Real People Investment Holdings Limited

Financial Results

For the three months ended 30 June 2015

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1. Introduction

The strategic focus of the Group remains unchanged with continued focus on deepening our Responsible finance offering in South Africa and East Africa and promoting opportunities in the non-performing debt markets in South Africa. The Group is now well positioned to promote recovery. Management is focussed on the resumption of balance sheet growth in all continuing businesses whilst managing a stable legacy asset performance. If achieved, this will result in significant improvements in Group profitability.

2. Overview: Operating environment

The macro environment in South Africa continues to remain challenging, albeit stable. Consumer deleveraging is expected to continue into the short term, the outcome of which is a more informed and healthy consumer. Changes in the regulatory environment continue to contribute to uncertainty, especially insofar as the Home Finance SA business is concerned.

In East Africa our expectation is that there is potential for strong and robust growth whilst acknowledging that the regulatory environment is evolving and that risk needs to be managed pro-actively in what remains a volatile environment.

3. Regulatory developments

National Credit Amendment Act

Recent developments with regards to amendments to regulations associated with interest and fees that may be charged have been published for comment. The effect on the Group's lending business has been assessed and is considered to be positive when compared to the direction and stance the Group is taking with respect to its Responsible Finance agenda in South Africa.

The proposed regulations with regard to maximum credit life premiums remain outstanding. A worst case scenario may have a significant impact on the SA Home Finance division's risk appetite and accordingly on its origination volumes.

Legal action regarding the legislation governing Emoluments Attachment Orders (EAOs) - Stellenbosch case

The High Court in Cape Town has pronounced its judgement. Although a number of details surrounding the judgement and their implications are still unclear, we view the result as being overall positive for the Group.

The Group's exposure to EAO collections is relatively small as a result of a historic decision to move away from this method of collection to a debit order voluntary basis of collection.

The primary collection mechanism used by the Group is debit orders and these collections compete directly with EAOs for share of wallet. To the extent that EAO collections reduce as a result of the judgement, the Group stands to gain significantly.

4. Corporate actions

The Aspire Group remains up for sale. Management is currently in the process of attempting to find a buyer for the business. On the basis that the business has been largely restructured to return to profitability the Group can exercise some patience with a view to attracting an improved offer.

5. Capital

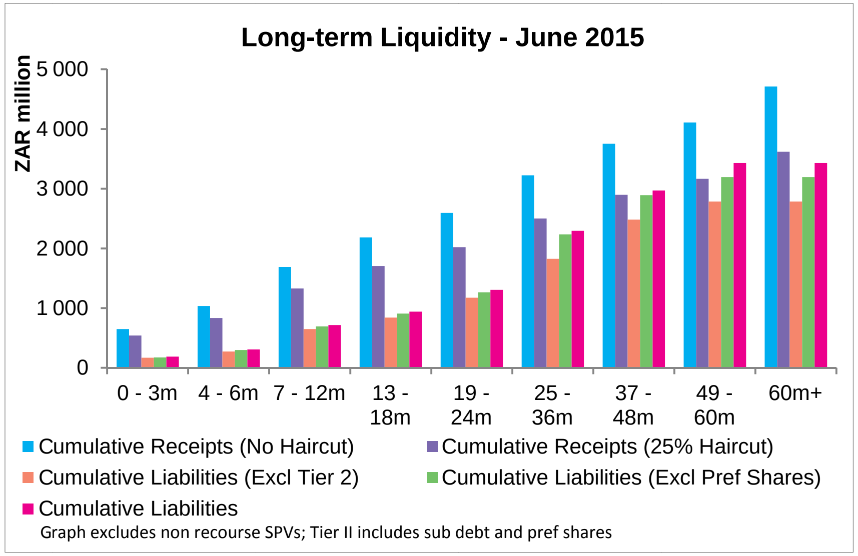
The Group remains adequately capitalised at 31.8%. The Capital Adequacy Ratio remains above the covenant level of 30% but below managements' target level of 36%. This is 2.6% lower than the level reported at 31 March 2015 and is primarily attributable to growth in risk weighted assets within the DMC cluster as a result of significant acquisitions.

Capital Adequacy Ratio - RPIH Group	Jun-15 R'000s	Jun-14 R'000s
Tier 1 Capital	**418 641**	**636 069**
Ordinary share capital	440 616	431 945
Compulsory convertible preference share capital	100 567	-
Retained earnings	(44 018)	312 169
Minority interest	(10 495)	(16 515)
Reserves*	2 133	(17 009)
Total Equity as per Balance sheet	**488 803**	**710 590**
Non-qualifying reserves*	(2 133)	17 009
Deductions against Tier 1		
Investment in Financial Institutions	(15 623)	(12 188)
Investments in Securitisation vehicles	(50 791)	(71 353)
Goodwill	-	(3 392)
Intangible assets	(1 614)	(4 597)
Tier 2 Capital	**366 920**	**276 594**
Subordinated debt	295 861	326 321
Less: Non-qualifying subordinated debt	(52 527)	-
Qualifying Preference shares	161 286	-
General allowance for credit impairment	28 714	33 813
Deductions against Tier 2		
Investment in Financial Institutions	(15 623)	(12 188)
Investments in Securitisation vehicles	(50 791)	(71 353)
Qualifying Capital	**785 561**	**912 663**
Credit risk	2 297 129	2 705 052
Operational risk	65 297	63 734
Market risk	105 131	144 276
Total risk weighted exposure	**2 467 557**	**2 913 063**
Capital Adequacy Ratio	**31.84%**	**31.33%**
Tier 1 Capital	**16.97%**	**21.84%**
Tier 2 Capital	**14.87%**	**9.49%**

**Reserves includes FCTR and cashflow hedge reserve*

6. Funding and liquidity

The Group continues to raise new funding for ongoing asset origination albeit within an environment that is characterised by continued negative sentiment towards the unsecured lending industry. These efforts have contributed to improving the liquidity position of the Group and its efforts to promote asset origination.



7. Group results

Consolidated Group statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Gross yield from assets	242.8	346.4	-30%
Impairment provision	(47.2)	(118.8)	60%
Net yield	**195.5**	**227.6**	**-14%**
Finance costs	(77.2)	(88.7)	13%
Net margin	**118.4**	**139.0**	**-15%**
Net assurance income - funeral benefits	11.5	9.8	17%
Outsourced collection income	10.9	13.0	-16%
Sundry income	0.5	0.0	>100%
Net operating income	**141.2**	**161.8**	**-13%**
Operating expenditure	(131.6)	(149.8)	12%
Contribution	**9.6**	**12.0**	**-20%**
Attributable to providers of qualifying tier II capital	(16.7)	(12.7)	-32%
Profit before tax - disposal group	(0.4)	(2.6)	86%
Attributable to ordinary shareholders	**(7.4)**	**(3.3)**	**> -100%**

Group overview

The financial performance of the Group is expected to remain under pressure in the short term and will ease once recovery efforts gain momentum.

Overall Group profitablity is down by 128% year on year. Normalised profit before taxation in the continuing businesses declined by 88% on a year on year basis. This is as a result of growth restrictions placed on the businesses in the second half of 2015 due to capital and funding constraints. Management has deployed multiple tactics to promote growth, the effects of which will hopefully be felt in the ensuing quarters.

Legacy assets improved by 50% on a year on year basis albeit on the basis of a lower loss. The asset class continues to make head way in its efforts to lift receipting and thus improve performance.

The disposal group continued to improve following the significant restructure efforts and is in line with management expectation.

Group segment statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Home Finance	13.1	9.4	40%
Assurance	6.0	4.4	35%
Business Finance	(2.4)	8.0	> -100%
Responsible Finance	**16.7**	**21.8**	**-24%**
Collections and acquired	1.2	9.4	-88%
Discounting income	1.0	0.5	82%
DMC	**2.2**	**9.9**	**-78%**
Unallocated interest	(1.2)	5.2	> -100%
Group Central Services	(15.4)	(19.2)	20%
	(16.6)	**(14.0)**	**19%**
Continuing operations	**2.2**	**17.7**	**-88%**
Discontinued receivables	(2.3)	(3.6)	37%
Cellular receivables	(7.0)	(14.8)	53%
Legacy assets	**(9.3)**	**(18.4)**	**50%**
Disposal group	(0.4)	(2.6)	86%
Loss before tax	**(7.4)**	**(3.3)**	**> -100%**

Group statement of financial position

	Jun 2015 R'm	Jun 2014 R'm	2015 v 2014
Assets			
Loans and advances	2 005.7	2 967.3	-32%
Acquired assets	959.5	723.0	33%
Property and equipment and intangibles	69.5	72.8	-5%
Assurance assets	65.1	57.0	14%
Investments	30.9	-	-
Other assets	44.6	61.0	-27%
Deferred tax assets	192.1	194.7	-1%
Cash and cash equivalents	380.6	356.5	7%
Assets of continuing operations	**3 748.0**	**4 432.3**	**-15%**
Assets of disposal group	17.8	17.6	1%
Total assets	**3 765.8**	**4 449.9**	**-15%**
Equity and liabilities			
Equity	**488.8**	**711.0**	**-31%**
Liabilities			
Long term interest bearing borrowings - senior	2 692.8	3 244.3	-17%
Long term interest bearing borrowings - subordinated	295.9	326.3	-9%
Long term interest bearing borrowings - preference shares	160.8	-	-
Assurance liability	56.6	49.7	14%
Deferred and current tax liabilities	3.2	17.6	-82%
Other liabilities	62.5	90.2	-31%
Liabilties of continuing operations	**3 271.8**	**3 728.2**	**-12%**
Liabilities of disposal group	5.2	10.8	-51%
Total equity and liabilities	**3 765.8**	**4 449.9**	**-15%**

8. Cluster results

8.1. Responsible Finance

8.1.1. Home Finance

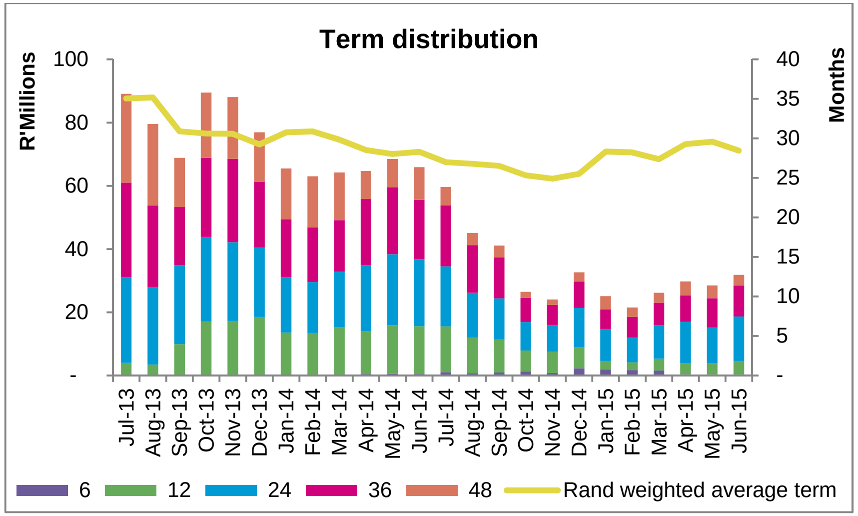
Statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Gross yield from assets	98.9	157.8	-37%
Impairment provision	(23.2)	(71.8)	68%
Net yield	**75.7**	**85.9**	**-12%**
Finance costs	(27.1)	(34.6)	22%
Net margin	**48.6**	**51.3**	**-5%**
Operating expenditure	(31.6)	(36.6)	14%
Contribution	**17.0**	**14.6**	**16%**
Attributable to providers of qualifying tier II capital	(3.8)	(5.3)	28%
Attributable to ordinary shareholders	**13.1**	**9.4**	**40%**
Loans and advances	**855.4**	**1,372.0**	**-38%**

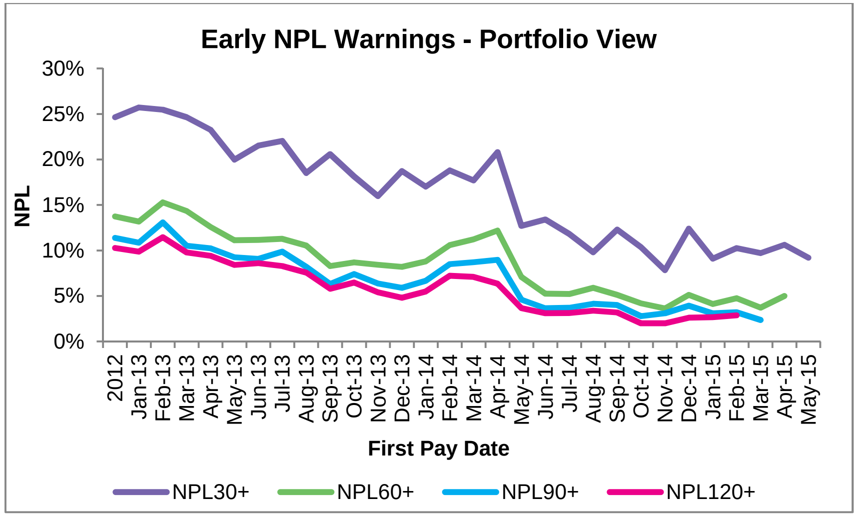
Operational overview

The business unit continues to operate within a difficult environment. Management is focusing attention on restoring the merchant channel to performance levels achieved prior to capital and funding restrictions negatively affecting origination and asset growth. The initiatives that have been deployed to achieve this imperative have been successful to date with origination volume targets being on track with management's planned growth strategy.

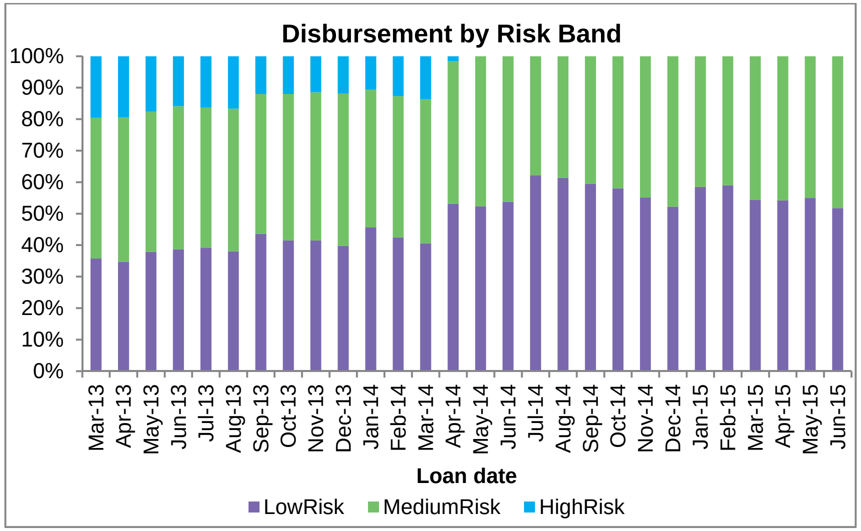
Overall earnings are up year on year by 40% despite a 38% year on year decline in productive assets. This is attributable to management initiatives to improve credit and underwriting risks over the past two years which have resulted in improved asset quality and a more resilient revenue stream. This in addition to prudent cost control is yielding beneficial outcomes for the performance of the business.



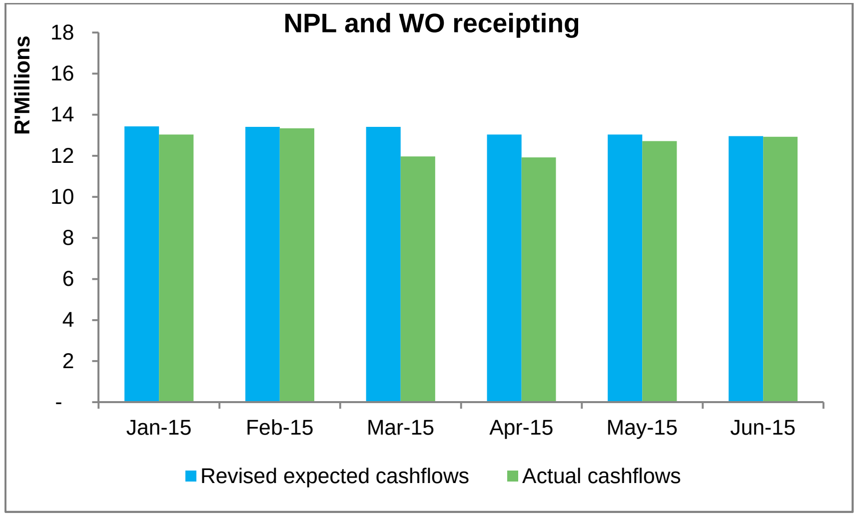
Term distribution
R'Millions
Months
Rand weighted average term



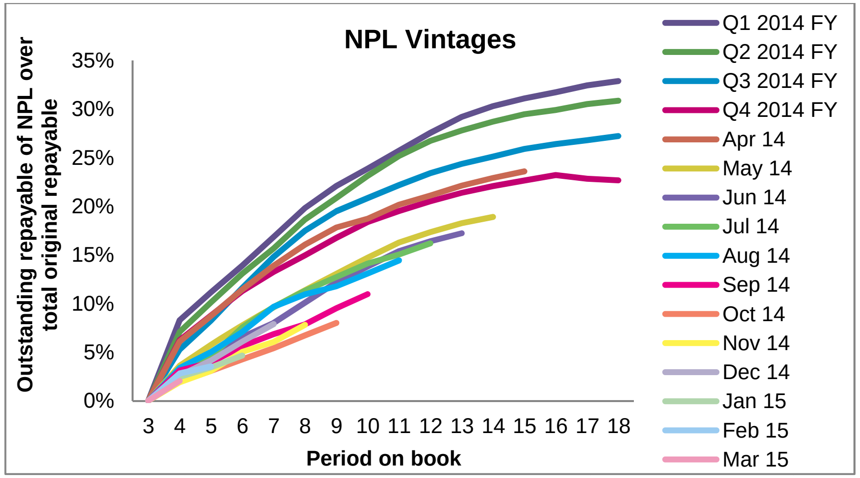
Early NPL Warnings - Portfolio View
NPL
First Pay Date
NPL30+
NPL60+
NPL90+
NPL120+

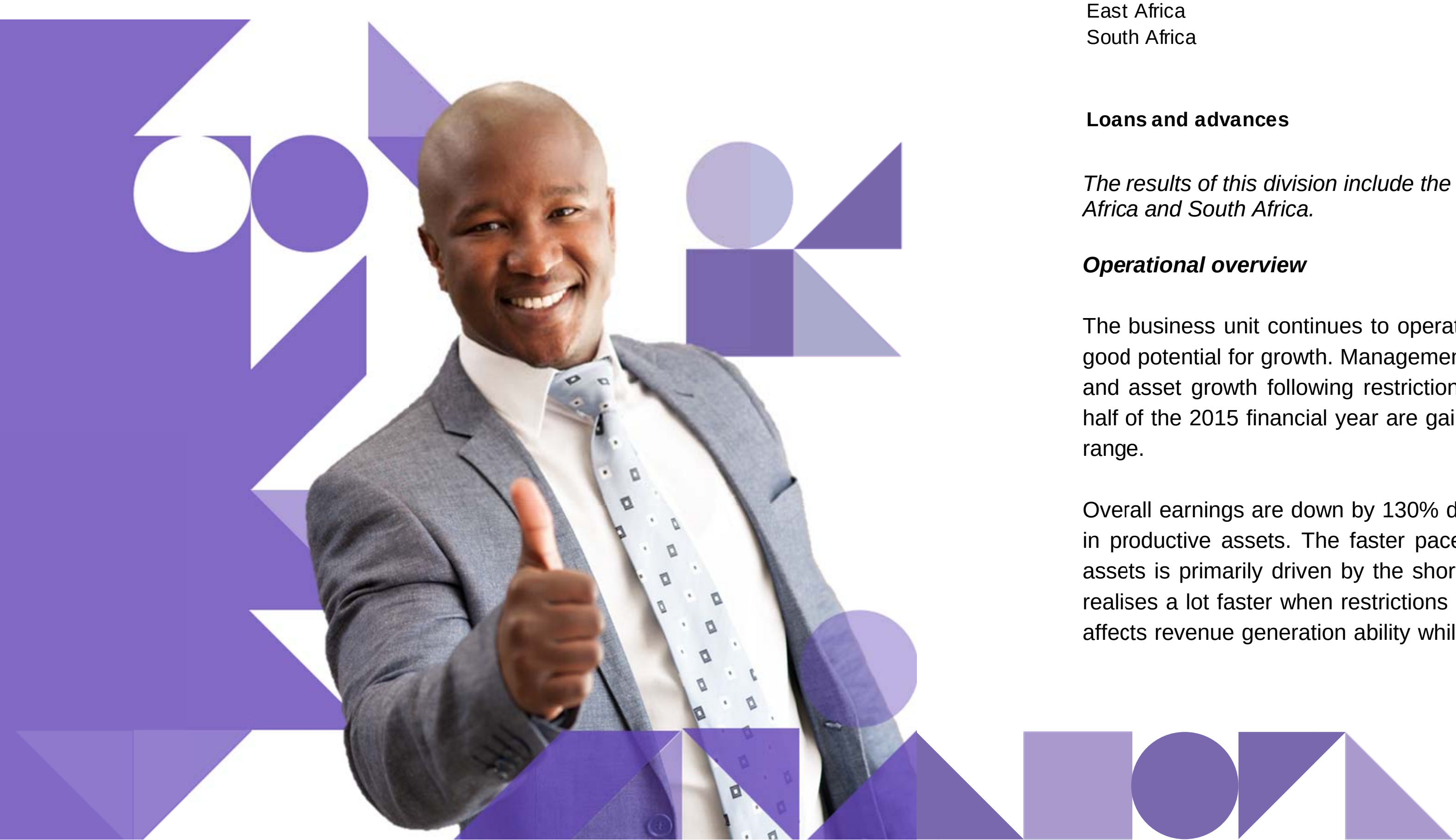


Disbursement by Risk Band
Loan date
LowRisk
MediumRisk
HighRisk



NPL and WO receipting
R'Millions
Revised expected cashflows
Actual cashflows





8.1.2. Business Finance

Statement of financial performance

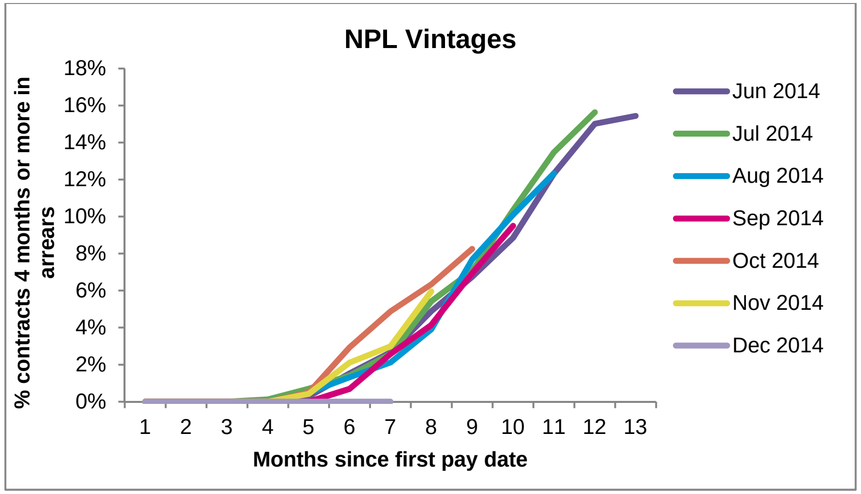
	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Gross yield from assets	34.6	45.8	-24%
Impairment provision	(5.9)	(10.7)	44%
Net yield	**28.7**	**35.2**	**-18%**
Finance costs	(7.3)	(9.0)	19%
Net margin	**21.4**	**26.2**	**-18%**
Operating expenditure	(21.5)	(16.8)	-28%
Contribution	**(0.1)**	**9.4**	**> -100%**
Attributable to providers of qualifying tier II capital	(2.3)	(1.4)	-64%
Attributable to ordinary shareholders	**(2.4)**	**8.0**	**> -100%**
Regional split			
East Africa	(1.8)	8.7	> -100%
South Africa	(0.7)	(0.7)	1%
	(2.4)	**8.0**	**> -100%**
Loans and advances	**303.9**	**384.3**	**-21%**

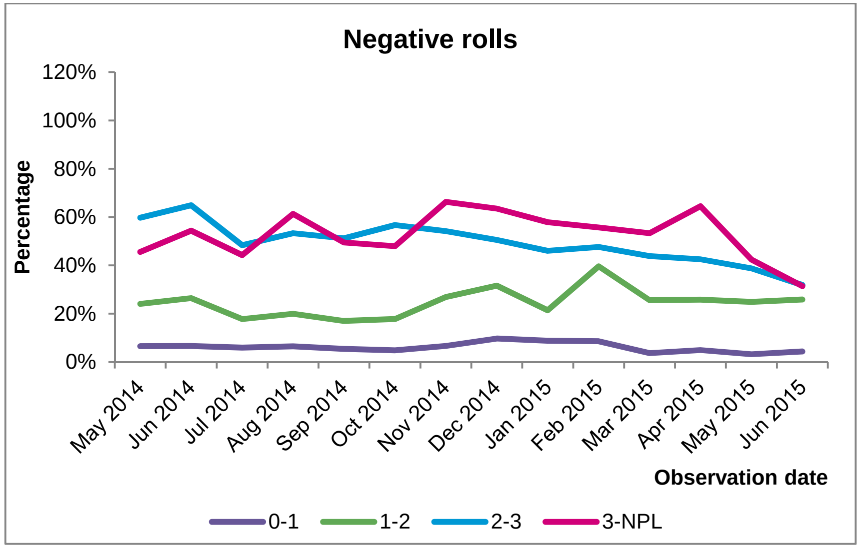
The results of this division include the Business Finance operations in both East Africa and South Africa.

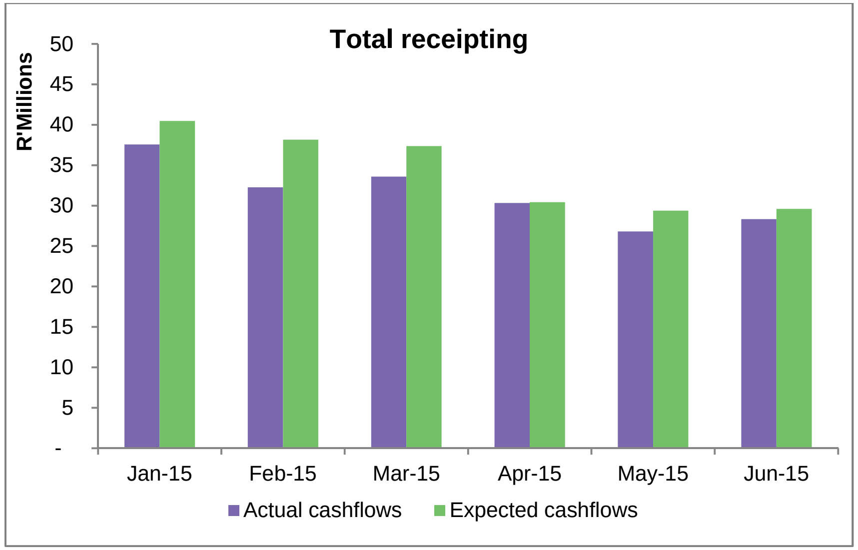
Operational overview

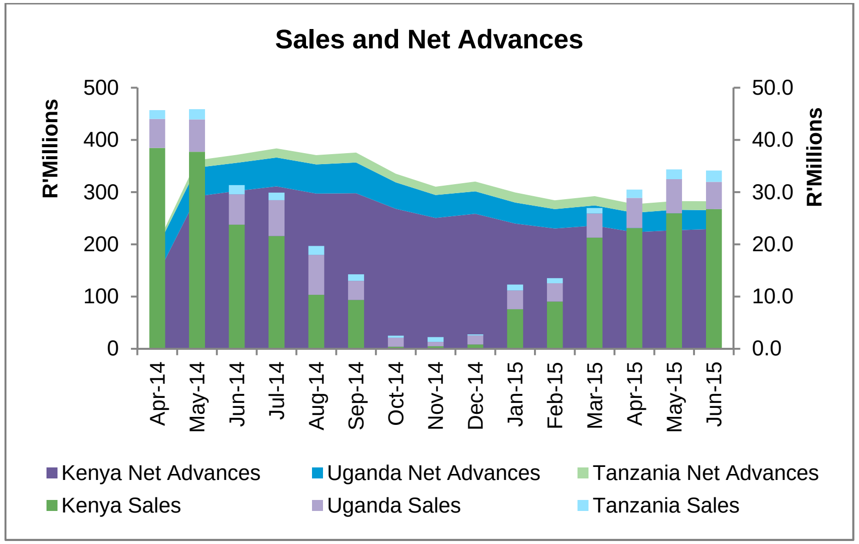
The business unit continues to operate within a robust environment which has good potential for growth. Management initiatives to restore origination volumes and asset growth following restrictions placed on the business in the second half of the 2015 financial year are gaining momentum and are within the target range.

Overall earnings are down by 130% despite a lesser 21% year on year decline in productive assets. The faster pace of earnings decline when compared to assets is primarily driven by the short term nature of the product range which realises a lot faster when restrictions are placed on origination. This negatively affects revenue generation ability while the cost structure is not flexible enough to accommodate this change. Management initiatives to reverse this trend in the forthcoming financial period are achieving success.









8.1.3. Assurance

Statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Premium income	15.4	15.1	2%
Benefits paid	(3.0)	(2.7)	-12%
Assurance liability expense	(1.0)	(1.7)	42%
Net reinsurance	0.1	(0.9)	> 100%
Net assurance income - funeral benefits	**11.5**	**9.8**	**17%**
Sundry income	0.1	0.1	19%
Net operating income	**11.5**	**9.9**	**17%**
Operating expenditure	(5.3)	(5.2)	-1%
Contribution	**6.2**	**4.6**	**35%**
Attributable to providers of qualifying tier II capital	(0.3)	(0.2)	-44%
Attributable to ordinary shareholders	**6.0**	**4.4**	**35%**

The results for the division exclude any credit life premiums and claims as these are disclosed as part of the gross yield of the credit origination divisions. This division's results include the funeral policy business of the Assurance Company.

Operational overview

The business unit is largely dependent on other business units within the South African operations to generate leads to promote origination of insurance products. These leads are stabilising following the closure of the Branch channel and a resumption of growth in origination within the Responsible Finance and DMC clusters.

Overall earnings are up by 35% year on year despite a declining number of policies on book. This is attributable to management initiatives to improve the quality of policies being placed on book resulting in a slowdown in lapse rates and a more stable premium income stream. This in addition to planned changes to the origination channel from 'owned' to 'outsourced' and commission structure changes from payment on origination to payment on first receipt is having beneficial effects on performance levels.

8.2. DMC

8.2.1. Collections and Acquired

Statement of financial performance

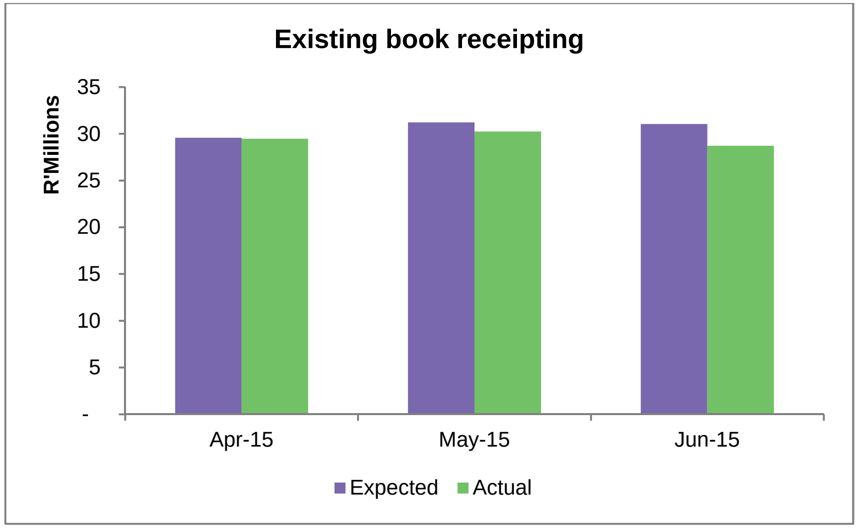
	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Gross yield from assets	53.9	54.2	-1%
Finance costs	(16.3)	(15.7)	-3%
Net margin	**37.7**	**38.6**	**-2%**
Outsourced collection income	10.9	13.0	-16%
Sundry income	0.5	-	-
Net operating income	**49.1**	**51.6**	**-5%**
Operating expenditure	(43.1)	(39.8)	-8%
Contribution	**6.0**	**11.8**	**-50%**
Attributable to providers of qualifying tier II capital	(4.8)	(2.4)	-97%
Attributable to ordinary shareholders	**1.2**	**9.4**	**-88%**
Acquired assets	**959.5**	**723.0**	**33%**

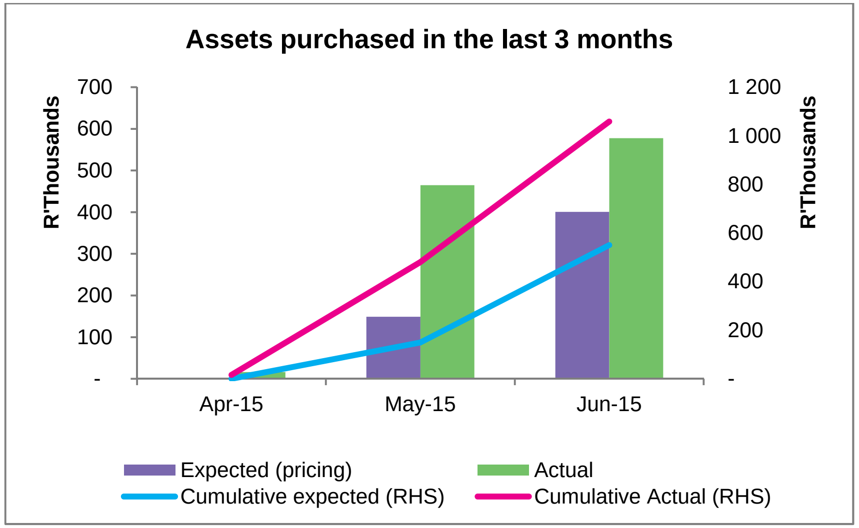
Operational overview

The business unit continues to operate within a sector that presents good growth opportunities following funding restrictions imposed in the 2015 financial period. Restoration of acquisition volume and the resultant asset growth has exceeded expectations for the period under review, largely due to the acquisition of a R5 billion portfolio from the JD Group on 30 June 2015.

On the downside, the operating environment continues to be difficult and poses risk to collections and cost levels.

Collections levels have under-performed expectation by approximately 5% during the quarter. The underperformance can be attributed to sluggish growth in new activations. Call centre agent activation capacity has been increased significantly, with the additional capacity coming on line from 1 July and this is expected to drive collection performance.





8.2.2. Discounting income

Statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Net yield	**8.6**	**7.5**	**16%**
Finance costs	(3.6)	(3.3)	-10%
Net margin	**5.0**	**4.2**	**20%**
Operating expenditure	(3.3)	(3.2)	-2%
Contribution	**1.7**	**0.9**	**85%**
Attributable to providers of qualifying tier II capital	(0.8)	(0.4)	-88%
Attributable to ordinary shareholders	**1.0**	**0.5**	**82%**
Loans and advances	**132.5**	**146.3**	**-9%**

Discounting income comprises the Aspire Group's education receivables which have been discounted to DMC.

Operational overview

Overall earnings improved by 82% on a declining year on year asset base of 9%. This is attributable to receipting outperformance and prudent cost control that contributes to an enhanced bottom line.

8.3. Group Central Services and Unallocated interest

8.3.1. Unallocated interest

	YTD Jun 2015 R'm	YTD Jun 2015 R'm	2015 v 2014 %
Yield on cash holdings	5.1	2.8	83%
Finance costs	(8.5)	2.7	>-100%
Hedging (loss)/gain	2.2	(0.3)	>100%
Net margin	**(1.2)**	**5.2**	**>-100%**

Earnings from the unit declined in excess of 100% on a year on year basis. This decline is largely attributable to a change in the Group's internal funds transfer pricing policy. Negative carry arising from excess cash reserves is now carried in the centre.

8.3.2. Group Central Services

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Net margin	**(1.5)**	**(1.5)**	**-3%**
Operating expenditure	(14.5)	(30.4)	52%
Centrally held costs allocation	0.9	14.5	-94%
Empower Financial Services	-	(1.5)	100%
Contribution	**(15.1)**	**(18.9)**	**20%**
Attributable to providers of qualifying tier II capital	(0.2)	(0.3)	20%
Attributable to ordinary shareholders	**(15.4)**	**(19.2)**	**20%**

The decrease in operating expenditure on a year on year basis is attributable to a decentralisation of certain functions to the underlying divisions. The comparatives include costs relating to Empower Financial Services whose operations are no longer being consolidated in the Group results.

8.4. Legacy assets

8.4.1. Discontinued general purpose lending asset

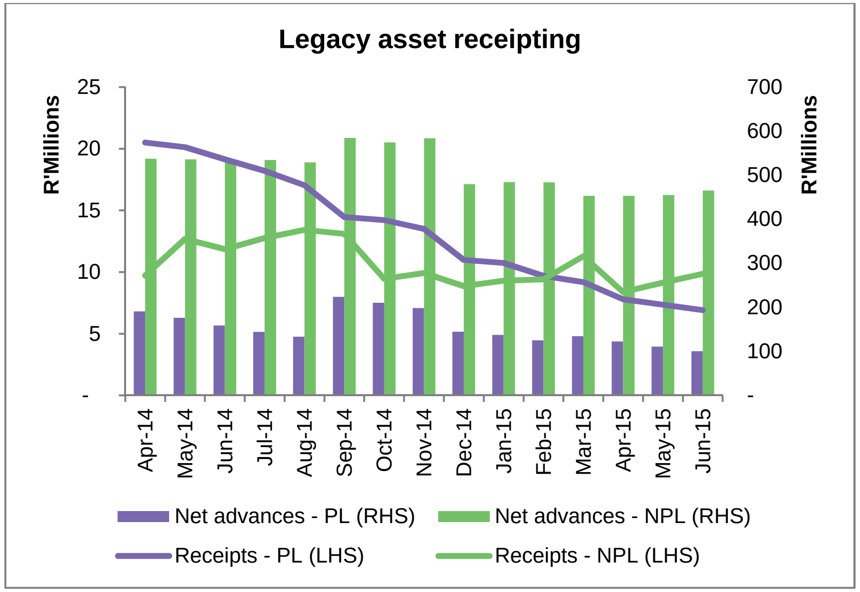
Statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Gross yield from assets	35.2	59.7	-41%
Impairment provision	(14.1)	(31.4)	55%
Net yield	**21.1**	**28.3**	**-26%**
Finance costs	(13.5)	(20.9)	35%
Net margin	**7.5**	**7.4**	**2%**
Operating expenditure	(7.7)	(8.9)	13%
Contribution	**(0.2)**	**(1.5)**	**88%**
Attributable to providers of qualifying tier II capital	(2.1)	(2.1)	1%
Attributable to ordinary shareholders	**(2.3)**	**(3.6)**	**37%**
Loans and advances	**565.5**	**850.2**	**-33%**

This business unit includes the General purpose lending book, the debit order Second Chance book and the EFS book, which are in run off.

Operational overview

Overall earnings improved by 37% on a declining year on year asset base of 33%. Despite this improvement in earnings the portfolio is still in a loss position. Receipting on the portfolio has under-performed by an average of R750k per month during the quarter (4% below expectation). Activation based receipting is exceeding target, with the shortfall attributed to a faster than expected fall off of existing re-scheduled loans. Activation cost investment adversely impacts profitability due to the upfront nature thereof.



8.4.2. Cellular asset

Statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Net yield	**2.4**	**10.3**	**-77%**
Finance costs	(3.4)	(4.5)	24%
Net margin	**(1.0)**	**5.8**	**> -100%**
Operating expenditure	(5.4)	(20.1)	73%
Contribution	**(6.4)**	**(14.3)**	**55%**
Attributable to providers of qualifying tier II capital	(0.5)	(0.5)	11%
Attributable to ordinary shareholders	**(7.0)**	**(14.8)**	**53%**
Loans and advances	**132.0**	**171.0**	**-23%**

The cellular asset results include the yield on the cellular asset as well as the collection charges on managing the book.

Operational overview

Overall earnings improved by 53% on a declining year on year asset base of 23%. Despite this improvement in earnings the portfolio is still in a loss position. Receipting has been under-performing expectation by approximately R1.5m per month during the quarter (approximately 10%). The underperformance is expected to reduce on a monthly basis during the next quarter. Asset carrying values will be assessed at the end of September should this not be the case. Management considers the current impairment risk to be in the range of R5.0-R10.0m.

8.5. Disposal Group

Statement of financial performance

	YTD Jun 2015 R'm	YTD Jun 2014 R'm	2015 v 2014 %
Profit before tax			
Aspire Group	**(0.4)**	**(2.6)**	**86%**
Education income	23.4	24.1	-3%
Education cost of sales	(15.2)	(16.5)	8%
Operating expenditure	(8.2)	(9.8)	16%
Finance costs	(0.3)	(0.4)	22%
	(0.4)	**(2.6)**	**86%**

Operational overview

Enrolment numbers in IQ Academy were lower than anticipated for the first quarter, resulting in lower revenue than expected. The Schools business exceeded expectation and contributed positively to revenue growth. There were some gains made in cost of sales due to the lower sales numbers in IQ Academy. Operating costs have been managed prudently and contributed to buffering the lower sales in IQ Academy, resulting in the Aspire division ending the first quarter on a positive note.