FINBOND GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2001/015761/06)
Share code: "FGL" ISIN: ZAE000138095
("Finbond" or "the Company" or "the Group")

AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2018

Executive Overview

The directors are pleased to present the financial results of the Finbond Group for the 12 months ended 28 February 2018.

During the 12 months under review, Finbond delivered another set of excellent results, increasing headline earnings per share by 81.2%, Operating profit from continuing operations by 57.3% and EBITDA by 52.2%.

Our continued successful expansion into the United States of America, strong focus on our core short term lending business, conservative lending practices, strict upfront credit scoring procedures, effective collections, an increased distribution footprint and a strong focus on customer service helped us achieve these exceptional results.

In giving effect to our strategic plan of action we made the following progress during the period under review:

- Headline earnings per share increased by 81.2% to 33.7 cents (Feb 2017: 18.6 cents).
- Operating profit from continuing operations increased by 57.3% to R439.5 million (Feb 2017: R279.4 million).
- Loan and other fee income increased by 46.3% to R841.3 million (Feb 2017: R575.1 million).
- Earnings before interest, taxation, depreciation and amortization (EBITDA) increased by 52.2% to R704.5 million (Feb 2017: R462.9 million).
- Revenue from continuing operations increased by 53.5% to R2.38 billion (Feb 2017: R1.55 billion).
- Number of loans advanced grew by 26.6% to 1 880 108 (Feb 2017: 1 484 973)
- Value of loans advanced increased by 31.7% to R5.4 billion (Feb 2017: R4.1 billion).
- Cash received from customers increased by 33.3% to R7.2 billion (Feb 2017: R5.4 billion).
- We expanded our overall branch network by 22.2% to 672 branches of which 415 branches are in South Africa (Feb 2017: 379) and 257 are in the United States of America (Feb 2017: 171).
- We increased our presence in the North American short term lending market with the acquisition of a further 86 short term lending stores in the United States of America.

We remain focused on executing the Group's strategy and top business priorities namely, optimal capital utilization, earnings growth, strict upfront credit scoring, good quality sales, effective collections, cost containment and training and development of staff members.

Headline Earnings up 81.2%

Headline earnings increased by 81.2% from R139.1 million to R252.6 million, and generated a return of 24.1% on our shareholders' equity for the 2018 financial year.

Earnings before interest, taxation, depreciation and amortization (EBITDA) increased by 52.2% to R704.5 million (Feb 2017: R462.9 million).

The success of our expansion strategy is evident from the increased earnings generated from each regional income stream.

Revenue, Profit and Profitability

Operating profit from continuing operations increased by 57.3% to R439.5 million (Feb 2017: R279.4 million)

Finbond increased turnover to R2.4 billion, an increase of 53.4% over 2017. Finbond's profit margin slightly increased from 18.0% of turnover in 2017 to 18.4% in 2018.

The majority of profit for the year was derived from small personal loans. The operating Cost to Income ratio improved this year to end the financial year at 59.6% (Feb 2017: 61.1%).

Total segment revenue from Finbond's Micro Finance activities in both South Africa and North America, made up of interest, fee and insurance income (portfolio yield) increased by 52.2% to R2.2 billion (Feb 2017: R1.5 billion).

Well-Executed Sustainable Strategy

Finbond's exceptional financial and operational performance is testimony to a well-executed sustainable strategy in terms of the Board Approved Five Year Strategic Plan of Action.

Our strategy is transforming Finbond into a focussed multinational business diversified across geographies and products with 59% of revenue in US$.

Finbond's strategy is by no means unique with many other international financial services groups following a similar approach. Finbond's ability to effectively execute strategy is the key differentiator. This enabled the Group to achieve particularly satisfactory results despite a challenging business environment.

South Africa:

Continued Strong Focus on Short Term Loans

Finbond's focus remains on small, short-term loans. Despite continued strong competition in the short term loan market over the past 12 months we still have a 30% market share of all two and three month loans in South Africa.

Finbond's consistent conservative approach has ensured sustainable growth in the Micro Credit portfolio that is not driven by advancing larger loans or increasing the term of loans. We prefer quality above quantity.

During the period under review Finbond's average loan size was R1,479 with an average tenure of 3.7 months. Given the short term nature of Finbond's products, Finbond's loan portfolio is cash flow generative and a good source of internally generated liquidity. For the twelve months ended 28 February 2018, Finbond granted R1.6 billion worth of loans and received cash payments of R2.5 billion from customers. The whole loan portfolio turns over three times a year.

Finbond's average loan period is significantly shorter than our larger competitors and our average loan size significantly smaller. Given this conservative approach, Finbond does not have any exposure to the 25 – 84 month, R21 000 – R180 000 long term unsecured lending market that continues to cause significantly increased write offs, bad debts and forced rescheduling of loans. Finbond's historic data and vintage curves indicate that shorter term loans offer lower risk as consumers are more likely to repay these loans as opposed to longer term loans.

Consistent Conservative Upfront Credit Scoring Practices

While the size of the South African loan book has increased, the risk profile of the book has at the same time again been adjusted to take into account the increased financial pressure on the South African consumer.

During the period under review the asset quality of our loan book remained high and the average credit scores of customers remained stable. One of the key value drivers is the quality of new business. Without quality, new business growth is meaningless and not sustainable.

Detailed affordability calculations are performed prior to extending any loans in order to determine whether clients can in fact afford the loan repayments. In line with our conservative approach additional expense buffers were again included in all affordability assessments.

Finbond continued to apply strict upfront credit scoring and affordability criteria. The credit scores on the various products are monitored on a monthly basis and are continually adjusted to reduce credit risk and further improve the quality of assets held.

Finbond's lending practices have been consistently conservative over the past number of years and our rejection or decline rates remain higher than that of our major competitors. Rejection rates in South Africa stood at between 74.59% and 90.75% for our 12-24 month product at the end of February 2018.

Low Risk Liquidity Structure and Conservative Liquidity Management

The growth in the surplus funding was curbed during the financial year in an effort to reduce interest expense on excess surplus cash. Finbond's liquidity position at the end of February 2018 reflects R548.2 million in cash, cash equivalents and liquid investments (Feb 2017: R727.3 million).

Cash Received from customers as a percentage of Cash Granted to customers for the twelve months ended 28 February 2018 averaged 133%.

By the end of February 2018 the deposit portfolio amounted to R1.03 billion (Feb 2017: R1.10 billion). The average deposit size was R370 310, the average term 52 months and the average interest rate was 9.93%.

Finbond is not exposed to the uncertainty that accompanies the use of corporate call deposits as a funding mechanism since Finbond only accepts 6 – 72 month fixed term deposits. Given the long term nature of Finbond's liabilities (fixed term deposits with an average term of 26,34 months) and short term nature of its assets (short term micro loans with an average term just more than 3,7 months), Finbond possesses a low risk liquidity structure.

Basel III Requirements

Finbond follows a conservative approach to capital management and holds a level of capital which supports its business, while also growing its capital base ahead of business requirements.

Finbond Mutual Bank continued to comfortably exceed the minimum regulatory capital requirement in February 2018, reflecting an excess of R91.1 million over and above the R290.2 million (25% of Risk Weighted Assets) required by the Registrar of Banks, and an excess of R265.5 million over and above the required qualifying regulatory capital per **Basel III**.

Although Finbond Mutual Bank as a mutual bank is not subject to the **Basel III** requirements, Finbond already complies with, and significantly exceeds, all **Basel III** requirements set for 2018 and 2019. As at 28 February 2018, Finbond's:

- liquidity coverage ratio was 176% (76% more than required from 2019);
- net stable funding ratio was 495% (395% more than required from 2019); and
- capital adequacy ratio was 34.8% (9.8% more than required from 2019), and 7.85% above the minimum prudential limit required by the Registrar of Banks.

United States of America and Canada

Continued Expansion and Focus on Short Term Instalment Loans

During 2018 Finbond continued expanding its business presence in the United States of America's short-term lending market.

Finbond currently has 257 branches in North America operating in the following states: Florida, Ohio, Missouri, Michigan, Mississippi, Alabama, South Carolina, Illinois, Indiana, Wisconsin, California, Oklahoma, Tennessee, Nevada, New Mexico, Utah, Louisiana. In addition to the US States Finbond also has a presence in Ontario, Canada.

Finbond also has and an online offering that offers instalment loans in the states of Illinois, Wisconsin, Missouri, New Mexico, Utah and Nevada via the Creditbox.com website.

It is the intention to increase our footprint by a further 60 branches in the year ahead.

Approximately 59% of revenue is currently denominated in US$ and the intention is to grow US$ earnings to approximately 70% - 80% of the Group's earnings in three to five years.

The rationale for the continued North American expansion *inter alia* includes:

- Earnings enhancing growth;

- Significant growth opportunity in the North American short term lending industry;
- Anorganic growth in Finbond’s core “30-day” competency;
- Diversification of Country and Political Risk;
- Effective ZAR hedge;
- Teaming up with existing owners/managers with 10 - 30 years’ experience in operating short term lending businesses in North America; and
- Opportunity to operate and earn revenue in the $46 billion a year USA Alternative Financial Services Market.

Finbond’s North American sales are well diversified across the various US states in which Finbond operates.

Serious Investment in Distribution and People

Our operating costs increased by 50.0% from R864.0 million to R1,296.4 million in the current year.

During the past financial year Finbond increased its overall branch network by 122 to 672 branches (March 2017: 550).

In South Africa Finbond increased its branch network by 36 branches to 415 branches and installed 89 ATM’s.

In North America Finbond expanded its branch network from 171 to 257. As part of our client-centric focus we ensured that our distribution channels reflect the demographics of our clients.

We intend to open a further 30 branches in South Africa in the year ahead and to expand our branch network in the United States of America with an additional 60 branches.

Providing Inclusive Financial Services

Achieving sustainable and inclusive development in the Financial Services Sector goes hand-in-hand with improving access to financial services, particularly for the poor and vulnerable. Unsecured lending has become a permanent feature of the credit landscape in the different markets that Finbond operate in, providing credit solutions and access to funding to the previously disadvantaged, under-banked and unbanked.

A significant portion of the adult population are still actively seeking banking and credit solutions but remain largely unattended and underserviced. These unbanked and underserviced do not fall outside the banking sector by choice. An important reason for their predicament is that banks do not offer products tailored to their specific needs.

Responsible unsecured lending fulfills the important role in both North America and South Africa of including the previously excluded and giving them access to credit and will continue to grow rather than diminish in importance.

Finbond is well positioned and able to provide much needed inclusive financial services and products to the unbanked, underbanked and previously disadvantaged in step with the principles of financial inclusion and promoting access to financial services.

Credit ratings Upgrade

In October 2017, Global Credit Ratings upgraded the long term national scale rating of Finbond Group Limited to BBB(ZA) and affirmed the short term national scale rating of A3(ZA); with the outlook accorded as Stable.

Global Credit Ratings has accorded the above credit ratings to Finbond based on the following key criteria:

- The upgrade of Finbond Group Limited's long term rating stems from notably improved earnings diversification, following business acquisitions undertaken during FY17.
- Further rating support is derived from the Group's very strong capitalisation, low risk liquidity structure, as well as strong competitive position in a niche market of short term unsecured lending.
- Finbond reflects notably improved earnings diversification, following the successful execution of the initial phase of its Five Year Strategic Plan, targeting local and offshore businesses with product ranges and customer bases in sync with the Group's existing core competencies.

Shareholders Loans

On 20 October 2016, shareholders were advised that as part of the Company's earnings enhancing growth strategy in terms of which Finbond expanded its short-term lending business into the North American market, Finbond entered into an agreement to acquire 50% of Americash Holding LLC and Creditbox.com LLC with an option to acquire the remaining 50% by 1 October 2017.

Finbond intended to raise the requisite capital to fund this acquisition from its shareholders by means of a Rights Offer.

In order to fund the purchase consideration in respect of the acquisition, that was due and payable in the course of October 2016, Finbond's three major shareholders (Riskowitz Value Fund LP, Net1 Finance Holdings (Pty) Ltd and Finbond Chief Executive Officer, Dr Willie van Aardt through Kings Reign International (Ltd) ("the Lenders") extended unsecured shareholder loans to Finbond to the value of US$37.5 million (R525 million).

During April 2018, two of the lenders elected to convert their loans into equity by way of the Rights Offer that was offered to all shareholders and concluded on 23 April 2018. Both Riskowitz Value Fund LP and Net 1 Finance Holdings (Pty) Ltd elected to convert their loans and the only loan that remains in place is that of Kings Reign International Ltd at $10 million.

Subject to the terms and conditions set out in the Amendment Agreement, the Lender made available to Finbond the shareholder loan on the following terms and conditions:

- The Amended Commencement Date: 28 February 2018
- Loan Amount: $10 million.
- Repayment Date: on/or before 31 August 2021 or such later date as may be mutually agreed upon by the Parties in writing.
- Security: Unsecured.
- Interest Rate: LIBOR plus 12% (LIBOR meaning the three month US Dollar London interbank offered rate administered by ICE Benchmark Administration Limited).

- The Conversion Rate: the rate of exchange against which the Shareholders' Loans shall be converted from US Dollars into South African Rand at such time as which the Rights Option shall be exercised and which shall, notwithstanding the prevailing rate of exchange at such time, be the greater of (a) R13.01 to $1 or, (b) the average mid-point rate for the 30 day period immediately preceding close of business on the business day prior to the Repayment Date.
- Rights Option: the Lenders' respective entitlement to: (a) elect to convert their shareholders loans into shares in FGL at a price of R 2.39 by way of a Rights Offer in the future; or (b) continue earning interest at the applicable interest rate until such a time as the loans are repaid in full.
- In determining the number of shares which a Lender is entitled to, a Lender should be in the same position the Lender would have been had it elected to convert its new loan to Finbond shares on 28 February 2017 on the basis that Finbond had 762,210,879 shares in issue on a fully diluted basis.
- Interest shall be paid in US dollars on a quarterly basis within five business days of the last day forming part of the relevant interest measurement period.
- The terms and conditions of the original Shareholders' Loan Agreement remain unaltered save to the extent contemplated in the Amendment Agreement.

Appointment and Retirement of Directors

In accordance with the requirements of paragraph 3.59 of the JSE Limited Listings Requirements, shareholders are advised of the appointment to the Boards of Finbond Group Limited and Finbond Mutual Bank, effective 1 June 2018, of Mr Pieter Albert Naude as an Independent Non-Executive Director.

Mr Naude spent many years in various executive positions in the banking sector and has extensive executive and managerial experience in Discounting, Relationships, Asset Based Finance and Corporate Banking during his long and industrious career at Absa Corporate and Merchant Bank. Some of Mr Naude's positions included Business Centre Manager (E-level), Regional General Manager (E-level) and Manager: Corporate Banking Services (E-level). The Board looks forward to the valuable experience and contributions he will bring to Finbond.

In accordance with the requirements of paragraph 3.59 of the JSE Limited Listings Requirements, shareholders are advised of the retirement and resignation of Adv Jasper Jurgens Noeth as Independent Non-Executive Director from the Boards of Finbond Group Limited and Finbond Mutual Bank due to ill health.

Finbond would like to thank Adv Noeth for his extremely valuable contributions to the Board over that past 12 years and wish him a speedy recovery.

Thank You

Leonardo da Vinci said that **"It had long since come to my attention that people of accomplishment rarely sat back and let things happen to them. They went out and happened to things."**

Quality staff with passion, commitment and dedication that 'make things happen' is the driving force in creating a successful business. We would like to thank each one of them for their continued valued contributions.

Looking Ahead

We believe that the evolution from a short term Micro Finance Institution to a Bank in South Africa and our continued expansion into the North American Short Term Lending market in the implementation of our strategic action plan will ensure that we achieve good results in the medium to long term. Sustained focus on our core competencies will keep us on course to become the best short term instalment lender in the world.

There are still a number of challenges facing Finbond in the various markets that it operates in. However, we remain confident that we have the required resources and depth in management to overcome these challenges and remain optimistic about our prospects for the future due to Finbond's: Improvements achieved in earnings and profitability despite difficult market conditions; Improvement achieved in cash generated from operating activities; Management expertise; Strong Cash Flow; Strong Liquidity and surplus cash position; Uniquely positioned 415 branch network in South Africa and 257 branches in North America; Superior Asset Quality; Access to funding; Conservative Risk Management and growth potential in the Micro Finance and Banking markets in the lower end of the market both in South Africa and North America.

We plan for a continued rise in revenue both in South Africa and in North America. Our business is in a development and growth phase and, as with all growing businesses, real risks remain.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

R'000	**28 February 2018**	28 February 2017 *	Change
Assets			
Cash and cash equivalents	422,339	547,351	(23%)
Other financial assets	216,856	207,717	4%
Unsecured loans and other advances to customers	937,391	800,599	17%
Trade and other receivables	158,177	139,850	13%
Other assets	12,632	760	1562%
Secured loans and other advances to customers	210,977	220,958	(5%)
Property, plant and equipment	131,816	113,800	16%
Investment property	266,771	278,185	(4%)
Deferred taxation	14,215	20,115	(29%)
Goodwill	830,077	752,699	10%
Intangible assets	108,035	115,064	(6%)
Total assets	**3,309,286**	**3,197,098**	4%
Equity			
Capital and reserves			
Share capital	724,525	715,667	1%
Reserves	(194,581)	(72,350)	(169%)
Retained income	477,442	292,351	63%

Share capital and reserves attributable to ordinary shareholders	**1,007,386**	**935,668**	8%
Non-controlling interest	163,346	226,249	(28%)
Total equity	**1,170,732**	**1,161,917**	1%
Liabilities			
Bank overdraft	91,033	27,725	228%
Trade and other payables	124,029	81,428	52%
Other liabilities	11,757	10,105	16%
Current tax payable	42,073	40,456	4%
Derivative financial instrument	47,430	-	100%
Loans from shareholders	470,586	508,440	(7%)
Purchase consideration payable	-	213,375	(100%)
Fixed and notice deposits	1,027,114	1,098,609	(7%)
Deferred taxation	45,704	55,043	(17%)
Commercial paper	278,828	-	100%
Total liabilities	**2,138,554**	**2,035,181**	5%
Total equity and liabilities	**3,309,286**	**3,197,098**	4%

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended

R'000	**28 February 2018**	28 February 2017 *	Change
Interest income	1,541,716	978,551	58%
Interest expense	(208,231)	(144,929)	(44%)
Net interest income/(expense)	**1,333,485**	**833,622**	60%
Fee income	458,540	329,925	39%
Management fee income	66,971	58,229	15%
Other operating income	315,783	186,939	69%
Fair value adjustments	(6,872)	2,967	(332%)
Foreign exchange gain/(loss)	52,318	27,931	87%
Net impairment charge on loans and advances	(484,238)	(296,213)	(63%)
Operating expenses	(1,296,444)	(863,960)	(50%)
Profit before taxation	**439,543**	**279,440**	57%
Taxation	(104,582)	(72,156)	(45%)
Profit after taxation	**334,961**	**207,284**	62%

Other comprehensive income to be reclassified to profit or loss

Foreign currency translation difference for foreign operations	(140,825)	(110,176)	(28%)
Total comprehensive income for the year	**194,136**	**97,108**	100%
Profit attributable to:			
Owners of the company	234,201	138,727	69%
Non-controlling interest	100,760	68,557	47%
Profit for the period	**334,961**	**207,284**	62%
Total comprehensive income attributable to:			
Owners of the company	118,824	55,496	114%
Non-controlling interest	75,312	41,612	81%
Total comprehensive income	**194,136**	**97,108**	100%
Earnings per share			
Earnings per share (cents)			
Basic	31.3	18.6	68%
Diluted	29.8	18.6	60%
Headline earnings per share (cents)			
Basic	33.7	18.6	81%
Diluted	31.7	18.6	70%
Total number of ordinary shares outstanding	748,547	746,712	0%
Weighted average number of ordinary shares outstanding	748,570	746,539	0%
Effect on conversion of shareholders loans into equity	204,131	-	100%
Weighted average number of ordinary shares (diluted) at 28 February 2018	952,701	746,539	28%
Profit attributable to owners of the Company	234,201	138,727	69%
Adjusted for:			
Interest on shareholders loans	49,284	-	100%
Fair value adjustment on foreign exchange derivative	34,150	-	100%
Foreign exchange gain on loans from shareholders	(34,044)	-	(100%)
Diluted earnings	**283,591**	**138,727**	**104%**
Net profit attributable to ordinary equity holders of the parent	234,201	138,727	69%
Adjusted for:			
Loss on disposal of property, plant and equipment	1,755	632	178%

Fair value changes of investment properties	16,639	(245)	6891%
Headline earnings	**252,595**	**139,114**	**82%**
Adjusted for:			
Interest on shareholders loans	49,284	-	100%
Fair value adjustment on foreign exchange derivative	34,150	-	100%
Foreign exchange gain on loans from shareholders	(34,044)	-	(100%)
Diluted headline earnings	**301,985**	**139,114**	**117%**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended

R'000	**28 February 2018**	28 February 2017 *	Change
Cash flows from operating activities			
Cash generated fromfrom operations	71,004	262,995	(73%)
Taxation paid	(105,872)	(44,788)	(136%)
Net cash from operating activities	**(34,868)**	**218,207**	**(116%)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(57,050)	(29,103)	(96%)
Sale of property, plant and equipment	-	720	(100%)
Purchase of investment property	(10,029)	(8,330)	(20%)
Sale/(Purchase) of other intangible assets	-	(19,064)	100%
Purchase of financial assets	(20,238)	-	(100%)
Sale of financial assets	52,863	26,814	97%
Acquisition of subsidiaries net of cash acquired	(213,498)	(714,576)	70%
Net cash from investing activities	**(247,952)**	**(743,539)**	**67%**
Cash flows from financing activities			
Buy back of shares	(43,478)	(3,964)	(997%)
Issue of share capital	-	516,266	(100%)
(Repayment)/proceeds from shareholders loan	(5,565)	490,440	(101%)
Proceeds from commercial paper	278,828	-	100%
Finance lease payments	(2,525)	1,873	(235%)
Dividends paid	(101,945)	(66,064)	(54%)
Net cash from financing activities	**125,315**	**938,551**	**(87%)**

Total cash movement for the year	(157,505)	413,219	(138%)
Cash at the beginning of the year	519,626	106,407	388%
Effect of movements in exchange rates on cash held	(30,815)	-	(100%)
Total cash at end of the year	**331,306**	**519,626**	**(36%)**

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended

R'000	**28 February 2018**	28 February 2017 *
Total equity at the beginning of the period	**1,161,917**	**387,989**
Total comprehensive income for the year	194,136	97,108
Rights issue net of costs	-	516,266
Change in control	(8,992)	-
Issue of shares	54,049	-
Equity settled share based payment released	(10,881)	-
Equity settled share based payment charge	4,027	4,405
Treasury shares purchased	(45,191)	(3,964)
Business combinations	(24,052)	226,177
Dividends	(154,281)	(66,064)
Total equity at the end of the period	**1,170,732**	**1,161,917**

SUMMARISED CONSOLIDATED SEGMENTAL INFORMATION
OPERATING SEGMENTS

R'000

28 February 2018	**Investment Products**	**Lending**	**Property Investment**	**Transactional Banking**	**Other**	**Total**
Interest income	19,560	1,516,473	-	1,517	4,166	1,541,716
Interest expense	(107,205)	(76,013)	-	(167)	(24,846)	(208,231)
Net interest income	**(87,645)**	**1,440,460**	**-**	**1,350**	**(20,680)**	**1,333,485**
Fee income	-	455,171	-	3,369	-	458,540
Management fee income	-	-	-	-	66,971	66,971
Other operating income	52	264,928	-	603	50,200	315,783

Fair Value adjustments	-	62,086	(21,443)	-	(47,515)	(6,872)
Foreign exchange gain					52,318	52,318
Net impairment charge on loans and advances	-	(474,727)	-	27	(9,538)	(484,238)
Operating expenses	(2,271)	(1,230,178)	(1,999)	(2,306)	(59,690)	(1,296,444)
Operating (loss)/profit before taxation	**(89,864)**	**517,740**	**(23,442)**	**3,043**	**32,066**	**439,543**
Taxation	32,668	(133,010)	8,522	(1,106)	(11,656)	(104,582)
Profit/(loss) for the period	**(57,196)**	**384,730**	**(14,920)**	**1,937**	**20,410**	**334,961**
Significant segment assets						
Cash and cash equivalents	153,096	231,733	-	6,937	30,573	**422,339**
Other financial assets	216,709	147	-	-	-	**216,856**
Unsecured Loans and other advances to customers	-	937,391	-	-	-	**937,391**
Secured Loans and other advances to customers	-	210,977	-	-	-	**210,977**
Trade and other receivables	-	97,922	-	-	60,255	**158,177**
Property, plant and equipment	-	111,264	-	2,441	18,111	**131,816**
Investment property	-		266,771	-	-	**266,771**
Goodwill	-	830,077	-	-	-	**830,077**
Intangible assets	-	108,035	-	-	-	**108,035**
Significant segment liabilities						
Fixed and notice deposits	1,027,114		-	-	-	**1,027,114**
Commercial Paper	278,828		-	-	-	**278,828**

Loans from shareholders	-	-	-	-	470,586	**470,586**

28 February 2017 *	**Investment Products**	**Lending**	**Property Investment**	**Transactional Banking**	**Other**	**Total**
Interest income	16,654	955,035	-	3,430	3,432	978,551
Interest expense	(70,063)	(58,577)	-	(658)	(15,631)	(144,929)
Net interest income	**(53,409)**	**896,458**	**-**	**2,772**	**(12,199)**	**833,622**
Fee income	-	327,738	-	2,187	-	329,925
Management fee income	-	-	-	-	58,229	58,229
Other operating income	-	186,939	-	-	-	186,939
Fair value adjustment	-	-	315	-	2,652	2,967
Foreign exchange gain	-	-	-	-	27,931	27,931
Net impairment charge on loans and advances	-	(294,943)	-	(1,270)	-	(296,213)
Operating expenses	1,647	(832,069)	(2,195)	(3,946)	(27,397)	(863,960)
Operating (loss)/profit before taxation	**(51,762)**	**284,123**	**(1,880)**	**(257)**	**49,216**	**279,440**
Taxation	15,327	(73,543)	557	76	(14,573)	(72,156)
Profit/(loss) for the period	**(36,435)**	**210,580**	**(1,323)**	**(181)**	**34,643**	**207,284**
Significant segment assets						
Cash and cash equivalents	120,760	359,713	-	5,443	61,435	547,351
Other financial assets	207,359	358	-	-	-	207,717
Unsecured Loans and other advances to customers	-	800,599	-	-	-	800,599
Secured Loans and other	-	220,958	-	-	-	220,958

advances to customers						
Trade and other receivables	-	107,481	-	-	32,369	139,850
Property, plant and equipment	4	103,584	-	471	9,741	113,800
Investment property	-	-	278,185	-	-	278,185
Goodwill	-	752,699	-	-	-	752,699
Intangible assets	-	115,064	-	-	-	115,064
Significant segment liabilities						
Purchase consideration payable	-	213,375	-	-	-	213,375
Fixed and notice deposits	1,098,609	-	-	-	-	1,098,609
Loans from shareholders		-	-	-	508,440	508,440

GEOGRAPHICAL SEGMENTS

28 February 2018

R'000	South Africa	North America	Total
Interest Income	237,757	1,303,959	1,541,716
Interest expense	(146,129)	(62,102)	(208,231)
Net interest income	**91,628**	**1,241,857**	**1,333,485**
Fee income	413,878	44,662	458,540
Management fee income	66,909	62	66,971
Other operating income	303,023	12,760	315,783
Fair value adjustment	(68,958)	62,086	(6,872)
Foreign exchange gain/(loss)	52,355	(37)	52,318
Net Impairment charge on loans and advances	(159,184)	(325,054)	(484,238)
Operating expenses	(506,570)	(789,874)	(1,296,444)
Profit before taxation	**193,083**	**246,463**	**439,543**
Taxation charge	(70,188)	(34,394)	(104,582)
Profit for the period	**122,893**	**212,069**	**334,961**

Significant segment assets			
Cash and cash equivalents	248,575	173,764	422,339
Other financial assets	216,709	147	216,856
Unsecured loans and other advances to customers	471,858	465,533	937,391
Secured loans and other advances to customers	185,389	25,588	210,977
Trade and other receivables	137,440	20,737	158,177
Property, plant and equipment	68,629	63,187	131,816
Investment property	266,771	-	266,771
Goodwill	196,787	633,290	830,077
Intangible assets	171	107,864	108,035
Significant segment liabilities			
Fixed and notice deposits	1,027,114	-	1,027,114
Commercial Paper	278,828	-	278,828
Loans from shareholders	470,586	-	470,586

28 February 2017

R'000	South Africa	North America	Total
Interest Income	202,412	776,139	978,551
Interest expense	(107,385)	(37,544)	(144,929)
Net interest income	**95,027**	**738,595**	**833,622**
Fee income	299,782	30,143	329,925
Management fee income	58,229	-	58,229
Other operating income	173,783	13,156	186,939
Fair value adjustment	1,833	1,134	2,967
Foreign exchange gain	27,931	-	27,931
Net Impairment charge on loans and advances	(120,306)	(175,907)	(296,213)
Operating expenses	(405,086)	(458,874)	(863,960)
Profit before taxation	**131,193**	**148,247**	**279,440**
Taxation charge	(43,271)	(28,885)	(72,156)
Profit for the period	**87,922**	**119,362**	**207,284**

Significant segment assets			
Cash and cash equivalents	232,058	315,293	547,351
Other financial assets	207,717	-	207,717
Unsecured loans and other advances to customers	395,763	404,836	800,599
Secured loans and other advances to customers	203,562	17,396	220,958
Trade and other receivables	124,531	15,319	139,850
Property, plant and equipment	58,928	54,872	113,800
Investment property	278,185	-	278,185
Goodwill	192,389	560,310	752,699
Intangible assets	171	114,893	115,064
Significant segment liabilities			
Purchase consideration payable	-	213,375	213,375
Fixed and notice deposits	1,098,609	-	1,098,609
Loans from shareholders	508,440	-	508,440

* - For the 2017 financial year the results have been restated due a reclassification between Deferred Tax Liability and Non-controlling interest as well as between Interest Income and Fee Income. See additional information later.

Notes to the summarised consolidated financial statements

Finbond Group Limited is a company domiciled in South Africa. The summarised consolidated financial statements of the Company as at and for the twelve months ended 28 February 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition 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 IAS 34 Interim Financial Reporting, the Companies Act and the JSE Listings Requirements. It does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated annual financial statements of the Group as at and for the year ended 28 February 2018.

The accounting policies applied by the Group in these summarised consolidated financial statements are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summarised consolidated financial statements were prepared under the supervision of Mr C Eksteen CA(SA), in his capacity as chief financial officer.

These summarised consolidated financial statements are extracted from the Group's audited financial statements and are not themselves audited. The directors take full responsibility for the preparation of these summarised consolidated financial statements and the financial information has been correctly extracted from the Group's audited financial statements.

Estimates

The preparation of annual financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these summarised consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements as at and for the year ended 28 February 2017.

Fair value measurement

Fair value hierarchy of instruments measured at fair value

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different levels have been defined as follows:

Level 1: Fair value is based on quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.
Level 2: Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly observable from market data.
Level 3: Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all assets and liabilities where the valuation technique includes inputs not based on observable data, and the unobservable inputs, have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required, to reflect differences between the instruments.

Levels of fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**

Rand Thousand				
Assets and liabilities measured at fair value: Recurring				
Other financial assets	-	216,498	358	216,856
Investment property	-	-	266,771	266,771
Foreign exchange derivative on loans from shareholders	-	-	47,430	47,430
	-	**216,498**	**314,559**	**531,057**

Valuation techniques used to derive level 2 and 3 fair values

Level 2 fair values of other financial assets have been derived by using the rate as available in active markets. The IBNR provision is managed from industry data accumulated on the Alexander Forbes Risk and Insurance Services claim system, and is classified as a Level 3.
Level 3 fair values of investment properties have been generally derived using the market value, the comparable sales method of valuation, and the residual land valuation method, as applicable to each property.

The fair value is determined by external, independent property valuers, having appropriate, recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation company provides the fair value of the Group's investment portfolio every twelve months.

Rand Thousand	**Opening Balance**	**Gains/losses recognized in profit or loss**	**Subsequent capitalised expenditure**	**Closing balance**
Assets				
Investment properties	278,185	(21,443)	10,029	266,771
Liabilities				
Contingent consideration	(31,458)	62,573	(31,115)	-
Derivative financial instrument	-	(47,430)	-	(47,430)

No transfers of assets and liabilities within levels of fair value hierarchy occurred during the current financial year.

Cash and cash equivalents are not fair valued and the carrying amount is presumed to equal fair value.

Short-term receivables and short-term payables are measured at amortised cost and approximate fair value, due to the short-term nature of these instruments. These instruments are not included in the fair value hierarchy.

Correction of prior period error

During the year the Group discovered that taxation had been erroneously accounted for on the pass-through entities where less than 100% interest is held. These pass-through entities are taxed as partnerships and the taxation due on income attributable to minorities are not to be included in the consolidated Group assets and liabilities. As a consequence, deferred taxation was overstated and non-controlling interest understated in the prior year. The error has been corrected by restating each of the affected financial statement line items for the prior year. The Group also restated its statement of comprehensive income classification of certain fee income on loans advanced, to interest income due to it falling within the effective interest rate definition. Comparatives amounts in the statement of comprehensive income were restated for consistency. Since the amounts are classifications within the operating activities in the statement of comprehensive income, the restatement did not have any effect on the Group's statement of financial position nor the statement of cash flows.

The following tables summarise the impact on the Group's consolidated financial statements for the year ended 28 February 2017:

	Impact of correction of error		
R'000	**As previously reported**	**Adjustments**	**As restated**
Consolidated statement of financial position			
Deferred taxation	-	20,115	20,115
Other assets	1,379	(619)	760
Other asset items	3,176,223	-	3,176,223
Total assets	**3,177,602**	**19,496**	**3,197,098**
Deferred taxation	60,056	(5,013)	55,043
Other liability items	1,980,138	-	1,980,138
Total liabilities	**2,040,194**	**(5,013)**	**2,035,181**
Non-controlling interest	201,740	24,509	226,249
Other equity items	935,668	-	935,668
Total liabilities	**1,137,408**	**24,509**	**1,161,917**
Consolidated statement of comprehensive income			
Taxation	(98,994)	26,838	(72,156)
Others	279,440	-	279,440
Profit after taxation	**180,446**	**26,838**	**207,284**
Foreign currency translation difference for foreign operations	(107,847)	(2,329)	(110,176)
Total comprehensive income for the year	**72,599**	**24,509**	**97,108**
Profit attributable to :			
Owners of the company	138,727	-	138,727
Non-controlling interest	41,719	26,838	68,557
	180,446	**26,838**	**207,284**

Total comprehensive income attributable to :			
Owners of the company	55,496	-	55,496
Non-controlling interest	17,103	24,509	41,612
	72,599	**24,509**	**97,108**

	Impact of correction of error		
R'000	**As previously reported**	**Adjustments**	**As restated**
Consolidated statement of comprehensive income			
Interest income	568,060	410,491	978,551
Fee income	740,416	(410,491)	329,925

Business Combination

During the reporting period the group acquired a number of branches in South Africa, USA and Canada as a going concern through business combinations, summarised below:

	28 February 2018	**28 February 2017**
South Africa		
Recognised amounts of identifiable assets acquired and liabilities assumed		
Loans and other advances to customers	32,542	12,744
Property, plant and equipment	110	-
Total identifiable net assets at fair value	**32,652**	**12,744**
Goodwill arising on acquisition	4,398	39,413
Purchase consideration transferred	**37,050**	**52,157**
Consideration paid in cash	**37,050**	**52,157**
North America		
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	10,379	82,430
Loans and other advances to customers	70,704	469,541
Property, plant and equipment	5,949	59,648
Intangible	3,908	12,930
Goodwill	67	126,601
Other assets	2,077	9,825
Total liabilities	(6,691)	(140,770)
Total identifiable net assets at fair value	**86,393**	**620,205**
Non-controlling interest measured at fair value	(9,019)	(259,211)
Goodwill arising on acquisition	141,695	621,961
Purchase consideration transferred	**219,069**	**982,955**

Purchase consideration		
Consideration paid in cash	186,827	744,849
Contingent consideration liability	32,242	238,106
Total consideration	**219,069**	**982,955**

Events after the reporting period

Shareholders were advised on 23 March 2018 that Finbond would be raising capital by way of a partially underwritten rights offer ("the Rights Offer") in order to partially repay the loans that were extended to Finbond during the course of September 2016 that allowed Finbond to conclude the Americash Holding LLC and Creditbox.com LLC acquisitions.

In terms of the Rights Offer, 172 609 725 new Finbond ordinary shares of 0.0001 cents each were offered for subscription to Finbond shareholders in the register at the close of trade on Friday, 6 April 2018. The shareholders were able to subscribe for shares at 239 cents per share, on the basis of 22.18391 Rights Offer shares for every 100 Finbond ordinary shares held.

The Rights Offer was successfully concluded on Monday, 23 April 2018 with R398.7 million being raised. Two of the Shareholders, Riskowitz Value Fund LP and Net 1 Finance Holdings (Pty) Ltd, that extended loans to the Group, elected to convert their loan into equity during the Rights Offer. The only Shareholder loan that remains in place is that of Kings Reign International Ltd at $10 million.

Independent auditor's opinion

The Group's consolidated financial statements have been audited by the Company's auditors, KPMG Inc., who have expressed an unmodified opinion which is available for inspection at the Company's registered office.

Dividend

The Board has approved the declaration of a dividend from retained earnings of 9.91 cents per share ("Cash Dividend"). Shareholders will, however, be entitled to elect to receive a capitalisation share issue alternative ("the Capitalisation Issue Alternative"). If no election is made, the Cash Dividend will be paid.

The circular related to the Cash Dividend and Capitalisation Issue Alternative will be distributed to shareholders and the relevant dates will be announced on SENS, in due course.

The Cash Dividend will be payable in the currency of South Africa. The Cash Dividend is subject to a local dividend tax rate of 20%, resulting in a net Cash Dividend of 7.928 cents per share, unless the relevant shareholder is exempt from dividend tax or is entitled to a reduced rate in terms of the applicable double tax agreement. The company's income tax reference number is 9194313145. At the date of this announcement the company has 944 907 501 ordinary shares in issue.

If approved, the Capitalisation Issue Alternative will not be subject to dividend tax. However, there are possible tax implications of electing to receive shares under the Capitalisation Issue Alternative and shareholders are advised to obtain their own professional advice in this regard.

References to future financial performance included anywhere in this announcement have not been reviewed or reported on by the Group's external auditors.

For and on behalf of the Board

Dr Malesela Motlatla **Dr Willem van Aardt**

30 May 2018

Directors

Chairman: Dr MDC Motlatla* *(BA, DCom (Unisa));* **Chief Executive Officer:** Dr W van Aardt *(BProc (Cum Laude), LLM (UP), LLD (PUCHE) Admitted Attorney of The High Court of South Africa, QLTT (England and Wales), Solicitor of the Supreme Court of England and Wales);* HJ Wilken-Jonker* *(BCom Hons (Unisa);* **Chief Financial Officer:** CH Eksteen *(CA (SA) BCom (Hons Acc) (UP));* Adv J Noeth* *(B Iuris LLB); Adv. N Melville* (B Law, LLB (Natal) LLM (Cum Laude)(Natal) SEP (Harvard); RN Xaba* (CA)(SA) BCompt, BCompt (Hons) (Unisa); D Brits* (B Com, MBA) (NW); HG Kotze* (BCom (Acc)(Hons), HDip Tax, Certificate in Treasury Management);* ***Chief Operating Officer:*** *C van Heerden (MBA).*

Secretary: *Ben Bredenkamp (B Com Accounting, LLB (UP), MBA (Edinburgh))*

**Non-executive*

Transfer secretaries
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(Registration number 2000/007239/07)
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(PO Box 4844, Johannesburg, 2000)

Sponsor: Grindrod Bank Limited