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")

UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENEDED 31 AUGUST 2019

EXECUTIVE OVERVIEW

During the six months under review, Finbond delivered lackluster results, with Interest revenue increasing by 15.1% to R937.9 million, Revenue from continuing operations increasing by 3.3% to R1.29 billion and EBITDA increasing by 10.3% to R340.5 million.

These meager results were due to the transition of South African SASSA customers to the new SA Post-Office card which occurred in the second six months of last year. The timing of the SASSA transition and the fact that we were impacted in the second six months of last year and the subsequent recovery in the first six months of the current year has a significant impact on the comparability of the current interim period ended 31 August 2019 versus the corresponding interim period ending 31 August 2018. The SASSA transition was only beginning to be felt in August 2018 and South African operations had benefited from good SASSA sales performance for the first six months of last year. To illustrate, the total number of SASSA loans sold for the first six months of the current year decreased by 94.6% to 8,655 compared to 160,910 for the corresponding period last year. This timing issue makes comparisons to the prior interim period difficult and is further illustrated by the fact that NPAT for the 6 months under review of R45.8 million is already 59.1% higher than that of the full year ended 28 February 2019 of R28.8* million.

Our materially increased US$ revenue from our operations in the United States of America and Canada (66.0% of total revenue), strong cash flows and substantial cash and cash equivalent reserves again helped us as we stabalised and brought our South African operations back to profitability in the first half of the current year.

During the period under review:

- Total Assets increased by 18.4% to R4.30 billion (Aug 2018*: R3.63 billion).
- Cash and Cash Equivalents increased by 25.6% to R969.7 million (Aug 2018: R772.3 million).
- Unsecured loans and other advances to customers increased by 12.2% to R923.3 million (Aug 2018*: R822.9 million).
- Equity attributable to owners increased by 5.3% to R1.62 billion (Aug 2018*: R1.54 billion).
- Interest income increased by 15.1% to R937.9 million (Aug 2018*: R814.9 million).
- Revenue from continuing operations increased by 3.3% to R1.29 billion (Aug 2018*: R1.25 billion).
- Revenue from North American operations as a percentage of Total Revenue increased by 10.0% to 66% (Aug 2018*: 60%).

- Net impairment on loans and advances as a percentage of revenue from continuing operations strengthened by 15.1% to 18.6% (Aug 2018*: 21.9%).
- Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 10.3% to R340.5 million (Aug 2018*: R308.6 million).
- The value of loans advanced increased by 9.1% to R2.87 billion (Aug 2018: R2.63 billion).
- Cash received from customers increased by 3.2% to R3.78 billion (Aug 2018: R3.67 billion).

* Results for the interim period ended 31 August 2018 have been restated. Please see additional information to follow later.

SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA) SWITCH TO THE SOUTH AFRICAN POST OFFICE (SAPO)

As described above, Finbond's performance for the period under review was adversely affected by the recovery from the SASSA transition.

A large portion of Finbond's South African SASSA client base transitioned to the new "SAPO" card resulting in a more than 68% reduction in our SASSA customer base. This card was launched by SAPO and SASSA on 3 May 2018, but does not avail the functionality to load EFT debits or stop orders, which limits our ability to effectively collect amounts due and payable from this segment of the market.

Consequently asset quality deteriorated in the second half of last year with first strike collection rates in South Africa significantly decreasing by 9% from 90% to 81% at the end of September 2018 and average monthly write offs increasing from approximately R16 million to R30 million between August 2018 and February 2019.

First strike collection rates has since stabilised and stood at 89% at the end of August 2019 and the average monthly write off has recovered to a normal range of between R15 million and R18 million per month as at the end of August 2019.

PROFIT AND PROFITABILITY

Despite South African operations being affected by the SASSA recovery, Finbond achieved a turnover of R1.29 billion, an increase of 3.3% over the corresponding 2018 interim period thanks to the good performance of our North American operations. Interest revenue increased by 15.1% from R814.9 million to R937.9 million.

Accordingly, the majority of profit for the interim period was derived from short-term unsecured personal loans in North America.

The operating Cost to Income ratio weakened to end the interim period at 68.7% (Aug 2018*: 60.9%), again, effected by the SASSA timing issue in South Africa.

NPAT of R44.8 million (97.8% of total NPAT) was generated in North America, while R1.0 million (2.2% of total NPAT) was generated in South Africa.

HEALTHY CAPITAL POSITION

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's capital position remains strong.

Equity attributable to owners increased by 5.3% to R1.62 billion (Aug 2018*: R1.54 billion). Total equity increased by 0.5% to R1.81 billion (Aug 2018*: R1.80 billion).

Finbond's subsidiary, Finbond Mutual Bank (FMB) comfortably exceeded the minimum regulatory capital requirement in August 2019, reflecting an excess of R34.0 million over and above the required qualifying regulatory capital per the Prudential Authority, and an excess of R170.5 million over and above the required qualifying regulatory capital per Basel III. Although FMB as a mutual bank is not subject to the Basel III requirements, the bank already complies with, and significantly exceeds, measured Basel III requirements set for 2019. As at August 2019, FMB's:

- Internally calculated liquidity coverage ratio was 148% (48% more than required);
- Internally calculated net stable funding ratio was 684% (584% more than required); and
- Capital adequacy ratio was 28.8% (18.8% more than required), and 3.8% above the minimum prudential limit required by the Prudential Authority.

CONSERVATIVE UPFRONT CREDIT SCORING PRACTICES

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. We will rather have cash and cash equivalents unutilized than to extend loans to customers that cannot afford to repay their loans.

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.

The capital distribution of new loans compared to historic loans shows a shift in distribution when considering the exposure that each approved application presents. Finbond is granting larger loans to clients with higher credit scores or alternatively smaller loans to clients with lower credit scores. This is a crucial element of Finbond's **credit risk management methodology** that is designed to increase/decrease the size of the risk (loan) as the probability of default decreases/increases.

RELATIVE TO THE SIZE OF OUR BUSINESS WE HAVE SIGNIFICANT CASH RESERVES

Cash and Cash Equivalents increased by 25.6% to R969.7 million (Aug 2018: R772.3 million).

Our business generates substantial positive cash-flow. We collected R3.78 billion cash from customers over the past six months. Cash Received as a percentage of Cash Granted for the period under review decreased by 4.3% to an average of 133% (Aug 2018: 139%). This was due to growth in the loans as advances book but still represents a healthy positive cash flow.

By the end of August 2019 the deposit and commercial paper portfolio in South Africa amounted to R1.71 billion (Aug 2018: R1.36 billion). The average deposit size was R387,101, the average term 22.2 months and the average interest rate 9.9%. Finbond is not exposed to the uncertainty that accompanies the use of corporate call deposits as a funding mechanism since Finbond only accepts 6 to 72 month fixed and indefinite term deposits and 60 month commercial paper investments.

Given the long term nature of Finbond's liabilities (fixed term deposits with an average term of 22.2 months and commercial paper with an average term of 60 months) and the short term nature of its assets (short term micro loans with average terms of between 3 and 6 months), Finbond possesses a low risk liquidity structure. Given the short-term nature of Finbond's products, the loan portfolio is cash flow generative and a good source of internally generated liquidity. The entire loan portfolio turns three times per annum on average.

NORTH AMERICAN SHORT-TERM LENDING

Finbond's North American business' main focus is on short-term unsecured loans being offered through 255 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 and Louisiana. In addition to the US states, Finbond also has a presence in Ontario, Canada.

Additionally, unsecured instalment loans are offered online in Illinois, Missouri, Nevada, New Mexico, Utah and Wisconsin through CreditBox, our online platform. We are currently pursuing licensing in Tennessee and Florida and have plans to expand to up to 10 additional states within the next 24 months.

Total revenue from Finbond's North American short-term lending activities, made up of interest and fees increased by 13.7% to R853.7 million (Aug 2018: R751.1 million) for the period under review.

The short-term loan book increased by 16.2% to R694.0 million (Aug 2018*: R597.1 million). New contracts granted decreased by 1.3% to 411,574 (Aug 2018: 417,078), offset by average principal granted which increased by 11.5% to R5,101 (Aug 2018: R4,575).

First strike collection rates in North America improved by 2.0% to an impressive average rate of 98.6%, from 96.7% in the corresponding period. This is indicative again of Finbond's conservative credit granting and rigorous underwriting policies. Net impairment on loans and advances as a percentage of revenue from continuing operations strengthened by 15.8% to 19.7% (Aug 2018*: 23.4%).

We received cash payments of R2.63 billion from customers (9.6% ahead of the corresponding interim period last year), while granting R2.11 billion in new loans (10.5% ahead of last year). The ratio of cash received to cash granted increased to 126.1% (Aug 2018: 125.9%).

SOUTH AFRICAN SHORT-TERM LENDING

Finbond's South African business' main focus remains on small short-term loans through its 436 branches. Total revenue from Finbond's lending activities made up of interest, fee and other micro finance related income decreased by 12.1% to R439.0 million (Aug 2018: R499.7 million). Again, the timing of the impact of the SASSA transition in the second six months of last year and the subsequent recovery in the first six month of the current year has a significant impact on comparability of South African interim results.

The short-term loan book increased marginally by 0.3% to R436.7 million (Aug 2018*: R435.3 million). New contracts granted decreased by 11.2% to 411,435 (Aug 2018: 463,362), again due to the SASSA effect.

Net impairment on loans and advances as a percentage of revenue from continuing operations strengthened by 15.8% to 16.5% (Aug 2018*: 19.6%) as the SASSA recovery progressed during the interim period.

We received cash payments of R1.15 billion from customers (9.4% down on the corresponding interim period last year), while granting R0.76 billion in new loans (4.8% ahead of last year) as we rebuilt the portfolio after the SASSA issues of the last fiscal year. Accordingly, the ratio of cash received to cash granted decreased to 151.4% (Aug 2018: 175.6%).

SOUTH AFRICAN TRANSACTIONAL BANKING GROWTH

We continued the evolution to turn Finbond Mutual Bank into a retail bank in South Africa. Although this is taking longer than expected, and is expensive to implement, we continue to move forward. Strategically, we support the cost of building a mass market retail bank on the back of our short term loans business in South Africa.

Our transactional banking customers grew by 11.7% from 224,127 to 250,414 during the interim period. We continue working on growing the transactional banking customer base and getting these customers to use our accounts and cards for their daily banking needs. Our savings accounts have some of the lowest cost and pay the highest interest rates in South Africa. An ATM withdrawal cost on a Bundled account is R10.00 + 0.9% of the value of the transaction; on a Lite account is R12.00 + 0.9% of the value of the transaction; and on a Value account is R10.00 + 0.9% of the value of the transaction and we pay 6% interest on savings accounts with a maximum balance of R50 000 on all account types. Our debit card is a full MasterCard, giving our customers access to all Saswitch ATMs and can be used for purchases at all linked shops. At Finbond Mutual Bank a debit order costs only R2.50. We have few products, but those we have are the simplest, best and most affordable of their kind in South Africa.

As we build our retail market bank in South Africa, costs will continue to rise. We remain conservative in spending money and cautious in ensuring that the bank always has enough of it.

SUCCESSFUL ADOPTION OF IFRS 16 (LEASES)

The Group implemented IFRS 16 (the revised accounting standard for leases) during the period under review. The revised standard requires the lessee, in an operating lease commitment, to record a right of use asset, with a corresponding lease liability. The most significant impact for the Group is operating leases for branch locations.

In total, lease liabilities of R471.1 million and right-of-use assets of R483.6 million were recognized at initial application. The effect of IFRS 16 is essentially that operating lease rental cost expenses are replaced by an interest expense and a depreciation charge.

CHANGES TO THE BOARD

During the period under review, the following changes were made to the board of directors as published on SENS on 11, 27 and 30 September 2019:

- Mr. Danie Brits resigned as non-executive director, effective 10 September 2019
- Mr Danie Pentz was appointed in the capacity of independent non-executive director, effective 27 September 2019
- Mr Carel van Heerden resigned as an executive director, effective 1 October 2019
- Ms Rosetta Xaba resigned as an executive director, effective 1 October 2019

STRATEGIC INITIATIVES

Strategic initiatives, in line with the Board approved five year strategic plan, in the short and medium term include:

- Growing market share in the USA online lending market through the increased sale of medium-term products.

- Applying for a banking license in Malta and expanding Finbond's operation into the EU.

- Further refining, developing and improving all bank information technology systems and process.

- Considering various potential strategies for increasing the public shareholders spread of Finbond Group Limited as requested by the JSE in a communication to the Company after the distribution of the annual report, including the consideration of delisting, subject to all internal and regulatory approvals.

- Selective strategic acquisitions in the South African and North American short term lending markets.

INVESTMENT GRADE CREDIT RATING

During the 2019 financial year, Finbond was again awarded an Investment Grade rating by ratings agency Global Credit Ratings ("GCR"). In November 2018 GCR affirmed Finbond's BBB(za) National Scale Long Term Corporate Credit Rating, Finbond's National Scale Short Term Credit Corporate Credit Rating of A3(za), and Finbond's Long Term International Scale Corporate Credit Rating of B+, all with Stable Outlooks.

According to GCR, the ratings are based on the following key assumptions:

- The ratings on Finbond reflect its monoline market segment, good geographic diversification, strong capitalisation supported by good internal capital generation, weak risk position, stable funding and robust liquidity.

- The company profile is a negative rating factor balancing the predominant focus of unsecured lending, small market share, good geographic diversity relative to peers. While the secured lending product is being rundown, the monoline strategy of unsecured lending exposes the group to increased risk from credit events and regulation just to mention a few. On the other hand, the geographical expansion of the group into North America has strengthened its competitive position. In addition, better earnings diversification is also viewed positively, with c.63% of the group's earnings currently generated by international businesses, with the expectation to grow this to c. 70-80% in 3 to 5 years.

- Finbond's capitalisation is strong, and is one of the key factors supporting its rating. The equity/total assets ratio registered within strong range (48.2% at 1H19). Conversion of shareholder loans (R365m) to Tier 1 equity during 1H19 has also helped capitalisation which we view to be stronger as a result. The group's banking subsidiary Finbond Mutual Bank had a capital adequacy ratio of 34.8%, reflecting a good headroom above the regulatory minimum. Over the next two years, we expect capitalisation to range around 35-40%, supported by internal capital generation which in part benefits from the favourable profiles of acquired short term lenders as required by the group's investment criteria. But also, annualised margins are high given the short term nature of assets while financing is long term.

- The group's funding is stable, which lessens the risk of this entity defaulting. Equity, term deposits, and shareholder loans are the major funding sources. Liquidity is robust, supported by high collections on short term loans averaging 94% during the year. Basel III liquidity coverage ratio of 168% vs regulatory minimum of 90% supports this liquidity assessment.

- Risk position is weak, demonstrated by the high write offs. Adoption of IFRS 9 resulted in the group changing the write off policy from a delinquency approach (1AS 39) to a staging approach based on expected recoveries. Because of Finbond's quick write off cycle under IAS 39, off balance sheet bad debts were brought back on balance sheet as the group still expect collections on these accounts. This escalates the arrears ratio to 66.2%, however with no material impact on earnings expected given a loan loss reserve coverage of 85.1%. In addition, the group recovers on average 28.9% of bad debts written off within the same year. Collections from the USA portfolio continued to be higher relative to South Africa, although the group's average declined to 83% at 1H19.

The upside rating movement is sensitive to increased contribution to earnings by the international business, sustained capital and liquidity positions, diversification of business to more of transactional banking, and material improvement in asset quality. While downside pressure may stem from capitalisation reducing materially, worsening asset quality and reserving, coupled with unstable funding structure.

LOOKING AHEAD

Although 66.0% of our revenue is generated in US$, South Africa still contributes a significant portion of total revenue. The challenging and difficult South African macro-economic environment as well as the adverse market conditions in the South African market within which Finbond operates are not expected to abate in the short and medium term.

We remain confident that we have the required resources and depth in management to efficaciously overcome these challenges and remain optimistic about our prospects for the future due to Finbond's: management expertise; strong cash flow; strong liquidity and surplus cash position; uniquely positioned 436 branch network in South Africa and 255 branches in North America; superior asset quality; access to funding and conservative risk management practices.

We believe that the evolution from a short term micro finance institution to a retail 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 and long term.

Our business is in a development and growth phase and, as with all growing businesses, real risks remain.

DIVIDEND

No interim dividend has been declared.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	**Interim unaudited 31 August 2019**	**Interim unaudited 31 August 2018 * (Restated)**	**% change**	**Full year audited 28 February 2019 * (Restated)**
ASSETS				
Cash and cash equivalents	701 959	540 675	30	532 429
Other financial assets	267 714	231 655	16	233 091
Unsecured loans and other advances to customers	923 345	822 877	12	785 522
Trade and other receivables	150 524	168 245	(11)	131 246
Other assets	15 684	16 883	(7)	19 288
Secured loans and other advances to customers	207 325	209 514	(1)	208 903
Derivative financial instrument	6 964	16 820	(59)	4 920
Property, plant and equipment	652 090	182 482	257	195 184
Investment property	137 200	266 807	(49)	137 200

Deferred taxation	55 247	21 895	152	53 914
Goodwill	1 054 793	1 021 175	3	987 872
Intangible assets	126 811	132 072	(4)	116 838
Total Assets	**4 299 656**	**3 631 100**	**18**	**3 406 407**
Equity				
Share capital and premium	1 155 131	1 135 684	2	1 150 684
Reserves	125 418	60 674	107	3 133
Retained income	341 980	344 297	(1)	311 478
Equity attributable to owners of the Company	**1 622 529**	**1 540 655**	**5**	**1 465 295**
Non-controlling interest	190 221	263 203	(28)	154 146
Total Equity	**1 812 750**	**1 803 858**	**(0)**	**1 619 441**
Liabilities				
Bank overdraft	82 983	94 061	(12)	90 620
Trade and other payables	155 566	148 569	5	143 629
Other liabilities	34 889	20 047	74	10 668
Current tax payable	-	36 769	(100)	17 197
Finance leases	451 745	-	-	-
Loans from shareholders	49 438	161 920	(69)	84 970
Fixed and Notice deposits	995 913	1 070 511	(7)	998 604
Deferred tax	-	6 452	(100)	5 782
Commercial paper	716 372	288 913	148	435 496
Total Liabilities	**2 486 906**	**1 827 242**	**36**	**1 786 966**
Total Equity and Liabilities	**4 299 656**	**3 631 100**	**18**	**3 406 407**

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	**Unaudited Six months 31 August 2019**	**Unaudited Six months 31 August 2018 * (Restated)**	**% Change**	**Audited Year to 28 February 2019 * (Restated)**
Interest income	937 895	814 867	15	1 809 953
Interest expense	(130 695)	(99 129)	32	(193 876)
Net interest income	**807 200**	**715 738**	**13**	**1 616 077**
Fee income	202 936	266 893	(24)	466 407
Management fee income	43	13 266	(100)	467
Other operating income	151 809	155 762	(3)	301 470
Fair value adjustments	5 718	62 442	(91)	(74 513)
Foreign exchange (loss)/gain	(4 421)	(61 645)	(93)	(57 902)
Net impairment charge on loans and advances	(240 251)	(273 733)	(12)	(601 365)

Operating expenses	(798 334)	(701 259)	14	(1 501 548)
Profit before taxation	**124 700**	**177 464**	**(30)**	**149 093**
Taxation charge	(23 004)	(40 568)	(43)	(6 906)
Profit for the period	**101 696**	**136 896**	**(26)**	**142 187**
Other comprehensive income Exchange differences on translation of foreign operations	146 310	360 558	(59)	256 729
Total comprehensive income for the period	**248 006**	**497 454**	**(50)**	**398 916**
Profit attributable to:				
Owners of the company	45 765	90 414	(49)	28 760
Non-controlling interest	55 931	46 482	20	113 427
Profit for the period	**101 696**	**136 896**	**(26)**	**142 187**
Total comprehensive income attributable to:				
Owners of the company	164 352	341 034	(52)	219 821
Non-controlling interest	83 654	156 420	(47)	179 095
Total comprehensive income	**248 006**	**497 454**	**(50)**	**398 916**
Total number of ordinary shares outstanding	924 958	923 727		923 727
Weighted average number of ordinary shares outstanding	923 921	866 410		895 886
Basic and diluted earnings per share (cents)	5.0	10.4	(53)	3.2
Headline earnings per share (cents)	5.0	10.5	(53)	14.5
Net profit attributable to owners of the company	**45 765**	**90 414**	**(49)**	**28 760**
Loss on disposal of property, plant and equipment	112	251	(55)	226
Fair value loss of investment properties	-	-	-	100 575
Headline earnings	**45 877**	**90 665**	**(49)**	**129 561**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOW

R'000	Unaudited Six months 31 August 2019	Unaudited Six months 31 August 2018	% Change	Audited Year to 28 February 2019
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated from operations	163 320	360 753	(55)	341 850
Taxation paid	(48 524)	(46 413)	5	(67 085)
Net cash flow from operating activities	**114 796**	**314 340**	**(63)**	**274 765**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(12 009)	(50 135)	(76)	(89 559)
Purchase of investment property	-	-	-	(36)
Purchase of other intangible assets	(12 427)	(9 959)	25	(12 903)
Purchase of financial assets	(30 949)	(14 189)	118	(13 469)
Change in control of minority interest	(10 115)	-	-	-
Acquisition of business assets, net of cash acquired	(4 056)	-	-	-
Net cash flow from investing activities	**(69 566)**	**(74 283)**	**(6)**	**(115 967)**
CASH FLOW FROM FINANCING ACTIVITIES				
Issue of share capital	-	17 708	(100)	32 708
Repayment of shareholders' loans	(44 075)	(15 141)	191	(69 730)
Proceeds from issue of commercial paper	280 876	10 085	2 685	156 668
Finance lease payments	(76 674)	(1 416)	5 315	(2 867)
Dividends paid	(48 280)	(94 116)	(49)	(197 012)
Net cash flow from financing activities	**111 847**	**(82 880)**	**(235)**	**(80 233)**
NET INCREASE IN CASH	**157 087**	**157 177**	**(0)**	**78 565**
Cash at the beginning of the period	441 809	331 306	33	331 306
Effect on movements in exchange rates on cash held	20 080	(41 869)	(148)	31 938
CASH AT THE END OF THE PERIOD	**618 976**	**446 614**	**39**	**441 809**

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Unaudited 31 August 2019	Unaudited 31 August 2018 * (Restated)	Audited 28 February 2019 * (Restated)
Total equity at the beginning of the period	**1 619 441**	**1 039 541**	**1 039 541**
Restatement	-	(18 274)	(18 274)
Restated balance as at 1 March	**1 619 441**	**1 021 267**	**1 021 267**
Change in share capital and premium			
Issue of shares	4 447	411 159	426 159
Change in reserves			
Equity-settled share-based payment	3 698	3 769	5 787

Total comprehensive income for the period	164 352	341 034	219 821
Change in control	(945)	-	15 191
Dividends paid	(14 318)	(93 640)	(93 640)
Change in non-controlling interest			
Total comprehensive income for the period	83 654	156 420	179 095
Change in control	(9 170)	-	(15 191)
Dividends paid	(38 409)	(36 151)	(139 048)
Total equity at the end of the period	**1 812 750**	**1 803 858**	**1 619 441**

SUMMARISED SEGMENTAL INFORMATION

OPERATING SEGMENTS

R'000	**Investment Products**	**Lending**	**Property Investment**	**Transactional Banking**	**Other**	**Total**
Six months ended 31 August 2019						
Interest Income	13 445	922 702	-	-	1 748	**937 895**
Interest expense	(68 010)	(50 706)	-	(1 230)	(10 749)	**(130 695)**
Net interest income	**(54 565)**	**871 996**	**-**	**(1 230)**	**(9 001)**	**807 200**
Fee income	-	185 889	-	17 047	-	**202 936**
Management fee income	-	-	-	-	43	**43**
Other operating income	176	149 941	-	-	1 692	**151 809**
Fair value adjustments	1 446	-	-	-	4 272	**5 718**
Foreign exchange loss	-	-	-	-	(4 421)	**(4 421)**
Net impairment charge on loans and advances	-	(240 251)	-		-	**(240 251)**
Operating expense	(1 728)	(702 698)	(1 556)	(25 052)	(67 300)	**(798 334)**
Profit/(loss) before taxation	**(54 671)**	**264 877**	**(1 556)**	**(9 235)**	**(74 715)**	**124 700**
Taxation	47 259	(146 033)	1 345	7 983	66 442	**(23 004)**
Profit/(loss) for the period	**(7 412)**	**118 844**	**(211)**	**(1 252)**	**(8 273)**	**101 696**
Significant segment assets						
Cash and cash equivalents	358 143	215 412	-	-	128 404	**701 959**
Other financial assets	267 714	-	-	-	-	**267 714**
Unsecured loans and advances	-	923 345	-	-	-	**923 345**

Secured loans and advances	-	207 325	-	-	-	**207 325**
Trade and other receivables	-	99 614	-	1 210	49 700	**150 524**
Property, plant and equipment	-	630 203	-	4 181	17 706	**652 090**
Investment property	-	-	137 200	-	-	**137 200**
Goodwill	-	1 054 793	-	-	-	**1 054 793**
Intangible assets	-	126 811	-	-	-	**126 811**
Significant segment liabilities						
Commercial paper	716 372	-	-	-	-	**716 372**
Deposits received from customers	995 913	-	-	-	-	**995 913**
Loans from shareholders	-	-	-	-	49 438	**49 438**
Six months ended 31 August 2018 * (Restated)						
Interest income	9 871	803 980	-	46	970	**814 867**
Interest expense	(53 361)	(6 853)	-	(171)	(38 744)	**(99 129)**
Net Interest Income	**(43 490)**	**797 127**	**-**	**(125)**	**(37 774)**	**715 738**
Fee income	-	274 351	-	(7 458)	-	**266 893**
Management fee income	-	-	-	-	13 266	**13 266**
Other operating income	78	151 623	-	-	4 061	**155 762**
Fair value adjustments	-	-	-	-	62 442	**62 442**
Foreign exchange gain	-	-	-	-	(61 645)	**(61 645)**
Net impairment charge on loans and advances	-	(273 733)	-	-	-	**(273 733)**
Operating expense	(1 135)	(674 933)	(1 031)	(7 665)	(16 495)	**(701 259)**
Profit/(loss) before taxation	**(44 547)**	**274 435**	**(1 031)**	**(15 248)**	**(36 145)**	**177 464**
Taxation	16 085	(75 583)	372	5 506	13 052	**(40 568)**
Profit/(loss) for the period	**(28 462)**	**198 852**	**(659)**	**(9 742)**	**(23 093)**	**136 896**
Significant segment assets						
Cash and cash equivalents	207 670	250 057	-	8 097	74 851	**540 675**
Other financial assets	231 655	-	-	-	-	**231 655**
Unsecured loans and advances	-	822 877	-	-	-	**822 877**
Secured loans and advances	-	209 514	-	-	-	**209 514**

Property, plant and equipment	-	164 196	-	1 401	16 885	**182 482**
Investment property	-	-	266 807	-	-	**266 807**
Goodwill	-	1 021 175	-	-	-	**1 021 175**
Intangible assets	-	132 072	-	-	-	**132 072**
Significant segment liabilities						
Commercial paper	288 913	-	-	-	-	**288 913**
Deposits received from customers	1 070 511	-	-	-	-	**1 070 511**
Loans from shareholders	-	-	-	-	161 920	**161 920**
Year ended 28 February 2019 * (Restated)						
Interest income	21 751	1 784 341	-	-	3 861	**1 809 953**
Interest expense	(139 713)	(34 603)	-	(437)	(19 123)	**(193 876)**
Net Interest Income	**(117 962)**	**1 749 738**	**-**	**(437)**	**(15 262)**	**1 616 077**
Fee income	-	450 521	-	15 883	3	**466 407**
Management fee income	-	-	-	-	467	**467**
Other operating income	185	294 711	-	-	6 574	**301 470**
Fair value adjustments	-	2 744	(129 607)	-	52 350	**(74 513)**
Foreign exchange gain	-	-	-	-	(57 902)	**(57 902)**
Net impairment release /(charge) on loans and advances	-	(592 931)	-	(310)	(8 124)	**(601 365)**
Operating expenses	(3 726)	(1 369 816)	(2 251)	(26 901)	(98 854)	**(1 501 548)**
Profit/ (loss) before taxation	**(121 503)**	**534 967**	**(131 858)**	**(11 765)**	**(120 748)**	**149 093**
Taxation	15 252	(55 344)	16 552	1 477	15 157	**(6 906)**
Profit/(loss) for the period	**(106 251)**	**479 623**	**(115 306)**	**(10 288)**	**(105 591)**	**142 187**
Significant segment assets						
Cash and cash equivalents	192 027	298 068	-	8 949	33 385	**532 429**
Other financial assets	233 091	-	-	-	-	**233 091**
Unsecured loans and advances	-	785 522	-	-	-	**785 522**
Secured loans and advances	-	208 903	-	-	-	**208 903**
Property, plant and equipment	-	66 985	-	-	64 261	**131 246**
Investment property	-	177 094	-	751	17 339	**195 184**
Goodwill	-	-	137 200	-	-	**137 200**

Intangible assets	-	987 872	-	-	-	**987 872**
Cash and cash equivalents	-	116 838	-	-	-	**116 838**
Significant segment liabilities						
Commercial paper	435 496	-	-	-	-	**435 496**
Deposits received from customers	998 604	-	-	-	-	**998 604**
Loans from shareholders	-	-	-	-	84 970	**84 970**

GEOGRAPHICAL SEGMENTS

	Six months ended 31 August 2019			**Six months ended 31 August 2018 * (Restated)**		
R'000	**South Africa**	**North America**	**Total**	**South Africa**	**North America**	**Total**
Interest Income	118 763	819 132	937 895	128 950	685 917	814 867
Interest expense	(101 254)	(29 441)	(130 695)	(92 939)	(6 190)	(99 129)
Net interest income	**17 509**	**789 691**	**807 200**	**36 011**	**679 727**	**715 738**
Fee income	180 839	22 097	202 936	211 787	55 106	266 893
Management fee income	-	43	43	13 283	(17)	13 266
Other operating income	139 400	12 409	151 809	145 679	10 083	155 762
Fair value adjustments	3 490	2 228	5 718	60 873	1 569	62 442
Foreign exchange loss	(4 294)	(127)	(4 421)	(61 231)	(414)	(61 645)
Net impairment charge on loans and advances	(72 430)	(167 821)	(240 251)	(98 141)	(175 592)	(273 733)
Operating expenses	(257 104)	(541 230)	(798 334)	(238 816)	(462 443)	(701 259)
Profit before taxation	**7 410**	**117 290**	**124 700**	**69 445**	**108 019**	**177 464**
Taxation	(6 403)	(16 601)	(23 004)	(25 075)	(15 493)	(40 568)
Profit for the period	**1 007**	**100 689**	**101 696**	**44 370**	**92 526**	**136 896**
Significant segment assets						
Cash and cash equivalents	516 771	185 188	701 959	347 022	193 653	540 675
Other financial assets	267 714	-	267 714	231 655	-	231 655
Unsecured loans and other advances to customers	255 310	668 035	923 345	253 581	569 296	822 877
Secured loans and other advances to customers	181 402	25 923	207 325	181 721	27 793	209 514
Property, plant and equipment	205 971	446 119	652 090	69 567	112 915	182 482
Investment property	137 200	-	137 200	266 807	-	266 807
Goodwill	196 787	858 006	1 054 793	196 787	824 388	1 021 175
Intangibles	171	126 640	126 811	171	131 901	132 072

Significant segment liabilities						
Commercial paper	716 372	-	716 372	288 913	-	288 913
Fixed and Notice deposits	995 913	-	995 913	1 070 511	-	1 070 511
Loans from shareholders	49 438	-	49 438	161 920	-	161 920

	Year ended 28 February 2019 * (Restated)		
	South Africa	**North America**	**Total**
Interest Income	236 105	1 573 848	1 809 953
Interest expense	(160 539)	(33 337)	(193 876)
Net interest income	**75 566**	**1 540 511**	**1 616 077**
Fee income	403 761	62 646	466 407
Management fee income	376	91	467
Other operating income	282 957	18 513	301 470
Fair value adjustments	(75 029)	516	(74 513)
Foreign exchange gain	(57 443)	(459)	(57 902)
Net impairment charge on loans and advances	(227 274)	(374 091)	(601 365)
Operating expenses	(493 030)	(1 008 518)	(1 501 548)
Profit before taxation	**(90 116)**	**239 209**	**149 093**
Taxation	11 313	(18 219)	(6 906)
Profit for the period	**(78 803)**	**220 990**	**142 187**
Significant segment assets			
Cash and cash equivalents	280 489	251 940	532 429
Other financial assets	233 091	-	233 091
Unsecured loans and other advances to customers	267 269	518 253	785 522
Secured loans and other advances to customers	181 633	27 270	208 903
Trade and other receivables	86 476	44 770	131 246
Property, plant and equipment	64 375	130 809	195 184
Investment property	137 200	-	137 200
Goodwill	196 787	791 085	987 872
Intangibles	171	116 667	116 838
Significant segment liabilities			
Commercial paper	435 496	-	435 496
Fixed and Notice deposits	998 604	-	998 604

Loans from shareholders	84 970	-	84 970

* Results have been restated for the unaudited interim period ended 31 August 2018, as well as for the audited year ended 28 February 2019, as applicable. See additional information on the correction of prior period errors 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 six months ended 31 August 2019 comprise the Company and its subsidiaries (together referred to as the "Group").

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. It does not include all 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 2019.

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 except for the adoption of new and amended standards as set out below.

New or amended standards and changes in accounting policies adopted by the Group

Several new or amended standards became applicable in the current reporting period. The Group had to change its accounting policies as a result of adopting IFRS 16.

IFRS 16 was issued in January 2016. It resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard an asset (the right to use the leased item) and a financial liability to pay rentals, are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors did not significantly change. Some of the commitments are covered by the exception for short-term and low-value leases and some commitments relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The impact of the adoption of this standard and the new accounting policies are disclosed below.

The Group adopted IFRS 16 from 1 March 2019. Several other new standards are effective from 1 January 2019, but they do not have a material effect on the Group's financial statements. The changes in accounting policies described above are expected to be reflected in the Group's consolidated financial statements as at and for the year ending 28 February 2020.

IFRS 16 Leases

IFRS 16 became effective from 1 March 2019. The standard requires that the lessee and the lessor recognise all rights and obligations arising from leasing arrangements on balance sheet. As permitted by IFRS 16, Finbond elected not to restate comparative financial statements. Under this approach, the right-of-use asset at the date of initial application for leases previously classified as operating leases under IAS 17 corresponds with the lease liability and is adjusted for previously recognised prepaid or accrued lease payments relating to the leases. Accordingly, the opening balance on 1 March 2019 recognises all reclassifications and adjustments arising from implementation of the new leasing standard. Under IFRS 16 the IAS 17 classification of leases for lessees as either operating or finance leases is removed with the introduction of a right-of-use (ROU) asset together with a lease liability for the future payments recognised for all leases with a term of more than 12 months, except if the value of the underlying asset is low.

IFRS 16 provides that a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration. Leases that meet the criteria as either a short-term lease or a lease of a low-value asset are accounted for on a straight-line basis over the lease term. Leases that have a lease term of 12 months or less at commencement date are defined as short-term leases. A lease where the value of the underlying asset is less than R75,000 is regarded as a low-value lease.

Under IFRS 16, the Group recognises ROU assets and lease liabilities for most of its leased assets, including leased properties and leased IT equipment.

Significant accounting policies

Lessees:

Any ROU asset and corresponding lease liability are recognised at the lease commencement date by Finbond. ROU assets are initially measured at cost. The initial cost is equal to the lease liability adjusted for previously recognised prepaid or accrued lease payments relating to the lease and increased with initial direct cost incurred, as well as the amount of any provision recognised where Finbond is contractually required to dismantle, remove or restore the leased asset. Subsequent to initial measurement of the ROU asset the cost model is applied. The ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

Finbond measures the lease liability initially at the present value of the remaining lease payments on the commencement date, discounted at the incremental borrowing rate applicable to the relevant group entity. Subsequently, the lease liability is increased by interest cost thereon and decreased by lease payments made. The lease liability is remeasured when there is a change in the future lease payments arising from a change in an index or rate.

Significant judgements, estimates and sources of uncertainty in applying IFRS 16

Discount rate:

At 1 March 2019, the Group's lease liabilities were measured at the present value of the remaining lease payments discounted at the incremental borrowing rate of the relevant group entity. This incremental borrowing rate was obtained using the interest rate for direct borrowings provided by an independent commercial bank and applying a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

Extension and termination options:

The lease term is only extended if the option for extension of the lease is reasonably certain to be exercised or the lease not terminated. In determining reasonable certainty of lease extension options, factors such as the importance of the underlying assets to operations, significant leasehold improvements undertaken, and past practices are considered. A re-assessment is made if a significant event or a significant change in circumstances occurs that is within the control of the lessee.

Transition:

In applying IFRS 16 to leases previously classified as operating leases under IAS 17, Finbond used the following practical expedients:

- For leases with less than a twelve-month lease term, the exemption not to recognise ROU assets and liabilities is applied.
- Leases that meet the criteria for low-value asset leases are accounted for on a straight-line basis over the lease term.
- A single discount rate is used for a portfolio of leases with reasonably similar characteristics.
- For the measurement of the ROU asset at the date of initial application initial direct costs are excluded.
- Previous assessment of onerous leases is relied on.

Impacts on the financial statements on transition

The Group recognised ROU assets and corresponding lease liabilities on transition to IFRS 16. At 1 March 2019 the impact on transition is recognised as follows:

Right-of-use asset (adjusted for straight-lining reserve*)	471,1 million
Lease liability	483,6 million

*The straight-lining reserves relate to previously recognised prepaid or accrued lease payments relating to the lease. The total amount by which ROU assets were adjusted for straight-lining reserves was R12.5m before taxation effects.

At 31 August 2019 the Group recognised R419,4 million ROU assets and R448,4 million lease liabilities. The Group recognised depreciation and interest costs, instead of operating lease expenses in relation to those leases during the six months ended 31 August 2019.

Lessors:

IFRS 16 did not introduce significant changes for lessors and the accounting policies applicable to the Group as a lessor are accordingly no different from those under IAS 17.

Use of judgements and 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 2019 except where the implementation of IFRS 16 requires a different approach to the accounting previously applied.

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 based on 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

R'000	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value:				
Other financial assets	-	126 158	-	126 158
Investment property	-	-	137 200	137 200
Derivative financial instrument	-	-	(6 964)	(6 964)
Total	**-**	**126 158**	**130 236**	**256 394**

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.

Reconciliation of assets and liabilities measured at level 3

R'000	Opening balance	Additions	Gains recognised in profit or loss	Closing balance
Investment property	137 200	-	-	137 200
Derivative financial instrument	(4 920)	-	(2 044)	(6 964)

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 errors

During the current interim period the Group discovered two separate prior period errors.

The first related to a highly complex portfolio ageing issue uncovered within the loan management system of one of the Group's smaller North American subsidiaries, which resulted in loans and advances not being appropriately written off or adequately provisioned for impairment.

The second related to a legal settlement in the current reporting period by another of the Group's North American subsidiaries, of which the obligating event originated in the prior period and had not been adequately provisioned in accordance with IAS 37.

The prior period errors have been corrected by restating each of the affected financial statement line items.

The following tables summarise the impact on the Group's summarised consolidated financial statements for the interim period ended 31 August 2018:

	Impact of correction of error		
R'000	**As previously reported**	**Adjustments**	**As restated**
Consolidated statement of financial position			
Unsecured loans and other advances to customers #	838 673	(15 796)	822 877
Deferred taxation	19 021	2 874	21 895
Other asset items #	2 786 328	-	2 786 328
Total assets	**3 644 022**	**(12 922)**	**3 631 100**
Trade and other payables	128 876	19 693	148 569
Current tax payable	40 955	(4 186)	36 769
Other liability items #	1 641 904	-	1 641 904
Total liabilities	**1 811 735**	**15 507**	**1 827 242**
Retained income #	360 590	(16 293)	344 297
Reserves #	64 171	(3 497)	60 674
Non-controlling interest #	271 842	(8 639)	263 203
Other equity items	1 135 684	-	1 135 684
Total equity	**1 832 287**	**(28 429)**	**1 803 858**
Consolidated statement of comprehensive income			
Net impairment charge on loans and advances	(270 220)	(3 513)	(273 733)
Operating expenses	(698 386)	(2 873)	(701 259)
Taxation	(41 918)	1 350	(40 568)
Others	1 152 456	-	1 152 456
Profit after taxation	**141 932**	**(5 036)**	**136 896**
Foreign currency translation difference for foreign operations	365 677	(5 119)	360 558
Total comprehensive income for the year	**507 609**	**(10 155)**	**497 454**

Profit attributable to:			
Owners of the company	94 190	(3 776)	90 414
Non-controlling interest	47 742	(1 260)	46 482
Profit for the period	**141 932**	**(5 036)**	**136 896**
Total comprehensive income attributable to:			
Owners of the company	348 307	(7 273)	341 034
Non-controlling interest	159 302	(2 882)	156 420
Other comprehensive income	**507 609**	**(10 155)**	**497 454**

The "As previously reported" numbers have been accordingly adjusted for the Correction of Prior Year Error as reported in the SENS announcement of the consolidated results for the year ended 28 February 2019 released on 31 May 2019 and as disclosed in note 42 of the year ended 28 February 2019 Integrated Annual Report (please refer to these sources for further information). In summary, this prior period error, relating to the previously written off portfolio, had the same effects on the opening balances of the interim period ended 31 August 2018, as follows; a reduction to unsecured loans and advances of R195.7 million, an increase to goodwill of R32.5 million, an increase to reserves of R0.9 million, a reduction to opening retained income of R93.6 million, a reduction to non-controlling interest of R34.7 million and a reduction to the deferred tax liability of R35.8 million. Additionally, a year end IFRS 9 update resulted in a reduction to opening retained earnings and unsecured loans and advances of R5.0 million.

The following tables summarise the impact on the Group's consolidated financial statements for the year ended 28 February 2019:

	Impact of correction of error		
R'000	**As previously reported**	**Adjustments**	**As restated**
Consolidated statement of financial position			
Unsecured loans and other advances to customers	804 533	(19 011)	785 522
Deferred taxation	50 720	3 194	53 914
Other asset items	2 566 971	-	2 566 971
Total assets	**3 422 224**	**(15 817)**	**3 406 407**
Trade and other payables	121 744	21 885	143 629
Current tax payable	22 235	(5 038)	17 197
Other liability items	1 626 140	-	1 626 140
Total liabilities	**1 770 119**	**16 847**	**1 786 966**
Retained income	332 144	(20 666)	311 478

Reserves	5 530	(2 397)	3 133
Non-controlling interest	163 747	(9 601)	154 146
Other equity items	1 150 684	-	1 150 684
Total equity	**1 652 105**	**(32 664)**	**1 619 441**
Consolidated statement of comprehensive income			
Net impairment charge on loans and advances	(593 694)	(7 671)	(601 365)
Operating expenses	(1 495 503)	(6 045)	(1 501 548)
Taxation	(9 821)	2 915	(6 906)
Others	2 252 006	-	2 252 006
Profit after taxation	**152 988**	**(10 801)**	**142 187**
Foreign currency translation difference for foreign operations	260 318	(3 589)	256 729
Total comprehensive income for the year	**413 306**	**(14 390)**	**398 916**
Profit attributable to:			
Owners of the company	36 909	(8 149)	28 760
Non-controlling interest	116 079	(2 652)	113 427
Profit for the period	**152 988**	**(10 801)**	**142 187**
Total comprehensive income attributable to:			
Owners of the company	230 367	(10 546)	219 821
Non-controlling interest	182 939	(3 844)	179 095
Other comprehensive income	**413 306**	**(14 390)**	**398 916**

Events after the reporting period

There have been no subsequent events that require reporting.

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

31 October 2019

Directors

Chairman: Dr MDC Motlatla* (BA, DCom (Unisa)); **Chief Executive Officer**: Dr W van Aardt (BProc (Cum Laude), LLM (UP), LLD (PU CHE) Admitted Attorney of The High Court of South Africa, QLTT (England and Wales), Solicitor of the Supreme Court of England and Wales); **Chief Financial Officer**: GW Labuschagne (CA (SA), CPA (CA), BCom (Hons Acc), BCom (Fin Acc) (Cum Laude)); Adv N Melville* (B Law. LLB (KZN) LLM (Cum Laude)(KZN), SEP (Harvard); HJ Wilken-Jonker* (BCom Hons (Unisa); MSc (Consumer Sciences) (UP)); HG Kotze* (BCom (Acc)(Hons), HDip Tax, Certificate in Treasury Management); PA Naude* (BCom (Marketing), Gaining Competitive Advantage (Michigan), IEP (INSEAD)); DC Pentz* (B Com (Hons), (Chartered Accountant (SA), AEP (Unisa)); **Company Secretary:** Mr BC Bredenkamp (BCom Accounting, LLB, MBA)

*Non-executive

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Sponsor: Grindrod Bank Limited