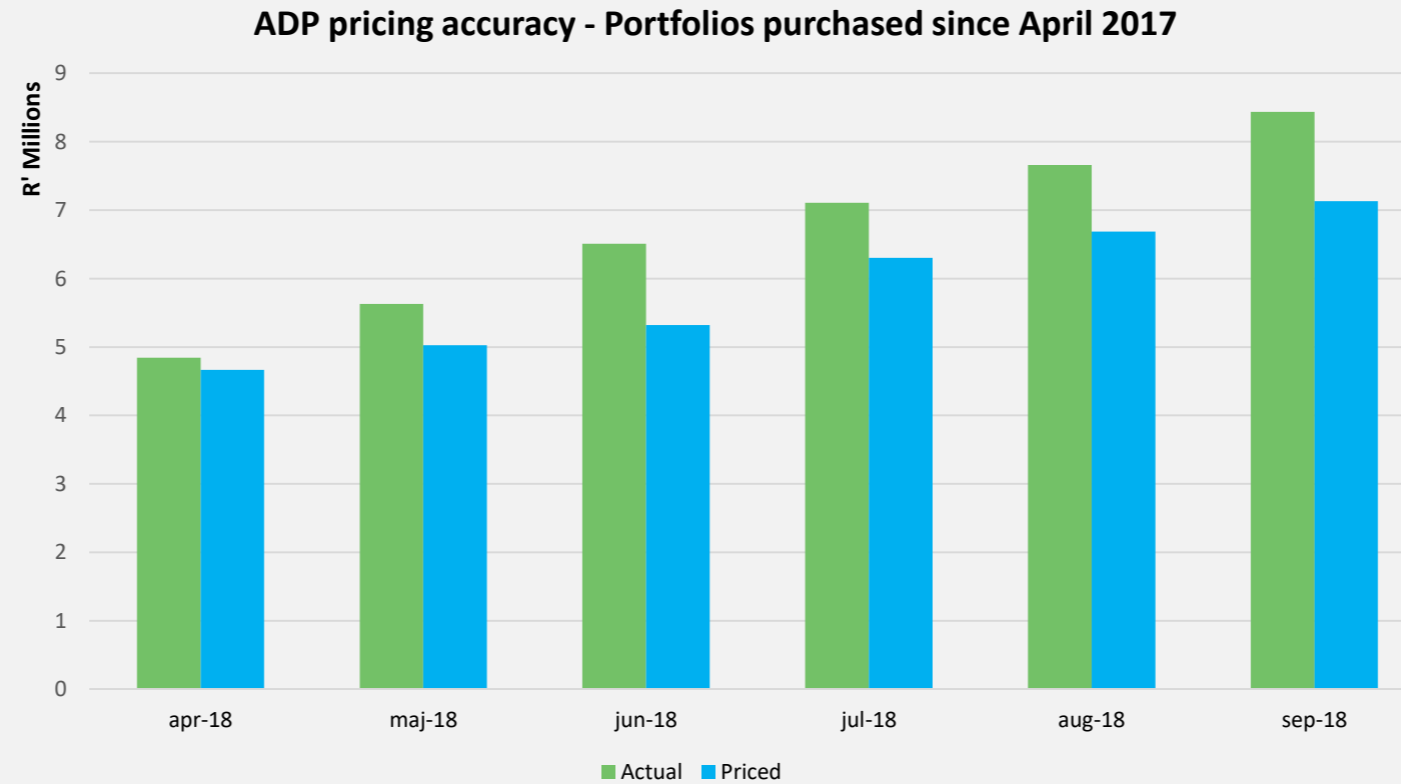
Default levels versus expectations:

Defaults are proportionately less than expected levels in the pricing model. During early October 2018, new products were introduced which aim to reduce the difference between expectation and actual performance without foregoing the required ROE.

Early settlements versus expectations:

Actual early settlements are proportionately less than expected (priced for) early settlements.

* Please note the latest month of origination for the pricing accuracy graphs is June 2018, as the first data point on the graphs are 4 months after origination.

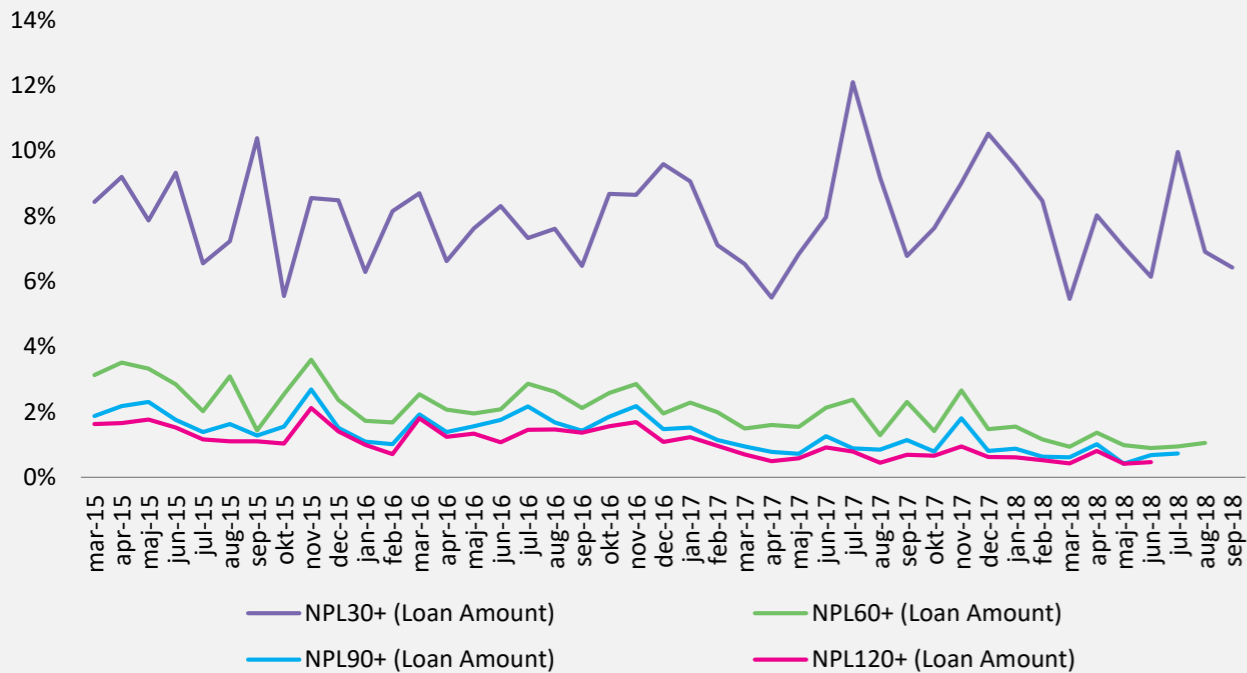


DMC has continued to outperform priced collection expectations on most of the portfolios purchase since April 2017.

5. Home Finance divisional drivers of performance

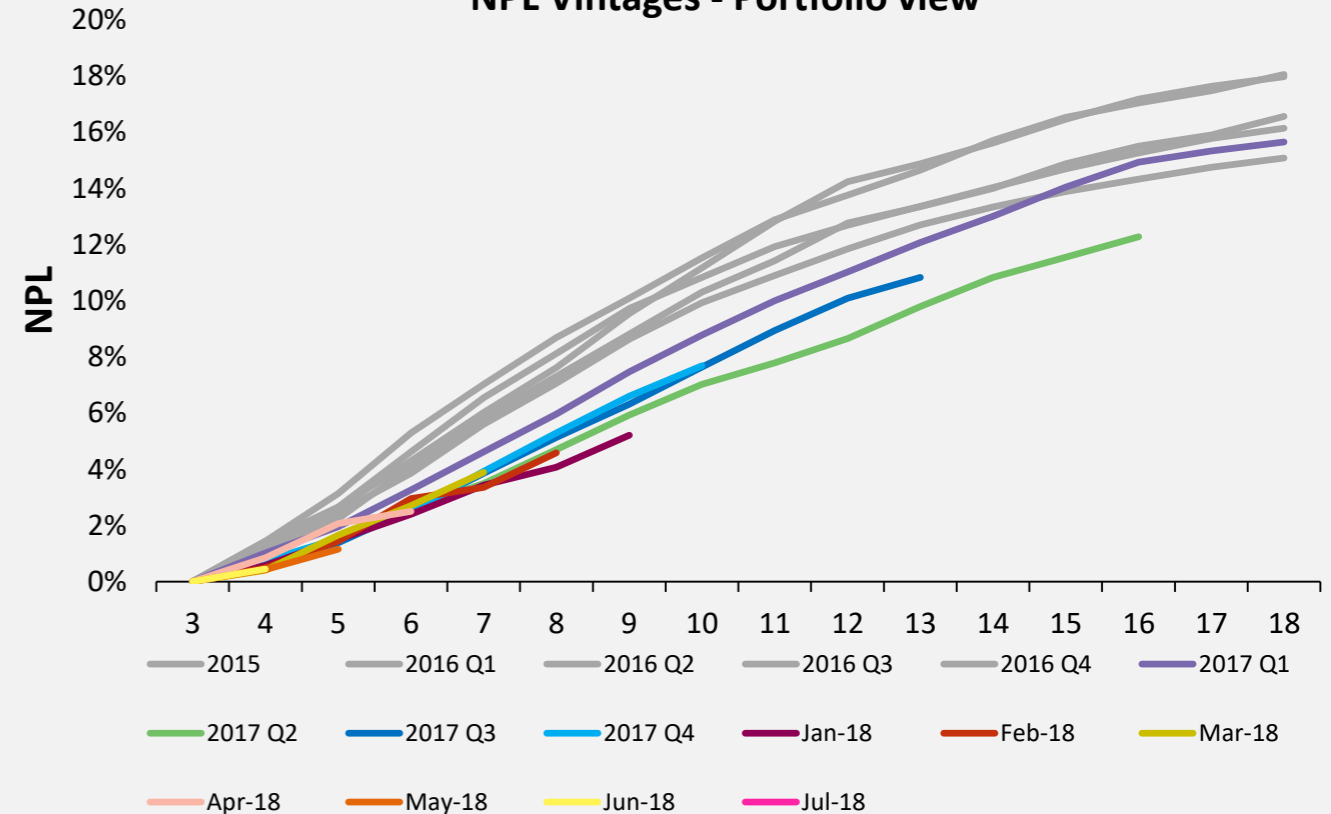
1. Risk Emergence

Early Risk Warning Indicator - Straight roller as % of vintage month volume



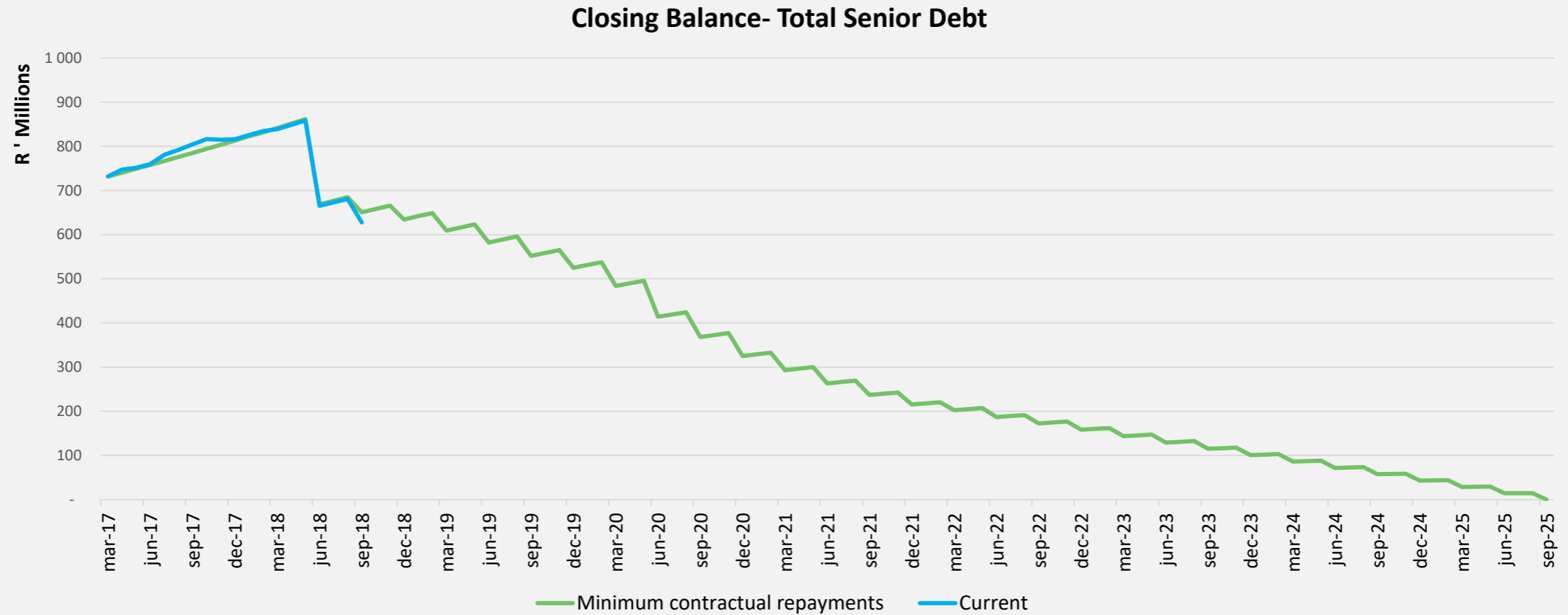
The above graph depicts the percentage of contracts that have missed 1 (NPL30+), 2 (NPL60+), 3 (NPL90+) and 4 (NPL120+) payments. Straight rollers continue on historical low levels. Volatility in first missed payment is well controlled to limit flow of the volatility into second missed payments. HF regularly interrogate accounts missing first payments to find methods to reduce the level and the volatility of this measure.

NPL Vintages - Portfolio view



NPL Emergence:
NPL emergence continues to trend at the bottom of the range of historical experience.

6. Contractual amortisation profile



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